



OPEN MEETING

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

**Tuesday, April 25, 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 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 March 29, 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. Leasing Policy (Room Rental aka Bedroom Bill)
 - b. Appeal Policy
 - c. Compliance Letters
 - d. Internal Dispute Resolution Policy/ Meet and Confer
 - e. Barbecue Rules and Regulations
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. Co-Occupancy Policy
10. Committee Member Comments
11. Date of Next Meeting – Tuesday, May 23, 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**

Wednesday, March 29, 2023 at 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, Cush Bhada and Jules Zalon

MEMBER ABSENT: None

ADVISORS PRESENT: Stuart Hack and Theresa Keegan

ADVISORS ABSENT: None

STAFF PRESENT: Blessilda Wright and Ruby Rojas

1. Call to Order

Mark Laws, Chair, called the meeting to order at 9:29 a.m.

2. Approval of Agenda

Director Bhada made a motion to approve the agenda as presented. Director Lewis seconded the motion.

By way of unanimous consent, the motion passed.

3. Approval of Meeting Report

Director Zalon made a motion to approve the February 28, 2023 meeting report. Director Lewis seconded the motion.

By way of consensus, the motion passed.

4. Remarks of the Chair

None.

5. Members Comments (Items Not on Agenda)

Mr. Franklin Smith at 5369-3D provided a comment regarding the motions made for the Approval of Agenda at last month’s meeting report requesting clarification.

6. Response to Members Comments

Chair Laws assured the member the language used was appropriate to the motion made last month.

7. Department Head Update

None.

8. Items for Discussion and Consideration

a. Appeal Policy

Chair Laws, presented the revised Appeal Policy for discussion. The Committee discussed the matter and made the following changes:

- 1st bullet point change receipt to decision;
- 2nd bullet point include general manger office; and
- Review if Board decision should be appealable.

Director Prince made a motion to table the matter and continue updating the Appeal Policy and bring it back for review at next month's meeting. Director Zalon seconded the motion.

By consensus, the motion passed.

b. Compliance Letters

Chair Laws, presented the Compliance Letters templates for discussion. The Committee discussed the matter and asked questions. Staff was directed to review the Collection and Lien Enforcement Policy verbiage.

The committee elected to table the matter and directed Chair Laws to seek legal opinion on CC&R's Article XXI, Attorney fees and bring both the "clean" and red-line draft versions at next month's meeting.

By a vote of 4-1-0, Director Zalon voting no, the motion passed.

c. Internal Dispute Resolution

Chair Laws, presented the Internal Dispute Resolution for discussion. The Committee discussed the matter and asked questions.

By consensus the committee agreed to allow Chair Laws and Ms. Wright to draft a revised version the Internal Dispute Resolution policy and bring the results to next month's meeting.

9. Items for Future Agendas

- Monetary Fee Schedule
- Room Rentals, also known as the "Bedroom Bill"
- Co-Occupancy without a Qualifying Member
- Barbecue Rules

10. Committee Member Comments

None.

11. Date of Next Meeting

Tuesday, April 25, 2023 at 9:30 a.m.

12. Adjournment

With no further business before the Committee, the meeting was adjourned at 11: 03 a.m.

Mark W. Laws

Mark W. Laws (Apr 8, 2023 13:46 PDT)

Mark W. Laws, Chair
Third Laguna Hills Mutual



STAFF REPORT

DATE: April 25, 2023
FOR: Third Resident Policy and Compliance Committee
SUBJECT: Lease/Rental Authorization Policy and Application

RECOMMENDATION

Approve the revised Lease/Rental Authorization Policy and Application to properly align with Civil Code § 4739 of the Davis-Stirling Act.

BACKGROUND

On January 19, 2021, by way of Resolution 03-21-04, the Board revised its Lease Authorization Policy to comport with Assembly Bill 3182 which restricted community associations' enforcement of rental restrictions deemed to be unreasonable. Since adoption of the current Lease Authorization Policy, the law changed once again affecting common interest developments and the leasing of a separate interest. The Board of Directors authorized staff to work with legal counsel to update its current lease policy to comport with the new law.

DISCUSSION

While Assembly Bill 3182 prohibited short-term leases for thirty (30) days or less and limited the total number of leased homes in the community to no less than twenty-five percent (25%), Civil Code § 4739 further limits community associations' ability to restrict rentals, by allowing owners to take on room renters, so long as the owner resides in the unit.

Civil Code § 4739, which became effective on January 1, 2023, states that a community association cannot prohibit an owner living in their owner-occupied unit from renting out a portion of their unit so long as the rental is for more than a 30-day period, thus compelling the Mutual to allow for more leases/rentals though this time in owner-occupied units.

However, in connection with this new law, no room rental will count towards the Mutual's current 30% rental cap and the Mutual cannot limit the number of room rentals within the community, so long as the owner continues to reside in the unit with the renter.

FINANCIAL ANALYSIS

None.

Prepared By: Patty Kurzet, Membership Services Coordinator

Reviewed By: Pamela Bashline, Community Services Manager
Jeff Spies, Community Services Supervisor

ATTACHMENT(S)

ATT 1 – Proposed Lease/Rental Authorization Policy and Application



Resolution 03-23-xxx
Lease/Rental Authorization Policy and Application

WHEREAS, Civil Code § 4739 of the Davis-Stirling Act, effective January 1, 2023, provides that owners of a separate interest in a common interest development shall not be subject to any provision in the governing documents that prohibits an owner from renting or leasing out a portion of an **owner-occupied** unit for a period of more than 30-days, (i.e. owners of a separate interest in the Mutual are permitted to rent or lease out a portion of the owner-occupied unit to a tenant, so long as that lease term is a period of more than 30-days, and the Mutual need not allow owners of a separate interest to rent a portion of the owner-occupied unit to a tenant for a lease term of a period of less than 30-days); and

WHEREAS, the Third Mutual Board recognizes the need to amend its Lease Authorization Policy and Application to align with the new law;

NOW THEREFORE BE IT RESOLVED, June xx, 2023, that the Board of Directors of this Corporation hereby approves and adopts the revised Lease/Rental Authorization Policy and Application, as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-21-04 adopted January 19, 2021, is hereby superseded in its entirety 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.



Lease/Rental Authorization Policy Contents

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To view this Lease/Rental Authorization Policy and Application package online, visit lagunawoodsvillage.com and click on Neighborhoods/Sales & Leasing/Third Laguna Hills/Third Lease Authorization Policy

Lease/Rental Authorization Policy

Resolution 03-23-xxx

Adopted xxxxxxxx

I. Purpose

Third Laguna Hills Mutual ("Third") authorizes Owners to lease their Unit (also referred to herein as "Manor(s)"). Effective January 1, 2023, California Civil Code § 4739, permits Resident Members to rent a portion of their Resident Member occupied Manor to an individual for a period of more than 30-days. Any lease entered into by a Non-Resident Member and Lessee automatically transfers the right to use the Community Facilities from the Member to the Lessee (Bylaws Article 3, Section 3.2 and 3.3).

The purpose of this document is to set forth the Lease/Rental Policy which shall be a governing document of Third and shall be enforceable against all Members.

II. Definitions

For the purposes of this Lease/Rental Policy, the definitions set forth below shall apply. To the extent any term is capitalized herein but not defined, the definition set forth in Third's CC&Rs and/or Bylaws shall apply.

- A. Agent:** Individual employed by Village Management Services Inc. ("VMS") authorized to act on behalf of Third.
- B. Application:** The Lease/Rental Authorization Application form (also known as "Lease/Rental Authorization" after approval by Third of the Application) prescribed by Third to apply for approval to lease a Manor or rent a portion of a Manor. A copy of the Lease/Rental Authorization Application can be picked up from the Leasing/Rental Office or downloaded from the website at <https://www.lagunawoodsvillage.com/>.
- C. Approval:** Written authorization to lease a Manor or rent a portion of a Manor granted by the Third Board or authorized VMS staff member(s).
- D. Assessment:** The monthly charge that Third levies against all Members and their Manors and collects pursuant to its Governing Documents.
- E. Charge:** Fee, fine and/or monetary penalty that Third and/or GRF may levy upon a Member pursuant to their Governing Documents.
- F. Community:** Laguna Woods Village.
- G. GRF Rules:** The Articles of Incorporation, Bylaws, and any rules and regulations related to the Community Facilities adopted and enforced by GRF.
- H. Co-occupant:** Any person who seeks to reside with a Qualifying Resident who is approved, in advance, in writing, by the Board of Directors for occupancy and who shall be at least 45 years

of age unless such person is the spouse or cohabitant, or any other person that qualifies pursuant to Section 51.3 of the California Civil Code.

- I. Golden Rain Foundation (GRF):** The nonprofit mutual benefit corporation organized to manage and maintain the Community Facilities and services for the Community.
- J. Governing Documents:** Any reference to Governing Documents herein shall be deemed to include the Articles of Incorporation, Bylaws of Third, the recorded Covenants, Conditions, and Restrictions (CC&Rs) applicable to any Manor and any rules and regulations adopted by Third.
- K. GRF Rules:** The Articles of Incorporation, Bylaws, and any rules and regulations related to the Community Facilities adopted and enforced by GRF.
- L. Identification (ID) Card:** Photo ID card issued by GRF to Members, Co-occupants, Lessees, Renters, and private live-in caregivers of the Community authorizing use and access to the Community Facilities.
- M. Lease/Rental Office:** Located in the Resident Services Department in the Community Center, which shall ensure that a Lease/Rental Authorization Application submitted by an Owner/Resident Member comports with the Governing Documents.
- N. Lease/Rental Authorization Extension:** Parties to the lease/rental agreement may request an extension of time at the end of the lease/rental authorization period if the original term of the lease and/or rental is shorter than 12 months, subject to the Board of Director's prior written approval.
- O. Lease/Rental Authorization Renewal:** Parties to the lease/rental authorization may request a renewal no more than 60 days prior to the end of the 12-month period.
- P. Lease/Rental Policy:** This policy that sets forth the rules, regulations and procedures that governs the leasing of a Unit or renting a portion of a Unit.
- Q. Lessee:** Individual who leases a Manor from a Non-Resident Member.
- R. Manor:** A residential condominium unit in Third, also known as a separate interest.
- S. Member:** A person who has been approved by Third as being entitled to membership in Third and has an appurtenant right of membership in GRF.
- T. Non-Resident Member:** A Member who does not personally reside in the Member's Manor.
- U. Non-Resident Member Pass:** Gate entry pass authorizing a Non-Resident Member access into the Community for the purpose of inspecting his/her property on an as needed basis. This pass does not authorize use of or access to the Community Facilities during any lease period.
- V. Owner:** Person or persons, partnership or corporation, and the successors and assigns of each of the foregoing, in whom title to a Manor is vested, as shown by the official records of the

office of the County Recorder of Orange County, California.

- W.** Qualifying Resident: Any person who: (i) meets the age requirements as set forth in California Civil Code Section 51.3, et seq.; and (ii) has been approved by the Board of Directors for occupancy and ownership of a Unit, and membership in the Mutual pursuant to the terms of the Governing Documents.
- X.** Renter: A qualifying individual who rents a portion of the Resident Member occupied Manor.
- Y.** Resident: A person who has been approved by the Board of Directors for occupancy.
- Z.** Resident Member: A Member (owner) who resides in the Member's Manor.
- AA.** RFID: Radio Frequency Identification tag placed on a Member's vehicle to gain access into the Community via the automated gate system.
- BB.** Rush: Application submitted fewer than 10 business days before the lease/rental effective start date.
- CC.** Village Management Services Inc. (VMS): Managing agent for Third and GRF.

III. Fees

Owners and Resident Members applying to lease out their Unit and/or rent out a portion of the Resident Member occupied Unit shall pay the fees associated with the review, processing, and approval of the Lease/Rental Authorization Application. The fees shall be as set forth in the Fee Schedule which will be distributed by the Mutual annually with the Annual Policy Statement.

IV. Terms and Conditions

A. General Information

1. Authorization to lease a Unit or rent a portion of a Unit shall be effective only when approved in advance, in writing by Third or by an authorized VMS staff member(s) of Third; the approval of any lease or rental shall be subject to the minimum term as specified herein.
2. The minimum term of a lease between the Owner and Lessee must: (1) be more than thirty (30) days; and (2) be subject to this Lease/Rental Policy.
3. The minimum term of a rental agreement between the Resident Member and Renter must: (1) be more than thirty (30) days; and (2) be subject to this Lease/Rental Policy.
4. The term of the Lease/Rental Authorization shall not exceed 12 months. In the event that the term of a lease and/or rental agreement exceeds 12 months, the Owner and/or Resident-Member must apply to renew the Lease/Rental Authorization on an annual basis.

5. A copy of a pending written lease/rental agreement between parties must be provided to Third prior to the Lessee's or Renter's move-in to the Member's Manor. It is the responsibility of the Owner or Resident Member to provide Third with an executed lease/rental agreement once Lease/Rental Authorization is granted by Third.
6. Renewal of the Lease/Rental Authorization shall require the prior written approval of Third, provided that Third shall not be obligated or have any duty to, but shall have the right in its sole and reasonable discretion, to approve such extension or renewal regardless of a Member, Lessee's or Renter's circumstances unless otherwise required by law.
7. Any Owner that leases or rents a portion of the Unit is required to comply with all disclosure requirements pursuant to California law, including without limitation, all disclosures related to asbestos, lead based paint, bed bugs, registered sex offender database, no-smoking policy, existence of toxic mold, and/or any death on the property. It is the sole responsibility of the Owner who is leasing their Unit or renting a portion of their Unit to determine, pursuant to California law, and provide such disclosures to any prospective lessee or renter. Each Member hereby agrees to indemnify, defend, and hold harmless Third and its Directors, officers, agents, representatives, employees, and attorneys, as may be applicable, from and against any and all claims by Lessee, Renter or any third party that Third failed to provide any disclosures as required by this Lease/Rental Policy or pursuant to California law.
8. Laguna Woods Village is an independent-lifestyle and age-restricted senior citizen housing development (as defined by California Civil Code §51.3). No form of health care or assisted living is provided by Third. Each Resident is responsible for his/her own health, safety, care and welfare, subject to the conditions and restrictions regarding care providers in Third's Governing Documents and Third's "Private Caregiver Policy."
9. Appearance of the Community is important, and Residents are required to keep their balconies, patios, walkways and carports free from clutter, trash and debris per the Governing Documents.
10. Third, GRF and VMS are not parties to the terms of a lease or rental agreement between the Member and Lessee or Renter, and will not be involved in resolving any disputes between the Member and Lessee or Renter; provided, however that if a Member is in violation of the Governing Documents, GRF Rules and/or this Lease/Rental Policy, or if a Lessee or Renter is violating the Governing Documents, GRF Rules and/or this Lease/Rental Policy, Third shall have all rights and remedies available to it under the Governing Documents, GRF Rules, and/or this Lease/Rental Policy.
11. The Lease/Rental Office will notify the Member of the approval/denial status of the Application within ten (10) business days of its written submittal. The Mutual reserves the right to charge a rush fee if any Member requests for expedited services prior to the routine ten (10) business days of processing. No representation or warranty is made that Third will be able to complete a Rush authorization approval request in the Members' requested timeframe.
12. Third has adopted a No-Smoking Policy and each Member shall be responsible for any and all

violations of said No-Smoking Policy by Member's Lessee or Renter. Third is authorized to take disciplinary action against a Member for any violation of this section.

13. Each Member shall be responsible for any and all violations of the Governing Documents, GRF Rules, and this Lease/Rental Policy committed by Member's Lessee, Renter, or any guest or invitee, vendor, contractor or care provider of Member, Lessee or Renter, of the Member's Unit.
14. Each Member shall at all times be responsible for the acts or omissions of, without limitation, the Member's Lessee, Renter, or any guest or invitee, care provider, vendor, or contractors of the Member's Lessee/Renter.
15. Each Member shall be deemed to have agreed to save, hold harmless, indemnify, and defend Third and its Directors, officers, agents, representatives, attorneys and employees from and against any and all claims, demands, actions, causes of action, liabilities, damages, and expenses arising out of, or incurred as a result of, the rental/leasing of the Member's Unit, or any portion thereof, together with all costs, expenses, and actual attorneys' fees resulting therefrom.

B. Charges

1. Member, Lessee and Renter acknowledge that the Member is obligated to pay Charges and Assessments imposed by GRF and/or Third pursuant to this Lease/Rental Policy and the Governing Documents. See Section III of this Lease/Rental Policy.
2. The Member, Lessee or Renter may incur additional Charges and fees in connection with facilities and services provided by GRF. Some examples are: golf course fee, room reservation fees and cable services upgrade charges.
3. Payment for chargeable repair services is the responsibility of the Member who must indicate on the Lease/Rental Authorization Application whether Lessee/Renter may request such services. In any event, the Member shall be responsible for the chargeable repair services.
4. There is a fee collected by the Lease/Rental office to review and process any new/extension/renewal applications, which include, but are not limited to analysis of payment and disciplinary history. The fee shall be published by the Mutual annually, as set forth in Section III of this Lease/Rental Policy.
5. An authorized and/or designated VMS staff member(s) for the Third Board of Directors assumes responsibility for obtaining Board approval and issuing Lessee or Renter ID Cards.

C. Assignment of Rents

1. If a Member is delinquent in his or her payment of any GRF and/or Third Charges and/or Assessments, as required under the Governing Documents, Member, Lessee and Renter each acknowledge and agree that the Member hereby assigns to and confers upon Third, and/or its agent, the right to collect and retain the rent payable by the Lessee or Renter and to apply the

same to any delinquent Charges and Assessments, as well as any late fees, attorneys' fees, or other costs and expenses permissible by law or the Governing Documents that may be incurred or assessed by Third in connection with the delinquent Assessment and/or GRF and/or Third Charges.

2. Member, Lessee, and Renter acknowledge and agree that concurrent with notice in writing to the Member, Third shall be entitled to directly receive the rent by delivering to the Lessee/Renter at the Manor a "Notice of Assignment of Rents". Upon receipt of such notice, the Lessee/Renter shall directly forward all payments of rent required under the lease/rental agreement to Third at the address set forth in the notice until the Lessee shall receive a second notice to the effect that the Lessee/Renter may again resume making rental payments directly to the Member.
3. To the fullest extent permitted by law, such payments of rent paid directly to Third shall continue until the delinquent Assessments or Charges and any late fees, attorneys' fees, or other collection costs and expenses incurred by the Member are paid in full. In the event that the payment of rent received by Third is in excess of the amounts owed by the Member, then Third shall refund the difference, less any processing fee(s), to the Member within thirty (30) business days of receipt of such rental payment.
4. Member acknowledges and agrees that the Lessee/Renter shall not be in breach of the lease solely as a result of making rental payments directly to Third, and further that the Member shall not take any other action or avail itself of any other remedies against the Lessee/Renter under the lease/rental agreement or otherwise based on the Lessee's/Renter's direct payment of rent to Third following receipt of a "Notice of Assignment of Rents".
5. **Third Not a Landlord.** The exercise and enforcement of Third's rights under this Lease/Rental Policy shall in no way constitute Third as a landlord or lessor under any lease and/or rental agreement, and Third shall have no such responsibility. Each Member hereby agrees to indemnify, defend, and hold harmless Third and its Directors, officers, agents, representatives, employees, and attorneys, as may be applicable, from and against any and all claims by Lessee, Renter or any third party that Third failed to fulfill the duties of landlord or lessor under any lease and/or rental agreement for the Member's Unit.
6. **Process to Effectuate Assignment of Rents.** An assignment of rents pursuant to this Lease/Rental Policy shall only be effective if it complies with the requirements of Section 2938 of the Civil Code and any other applicable law. Any costs and fees incurred by Third in effectuating an assignment of rents pursuant to this Lease/Rental Policy shall be considered a cost of collection of delinquent Assessments, for which the applicable Member shall be responsible.

D. ID Cards and Privileges

1. Lessee or Renter ID Cards shall be issued for a period not longer than the duration of the Lease/Rental Authorization.
2. Lessee or Renter ID cards are not issued until all paperwork required pursuant to this

Lease/Rental Policy is received and the Application has been approved in advance in writing by Third.

3. Lessee or Renter ID cards and resident RFIDs will be available no sooner than seven days prior to the lease/rental start date unless Third approves a lease/rental agreement under the Rush standards referenced herein.
4. Member acknowledges and agrees that the privileges of membership in GRF are granted and assigned to Lessee and Renter for the duration of the Lease/Rental Authorization period; and Non-Resident Member, while leasing the Unit, hereby surrenders all Resident ID Card(s) and Resident Decal(s) and RFID(s) and the right to such privileges while the Lease/Rental Authorization is in effect in accordance with the Governing Documents. Upon surrender of the card, decal and RFID, the Member is given a Non-Resident Member Pass that provides the Member access into the Community for the limited purpose of accessing and inspecting the leased premises. This pass does not permit use of or access to the Community Facilities. Lessees and Renters may use the facilities and receive the services made available by GRF to all Members, subject to the GRF Rules. Pursuant to the GRF Rules, the facilities and services may be modified or discontinued by GRF at any time.
5. At the end of the Lease/Rental Authorization period, the Member is required to return all gate entry passes including ID cards, automobile decals, RFIDs, guest passes, business passes and care provider passes in order to avoid a GRF non-return fee. (See Section III, Fees).

E. Occupancy

1. Members may obtain/perform both background and credit checks on new Lessees or Renters as well as check references provided by the Lessee or Renter to protect such Member's interests, given that the Member will be held responsible for the acts and/or omissions of their Lessees/Renters who violate Third's Governing Documents.
2. No person, including but not limited to a Lessee or Renter, may reside in a Manor without the prior written approval of the Third Board of Directors or VMS authorized staff member(s). Contact Resident Services Department at 949-597-4600 for any change in residency status.
3. Members should obtain a copy of the Application from VMS as set forth herein.
4. The Manor, together with the parking space assigned to such Manor, must be made available to the Lessee during the entire term of the Lease/Rental Authorization, except in the instance of a Renter.
5. Relatives and other guests may stay overnight for a total of 60 days in any 12-month period. Relatives and guests may not stay in a Manor during the absence of the Qualifying Resident, Co-Occupant, Lessee or Renter.
6. Unless otherwise required by law, the maximum number of persons allowed to occupy a Manor is equal to the number of original construction bedrooms plus one; no more than two persons in a one-bedroom Manor; no more than three persons in a two-bedroom Manor, no

more than four persons in a three-bedroom Manor. The number of persons residing in a residence at any time shall comply with Third's CC&Rs, Bylaws, rules, policies and this Lease/Rental Policy, as well as all City, County and State codes, regulations, and ordinances regarding the occupancy of residential dwellings, and may not exceed any occupancy limits established under such codes, regulations, or ordinances. There are additional monthly GRF and Third Laguna Hills Mutual fees for each person in excess of two.

7. The Manor shall be used and occupied solely as a private residential dwelling and for no other purpose.
8. No person shall reside in a Manor, other than those listed on the approved Lease/Rental Authorization.
9. No business or commercial venture may be conducted in the Manor.
10. Except for the approval of a Renter, the Member and/or Lessee shall not assign any interest therein and shall not sublet the Manor or any part thereof or any right or privilege appurtenant thereto, pursuant to a formal agreement or otherwise, or permit any other person to occupy or use the premises or any portion thereof. To assure compliance with these provisions and the other Third governing documents, leases/rentals shall not be amended to add additional lessees or renters to an approved lease or rental during the approved lease/rental period.
11. Except as set forth in Civil Code § 4739, as provided for herein, and any other applicable State, County or City requirements, no room rental arrangement or subleases shall be permitted and no Member or Lessee may advertise for any room rental or rent-sharing agreement (for example only, listed on Airbnb, VRBO, Craigslist, Next door or any similar website). Third will not approve any Lease/Rental Authorization amendment submitted for the purpose of adding additional persons to a lease or rental during the term of a Lease/Rental Authorization.
12. No Manor or any portion thereof may be used for vacation rentals or advertised for such use for a period of less than 30 days (for example only, listed on Airbnb, VRBO or any similar website), nor may any Manor be leased to a corporate housing company, including any nonprofit housing organization.

F. Move In/Move Out and Bulky Items Delivery/Pickup

1. When moving into the Community, Lessee(s) or Renter(s) must break down and stack moving boxes next to trash dumpsters or at curbside for routine pickup.
2. The use of an elevator, when moving into or out of a multi-story building, requires the placement of elevator protection pads, which can be requested by calling the Security Department 949-580-1400. Similarly, individuals are required to order elevator protection pads when arranging for delivery or removal of bulky items, such as furniture.
3. When moving out of the Community, the Lessee or Renter is responsible for hauling away excessive materials/furniture. Bulky items are collected on a weekly basis free of charge. The Lessee or Renter shall contact CR&R at 949-625-6735 to obtain information on when the pick-

up service is offered and what items can or cannot be hauled away.

4. Each Member is responsible for any damage caused by his or her movers or deliveries to the elevator, lobby furniture, common area and/or other Third property.
5. No oversized furniture, appliances, non-broken-down boxes or other similar items may be discarded outside of the Manor at any time, except to the extent permitted by the Governing Documents, including, but not limited to the GRF Rules and this Lease/Rental Policy.

G. Alterations, Repairs and Maintenance

1. Member(s) are required to obtain prior written approval in advance of construction from Third for any structural alterations to the building or landscape changes. Applications may be obtained from the Resident Services Department. Resident Services is located at the Community Center and may be reached at 949-597-4600.
2. The Member and Lessee(s)/Renter(s) understand that the Manor shall not be altered, repaired or changed without prior written authorization of Member and Third. Unless otherwise provided by written agreement, all alterations, improvements and changes that may be required shall be performed either by or under the direction of Third; shall be the property of Member; and shall remain upon and be surrendered with the Manor. Only applications submitted by the Member will be considered by the Board. Lessees/Renters shall have no right to submit an application for structural alterations.
3. Lessee or Renter shall authorize Third, Member and/or their respective authorized VMS staff member(s) to enter into and upon the Manor at all reasonable times for the purposes of (a) inspection, (b) responding to emergencies, (c) maintaining the building in which the Manor is situated and (d) making repairs, alterations or additions to any portion of the common areas or said building, including but not limited to the erection of scaffolding, props or other mechanical devices.
4. Lessee/Renter shall not be entitled to any abatement of rent payable by Lessee/Renter hereunder or to any rebate of rent to Lessee/Renter or damages for any loss of occupation or quiet enjoyment of the premises on account of any such entry by Third. No landlord-tenant relationship is created by way of Third's need to enter a Manor or perform work to any common areas accessible only through a Lessee and/or Renter's Manor.

H. Insurance

1. Lessee's or Renter's personal property is not insured by Third.
2. **Property Damage and General Liability Insurance.** Each Member is responsible for insuring his or her personal property located within the Mutual. Each Member is also responsible for insuring all buildings, structures, and other improvements contained within or located upon the Manor (including, but not limited to the Members' residences) against fire and other casualty. Nothing in this Lease/Rental Policy precludes any Member from carrying public liability insurance as he or she may deem reasonable, however, such insurance coverage may

not adversely affect or diminish any coverage under any of Third's insurance policies. If any loss intended to be covered by insurance carried by or on behalf of Third occurs and the proceeds payable are reduced due to insurance carried by a Member, such Member shall assign the proceeds of the Member's insurance to Third, to the extent of such reduction, for application to the same purposes as the reduced proceeds are to be applied.

3. **Renter's and Landlord's Insurance.** A Member whose Manor is subject to a lease/rental agreement shall require as a term of the lease/rental agreement that the Lessee/Renter is required, at all times during the Lessee/Renter's tenancy and occupancy of the Member's Manor, to obtain and maintain "renter's insurance" of no less than fifty thousand dollars (\$50,000.00), insuring, including without limitation, the Lessee/Renter for general liability, property damage, and the replacement value of the Lessee/Renter's personal property and belongings located in the Manor from damage and loss. Such Member shall also be required to maintain "landlord's insurance" during the period of the lease/rental agreement under an insurance policy that covers the Member's Unit from financial losses connected with the Manor; such policy shall cover standard perils such as fire, and, to the extent commercially available, include coverage for accidental damage, malicious damage by tenants, and rent guarantee insurance.
4. **Proof of Insurance.** Duplicate copies of the insurance policies required under these Lease/Rental Policy shall be submitted by a Member to the Board upon request. Notwithstanding the foregoing, Third shall not have the obligation to confirm that any Member or Lessee/Renter carries the insurance required under this Lease/Rental Policy and/or confirm the terms of any insurance purchased by a Member or Lessee/Renter.
5. **Lack of Insurance.** Third shall not be responsible for any damage or loss to a Member's Unit, another Unit, or the Common Area for which the Member is responsible and the Member does not maintain sufficient insurance coverage for the cost of repair and restoration of such damage or loss. Any failure by the Lessee/Renter to have renter's insurance shall be regarded as a material breach of the Lease/Rental Authorization.

I. **Rights and Remedies**

1. As a material part of the consideration to be rendered to Member under a Lease/Rental Authorization hereby waives, to the maximum extent authorized by law, all claims against Third for damages to personal property in, upon or about said Manor and for injuries to persons in, upon or about said premises from any cause arising at any time.
2. Lessee or Renter shall, to the fullest extent permissible by law, hold Member, Third, GRF and VMS harmless from any liability on account of any damage or injury to person or personal property arising from the use of the Manor by Lessee or Renter arising from the failure of Lessee or Renter to keep the Manor in good condition as provided herein or failure to perform or observe any of Lessee's or Renter's obligations under this Lease/Rental Policy. Third, GRF and VMS shall not be liable to Lessee or Renter for any damage caused by any act or negligence of any other occupant of the same building or by any Member or occupant of adjoining or contiguous property. Without limiting the foregoing, the Member shall at all times be responsible for the acts or omissions of his or her Lessee or Renter and shall be liable for any

damages or financial expenses incurred by Third as a result of the Lessee's or Renter's use of the Manor or any other portions of the building in which the Manor is located and/or common areas.

3. The Member and Lessee or Renter shall be liable for all damages to the Manor, to the building in which the Manor is located and to the Common Areas of the Community, as well as all damage to other occupants thereof caused by the Member's and/or Lessee's or Renter's misuse or neglect of the premises, equipment, apparatus or appurtenances. The Member and Lessee or Renter also shall be liable for all damage or injury done to the Manor, to the building in which the Manor is located or to the Common Areas by any person who may be in or upon the building, the Manor or the Common Areas with the authorization of the Member and/or Lessee or Renter. Without limiting the foregoing, the Member shall be primarily liable for all damages, as described in this paragraph, stemming from the acts or omissions of the Lessee or Renter.
4. In the event of any total or partial destruction of the Manor during the term of the Lease/Rental Authorization from any cause, the Member is solely responsible, to the fullest extent permitted by law, for terminating the Lease/Rental Authorization.
5. In the event that the real property upon which the Manor is located or any part thereof shall be acquired by any public body, agency or other entity having the power of eminent domain, whether by voluntary sale, threat of condemnation or by judgment of a court in condemnation proceedings, the Member is solely responsible, to the extent permitted by law, for terminating the Lease/Rental Authorization .
6. In the event of any breach of this Policy by the Member and/or Lessee or Renter, Third shall have the same rights and remedies to enforce the Lease/Rental Authorization as are available to Member hereunder, which may be exercised by Third without regard to any exercise thereof by Member. Additionally, Third shall have the same rights to dispossess the Lessee or Renter or otherwise act for the Member as may be necessary or appropriate in the event of any breach of the Lease/Rental Authorization or the Lessee's or Renter's failure to vacate following expiration of the Lease/Rental Authorization term. Third shall also have the right to bring an unlawful detainer action against the Member and/or Lessee or Renter after proper notice has been given as provided in California Civil Code Section 1946 or any successor statute thereto. Nothing contained in this paragraph or otherwise in this Lease/Rental Policy shall be deemed to create a landlord-tenant relationship between Third and the Member or Lessee or Renter.
7. Any notice to Member or Lessee shall be given by personal service, electronic document notice, or by registered or certified mail addressed to Member: at the address indicated on the Application or to Lessee: at the Manor's address. Any notice to Third Mutual shall also be given by personal service, electronic document notice, or by registered or certified mail addressed to Third Laguna Hills Mutual Board of Directors at P.O. Box 2220, Laguna Hills, CA 92654-2220. There is no mail delivery to the street address.
8. The terms and provisions contained herein shall apply to and bind the heirs, successors, personal representatives and assigns of all of the parties hereto.

9. If any legal action or proceeding is commenced by either party or Third to enforce any part of this policy, the prevailing party shall be entitled to recover, in addition to all other relief, reasonable attorney's fees and costs.

J. Enforcement

Third is authorized to take disciplinary action against a Member whose property may be found in violation of this Lease/Rental Policy or the Governing Documents. When a complaint is lodged regarding the occurrence of a violation, the Board of Directors has a fiduciary duty to investigate and impose, if appropriate, Member discipline as set forth in the Governing Documents. The Board has the authority to impose monetary fines, suspend Member privileges, and/or bring forth legal action. The Member and Lessee or Renter are entirely responsible for ensuring that the Governing Documents, GRF Rules and this Lease/Rental Policy are complied with by anyone they allow into the Community. This includes, without limitation, any Co-Occupant, Lessee, Renter, guest, care provider, vendor, invitee or contractor. Disciplinary action suspending or revoking a Member's privileges shall apply to the Member's Lessee or Renter, his or her Co-Occupants as applicable, and their guest and invitees.

1. The Member and Lessee or Renter must read and agree to comply with and be bound by all the Governing Documents, the GRF Rules, and this Lease/Rental Policy.
2. Nothing contained herein shall relieve Member of the performance of any obligation owed to Third and/or GRF under the Governing Documents and GRF Rules.
3. The Member and/or Lessee/Renter is/are responsible for any visitor or guest who violates any Governing Documents, GRF Rules, and this Lease/Rental Policy, and for any Charges or Assessments incurred.
4. Lessee or Renter shall be responsible to the Member to promptly pay when due, all charges and fees incurred by Lessee or Renter, guest or invitee for use of facilities or for services rendered by the Third and/or GRF. Notwithstanding the foregoing, whether or not Lessee or Renter complies with the foregoing, a Member shall be solely responsible to Third for any and all costs incurred by Third resulting from a Member's Lease including but not limited to costs incurred solely due to the acts or omissions of a Lessee or Renter, their Co-Occupants as applicable, their guests and invitees.

- K. No Discrimination.** No Member shall execute or cause to be recorded any instrument that imposes a restriction on the rental or occupancy of the Member's Unit on the basis of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information, nor shall any Member discriminate against or harass any prospective Lessee or Renter of the Member's Unit because of such bases. Notwithstanding the foregoing, selection preferences based on age in the rental of a Member's Unit, imposed in accordance with Section 51 of the Civil Code or a federally approved housing program, as may be applicable, shall not constitute age discrimination.

-- END --



Third Mutual Lease/Rental Authorization Application and Procedures

Members applying for approval to lease their Unit or a rent a portion of their Resident Member occupied Unit, along with each of their prospective Lessees/Renters must fill out the Application on the following pages in order to obtain the necessary approval from Third for such Lease/Rental Authorization period. The steps and required information/documentation that must be provided along with the Application are described below.

- A. The Member must complete and submit the written Lease/Rental Authorization Application to the Leasing/Rental Office for board review. The Application is available for download at lagunawoodsvillage.com or upon request from the Leasing/Rental office.
- B. The Application and additional documentation must be submitted to the Leasing/Rental Office for new leases/rentals, renewals and extensions.

Required documentation:

1. Lease/Rental Authorization Application
 2. Check for processing fee made payable to GRF
 3. Member's resident ID card (only for initial lease), except in the instance of a room rental.
 4. Copy of proof of age/identity (driver's license, birth certificate or passport) for each Lessee/Renter
 5. Copy of the pending written lease/rental agreement between the Member and Lessee or Renter for the current year. Such agreement is not included with the Lease/Rental Authorization Application or provided by the Laguna Woods Village Leasing/Rental Office.
- C. The Board or authorized VMS staff member(s) will review the Lease/Rental Authorization Application and approve or deny the request in writing.
 - D. Upon receipt of a Lease/Rental Authorization Application for a new, renewal or extension, the Leasing/Rental Office will research and take into consideration whether the Member and/or Lessee / Renter has received notices of rule violations or any outstanding charges and assessments before approval of the application can occur. Extensive history of such events may result in application denial.
 - E. The Leasing/Rental Office will notify the Member of the results within 10 business days subject to the terms and conditions that exist. Rush applications may be delayed if the Leasing/Rental Office notifies the Member that it requires additional time to review and/or requests additional information from the Member while conducting its review.
 - F. The completed package can be mailed to the Lease/Rental Office at Laguna Woods Village, Attn Leasing/Rental Office, P.O. Box 2220, Laguna Hills, CA 92654-2220 / or dropped off in the black drop box in front of the Community Center entrance located at 24351 El Toro Road, Laguna Woods, CA 92637. The Leasing/Rental Office hours of operation are Monday through Friday, federal holidays excepted, 8 a.m. to 5 p.m., phone number 949-597-4323 and email leasing@vmsinc.org.

**Third Lease/Rental Authorization Application**

Unit No: _____

Return completed application to the Leasing/Rental Office located in Community Center at 24351 El Toro Road, Laguna Woods, CA 92637; phone 949-597-4600; email leasing@vmsinc.org

This Third Lease/Rental Authorization Application is subject to the terms and provisions of the Third Lease/Rental Policy and this Application incorporated herein by reference and made a part hereof and shall be effective when approved by the Mutual.

Manor Information	
Manor Address:	
Carport #:	Space #:
Lease/Rental Term Date From:	To:
Member #1 Information	
First Name:	Last Name:
Telephone:	Cell Phone:
Email:	
Mailing Address:	
Member #2 Information	
First Name:	Last Name:
Telephone:	Cell Phone:
Email:	
Mailing Address:	
Agent or Agency	
First Name:	Last Name:
Telephone:	Cell Phone:
Email:	
Mailing Address:	

Information for Lessee/Renter #1		Lessee/Renter #1 ID No. _____
First Name:	Last Name:	
Telephone:	Cell Phone:	
Date of Birth:	SS#	
Email:		
Move-in Date:		
Prior Address:		
Information for Lessee/Renter #2		Lessee/Renter #2 ID No. _____
First Name:	Last Name:	
Telephone:	Cell Phone:	
Date of Birth:	SS#	
Email:		
Move-in Date:		
Prior Address:		

Third Mutual Lease/Rental Authorization Agreement

The undersigned acknowledges receipt of the Third Lease/Rental Policy and acknowledges that it does not represent any direct or indirect liability on behalf of Third Laguna Hills Mutual (Third), the Golden Rain Foundation of Laguna Woods (GRF) and Village Management Services Inc. (VMS), and each of their respective directors, officers, employees and agents. By executing this Lease/Rental Authorization Application, all parties hereby agree to abide by the Lease/Rental Authorization and Terms and Conditions of the Lease/Rental Policy, if approved by the board of directors.

Acknowledgment	Initial(s)			
	Member #1	Member #2	Lessee/Renter #1	Lessee/Renter #2
I have received and read a copy of the Lease/Rental Policy and agree to comply.				
I agree to comply with the rules established by this Community.				
Third, GRF and VMS are not parties to the terms of the lease between the Member and Lessee or Renter.				
I agree that Third has the right to collect and retain the rent payable and to apply it to any delinquent assessments and charges.				
I understand that falsification of any information related to this Application renders this Application null and void.				

Does Lessee(s)/Renter(s) have authorization to request repairs on behalf of the Member or work for which there is a charge? ☐ Yes ☐ No

Member #1 Name (Print):	Member Signature:	Date:
Member #2 Name (Print):	Member Signature:	Date:
Lessee #1 Name (Print):	Lessee/Renter Signature:	Date:
Lessee #2 Name (Print):	Lessee/Renter Signature:	Date:

ACTION BY MUTUAL BOARD OF DIRECTORS

APPLICATION DENIED	APPLICATION APPROVED
The Board of Directors of this Mutual Corporation has reviewed this application. Based on the information provided, the application is denied .	The Board of Directors of this Mutual Corporation has reviewed this application. Based on the information provided, the application is approved .
SIGNATURE	SIGNATURE
SIGNATURE	SIGNATURE
SIGNATURE	SIGNATURE
DATE:	DATE:

Date _____

By _____
Authorized Agent

Agena Item 8a

Page 19 of 19



STAFF REPORT

DATE: April 25, 2023
FOR: Resident Policy and Compliance Committee
SUBJECT: Appeal Policy

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.

On March 29, 2023, the Committee tabled the matter for further updating to simplify the process.

DISCUSSION

Review the proposed Appeal Policy.

FINANCIAL ANALYSIS

None.

Prepared By: Blessilda Wright, Compliance Supervisor

Reviewed By: Jacob M. Huanosto, Compliance Coordinator

ATTACHMENT(S)

Attachment 1: Appeal Policy Proposed Version



Third Mutual Appeal Policy
Resolution 03-23-XX; Adopted MMMMM DD, 2023

I. Purpose

Board committees are made up of individuals who advise the board on a specific area of operations. Committees are made up of board members, staff members, and advisors who come together to provide expert guidance for the board as a whole. Third Laguna Hills Mutual ("Third") utilizes committees to address relevant issues and make recommendations to the entire board for final approval. These committees tend to function independently from each other and are provided with sufficient authority, resources, and assigned responsibilities in assisting the entire board.

Depending on the circumstances and the powers granted to a committee, a committee may either act to approve or deny a member's request, or discipline members for governing document violations and determine that reimbursement for expenses incurred by Third are the responsibility of a member.

The purpose of this document is to set forth the Appeal Policy for appeals of decisions made by committees.

II. Policy

It is the stated policy that Members shall have the right to appeal decisions made by a committee whose membership is made up of less than the full board and have their appeal considered by the Board, after which the Board will make a decision and provide notice of same in accordance with Third's Governing Documents and applicable statute.

Information regarding how to request an appeal of a committee's decision will be included in the notice advising the member of the committee's decision, the process is:

- A member who wishes to appeal a committee's decision has 30 days, from the date of the committee decision, to appeal the decision.
- The appeal request must be sent to the general manager and the committee chair and/or Board president.
- The appeal request must be received in writing (electronic version is acceptable).
- The appeal request must explain why the member believes the committee's decision is incorrect.
- The member may – but is not obliged to – provide such new evidence or documentation that the member feels will aid the member's appeal.

If the Board approves a committee decision within 30 days of the decision being made by the committee, the member can still appeal the decision of the committee to the Board and the Board will hear it.

As per Community Rules and applicable law, any appeal decision 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

Commented [WB1]: This may also need to be 'a not obliged to' section. As staff has received some appeals that a member simply state I disagree with the committee no additional information. When asking the member for clarification the member continues to state I don't disagree.



appeal by Third Members. However, should new evidence be presented regarding the decision, the committee has the option to re-hear the request and make a decision, which could result in an appeal to the Board as per this policy.



STAFF REPORT

DATE: April 25, 2023
FOR: Resident Policy and Compliance Committee
SUBJECT: Compliance Letters

RECOMMENDATION

Committee approve the changes to the Compliance Letters.

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.

On March 29, 2023, the Committee discussed the notices then directed staff to add clarifying language and Chair Laws to seek legal review on CC&Rs Article XXI, Attorney Fees.

DISCUSSION

The Committee is reviewing updates to the disciplinary notices.

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].

[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 or via phone at 949.268.2255. Thank you for your anticipated compliance.

Sincerely,

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FOR THE BOARD OF DIRECTORS
...



Third Mutual Compliance Courtesy Notice Example

Re: Request for Compliance - Resolution 03-23-18, 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 Board of Directors ("Board") has received a report alleging that personal items 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].

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[Insert photo here]

As managing agent for 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 03-23-18, Care & Maintenance of Patios, Balconies, Breezeways & Walkways**: "...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 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

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") Governing Documents 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.

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 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:

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NAME
DATE
Page 2 of 2

~~"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 ...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) 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; (2) termination of the delinquent Member's Membership in the Mutual as a result of any foreclosure, (3) legal actions, discussed further below, or (4) other means permitted by law..."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 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 [h2]: 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 [WB3R2]: Updated the language with Third's Collection & Lien Enforcement Policy

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Third Mutual Compliance Final Notice Example

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") Governing Documents 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 Third's Collection & Lien Enforcement Policy.

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 [h1]: 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 Third Board 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 your position by email to Resident Services at 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 (30th) day after the date of a demand letter for payment of same ...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)

NAME

DATE

Page 2 of 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; (2) termination of the delinquent Member's Membership in the Mutual as a result of any foreclosure, (3) legal actions, discussed further below, or (4) other means permitted by law...."

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.]..."

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.

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 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

...



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 a violation of [insert rules citation here].

Due to the continued violations of Third's ~~G~~governing ~~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).

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.

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 ~~G~~governing ~~D~~documents. Please read these sections carefully before the hearing.

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

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.

Name

Date

Page 2 of 2

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.

Please contact me at 949.-268.-2255 or at 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

...

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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.



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, you are alleged to be conducting the following, in violation of Third's Governing Documents: [insert details and reason for the disciplinary hearing here]. The foregoing is a violation of [insert rules citation here].

Due to the continued violations of Third's Governing Documents, the Third Board of Directors ("Board")/ Third 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 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.

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The hearing will be conducted in accordance with Article 4 of the Bylaws, and specifically, 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 Governing Documents. 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, the Bylaws, the CC&Rs or the Rules and

Name

Date

Page 2 of 2

Regulations of Third. Be advised that CC&R's Article XXI, Attorney Fees, 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..."

[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.

Please contact me at 949.268.2255 or at 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

...

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.



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-states:

"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-

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NAME

DATE

Page 2 of 2

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 follows~~states~~:

"...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 or call me at 949.268.2255.

Sincerely,

FOR THE BOARD OF DIRECTORS

...

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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 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].

Following 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 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.

NAME
DATE
Page 2 of 2

Furthermore be advised that CC&R's Article XXI, Attorney Fees, 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 follows:

...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.

Commented [WB1]: Will updated once amended Appeal policy adopted

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 or call me at 949.268.2255.

Sincerely,

FOR THE BOARD OF DIRECTORS

...



STAFF REPORT

DATE: April 25, 2023
FOR: Resident Policies and Compliance Committee
SUBJECT: Internal Dispute Resolution

RECOMMENDATION

Committee amend the Internal Dispute Resolution Policy

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). The current policy meets Civil Code §5910 Minimum Requirements for Internal Dispute Resolution.

DISCUSSION

On March 29, 2023, the Committee reviewed the current Internal Dispute Resolution Policy and directed Chair Laws and staff to revise the policy to current practices.

FINANCIAL ANALYSIS

There is no financial impact.

Prepared By: Blessilda Wright, Compliance Supervisor

Reviewed By: Jacob Huanosto, Compliance Coordinator

ATTACHMENT(S)

Attachment 1: Current Internal Dispute Resolution Policy

Attachment 2: Amended Internal Dispute Resolution Policy

Attachment 3: Civil Code §5910 Minimum Requirements for Internal Dispute Resolution



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.



Internal Dispute Resolution
Resolution 03-23-XX, Amended DATE
Resolution 03-20-07; Adopted January 21, 2020

Purpose

In accordance with Civil Code Sections 5900 et seq., the Board of Directors of the Third Laguna Hills Mutual ("Third") has adopted the following Internal Dispute Resolution ("IDR") policy and procedure to be followed by Third and its Owners in connection with disputes relating to the enforcement of the governing documents, following the Davis-Stirling Common Interest Development Act, and following the Nonprofit Mutual Benefit Corporation Law. The law requires a fair, reasonable, and expeditious procedure for resolving disputes, and further authorizes Third to develop its own procedure for these purposes, known as "IDR" or "meet and confer." This IDR policy supplements and does not replace alternative dispute resolution ("ADR") under Civil Code Sections 5925 et seq.

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.

Dispute between Owners

A IDR request received for a dispute between owners will be referred to the Orange County Human Relations Mediation Services contact # 714-480-6570 or email Mediator@ochumanrelations.org

Dispute between an Owner and Third

Either party (Third or an Owner) may invoke the following procedure:

1. The party may request the other party to IDR, in an effort to resolve the dispute. The request shall be in writing.
2. The Owner participating in the IDR Process shall not be charged a fee to participate in the IDR Process.
3. An Owner may refuse a request for IDR. Third may not refuse an Owner's request to IDR.

Internal Dispute Resolution
Resolution 03-23-XX; Amended, DATE
Page 2 of 2

4. In response to a dispute involving Third, the Board will designate three Directors ("Board Designees") to represent Third in the IDR with the Owner.
5. IDR meetings will be held at a mutually agreeable date and time and will be held in the Laguna Woods Village Community Center.
6. IDR meetings will be no more than 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.
7. In an IDR meeting, the parties will explain their positions to each other and confer in good faith in an effort to resolve the 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.
8. 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.
 - a. 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 by Third's attorney at Third's cost.
 - b. 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 Third, so that Third may determine if they wish their respective legal counsel to attend. Failure of Owner to advise they are bringing legal counsel may require a postponement of the IDR meeting to a date at which Third's counsel is able to participate.
 - c. If an Owner appears at the IDR meeting with previously unannounced counsel, the IDR will be rescheduled and will not proceed.
9. Once the Owner and the Board Designees have discussed the situation, the Owner will leave the session and the Board Designees will determine the outcome of the IDR, taking into consideration the information provided by the Owner along with governing documents and precedent.
 - a. The outcome will be documented and sent to the Owner within 15 days of the IDR meeting.
 - b. If an Owner is in disagreement with the outcome as defined by the Board Designees, the Owner can Appeal the outcome as per Third's Appeal Policy.

Commented [WB1]: Civil Code provides a minimum requirement for an IDR or Meet and Confirm outcome. This doesn't meet civil code. Unless third's legal counsel advised this is an okay alternative.

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Civil Code § 5910. Minimum Requirements for Internal Dispute Resolution.

A fair, reasonable, and expeditious dispute resolution procedure shall, at a minimum, satisfy all of the following requirements:

- (a) The procedure may be invoked by either party to the dispute. A request invoking the procedure shall be in writing.
- (b) The procedure shall provide for prompt deadlines. The procedure shall state the maximum time for the association to act on a request invoking the procedure.
- (c) If the procedure is invoked by a member, the association shall participate in the procedure.
- (d) If the procedure is invoked by the association, the member may elect not to participate in the procedure. If the member participates but the dispute is resolved other than by agreement of the member, the member shall have a right of appeal to the board.
- (e) A written resolution, signed by both parties, of a dispute pursuant to the procedure that is not in conflict with the law or the governing documents binds the association and is judicially enforceable. A written agreement, signed by both parties, reached pursuant to the procedure that is not in conflict with the law or the governing documents binds the parties and is judicially enforceable.
- (f) The procedure shall provide a means by which the member and the association may explain their positions. The member and association may be assisted by an attorney or another person in explaining their positions at their own cost.
- (g) A member of the association shall not be charged a fee to participate in the process.

(Amended by Stats. 2014, Ch. 411, Sec. 1. Effective January 1, 2015.)



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STAFF REPORT

DATE: April 25, 2023
FOR: Resident Policy & Compliance Committee
SUBJECT: Barbecue Grill Rules & Regulations

RECOMMENDATION

The Committee approve the amended Barbecue Grill Rule and Regulations.

BACKGROUND

In the last six years there have been four fires started by barbecue grills. Only one of the incidents required Third Laguna Hills Mutual (Third) insurance company to be involved. Since 2011, the Compliance Division has mailed eleven disciplinary letters regarding nuisance violations caused by the use of barbecue grills.

On December 3, 2020, the Resident Policy and Compliance Committee approved the Barbecue Grill Rules and Regulations.

On February 3, 2021, the Resident Policy and Compliance Committee reviewed the Barbecue Grill Rules & Regulations.

On March 16, 2021, the Third Board approved Resolution 03-21-18 Barbecue Grill Rules & Regulations.

DISCUSSION

The current Barbecue Grill Rules and Regulations prohibits the use of charcoal grills in Third Mutual. Third members are requesting that the use of charcoal grill be allowed in Third Mutual.

Prepared By: Blessilda Wright, Compliance Supervisor

Reviewed By: Jacob Huanosto, Compliance Coordinator

ATTACHMENT(S)

Attachment 1: Proposed Barbeque Grill Rules & Regulations

Third Mutual Barbecue Rules & Regulations Resolution 03-23-XX; Adopted Mmm DD, 2023

I. Purpose

The purpose of this document is to define the policies of Third Laguna Hills Mutual ("Third") regarding the use of Barbecue Grills.

II. Definitions

For the purposes of this policy:

- a. Barbecue Grills are devices **made for outdoor use** that cook food by applying heat from below. There are three categories of grills common for residential use:
 - Gas-fueled grills typically use LPG (propane or butane) or natural gas as a fuel source and are known as an "open flame" source.
 - **Charcoal grills typically use charcoal or wood chunks as a fuel source and are known as an "open flame" source. Charcoal grills are prohibited.**
 - Electric grills typically use an electric element to supply a constant heat source with no open flames.
- b. Combustible material includes materials made of or surfaced with wood, plastic compressed paper or other material that will ignite and burn. These materials shall be considered as combustible even though flameproofed, fire-retardant treated.
- c. Common Area means the area which is available for use by more than one person.
- d. Community Rules are defined as the Articles of Incorporation, Bylaws, 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.
- e. Enclosed Area is defined as an area closed in by roof and contiguous walls or windows, connecting floor to ceiling with appropriate opening for ingress and egress.
- f. Member is defined as any person entitled to membership in Third.
- g. Multi Story-Unit Residential Facility means a building or portion thereof that contains more than one story of dwelling units.
- h. Open Flame grills are defined as those with a visible flame and include but are not limited to those which use gas, LPG, propane, **charcoal, or wood chunks as a fuel source**
- i. Private residence is defined as that portion of any Condominium which is not owned in common with other owners.

III. General Rules for all Barbecue

- a. Open flame grills are prohibited in multi-story buildings. Only electric grills are permitted in multi-storied buildings.
- b. Hot Barbecue **grills units** may be left in place where used until cool.
- c. Barbecue **grills units** must be used and stored so as not to block walkways.
- d. Barbecue procedures must not cause excessive smoke or offensive odor or be a nuisance to neighboring residents.

IV. Rules specific to "open flame" Barbecue **units grills**

- a. Active open flame **grills units** must be located at least 10 feet from combustible material as defined above.
- b. Active open flame **grills units** must not be located **on walkways or under or within 10 feet of** roof eaves, **combustible** patio covers or similar overhead coverings.

- c. Active open flame ~~grills units~~ may not be used in an any Enclosed Area.
- d. Any ~~cooking device~~ Barbecue grill's tanks shall contain no more than 15 pounds net weight (often referred to as 5 gallons) of propane.
- e. Charcoal grills should be started only with an electric starter -- lighter fluid and charcoal chimneys are prohibited.
- f. Used charcoal must be cold to the touch before being disposed of.

V. Safety Tips

- a. Follow the manufacture instructions.
- b. Fasten the propane, or LPG, tank securely to the grill assembly.
- c. Place your grill on a solid and level surface to prevent accidental overturn.
- d. Ignite gas grills with the top open.
- e. If ignition of a gas grill does not occur immediately, or the flame goes out, turn the gas off and wait at least 5 minutes before attempting ignition.
- f. Supervise the grill when in use and keep everyone away, including pets.
- g. Use long-handled tools especially made for cooking on the grill.
- h. Do not wear a loose apron or loose clothing while grilling.
- i. Thoroughly clean grill after each use to help avoid grease fires.
- j. Keep a fire extinguisher nearby.
- k. Always use and store cylinders outdoors in an upright (vertical) position unless the ~~Bar-B-Que~~ Barbecue manufacturer has designed the system otherwise.
- l. Leak test all gas connections with soap solution at least once each year and the tank connection every time a cylinder is replaced.
- m. Close the gas tank valve when finished ~~Bar-B-Q-Barbecuing~~ if so equipped.
- n. Be sure any extension cords used with an electric grill or electric starter are rated for the power (current) stated by the ~~Bar-B-Que-Barbecue~~ manufacturer and rated for outdoor use.
- o. Be sure to locate power cords so as not to be a trip hazard.

VI. Enforcement

Third is authorized to take disciplinary action against a Member found to be in violation of these Barbecues Rules and Regulations. When a violation occurs, the Board is obligated to evaluate and impose certain appropriate, member-discipline as set forth in the governing documents. The Board of Directors has the authority to impose monetary fines, suspend Member privileges, and/or bring forth legal action.

The Member is entirely responsible for ensuring that the rules, regulations, and policies are followed by anyone they allow into the community. This includes any Co-occupant, lessee, guest, care provider, vendor, invitee or contractor. A complaint may be registered with the Compliance Department by calling 949-268-2255CALL or compliance@vmsinc.org or by calling the Security Department at 949-580-1400.