



## **OPEN MEETING**

### **REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL RESIDENT POLICY AND COMPLIANCE COMMITTEE**

**Wednesday, March 29, 2023 – 9:30 A.M.  
24351 El Toro Road, Laguna Woods, CA 92637  
Board Room and Virtual with Zoom**

Laguna Woods Village owner/residents are welcome to participate in committee meetings in-person and virtually. To submit comments or questions virtually for committee meetings, please using one of following options:

1. Join the Committee meeting via Zoom at: <https://us06web.zoom.us/j/84903327041> or by dialing 669-900-6833 Access Code: 849 0332 7041
2. Via email to [meeting@vmsinc.org](mailto:meeting@vmsinc.org) any time before the meeting is scheduled to begin or during the meeting. Please use the name of the committee in the subject line of the email. Name and manor number must be included.

### **NOTICE AND AGENDA**

*This Meeting May Be Recorded*

1. Call Meeting to Order
2. Approval of the Agenda
3. Approval of the Meeting Report for February 28, 2023
4. Remarks of the Chair
5. Member Comments (Items Not in the Agenda)
6. Response to Member Comments
7. Department Head Update
8. Items for Discussion and Consideration:
  - a. Appeal Policy
  - b. Compliance Letters
  - c. Internal Dispute Resolution Policy
9. Future Agenda Items: *All matters listed under Future Agenda Items are items for a future committee meeting. No action will be taken by the committee on these agenda items at this meeting.*
  - a. Monetary Fee Schedule
  - b. Room Rentals, also known as the "Bedroom Bill"
  - c. Barbecue Rules and Regulations
10. Committee Member Comments
11. Date of Next Meeting – Tuesday, April 25, 2023 at 9:30 a.m.
12. Adjournment

\*A quorum of the Third Board or more may also be present at the meeting.

Mark Laws, Chair  
Blessilda Wright, Staff Officer  
Telephone: 949-597-4254





**REGULAR OPEN MEETING OF THE THIRD LAGUNA HILLS MUTUAL  
RESIDENT POLICY AND COMPLIANCE COMMITTEE**

Tuesday, February 28, 2023– 9:30 A.M.  
Board Room/Virtual Meeting  
Laguna Woods Village Community Center  
24351 El Toro Road, Laguna Woods, CA 92637

**MEMBERS PRESENT:** Mark Laws - Chair, Cris Prince, Nathaniel “Ira” Lewis and Jules Zalon

**MEMBER EXCUSED:** Cush Bhada

**ADVISORS PRESENT:** Stuart Hack and Theresa Keegan

**ADVISORS ABSENT:** None

**STAFF PRESENT:** Jacob Huanosto, Ruby Rojas, Pamela Bashline and Jeff Spies

**1. Call to Order**

Mark Laws, Chair, called the meeting to order at 9:32 a.m.

**2. Approval of Agenda**

Director Lewis made a motion to approve the agenda with minor changes. Director Prince seconded the motion.

By way of unanimous consent, the motion passed.

**3. Approval of Meeting Report**

Director Zalon made a motion to approve the January 24, 2023 meeting report. Director Prince seconded the motion.

By way of consensus, the motion passed. Director Zalon abstained.

**4. Remarks of the Chair**

None.

**5. Members Comments (Items Not on Agenda)**

Ms. Phyllis Waite, the member/ owner-occupant at 3428-N Bahia Blanca West provided written email correspondence suggesting that “Fountains and Fire Tables” be added to the “Care and Maintenance of Patios, Balconies, Breezeways, and Walkways Policy”.

Ms. Yvonne Horton, the member/ owner-occupant at 5475-B Paseo del Lago East discussed the issues with rentals and subletting in the community.

## **6. Response to Members Comments**

It was suggested that Ms. Horton stick around for agenda item 8d.

## **7. Department Head Update**

None.

## **8. Items for Discussion and Consideration**

### **a. Appeal Policy**

Director Laws, Chair, presented the Appeal Policy for discussion. The Committee discussed the matter and asked questions.

The committee tabled the matter and elected to continue updating the appeal policy and bring it back to the committee at next month's meeting.

### **b. Compliance Letters**

Mr. Jacob Huanosto provided an overview of the Letter's templates. The Committee discussed the Compliance letters template and directed staff to implement minor changes and bring "clean" draft versions back at next month's meeting.

### **c. Barbecue Rules and Regulations**

Director Laws, Chair, presented the Barbecue Rules and Regulations Policy for discussion. The Committee discussed the matter and asked questions.

Mr. Ralph Engdahl, the member/owner-occupant at 3399-B Punta Alta shared his comments regarding the updated Barbecue Rules.

The committee elected to table the matter until the Garden Villa Association could discuss the proposed changes, which probably won't happen until early May 2023; it is expected that the updates will be again discussed at the May Resident Policy and Compliance Committee meeting.

Ms. Pamela Bashline, Community Services Manager and Mr. Jeff Spies, Community Services Supervisor, entered the meeting at 10:45 AM and left the meeting at 11:17 a.m.

### **d. Co-Occupancy without a Qualifying Member**

Ms. Pamela Bashline, presented co-occupancy without a qualifying member for discussion. The Committee discussed the matter and asked questions.

The Committee tabled the matter for further assessment and elected to take no action at this time.

## **9. Items for Future Agendas**

- Internal Dispute Resolution Policy
- Monetary Fee Schedule
- Room Rentals "Bedroom Bill"

**10. Committee Member Comments**

None.

**11. Date of Next Meeting**

Wednesday, March 29, 2023 at 9:30 a.m.

**12. Adjournment**

With no further business before the Committee, the meeting was adjourned at 11: 21 a.m.

*Mark W. Laws*

[Mark W. Laws \(Mar 6, 2023 10:11 PST\)](#)

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Mark W. Laws, Chair  
Third Laguna Hills Mutual





## STAFF REPORT

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**DATE:** March 29, 2023  
**FOR:** Resident Policy and Compliance Committee  
**SUBJECT:** Appeal Policy

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### **RECOMMENDATION**

Discuss and consider adopting changes to the Appeal Policy

### **BACKGROUND**

Third Laguna Hills Mutual's ("Third") Governing Documents require a Member to seek approval from the Board of Directors ("Board") on various matters of Corporate business by way of the Committee structure for review of a question that may/will ultimately be determined by the Board. For example, a resident requesting an alteration variance or a landscape change is reviewed at the Committee level before it is brought before the Board for final decision.

Civil Code Section §4765 provides that decisions made by the Board or of a committee having the same composition as the Board relating to a member's architectural and/or landscape request that occur in an Open Session Board meeting in compliance with the requirements of Civil Code §4900 et seq. (the Open Meeting Act) may be final, without the right of a Member to appeal said decision.

On August 20, 2019, Third amended the Appeal Policy (Resolution 03-19-79) to conform with Civil Code §4765; allowing for Board decisions to be final. The policy also streamlined the process to provide guidelines for a member if they meet the criteria for an appeal. The policy amendment added further review stipulating that if new relevant information is brought to the Board's attention relating to a matter previously decided by the Board, the Board may, in its sole discretion, revisit such decision due to extraordinary circumstances, but it shall have no obligation to do so and no member shall be entitled to such reconsideration as a matter of right.

The purpose of the Appeal Policy is to set forth appeals of certain decisions by the Board, Committees, or Management on architectural and landscape matters, Lease Authorization Permits, Co-occupancy Applications, Caregiver Applications, non-escrow membership transfer applications and Resale related matters, as well as decisions made regarding Member discipline and reimbursement to Third by Members for expenses incurred by Third for which the Member is responsible, including without limitation applicable, legal fees and costs. (Attachment 1)

On December 27, 2022, the Committee reviewed the Appeal Policy and proposed changes to simplify the process of appeals and provide uniformity and clear guidelines for appeals (Attachment 2).

On January 24, 2023, the Committee tabled the matter to further update the policy.

On February 29, 2023, the Committee tabled the matter for further review.

**DISCUSSION**

Review the proposed Appeal Policy.

**FINANCIAL ANALYSIS**

None.

**Prepared By:** Jacob M. Huanosto, Interim Compliance Supervisor

**Reviewed By:** Blessilda Wright, Compliance Supervisor

**ATTACHMENT(S)**

Attachment 1: Appeal Policy – Existing Policy

Attachment 2: Appeal Policy Proposed Version





**Appeal Policy**  
**Resolution 03-19-79; Adopted August 20, 2019**

**I. Purpose**

Third Laguna Hills Mutual (“Third”) requires a Member to seek approval from the Board of Directors (“Board”) on certain matters of Corporate business by way of the committee structure for review of a question that may ultimately be determined by the Board in Open session, including without limitation, certain architectural and landscape approvals, and variance requests, or in Executive Session, including without limitation, approvals for Lease Authorization Permits, Co-occupancy Applications, Caregiver Applications, non-escrow membership transfer applications and Resale, as well as decisions on discipline of members for governing document violations and reimbursement for expenses incurred by Third.

Depending on the circumstances and the powers granted to the Committee (as defined below), the Committee may either act to approve or deny a Member’s request, or, if such request requires Board consideration, forward the Committee’s recommendations regarding the Member’s request to the Board for its consideration and decision.

The purpose of this document is to set forth the Appeal Policy for appeals of certain decisions by the Board, Committees, or Management on architectural and landscape matters, Lease Authorization Permits, Co-occupancy Applications, Caregiver Applications, non-escrow membership transfer applications and Resale related matters, as well as decisions made regarding Member discipline and reimbursement to Third by Members for expenses incurred by Third for which the Member is responsible, including without limitation when applicable, legal fees and costs.

A decision made by a Committee or Management, within its powers, to deny a Member’s request shall be appealable to the Board if permitted by the Community Rules and/or required by statute. However, except as specifically provided in this Policy or otherwise in the Community Rules (as defined below), or as may otherwise be required by law, **all decisions, including other matters of Corporate business made by the Board, whether in an Open Meeting or in Executive Session, shall be final and not subject to additional review or a right of appeal by Third Members.**

## II. Definitions

For the purposes of this Policy:

- a. **Committee** is a group of individuals appointed by the Board for a specific function. For example, the Architectural Control and Standards Committee and Landscape Committee review Member requests for nonstandard architectural or landscape changes and make recommendations to the Board for approval or denial.
- b. **Community Rules** shall mean and refer to the Articles of Incorporation and Bylaws of Third, the recorded Covenants, Conditions, and Restrictions ("CC&Rs"); and any rules and regulations adopted by Third. Any reference to the "**Governing Documents**" shall, for purposes of this Policy, be deemed a reference to the Community Rules set forth in this definition.
- c. **Executive Hearing Committee** is comprised of three (3) Directors and two (2) alternate Directors for the purpose of making decisions on disciplinary/confidential matters in Executive Session, including without limitation, discipline for Governing Document violations and decisions regarding the imposition of reimbursement assessments on Members for Common Area damage.
- d. **Executive Session** is defined as a closed meeting of the Board to address disciplinary/confidential matters as described in Civil Code Section 4935.
- e. **Management** shall mean and refer to Village Management Services, Inc., the managing agent for Third.
- f. **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.
- g. **Open Meeting** is defined as a meeting open to the Members of Third as provided in the Open Meeting Act as codified in the Civil Code at Section 4900 et seq. Per Civil Code Section 4765, decisions made by the Board relating to a Member's architectural and/or landscape request that occur in an Open Session meeting may be final.
- h. **Subject Matter Expert** ("SME") is defined as the Staff Member from Management with the highest level of expertise in the specialized job, task, or skill pertinent to a Member's appeal request.

### III. Architectural and Landscape Decisions

As further described in the Community Rules, including without limitation, the Architectural Review Procedures, applications for Standard Plan alterations submitted to the Manor Alterations and Permits Division may typically be approved without Board review.

An application with plans not in conformance with the approved Standard Plan alterations or for which neighbor objections have been received are considered and reviewed by the Architectural Control and Standards Committee ("ACSC").

Applications that are not in conformance with Third's architectural standards may be recommended for denial by the ACSC.

Meanwhile, an application that may otherwise meet the application requirements, but with plans that do not conform to the approved Standard Plan alterations, requires the approval of a variance request, which must be submitted for review by the ACSC. The ACSC reviews the architectural application, variance request, and other documentation provided regarding the proposed alteration at its regularly scheduled meetings and makes a written recommendation to the Board as to whether the architectural/variance request should be granted or denied.

Similarly, requests by Members for landscape modification are submitted to the Landscape Division for review by Management and/or the Landscape Committee, which may approve standard landscape alterations without Board review. Nonstandard landscape requests will be reviewed by the Landscape Committee, who will then make a written recommendation to the Board as to whether the landscape modification should be approved or denied.

The recommendation from the ACSC or Landscape Committee, as may be applicable, on a matter to be ultimately determined by the Board is considered by the Board at the next regularly scheduled Open Meeting, at which time the Board will either approve (either with or without conditions) or deny the Member's architectural/variance or landscape modification request.

**Such decisions made by the Board at an Open Meeting are not subject to appeal, in accordance with Civil Code Section 4765.** Nor shall decisions made by the Board on such matters in Executive Session, as may be applicable, be subject to appeal.

Notwithstanding the foregoing, if new relevant information is brought to the Board's attention relating to a matter previously decided by the Board, the Board may, in its sole discretion, revisit such decision due to extraordinary circumstances, but it shall have no obligation to do so and no Member shall be entitled to such reconsideration as a matter of right.

The SME will review any request for reconsideration based on extraordinary circumstances if submitted in writing within thirty (30) days from the Board's determination or the discovery of such extraordinary circumstances; in no event, however, shall any reconsideration request be considered by the Board after one (1) year from the date of the original, final decision by the Board. Reconsideration of the Board's decision may be considered in the following circumstances: (1) the application or documentation provided had an error which would otherwise have resulted in approval; (2) the Board or recommending Committee misinterpreted provisions of the application or the requirements of law or the Community Rules in its decision; (3) an aberration from the review and approval procedures as laid out in the Community Rules is discovered; and (4) any other situation in which the Board, in its sole discretion, believes that an additional review is necessary to ensure the equal and fair treatment of all Members.

#### **IV. Disciplinary Decisions**

The Executive Hearing Committee makes decisions on disciplinary/confidential matters, including discipline for governing document violations and decisions regarding the imposition of reimbursement assessments on Members for Common Area damage, in Executive Session meetings, to which the Member has been invited to be heard, and issues written decisions to Members within fifteen (15) days from the date of the noticed hearing in accordance with the hearing and enforcement procedures in Third's Community Rules.

Within thirty (30) days of receipt of a written decision by the Executive Committee relating to Member discipline or a reimbursement by the Member to Third, made at an Executive Session meeting, the Member may appeal to the Board the Executive Committee's decision by providing an explanation, in writing, as to why the Member believes the Committee made an incorrect decision, along with any additional evidence or documentation pertinent to the Member's appeal.

Upon receipt of such appeal request, the information will be reviewed by the SME for consideration. If approved, a new hearing will be scheduled before the Board, at which the Board will consider the written appeal as well as any evidence or documentation previously provided, after which the Board will make a decision and provide notice of same in accordance with Third's Governing Documents and applicable statute.

**No further appeals, other than as directly referenced above, will be granted upon reconsideration by the Board of the matter that was the subject of the initial hearing before the Executive Committee and a final determination by the Board. In addition, the decision on any such matter heard directly before the Board (rather than first being heard by the Executive Committee) shall be final and not subject to appeal.**

## **V. Occupancy and Membership Decisions**

Pursuant to Third's Lease Policy, Care Provider Policy, Resale Policy and the Governing Documents, a Member seeking authorization to occupy or obtain Membership must submit the required Permit application to the Community Services Division along with all required supporting documentation. The application is then reviewed by Management, who may either approve or deny the application based on the conformance of the application to the requirements in the Lease Policy, Care Provider Policy, Resale Policy, and the Governing Documents and ability of the Member to pursue such action as otherwise specified in the Community Rules and/or based on prior disciplinary action against the Member.

If Management denies the request within its authority (without consideration by the Board), the Member may appeal such decision to the Board upon written appeal by providing an explanation, in writing, as to why the Member believes Management made an incorrect decision, along with any additional documentation pertinent to the Member's appeal. Upon receipt of such appeal request, the information will be reviewed by the SME for consideration as well as any evidence or documentation previously provided, for consideration by the Board, which will make a final decision on the Member's application.

In some instances, Management may refer the approval/denial decision directly to the Board, and provide a recommendation for approval or denial of the application based on its review of the submitted application and documentation.

**A decision on the approval or denial by the Board, whether in an Open Meeting or in Executive Session shall be final, and not subject to appeal or further review by the Member.**

Notwithstanding the foregoing, if new relevant information is brought to the Board's attention relating to a matter previously decided by the Board, the Board may, in its sole discretion, revisit such decision due to extraordinary circumstances, but it shall have no obligation to do so and no Member shall be entitled to such reconsideration as a matter of right.

The SME will review any request for reconsideration based on extraordinary circumstances if submitted in writing within thirty (30) days from the Board's determination or the discovery of such extraordinary circumstances; in no event, however, shall any reconsideration request be considered by the Board after one (1) year from the date of the original, final decision by the Board. Reconsideration of the Board's decision may be considered in the following circumstances: (1) the application or documentation provided had an error which would otherwise have resulted in approval; (2) the Board or recommending Committee misinterpreted provisions of the application or the requirements of law or the Community Rules in its decision; (3) an aberration from the review and approval procedures as laid

out in the Community Rules is discovered; and (4) any other situation in which the Board, in its sole discretion, believes that an additional review is necessary to ensure the equal and fair treatment of all Members.

**Appeal Form**  
**Compliance Division**  
**PO BOX 2220, Laguna Hills, CA 92654; 949-268-CALL; [compliance@vmsinc.org](mailto:compliance@vmsinc.org)**

If you disagree with the Determination Notice by the Third Laguna Hills Mutual (Third) Executive Hearings Committee, you may appeal the decision(s) to the Board of Directors by completing this form and explaining why you disagree. You must sign the form and return it to the Compliance Division. **YOU HAVE 30 DAYS FROM THE MAIL DATE OF THE DETERMINATION NOTICE TO FILE A TIMELY APPEAL.** The Subject Matter Expert (SME) will review the appeal request for consideration. If approved, a new hearing will be scheduled before the Board, in accordance with Resolution 03-19-79, Appeal Policy.

<b>Section I: Member(s) Information</b>			
<b>Name:</b>	<b>Unit #</b>	<b>Telephone #</b>	<b>Email:</b>
<b>Name:</b>	<b>Unit #</b>	<b>Telephone #</b>	<b>Email:</b>
<b>Date of Disciplinary Hearing:</b>			

<b>Section II: Appeal Statement</b>
<p>PLEASE PRINT</p> <p>Explain the reason for your appeal and why you disagree with the decision(s).          If required, attach additional pages to this form and write your name and unit on each page.</p>

**FOR OFFICE USE ONLY**

**Action Taken By:** \_\_\_\_\_

<input type="checkbox"/> <b>Appeal Approved</b>	<input type="checkbox"/> <b>Appeal Denied</b>	<b>Date:</b>

**MARK – do people have an option to give up confidentiality and request their appeals be discussed in open, rather than closed session?**

### **Third Appeal Policy**

Resolution 03-23-XX; Adopted MMMMMM DD, 2023

#### **I. Purpose**

Third Laguna Hills Mutual (“Third”) utilizes a committee structure to review certain matters ~~that may ultimately be determined by the entire Board. Certain business matters that could be addressed in public committee sessions~~ that may include, without limitation, architectural and landscape approvals, and variance requests. In addition, the Board **COMMITTEES???** may decide, in executive session, issues such as lease authorization permits, co-occupancy applications, caregiver applications, non-escrow membership transfer applications and resale, as well as member discipline for violations and possible reimbursement demands for expenses incurred by Third addressing these issues.

Depending on circumstances, the committees may either approve or deny a member’s request, or forward the committee’s recommendations about the request to the full Board for its consideration and decision.

This document establishes the policy to appeal certain decisions ~~by the Board~~, by committees, or management on subjects such as architectural and landscape matters, lease authorization permits, co-occupancy applications, caregiver applications, non-escrow membership transfer applications, resale related matters, member discipline and Board reimbursement including potential legal fees and costs.

The board will consider a member’s requested appeal as long as the following steps in section II are followed.

~~, except as specifically provided in the Community Rules (as defined below), or as required by law. All board decisions, whether made in open or executive session, are final and not subject to additional review or appeal.~~

#### **II. ~~Policy~~ Process**

Members have the right to appeal decisions made by a committee made up of less than the full Board. The appeal process will be included in the Committee’s determination letter, which is sent to the affected member.

A member who disagrees with the committee’s findings has 30 days, from receipt, to appeal to the full board. The appeal must be received in writing (electronic version is acceptable) **to WHOM???** The appeal must explain why the member believes the ~~board’s~~ committee’s decision is incorrect. The member may – but is not obliged to – provide new evidence or documentation to aid the appeal. All new evidence or documentation must be submitted within 30-days after the determination letter is received. No new material is acceptable after that date.





## STAFF REPORT

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**DATE:** March 29, 2023  
**FOR:** Resident Policy and Compliance Committee  
**SUBJECT:** Compliance Letters

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### **RECOMMENDATION**

Receive and file.

### **BACKGROUND**

On July 20, 2004, the Board of Directors established a member-discipline process for the purposes of holding disciplinary hearings in a timely manner and ensuring progressive discipline (Attachment 1, Resolution 03-04-12). The Board of Directors is obligated to evaluate and impose if appropriate, member-discipline under its Bylaws and California Civil Code.

The member-discipline process is coordinated by the Compliance Division. Upon notice of an alleged violation, staff investigates and should staff identify objective evidence of a violation by a member or their guests, staff will send a courtesy notice to the offending party describing the allegation(s) and the disciplinary action that may ensue if not corrected. Staff will monitor the situation and if compliance is not evident, staff will send a final notice requesting compliance. Additionally, the matter is scheduled for a disciplinary hearing with the Board of Directors to determine if member-discipline is merited. If the alleged violation has been resolved, no further action is required.

If a disciplinary hearing is merited, staff will proceed with noticing the Member for a hearing. During a Member Disciplinary Hearing the member has the right to meet before the Board of Directors in executive session. If the board finds the member to be in violation of the governing documents, the board may impose a fine based on the Monetary Fee Schedule, suspend Member privileges for delinquency, and/or consider legal action.

The Executive Hearings Committee meets for four hours on a monthly basis for damage restoration and disciplinary hearings. For 2021, the Committee averaged six disciplinary hearings per monthly meeting.

On August 23, 2022, the Resident Policy and Compliance Committee requested samples of the following notices mailed by the Compliance Division: courtesy notices, final notices, hearing notices and determination notices.

On January 24, 2023, the Committee discussed the disciplinary hearing Determination letters template and directed staff to specify if determination letters are from the Executive Hearings Committee or for the Board of Directors Executive Session. Additionally, the committee directed staff to remove the appeal policy verbiage from the determination letters sent from the Executive Committee.

On February 28, 2023, the Committee discussed and reviewed the disciplinary notices. Staff was directed to make changes for further review by the Committee.

### **DISCUSSION**

Third's current legal counsel has reviewed the Compliance Letters. The Committee is reviewing additional changes.

### **FINANCIAL ANALYSIS**

None

**Prepared By:** Blessilda Wright, Compliance Supervisor

**Reviewed By:** Jacob M. Huanosto, Interim Compliance Supervisor

### **ATTACHMENT(S)**

Attachment 1: Courtesy Notice

Attachment 2: Final Notice

Attachment 3: Hearing Notice

Attachment 4: Determination Notice

### Third Mutual Compliance Courtesy Notice Example

**Re: Request for Compliance - Resolution 03-~~2346-447~~18, Care & Maintenance of Patios, Balconies, Breezeways & Walkways**

Dear Member:

The purpose of this notice is to advise that you may be in violation of the Third Laguna Hills Mutual ("Third") Governing Documents. The Third Laguna Hills Mutual (Third) Board of Directors ("Board") has received a report alleging that you have personal items are stored on/in the [Location] have been deemed unsightly or unsuitable. Subsequently, the site was inspected and the following observations were documented: [Description of items that are out of compliance and need to be removed].

Commented [HJ1]: Duplicated below

[Insert photo here]

As managing agent for the Third Board of Directors Third, we are requesting that you take the necessary action to ensure compliance to the cited restrictions. **Please remove the following items within 10 days of the date of this Courtesy Notice, on or before [Date]: [Description of items that are out of compliance and need to be removed].**

Be advised that pursuant to Resolution 03-16-117, Care & Maintenance of Patios, Balconies, Breezeways & Walkways states: "...Common areas are for the use and enjoyment of all residents and while limited common area permit exclusive use of the area, it is essential that all residents be aware of the need for safety, attractiveness and the prevention of damage to the building by items placed by residents in or on the common or limited common areas..."

As a Third Member, and pursuant to Section 4.5 of Third's Bylaws, please be advised that you are personally responsible for ensuring that the obligations set forth in Third's Governing Documents, including without limitation the Articles of Incorporation, Covenants, Conditions and Restrictions, Bylaws, Rules and Regulations, and Policies are followed by anyone you allow into the community. This includes any Co-occupant, Lessee, or Guest. -Your failure to comply with this notice and courtesy request for compliance could lead to disciplinary action by the Board pursuant to Third's Governing Documents.

If you feel that this notice was sent to you in error, please respond to these allegations in writing to the Compliance Department, P.O. Box 2220, Laguna Hills, CA 92654. Alternatively, you may email at [compliance@vmsinc.org](mailto:compliance@vmsinc.org) or via phone at 949.268.2255. Thank you for your anticipated compliance.

Sincerely,

FOR THE BOARD OF DIRECTORS

...

**Third Mutual Compliance Final Notice Example**

Commented [HJ1]: We're not including Third Logo?

**Re: Request for Compliance - Collection and Lien Enforcement Policy**

Dear Member:

The purpose of this notice is to advise that you may be in violation of the Third Laguna Hills Mutual ("Third") ~~G~~overning ~~D~~ocuments as your [Assessment/Chargeable Services/Broadband Services/Traffic Citations] account is still past due. Third's records indicate that you have a balance of [\$XXX.XX] in [Assessment/Chargeable Services/Traffic Citations] for [details], including late fees. Additionally, Third's records indicate that you have been informed in letters from Village Management Services, Inc. (VMS) [Accounting Department/Traffic Division], managing agent for Third, to no avail. The past due account is in violation of ~~the Third's~~ Collection & Lien Enforcement Policy.

**As managing agent for for as a Member of Third, you are required to take the necessary action to ensure compliance to the cited restrictions. Please submit payment in full within 10 days, on or before [Date] to avoid further action. If payment has already been submitted, please disregard this notice.**

Commented [h2]: It is unclear here what the Board is attempting to communicate with the member, as a member is not a managing agent of the Mutual.

Failure to comply may result in a disciplinary hearing before the Third Board of Directors ("Board").

Pursuant to Section 4.5 of Third's Bylaws, The the Third Board of Directors has the authority to impose monetary penalties, suspend Member privileges and bring forth legal action. Member privileges include, but are not limited to, deactivation of cable TV services, denial of access to GRF facilities, denial of lease authorization requests and/or denial of alteration permits and variance requests. (See Section 4.5.3 of Third's Bylaws).

To make a payment by phone or if you have any questions you may contact:

[Lori Bell, Chargeable Services Representative, Financial Services Department at (949) 597-4226 / Erica Solis, Assessments Representative, Financial Services Department at (949) 597-4221 / Traffic Division at 949-597-4297]

To make a payment by check, please make your check payable to GRF and mail to:

Laguna Woods Village  
Attention: [Accounting Department/Traffic Division]  
PO Box 2220  
Laguna Hills, CA 92654-2220

If you feel this charge is in error and wish to dispute, you may do so by submitting a written request with the reasons your position by email to Resident Services at [residentservices@vmsinc.org](mailto:residentservices@vmsinc.org) or by mail to:

Laguna Woods Village, Attention: Resident Services, PO Box 2220, Laguna Hills, CA 92654-2220

As a reminder, the Collection & Lien Enforcement Policy states:

"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 (30<sup>th</sup>) day after the date of a demand letter for payment..." all fines, fees, or chargeable services are payable upon billing and become delinquent and subject to monthly late charges not paid within 25 days of the original invoice date."

Additionally, the policy states: "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. Until the Shareholder has paid all amounts due, including delinquent assessments, late charges, interests and costs of collection, including attorneys' fees, and duly imposed fines, fees and/or related charges, the Board of Directors may suspend the Shareholder's right[s]..."

As a Third Member, and pursuant to Section 4.5 of Third's Bylaws, please be advised that you are personally responsible for ensuring that the obligations set forth in Third's Governing Documents, including without limitation the Articles of Incorporation, Covenants, Conditions and Restrictions, Bylaws, Rules and Regulations, and Policies are followed by anyone you allow into the community. This includes any Co-occupant, Lessee, or Guest. As a Third Member, please be advised that you are personally responsible for ensuring that the

rules, regulations, and policies are followed by anyone you allow into the community. This includes any Co-occupant, Lessee, or Guest.

If you feel that this allegation is sent to you by mistake or if you would like to make a statement, you may send your written correspondence at [compliance@vmsinc.org](mailto:compliance@vmsinc.org) or PO Box 2220, Laguna Hills, CA 92654. If you have further inquiries, you may call at (949) 268-2255.

Sincerely,

FOR THE BOARD OF DIRECTORS

...

**Commented [h3]:** I was not able to confirm this language in the Mutual's Collection & Lien Enforcement Policy. Please provide the language that the Board is citing from.

**Commented [WB4R3]:** Updated the language with Third's Collection & Lien Enforcement Policy

### Third Mutual Compliance Notice of Disciplinary Hearing Example

Re: **[Laguna Woods Village Vehicle, Traffic, and Parking Rules]**

Dear Member:

You were informed in letters from Village Management Services, Inc. (VMS) Staff, managing agent for Third Laguna Hills Mutual ("Third"), of allegations that you are in violation of Third's Governing Documents. As you have been advised, ~~the following is you are~~ alleged to be conducting the following, in violation of Third's Governing Documents ~~allegation against you:~~ [insert details and reason for the disciplinary hearing here]. The ~~foregoing is~~ an violation of [insert rules citation here].

Due to the continued violations of Third's Ggoverning ~~E~~documents Documents, the Third Board of Directors ("Board")/ Third Committee hereby ~~Executive Hearings Committee hereby~~ calls you to a Disciplinary Hearing to address this matter. The Disciplinary Hearing will take place as follows:

Date: [Day, Date]

Time: [Time]

Location: [Laguna Woods Village Community Center Building  
24351 El Toro Road, Laguna Woods, CA 92637/Virtually ...]

If the Board/Committee determines that a violation(s) occurred, it will consider imposing disciplinary action against you, including monetary fines of up to five hundred dollars (\$500) for each incident and violation; suspension of Member privileges and/or the commencement of legal action against you, pursuant to Section 4.5 of Third's Bylaws and other related provisions of Third's Governing Documents. Member privileges include, but are not limited to, deactivation of cable TV services, denial of lease authorization requests and/or denial of alteration permits and variance requests. (See Section 4.5.3 of Third's Bylaws).

**Commented [h1]:** Where is the Mutual's specific Fine Schedule setting these amounts forward?

You are strongly urged to attend the hearing, as you have a right -to be heard and to present argument and evidence on your behalf. ~~-You also have a right to present and submit any statements or evidence in writing.~~ If you do choose to be represented by counsel, please notify our office at least seven (7) days before the hearing date. Likewise, if you will be attending without counsel, please notify us at least seven (7) days before the hearing date. Failure to confirm attendance seven (7) days in advance of the hearing within the allowable time may result in you being unable to be heard by the Board/Committee. If you elect not to attend the hearing, a decision may be made in your absence. The Board/Committee will conduct the hearing in executive session.

**Commented [h2]:** Please note, we do not recommend that the Board refuse to allow a member to have a due process hearing in the event of late confirmation of attendance, rather, if the Board is no longer able to accommodate the proposed time, we recommend that the Board allow for at least a one-time reschedule as this is a due process hearing.

The hearing will be conducted in accordance with ~~the Article 4 of the~~ Bylaws, and specifically, Article 4, Sections 4.4, 4.5 and 4.6 of the Bylaws, a copy of which is enclosed. These sections identify the procedures that will be followed in the hearing and the disciplinary action the Board/Committee may take against a Member for violations of Third's Ggoverning Ddocuments. Please read these sections carefully before the hearing.

In addition to the remedies specified herein, a Member found to be in violation may be liable for costs of suit and a reasonable sum for attorneys' fees incurred in enforcing the Governing Documents of Third, including without limitation, these the Bylaws, the CC&Rs or the Rules and Regulations -any rule or regulation of Third, or any obligation of a Member under the CC&Rs. Be advised that CC&R's Article XXI, Attorney Fees, provides, in pertinent part, as follows -states:

"If an Owner defaults...in the performance or observance of any provision of these Restrictions, and the Mutual has obtained the services of an attorney...the Owner covenants and agrees to pay to the Mutual any costs or fees involved, including reasonable attorneys' fees..."

[Insert rules citation here]

Moreover, pursuant to Third Meeting Rules, Section IV(C), you will have five (5) minutes to address the Board/Committee on the matter referenced above. After the Disciplinary Hearing, the Board/Committee will deliberate as to what action to take if any. You will be advised in writing of the Board's/Committee's decision within fifteen (15) days of the Disciplinary Hearing.

**Commented [h3]:** We recommend that the Board consider changing this 5 minutes to possible 10 or 15 minutes, to allow members to have additional time to be heard in this due process hearing.

Please contact me at 949.-268.-2255 or at [compliance@vmsinc.org](mailto:compliance@vmsinc.org) to confirm your attendance at the hearing at least seven (7) days prior or to ask any questions you may have regarding the hearing procedure. Failure to confirm attendance within the allowable time may result in you being unable to be heard by the Board. **[Upon your arrival, please check in with the Concierge Desk and wait in the lobby of the Community Center until you are called to address the Board/Upon logging into the virtual meeting, you will be placed in a waiting room until the Board is ready].**

Sincerely,

At the Direction of the Board of Directors

...

## Third Mutual Compliance Disciplinary Hearing Determination Notice Example

### Re: Bylaws, Article 4, Membership, Section 4.2.3.4, Guest Restrictions

Dear [Name]:

On [Date], the Third Laguna Hills Mutual ("Third") Board of Directors ("Board") noticed and held a disciplinary hearing during the Board/~~Committee of Directors~~ Closed Executive Session to consider an allegation that you have violated/are in violation of Third's Governing Documents. As you were advised, [insert details and reason for the disciplinary hearing here] continuing to reside in your unit without Board approval in violation of Third's Bylaws, Article 4, Membership, Section 4.2.3.4, Guest Restrictions.

The Board reviewed information presented by Village Management Services, Inc. (VMS) Staff, managing agent for Third. [The Board/~~Committee~~ also heard oral testimony from you via video call]. ~~Based on its review of all the information, the Board of Directors determined that you have failed to comply with Third's Governing Documents.~~

~~After the following completion of the disciplinary hearing, the Board/Committee deliberated and voted and found that you did violate \_\_\_\_\_ of Third's Governing Documents, and failed to comply with Third's Governing Documents. As such, the Board/Committee voted to and due deliberation the Board elected to take the following actions:~~

1. Impose a \$[amount] monetary penalty for violation of the occupancy restrictions set forth in Third's Governing Documents;
2. Require all unapproved occupants vacate the unit within 10 days from the date of the determination notice; and
3. Advise you that failure to comply may result in additional disciplinary action up to and including additional disciplinary action and potential legal action.

An invoice reflecting the \$[amount] monetary penalty will be mailed to you separately. The invoiced amount is due and payable to Golden Rain Foundation (GRF) upon receipt.

As a reminder, Bylaws, Article 4, Membership, Section 4.2.3.4, Guest Restrictions provides, as follows:

"No person, except a Guest, may Reside in a Manor without the prior written approval of this Corporation. An applicant may seek to Reside in a Manor as a Qualifying Resident or, if another person is applying for, or has already been approved for residency as a Qualifying Resident, as a Co- occupant. No person shall be approved as a Co-occupant unless another person with whom he or she seeks to Reside has been approved as a Qualifying Resident."

Additionally, Bylaws, Article 2, Purposes, Powers, Governance, Definitions, Section 2.4.13, defines Guest as:

"An individual other than a resident, Qualifying Resident, Lessee or Co-occupant of any age. A Guest may stay in a Manor for up to sixty (60) days in any twelve-month period at the invitation of the Qualifying Resident or Co-occupant, subject to limitations on the maximum number of occupants in a Manor."

Furthermore be advised that CC&R's Article XXI, Attorney Fees, states provides, in pertinent part, as follows:



“If an Owner defaults...in the performance or observance of any provision of these Restrictions, and the Mutual has obtained the services of an attorney...the Owner covenants and agrees to pay to the Mutual any costs or fees involved, including reasonable attorneys’ fees...”

Be further advised that Third’s Appeal Policy provides, in pertinent part, as followsstates:

“...all decisions, including other matters of Corporate business made by the Board, whether in an Open Meeting or in Executive Session, shall be final and not subject to additional review or a right of appeal by Third members.”

In the event you have any questions regarding the Board’s disposition of this matter, please do not hesitate to contact me at [compliance@vmsinc.org](mailto:compliance@vmsinc.org) or call me at 949.268.2255.

Sincerely,

FOR THE BOARD OF DIRECTORS

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## STAFF REPORT

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**DATE:** March 29, 2023  
**FOR:** Resident Policies and Compliance Committee  
**SUBJECT:** Internal Dispute Resolution

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### **RECOMMENDATION**

Receive and file.

### **BACKGROUND**

On September 8, 2015, the Board adopted an Internal Dispute Resolution Policy to meet requirements that align with Civil Code §4360 (Resolution 03-15-86).

On December 2, 2019, the Resident Policy and Compliance Committee amended the Internal Dispute Resolution Policy to include a time frame of two (2) months to resolve the matter. The Board approved the amended policy on January 21, 2020 (Resolution 03-20-07)

### **DISCUSSION**

The current policy provides a process and procedure for addressing Internal Dispute Resolution requests from owners and a time frame for completion.

### **FINANCIAL ANALYSIS**

There is no financial impact.

**Prepared By:** Blessilda Wright, Compliance Supervisor

**Reviewed By:** Jacob Huanosto, Compliance Coordinator

### **ATTACHMENT(S)**

Attachment 1: Internal Dispute Resolution Policy



**Internal Dispute Resolution**  
**Resolution 03-20-07; Adopted January 21, 2020**

The Internal Dispute Resolution (“IDR”) process provides Third Laguna Hills Mutual (“Third”) as well as all Owners an alternative to the filing of any litigation related to a dispute involving their respective rights, duties or liabilities under the governing documents, the Davis-Stirling Common Interest Development Act; and/or the nonprofit mutual benefit corporation law; or any other state or federal law (a “CID Dispute”). An owner should be permitted to request IDR for a disputed assessment or charge (not a delinquency or a request for a payment plan.) The IDR process is available not only to disputes between Third and an Owner, but can also be used to help resolve disputes between Owners. It does not relate to any collection of assessments unless Third determines it needs to pursue litigation to collect same.

1. Either party (Third or an Owner) to a CID Dispute may invoke the following procedure:
  - a. The party may request the other party to meet and confer, in an effort to resolve the CID Dispute. The request shall be in writing.
  - b. An Owner may refuse a request to meet and confer. Third may not refuse an Owner’s request to meet and confer.
  - c. In response to a CID Dispute involving Third, the Board will designate two Directors (“Board Designees”) to represent Third and meet and confer with the Owner. The Board Designees shall also have the right to request the Chairperson of any applicable Committee involved in the CID Dispute to assist Third and attend the meet and confer session with the Owner.
  - d. IDR meetings between Owners and not involving Third should be held at a “neutral” location. To the extent conference rooms are available, and if the requesting Owners provide a minimum of ten (10) business days’ advance written notice, Third will provide a conference room in the Laguna Woods Village Community Center for the purpose of the IDR meeting. IDR meetings involving Third will be held in the Laguna Woods Village Community Center.
  - e. IDR meetings will be one hour in length. By requesting or agreeing to participate in IDR, the parties agree to commit one hour to the effort to resolve the dispute.
2. An Owner participating in IDR may be assisted by an attorney or another person in explaining their positions at the Owner’s cost, as also Third may be so assisted at Third’s cost. Although an Owner is permitted to bring Owner’s attorney or other representative to the IDR meeting, Third encourages direct discussions between Third representative and the Owner, without legal counsel, to further the goal of resolution through an amicable, no cost, and expeditious process.
3. If an Owner desires to bring Owner’s attorney to the IDR meeting, the Owner shall give ten (10) business days’ advance written notice to the other parties, including

Third, so that the other parties may determine if they wish their respective legal counsel to attend. Failure of Owner to advise if Owner is bringing legal counsel will require a postponement of the IDR meeting to a date at which Third counsel or the counsel of any other party is able to participate. If an Owner appears at the IDR meeting with previously unannounced counsel, the IDR will be rescheduled and will not proceed.

4. In an IDR meeting, the parties will meet promptly at a mutually convenient time and place, explain their positions to each other and confer in good faith in an effort to resolve the CID Dispute. If all parties to the IDR are not present, and no one has called to indicate a problem with arrival, the IDR will be cancelled after 15 minutes of waiting.
5. A resolution of the CID Dispute agreed to by the parties shall be memorialized in writing and signed by all participating parties, including, if Third is involved, the Board Designees on behalf of Third.
6. The Agreement reached by the Owners or the Owners and the Board Designees will bind the parties and be judicially enforceable if the following conditions are satisfied.
  - a. The Agreement is in writing and signed by all parties to the IDR process;
  - b. The Agreement is not in conflict with law or the governing documents; and
  - c. If the IDR involves Third as a participant, the Agreement is consistent with the authority granted in advance to the Board Designees by the Board or is ratified by the Board of Directors within thirty (30) days of the date that the Agreement is executed by the Owner and the Board Designees.
7. The Owner participating in the IDR Process shall not be charged a fee to participate in the IDR Process.
8. All parties participating in the IDR process should note that the goal of the meeting is not to determine who is right or who is wrong, nor does IDR determine a "winner." The purpose of the IDR meeting is to try to find a compromise between the disputing parties, and thereby enhance neighborliness and harmony. Therefore, parties participating should come to the IDR meeting with an open mind and prepared to be flexible in dealing with other parties to the IDR.
9. Resolution must be reached within two (2) months from the IDR request.