



## **OPEN SESSION**

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

**Tuesday, October 20, 2020 - 9:30 a.m.  
Laguna Woods Village Virtual Meeting  
24351 El Toro Road  
Laguna Woods, California**

#### **NOTICE OF MEETING AND AGENDA**

- 1. Call meeting to order / Establish Quorum – President Parsons**
- 2. Pledge of Allegiance – Director Wayne**
- 3. Acknowledge Media**
- 4. Approval of Agenda**
- 5. Approval of Minutes**
  - a. September 15, 2020 – Regular Open Meeting
- 6. Report of the Chair**
- 7. Open Forum (Three Minutes per Speaker) - *At this time Members only may address the Board of Directors regarding items not on the agenda and within the jurisdiction of this Board of Directors. The Board reserves the right to limit the total amount of time allotted for the Open Forum. Members can request to speak via email to [meeting@vmsinc.org](mailto:meeting@vmsinc.org) any time before the meeting is scheduled to begin or during the meeting. Please use the name of the board meeting in the subject line of the email or call [949-268-2020](tel:949-268-2020) beginning one half hour before the meeting begins and throughout the remainder of the meeting. You must provide your name and unit number.***
- 8. Responses to Open Forum Speakers**
- 9. CEO/COO Report**

Please silence your cell phones.

**10. Consent Calendar** - *All matters listed under the Consent Calendar are recommended for action by committees and will be enacted by the Board by one motion. In the event that an item is removed from the Consent Calendar by members of the Board, such item(s) shall be the subject of further discussion and action by the Board.*

**a. Finance Committee Recommendations:**

Consistent with its statutory obligations the Board members individually reviewed Third Laguna Hills Mutual **preliminary** financials for the month of August, 2020 and by this vote ratify that such review be confirmed in this month's Board Member Open Session Meeting minutes per Civil Code 5501.

**11. Unfinished Business**

- a. Entertain a Motion to Approve the 2021 Collection and Lien Enforcement Policy (**SEPTEMBER Initial Notification—28 day notification for Member review and comment to comply with Civil Code §4360 has been satisfied**)
- b. Entertain a Motion to Approve the Change in the Exterior Paint and Prior to Paint Programs from a 10-year Cycle to a 15-year Cycle (**SEPTEMBER Initial Notification—28 day notification for Member review and comment to comply with Civil Code §4360 has been satisfied**)

**12. New Business**

- a. Entertain a Motion to Approve Third Mutual Rules for Board Meetings
- b. Entertain a Motion to Ratify Insurance Payments and Funding from Disaster Fund for 2020/2021 Annual Insurance Renewal

**13. Committee Reports**

- a. Report of the Finance Committee / Financial Report – Director Mutchnick. The Committee met on October 6, 2020; next meeting December 1, 2020, at 1:30 p.m. as a virtual meeting.
  - (1) Treasurer's Report
  - (2) Third Finance Committee Report
  - (3) Resales/Leasing Reports
- b. Report of the Architectural Controls and Standards Committee – President Parsons. The Committee met on September 28, 2020; next meeting November 23, 2020 at 9:30 a.m. as a virtual meeting
- c. Report of the Communications Committee – Director McCary. The Committee met on October 14, 2020; next meeting TBA.

- d. Report of the Maintenance and Construction Committee – Director Mutchnick. The Committee met on September 9, 2020; next meeting November 2, 2020, at 1:30 p.m. as a virtual meeting
  - (1) Report of the Parking and Golf Cart Task Force – President Parsons. The Task Force met on January 6, 2020; next meeting TBA
  - (2) Garden Villa Rec. Room Sub-Committee – Director Jarrett. The committee met on October 5, 2020; next meeting TBA
- e. Report of the Landscape Committee – Director Jarrett. The Committee met on October 1, 2020; next meeting November 5, 2020, at 2:30 p.m. as a virtual meeting
- f. Report of the Water Subcommittee – Director Karimi. The committee met on October 14, 2020; next meeting TBA
- g. Report of the Resident Policy and Compliance Committee – Director Jarrett. The Committee met on September 22, 2020; next meeting October 27, 2020 at 9:30 a.m. as a virtual meeting.

#### **14. GRF Committee Highlights**

- a. Community Activities Committee – Director Bhada. The Committee met on October 8, 2020; next meeting November 23, 2020, at 1:30 p.m. as a virtual meeting
  - (1) Equestrian Center Ad Hoc Committee – Director Bhada. The Committee met on August 25, 2020; next meeting October 27, 2020, at 9:30 a.m. as a virtual meeting.
- b. GRF Finance Committee – Director Mutchnick. The Committee met on August 31, 2020; next meeting October 21, 2020, at 1:30 p.m. as a virtual meeting
- c. GRF Landscape Committee – Director Jarrett. The Committee met on August 12, 2020; next meeting November 9, 2020 at 1:30 p.m. as a virtual meeting.
- d. GRF Maintenance & Construction Committee – Director Bhada – The Committee met October 14, 2020; next meeting December 9, 2020, at 9:30 a.m. as a virtual meeting
  - (1) PAC Renovation Ad Hoc Committee – Director Mutchnick. The Committee met on July 13, 2020, as a virtual meeting
  - (2) Clubhouse 1 Renovation Ad Hoc Committee – Director Mutchnick. The Committee met on September 2, 2020; next meeting October 23, 2020 at 1 p.m. as a virtual meeting.

- e. Media and Communications Committee – Director McCary. The Committee met on October 19, 2020 as a virtual meeting; next meeting November 16, 2020, at 1:30 p.m. as a virtual meeting
  - f. Mobility and Vehicles Committee – Director Frankel – The Committee met on October 7, 2020; next meeting December 2, 2020, at 1:30 p.m. as a virtual meeting
  - g. Security and Community Access Committee – Director Bhada. The Committee met on August 24, 2020; next meeting October 26, 2020 at 1:30 p.m. as a virtual meeting
    - (1) Disaster Preparedness Task Force – Director McCary. The Task Force met on September 29, 2020; next meeting November 24, 2020, 9:30 a.m. as a virtual meeting
  - h. Report of the Laguna Woods Village Traffic Hearings – Director Frankel. The Traffic Hearings were on September 16, 2020; next meeting is October 21, 2020 at 9 a.m. and 1 p.m. as a virtual meeting.
- 15. Future Agenda Items--** *All matters listed under Future Agenda Items are items for a future Board Meetings. No action will be taken by the Board on these agenda items at this meeting. The Board will take action on these items at a future Board Meeting.*
- a. Parking Report
  - b. Resident Suggestion Program
  - c. Alterations Review

**16. Director's Comments**

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

**Closed Session Agenda**

*Approval of Agenda*

*Approval of the Following Meeting Minutes;*

- (a) September 4, 2020—Special Closed Meeting*
- (b) September 11, 2020 – Special Closed Meeting*
- (c) September 15, 2020 – Regular Closed Session*
- (d) September 16, 2020—Emergency Closed Meeting*
- (e) September 18, 2020—Special Closed Meeting*
- (f) September 25, 2020 – Special Closed Meeting*

*Discuss Member Disciplinary Matters*

*Discuss Personnel Matters*

*Discuss and Consider Legal/Litigation Matters*

## **18. Adjourn**

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

**Tuesday, September 15, 2020 - 9:30 a.m.  
Laguna Woods Village Board Room/Virtual Meeting  
24351 El Toro Road  
Laguna Woods, California**

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

Directors Absent: None

Staff Present: Jeff Parker, Siobhan Foster, Eileen Paulin, Kurt Wiemann, Ernesto Munoz, Becky Jackson, Cheryl Silva and Grant Schultz

Others Present: VMS: Wei-Ming Tao, Rosemarie diLorenzo, Rachel Unger

**1. Call meeting to order / Establish Quorum**

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

**2. Pledge of Allegiance**

Vice President McCary led the Membership in the Pledge of Allegiance.

**3. Acknowledge Media**

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

**4. Approval of Agenda**

Director Mutchnick made a motion to approve the agenda as presented. The motion was seconded by Director Bhada and the motion passed by unanimous consent.

**5. Approval of Minutes**

a. August 18, 2020—Regular Open Meeting Minutes

Director Karimi made a motion to approve the August 18, 2020, Regular Open Meeting minutes as corrected. Director Wayne seconded the motion.

President Parsons announced that the August 18, 2020, Regular Meeting minutes were approved by unanimous consent.

#### **6. Report of the Chair**

President Parsons commented the board needs the help of residents to approve the revised bylaws and CC&R's. Insurance is the most costly issue in the budget. He showed a presentation that addressed the follow issues:

- Documents are 50 years old and outdated
- CC&Rs are conflicting, convoluted and costly
- Real Property Insurance Coverage
- Services and Amenities Being Deferred
- 66.7% or 2/3 Voting Members Requirement
- Insurance Budget Actual versus Proposed
- Revised, Updated and Consolidate the current CC&Rs
- Protect Third Mutual's Future and Our Services

#### **7. Open Forum**

- No Comments

#### **8. Responses to Open Forum Speakers--none**

#### **9. CEO Report**

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

- Orange County COVID-19 continues to decrease. The State of California has gone to a color coded tier system and Orange County has moved to the next category level down because the seven-day testing positivity rate is less than 5%. Orange County reported 49,258 confirmed COVID-19 cases, 313 reported as of September 4, 2020. City of Laguna Woods reported 49 cases. The number of COVID-19 cases hospitalized are 185 spare beds with 56 cases in ICU.
- The board will be voting on the 2021 Budget today.
- The 2020 asphalt paving program is set to be completed during the month of September. The map for the areas to be worked on is posted on the website.
- Racket Sports and Pool reservations can now be done online through the Recreation Department. Hours for Racket Ball and Lawn Bowling have been expanded.
- Bulky Item Pick-Up will continue on the third Saturday of the month, please call Resident Services for pick-up.
- Census takers will start door-to-door visits for the 2020 Census.
- City Hall will serve as a vote center and will have a ballot drop-off box.

Jeff Parker-CEO and Siobhan Foster-COO answered questions from the board.



## **10. Consent Calendar**

### **10a. Finance Committee Recommendations:**

Consistent with its statutory obligations the board members individually reviewed Third Laguna Hills Mutual preliminary financials for the month of July 2020, and by this vote ratify that such review be confirmed in this month's Board Member Open Session Meeting minutes per Civil Code §5501.

- (1) Recommendation to Approve a Resolution to Record Lien against Member ID# 932-120-17

#### **RESOLUTION 03-20-68** **RECORDING OF A LIEN**

**WHEREAS**, Member ID 932-120-17 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

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

**NOW THEREFORE BE IT RESOLVED**, September 15, 2020, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-120-17 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.

- (2) Recommendation to Approve a Resolution to Record Lien against Member ID# 931-361-06

#### **RESOLUTION 03-20-69** **RECORDING OF A LIEN**

**WHEREAS**, Member ID 931-361-06; is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

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

**NOW THEREFORE BE IT RESOLVED**, September 15, 2020, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-361-06 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.

**10b. Landscape Committee Recommendations:**

- (1) Recommend to Approve Tree Removal Request (5292 Avenida del Sol, Kahn)—  
One Indian Laurel Fig

**RESOLUTION 03-20-70**  
**APPROVE THE REQUEST FOR REMOVAL**  
**OF ONE INDIAN LAUREL FIG TREE**  
**5292 AVENIDA DEL SOL**

**WHEREAS**, September 20, 2011, that the Board of Directors adopted Resolution 03-11-149 tree removal guidelines:

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

**WHEREAS**, on September 3 2020, the Landscape Committee reviewed the request for the removal of one Indian Laurel Fig tree. The request was received from the Member at 5292 who cited the reasons as structural damage, litter/debris, and the tree acts as a bridge to the roof for various animals to nest and;

**WHEREAS**, the Committee determined that this tree does meet the guidelines set forth in Resolution 03-11-149 and recommends approving the request for the removal of one Indian Laurel Fig tree located at 5292 Avenida Del Sol.

**NOW THEREFORE BE IT RESOLVED**, September 15, 2020, the Board of Directors approves the request for the removal of one Indian Laurel Fig tree located at 5292;

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

Director McCary made a motion to approve the consent calendar as presented. Director Jarrett seconded the motion.

President Parsons called for the vote and the motion passed by unanimous consent.

#### **11. Unfinished Business**

##### **11a. Entertain a Motion to Adopt a Resolution Approving Guidelines for Financial Qualification Annual Income Requirement for Guarantors**

Director Jarrett presented a summary of the following Resolution:

#### **RESOLUTION 03-20-71** **AMENDMENT OF GUIDELINES FOR FINANCIAL QUALIFICATIONS**

**WHEREAS**, Third Laguna Hills Mutual ("Third") is formed to manage, operate and maintain housing within Laguna Woods Village;

**WHEREAS**, Third is authorized to adopt rules and regulations to carry out the purposes of this Corporation through its Board of Directors;

**WHEREAS**, financial qualifications have been established by the Board of Directors to ensure, to the extent possible, the financial integrity of the Corporation;

**WHEREAS**, a review of the Guidelines for Financial Qualifications revealed an apparent discrepancy in the administration of financial qualifications applicable to applicants and to guarantors;

**WHEREAS**, the minimum annual income requirement for guarantors is currently established at the sum of \$80,000 plus the annual mortgage payment;

**NOW THEREFORE BE IT RESOLVED**, September 15, 2020, that the Third Laguna Hills Mutual amends its Guidelines for Financial Qualifications to increase the annual income requirement for guarantors to be the sum of \$150,000 plus the annual mortgage payment;

**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.

AUGUST Initial Notification

28-day notification for member review and comment to comply with Civil Code §4360 has been satisfied.

Director Mutchnick made a motion to adopt the resolution for guidelines for financial qualification annual income requirement for guarantors. Director McCary seconded the motion and the motion passed by unanimous consent.

**11b. Entertain a Motion to Approve the 2021 Third Business Plan**

Director Jarrett presented a summary of the following Resolution:

**RESOLUTION 03-20-72**  
**2021 BUSINESS PLAN RESOLUTION**

**RESOLVED**, September 15, 2020, that the Business Plan of this Corporation for the year 2021 is hereby adopted and approved; and

**RESOLVED FURTHER**, that pursuant to said business plan, the Board of Directors of this Corporation hereby estimates that the net sum of \$34,599,958 is required by the Corporation to meet the Third Laguna Hills Mutual operating expenses and reserve contributions for the year 2021. In addition, the sum of \$15,054,539 is required by the Corporation to meet the Golden Rain Foundation and the Golden Rain Foundation Trust operating expenses and reserve contributions for the year 2021. Therefore, a total of \$49,654,497 is required to be collected from and paid by members of the Corporation as monthly assessments; and

**RESOLVED FURTHER**, that the Board of Directors of this Corporation hereby approves expenditures from reserves in the sum of \$15,800,455 of which \$12,056,321 is planned from the Replacement Fund, \$255,000 from the Elevator Replacement Fund, \$151,843 from the Laundry Replacement Fund, \$3,265,460 from the Disaster Fund, and \$71,831 from the Garden Villa Recreation Room Fund; and

**RESOLVED FURTHER**, that the Board of Directors of this Corporation hereby determines and establishes monthly assessments of the Corporation as shown on each member's breakdown of monthly assessments for the year 2021 and as filed in the records of the Corporation, said assessments to be due and payable

by the members of this Corporation on the first day of each month for the year 2021; and

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

Director Parsons made a motion to adopt a resolution to approve the 2021 Third Business Plan. Director Jarrett seconded the motion.

Director Mutchnick showed a presentation about the changes in the budget from 2020 to 2021.

Director Mutchnick called for the vote and the motion passed by unanimous consent.

**11c. Entertain a Motion to Approve the 2021 Third Reserves Funding Plan**

Director Jarrett presented a summary of the following Resolution:

**RESOLUTION 03-20-73**  
**2021 RESERVE FUNDING PLAN**

**WHEREAS,** Civil Code § 5570 requires specific reserve funding disclosure statements for common interest developments;

**WHEREAS,** planned assessments or other contributions to replacement reserves must be projected to ensure balances will be sufficient at the end of each year to meet the Corporation's obligations for repair and/or replacement of major components during the next 30 years; and

**NOW THEREFORE BE IT RESOLVED,** September 15, 2020, that the Board hereby adopts the 30-Year Alternate Reserve Funding Plan (attached) prepared by Association Reserves™ for fiscal year 2021; and

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

Director McCary made a motion to adopt a resolution to approve the 2021 Third Reserves Funding Plan. Director Engdahl seconded the motion.

Director Mutchnick called for the vote and the motion passed by unanimous consent.

**12. New Business**

**12a. Entertain a Motion to Approve 2021 Collection and Lien Enforcement Policy**

Director Jarrett presented a summary of the following Resolution:

**RESOLUTION 03-20-xx**  
**2021 Collection & Lien Enforcement Policy**

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

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

**NOW THEREFORE BE IT RESOLVED**, September 15, 2020, that the Board of Directors hereby adopts the 2021 Third Laguna Hills Mutual Collection and Lien Enforcement Policy as attached to the official minutes of this meeting; and

**RESOLVED FURTHER**, the policy statement is provided pursuant to the requirements of California Civil Code section 5310(a)(7) and will be distributed to members in November 2020 as part of the Annual Policy Statement.

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

**SEPTEMBER Initial Notification**

Should the Board endorse the proposed resolution, Staff recommends that a motion be made and seconded to accept the resolution and allow discussion to ensure that the resolution reads to the satisfaction of the Board. Staff then recommends that a Board Member postpones the resolution to the next available Board Meeting no less than 28-days from the postponement to comply with Civil Code §4360.

Director Parsons made a motion to introduce a resolution to approve 2021 Collection and Lien Enforcement Policy on 28-day review. Director Karimi seconded the motion.

**12b. Entertain a Motion to Change the Exterior Paint and Prior to Paint Programs from a 10-year Cycle to a 15-year Cycle**

Director Jarrett presented a summary of the following Resolution:

**RESOLUTION 03-20-xx**  
**CYCLE CHANGE FOR EXTERIOR PAINT, PTP & RESERFACING PROGRAMS**

**WHEREAS**, the Board expressed a desire to extend the current Prior-to-Paint and Exterior Paint programs from a 10-year cycle to a 15-year cycle, for the dry rot preparation and painting of all buildings, carports, and laundry structures; and

**WHEREAS**, the balcony and breezeway resurfacing (top coat) mid-cycle program will also be extended from a 5-year program to a 7.5-year program cycle to coincide with buildings and the 15-year exterior paint program; and

**WHEREAS**, this program change will allow the Mutual to realize an annual savings for programs that have a broader life cycle; and to maximize the potential of the high quality products being applied, as well as the upgraded surface preparation methodology implemented by VMS; and

**WHEREAS**, the produce warranties for the exterior paint and resurfacing sealant, as well as the recommended application practices, will increase the long-term condition of the building envelope, and its structural components, without being negatively impacted by the extended cycles; and

**NOW THEREFORE BE IT RESOLVED**, on October 20, 2020, the Board of Directors of this Corporation hereby adopts a 15-year cycle change for the prior to paint and exterior paint programs, and a 7.5-year cycle change for the resurfacing programs; and

**RESOLVED FURTHER**, that the program cycle change will take effect with the 2021 fiscal year; and

**RESOLVED FURTHER**, that Resolution 03-12-97 adopted July 17, 2012, is hereby superseded and cancelled; and

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

**SEPTEMBER Initial Notification**

Should the Board endorse the proposed resolution, Staff recommends that a motion be made and seconded to accept the resolution and allow discussion to ensure that the resolution reads to the satisfaction of the Board. Staff then recommends that a Board Member postpones the resolution to the next available Board Meeting no less than 28-days from the postponement to comply with Civil Code §4360.

Director Mutchnick made a motion to introduce a resolution to change the exterior paint and prior to paint programs from a 10-year cycle to a 15-year cycle on 28-day review. Director Karimi seconded the motion.

Director Jarrett explained that program that extends the tremendous savings along with a 15 year paint warranty at \$700,000 savings. The 99 buildings that were passed over will now be at the head of the line for painting.

### **13. Committee Reports**

**13a.** Report of the Finance Committee / Financial Report – Director Mutchnick gave a presentation on the Financial Report, Treasurer's Report, Resale/Leasing Report and the last Third Finance Committee report. The Committee met on September 1, 2020; next meeting October 6, 2020, at 1:30 p.m. as a virtual meeting.

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

**13b.** Report of the Architectural Controls and Standards Committee – Director Parsons commented about the Alternate Heat Source Project. The Committee met on July 27, 2020; next meeting September 28, 2020, at 9:30 a.m. as a virtual meeting.

**13c.** Report of the Communications Committee – Director McCary reported the Committee met on October 9, 2019; next meeting October 14, 2020 at 1:30 p.m. as a virtual meeting.

**13d.** Report of the Maintenance and Construction Committee – Directors Mutchnick reported on the last Committee Meeting. Many of the employees have been brought back and programs are now continuing. The Committee met on September 9, 2020; next meeting November 2, 2020, at 1:30 p.m. as a virtual meeting.

- (1) Report of the Parking and Golf Cart Task Force – President Parsons. The Task Force met on January 6, 2020; next meeting TBA.

- (2) Garden Villa Rec. Room Sub-Committee – Director Jarrett reported the Sub-Committee met on February 10, 2020; next meeting October 5, 1:30 p.m. as a virtual meeting.

**13e.** Report of the Landscape Committee – Director Jarrett reported on the last Landscape Committee meeting. The Committee met on September 3, 2020; next meeting October 1, 2020, at 9:30 a.m. as a virtual meeting.

- Director Jarrett showed a Landscape Presentation.



**13f.** Report of the Water Subcommittee – Director Karimi. The subcommittee met on October 9, 2019; next meeting October 14, 2020 at 10:00 a.m. as a virtual meeting..

- El Toro Water District Water Usage Fees for Households—Director Karimi

**13g.** Report of the Resident Policy and Compliance Committee – Director Engdahl reported on the last Committee meeting. Director Jarrett commented about the non-smoking building resolution, BBQ rules, and rules for board meeting. The committee met on July 29, 2020; next meeting September 22, 2020, at 9:30 a.m. as a virtual meeting.

Jeff Parker-CEO commented about the air quality from the fires and encouraged residents that are sensitive to smoke stay indoors.

#### **14. GRF Committee Highlights**

**14a.** Community Activities Committee – Director Bhada reported on the Committee meeting. The Committee is researching outdoor fitness equipment and activities. The Committee met on September 10, 2020; next meeting October 8, 2020, at 1:30 p.m. as a virtual meeting.

- (1) Equestrian Center Ad Hoc Committee – Director Bhada. The Committee met on August 25, 2020; the next meeting September 23, 2020 at 9:30 a.m.

**14b.** GRF Finance Committee – Director Mutchnick. The Committee met on August 31, 2020; next meeting October 21, 2020, 1:30 p.m. as a virtual meeting.

**14c.** GRF Landscape Committee – Director Jarrett. The Committee is looking into making the Aliso Creek a natural habitat. The Committee met on August 12, 2020; next meeting TBA.

**14d.** GRF Maintenance & Construction Committee – Director Bhada reported on the last Committee meeting. The Committee met on August 12 2020; next meeting October 14, 2020, at 9:30 a.m. as a virtual meeting.

- (1) PAC Renovation Ad Hoc Committee – Director Mutchnick reported from the last Committee meeting. The Committee met on July 13, 2020.

- (2) Clubhouse 1 Renovation Ad Hoc Committee – Director Mutchnick reporting from the last Committee meeting. The Committee met on September 2, 2020; next meeting TBA

**14e.** Media and Communications Committee – Director McCary reported on the Committee meeting. The committee met on August 17, 2020; next meeting September 21, 2020, at 1:30 p.m. as a virtual meeting.

**14f.** Mobility and Vehicles Committee – Director Frankel reported on the Committee meeting. The Committee is discussing electric vehicles. The Committee met on August 5, 2020; next meeting October 7, 2020, at 1:30 p.m. as a virtual meeting.

**14g.** Security and Community Access Committee – Director Mutchnick. The Committee met on August 24, 2020; next meeting October 26, 2020, at 1:30 p.m. as a virtual meeting.

(1) Disaster Preparedness Task Force – Director McCary. The Task Force is working on the Great Shake Out in October, how to handle pets and individuals on life support during a disaster. The Task Force met on July 28, 2020; next meeting September 29, 2020, 9:30 a.m. as a virtual meeting.

**14h.** Report of the Laguna Woods Village Traffic Hearings – Director Frankel. The hearings were held on August 19, 2020; next hearings will be September 16, 2020 at 9:00 a.m. as virtual meetings.

**15. Future Agenda Items** – *All matters listed under Future Agenda Items are items for a future Board Meetings. The Board will take action on these items at a future Board Meeting.*

**15a.** Parking Report

**15b.** Resident Suggestion Program

**15c.** Alterations Review

**15d.** Third Mutual Rules for Board Meetings

**16. Director's Comments**

- Director Mutchnick will be on Village Television to discuss the changes to the Bylaws and CC&Rs.
- Director McCary thanked the board for their support to update the bylaws and CC&Rs. It is getting darker earlier and asked residents to be careful.
- Director Jarrett thanked the CEO for all his hard work. Thanked Director Mutchnick for his Finance presentations.
- Siobhan Foster-COO commented on the procedures to arrange for bulky item pick-up of toilets.
- Director Karimi asked for support from the community on COVID-19 and be patient with the shut-downs.
- VMS Director diLorenzo commented about the positive report about Landscape, thanked Ernesto Munoz for his hard work and asked about the VMS Management Agreement.
- VMS Director Unger asked about outdoor exercise.
- Jeff Parker-CEO commented about opening up more outdoor classes and increase in racket sports, and lawn bowling hours.
- President Parsons commented that the board is close to voting on the VMS Management Agreement.

## **17. Recess**

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

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

*During the August 6, 2020 Special Closed Session, the Board:*

*Approved the Agenda*

*Discussed Conflict of Interest Topics*

*Director Comments*

*During the August 7, 2020 Special Closed Session, the Board:*

*Approved the Agenda*

*Discussed Insurance Matters*

*Director Comments*

*During the August 14, 2020 Special Closed Session, the Board:*

*Approved the Agenda*

*Discussed Insurance Matters*

*Director Comments*

*During the August 18, 2020 Regular Closed Session, the Board:*

*Approved the Agenda*

*Approved the Meeting Minutes of:*

*(a) July 15, 2020 – Special Closed Meeting*

*(b) July 21, 2020 – Regular Closed Session*

*(c) July 24, 2020 – Special Closed Meeting*

*Discussed and Considered Legal and Litigation Matters*

*Discussed Contractual Matters*

*Discussed Personnel Matters*

*Discussed Matters Related to COVID-19*

*Discussed the Disciplinary Case Report*

*During the August 21, 2020 Special Closed Session, the Board:*

*Approved the Agenda*

*Discussed Insurance Matters*

*Director Comments*

*During the August 27, 2020 Special Closed Session, the Board:*

*Approved the Agenda*

*Discussed Third Amended Bylaws and CC&Rs*

*Director Comments*

*During the August 28, 2020 Special Closed Session, the Board:*

*Approved the Agenda*

*Discussed Insurance Matters*  
*Director Comments*

**18. Adjourn**

With no further business to come before the Board of Directors, the meeting was adjourned at 2:00 p.m.



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Lynn Jarrett, Secretary of the Board  
Third Laguna Hills Mutual



## **STAFF REPORT**

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**DATE:** October 20, 2020  
**FOR:** Board of Directors  
**SUBJECT:** 2021 Collection and Lien Enforcement Policy

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### **RECOMMENDATION**

Staff recommends approval of the 2021 Collection and Lien Enforcement Policy.

### **BACKGROUND**

The proposed 2021 Third Laguna Hills Mutual Collection and Lien Enforcement Policy outlines the procedures, policies, and practices employed by the Mutual in enforcing lien rights or other legal remedies against members who are in default in payment of assessments. The policy statement is provided pursuant to the requirements of California Civil Code section 5310(a)(7) and will be distributed to members in November 2020 as part of the Annual Policy Statement.

### **DISCUSSION**

Third legal counsel has determined that proposed changes are substantive enough to trigger the 28-day notice requirement for review.

### **FINANCIAL ANALYSIS**

None.

**Prepared By:** Betty Parker, Chief Financial Officer

### **ATTACHMENT(S)**

ATT1: 2021 Collection and Lien Enforcement Policy (Redline)  
ATT2: 2021 Collection and Lien Enforcement Policy (Clean)  
ATT3: Resolution

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YEAR **2021 COLLECTION AND LIEN ENFORCEMENT  
POLICY AND  
PROCEDURES FOR ASSESSMENT DELINQUENCIES**

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~~PURPOSE~~ **ANNUAL POLICY STATEMENT**

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

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

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Accordingly, in order to reduce the amount and duration of delinquencies and to encourage the prompt and full payment of all assessments, the Mutual has been vested with certain enforcement rights and remedies which are in addition to those which exist

generally for creditors. These rights and remedies are described in this Policy Statement.

WE SINCERELY TRUST THAT ALL MEMBERS, IN THE SPIRIT OF COOPERATION AND RECOGNIZING THEIR LEGAL OBLIGATIONS, WILL MAKE TIMELY PAYMENTS AND AVOID THE IMPOSITION OF LATE CHARGES, INTEREST, COLLECTION COSTS, AND POSSIBLE RESULTANT LEGAL ACTION, AND INCLUDING THE LEGAL OBLIGATION TO REIMBURSE THE MUTUAL FOR THE COSTS OF SUCH LEGAL ACTION. IT IS IN THE BEST INTEREST OF YOU AND EVERY OTHER MEMBER OF THE MUTUAL FOR EACH OF YOU TO MAKE YOUR MONTHLY PAYMENTS ON TIME.

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

### BASIC POLICIES AND PROCEDURES

~~Delinquency reports are made monthly by the Mutual's managing agent to the Board of Directors of the Mutual ("Board"), identifying the delinquent Member, and the amount and length of time the assessments have been in arrears.~~ The policies and practices outlined in this Policy Statement shall remain in effect until such time as ~~they~~any of them may be changed, modified, or amended by a duly adopted resolution of the Mutual's Board of Directors ("Board"), or ~~unless~~until the applicable statutory scheme changes, in which event, the policies and practices in this Policy Statement shall be construed so as to be consistent with any newly adopted statutes or court decisions.

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Delinquency reports are prepared monthly by the Mutual's managing agent to the Mutual's Board, identifying the delinquent Member, and the amount and length of time the assessments have been in arrears.

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In accordance with the Mutual's governing documents (including, without limitation, the Articles of Incorporation, the Bylaws, the recorded CC&Rs, rules and regulations, and written policies) (collectively, the "Governing Documents"), and the California Civil Code, to ensure the prompt payment of monthly regular assessments and special assessments, the Mutual employs the following collection and lien enforcement policies and procedures, including for the collection of said assessments, as well as late charges, interest, legal fees and other costs of collection, fines, fees, and chargeable services charged against Members pursuant to the Governing Documents and current law:

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### **1. Assessment Due Date**

Regular assessments ("Carrying Charges" as defined in Article 1, Section 8 of the CC&Rs or as otherwise defined) are due and payable to the Mutual, in advance, in equal monthly installments, on the first (1st) day of each month. It is each Member's responsibility to pay assessments in full each month regardless of whether a billing statement is received.

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Special assessments shall be due and payable on the due date specified by the Board in the notice ~~imposing~~ of the levy of the special assessment or in the ballot presenting the special assessment to the Members for approval. In no event shall a special assessment be due and payable earlier than thirty (30) days after the special assessment is duly ~~imposed~~ levied. If a special assessment is payable in installments and an installment payment for that special

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assessment is delinquent for more than fifteen (15) days, all installments will be accelerated, and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to late fees and interest as provided herein.

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## **2. Reminder Notice**

If the current monthly regular assessment is not received by the Mutual on or before the close of business on the sixteenth (16th) day of the month (or if a special assessment is not received by the Mutual on or before the close of business on the fifteenth (15th) day after it is due), a Reminder Notice is may, but is not required to, be sent to the Member. It is each Member's responsibility to pay assessments in full each month regardless of whether a reminder notice is sent or received.

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PLEASE NOTE THAT TO BE CONSIDERED TIMELY, THE PAYMENT MUST BE RECEIVED BY THE MUTUAL WITHIN THIS FIFTEEN (15) DAY GRACE PERIOD. SIMPLY PLACING THE PAYMENT IN THE MAIL BEFORE THE GRACE PERIOD EXPIRES IS NOT SUFFICIENT.

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## **3. Administrative Collection Fee**

~~It is the policy of the Mutual not to routinely waive any~~ Any duly imposed late charges, interest, or ~~actually~~ incurred "Costs of Collection." shall not be routinely waived. "Costs of Collection" as used in this Policy Statement include, without limitation, an administrative collection fee, currently in the amount of Five Hundred Dollars (\$500) (the "Administrative Collection Fee"), which is charged by the Mutual's managing agent to cover staff's costs to prepare the files for delivery to the Mutual's legal counsel or collection agent in order to carry out

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legal and/or collection actions authorized hereunder, as well as ~~direct~~ costs incurred in handling the collection by the Mutual's legal counsel and/or collection agent, and costs incurred for recording, posting, publishing, serving, and/or mailing documents attendant to ~~this~~ the legal and/or collection process.

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The Administrative Collection Fee may be increased by majority vote of the Mutual's Board and may be collected by the Mutual's legal counsel ~~on its~~ and/or collection agent on the Mutual's behalf, and remitted to the Mutual's managing agent, or may be directly collected by the Mutual's managing agent.

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#### **4. Late Charge and Interest**

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

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Both state law and the Mutual's Governing Documents allow the imposition of late charges and interest on delinquent assessments. Such late charges and interest may be imposed and collected regardless of whether the Member's delinquent account is referred to the Mutual's legal counsel and/or collection agent for further handling.

A late ~~payment~~ charge for a delinquent assessment ~~will~~ may be ~~assessed~~ imposed in the amount of Sixty Dollars (\$60.00) ~~and will be imposed~~

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on any assessment payment that is more than fifteen (15) days in arrears. ~~Further, both state law and the Mutual's Governing Documents provide for interest on~~ The amount of the late charge may increase from time to time but shall in no event exceed ten percent (10%) of the delinquent assessment ~~and the late charge, and accordingly interest.~~

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Interest may be imposed thirty (30) days after the assessment is due, at an annual percentage rate of twelve percent (12%) as allowed by Civil Code section 5650. ~~Such interest may be imposed and collected per the foregoing sentence regardless of whether the Member's delinquent account is referred, pursuant to the Mutual's legal counsel for further handling.~~ Board Resolution.

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Non-assessment fines, fees, and chargeable services are also subject to ~~a~~ late fee fees and interest, in an amount determined by Board resolution.

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## **5. Demand Letter (aka Pre-Lien Notice)**

If full payment of the delinquent amount is not received by the close of business on the day which is fifteen (15) days after the date ~~of the~~ Assessment is due, unless a Reminder Notice states otherwise, a Demand Letter (also known as a Pre-Lien Notice pursuant to California Civil Code sections 5660, ~~as detailed further below,~~) will be sent to the Member by Certified Mail. A Pre-Lien Notice is a pre-requisite prior to recording a lien against the property and provides information regarding the sums claimed as being delinquent. No lien can be recorded until thirty (30) days after this Pre-Lien Notice has been given.

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The Mutual, through its managing agent, ~~will~~ may also attempt to contact the Member by telephone to remind the Member of the delinquency and determine when payment will be made. However, no assurances ~~can be~~ are given that the Mutual will ~~in fact reach~~ contact the

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Member by telephone, and the Member is responsible to pay ~~off~~ the ~~delinquency~~ delinquent amount whether or not a telephone reminder is actually made to, or received by the Member. ~~6. Alternate Means to Collect Delinquent Sums~~

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

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

“IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION”

(b) An itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney’s fees, any late charges, and interest, if any:

(c) A statement that the owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the association:

(d) The right to request a meeting with the board as provided in Section 5665:

(e) The right to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association's "meet and confer" program required in Article 2 (commencing with Section 5900) of Chapter 10;

(f) The right to request alternative dispute resolution with a neutral third party pursuant to Article 3 (commencing with Section 5925) of Chapter 10 before the association may initiate foreclosure against the owner's Manor, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure;

## **6. Alternate Means to Collect Delinquent Sums**

If full payment of the delinquent amount (~~such as a duly levied and imposed~~including any outstanding assessment, fine, fee, Costs of Collection 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 the Demand Letter/Pre-Lien Notice (and with respect to recording a lien against a Member's separate interest in the condominium project ("Manor") which is governed by the Mutual, on the thirtieth (30th) day after~~ receipt of the Demand Letter/Pre-Lien Notice), unless the debt is disputed as detailed further below, the Mutual may thereafter, 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 any and all means authorized by law and the Mutual's Governing Documents including, without limitation, by: (1) suspending a Member's right (and that of the Resident or Tenant of that Member's Manor) to use Mutual and/or GRF-Golden Rain Foundation of Laguna Woods services and/or facilities; ~~(2),~~ after providing the owner with notice of

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a duly noticed hearing before the Board (no suspension imposed shall prevent the delinquent owner from the use, benefit and pleasure of the owner's Manor); (2) legal action(s), discussed further below; (3) securing the Mutual's interest in the debt owed by recording a lien against the delinquent owner's Manor and thereafter foreclosing on the Manor; (3) termination of the delinquent Member's Membership in the Mutual as a result of any foreclosure; (3) legal actions, discussed further below,; and/or (4) other means permitted by law. **THESE ACTIONS MAY BE TAKEN SEPARATELY OR CONCURRENTLY.**

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~~The Mutual may, after following appropriate procedures prescribed by law and the Mutual's Governing Documents, suspend a delinquent Member's right to vote on matters as to which the Member would otherwise be entitled to vote (based on applicable law and/or the Mutual's governing documents), or 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 the Administrative Collection Fee, as may have been imposed or incurred in a particular instance. Failure to pay the assessments, interest, late charges, and/or the Administrative Collection Fee may also result in suspension of certain Membership rights and the ability to use the facilities or services provided by the Golden Rain Foundation of Laguna Woods or by this Mutual.~~

~~The Mutual may also take various legal actions to enforce the collection of delinquencies. The Demand Letter/Pre-Lien Notice is presumed to have been received in the regular course of mail within five (5) days of mailing if the mailing address is within the state of California, within ten (10) days if the mailing address is within the United States but outside of the state of California and within twenty (20) days if the mailing address is outside of the United States to avoid further collection action.~~

~~**THESE ACTIONS MAY BE TAKEN SEPARATELY OR CONCURRENTLY.**~~

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## **7. Small Claims Court**

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

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

The amount that may be recovered in small claims court may not exceed the jurisdictional limits of the small claims court, and shall be the sum of the following: (a) the amount owed as of the date of filing of the complaint in the small claims court proceeding; and (b) in the discretion of the court, an additional amount equal to the amount owed for the period from the date the complaint is filed until satisfaction of the judgment, which total amount may include accruing unpaid assessments, fines, fees, or chargeable services, and any reasonable late charges, fees and Costs of Collection (which costs shall, as stated above, include, without limitation, the Administrative Collection Fee), attorney's fees and interest, all up to the jurisdictional limits of the small claims court.

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

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## **8. Validation of Debts**



Pursuant to the Federal Fair Debt Collection Practices Act, if an owner notifies a debt collector in writing, within thirty days (30) after receipt of a notice of debt (as described in United States Code Section 1692g), that the debt, or any portion thereof, is disputed, or that the owner requests the name and address of the Mutual, which is the original creditor, the debt collector shall cease collection of the debt, or any disputed portion thereof, until the debt collector obtains verification of the debt or a copy of a judgment, or the name and address of the Mutual, which is the original creditor, and a copy of such verification or judgment, or name and address of the Mutual, which is the original creditor, is mailed to the owner by the debt collector.

## **9. Lien**

The Mutual may secure the delinquency by recording a lien on the owner's Manor with the ~~county recorder of the county in which the Manor is located.~~Orange County Recorder's office. The debt shall be a lien on the owner's Manor from and after the time the Mutual records a ~~notice~~Notice of ~~delinquent assessment.~~Delinquent Assessment (Lien), which shall state: the amount of the ~~assessment~~delinquent assessments, and other sums imposed in accordance with subdivision (b) of Section 5650 of the California Civil Code; a legal description of the owner's Manor against which the ~~assessment~~assessments, and other sums are levied; and the name of the record owner of the Manor against which the lien is ~~imposed~~recorded. The lien shall also include an itemized statement of the amounts owed by the owner as described in subdivision (b) of Section 5660 of the California Civil Code.

~~The itemized statement of the charges owed by the owner described in subdivision (b) of Section 5660 of the California Civil Code shall be recorded together with the notice of delinquent assessment.~~In order for the lien to be enforced by nonjudicial foreclosure as provided in Sections 5700 to 5710 of the California Civil Code, inclusive, the

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~~notice~~Notice of ~~delinquent assessment~~Delinquent Assessment (Lien) shall state the name and address of the trustee authorized by the ~~association~~Mutual to enforce the lien by sale of the owner's Manor against which the lien is recorded. The ~~notice of delinquent assessment~~Notice of Delinquent Assessment (Lien) shall be signed by the person designated in the ~~declaration~~CC&Rs or by the ~~association~~Mutual for that purpose, or if no one is designated, by the president of the ~~association~~Mutual. A copy of the recorded ~~notice of delinquent assessment~~Notice of Delinquent Assessment (Lien) shall be mailed by certified mail to every person whose name is shown as an owner of the Manor in the ~~association's~~Mutual's records, and the notice shall be mailed no later than ten (10) calendar days after recordation.

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#### **10. Prerequisites to Recording a Lien: Offer of ADR and Thirty (30) Day Pre-Lien Notice to the Delinquent Member**

Before a Notice of Delinquent Assessment (Lien) can be recorded in the chain of title to the Manor of a delinquent Member, the Mutual must offer the Member, and if so requested by the Member, the Mutual must participate in dispute resolution pursuant to the Mutual's "meet and confer" program (per the requirements set forth in Article 2 commencing with section 5900 of Chapter 10) or ADR as set forth in Article 3 (commencing with Section 5925 of Chapter 10), both in the California Civil Code.

Any choice by a Member to pursue any kind of ADR must be made by the Member's delivery of written notice of such choice to the Mutual's managing agent within thirty (30) days of any event which triggers a Member's right to pursue ADR, whether it is before a lien can be recorded (i.e., upon receipt of the certified Pre-Lien Notice), or prior to initiating a foreclosure action, or in any other situation for which the Davis-Stirling Common Interest Development Act or the

Mutual's Governing Documents authorize or allow a Member to choose ADR. A Member's right to pursue ADR may be triggered, by among other things, a decision by the Board and/or Executive Hearing Committee, as applicable following any right to appeal pursuant to the Mutual's Appeal Policy.

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

The Mutual is prohibited from recording a lien or initiating a foreclosure action without participating in dispute resolution or ADR procedures if so requested by the Member. If it is determined that the Mutual has recorded a lien for a delinquent assessment in error, the Mutual shall promptly reverse all late charges, fees, interest, attorney's fees, costs of collection, costs imposed for the notice prescribed in Section 5660 of the California Civil Code, and costs of recordation that were imposed or incurred in error and release of the lien authorized under subdivision (b) of Section 5720, and pay all costs related to any related dispute resolution or alternative dispute resolution.

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### **11. Member's Right to Request a Meeting with the Board, or Dispute Resolution or ADR.**

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

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- (a) The Member has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Mutual pursuant to the Mutual's "meet and confer"

program, which is required by Civil Code sections 5900-5920:

- (b) The Member may exercise his/her/their/its right to participate in alternative dispute resolution with a neutral third party under Civil Code sections 5925-5965 before the Mutual may initiate foreclosure against the owner's Manor, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure;
- (c) The Member has a right to submit a written request to meet with the Board of Directors to discuss a payment plan, as referenced below, for the delinquent assessment, as long as the request for a meeting is made within fifteen (15) days following the postmark on the Mutual's Pre-Lien Notice to the Member. That meeting must take place within forty-five (45) days (calculated from the postmark on the Member's request) and must be conducted in executive session. When a Member has made a timely request for a meeting to discuss a payment plan, the Mutual must provide the requesting Member with the Mutual's standards for payment plans, if any standards have been adopted. There is no statutory authorization for the Board to delegate this meeting obligation to a property manager, but the Board may designate a committee of one or more directors to meet with the Member if there is no regularly scheduled Board meeting that will occur within forty-five (45) days of the Member's request.

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## **12. Payment Plan Requests**

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Any Member who is unable to timely pay regular or special assessments is entitled to make a written request for a payment plan to the Mutual's Board. A Member may also request to meet with the Board in executive session to discuss a payment plan if the payment plan request is mailed within fifteen (15) days of the postmark date of the Pre-Lien Notice. The Mutual's Board will consider payment plan requests on a case-by-case basis, and is under no obligation to grant payment plan requests. Payment plans may incorporate any assessments that accrue during the payment plan period. **Payment plans do not impede the Mutual's ability to record a lien on the Member's Manor to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the Member is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Mutual may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan. The Mutual reserves the right to impose reasonable conditions on any approvals for a payment plan and request that the delinquent Member provide disclosure of certain identifying information and other assets that may be used as additional security for the debt owed.** **The Mutual may, in its discretion, enter into an agreement with an owner providing for payments to be applied in a different order and/or manner than required by Civil Code Section 5655, such agreement shall be controlling.**

### **13. Foreclosure/ADR**

After the expiration of thirty (30) days following the recording of a lien created pursuant to California Civil Code Section 5675, the lien may be enforced in any manner permitted by law. Once the amount of delinquent assessments (not including any **accelerated assessments**, late charges, fees, attorney's fees, interest, or Costs of

Collection), exceeds One Thousand Eight Hundred Dollars (\$1,800), or any unpaid assessments are more than twelve (12) months delinquent, then, subject to specified conditions, the Mutual may initiate foreclosure proceedings to collect the amounts owed.

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

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

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

If any "meet and confer" session or ADR is engaged in by and between the Member and the Mutual (or any neutral third parties, as the case may be), and these efforts do not result in a payment plan, then, assuming the statutory minimum as to the delinquent amount or duration of the delinquency has been met, a proceeding may be commenced to foreclose the lien against the Member's Manor and

sell the Manor at a private sale or by a judicial sale. If this occurs, the Member may lose his-~~or~~-her/their/its Manor.

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#### **14. Board Decision to Initiate Foreclosure**

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

~~The Board~~ For a Manor occupied by an owner, if the Board votes to foreclose, the Board must provide notice by personal service to ~~an~~ the owner ~~of a Manor~~ or their legal representative, ~~if the Board votes to foreclose~~. For a non-occupying owner, the Board must provide written notice by first-class mail, postage prepaid, at the most current mailing address shown on the books of the Mutual. In the absence of written notification by a non-occupying owner to the Mutual of that owner's mailing address, the address of the owner's Manor may be treated as the owner's mailing address.

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In the event of a non-judicial foreclosure, personal service on the owner(s) of the Manor of the Notice of Default must be effected.

#### **15. Non-Judicial Foreclosure/Right of Redemption**

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A non-judicial foreclosure by the Mutual to collect upon a debt for delinquent assessments is subject to a statutory right of redemption.



The redemption period within which the Manor may be redeemed from a foreclosure sale ends ninety (90) days after the sale, per California Civil Code section 5715.

If a foreclosure action is prosecuted to judgment and the judgment is in favor of the Mutual, assets of the Member may be seized or a lien may be placed on such assets to satisfy the judgment. Pursuant to the provisions of the Davis-Stirling Common Interest Development Act, applicable regulations, and the Covenants, Conditions and Restrictions (CC&Rs), the delinquent amount, as well as late payment penalties for the delinquent assessments and/or interest charges and/or charges for Costs of Collection that are incurred by the Mutual and/or its managing agent acting on behalf of the Mutual in its efforts to collect delinquent assessments (including, but not limited to, attorney's fees, title company and foreclosure service company charges, charges imposed to defray the cost of preparing and mailing demand letters (such as the Administrative Collection Fee), recording costs and costs associated with small claims court actions) may be enforced as a lien against the Member's Manor.

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

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#### ~~12. Prerequisites to Recording a Lien: Offer of ADR and Thirty (30) Day Pre Lien Notice to the Delinquent Member~~

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~~Before a lien can be recorded in the chain of title to the Manor of a delinquent Member, the Mutual must offer the Member, and if so~~



~~requested by the Member, the Mutual must participate in dispute resolution pursuant to the Mutual's "meet and confer" program (per the requirements set forth in Article 2 commencing with section 5900 of Chapter 10) or ADR as set forth in Article 3 (commencing with Section 5925 of Chapter 10), both in the California Civil Code.~~

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

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

### **13. Pre Lien Notice**

~~Prior to recording a lien against a Member's Manor, the Mutual must send the Member a certified notice providing information regarding the sums claimed as being delinquent ("Pre Lien Notice"). No lien can be recorded until thirty (30) days after this Pre Lien Notice has been given.~~

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

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

~~“IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION”~~

~~(a) An itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney’s fees, any late charges, and interest, if any;~~

~~(a) A statement that the owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the association;~~

~~(a) The right to request a meeting with the board as provided in Section 5665;~~

~~(a) The right to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association’s “meet and confer” program required in Article 2 (commencing with Section 5900) of Chapter 10;~~

~~(a) The right to request alternative dispute resolution with a neutral third party pursuant to Article 3 (commencing with~~

~~Section 5925) of Chapter 10 before the association may initiate foreclosure against the owner's Manor, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure;~~

~~**14. Member's Right to Request a Meeting with the Board, or  
Dispute Resolution or ADR.**~~

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~~**16.** Upon receipt of the certified Pre Lien Notice described above, the noticed Member has several possible courses of action that can be taken at this point in the collection process, such as:~~

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~~(a) The Member has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Mutual pursuant to the Mutual's "meet and confer" program, which is required by Civil Code sections 5900-5920;~~

~~(b) The Member may exercise his or her right to participate in alternative dispute resolution with a neutral third party under Civil Code sections 5925-5965 before the Mutual may initiate foreclosure against the owner's Manor, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure;~~

~~(c)(a) The Member has a right to submit a written request to meet with the Board of Directors to discuss a payment plan for the delinquent assessment, as long as the request for a meeting is made within fifteen (15) days following the postmark on the Mutual's Pre Lien Notice to the Member. That meeting must take place within forty-five (45) days (calculated from the postmark on the Member's request) and must be conducted in executive session. When a Member has made a timely request for a meeting to discuss a payment plan, the Mutual must provide the requesting Member with the Mutual's standards for payment plans, if any standards have been adopted. There is no statutory authorization for the Board~~

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~~to delegate this meeting obligation to a property manager, but the Board may designate a committee of one or more directors to meet with the Member if there is no regularly scheduled Board meeting that will occur within forty five (45) days of the Member's request.~~

#### ~~15. Payment Plan Requests~~

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

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## Member's Right to Certain Mutual Records.

Upon an owner's written demand, the Mutual shall make specified Mutual records available for inspection and copying pursuant to Civil Code Sections 5200-5240.

### 17. ~~16.~~ Application of Payments

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~~Additionally, in~~ In accordance with state law, unless otherwise waived in writing by the Member, payments received on delinquent assessments shall be applied to the Member's account in the following order of priority: first, to the ~~principal~~ assessments owed; then to accrued interest ~~and, late charges; then to,~~ attorney's fees; ~~then to title company and foreclosure service company charges and,~~ and/or other Costs of Collection. Payments ~~on account of principal~~ the assessments shall be applied ~~in reverse order~~ so that the oldest ~~arrearages~~ delinquent assessments are ~~retired~~ paid first. Interest shall continue to accrue on unpaid balances of ~~principal~~ assessments, and other costs and charges imposed in accordance with Civil Code section 5655.

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### ~~17~~18. Secondary Address

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

~~manor~~ **Manor** shall be deemed to be the address to which notices are to be delivered.

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### **19. No Right of Offset**

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

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### **20. Returned Checks**

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The Mutual may charge the Member a twenty-five dollar (\$25.00) fee for the first check tendered to the Mutual that is returned unpaid by the Member's bank, and thereafter, the Mutual may charge a thirty-five dollar (\$35.00) fee for any subsequent check that is returned based on insufficient funds. If a Member's check cannot be negotiated for any reason, then the Mutual may also seek to recover damages of the greater of (a) one hundred dollars (\$100.00); or (b) three (3) times the amount of the check up to fifteen hundred dollars (\$1,500.00) in accordance with California Civil Code section 1719.

### **21. Charges and Fees Subject to Change**

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

### **22. Overnight Payments**

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The mailing address for overnight payment of assessments is:

Third Laguna Hills Mutual  
Attn: Assessment Payments

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24351 El Toro Road  
Laguna Woods, CA 92637

**23. Rights Reserved by Mutual**

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

**24. Attachments**

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

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

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**BOARD OF DIRECTORS**

**THIRD LAGUNA HILLS MUTUAL**

**ATTACHMENT "A"**

**NOTICE OF  
ASSESSMENTS AND FORECLOSURE**

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

**NOTICE ASSESSMENTS AND FORECLOSURE**

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

**ASSESSMENTS AND FORECLOSURE**

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

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



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

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

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

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

### **PAYMENTS**

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

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

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

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

#### **MEETINGS AND PAYMENT PLANS**

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

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

## **ATTACHMENT "B"**

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

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

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**YEAR 2021 COLLECTION AND LIEN ENFORCEMENT  
POLICY AND  
PROCEDURES FOR ASSESSMENT DELINQUENCIES  
ANNUAL POLICY STATEMENT**

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

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

Accordingly, in order to reduce the amount and duration of delinquencies and to encourage the prompt and full payment of all assessments, the Mutual has been vested with certain enforcement rights and remedies which are in addition to those which exist

generally for creditors. These rights and remedies are described in this Policy Statement.

WE SINCERELY TRUST THAT ALL MEMBERS, IN THE SPIRIT OF COOPERATION AND RECOGNIZING THEIR LEGAL OBLIGATIONS, WILL MAKE TIMELY PAYMENTS AND AVOID THE IMPOSITION OF LATE CHARGES, INTEREST, COLLECTION COSTS, AND POSSIBLE LEGAL ACTION INCLUDING THE LEGAL OBLIGATION TO REIMBURSE THE MUTUAL FOR THE COSTS OF SUCH LEGAL ACTION. IT IS IN THE BEST INTEREST OF YOU AND EVERY OTHER MEMBER OF THE MUTUAL FOR EACH OF YOU TO MAKE YOUR PAYMENTS ON TIME.

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

### **BASIC POLICIES AND PROCEDURES**

The policies and practices outlined in this Policy Statement shall remain in effect until such time as any of them may be changed, modified, or amended by a duly adopted resolution of the Mutual's Board of Directors ("Board"), or until the applicable statutory scheme changes, in which event, the policies and practices in this Policy Statement shall be construed so as to be consistent with any newly adopted statutes or court decisions.

Delinquency reports are prepared monthly by the Mutual's managing agent to the Mutual's Board, identifying the delinquent

Member, and the amount and length of time the assessments have been in arrears.

In accordance with the Mutual's governing documents (including, without limitation, the Articles of Incorporation, the Bylaws, the recorded CC&Rs, rules and regulations, and written policies) (collectively, the "Governing Documents")) and the California Civil Code, to ensure the prompt payment of monthly regular assessments and special assessments, the Mutual employs the following collection and lien enforcement policies and procedures, including for the collection of said assessments, as well as late charges, interest, legal fees and other costs of collection, fines, fees, and chargeable services charged against Members pursuant to the Governing Documents and current law:

### **1. Assessment Due Date**

Regular assessments ("Carrying Charges" as defined in Article 1, Section 8 of the CC&Rs or as otherwise defined) are due and payable to the Mutual, in advance, in equal monthly installments, on the first (1st) day of each month. It is each Member's responsibility to pay assessments in full each month regardless of whether a billing statement is received.

Special assessments shall be due and payable on the due date specified by the Board in the notice of the levy of the special assessment or in the ballot presenting the special assessment to the Members for approval. In no event shall a special assessment be due and payable earlier than thirty (30) days after the special assessment is duly levied. If a special assessment is payable in installments and an installment payment for that special assessment is delinquent for more than fifteen (15) days, all installments will be accelerated, and the entire unpaid balance of the special assessment

shall become immediately due and payable. The remaining balance shall be subject to late fees and interest as provided herein.

## **2. Reminder Notice**

If the current monthly regular assessment is not received by the Mutual on or before the close of business on the sixteenth (16th) day of the month (or if a special assessment is not received by the Mutual on or before the close of business on the fifteenth (15th) day after it is due), a Reminder Notice may, but is not required to, be sent to the Member. It is each Member's responsibility to pay assessments in full each month regardless of whether a reminder notice is sent or received.

PLEASE NOTE THAT TO BE CONSIDERED TIMELY, THE PAYMENT MUST BE RECEIVED BY THE MUTUAL WITHIN THIS FIFTEEN (15) DAY GRACE PERIOD. SIMPLY PLACING THE PAYMENT IN THE MAIL BEFORE THE GRACE PERIOD EXPIRES IS NOT SUFFICIENT.

## **3. Administrative Collection Fee**

Any duly imposed late charges, interest, or incurred "Costs of Collection" shall not be routinely waived. "Costs of Collection" as used in this Policy Statement include, without limitation, an administrative collection fee, currently in the amount of Five Hundred Dollars (\$500) (the "Administrative Collection Fee"), which is charged by the Mutual's managing agent to cover staff's costs to prepare the files for delivery to the Mutual's legal counsel or collection agent in order to carry out legal and/or collection actions authorized hereunder, as well as costs incurred in handling the collection by the Mutual's legal counsel and/or collection agent,



and costs incurred for recording, posting, publishing, serving, and/or mailing documents attendant to the legal and/or collection process.

The Administrative Collection Fee may be increased by majority vote of the Mutual's Board and may be collected by the Mutual's legal counsel and/or collection agent on the Mutual's behalf, and remitted to the Mutual's managing agent, or may be directly collected by the Mutual's managing agent.

#### **4. Late Charge and Interest**

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

Both state law and the Mutual's Governing Documents allow the imposition of late charges and interest on delinquent assessments. Such late charges and interest may be imposed and collected regardless of whether the Member's delinquent account is referred to the Mutual's legal counsel and/or collection agent for further handling.

A late charge for a delinquent assessment may be imposed in the amount of Sixty Dollars (\$60.00) on any assessment payment that is more than fifteen (15) days in arrears. The amount of the late charge may increase from time to time but shall in no event exceed ten percent (10%) of the delinquent assessment.

Interest may be imposed thirty (30) days after the assessment is due, at an annual percentage rate of twelve percent (12%) as allowed by Civil Code section 5650, pursuant to Board Resolution.

Non-assessment fines, fees, and chargeable services are also subject to late fees and interest, in an amount determined by Board resolution.

### **5. Demand Letter (aka Pre-Lien Notice)**

If full payment of the delinquent amount is not received by the close of business on the day which is fifteen (15) days after the date the Assessment is due, unless a Reminder Notice states otherwise, a Demand Letter (also known as a Pre-Lien Notice pursuant to California Civil Code sections 5660) will be sent to the Member by Certified Mail. A Pre-Lien Notice is a pre-requisite prior to recording a lien against the property and provides information regarding the sums claimed as being delinquent. No lien can be recorded until thirty (30) days after this Pre-Lien Notice has been given.

The Mutual, through its managing agent, may also attempt to contact the Member by telephone to remind the Member of the delinquency and determine when payment will be made. However, no assurances are given that the Mutual will contact the Member by telephone, and the Member is responsible to pay the delinquent amount whether or not a telephone reminder is actually made to, or received by ,the Member.

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

- (a) A general description of the collection and lien enforcement procedures of the Mutual and the method of

calculation of the amount, a statement that the owner of the Manor has the right to inspect the association records pursuant to Section 5205, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed;

**“IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION”**

- (b) An itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney’s fees, any late charges, and interest, if any;
- (c) A statement that the owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the association;
- (d) The right to request a meeting with the board as provided in Section 5665;
- (e) The right to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association’s “meet and confer” program required in Article 2 (commencing with Section 5900) of Chapter 10;
- (f) The right to request alternative dispute resolution with a neutral third party pursuant to Article 3 (commencing with Section 5925) of Chapter 10 before the association may initiate foreclosure against the owner’s Manor, except that

binding arbitration shall not be available if the association intends to initiate a judicial foreclosure;

## **6. Alternate Means to Collect Delinquent Sums**

If full payment of the delinquent amount (including any outstanding assessment, fine, fee, Costs of Collection or chargeable service including associated late charges and interest) is not received by the close of business on the thirtieth (30th) day after receipt of the Demand Letter/Pre-Lien Notice), unless the debt is disputed as detailed further below, the Mutual may thereafter, 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 any and all means authorized by law and the Mutual's Governing Documents including, without limitation, by: (1) suspending a Member's right (and that of the Resident or Tenant of that Member's Manor) to use Mutual and/or Golden Rain Foundation of Laguna Woods services and/or facilities, after providing the owner with notice of a duly noticed hearing before the Board (no suspension imposed shall prevent the delinquent owner from the use, benefit and pleasure of the owner's Manor); (2) legal action(s), discussed further below; (3) securing the Mutual's interest in the debt owed by recording a lien against the delinquent owner's Manor and thereafter foreclosing on the Manor; (3) termination of the delinquent Member's Membership in the Mutual as a result of any foreclosure; and/or (4) other means permitted by law. **THESE ACTIONS MAY BE TAKEN SEPARATELY OR CONCURRENTLY.**

The Demand Letter/Pre-Lien Notice is presumed to have been received in the regular course of mail within five (5) days of mailing

if the mailing address is within the state of California, within ten (10) days if the mailing address is within the United States but outside of the state of California and within twenty (20) days if the mailing address is outside of the United States to avoid further collection action.

## **7. Small Claims Court**

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

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

The amount that may be recovered in small claims court may not exceed the jurisdictional limits of the small claims court, and shall be the sum of the following: (a) the amount owed as of the date of filing of the complaint in the small claims court proceeding; and (b) in the discretion of the court, an additional amount equal to the amount owed for the period from the date the complaint is filed until satisfaction of the judgment, which total amount may include accruing unpaid assessments, fines, fees, or chargeable services, and any reasonable late charges, fees and Costs of Collection (which costs shall, as stated above, include, without limitation, the Administrative Collection Fee), attorney's fees and interest, all up to the jurisdictional limits of the small claims court.

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

## **8. Validation of Debts**

Pursuant to the Federal Fair Debt Collection Practices Act, if an owner notifies a debt collector in writing, within thirty days (30) after receipt of a notice of debt (as described in United States Code Section 1692g), that the debt, or any portion thereof, is disputed, or that the owner requests the name and address of the Mutual, which is the original creditor, the debt collector shall cease collection of the debt, or any disputed portion thereof, until the debt collector obtains verification of the debt or a copy of a judgment, or the name and address of the Mutual, which is the original creditor, and a copy of such verification or judgment, or name and address of the Mutual, which is the original creditor, is mailed to the owner by the debt collector.

## **9. Lien**

The Mutual may secure the delinquency by recording a lien on the owner's Manor with the Orange County Recorder's office. The debt shall be a lien on the owner's Manor from and after the time the Mutual records a Notice of Delinquent Assessment (Lien), which shall state: the amount of the delinquent assessments and other sums imposed in accordance with subdivision (b) of Section 5650 of the California Civil Code; a legal description of the owner's Manor against which the assessments and other sums are levied; and the name of the record owner of the Manor against which the lien is recorded. The lien shall also include an itemized statement of the amounts owed by the owner as described in subdivision (b) of Section 5660 of the California Civil Code.

In order for the lien to be enforced by nonjudicial foreclosure as provided in Sections 5700 to 5710 of the California Civil Code, inclusive, the Notice of Delinquent Assessment (Lien) shall state the name and address of the trustee authorized by the Mutual to enforce the lien by sale of the owner's Manor against which the lien is recorded. The Notice of Delinquent Assessment (Lien) shall be signed by the person designated in the CC&Rs or by the Mutual for that purpose, or if no one is designated, by the president of the Mutual. A copy of the recorded Notice of Delinquent Assessment (Lien) shall be mailed by certified mail to every person whose name is shown as an owner of the Manor in the Mutual's records, and the notice shall be mailed no later than ten (10) calendar days after recordation.

#### **10. Prerequisites to Recording a Lien: Offer of ADR and Thirty (30) Day Pre-Lien Notice to the Delinquent Member**

Before a Notice of Delinquent Assessment (Lien) can be recorded in the chain of title to the Manor of a delinquent Member, the Mutual must offer the Member, and if so requested by the Member, the Mutual must participate in dispute resolution pursuant to the Mutual's "meet and confer" program (per the requirements set forth in Article 2 commencing with section 5900 of Chapter 10) or ADR as set forth in Article 3 (commencing with Section 5925 of Chapter 10), both in the California Civil Code.

Any choice by a Member to pursue any kind of ADR must be made by the Member's delivery of written notice of such choice to the Mutual's managing agent within thirty (30) days of any event which triggers a Member's right to pursue ADR, whether it is before a lien can be recorded (i.e., upon receipt of the certified Pre-Lien Notice), or prior to initiating a foreclosure action, or in any other situation for

which the Davis-Stirling Common Interest Development Act or the Mutual's Governing Documents authorize or allow a Member to choose ADR. A Member's right to pursue ADR may be triggered, by among other things, a decision by the Board and/or Executive Hearing Committee, as applicable following any right to appeal pursuant to the Mutual's Appeal Policy.

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

The Mutual is prohibited from recording a lien or initiating a foreclosure action without participating in dispute resolution or ADR procedures if so requested by the Member. If it is determined that the Mutual has recorded a lien for a delinquent assessment in error, the Mutual shall promptly reverse all late charges, fees, interest, attorney's fees, costs of collection, costs imposed for the notice prescribed in Section 5660 of the California Civil Code, and costs of recordation that were imposed or incurred in error and release of the lien authorized under subdivision (b) of Section 5720, and pay all costs related to any related dispute resolution or alternative dispute resolution.

### **11. Member's Right to Request a Meeting with the Board, or Dispute Resolution or ADR.**

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

- (a) The Member has the right to dispute the assessment debt by submitting a written request for dispute resolution to



the Mutual pursuant to the Mutual's "meet and confer" program, which is required by Civil Code sections 5900-5920;

- (b) The Member may exercise his/her/their/its right to participate in alternative dispute resolution with a neutral third party under Civil Code sections 5925-5965 before the Mutual may initiate foreclosure against the owner's Manor, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure;
- (c) The Member has a right to submit a written request to meet with the Board of Directors to discuss a payment plan, as referenced below, for the delinquent assessment, as long as the request for a meeting is made within fifteen (15) days following the postmark on the Mutual's Pre-Lien Notice to the Member. That meeting must take place within forty-five (45) days (calculated from the postmark on the Member's request) and must be conducted in executive session. When a Member has made a timely request for a meeting to discuss a payment plan, the Mutual must provide the requesting Member with the Mutual's standards for payment plans, if any standards have been adopted. There is no statutory authorization for the Board to delegate this meeting obligation to a property manager, but the Board may designate a committee of one or more directors to meet with the Member if there is no regularly scheduled Board meeting that will occur within forty-five (45) days of the Member's request.

## **12. Payment Plan Requests**

Any Member who is unable to timely pay regular or special assessments is entitled to make a written request for a payment plan to the Mutual's Board. A Member may also request to meet with the Board in executive session to discuss a payment plan if the payment plan request is mailed within fifteen (15) days of the postmark date of the Pre-Lien Notice. The Mutual's Board will consider payment plan requests on a case-by-case basis, and is under no obligation to grant payment plan requests. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans do not impede the Mutual's ability to record a lien on the Member's Manor to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the Member is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Mutual may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan. The Mutual reserves the right to impose reasonable conditions on any approvals for a payment plan and request that the delinquent Member provide disclosure of certain identifying information and other assets that may be used as additional security for the debt owed. The Mutual may, in its discretion, enter into an agreement with an owner providing for payments to be applied in a different order and/or manner than required by Civil Code Section 5655, such agreement shall be controlling.

### **13. Foreclosure/ADR**

After the expiration of thirty (30) days following the recording of a lien created pursuant to California Civil Code Section 5675, the lien may be enforced in any manner permitted by law. Once the amount of delinquent assessments (not including any accelerated assessments, late charges, fees, attorney's fees, interest, or Costs of

Collection), exceeds One Thousand Eight Hundred Dollars (\$1,800), or any unpaid assessments are more than twelve (12) months delinquent, then, subject to specified conditions, the Mutual may initiate foreclosure proceedings to collect the amounts owed.

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

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

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

If any "meet and confer" session or ADR is engaged in by and between the Member and the Mutual (or any neutral third parties, as the case may be), and these efforts do not result in a payment plan, then, assuming the statutory minimum as to the delinquent amount or duration of the delinquency has been met, a proceeding may be commenced to foreclose the lien against the Member's Manor and

sell the Manor at a private sale or by a judicial sale. If this occurs, the Member may lose his/her/their/its Manor.

#### **14. Board Decision to Initiate Foreclosure**

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

For a Manor occupied by an owner, if the Board votes to foreclose, the Board must provide notice by personal service to the owner or their legal representative. For a non-occupying owner, the Board must provide written notice by first-class mail, postage prepaid, at the most current mailing address shown on the books of the Mutual. In the absence of written notification by a non-occupying owner to the Mutual of that owner's mailing address, the address of the owner's Manor may be treated as the owner's mailing address.

In the event of a non-judicial foreclosure, personal service on the owner(s) of the Manor of the Notice of Default must be effected.

#### **15. Non-Judicial Foreclosure/Right of Redemption**

A non-judicial foreclosure by the Mutual to collect upon a debt for delinquent assessments is subject to a statutory right of redemption. The redemption period within which the Manor may be redeemed

from a foreclosure sale ends ninety (90) days after the sale, per California Civil Code section 5715.

If a foreclosure action is prosecuted to judgment and the judgment is in favor of the Mutual, assets of the Member may be seized or a lien may be placed on such assets to satisfy the judgment. Pursuant to the provisions of the Davis-Stirling Common Interest Development Act, applicable regulations, and the Covenants, Conditions and Restrictions (CC&Rs), the delinquent amount, as well as late payment penalties for the delinquent assessments and/or interest charges and/or charges for Costs of Collection that are incurred by the Mutual and/or its managing agent acting on behalf of the Mutual in its efforts to collect delinquent assessments (including, but not limited to, attorney's fees, title company and foreclosure service company charges, charges imposed to defray the cost of preparing and mailing demand letters (such as the Administrative Collection Fee), recording costs and costs associated with small claims court actions) may be enforced as a lien against the Member's Manor.

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

### **16. Member's Right to Certain Mutual Records.**

Upon an owner's written demand, the Mutual shall make specified Mutual records available for inspection and copying pursuant to Civil Code Sections 5200-5240.

## **17. Application of Payments**

In accordance with state law, unless otherwise waived in writing by the Member, payments received on delinquent assessments shall be applied to the Member's account in the following order of priority: first, to the assessments owed; then to accrued interest, late charges, attorney's fees, and/or other Costs of Collection. Payments of the assessments shall be applied so that the oldest delinquent assessments are paid first. Interest shall continue to accrue on unpaid balances of assessments, and other costs and charges imposed in accordance with Civil Code section 5655.

## **18. Secondary Address**

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

## **19. No Right of Offset**

There is no right of offset. This means that a Member may not withhold assessments owed to the Mutual on the alleged grounds that the Member would be entitled to recover money or damages

from the Mutual based on some other obligation or some claim of another obligation from the Mutual to the Member.

## **20. Returned Checks**

The Mutual may charge the Member a twenty-five dollar (\$25.00) fee for the first check tendered to the Mutual that is returned unpaid by the Member's bank, and thereafter, the Mutual may charge a thirty-five dollar (\$35.00) fee for any subsequent check that is returned based on insufficient funds. If a Member's check cannot be negotiated for any reason, then the Mutual may also seek to recover damages of the greater of (a) one hundred dollars (\$100.00); or (b) three (3) times the amount of the check up to fifteen hundred dollars (\$1,500.00) in accordance with California Civil Code section 1719.

## **21. Charges and Fees Subject to Change**

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

## **22. Overnight Payments**

The mailing address for overnight payment of assessments is:

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

## **23. Rights Reserved by Mutual**

Although the matters set forth above summarize the policies and practices ordinarily employed to collect delinquent assessments, the Mutual reserves the right to employ other or additional policies and

practices as may be necessary or appropriate when the uniqueness of the circumstances or habitualness of the delinquency so requires.

#### **24. Attachments**

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

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

**BOARD OF DIRECTORS**

**THIRD LAGUNA HILLS MUTUAL**



# **ATTACHMENT "A"**

## **NOTICE OF ASSESSMENTS AND FORECLOSURE**

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

### **NOTICE ASSESSMENTS AND FORECLOSURE**

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

### **ASSESSMENTS AND FORECLOSURE**

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

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

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

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

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

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

## **PAYMENTS**

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

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

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

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

### **MEETINGS AND PAYMENT PLANS**

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

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

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## **ATTACHMENT "B"**

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

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

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## **RESOLUTION 03-20-XX**

### **2021 Collection & Lien Enforcement Policy**

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

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

**NOW THEREFORE BE IT RESOLVED**, October 20, 2020, that the Board of Directors hereby adopts the 2021 Third Laguna Hills Mutual Collection and Lien Enforcement Policy as attached to the official minutes of this meeting; and

**RESOLVED FURTHER**, the policy statement is provided pursuant to the requirements of California Civil Code section 5310(a)(7) and will be distributed to members in November 2020 as part of the Annual Policy Statement.

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

September Initial Notification

28-day notification for member review and comment to comply with Civil Code §4360 has been satisfied.

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## STAFF REPORT

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**DATE:** October 20, 2020  
**FOR:** Third Board of Directors  
**SUBJECT:** Amend the Resolution to Extend the Exterior Paint & Prior to Paint Program Cycles to 15 years

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### **RECOMMENDATION**

Rescind resolution 03-12-97 and adopt proposed Resolution 03-20-XX (Attachment 1) to amend the current exterior Prior-to-Paint and Paint programs from a 10-year cycle to a 15-year cycle, and extend the mid-cycle balcony and breezeway resurfacing (top coat) program from a 5-year cycle to a 7.5-year cycle.

### **BACKGROUND**

United and Third Mutual expressed a desire to consider the possible extension of the current 10-year paint and prior to paint cycles to a 15-year cycle, in order to maximize the potential of the high quality products being applied, as well as the upgraded surface preparation methodology implemented by VMS staff three years ago. The potential to capitalize on the latest products and practices is relevant if the quality and condition of the building envelop, and its structural components are not negatively impacted by increasing the cycle application. Staff has investigated the possible change and provides their findings and recommendations herein. Deck topcoat applications, Reflective address number sign replacements, and lead testing and RRP (Renovation, Repair and Painting) activities are also performed in conjunction with the Exterior Paint Program.

### **DISCUSSION**

The revision from a 10-year to a 15-year paint and prior to paint program cycle and the change to a 7.5 year cycle for the Balcony and Breezeway Resurfacing (Top Coat) program will extend the length of time to complete a full paint cycle, as it reduces the amount of building structures planned per year. However, the extended cycle will still ensure that the Mutual fulfills its fiduciary responsibility to maintain both the structural integrity and the aesthetic appeal of its buildings, carports and laundry rooms.

When properly designed, built, and maintained, wood structures can last for hundreds of years. However, because of the organic nature of wood it is susceptible to various forms of decay when not protected from the elements. When fungus-favorable conditions are created by substandard design, and/or inadequate construction, and/or poor maintenance, wood structures may sustain deterioration that may be progressive, irreversible, and non-repairable. The primary focus of the prior to paint program is the elimination of dry rot which is a concern throughout Laguna Woods Village. It is essentially wood decay caused by certain species of

fungi that digest parts of the wood which give the wood strength and stiffness. The previous Managing Agent allowed the practice of patching dry rot instead of replacement. This allowed the wood rot to spread farther along the wooden components. With oversight of this program through VMS, staff put in place corrective measures to get the wood rot under control. The prior to paint crew ensures that dry rot is removed from walls, beams, breezeways, ramps, trim, fascia, etc. The process of completely removing rotted wood from the structure will extend the life of the building as well as the paint applied to it. Staff is confident that extending the prior to paint cycle will have minimal effect on community's efforts to reduce dry rot on Mutual buildings.

When dry rot is discovered between the 15-year program cycles, whether it be from an exterior building penetration, architectural features exposed to the elements or the deterioration of the moisture barrier behind the stucco, the Mutual has an annually funded General Maintenance Exterior Carpentry Division to address needed repairs. If a resident, staff member or contractor notices potential dry rot they will contact Resident Services who then creates a dry rot inspection ticket for our General Maintenance crew. Simple dry rot repairs will be taken care of immediately, regardless of the building's order in the prior to paint cycle. If the repairs are extensive, the Projects Division will take over so the General Maintenance crew can focus their priorities on service orders and other inspections.

Staff has contacted nearby communities to discuss their paint programs and found that most of the communities do not have a formal paint policy, and their program, if any, was subject to their available reserve funds while being routinely delayed. While we were unable to find empirical data closely matching the unique Southern California climate of warm, dry summers and mild, wet winters, we did contact the experts from both Mutual's paint suppliers, Life Paint & PPG Paints. After several discussions with their team they felt confident that their paint products and the application method we have in place would not result in any premature paint failures during the 15-year cycle. Both paint manufacturers, with a combined industry experience of 192 years have agreed to extend the warranty on their current exterior paint products to 15 years. The written confirmation for the paint and resurfacing top coat products from both Mutual's paint suppliers, Life Paint and PPG Paints, are included as Attachments 2 & 3. This is an excellent time to revise the program to a 15-year cycle with very little risk.

The Third Mutual paint and prior to paint programs consist of 16,495,970 square feet of building surfaces. Using a 15-year cycle we can theorize that approximately 1/15<sup>th</sup> of the Mutual will be completed each year, which is a reduction of 549,865 square feet per year from the previous 10-year program. Our expectations are that costs will moderately fluctuate from year to year based on a buildings square footage, but overall there will be significant savings to the Mutual.

These program policy revisions will not affect the current level of exterior maintenance services for dry rot repairs, deck repairs, and exterior painting for the remainder of 2020. Due to the furlough of the paint crew and the halt of all non-essential services, the majority of buildings on the 2020 schedule will not be completed this year. If the Board approves the program cycle changes, staff suggests that they take effect at the beginning of the 2021 fiscal year. This will allow staff to reorganize the program schedules to include buildings not completed in 2020.

## **FINANCIAL ANALYSIS**

Based on the 2019 expenditures and productivity of the Exterior Paint and Prior to Paint programs, our estimation is that modifying the paint and prior to paint programs to a 15-year cycle with a 7.5 year Top Coat cycle will save the mutual \$713,130 on average per year, or approximately \$10.7 million over the next 15-years (Attachment 4: Cost Savings Analysis).

**Prepared By:** Christopher Naylor, Senior Management Analyst

**Reviewed By:** Ernesto Munoz, P.E., Maintenance and Construction Director

## **ATTACHMENT(S)**

Attachment 1: Proposed Resolution 03-20-XX

Attachment 2: Life Paint Warranty Letter – Top Coat (July 6, 2020)

Attachment 3: PPG Paints Warranty Letter – Exterior Paint Product (July 22, 2020)

Attachment 4: Cost Savings Analysis

## **ENDORSEMENT (to Board)**

### **1. Amend the Resolution to Extend the Exterior Paint Program Cycle to 15 years**

Staff Officer Ernesto Munoz summarized the report and answered questions from the Committee.

United and Third Mutual expressed a desire to consider the possible extension of the current 10-year paint and prior to paint cycles to a 15-year cycle, in order to maximize the potential of the high quality products being applied, as well as the upgraded surface preparation methodology implemented by VMS staff three years ago. The potential to capitalize on the latest products and practices is relevant if the quality and condition of the building envelop, and its structural components are not negatively impacted by increasing the cycle application. Staff has investigated the possible change and provides their findings and recommendations herein. Deck topcoat applications, Reflective address number sign replacements, and lead testing and RRP (Renovation, Repair and Painting) activities are also performed in conjunction with the Exterior Paint Program.

The Third Mutual paint and prior to paint programs consist of 16,495,970 square feet of building surfaces. Using a 15-year cycle, approximately 1/15<sup>th</sup> of the Mutual will be completed each year, which is a reduction of 549,865 square feet per year from the previous 10-year program. Our expectations are that costs will moderately fluctuate from year to year based on a buildings square footage, but overall there will be significant savings to the Mutual.

Based on the 2019 expenditures and productivity of the Exterior Paint and Prior to Paint programs, our estimation is that modifying the paint and prior to paint programs to a 15-year cycle with a 7.5 year Top Coat cycle will save the mutual \$713,130 on average per year, or approximately \$10.7 million over the next 15-years

If the Board approves the program cycle changes, staff suggests that they take effect at the beginning of the 2021 fiscal year. This will allow staff to reorganize the program schedules to include buildings not completed in 2020.

Discussion ensued regarding the change to the resurfacing (top coat) program; the purpose of the resurfacing program and the skid-tex top coat added to the Life Deck Color Seal product used on balconies and breezeways.

A motion was made and unanimously approved to recommend that the Board rescind resolution 03-12-97 and adopt proposed Resolution 03-20-XX, to amend the current exterior Prior-to-Paint and Paint programs from a 10-year cycle to a 15-year cycle, and extend the mid-cycle balcony and breezeway resurfacing (top coat) program from a 5-year cycle to a 7.5-year cycle.

**Attachment 1: Proposed Resolution 03-20-XX**

**RESOLUTION 03-20-XX**

**Cycle Change for Exterior Paint, PTP & Resurfacing Programs**

**WHEREAS**, the Board expressed a desire to extend the current Prior-to-Paint and Exterior Paint programs from a 10-year cycle to a 15-year cycle, for the dry rot preparation and painting of all buildings, carports, and laundry structures; and

**WHEREAS**, the balcony and breezeway resurfacing (top coat) mid-cycle program will also be extended from a 5-year program to a 7.5-year program cycle to coincide with buildings on the 15-year exterior paint program; and

**WHEREAS**, this program change will allow the Mutual to realize an annual savings for programs that have a broader life cycle; and to maximize the potential of the high quality products being applied, as well as the upgraded surface preparation methodology implemented by VMS; and

**WHEREAS**, the product warranties for the exterior paint and resurfacing sealant, as well as the recommended application practices, will increase the long-term condition of the building envelope, and its structural components, without being negatively impacted by the extended cycles; and

**NOW THEREFORE BE IT RESOLVED**, on October 20, 2020, the Board of Directors of this Corporation hereby adopts a 15-year cycle change for the prior to paint and exterior paint programs, and a 7.5-year cycle change for the resurfacing program; and

**RESOLVED FURTHER**, that the program cycle change will take effect with the 2021 fiscal year; and

**RESOLVED FURTHER**; that Resolution 03-12-97 adopted July 17, 2012 is hereby superseded and cancelled; and

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

September Initial Notification

28-day notification for member review and comment to comply with Civil Code §4360 has been satisfied.

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## Attachment 2: Life Paint Warranty Letter – Top Coat



**LIFE PAINT CORP.**  
12927 Sunshine Avenue  
P.O. Box 2488  
Santa Fe Springs, CA 90670-0488  
(XXX) XXX-XXXX  
Fax (XXX) XXX-XXXX  
[www.lifepaint.com](http://www.lifepaint.com)

July 6, 2020

Ernesto A. Munoz, P.E.  
Maintenance & Construction Director  
VMS Inc.

Dear Ernesto:

Thank you for reaching out to us regarding the warranty for our Life Deck Acrylic Color Seal #10-774-WS-2G Beige with Skid-Tex Top Coat. I understand that you would like us to increase our warranty covering this product from 5 years to 7.5 years. Because our 10 Series Color Seal is manufactured using the most durable formulation and is applied by your experienced applicators we will be able to extend our warranty to 7.5 years for the normal application to balconies, decks and walkways.

As a matter of fact, we will offer this extended warranty to all Mutuals; United Laguna Woods, Third Laguna Hills and The Towers Mutual 50 since it is used by each.

Please be aware that the 10 Series coating is not a waterproofer on its own. It is however an integral part of some of our Life Deck waterproofing systems.

We are looking forward to the resumption of your painting program and are ready to assist. Feel free to contact Maury Jessner or me for any future needs.

Yours truly,  
Michael S. de la Vega  
Life Paint  
VP Operations

**Attachment 3: PPG Paints Warranty Letter – Exterior Paint Product**



Gustavo De Los Santos  
So. California Sales Manager  
PPG Paints  
8604 Miramar Rd Suite C.  
San Diego California 92126

7/22/2020

Ernesto A. Munoz P.E.  
Maintenance & Construction Director  
VMS Inc.

Dear Ernesto:

On behalf of PPG Paints I would like to thank you for the continued opportunity to service Third Laguna Hills Mutual coatings needs.

PPG is confident the current specification of products and application method we currently have in place meet your need to extend your current warranty to a 15 year warranty. PPG would agree to extend your warranty to 15 years, starting with the 2020 paint program. Should you choose to approve a 15 year warranty, we would have a revised 15 year warranty for you to review. Thank you again for your continued partnership.

Please feel free to contact me with any questions or comments.

Sincerely,  
Gustavo De Los Santos  
PPG Paints  
Southern California Sales Manager.



**Attachment 4 – Cost Savings Analysis**

	<b><i>Programs</i></b>	
	<b><i>Exterior Paint</i></b>	<b><i>Prior to Paint</i></b>
<b><i>Savings in Wages</i></b>	\$356,386	\$268,826
<b><i>Savings in Material</i></b>	\$48,364	\$39,554
<b><i>Sub Total Savings Per Program</i></b>	<b><i>\$404,750</i></b>	<b><i>\$308,380</i></b>
<b><i>Total Savings per Year</i></b>	<b><i>\$713,130</i></b>	

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## STAFF REPORT

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**DATE:** October 20, 2020  
**FOR:** Third Board of Directors  
**SUBJECT:** Rules for Board Meetings

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### **RECOMMENDATION**

Adopt the amended Rules for Board Meetings.

### **BACKGROUND**

On January 15, 2013, the Board established rules for Board Meetings to ensure the management of the community's affairs are carried out professionally and in adherence with the provision of the Davis-Stirling Act (Resolution 03-13-04). On January 21, 2014, the Board approved revisions for Rules for Board Meetings (Resolution 03-14-04).

The Executive Hearings Committee directed staff to include clarifying language to section IV., Closed Session Hearings, sub-section B., Attendance and sub-section C., Addressing the Board.

On July 29, 2020, the Resident Policy and Compliance Committee approved the amendments to the Rules for Board Meetings.

On August 18, 2020, the Board sent the policy back to the Resident Policy and Compliance Committee for additional corrections.

### **DISCUSSION**

The purpose of the amendment is to provide clarifying language regarding witnesses and reporting party attendance at the hearing; and breakdown of timeframe for the hearing.

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

**Reviewed By:** Francis Gomez, Operations Manager

### **ATTACHMENT(S)**

Attachment 1: Resolution 03-20-XX, Rules for Board Meetings

Attachment 2: Rules for Board Meetings

## **ENDORSEMENT (to Board)**

### **Discuss & Consider Rules for Board Meetings**

On January 15, 2013, the Board established rules for Board Meetings to ensure the management of the community's affairs are carried out professionally and in adherence with the provision of the Davis-Stirling Act (Resolution 03-13-04). On January 21, 2014, the Board approved revisions for Rules for Board Meetings (Resolution 03-14-04).

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On July 29, 2020, the Resident Policy and Compliance Committee approved the amendments to the Rules for Board Meetings.

On August 18, 2020, the Board sent the policy back to the Resident Policy and Compliance Committee for additional corrections.

On September 22, 2020, the Resident Policy and Compliance Committee reviewed the Rules for Board Meetings. Director Lynn Jarrett, Chair, presented the Rules for Board Meetings. The Committee commented and asked questions.

Director Karimi made a motion to approve Rules for Board Meetings with changes. Director Parsons, second the motion.

By consensus, the motion carried.



**Rules for Board Meetings**  
**RESOLUTION 03-20-XX**

**WHEREAS**, each Owner Member of Laguna Woods Village has an ongoing interest and right under California law to participate in the governance of their community; and

**WHEREAS**, the Board of Directors of the Third Laguna Hills Mutual has an equal interest and duty under law to ensure that the management of the community's affairs is carried out professionally and in adherence with the provisions of the Davis-Stirling Act; and

**WHEREAS**, the Board of Directors wishes to promote order and regulate meeting time in an even and consistent fashion;

**NOW THEREFORE BE IT RESOLVED**, XX XX, 2020, that the Board of Directors of this Corporation hereby approves the attached revised Rules for Board Meetings; and

**RESOLVED FURTHER**, that Resolution 03-14-04 adopted January 21, 2014 is hereby superseded and cancelled; and

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

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## **RULES FOR BOARD MEETINGS**

**Resolution 03-13-04, adopted January 15, 2013; Resolution 03-14-04, adopted January 21, 2014; and Resolution 03-20-XX; Adopted September XX, 2020**

### **I. INTRODUCTION**

Successful, efficient and orderly Board meetings benefit everyone in the community. Manor owners ("Members") have the right to observe the open board meetings and are encouraged to attend, but meetings which are disorderly or too long can be discouraging.

These Rules inform both Director and non-Director as to what is expected of all attending Board meetings, and how meetings are conducted. The goal is orderly and efficient meetings, protection of Owners' right to observe productive deliberations, and enhancement of the governance and the membership experience in Third Laguna Hills Mutual ("Third").

### **II. BOARD MEETINGS**

#### **A. Regular Board Meetings**

Notice of the date, time and location of regular Board meetings will be provided by posting in the Clubhouse kiosks and the community center bulletin board and on the web site a minimum of four days before the meeting is to take place. Board meetings are open to all Association Members to attend and observe. Non-Members may attend only at the discretion of the Board of Directors.

Normally, regular Board meetings are held in the morning on the third Tuesday of each month. However, four days posted advance notice is always given of all open Board meetings except in case of emergency. Regular Board meetings are normally held in the Board Room on the ground floor of the Community Center at 9:30 a.m.

#### **B. Special Meeting or Altering Location, Date or Time**

If a special Board meeting is called or if the location, date or time of a Board meeting is to be changed, all Members will be notified at least four days prior to the meeting by posting in the Clubhouse kiosks and on the web site. In an emergency, the President or any two Directors may call for a Board meeting on shorter notice.

#### **C. Attendance**

Members may attend Board meetings, but Executive Session meetings are closed. **A "Member" is not a tenant, guest, family, or legal counsel of the Member.**

**D. Agendas**

1. **Preparation.** Agendas are prepared by the President <sup>1</sup>, in cooperation with management staff. At least one week prior to a Board meeting, the President will inquire if any Director requests inclusion of an agenda item. The Chair may also call a Board meeting for the purpose of setting the regular Board meeting agenda.
2. **Request for inclusion.** A Director may request an item be included in an agenda, by submitting the action requested and an explanation of the reason for the request. A Director requesting an agenda item is responsible to present that item to the Board with supporting information if the item is included in the agenda.
3. **Rejected agenda items.** The Chair with the assistance of Management Staff shall include a requested item in the agenda unless the item:
  - a) Has no suggested action;
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  - c) Must be discussed in Executive Session;
  - d) Would make the agenda unduly lengthy (and so will be on the next agenda);
  - e) Is sent first to a committee for recommendation; or
  - f) Is, based on the advice of legal counsel, proposing action barred by law.
4. **Board request for agenda item.** Notwithstanding the foregoing, if an agenda item is requested in writing or by electronic mail by at least six Directors, the Chair shall include it in the Agenda for the open meeting or the Executive Session meeting, depending upon the item.
5. **Member Request for Agenda Item.**
  - a) A Member may request the President in advance that a topic be added to the agenda, but the President with the assistance of Staff will determine whether a requested topic will be included in the agenda.
  - b) A topic will also be added to the agenda if at least one week prior to the scheduled Board meeting, the Chief Executive Officer (CEO) or Staff receives a petition signed by at least twenty five different Members entitled to vote.
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<sup>1</sup> Any action to be taken by the President may be taken by the First Vice President or the next officer in



order as stated in the By-laws if the President is unable to attend or participate.

- d) A Member who has requested an agenda item which is placed on the agenda ("Requesting Member"), may speak to the item during Open Forum, or at the election of the Chair, may present the topic to the Board immediately before the Board begins its deliberation of the item (assuming there is a Motion from the Board after the Requesting Member speaks). The Requesting Member may speak on the matter for up to five minutes. Only one person may be considered the "Requesting Member" for the purpose of addressing the Board. The Board may by motion give the Requesting Member more time to speak.
6. **Publication, agenda packets.** Agendas will be published at least four days prior to any non-emergency Board meeting. The Board will receive a board packet (also referred to as "agenda package"), prepared by management staff, at least four days prior to the meeting, and may be transmitted electronically upon request. To make the meeting more efficient, Directors should read the board packet prior to arriving at the meeting.
7. **No discussion of matters not disclosed on agenda.** The Board may not discuss subjects which are not on the agenda unless the matter is determined by a majority of the Board to involve an emergency, or unless the matter arose prior to the meeting but after the agenda was published and at least eight Directors concur that the matter requires immediate action.

**Sample agenda.** The following is a typical Agenda:

- a) Call meeting to order/Establish Quorum.
- b) Pledge of Allegiance
- c) Acknowledge Media
- d) Approval of Agenda
- e) Approval of Minutes
- f) Report of the Chair
- g) Open Forum (Three Minutes per Speaker)
- h) Responses to Open Forum Speakers
- i) CEO/COO Report
- j) Consent Calendar
- k) Unfinished business
- l) New Business
- m) Committee Reports
- n) GRF Committee Highlights
- o) Future Agenda Items
- p) Director's Comments
- q) Recess

r) Adjournment

**E. Committees: Reports, Meetings**

1. If the Bylaws provide for standing committees or if the Board from time to time establishes committees, committee reports may be submitted to the Board prior to the meeting for review. If the committee recommends any Board action, the report should also indicate the reasons it is recommended. If possible, the committee Chair or a member of the committee should present the report.
2. A committee consisting of six or more Directors, or including at least six Directors in its roster, shall conduct its meetings in the same manner as a Board meeting, with agendas, minutes, Open Forum, and in compliance with all other requirements applicable to Board meetings.
3. A committee consisting of both Directors and non-Directors but which has less than six Directors may, but is not required to, conduct its meetings in the same manner as a Board meeting, but shall prepare and submit a report to the Board prior to the agenda publication, including any recommended action.
4. Any committee reports will be included in the board packets if they are timely submitted. Committee reports which do not contain a request for action will be noted in the minutes as “received.”
5. A committee request for action shall be placed by the Chair or staff on the agenda, so long as it complies with Rule D(3).
6. Directors, upon presentation of a committee report, may ask questions about the report, but may not deliberate about the report unless that subject was timely placed on the agenda for deliberation and possible action in that meeting.

**F. Open Forum**

The Open Meeting Act, Civil Code §§4900-4950, provides that Board meetings are open to Members. A “meeting” under the law is “a congregation of a majority of the members of the board at the same time and place to hear, discuss, or deliberate upon any item of business that is within the authority of the board.” The Board thus may not exclude Members from attending, absent discipline imposed as provided herein. The only exception is for Executive Session as discussed further below.

1. **Time for Open Forum.** Open Forum will normally occur at the beginning of the Board meeting. The agenda may also provide for a second Open Forum time at the end of the agenda. The Board may by motion re-open

Open Forum on a specific agenda item, or reschedule Open Forum within the agenda.

2. **Member's Right to Speak.** Open Forum is a valuable and legally required portion of every open Board meeting. Open Forum is the opportunity for the Member to inform the Board of matters which may not be known.
  - a) During Open Forum, a Member may speak to the Board on any topic not on the agenda. The purpose of Open Forum is to inform the Board of viewpoints or information of which the Board may not be aware regarding Third. Therefore, although a Member may use their time to speak upon any topic of interest to the Member, Members are advised that the Board may not be as attentive to comments on matters outside the Board's jurisdiction.
  - b) At the time designated on the agenda for Open Forum, the Chair shall ask the Members present to raise their hand if they wish to speak in Open Forum. In order to give all Members an opportunity to speak at meetings, and to control meeting length, each member may speak for a maximum of three minutes. In the event more than ten Members indicate a desire to speak, the time limit per speaker shall be shortened to two minutes per speaker.
  - c) Open Forum is the time for Members to speak and provide additional opinions and viewpoints to the Board, and is not a time for the Board to speak. Directors will listen and not respond or otherwise interrupt a speaker at Open Forum, so long as the speaker is within these Rules and time limits. A response, if any, by a Director or staff to an Open Forum remark or question shall be after the close of Open Forum. The Chair may appoint a Director or Staff-person as timekeeper.
  - d) So long as the Open Forum comments comply with these Rules, neither staff, the Chair, nor other Director shall interrupt the speaker.
  - e) The statements made by Members in Open Forum are not the position of the Association, and Third takes no responsibility as to the content of Open Forum comments. At the beginning of Open Forum, the Chair shall remind all attending as to these Rules regarding Open Forum.
3. **Open Forum During Agenda Item Discussions.**
  - a) During the Board deliberations of a matter, and when the Chair at the Chair's sole discretion determines there has been sufficient discussion to inform the attendees in the audience of the issue, the Chair will inquire if any Members in the audience wish to speak to the motion at hand.
  - b) If the Chair sees any hands raised indicating a desire to speak, Open Forum will be reopened on the issue, and the Members indicating a

desire to speak to the topic may speak for up to three (3) minutes on the specific agenda item.

- c) Off-topic commentary will not be permitted, but so long as the speaker complies with the Rules, neither the Chair nor any Director will interject or otherwise interrupt during the speaker's remarks.
  - d) The Chair in its sole discretion may reduce the time per speaker to two (2) minutes on an issue, if the Chair deems it necessary to insure that all who wish to speak have the opportunity to do so.
  - e) A member (or co-Owner of a Member) shall only speak once on a given agenda item.
  - f) Once the Chair determines that all have spoken who wished to speak, or that no one has indicated a desire to speak, the Chair shall announce Open Forum is again closed, and the Board shall resume and conclude its deliberations on the item.
4. **Re-opening of Open Forum.** If an issue on the Agenda is deemed by the Board to require further Membership input, the Board may by majority vote re- open Open Forum, to allow Members to speak to the pending subject. If Open Forum is reopened, Members may speak for up to two minutes each. Upon completion of such Membership input, in compliance with Open Forum Rules, the Board will then close Open Forum and resume deliberating the subject.
5. **Member Observation of Deliberations.** Except for Open Forum, Members may not speak to the Board, and shall quietly observe Board deliberations except for those in Executive Session. Members do not vote or make motions at Board meetings, as only Directors vote at Board meetings. Applause, boos, or other audible response to Board deliberations or decisions is out of order.
6. **Addressing the Board During Open Forum.** When speaking, the Member will identify Member's name and Manor, and will stand at the speaker's podium if physically able to stand, and will address the Board, not the audience.

**G. Meeting Conduct**

Directors, Members and anyone else permitted to attend the meeting will conduct themselves in a reasonable manner. The following conduct is strictly prohibited:

- 1. Profane or obscene language;
- 2. Slurs involving race, religion, ethnicity, gender, sexual orientation, gender identity, or age;
- 3. Shouting or yelling;

4. Physical threats, including non-verbal communications such as gestures or using body language in such a way as to intimidate;
5. Pounding on table or throwing items; and
6. All other unreasonable and disruptive behavior which does not allow Members to peacefully observe the proceedings, or which otherwise impedes the ability of the Board to peacefully conduct its deliberations and the Members to peacefully observe those deliberations.

Directors will also refrain from making comments which:

7. Divulge information from closed sessions;
8. Divulge attorney client privileged confidential advice; or
9. Maliciously malign any person, business or entity.

To create a positive atmosphere, all persons present will be seated (unless some handicap exists by which they cannot be seated) and will remain seated at all times when others are speaking, except when standing in line to speak for their turn in Open Forum. Neither Directors nor anyone addressing the Board will be allowed to speak while standing or hovering over someone else. All in attendance must behave in a professional and orderly manner. Directors shall refrain from interrupting each other or from making audible "sidebar" remarks while a fellow Director is speaking. Directors shall keep their microphones off except when they are addressing the Board.

#### **H. Violation of Rules**

Anyone (Member or Director) violating these Rules during a meeting may be:

1. First warned by the Chair,
2. Then warned by majority vote of the Board, and
3. Then by majority vote of the Board asked to leave the meeting.
4. In the event a person refuses to leave after the Board votes to eject the individual, the meeting shall be recessed until such time as security and/or law enforcement can be summoned to assist or until the person voluntarily leaves.

The Board may schedule a disciplinary hearing to determine whether a Member will as a result of violation of these Rules be suspended from attending one or more future Board meetings as well as any other appropriate disciplinary measures.

A non-Member who is permitted to attend but disrupts a Board meeting may be ejected upon majority Board vote without warning.

#### **I. Parliamentary Procedure**

Meetings will generally follow "Robert's Rules of Order." In brief, there should be no discussion on an item unless and until motion is made and there is a second to the motion. A motion is a proposal that the Board takes a stand or

takes action on some issue. Only Directors can make motions.

The Resolution or motion recommended by a Committee report shall be considered as a motion and need not have a second for discussion to commence, so long as the recommendation has been stated on the agenda at least four days in advance of the meeting, absent emergency.

The Chair, normally the President, may call for a motion or, if temporarily passing the gavel, may make a motion. If there is no second to a motion, the issue is dropped. If a motion receives a second, then the Chair will ask for debate and discussion. Fair play, courtesy and cooperative behavior is preferred over strict compliance with Robert's Rules.

**J. Recording of meetings: Minutes**

The proceedings of Board meetings shall not be electronically recorded, except by "Village TV". Any other recording devices (audio, video or photographic) at Board or committee meetings are forbidden. The proceedings of such meetings shall be recorded in the minutes of the meeting. Minutes of Board meetings are prepared by the Secretary or, if the Board directs, by a Recording Secretary who need not be a Director. Minutes shall record actions taken, but shall not record commentary or statements by Directors, or comments during Open Forum.

**K. Board Deliberations**

1. Directors will deliberate topics only when on an agenda, except for emergency matters, and when a motion has been made and seconded by a Director, except for Committee recommendations, which do not require a motion or second. Unless a Director is only asking a question, Directors will indicate at the beginning of their remarks if they speak for or against the pending motion.
2. Generally, the motion initiating discussion should be made by the Director requesting the item to be placed on the agenda.
3. Directors shall:
  - a) Cooperate to keep their remarks on the topic of a motion,
  - b) Speak to each other,
  - c) Not address the live audience or the television audience, and
  - d) Avoid repetition of points already made, or repeating their own previous remarks on a motion.
4. If a Director violates the standards set forth in these Rules, the Chair may remind the Director of the standard being violated, and will then request the Director to bring their comments into compliance. In the event a Director continues to violate these Rules, the Board may proceed pursuant to subpart II(H) herein.
5. Motions may be amended in at least two ways:
  - a) A motion, after receiving a second, may be amended by a motion,

which motion must also receive a second and a majority vote.

- b) A motion may also be amended by a “friendly amendment” in which the author of the original motion consents to a proposed amendment to the motion. If the second also consents, the motion is amended and deliberations continue on the motion as amended.

**L. Board Comments During Meetings**

1. The comments of Directors, staff, or Mutual consultants during Board or Committee Meetings are not comments of the Mutual, and only the speaker’s opinions.
2. The position of the Mutual is only that expressed in Motions or Resolutions which are adopted by the Board of Directors.
3. The Chair of any Board or Committee Open Meeting shall make an announcement at the beginning of the Board or Committee meeting which recites the first two sentences of this section verbatim.

**M. Chair**

1. The Chair shall be the President of Third, if present at the meeting, unless the Chair passes the gavel temporarily to the First Vice President. If the First Vice President is unavailable, then the Second Vice President may serve as Chair. If neither the President, First or Second Vice President are in attendance, then the Secretary or Treasurer may serve as Chair.
2. The Chair may discuss and vote on any motion, unless the Chair recuses itself.
3. If the Chair wishes to make a motion, the Chair shall pass the gavel to the First Vice President or next Officer in succession until deliberation of the motion is concluded by a vote on the motion.
4. The Chair shall be entrusted with the orderly progress of the Board’s deliberations. In the event the Chair perceives that deliberations have ceased to move the discussion forward (either because unanimity already exists; debate has become repetitive or otherwise unduly lengthy; positions on a motion have become clear; or because the Board is not ready to decide on the matter), the Chair shall call for a motion to close debate, or a motion to table the matter.
5. The relationship between the Board and Chair should be one of mutual respect. The Board should give respect and deference to the Chair’s leadership in moving deliberations forward, while the Chair should give respect and not request a conclusion to deliberations of a matter if the Board majority wishes to continue deliberation of a topic.
6. Any Director also may move the previous question, which is not debatable, and requires a two thirds vote to conclude deliberations so that the matter being deliberated may be voted upon.

**III. EXECUTIVE SESSION**

**A. Purpose of Executive Session**

Executive Session meetings allow the Board of Directors to address issues of sensitive nature, which may involve attorney client privilege or other privacy rights. It is important that all information discussed and disclosed at these sessions remain private.

The Board may meet in Executive Session only on the following subjects:

1. Litigation or threatened litigation.
2. Contract negotiations.
3. Member disciplinary hearings (i.e.: imposing fines or other penalties).
4. **Hearings on Mutual reimbursement claims against a Member**
5. Member's proposal of a payment plan for delinquent assessments.
6. Voting on the decision to foreclose upon an assessment lien.
7. Personnel issues.

Subsequent Board minutes will contain a general note of the actions taken.

**B. Confidentiality Agreement**

To protect Third and its Members, each Director shall annually sign a confidentiality agreement before attending and participating in Executive Session meetings. A Director who refuses to do so will not be permitted to attend Executive Session meetings, and legal counsel will not copy that Director on confidential communications, nor participate in legal advice discussions with that Director present.

The Confidentiality Agreement shall state substantially as follows:

"I, \_\_\_\_\_ (Name), after having been duly elected or appointed as a Director of Third Laguna Hills Mutual, do hereby agree that all information which is disclosed by or to me, orally or in writing, and all discussions held at an Executive Session Meeting of the Board and all attorney advice shall be kept confidential and shall remain confidential, even after I am no longer a Director. I understand that this means that anything I say, hear or see at an Executive Session Meeting may not be discussed with anyone outside of Executive Session.

I further understand that if I do not sign this Confidentiality Agreement or do not honor this Agreement, I will not be permitted to participate in or attend Executive Session Meetings or to receive confidential attorney-client communications. I further understand that I will be held responsible for any damages which result to the Mutual or its individual Members if I violate this agreement."

**C. Procedure for Setting**

The notice for a meeting which is solely an Executive Session meeting must



be posted two days in advance, unless it is an emergency Executive Session meeting.

The notice should state that the only item of business to come before the Board will be held in Executive Session and that no issues will be discussed in open session.

**D. Agenda Packets**

Due to the sensitive nature of the subjects discussed in closed session, Directors will return their Executive Session agenda packets to management staff immediately upon adjournment of the meeting, or when they depart from the meeting, whichever occurs first. The Secretary, Treasurer and Committee Chair and Co-chair may retain the agenda packet. Executive session agenda packets will not be distributed to Directors in electronic form.

#### **IV. CLOSED SESSION HEARINGS**

The Mutual conducts its disciplinary hearings and reimbursement claim hearings in closed session. The following rules are to inform both members and Directors regarding how these hearings are conducted.

**A. Notification**

If the Mutual is considering discipline or pursuing a reimbursement claim against a Member, it will first provide written notification to the Member, of a hearing to be held by the Board to consider the matter, at least ten days after the date the notification is sent to the Member. The notification will inform the Member the nature of the alleged violation or reimbursement claim.

**B. Attendance**

A Member being considered for discipline or a reimbursement claim may attend the hearing to address the Board regarding whether the Board should impose discipline or pursue reimbursement. The Member may bring written witnesses statements. The member may not bring legal counsel. The member being considered for discipline or reimbursement claim may not observe the Board's deliberation of the matter. A member may provide a written statement as a substitute for personally appearing at the hearing.

A complaining member may provide a written statement to the Board. The complaining member will not be permitted to hear the Board's deliberation or the presentation by the Member being considered for discipline.

**C. Addressing the Board**

A Member being considered for discipline or reimbursement claim may speak to the Board for a maximum of five minutes of uninterrupted time. Then the

Board will have five minutes to ask questions for a total of 10 minutes. If a Member brings supporting documentation, it is suggested the member bring one copy for staff, one copy for Mutual legal counsel, and 11 copies for the Board. If a member brings supporting witnesses, an additional five minutes can be added to the member's time.

Members addressing the Board should be prepared and organized for the hearing, to maximize their allotted time.

D. The Board's Decision

The Board will notify the Member being considered for discipline or reimbursement claim within fifteen (15) days of the hearing. The Board will not notify other Members of the Board's decision, which shall remain confidential.

## **RULES FOR BOARD MEETINGS**

**Resolution 03-13-04, adopted January 15, 2013; Resolution 03-14-04, adopted January 21, 2014; and Resolution 03-20-XX; Adopted September XX, 2020**

### **I. INTRODUCTION**

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order as stated in the By-laws if the President is unable to attend or participate.

- d) A Member who has requested an agenda item which is placed on the agenda ("Requesting Member"), may speak to the item during Open Forum, or at the election of the Chair, may present the topic to the Board immediately before the Board begins its deliberation of the item (assuming there is a Motion from the Board after the Requesting Member speaks). The Requesting Member may speak on the matter for up to five minutes. Only one person may be considered the "Requesting Member" for the purpose of addressing the Board. The Board may by motion give the Requesting Member more time to speak.
- 6. **Publication, agenda packets.** Agendas will be published at least four days prior to any non-emergency Board meeting. The Board will receive a board packet (also referred to as "agenda package"), prepared by management staff, at least four days prior to the meeting, and may be transmitted electronically upon request. To make the meeting more efficient, Directors should read the board packet prior to arriving at the meeting.
- 7. **No discussion of matters not disclosed on agenda.** The Board may not discuss subjects which are not on the agenda unless the matter is determined by a majority of the Board to involve an emergency, or unless the matter arose prior to the meeting but after the agenda was published and at least eight Directors concur that the matter requires immediate action.

**Sample agenda.** The following is a typical Agenda:

- a) Call ~~to Order, Roll Call & Confirmation of Quorum~~ meeting to order/Establish Quorum.
- b) Pledge of Allegiance
- c) ~~Welcome~~ Acknowledge Media
- d) Approval of Agenda
- e) Approval of Minutes
- f) Report of the Chair
- d) ~~Announcements (including announcements required by these Rules)~~
- e)g) Open Forum (Three Minutes per Speaker) (see Rule "F" below)
- f) ~~Reading and Approval of Minutes From Previous Meeting~~
- g) ~~Consent calendar~~
- h) Responses to Open Forum Speakers
- h) ~~General Manager Report~~
- i) CEO/COO Report
- j) Consent Calendar
- i) ~~Reports (if applicable)~~
  - 1. ~~President~~

- ~~2. Secretary/Correspondence~~
- ~~3. Treasurer/Financial~~
- ~~4. Special/Committee Reports (further discussion below)~~

~~j)k)~~ Unfinished business

~~k)l)~~ New Business

~~m) Second Open Forum (if any) Committee Reports~~

~~n) GRF Committee Highlights~~

~~o) Future Agenda Items~~

~~p) Director's Comments~~

~~h)q)~~ Recess

~~m)r)~~ Adjournment

#### **E. Committees: Reports. Meetings**

1. If the Bylaws provide for standing committees or if the Board from time to time establishes committees, committee reports may be submitted to the Board prior to the meeting for review. If the committee recommends any Board action, the report should also indicate the reasons it is recommended. If possible, the committee Chair or a member of the committee should present the report.
2. A committee consisting ~~solely~~ of six or more Directors, or including at least six Directors in its roster, shall conduct its meetings in the same manner as a Board meeting, with agendas, minutes, Open Forum, and in compliance with all other requirements applicable to Board meetings.
3. A committee consisting of both Directors and non-Directors but which has less than six Directors may, but is not required to, conduct its meetings in the same manner as a Board meeting, but shall prepare and submit a report to the Board prior to the agenda publication, including any recommended action.
4. Any committee reports will be included in the board packets if they are timely submitted. Committee reports which do not contain a request for action will be noted in the minutes as "received."
5. A committee request for action shall be placed by the Chair or staff on the agenda, so long as it complies with Rule D(3).
6. Directors, upon presentation of a committee report, may ask questions about the report, but may not deliberate about the report unless that subject was timely placed on the agenda for deliberation and possible action in that meeting.

#### **F. Open Forum**

The Open Meeting Act, Civil Code §§4900-4950, provides that Board meetings are open to Members. A “meeting” under the law is “a congregation of a majority of the members of the board at the same time and place to hear, discuss, or deliberate upon any item of business that is within the authority of the board.” The Board thus may not exclude Members from attending, absent discipline imposed as provided herein. The only exception is for Executive Session as discussed further below.

1. **Time for Open Forum.** Open Forum will normally occur at the beginning of the Board meeting. The agenda may also provide for a second Open Forum time at the end of the agenda. The Board may by motion re-open Open Forum on a specific agenda item, or reschedule Open Forum within the agenda.
2. **Member’s Right to Speak.** Open Forum is a valuable and legally required portion of every open Board meeting. Open Forum is the opportunity for the Member to inform the Board of matters which may not be known.
  - a) During Open Forum, a Member may speak to the Board on any topic not on the agenda. The purpose of Open Forum is to inform the Board of viewpoints or information of which the Board may not be aware regarding Third. Therefore, although a Member may use their time to speak upon any topic of interest to the Member, Members are advised that the Board may not be as attentive to comments on matters outside the Board’s jurisdiction.
  - b) At the time designated on the agenda for Open Forum, the Chair shall ask the Members present to raise their hand if they wish to speak in Open Forum. In order to give all Members an opportunity to speak at meetings, and to control meeting length, each member may speak for a maximum of three minutes. In the event more than ten Members indicate a desire to speak, the time limit per speaker shall be shortened to two minutes per speaker.
  - c) Open Forum is the time for Members to speak and provide additional opinions and viewpoints to the Board, and is not a time for the Board to speak. Directors will listen and not respond or otherwise interrupt a speaker at Open Forum, so long as the speaker is within these Rules and time limits. A response, if any, by a Director or staff to an Open Forum remark or question shall be after the close of Open Forum. The Chair may appoint a Director or Staff-person as timekeeper.
  - d) So long as the Open Forum comments comply with these Rules, neither staff, the Chair, nor other Director shall interrupt the speaker.
  - e) The statements made by Members in Open Forum are not the position of the Association, and Third takes no responsibility as to the content of Open Forum comments. At the beginning of Open Forum, the Chair shall remind all attending as to these Rules

regarding Open Forum.

**3. Open Forum During Agenda Item Discussions.**

- a) During the Board deliberations of a matter, and when the Chair at the Chair's sole discretion determines there has been sufficient discussion to inform the attendees in the audience of the issue, the Chair will inquire if any Members in the audience wish to speak to the motion at hand.
- b) If the Chair sees any hands raised indicating a desire to speak, Open Forum will be reopened on the issue, and the Members indicating a desire to speak to the topic may speak for up to three (3) minutes on the specific agenda item.
- c) Off-topic commentary will not be permitted, but so long as the speaker complies with the Rules, neither the Chair nor any Director will interject or otherwise interrupt during the speaker's remarks.
- d) The Chair in its sole discretion may reduce the time per speaker to two (2) minutes on an issue, if the Chair deems it necessary to insure that all who wish to speak have the opportunity to do so.
- e) A member (or co-Owner of a Member) shall only speak once on a given agenda item.
- f) Once the Chair determines that all have spoken who wished to speak, or that no one has indicated a desire to speak, the Chair shall announce Open Forum is again closed, and the Board shall resume and conclude its deliberations on the item.

**4. Re-opening of Open Forum.** If an issue on the Agenda is deemed by the Board to require further Membership input, the Board may by majority vote re-open Open Forum, to allow Members to speak to the pending subject. If Open Forum is reopened, Members may speak for up to two minutes each. Upon completion of such Membership input, in compliance with Open Forum Rules, the Board will then close Open Forum and resume deliberating the subject.

**5. Member Observation of Deliberations.** Except for Open Forum, Members may not speak to the Board, and shall quietly observe Board deliberations except for those in Executive Session. Members do not vote or make motions at Board meetings, as only Directors vote at Board meetings. Applause, boos, or other audible response to Board deliberations or decisions is out of order.

**6. Addressing the Board During Open Forum.** When speaking, the Member will identify Member's name and Manor, and will stand at the speaker's podium if physically able to stand, and will address the Board,



not the audience.

**G. Meeting Conduct**

Directors, Members and anyone else permitted to attend the meeting will conduct themselves in a reasonable manner. The following conduct is strictly prohibited:

1. Profane or obscene language;
2. Slurs involving race, religion, ethnicity, gender, sexual orientation, gender identity, or age;
3. Shouting or yelling;
4. Physical threats, including non-verbal communications such as gestures or using body language in such a way as to intimidate;
5. Pounding on table or throwing items; and
6. All other unreasonable and disruptive behavior which does not allow Members to peacefully observe the proceedings, or which otherwise impedes the ability of the Board to peacefully conduct its deliberations and the Members to peacefully observe those deliberations.

Directors will also refrain from making comments which:

7. Divulge information from closed sessions;
8. Divulge attorney client privileged confidential advice; or
9. Maliciously malign any person, business or entity.

To create a positive atmosphere, all persons present will be seated (unless some handicap exists by which they cannot be seated) and will remain seated at all times when others are speaking, except when standing in line to speak for their turn in Open Forum. Neither Directors nor anyone addressing the Board will be allowed to speak while standing or hovering over someone else. All in attendance must behave in a professional and orderly manner. Directors shall refrain from interrupting each other or from making audible "sidebar" remarks while a fellow Director is speaking. Directors shall keep their microphones off except when they are addressing the Board.

**H. Violation of Rules**

Anyone (Member or Director) violating these Rules during a meeting may be:

1. First warned by the Chair,
2. Then warned by majority vote of the Board, and
3. Then by majority vote of the Board asked to leave the meeting.
4. In the event a person refuses to leave after the Board votes to eject the individual, the meeting shall be recessed until such time as security and/or law enforcement can be summoned to assist or until the person voluntarily leaves.

The Board may schedule a disciplinary hearing to determine whether a Member will as a result of violation of these Rules be suspended from attending one or more future Board meetings as well as any other appropriate disciplinary measures.

A non-Member who is permitted to attend but disrupts a Board meeting may be ejected upon majority Board vote without warning.

**I. Parliamentary Procedure**

Meetings will generally follow “Robert’s Rules of Order.” In brief, there should be no discussion on an item unless and until motion is made and there is a second to the motion. A motion is a proposal that the Board takes a stand or takes action on some issue. Only Directors can make motions.

The Resolution or motion recommended by a Committee report shall be considered as a motion and need not have a second for discussion to commence, so long as the recommendation has been stated on the agenda at least four days in advance of the meeting, absent emergency.

The Chair, normally the President, may call for a motion or, if temporarily passing the gavel, may make a motion. If there is no second to a motion, the issue is dropped. If a motion receives a second, then the Chair will ask for debate and discussion. Fair play, courtesy and cooperative behavior is preferred over strict compliance with Robert’s Rules.

**J. Recording of meetings: Minutes**

The proceedings of Board meetings shall not be electronically recorded, except by “Village TV”. Any other recording devices (audio, video or photographic) at Board or committee meetings are forbidden. The proceedings of such meetings shall be recorded in the minutes of the meeting. Minutes of Board meetings are prepared by the Secretary or, if the Board directs, by a Recording Secretary who need not be a Director. Minutes shall record actions taken, but shall not record commentary or statements by Directors, or comments during Open Forum.

**K. Board Deliberations**

1. Directors will deliberate topics only when on an agenda, except for emergency matters, and when a motion has been made and seconded by a Director, except for Committee recommendations, which do not require a motion or second. Unless a Director is only asking a question, Directors will indicate at the beginning of their remarks if they speak for or against the pending motion.
2. Generally, the motion initiating discussion should be made by the Director requesting the item to be placed on the agenda.
3. Directors shall:

- a) Cooperate to keep their remarks on the topic of a motion,
  - b) Speak to each other,
  - c) Not address the live audience or the television audience, and
  - d) Avoid repetition of points already made, or repeating their own previous remarks on a motion.
4. If a Director violates the standards set forth in these Rules, the Chair may remind the Director of the standard being violated, and will then request the Director to bring their comments into compliance. In the event a Director continues to violate these Rules, the Board may proceed pursuant to subpart II(H) herein.
5. Motions may be amended in at least two ways:
- a) A motion, after receiving a second, may be amended by a motion, which motion must also receive a second and a majority vote.
  - b) A motion may also be amended by a “friendly amendment” in which the author of the original motion consents to a proposed amendment to the motion. If the second also consents, the motion is amended and deliberations continue on the motion as amended.

**L. Board Comments During Meetings**

- 1. The comments of Directors, staff, or Mutual consultants during Board or Committee Meetings are not comments of the Mutual, and only the speaker’s opinions.
- 2. The position of the Mutual is only that expressed in Motions or Resolutions which are adopted by the Board of Directors.
- 3. The Chair of any Board or Committee Open Meeting shall make an announcement at the beginning of the Board or Committee meeting which recites the first two sentences of this section verbatim.

**M. Chair**

- 1. The Chair shall be the President of Third, if present at the meeting, unless the Chair passes the gavel temporarily to the First Vice President. If the First Vice President is unavailable, then the Second Vice President may serve as Chair. If neither the President, First or Second Vice President are in attendance, ~~then the Secretary or Treasurer may serve as Chair, a majority of the Board may elect a temporary Chair.~~
- 2. The Chair may discuss and vote on any motion, unless the Chair recuses itself.
- 3. If the Chair wishes to make a motion, the Chair shall pass the gavel to the First Vice President or next Officer in succession until deliberation of the motion is concluded by a vote on the motion.
- 4. The Chair shall be entrusted with the orderly progress of the Board’s deliberations. In the event the Chair perceives that deliberations have ceased to move the discussion forward (either because unanimity already exists; debate has become repetitive or otherwise unduly lengthy; positions on a motion have become clear; or because the Board is not ready to decide

- on the matter), the Chair shall call for a motion to close debate, or a motion to table the matter.
5. The relationship between the Board and Chair should be one of mutual respect. The Board should give respect and deference to the Chair's leadership in moving deliberations forward, while the Chair should give respect and not request a conclusion to deliberations of a matter if the Board majority wishes to continue deliberation of a topic.
  6. Any Director also may move the previous question, which is not debatable, and requires a two thirds vote to conclude deliberations so that the matter being deliberated may be voted upon.

### **III. EXECUTIVE SESSION**

#### **A. Purpose of Executive Session**

Executive Session meetings allow the Board of Directors to address issues of sensitive nature, which may involve attorney client privilege or other privacy rights. It is important that all information discussed and disclosed at these sessions remain private.

The Board may meet in Executive Session only on the following subjects:

1. Litigation or threatened litigation.
2. Contract negotiations.
3. Member disciplinary hearings (i.e.: imposing fines or other penalties).
4. **Hearings on Mutual reimbursement claims against a Member**
5. Member's proposal of a payment plan for delinquent assessments.
6. Voting on the decision to foreclose upon an assessment lien.
7. Personnel issues.

Subsequent Board minutes will contain a general note of the actions taken.

#### **B. Confidentiality Agreement**

To protect Third and its Members, each Director shall annually sign a confidentiality agreement before attending and participating in Executive Session meetings. A Director who refuses to do so will not be permitted to attend Executive Session meetings, and legal counsel will not copy that Director on confidential communications, nor participate in legal advice discussions with that Director present.

The Confidentiality Agreement shall state substantially as follows:

"I, \_\_\_\_\_ (Name), after having been duly elected or appointed as a Director of Third Laguna Hills Mutual, do hereby agree that all information which is disclosed by or to me, orally or in writing, and all discussions held at an Executive Session Meeting of the Board and all attorney advice shall be kept confidential and shall remain confidential, even after I am no longer a

Director. I understand that this means that anything I say, hear or see at an Executive Session Meeting may not be discussed with anyone outside of Executive Session.

I further understand that if I do not sign this Confidentiality Agreement or do not honor this Agreement, I will not be permitted to participate in or attend Executive Session Meetings or to receive confidential attorney-client communications. I further understand that I will be held responsible for any damages which result to the Mutual or its individual Members if I violate this agreement.”

**C. Procedure for Setting**

The notice for a meeting which is solely an Executive Session meeting must be posted two days in advance, unless it is an emergency Executive Session meeting.

The notice should state that the only item of business to come before the Board will be held in Executive Session and that no issues will be discussed in open session.

**D. Agenda Packets**

Due to the sensitive nature of the subjects discussed in closed session, Directors will return their Executive Session agenda packets to management staff immediately upon adjournment of the meeting, or when they depart from the meeting, whichever occurs first. –The Secretary, Treasurer and Committee Chair and Co-chair may retain the agenda packet. Executive session agenda packets will not be distributed to Directors in electronic form. \_

#### **IV. CLOSED SESSION HEARINGS**

The Mutual conducts its disciplinary hearings and reimbursement claim hearings in closed session. The following rules are to inform both members and Directors regarding how these hearings are conducted.

**A. Notification**

If the Mutual is considering discipline or pursuing a reimbursement claim against a Member, it will first provide written notification to the Member, of a hearing to be held by the Board to consider the matter, at least ten days after the date the notification is sent to the Member. The notification will inform the Member the nature of the alleged violation or reimbursement claim.

**B. Attendance**

A Member being considered for discipline or a reimbursement claim may attend the hearing to address the Board regarding whether the Board should

impose discipline or pursue reimbursement. The Member may bring written witnesses statements. The member may not bring legal counsel. The member being considered for discipline or reimbursement claim may not observe ~~any complaining witnesses or~~ the Board's deliberation of the matter. A member may provide a written statement as a substitute for personally appearing at the hearing.

A complaining member may provide a written statement ~~or appear at the hearing to present their complaint~~ to the Board. The complaining member will not be permitted to hear the Board's deliberation or the presentation by the Member being considered for discipline.

C. Addressing the Board

A Member being considered for discipline or reimbursement claim may speak to the Board for a maximum of ~~five ten~~ minutes of uninterrupted time. Then the Board will have five minutes to ask questions for a total of 10 minutes. If a Member brings supporting documentation, it is suggested the member bring one copy for staff, one copy for Mutual legal counsel, and 11 copies for the Board. If a member brings supporting witnesses, an additional five minutes can be added to the member's time.

~~A member complaining to the Board may address the Board for a maximum of five minutes.~~

Members addressing the Board should be prepared and organized for the hearing, to maximize their allotted time.

D. The Board's Decision

The Board will notify the Member being considered for discipline or reimbursement claim within fifteen (15) days of the hearing. The Board will not notify other Members of the Board's decision, which shall remain confidential.



## STAFF REPORT

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**DATE:** October 20, 2020  
**FOR:** Board of Directors  
**SUBJECT:** Insurance Renewal Funding

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### **RECOMMENDATION**

Ratify expenditures up to \$1.8 Million from the Disaster Fund, in addition to the operating budget of \$3.1 Million, for the insurance policy renewal covering the policy period of 10/1/2020 through 9/30/2021.

### **BACKGROUND**

Beginning June 2020, Beecher Carlson Insurance Services, the insurance broker for the Community, provided a casualty and property renewal proposal for the upcoming 10/1/2020 renewal. The proposal included property, general liability, auto, excess, directors and officers, and workers compensation insurance. Due to unfavorable market conditions, availability of reinsurance, and updated property valuations, the proposals came in higher than budgeted for the 2020/2021 policy period.

On June 10, 2020 staff met with Beecher Carlson Insurance Services to discuss plans and strategies for the property insurance renewal. Budget estimates were discussed and assumptions made as they were seeing increases in the property and excess liability markets.

On July 20, 2020 Beecher Carlson presented the renewal status for property and casualty with all boards and directors. At this point the broker began marketing the program but no costs were yet available to make adjustments to the proposed budget. From August 7 to September 25, 2020, weekly status calls were held with Beecher Carlson and the Board.

On September 10, 2020 Travelers submitted a quote that maintained their first layer of property insurance, at a cost of \$3.5 million for their primary layer of \$50 million. The property deductible also increased from \$10,000 to \$25,000. Premium quotations for all renewing lines were received throughout the month and bound on September 30, 2020. The new memorandum of insurance was generated and published for lending and escrow requirements (Attachment 2). Specific to property, GRF, United and Third Mutuals are participating in a shared policy limit of \$425 million; Third has purchased their own excess layers up to \$700 million to maintain the existing coverages as represented on page 5 of the memorandum of insurance.

### **DISCUSSION**

Insurance coverages for the community were renewed for the 12-month policy period beginning October 1, 2020. Funding included in the operating budget for this policy period totals just over \$3.14 million for Third Mutual and the actual premiums were renewed close to \$4.98 million.

At the televised August 20, 2020 special Board meeting for review of the proposed budgets, the Board directed staff to make unbudgeted insurance payments from the Disaster Fund, consistent with the defined use of those funds. As noted in the agenda package for this meeting, the definition of the Disaster Fund reads: "The purpose of the Disaster Fund is to provide for emergency expenditures or catastrophic damages not covered by insurance, including insurance policy deductible amounts. The contribution to Disaster Fund increased by \$9.52 from \$15.48 to \$25.00 per manor per month."

At the Third Finance Committee meeting on October 6, 2020, by consensus, the Committee recommended that a resolution be included in the Board agenda to ratify insurance renewal payments and funding from Disaster Fund.

### **FINANCIAL ANALYSIS**

The Third Mutual portion of casualty, executive liability, and property coverage, in addition to the broker fee, is \$4,975,797 payable over the policy period as noted in Attachment 1. Funding of \$3.14 million is included in the budget, requiring the board to ratify its directive from earlier business planning meetings to fund the additional \$1.84 million from the Disaster Fund. Additionally, any operating surplus from the current year will be transferred to the Disaster Fund as a partial offset after completion of the 2020 financial audit.

**Prepared By:** Dan Yost, Risk Manager

**Reviewed By:** Betty Parker, Chief Financial Officer

### **ATTACHMENTS:**

**ATT 1 – Insurance Payment Schedule for 10/1/2020 Renewal**

**ATT 2 – Memorandum of Insurance**

**ATT 3 – Resolution**



**Third Mutual  
Insurance Funding for 10/1/2020 Renewal**

Installment Due Date	Casualty	Executive Liability	Property	Broker Fee	Payment Schedule	Amortized Expense <A>	Budget <B>	Funding Required <A> - <B>
10/1/2020	\$476,879	\$84,717	\$4,092,968	\$92,219	\$4,746,783	\$414,650	\$108,506	\$306,144
11/1/2020	\$25,446	\$0	\$0	\$0	\$25,446	\$414,650	\$108,506	\$306,144
12/1/2020	\$25,446	\$0	\$0	\$0	\$25,446	\$414,650	\$108,506	\$306,144
	\$527,771	\$84,717	\$4,092,968	\$92,219	\$4,797,675	\$1,243,950	\$325,518	<b>\$918,432</b>
								<b>Funding Required</b>
1/1/2021	\$25,446	\$0	\$0	\$0	\$25,446	\$414,650	\$313,066	\$101,584
2/1/2021	\$25,446	\$0	\$0	\$0	\$25,446	\$414,650	\$313,066	\$101,584
3/1/2021	\$25,446	\$0	\$0	\$0	\$25,446	\$414,650	\$313,066	\$101,584
4/1/2021	\$25,446	\$0	\$0	\$0	\$25,446	\$414,650	\$313,066	\$101,584
5/1/2021	\$25,446	\$0	\$0	\$0	\$25,446	\$414,650	\$313,066	\$101,584
6/1/2021	\$25,446	\$0	\$0	\$0	\$25,446	\$414,650	\$313,066	\$101,584
7/1/2021	\$25,446	\$0	\$0	\$0	\$25,446	\$414,649	\$313,066	\$101,583
8/1/2021	\$0	\$0	\$0	\$0	\$0	\$414,649	\$313,066	\$101,583
9/1/2021	\$0	\$0	\$0	\$0	\$0	\$414,649	\$313,066	\$101,583
	\$178,122	\$0	\$0	\$0	\$178,122	\$3,731,847	\$2,817,594	<b>\$914,253</b>
<b>Total</b>	<b>\$705,893</b>	<b>\$84,717</b>	<b>\$4,092,968</b>	<b>\$92,219</b>	<b>\$4,975,797</b>	<b>\$4,975,797</b>	<b>\$3,143,112</b>	<b>\$1,832,685</b>

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# MEMORANDUM OF INSURANCE

This memorandum is issued as a matter of information only to authorized viewers for their internal use only and confers no rights upon any viewer of this memorandum. This memorandum does not amend, extend, or alter the coverage described below. This memorandum may only be copied, printed, and distributed within an authorized viewer and may only be used and viewed by an authorized viewer for its internal use. Any other use, duplication, or distribution of this memorandum without consent is prohibited. "Authorized viewer" shall mean an entity or person which is authorized by the insured named herein to access this memorandum via the link below. The information contained herein is valid as today's date and shall be updated upon any material policy changes and upon each policy's renewal.

BROKER		COMPANIES AFFORDING COVERAGE				
Beecher Carlson Insurance Services, LLC 21650 Oxnard Street, Suite 1600 Woodland Hills, CA 91367 CA License 0F37540		Company A Philadelphia Indemnity Insurance Company Company B Great American Insurance Company Company C Lexington Insurance Company Company D Houston Casualty Company Company E Zurich American Insurance Company Company F Berkley Insurance Company Company G Indian Harbor Insurance Company Company H Travelers Property Casualty Company of America Company I Palomar Specialty Insurance Company Company J General Security Indemnity Company of Arizona (GSINDA) Company K Endurance American Specialty Insurance Company Company L Golden Bear Insurance Company Company M QBE Specialty Insurance Company				
INSURED						
Village Management Services Golden Rain Foundation of Laguna Woods United Laguna Woods Mutual Third Laguna Hills Mutual PO Box 2220 Laguna Woods, CA 92654		Company V VARIOUS (SEE PAGE 3-4)				
COVERAGES						
THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS MEMORANDUM MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
CO LTR	TYPE OF INSURANCE	POLICY NUMBER	EFFECTIVE DATE	EXPIRATION DATE	LIMITS OF LIABILITY	
GENERAL LIABILITY						
A	General Liability	PHPK2187570	10/1/2020	10/1/2021	Per Occurrence	\$1,000,000
					Damage to Rented Premises	\$100,000
					Medical Expenses	\$0
					Personal & Advertising Injury	\$1,000,000
					General Aggregate	\$2,000,000
					Products - Comp/Op Agg.	\$2,000,000
UMBRELLA / EXCESS LIABILITY						
B	Umbrella Liability	TUU 5950188 19	10/1/2020	10/1/2021	Per Occurrence	\$10,000,000
					Aggregate	\$10,000,000
C	1 <sup>st</sup> Excess Liability	080877994	10/1/2020	10/1/2021	Per Occurrence	\$5M xs \$10M
					Aggregate	\$5M xs \$10M
D	2 <sup>nd</sup> Excess Liability	H20XC51561-00	10/1/2020	10/1/2021	Per Occurrence	\$10M xs \$15M
					Aggregate	\$10M xs \$15M
PROFESSIONAL LIABILITY						
E	Crime/Fidelity	MPL 5888426-07	3/1/2018	3/1/2021	Employee Theft	\$12,500,000
					Deductible	\$25,000
F	1 <sup>st</sup> Excess Crime/Fidelity	BCCR-45003002-21	3/1/2020	3/1/2021	Employee Theft	\$7.5M xs \$12.5M
B	2 <sup>nd</sup> Excess Crime/Fidelity	SAA E427892 01 00	3/1/2020	3/1/2021	Employee Theft	\$25M xs \$20M

BEECHER CARLSON INSURANCE SERVICES, LLC | CA LICENSE 0F37540  
21650 Oxnard Street, Suite 1600 Woodland Hills, CA 91367 | Phone: (818) 598-4200 | Fax: (770) 870-3043  
Email: [LWVMOI@beechercarlson.com](mailto:LWVMOI@beechercarlson.com)

Agenda Item # 12b

This memorandum of insurance serves only to list insurance policies, limits, and dates of coverage. Any modification hereto is unauthorized.

# MEMORANDUM OF INSURANCE CONTINUED

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CO LTR	TYPE OF INSURANCE	POLICY NUMBER	EFFECTIVE DATE	EXPIRATION DATE	LIMITS OF LIABILITY	
ALL RISK PROPERTY						
V	Property	VARIOUS	10/1/2020	10/1/2021	Blanket Building & BPP Loss Limit Per Occurrence	\$425,000,000
					Building Ordinance or Law	\$50,000,000
					Deductible Per Occurrence	\$25,000
					Flood	\$10,000,000
					Flood Deductible	\$250,000
V	Property NOTE: Third Laguna Hills Mutual ONLY	VARIOUS	10/1/2020	10/1/2021	Blanket Building & BPP Loss Limit Per Occurrence	\$275M xs \$425M
G	Equipment Breakdown	BMEI-6920L336-TIL-19	10/1/2020	10/1/2021	Property Damage (PD)	\$122,115,266
					PD Deductible	\$2,500
					Business Income (BI)	\$5,000,000
					BI Deductible	24 Hours
H	Terrorism	US00094732SP19A	10/1/2020	10/1/2021	Policy Limit	\$250M xs \$50M
					Deductible	\$10,000
DIFFERENCE IN CONDITION						
Third Laguna Hills Mutual						
I J	Earth Movement	PA701987 (75%) TR0001486-08949-20 (25%)	8/1/2020	8/1/2021	Policy Limit	\$10,000,000
					Deductible	5% / \$100K Min.
United Laguna Woods Mutual						
K	Earth Movement	ESP30001420100	12/15/2019	12/15/2020	Policy Limit	\$5,000,000
					Deductible	5% / \$100K Min.
L	Excess Earth Movement	FD61453	12/15/2019	12/15/2020	Policy Limit	\$5M xs \$5M
Golden Rain Foundation of Laguna Woods						
M J	Earth Movement Excess Flood	ESE18341-00 (75%) TR0001486-08360-20 (25%)	5/4/2020	5/4/2021	Policy Limit	\$15,000,000
					Building Ordinance or Law	\$5,000,000
					Deductible – Earth Movement	5% / \$50K Min.
					Deductible – Flood	\$50,000
COVERAGE / PERILS / FORMS						
Fire and Special Form property insurance for residential, common, and community buildings and business property owned by homeowners association. Property Valuation: Replacement Cost. Subject to policy terms, conditions, limitations & exclusions. *15% margin clause applies to Landmark American Insurance Company (\$50M p/o \$100M x/s \$125M), policy #LHD915067 only.						
REMARKS (INCLUDING SPECIAL CONDITIONS)						
Coverage for Unit as originally built; no coverage for improvements, alterations, additions or personal property of unit owners or residents. General liability policy includes standard ISO language regarding separation of insureds. Village Management Services, Inc., (Management Company) is included as an insured under the Crime/Fidelity policies. Equipment Breakdown (Boiler & Machinery): Coverage for common areas only. No coverage for individual housing units. No Coinsurance applies. Inflation Guard coverage not applicable. Flood coverage in zones A or V is excluded. Earth movement, including earthquake & landslide, is excluded. Number of Units: United Laguna Woods Mutual 6,323; Third Laguna Hills Mutual 6,102; Total: 12,425						

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Agenda Item # 12b

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# MEMORANDUM OF INSURANCE CONTINUED

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2020-2021 PROPERTY INSURANCE PROGRAM SCHEDULE OF PARTICIPATION			
CARRIER	POLICY NUMBER	PARTICIPATION PERCENTAGE	PARTICIPATION LIMIT
<b>Primary \$50,000,000</b>			
Travelers Excess and Surplus Lines Company <i>NOTE: Terrorism Included</i>	KTQ-CMB-3R01375-0-20	100%	\$50,000,000
<b>\$25,000,000 Excess of \$50,000,000</b>			
Certain Underwriters at Lloyd's of London (Ascot)	20-ASC-0059B	20.00%	\$5,000,000
Lexington Insurance Company	11144922	22.6667%	\$5,666,667
Aspen Specialty Insurance Company	PX00E3X20	10.00%	\$2,500,000
Mt. Hawley Insurance Company	20-ASC-0060B	10.00%	\$2,500,000
Colony Specialty Insurance Company	XPI 90277-1	14.00%	\$3,500,000
<b>\$75,000,000 Excess of \$50,000,000</b>			
Kinsale Insurance Company	0100097541-1	10.00%	\$7,500,000
Everest Indemnity Insurance Company	CA3X001495-201	13.3334%	\$10,000,000
<b>\$50,000,000 Excess of \$75,000,000</b>			
Certain Underwriters at Lloyd's of London (Atrium)	B128418785W20	10.00%	\$5,000,000
Ategrity Specialty Insurance Company	01-B-XP-P00000739-1	10.00%	\$5,000,000
Navigators Specialty Insurance Company	BO20HABZ02QVAIC	10.00%	\$5,000,000
Westchester Surplus Lines Insurance Company	D42286199 002	10.00%	\$5,000,000
Evanston Insurance Company	MKLVI1XP008384	10.00%	\$5,000,000
Arch Specialty Insurance Company	ESPI001147-01	8.00%	\$4,000,000
Ironshore Specialty Insurance Company	1000361644-02	11.1667%	\$5,583,333
Certain Underwriters at Lloyd's of London (Ark)	B128420784W20	7.50%	\$3,750,000
<b>\$100,000,000 Excess of \$125,000,000</b>			
Landmark American Insurance Company *	LHD915067	50.00%	\$50,000,000
Certain Underwriters at Lloyd's of London (QBE)	B128418830W20	5.25%	\$5,250,000
Certain Underwriters at Lloyd's of London (Axis)	B128418785W20	20.00%	\$20,000,000
Certain Underwriters at Lloyd's of London (CNA Hardy)	B128418785W20	6.50%	\$6,500,000
Ategrity Specialty Insurance Company	01-B-XP-P00000739-1	5.00%	\$5,000,000
Fidelis Underwriting Limited	B128420856W20	13.25%	\$13,250,000
<b>\$100,000,000 Excess of \$225,000,000</b>			
Fidelis Underwriting Limited	B128420856W20	36.75%	\$36,750,000
Certain Underwriters at Lloyd's of London (Ark on behalf of NOA)	B128418829W20	10.75%	\$10,750,000
Endurance American Specialty Insurance Co.	ARP30002005000	10.00%	\$10,000,000
Starr Surplus Lines Insurance Company	20SUFPA11370101	10.00%	\$10,000,000
Lexington Insurance Company	0006893481	5.00%	\$5,000,000
Hallmark Specialty Insurance Company	73-PX-000632444-00-000	5.00%	\$5,000,000
Scottsdale Insurance Company	BXS0001875	17.50%	\$17,500,000
Argo Re Ltd.	PI45305	5.00%	\$5,000,000
<b>\$100,000,000 Excess of \$325,000,000</b>			
Princeton Excess and Surplus Lines Ins. Co.	78-A3-XP-0000633-01	50%	\$50,000,000
Homeland Insurance Company of New York	795013599	50%	\$50,000,000

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2020-2021 PROPERTY INSURANCE PROGRAM SCHEDULE OF PARTICIPATION			
CARRIER	POLICY NUMBER	PARTICIPATION PERCENTAGE	PARTICIPATION LIMIT
<b>\$75,000,000 Excess of \$425,000,000</b>			
Certain Underwriters at Lloyd's of London (MAP)	BI28420781W20	5.3334%	\$4,000,000
Interstate Fire & Casualty	USZ000319201	16.6667%	\$12,500,000
Houston Casualty Company (UK Branch)	BI28418832W20	7.50%	\$5,625,000
Certain Underwriters at Lloyd's of London (ARK)	BI28418832W20	10.00%	\$7,500,000
Convex Insurance UK Limited	BI28418784W20	3.00%	\$2,250,000
Certain Underwriters at Lloyd's of London (Atrium)	BI28420866W20	7.50%	\$5,625,000
<b>\$175,000,000 Excess of \$425,000,000</b>			
Starr Surplus Lines Insurance Company	SLSTPTY11370920	17.50%	\$30,625,000
Landmark American Insurance Company	LHD915074	25.00%	\$43,750,000
<b>\$100,000,000 Excess of \$500,000,000</b>			
Mitsui Sumitomo Insurance Company of America	EXP7000721	10.00%	\$10,000,000
GuideOne Mutual Insurance Company	099000365	11.00%	\$11,000,000
Endurance Specialty Insurance Ltd.	BPD 30000221900	12.00%	\$12,000,000
Certain Underwriters at Lloyd's of London (ARK)	BI28420784W20	5.00%	\$5,000,000
Lancashire Insurance Co (UK) Ltd.	BI28420869W20	7.50%	\$7,500,000
<b>\$50,000,000 Excess of \$500,000,000</b>			
Certain Underwriters at Lloyd's of London (Hiscox)	BI28418835W20	12%	\$6,000,000
<b>\$50,000,000 Excess of \$550,000,000</b>			
Chubb Bermuda International a division of Chubb European Group SE	BI2841876720	12%	\$6,000,000
<b>\$100,000,000 Excess of \$600,000,000</b>			
Chubb Bermuda International a division of Chubb European Group SE	BI2841876720	100%	\$100,000,000

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Third Laguna Hills Mutual only									
\$700M	Chubb Bermuda 100% of \$100M p/o \$100M x/s of \$600M								
\$600M	Mitsui 10% or \$10M p/o \$100M x/s \$500M	Lloyd's (ARK) 5% or \$5M p/o \$100M x/s \$500M	GuideOne 11% or \$11M p/o \$100M x/s \$500M	Endurance (Sompco) Bermuda 12% or \$12M p/o \$100M x/s \$500M	Lancashire 7.5% or \$7.5M p/o \$100M x/s \$500M	Chubb Bermuda 12% or \$6M p/o \$50M x/s \$550M	Landmark (RSUI) 25% or \$43.75M p/o \$100M x/s \$500M		Starr 17.5% or \$30.625M p/o \$175M x/s \$425M
\$500M	Interstate (Allianz) 16.666666% or \$12.5M p/o \$75M x/s \$425M	Lloyd's (GIC) 10% or \$7.5M p/o \$75M x/s \$425M	HCC 7.5% or \$5.625M p/o \$75M x/s \$425M	Lloyd's (Atrium) 7.5% or \$5.625M p/o \$75M x/s \$425M	Lloyd's (MAP) 5.3333% or \$4M p/o \$75M x/s \$425M	Lloyd's (Hiscox) 12% or \$6M p/o \$50M x/s \$500M			
						Convex 7.5% or \$5.625M p/o \$75M x/s \$425M			
United Laguna Woods Mutual & Third Laguna Hills Mutual (Shared Limit)									
\$425M	Munich Re 50% or \$50M p/o \$100M x/s \$325M				Homeland (One Beacon) 50% or \$50M p/o \$100M x/s \$325M				
\$325M	Scottsdale (Nationwide) 17.5% or \$17.5M p/o \$100M x/s \$225M	Fidelis 36.75% or \$36.5M p/o \$100M x/s \$225M			Lloyd's (NOA) 10.75% or \$10.75M p/o \$100M x/s \$225M	Endurance (Sompco) 10% or \$10M p/o \$100M x/s \$225M	Starr 10% or \$10M p/o \$100M x/s \$225M	Argo Bermuda 5% or \$5M p/o \$100M x/s \$125M	Lexington (AIG) 5% or \$5M p/o \$25M x/s \$50M
\$225M	Landmark (RSUI) 50% or \$50M p/o \$100M x/s \$125M <div>NOTE: 15% margin clause applies</div>				Fidelis 13.25% or \$13.5M p/o \$100M x/s \$125M	Lloyd's (Hardy) 6.5% or \$6.5M p/o \$100M xs \$125M	Lloyd's (Axis) 20% or \$20M p/o \$100M x/s \$125M		Ategrity 5% or \$5M p/o \$100M x/s \$125M
\$125M	Lloyd's (Atrium AUW) 10% or \$5M p/o \$50M x/s \$75M	Ategrity 10% or \$5M p/o \$50M x/s \$75M	Navigators 10% or \$5M p/o \$50M x/s \$75M	Westchester 10% or \$5M p/o \$50M x/s \$75M	Evanston (Markel) 10% or \$5M p/o \$50M x/s \$75M	Arch 8% or \$4M p/o \$50M x/s \$75M	Lloyd's (Ark) 7.5% or \$2.5M p/o \$50M x/s \$75M	Ironshore 11.1667% or \$5,585,333 p/o \$50M x/s \$75M	Everest 13.3333% or \$10M p/o \$75M x/s \$50M
\$75M	Lloyd's (Ascot) 20% or \$5M p/o \$25M x/s \$50M		Mt. Hawley (RLI) 5% or \$2.5M p/o \$25M x/s \$50M	Lexington (AIG) 22.6667% or \$5,666,667 p/o \$25M x/s \$50M		Colony Specialty (Argo) 14% or \$3.5M p/o \$25M x/s \$50M	Aspen 10% or \$2.5M p/o \$25M x/s \$50M	Kinsale 10% or \$7.5M p/o \$75M x/s \$50M	
\$50M	Travelers Excess and Surplus Lines Company 100% of \$50M Primary								
\$0	Deductibles: All Other Perils: \$25,000 Earthquake Sprinkler Leakage: \$100,000    Flood: \$250,000								

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COVERED LOCATIONS	
Policies provide coverage for the community at Golden Rain Foundation of Laguna Woods, consisting of 12,450 units inclusive of the locations listed below.	
<b>UNITED LAGUNA WOODS MUTUAL</b>	
1-18 Via Castilla, Laguna Woods, CA 92637	686-706 Avenida Sevilla, Laguna Woods, CA 92637
19-28 Avenida Castilla, Laguna Woods, CA 92637	707-756 Avenida Majorca, Laguna Woods, CA 92637
29-55 Calle Aragon, Laguna Woods, CA 92637	757-773 Calle Aragon, Laguna Woods, CA 92637
56-64 Calle Cadiz, Laguna Woods, CA 92637	774-800 Via Los Altos, Laguna Woods, CA 92637
65-97 Calle Aragon, Laguna Woods, CA 92637	800 Via Los Altos, Laguna Woods, CA 92637
126-128 Avenida Majorca, Laguna Woods, CA 92637	801-812 Ronda Mendoza, Laguna Woods, CA 92637
129 Avenida Sevilla, Laguna Woods, CA 92637	813-829 Via Alhambra, Laguna Woods, CA 92637
130-232 Avenida Majorca, Laguna Woods, CA 92637	830-834 Ronda Mendoza, Laguna Woods, CA 92637
233-265 Calle Aragon, Laguna Woods, CA 92637	835-843 Ronda Sevilla, Laguna Woods, CA 92637
266-274 Avenida Sevilla, Laguna Woods, CA 92637	844-866 Ronda Mendoza, Laguna Woods, CA 92637
275-288 Avenida Carmel, Laguna Woods, CA 92637	867-877 Avenida Sevilla, Laguna Woods, CA 92637
289-307 Avenida Sevilla, Laguna Woods, CA 92637	878-884 Via Mendoza, Laguna Woods, CA 92637
308-318 Avenida Castilla, Laguna Woods, CA 92637	885-913 Ronda Sevilla, Laguna Woods, CA 92637
319-329 Avenida Carmel, Laguna Woods, CA 92637	914-945 Avenida Majorca, Laguna Woods, CA 92637
330-355 Avenida Sevilla, Laguna Woods, CA 92637	946-947 Avenida Carmel, Laguna Woods, CA 92637
356-426 Avenida Castilla, Laguna Woods, CA 92637	948-949 Calle Aragon, Laguna Woods, CA 92637
427-466 Avenida Sevilla, Laguna Woods, CA 92637	950-953 Avenida Carmel, Laguna Woods, CA 92637
467-496 Calle Cadiz, Laguna Woods, CA 92637	954-960 Calle Aragon, Laguna Woods, CA 92637
497-514 Avenida Sevilla, Laguna Woods, CA 92637	2001-2019 Via Mariposa West, Laguna Woods, CA 92637
515-528 Calle Aragon, Laguna Woods, CA 92637	2020-2070 Via Mariposa East, Laguna Woods, CA 92637
529-551 Via Estrada, Laguna Woods, CA 92637	2071-2108 Ronda Granada, Laguna Woods, CA 92637
552-573 Avenida Sevilla, Laguna Woods, CA 92637	2121-2125 Ronda Granada, Laguna Woods, CA 92637
574-599 Avenida Majorca, Laguna Woods, CA 92637	2130 Ronda Granada, Laguna Woods, CA 92637
600-661 Avenida Sevilla, Laguna Woods, CA 92637	2137-2154 Ronda Granada, Laguna Woods, CA 92637
662-666 Via Los Altos, Laguna Woods, CA 92637	2155-2165 Via Mariposa East, Laguna Woods, CA 92637
667-674 Via Mendoza, Laguna Woods, CA 92637	2183-2191 Via Mariposa East, Laguna Woods, CA 92637
675-685 Via Alhambra, Laguna Woods, CA 92637	2209-2220 Via Mariposa East, Laguna Woods, CA 92637
<b>THIRD LAGUNA HILLS MUTUAL</b>	
961-969 Calle Aragon, Laguna Woods, CA 92637	2370-2379 Via Mariposa West, Laguna Woods, CA 92637
2109-2170 Via Puerta, Laguna Woods, CA 92637	2380-2405 Via Mariposa East, Laguna Woods, CA 92637
2171-2174 Via Mariposa East, Laguna Woods, CA 92637	3000-3021 Via Buena Vista, Laguna Woods, CA 92637
2175-2182 Via Puerta, Laguna Woods, CA 92637	3022-3031 Calle Sonora, Laguna Woods, CA 92637
2192-2208 Via Mariposa East, Laguna Woods, CA 92637	3032-3040 Via Vista, Laguna Woods, CA 92637
2221-2244 Via Puerta, Laguna Woods, CA 92637	3041-3066 Via Serena South, Laguna Woods, CA 92637
2245-2251 Via Mariposa East, Laguna Woods, CA 92637	3067-3074 Via Serena North, Laguna Woods, CA 92637
2252-2271 Via Puerta, Laguna Woods, CA 92637	3075-3083 Via Serena South, Laguna Woods, CA 92637
2272-2282 Via Mariposa East, Laguna Woods, CA 92637	3084-3103 Via Serena North, Laguna Woods, CA 92637
2283-2324 Via Puerta, Laguna Woods, CA 92637	3104-3117 Via Serena South, Laguna Woods, CA 92637
2325-2330 Via Mariposa West, Laguna Woods, CA 92637	3118-3135 Via Serena North, Laguna Woods, CA 92637
2331-2344 Avenida Sevilla, Laguna Woods, CA 92637	3136-3149 Via Vista, Laguna Woods, CA 92637
2345-2355 Via Mariposa West, Laguna Woods, CA 92637	3150-3166 Alta Vista, Laguna Woods, CA 92637
2356-2369 Via Mariposa East, Laguna Woods, CA 92637	3167-3175 Via Vista, Laguna Woods, CA 92637

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COVERED LOCATIONS	
3176-3178 Via Buena Vista, Laguna Woods, CA 92637	5150-5158 Avenida Despacio, Laguna Woods, CA 92637
3179-3184 Alta Vista, Laguna Woods, CA 92637	5159-5172 Belmez, Laguna Woods, CA 92637
3185-3211 Via Buena Vista, Laguna Woods, CA 92637	5173-5178 Calzado, Laguna Woods, CA 92637
3212-3231 Via Carrizo, Laguna Woods, CA 92637	5179 Avenida Despacio, Laguna Woods, CA 92637
3232-3297 San Amadeo, Laguna Woods, CA 92637	5180-5183 Duenas, Laguna Woods, CA 92637
3298-3311 Via Carrizo, Laguna Woods, CA 92637	5184 Calzado, Laguna Woods, CA 92637
3312-3316 San Amadeo, Laguna Woods, CA 92637	5185-5199 Duenas, Laguna Woods, CA 92637
3317-3325 Via Carrizo, Laguna Woods, CA 92637	5200-5209 Avenida Despacio, Laguna Woods, CA 92637
3326-3334 Bahia Blanca East, Laguna Woods, CA 92637	5210-5218 Elvira, Laguna Woods, CA 92637
3335-3342 Punta Alta, Laguna Woods, CA 92637	5219-5232 Moya, Laguna Woods, CA 92637
3343-3353 Bahia Blanca East, Laguna Woods, CA 92637	5233-5241 Elvira, Laguna Woods, CA 92637
3354-3363 Monte Hermoso, Laguna Woods, CA 92637	5242 Avenida Despacio, Laguna Woods, CA 92637
3364-3394 Punta Alta, Laguna Woods, CA 92637	5243-5260 Duenas, Laguna Woods, CA 92637
3395-3396 Calle Azul, Laguna Woods, CA 92637	5261-5264 Miembro, Laguna Woods, CA 92637
3397-3402 Punta Alta, Laguna Woods, CA 92637	5265-5275 Avenida Del Sol, Laguna Woods, CA 92637
3403-3412 Calle Azul, Laguna Woods, CA 92637	5276-5287 Pina, Laguna Woods, CA 92637
3413-3424 Punta Alta, Laguna Woods, CA 92637	5288-5297 Avenida Del Sol, Laguna Woods, CA 92637
3425-3438 Bahia Blanca West, Laguna Woods, CA 92637	5298-5317 Cantante, Laguna Woods, CA 92637
3439-3444 Calle Azul, Laguna Woods, CA 92637	5318-5346 Bahia Blanca West, Laguna Woods, CA 92637
3445-3486 Bahia Blanca West, Laguna Woods, CA 92637	5347-5369 Algarrobo, Laguna Woods, CA 92637
3487-3490 Calle Azul, Laguna Woods, CA 92637	5370-5372 Punta Alta, Laguna Woods, CA 92637
3491-3497 Monte Hermoso, Laguna Woods, CA 92637	5373-5383 Avenida Sosiega, Laguna Woods, CA 92637
3498-3527 Bahia Blanca West, Laguna Woods, CA 92637	5384-5395 Paseo Del Lago West, Laguna Woods, CA 92637
3528-3532 Monte Hermoso, Laguna Woods, CA 92637	5396-5417 Via Carrizo, Laguna Woods, CA 92637
4001-4002 Calle Sonora, Laguna Woods, CA 92637	5418-5429 Calle Carmenita, Laguna Woods, CA 92637
4003-4015 Calle Sonora Oeste, Laguna Woods, CA 92637	5430-5439 Via Carrizo, Laguna Woods, CA 92637
4016-4026 Calle Sonora Este, Laguna Woods, CA 92637	5440-5448 Alta Vista, Laguna Woods, CA 92637
5001-5013 Duverney, Laguna Woods, CA 92637	5449-5459 Calle Pico, Laguna Woods, CA 92637
5014-5021 Jardin, Laguna Woods, CA 92637	5460-5477 Paseo Del Lago East, Laguna Woods, CA 92637
5022-5073 Avenida Del Sol, Laguna Woods, CA 92637	5478-5490 Paseo Del Lago West, Laguna Woods, CA 92637
5074-5078 Tero, Laguna Woods, CA 92637	5491-5498 Paseo Del Lago East, Laguna Woods, CA 92637
5079-5091 Ovalo, Laguna Woods, CA 92637	5499-5516 Paseo Del Lago West, Laguna Woods, CA 92637
5092-5096 Tero, Laguna Woods, CA 92637	5517-5519 Paseo Del Lago East, Laguna Woods, CA 92637
5097-5102 Avenida Del Sol, Laguna Woods, CA 92637	5520-5539 Via La Mesa, Laguna Woods, CA 92637
5103-5108 Avenida Despacio, Laguna Woods, CA 92637	5540-5543 Avenida Sosiega, Laguna Woods, CA 92637
5109-5117 Miembro, Laguna Woods, CA 92637	5544-5556 Rayo Del Sol, Laguna Woods, CA 92637
5118-5139 Brazo, Laguna Woods, CA 92637	5557-5568 Via Portora, Laguna Woods, CA 92637
5140-5149 Miembro, Laguna Woods, CA 92637	5569-5579 Luz Del Sol, Laguna Woods, CA 92637
OPERATIONS (Includes 13 stand-alone structures gatehouses)	
23081 Via Campo Verde, Laguna Woods, CA 92637	24112 Moulton Parkway, Laguna Woods, CA 92637
23501 Via Mariposa West, Laguna Woods, CA 92637	24232 Calle Aragon, Laguna Woods, CA 92637
23558 Alton Parkway, Laguna Woods, CA 92637	24262 Calle Aragon, Laguna Woods, CA 92637
23822 Avenida Sevilla, Laguna Woods, CA 92637	24312 El Toro Road, Laguna Woods, CA 92637
24061 Algarrobo, Laguna Woods, CA 92637	24351 El Toro Road, Laguna Woods, CA 92637
24111 Moulton Parkway, Laguna Woods, CA 92637	24626 Punta Alta, Laguna Woods, CA 92637

BEECHER CARLSON INSURANCE SERVICES, LLC | CA LICENSE 0F37540

21650 Oxnard Street, Suite 1600 Woodland Hills, CA 91367 | Phone: (818) 598-4200 | Fax: (770) 870-3043

Email: [LWVMOI@beechercarlson.com](mailto:LWVMOI@beechercarlson.com)

Agenda Item # 12b

This memorandum of insurance serves only to list insurance policies, limits, and dates of coverage. Any modification hereto is unauthorized.



### **RESOLUTION 03-20-XX**

#### **Funding for 2020-2021 Insurance Renewals**

**WHEREAS**, Beecher Carlson Insurance Services, the insurance broker for the community, worked several months on the October 1, 2020 renewal for expiring lines of property insurance.

**WHEREAS**, the boards were advised during business planning meetings of the potential financial impact of renewals in a difficult market and discussed the inclusion of pricing increases in the proposed budget for 2021.

**WHEREAS**, the broker met with the Board multiple times in August and September to discuss renewal progress and continued difficulties faced during a tightening of the reinsurance market, in addition to premium increases related to updated property values.

**WHEREAS**, final premium quotations for all renewing lines were received and bound on September 30, 2020 amounting to \$4,975,797 for the Third Mutual portion of the 12-month policy period, exceeding the operating budget of \$3,143,112 for same.

**WHEREAS**, the Disaster Fund is used for the repair or replacement of mutual assets damaged by uninsured or unexpected disasters in addition to providing for certain insurance premiums as directed by the Board. This fund may also be used for write-offs of uncollectible accounts according to original definition of the General Operating Fund.

**NOW THEREFORE BE IT RESOLVED**, October 20, 2020 that the Board of Directors hereby ratifies expenditures up to \$1.8 million from the Disaster Fund to cover insurance policy payments from 10/1/2020 through 9/30/2021, in addition to the amounts included in the 2020 and 2021 Business Plans for insurance during the same time period.

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

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**OPEN SESSION**



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

**Tuesday, October 20, 2020  
Laguna Woods Village Community Center 24351 El Toro Road**

**ADDENDUM TO THE AGENDA**

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**The following document was revised after the open agenda packet had been distributed. Please include this document in your agenda packet:**

13a(1). Treasurer's Report

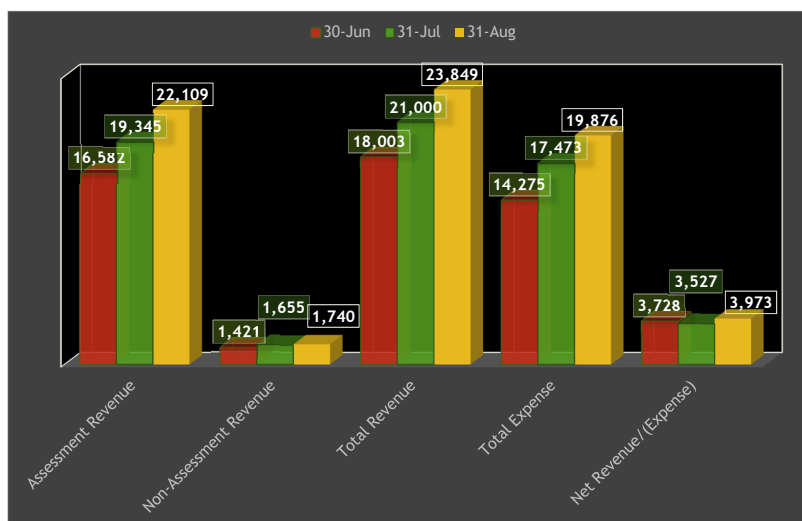
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## Financial Report - August 31, 2020

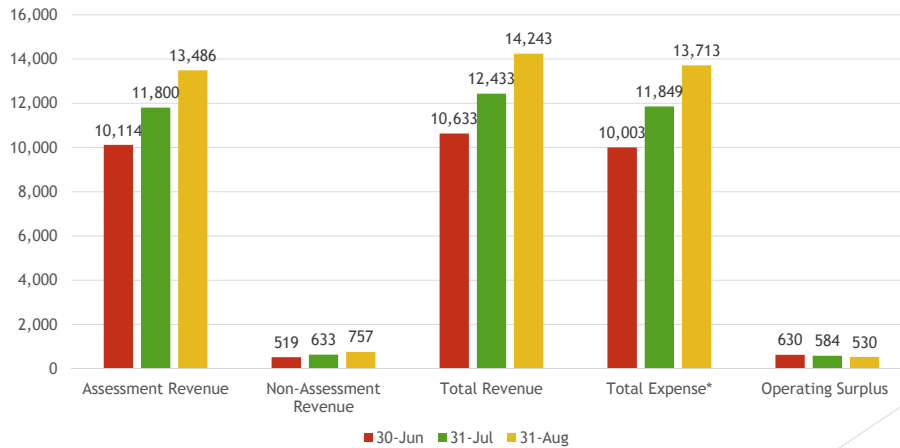
- ▶ Third Laguna Hills Mutual
- ▶ Robert Mutchnick, Treasurer
- ▶ October 20, 2020

## Income Statement

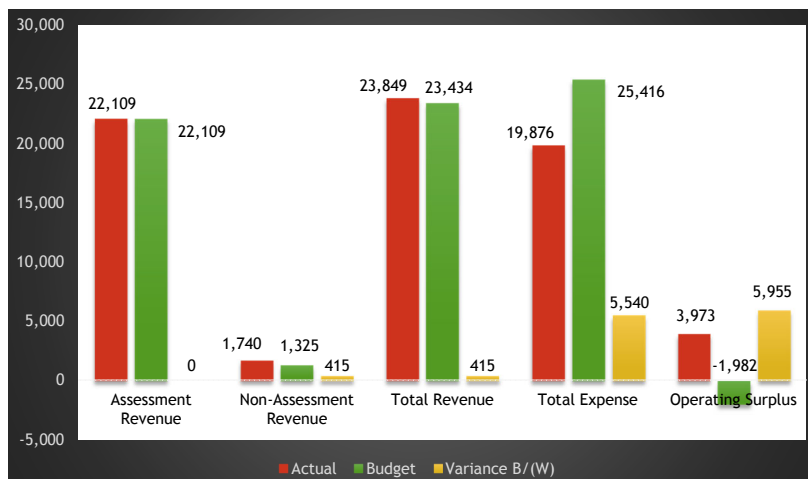
(In Thousands)



## Income Statement - Operating Fund Only (In Thousands)



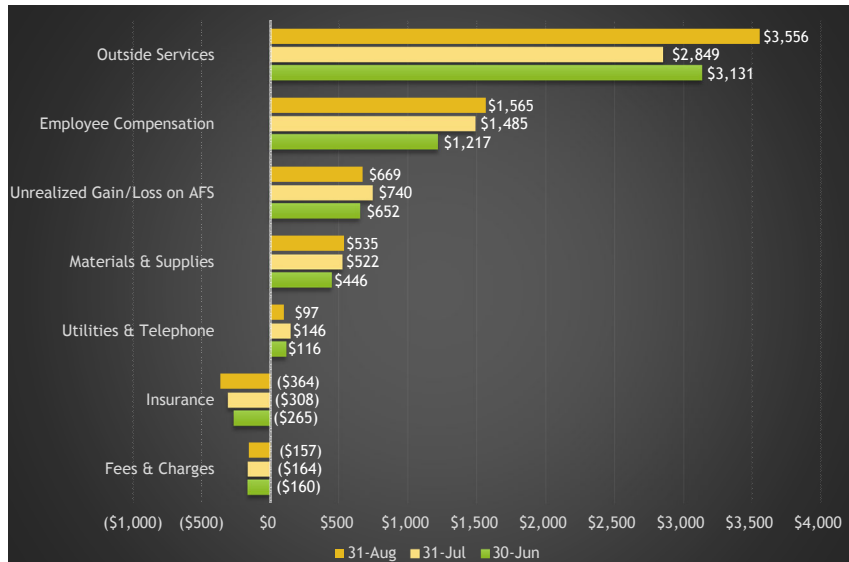
## Income Statement - Actual v. Budget (In Thousands)





## Selected Variances

(In Thousands)



## Total Non-Assessment Revenue

July 31<sup>st</sup>

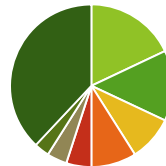
\$1,655,370



- Investment Income - 17%
- Fees & Charges to Residents - 11%
- Lease Processing Fee - 9%
- Laundry - 8%
- Miscellaneous Revenue - 4%
- Resale Processing Fee - 4%
- Golf Cart Electric Fee - 3%
- Unrealized Gain/(Loss) On AFS - 45%

August 31<sup>st</sup>

\$1,740,176

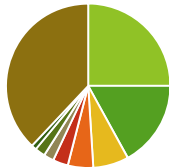


- Investment Income - 18%
- Fees & Charges to Residents - 14%
- Lease Processing Fee - Third 9%
- Laundry - 9%
- Resale Processing Fee - Third -5%
- Miscellaneous Revenue - 4%
- Golf Cart Electric Fee - 3%
- Unrealized Gain/(Loss) On AFS - 38%

## Total Expenses

July 31<sup>st</sup>

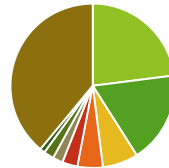
\$17,473,487



- Outside Services - 25%
- Utilities & Telephone - 17%
- Insurance - 7%
- Net Allocations to Mutuals - 5%
- Materials & Supplies - 3%
- Other - 2%
- Legal Fees - 2%
- Repairs & Maintenance - 1%
- Employee Comp. & Related - 38%

August 31<sup>st</sup>

\$19,876,086



- Outside Services - 23%
- Utilities & Telephone - 18%
- Insurance - 7%
- Net Allocations to Mutuals - 5%
- Materials & Supplies - 3%
- Other - 2%
- Legal Fees - 2%
- Repairs & Maintenance - 1%
- Employee Comp. & Related - 39%

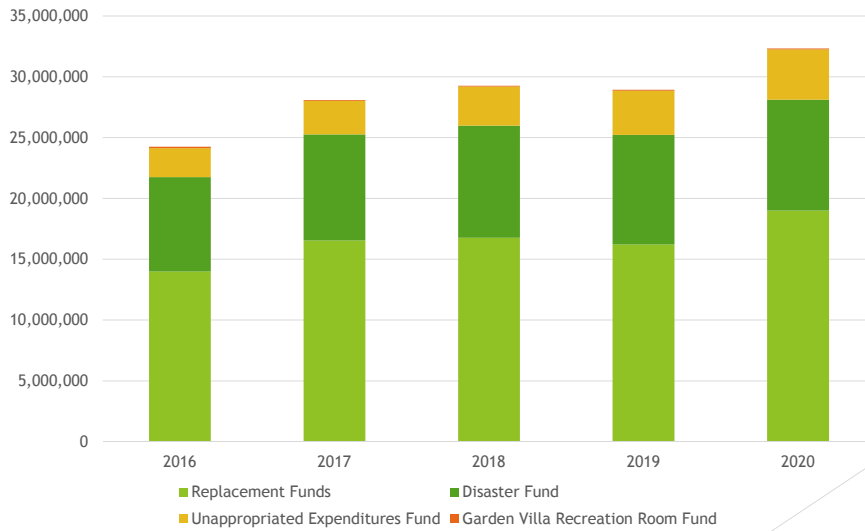
## Non-Operating Fund Balances

(In Thousands)

Non-Operating Fund Balances	Replacement Funds*	Disaster Fund	Unappropriated Expenditures Fund	Garden Villa Fund	Total
Beginning Balances: 1/1/20	\$16,033	\$9,065	\$3,626	\$73	\$28,797
Contributions & Interest	7,968	1,065	514	60	9,607
Expenditures	5,000	1,013	15	46	6,074
Current Balances: 8/31/20	\$19,001	\$9,117	\$4,125	\$87	\$32,330

\* Includes Elevator and Laundry Funds

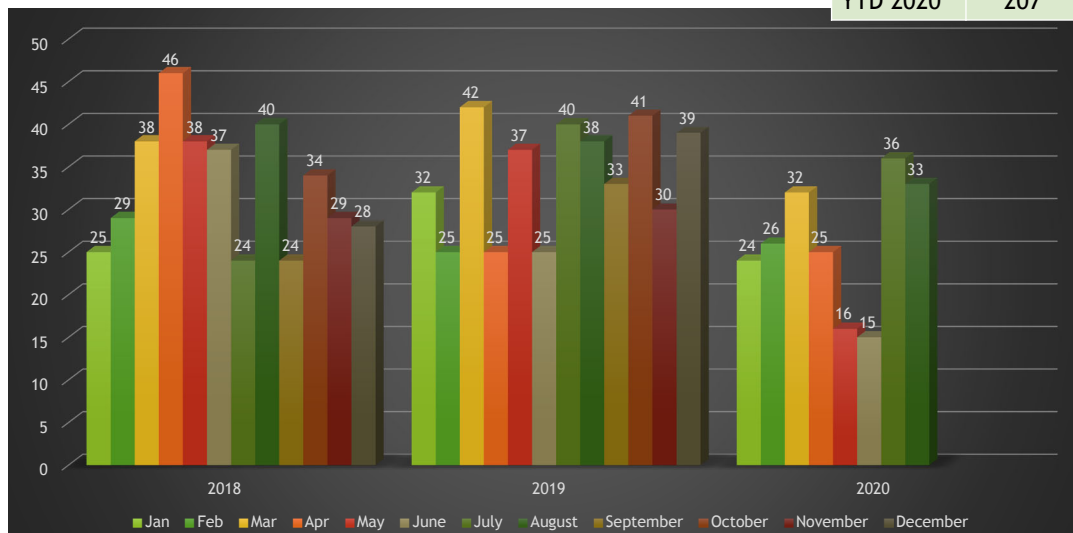
## Fund Balances - August 31st



## Resale History -Third Mutual

Preliminary as of August 31, 2020

	No. of Resales	Av. Resale Price
YTD 2018	277	\$419,121
YTD 2019	264	\$414,688
YTD 2020	207	\$420,312



**Third Laguna Hills Mutual**  
**Statement of Revenues & Expenses - Preliminary**  
**8/31/2020**  
(\$ IN THOUSANDS)

		CURRENT MONTH			YEAR TO DATE			PRIOR YEAR	TOTAL
		ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
<b>Revenues:</b>									
<b>Assessments:</b>									
1	Operating	\$1,686	\$1,686		\$13,486	\$13,485	\$1	\$12,511	\$20,228
2	Additions to restricted funds	1,078	1,078		8,623	8,623		8,973	12,935
3	<b>Total assessments</b>	<u>2,764</u>	<u>2,764</u>		<u>22,109</u>	<u>22,108</u>	<u>1</u>	<u>21,485</u>	<u>33,163</u>
<b>Non-assessment revenues:</b>									
4	Fees and charges for services to residents	56	49	6	235	392	(157)	542	588
5	Laundry	17	18	(2)	150	147	3	137	220
6	Investment income	31	45	(13)	314	358	(43)	433	536
7	Unrealized gain/(loss) on AFS investments	(71)		(71)	669		669	299	
8	Miscellaneous	52	54	(1)	372	429	(56)	405	643
9	<b>Total non-assessment revenue</b>	<u>85</u>	<u>166</u>	<u>(81)</u>	<u>1,740</u>	<u>1,325</u>	<u>415</u>	<u>1,817</u>	<u>1,988</u>
10	<b>Total revenue</b>	<u>2,848</u>	<u>2,929</u>	<u>(81)</u>	<u>23,849</u>	<u>23,434</u>	<u>416</u>	<u>23,301</u>	<u>35,150</u>
<b>Expenses:</b>									
11	Employee compensation and related	1,088	1,168	81	7,766	9,332	1,566	8,523	13,940
12	Materials and supplies	136	149	12	666	1,201	535	901	1,787
13	Utilities and telephone	587	538	(49)	3,568	3,665	97	3,463	5,542
14	Legal fees	68	42	(26)	390	333	(56)	303	500
15	Professional fees	12	12		85	111	26	112	145
16	Equipment rental	1	2		13	13		18	20
17	Outside services	175	883	707	4,554	8,110	3,556	4,685	11,661
18	Repairs and maintenance	7	32	24	199	253	54	222	380
19	Other Operating Expense	7	16	9	71	132	61	100	199
20	Income taxes				20		(20)		
21	Insurance	182	126	(56)	1,376	1,011	(364)	874	1,517
22	Investment expense		4	4	6	31	25	23	47
23	Uncollectible Accounts	10	10		20	80	60	111	120
24	(Gain)/loss on sale or trade				108		(108)	3	
25	Depreciation and amortization	11	11		91	91		95	136
26	Net allocation to mutuals	117	131	13	942	1,051	109	816	1,577
27	<b>Total expenses</b>	<u>2,403</u>	<u>3,124</u>	<u>721</u>	<u>19,876</u>	<u>25,416</u>	<u>5,540</u>	<u>20,248</u>	<u>37,572</u>
28	<b>Excess of revenues over expenses</b>	<u>\$446</u>	<u>(\$194)</u>	<u>\$640</u>	<u>\$3,973</u>	<u>(\$1,982)</u>	<u>\$5,956</u>	<u>\$3,053</u>	<u>(\$2,421)</u>



## **Statement of Revenues & Expenses - Preliminary**

Variance Explanations as of August 31, 2020

### **SUMMARY**

Third financial results were better than budget by \$5,956K as of August 31, 2020, primarily due to timing of programs and program adjustments related to the COVID-19 pandemic. Explanations for categories with significant variances are found below.

### **REVENUE**

#### **Fees and Charges for Services to Residents – (\$157K) [Line 4](#)**

Unfavorable variance resulted from revenue not yet recorded from prior year moisture intrusion events, pending determination hearings which were postponed due to COVID-19. Variance was partially offset by more plumbing chargeable service. Water heater replacement is an expanded service that has generated more revenue than anticipated at the time of budget preparation.

#### **Unrealized gain/(loss) on AFS Investments – \$669K [Line 7](#)**

Favorable variance due to reporting of Unrealized Gain on Available for Sale Investments. A monthly entry is made to reflect investment market conditions, which fluctuate. The variance was partially offset by realized losses, recorded in line 24, below.

### **EXPENSES**

#### **Employee Compensation and Related – \$1,566K [Line 11](#)**

Programs such as Prior to Paint, Exterior Paint, and Building Structures were placed on hold beginning mid-March to comply with State and County health orders due to the COVID-19 pandemic which also resulted in staff furloughs throughout the organization, particularly affecting Carpentry and Paint. Monthly variance is expected to flatten as furloughed employees returned to work in August. Additional savings occurred in Landscape Services: tree maintenance and slope maintenance were outsourced creating a savings labor hours; mulch distribution will be primarily performed in the fall months. Favorable variance was partially offset by higher levels of service tickets for general plumbing services and leak investigation.

#### **Materials and Supplies – \$535K [Line 12](#)**

Favorable variance due to timing and programs put on hold beginning in March due to the COVID-19 pandemic. Fewer materials used in programs such as building structures (carpentry), dry rot repairs and exterior paint program. Work restarted in August.

#### **Utilities and Telephone – \$97K [Line 13](#)**

Electricity savings resulted due to energy consumption offset by higher solar credits than anticipated. To a lesser extent, average water consumption was higher than budget due to high water usage during the summer.



**Statement of Revenues & Expenses - Preliminary**  
Variance Explanations as of August 31, 2020

**Outside Services – \$3,556K** [Line 17](#)

Favorable variance is due to:

- **Building Structures – \$891K**  
Favorable variance resulted from work being postponed due to the COVID-19 pandemic. In May, M&C Committee directed staff to restart certain programs such as building structures dry rot and parapet wall removal. Invoices are expected in October.
- **Roof Replacements – \$525K**  
Favorable variance is due to work being put on hold related to the COVID-19 pandemic. Roof replacement is budgeted evenly throughout the year and work was scheduled to begin in late March but due to the pandemic, the roofing program began on June 8. Of the 20 scheduled buildings, 9 were completed through August.
- **Paving – \$514K**  
Although budget is spread evenly throughout the year, paving programs such as asphalt overlay and seal coat are scheduled from August through October. Parkway concrete replacement began in July. This program will have a favorable variance until program is completed.
- **Waste Line Remediation – \$471K**  
Favorable variance is due to work being put on hold related to the COVID-19 pandemic. While the primary focus is on three-story buildings this year, other buildings with a high risk for stoppages will also be evaluated for epoxy lining. The three-story buildings take an average of 6-weeks to complete. On May 19th, the Board approved a spending limit of \$750,000 to the 2020 program. Work restarted in September.
- **Landscape Modification – \$294K**  
Favorable variance resulted from budget spread. Budget assumed slope maintenance programs work would be completed June and July; however, work is still in progress. This program will have a favorable variance until program completion.
- **Pest Control – \$223K**  
On July 21, 2020, the Third Mutual Board approved to defer fumigation program to 2021 due to the pandemic. There were 44 remaining buildings and 1 laundry room that will be rescheduled to fumigate in 2021.



**Statement of Revenues & Expenses - Preliminary**  
Variance Explanations as of August 31, 2020

Offset:

- **Tree Maintenance – (\$284K)**

Although annual tree trimming is budgeted to be performed by in-house staff, work is done by outside vendors.

**Insurance – (\$364K) [Line 21](#)**

Unfavorable variance due to higher premiums for property and casualty insurance. Insurance premium increases were implemented after 2020 budget was finalized. Significant changes in market conditions, catastrophic losses including wildfires in California, and a non-renewal situation required a new layered program structure to achieve the existing limits in a tight market.

**(Gain)/loss on sale or trade – (\$108K) [Line 24](#)**

Unfavorable variance due to realized loss occurring from sale of underperforming investments, which partially offsets some of the unrealized gain reflected in line 7, above.

**Net Allocation to Mutuals – \$109K [Line 26](#)**

Favorable variance due to less interdepartmental allocations than anticipated.

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## **FINANCE COMMITTEE MEETING REPORT OF THE REGULAR OPEN SESSION**

Tuesday, October 6, 2020 – 3:15 p.m.  
Virtual Meeting

**MEMBERS PRESENT:** Robert Mutchnick – Chair, Annie McCary, Steve Parsons, Lynn Jarrett, John Frankel, Ralph Engdahl, Reza Karimi, Craig Wayne, Doug Gibson, Advisors: John Hess, Wei-Ming Tao

**MEMBERS ABSENT:** Cush Bhada

**STAFF PRESENT:** Betty Parker, Steve Hormuth, Christopher Swanson

### **Call to Order**

Director Robert Mutchnick, Treasurer, chaired the meeting and called it to order at 3:18 p.m.

### **Approval of Meeting Agenda**

A motion was made and carried unanimously to approve the agenda as presented.

### **Approval of Meeting Report for September 1, 2020**

A motion was made and carried unanimously to approve the report as presented.

### **Member Comments**

None.

### **Chair Remarks**

None.

### **Department Head Update**

Betty Parker, Chief Financial Officer, provided a status of several projects including board approval of reserve expenditures, insurance renewals, investments, operating surplus, and the 2021 Business Plan.

### **Preliminary Financial Statements dated August 31, 2020**

The committee reviewed financials and questions were addressed. The committee requested additional information on the following items: Continue researching the 25% increase in the irrigation water charges; modify the formatting of the Investment Schedule, update 2020 Year End Projections for Operating Surplus including amounts by category.

By consensus, the Committee recommended that a resolution be included in the Board agenda to ratify insurance renewal payments and funding from Disaster Fund.

### **Insurance Program Update**

Director Mutchnick provided an overview of the annual insurance renewal process including property insurance levels and allocations, a Third-only limit after \$425M, an increase in the deductible from \$10K to \$25K.

### **Supplemental Funding for Damage Caused by Ground Water**

The committee reviewed a staff report for emergency repair of damages caused by groundwater. Director Jarrett provided background information and addressed questions.

A motion was made and carried unanimously to recommend the Board approve a supplemental appropriation in the amount of \$9,598 to be funded from the Disaster Fund.

### **Supplemental Funding for Moisture Intrusion Relandscaping.**

The committee reviewed a staff report for re-landscaping of the slope adjacent to Building 3129. Director Jarrett provided background information and addressed questions.

A motion was made and carried unanimously to recommend the Board approve at their next open session meeting, a supplemental appropriation in the amount of \$75,200, to be funded from the Disaster Fund.

### **Future Agenda Items**

Solar System Update – Q3 (November)  
Chargeable Services Analysis (November)

### **Committee Member Comments**

Director Parsons requested the responses to Bill Walsh questions on lighting be sent to the whole board for reference.

Director McCary thanked the committee for a productive meeting.

### **Date of Next Meeting**

Tuesday, November 2, 2020 at 1:30 p.m.

### **Recess to Closed Session**

The meeting recessed at 4:09 p.m.

**DRAFT**

---

Robert Mutchnick, Chair

# Monthly Resale Report

PREPARED BY

Community Services Department

MUTUAL

All Mutuals

REPORT PERIOD

September, 2020

MONTH	NO. OF REALES		TOTAL SALES VOLUME IN \$\$		AVG RESALE PRICE	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
January	48	59	\$16,125,300	\$18,540,250	\$335,944	\$314,242
February	57	47	\$18,886,210	\$14,770,050	\$331,337	\$314,256
March	65	66	\$21,969,916	\$23,445,712	\$337,999	\$355,238
April	58	61	\$18,200,321	\$20,041,551	\$313,799	\$328,550
May	35	78	\$10,277,500	\$23,975,536	\$293,643	\$307,379
June	41	72	\$12,315,399	\$21,298,290	\$300,376	\$295,810
July	56	83	\$20,514,748	\$27,170,573	\$366,335	\$327,356
August	59	80	\$21,522,228	\$26,206,000	\$364,784	\$327,575
September	63	62	\$22,132,600	\$20,171,980	\$351,311	\$325,355
October		* 86		* \$26,648,300		* \$309,864
November		* 52		* \$18,653,350		* \$358,718
December		* 81		* \$27,517,600		* \$339,723
<b>TOTAL</b>	482.00	608.00	\$161,944,222	\$195,619,942		
<b>MON AVG</b>	53.00	67.00	\$17,993,802	\$21,735,549	\$332,836	\$321,751

\* Amount is excluded from percent calculation

Year to date totals now include Mutual Fifty

# Monthly Resale Report

PREPARED BY

Community Services Department

MUTUAL

All Mutuals

REPORT PERIOD

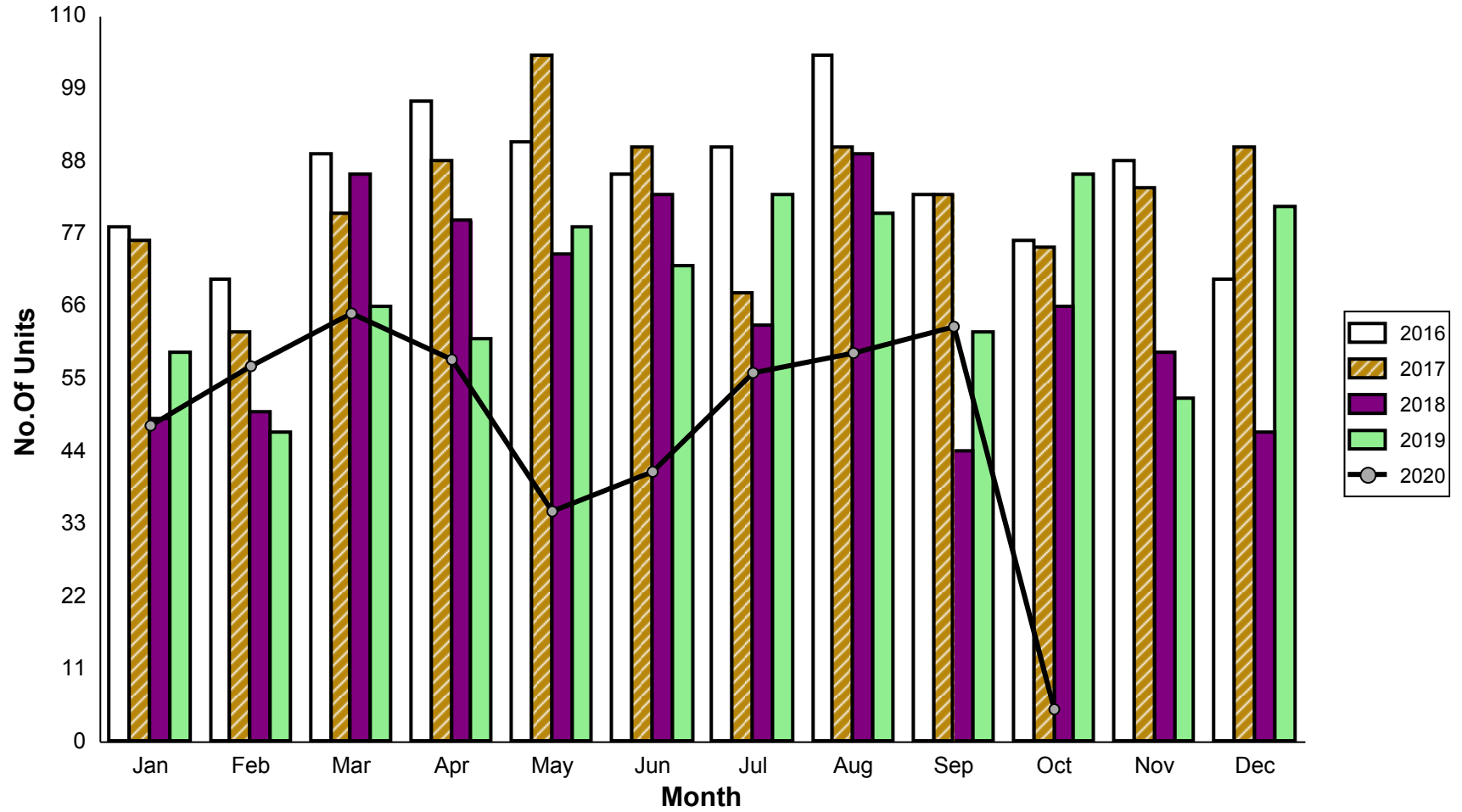
September, 2020

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\* Amount is excluded from percent calculation



## Resales - 5 Year Comparison



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# Monthly Resale Report

PREPARED BY

MUTUAL

REPORT PERIOD

Community Services Department

Third

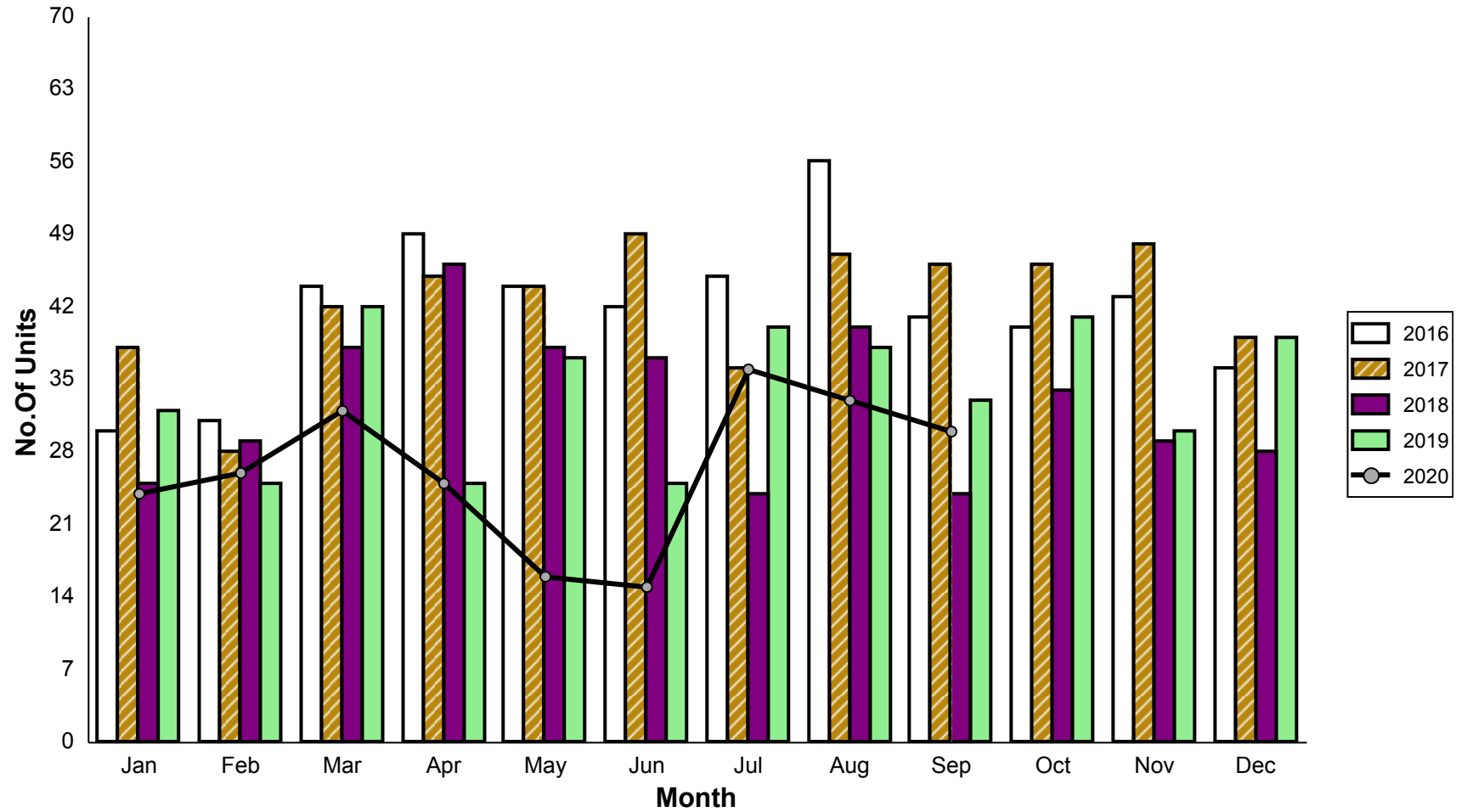
September, 2020

MONTH	NO. OF RESALES		TOTAL SALES VOLUME IN \$\$		AVG RESALE PRICE	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
January	24	32	\$10,015,000	\$12,482,100	\$417,292	\$390,066
February	26	25	\$12,158,700	\$10,208,000	\$467,642	\$408,320
March	32	42	\$13,946,416	\$16,639,712	\$435,826	\$396,184
April	25	25	\$10,830,833	\$10,435,500	\$433,233	\$417,420
May	16	37	\$5,604,000	\$16,273,033	\$350,250	\$439,812
June	15	25	\$5,881,500	\$10,290,000	\$392,100	\$411,600
July	36	40	\$15,240,248	\$17,327,373	\$423,340	\$433,184
August	33	38	\$14,612,928	\$15,994,900	\$442,816	\$420,918
September	30	33	\$14,314,100	\$12,643,180	\$477,137	\$383,127
October		* 41		* \$16,142,900		* \$393,729
November		* 30		* \$13,520,950		* \$450,698
December		* 39		* \$18,319,800		* \$469,738
<b>TOTAL</b>	237.00	297.00	\$102,603,725	\$122,293,798		
<b>MON AVG</b>	26.00	33.00	\$11,400,414	\$13,588,200	\$426,626	\$411,181
<b>% CHANGE - YTD</b>	-20.2%		-16.1%		3.8%	

% Change calculated (ThisYear - LastYear)/LastYear

\* Amount is excluded from percent calculation

## Resales - 5 Year Comparison





## Monthly Resale Report Third Mutual

PREPARED BY  
Community Services Department

Sep-20

Month	NUMBER OF REALES				TOTAL SALES VOLUME IN \$\$				AVG RESALE PRICE			
	2020	2019	2018	2017	2020	2019	2018	2017	2020	2019	2018	2017
January	24	32	25	38	\$10,015,000	\$12,482,100	\$8,807,150	\$14,513,062	\$417,292	\$390,066	\$352,286	\$381,923
February	26	25	29	28	\$12,158,700	\$10,208,000	\$12,600,892	\$9,887,500	\$467,642	\$408,320	\$434,514	\$353,125
March	32	42	38	42	\$13,946,416	\$16,639,712	\$16,909,199	\$15,185,800	\$435,826	\$396,184	\$444,979	\$361,567
April	25	25	46	45	\$10,830,833	\$10,435,500	\$18,869,626	\$18,847,150	\$433,233	\$417,420	\$410,209	\$418,826
May	16	37	38	44	\$5,604,000	\$16,273,033	\$15,452,990	\$18,157,951	\$350,250	\$439,812	\$406,658	\$412,681
June	15	25	37	49	\$5,881,500	\$10,290,000	\$16,981,138	\$21,011,450	\$392,100	\$411,600	\$458,950	\$428,805
July	36	40	24	36	\$15,240,248	\$17,327,373	\$9,892,800	\$13,526,020	\$423,340	\$433,184	\$412,200	\$375,723
August	33	38	40	47	\$14,612,928	\$15,994,900	\$17,327,000	\$17,967,189	\$442,816	\$420,918	\$433,175	\$382,281
September	30	33	24	46	\$14,314,100	\$12,643,180	\$12,552,692	\$16,020,038	\$477,137	\$383,127	\$523,029	\$356,001
October	0	41	34	46	\$0	\$16,142,900	\$14,146,300	\$18,804,700	\$0	\$393,729	\$416,068	\$408,798
November	0	30	28	49	\$0	\$13,520,950	\$10,675,000	\$19,847,200	\$0	\$450,698	\$381,250	\$405,045
December	0	39	28	38	\$0	\$18,319,800	\$13,693,599	\$18,509,275	\$0	\$469,738	\$489,057	\$487,086
<b>TOTAL</b>	237	297	301	375	\$102,603,725	\$122,293,798	\$129,393,487	\$145,116,160				
<b>MON AVG</b>	26.3	33.0	33.4	41.7	\$11,400,414	\$13,588,200	\$14,377,054	\$16,124,018	\$426,626	\$411,181	\$430,667	\$385,659
<b>% CHANGE-YTD</b>	-20.2%	-1.3%	-19.7%	-2.1%	-16.1%	-5.5%	-10.8%	10.8%	3.8%	-4.5%	11.7%	13.0%

% Change calculated (This Year - Last Year)/Last Year  
Percent calculation only includes YTD figures in black.

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## Resales Report Third Laguna Hills Mutual September, 2020

Close	Manor	Mutual	Price	Model/Style	Listing Realtor	Buyer Realtor	Escrow
09/21/2020	966-A	3	\$329,900	Casa Del Mar	Keller Williams Realty Irvine	Regency Real Estate	Granite Escrow
09/04/2020	968-B	3	\$208,000	Casa Contenta	BHHS California Properties	Coldwell Banker	Corner Escrow Inc.
09/15/2020	2178-P	3	\$480,000	Casa Linda	H & M Realty Group	Get Smart Properties	Corner Escrow Inc.
09/15/2020	2233-A	3	\$179,000	Monterey	Keller Williams Real Estate	Century 21 Rainbow	Corner Escrow Inc.
09/23/2020	2239-C	3	\$347,000	Castilla	Surterre Properties, Inc.	Saywitz Company	Glen Oaks Escrow
09/15/2020	2277-A	3	\$320,000	Casa Linda	Mark Carlson, Broker	HomeSmart Evergreen	Corner Escrow Inc.
09/11/2020	2305-D	3	\$290,000	Valencia	Compass	Compass	Granite Escrow
09/01/2020	2384-1A	3	\$290,000	Garden Villa	Village Real Estate	Laguna Premier Realty, Inc	Corner Escrow Inc.
09/29/2020	2399-3D	3	\$440,000	Villa Capri	First Team Real Estate	First Team Real Estate	Blue Pacific Escrow
09/11/2020	2401-3H	3	\$365,000	Villa Capri	BayBrook Realty	Keller Williams Newport Estates	Generations Escrow
09/02/2020	3098-C	3	\$305,000	Ventura	Prea Realty	Century 21 Rainbow	Corner Escrow Inc.
09/17/2020	3124-Q	3	\$419,000	Casa Vista	HomeSmart Evergreen	Laguna Premier Realty, Inc	Escrow Options Group
09/22/2020	3241-2H	3	\$365,000	Villa Puerta	Keller Williams Real Estate	Berkshire Hathaway	The Escrow Source
09/14/2020	3277-N	3	\$335,000	Casa Vista	Realty One Group West	HomeSmart Evergreen	Generations Escrow
09/21/2020	3331-O	3	\$519,000	Catalina	Regency Real Estate	Laguna Premier Realty, Inc	Blue Pacific Escrow
09/17/2020	3367-2E	3	\$197,000	Aragon	Reggie Wyman Broker	Mark Carlson, Broker	Corner Escrow Inc.
09/02/2020	3383-C	3	\$350,800	Catalina	Bullock Russell Real Estate	Homequest	Glen Oaks Escrow
09/30/2020	3400-A	3	\$735,000	Andaluz	Realty Quest	Laguna Premier Realty, Inc	Corner Escrow Inc.
09/16/2020	3483-A	3	\$839,900	Andaluz	Uhrig Group Realty	Regency Real Estate	Blue Pacific Escrow
09/29/2020	4001-2A	3	\$341,500	Villa Nueva	Laguna Premier Realty, Inc	Laguna Premier Realty, Inc	Granite Escrow
09/24/2020	5011	3	\$755,000	Villa Terraza	Solomon's Realtors	Laguna Woods Village Realty	Granite Escrow
09/28/2020	5050	3	\$760,000	Villa Terraza	Laguna Premier Realty, Inc	Keller Williams Real Estate	Granite Escrow
09/16/2020	5134	3	\$859,000	Villa Reposa	HomeSmart Evergreen	Compass	Escrow Options Group
09/24/2020	5236	3	\$675,000	Villa Reposa	Laguna Premier Realty, Inc	Laguna Premier Realty, Inc	Blue Pacific Escrow

## Resales Report Third Laguna Hills Mutual September, 2020

Close	Manor	Mutual	Price	Model/Style	Listing Realtor	Buyer Realtor	Escrow
09/02/2020	5388-C	3	\$712,000	Cabrillo	Century 21 Rainbow	Laguna Premier Realty, Inc	Granite Escrow
09/03/2020	5416	3	\$832,000	Columbia	Laguna Premier Realty, Inc	Century 21 Rainbow	Granite Escrow
09/04/2020	5491-A	3	\$800,000	Cabrillo	Century 21 Rainbow	Presidential Real Estate	Corner Escrow Inc.
09/02/2020	5499-3E	3	\$625,000	El Mirador	Keller Williams Real Estate	HomeSmart Evergreen	Granite Escrow
09/15/2020	5500-2F	3	\$313,000	El Mirador	Laguna Premier Realty, Inc	Laguna Premier Realty, Inc	Granite Escrow
09/18/2020	5500-1B	3	\$327,000	El Mirador	Laguna Premier Realty, Inc	Village Real Estate	Corner Escrow Inc.

Number of Resales: 30

Total Resale Price: \$14,314,100

Average Resale Price: \$477,137

Median Resale Price: \$365,000



**MONTHLY LEASING REPORT**

**Report Period:**  
**September-2020**

MONTH	LEASES IN EFFECT				Total this year	Total last year	Total Expirations	New Monthly Transactions		
	3 Months	6 Months	12 Months	12+Months				Leases	Renewals	Extensions
January	21	21	392	1289	1723	1688	31	35	123	3
February	20	21	402	1285	1728	1699	54	34	83	1
March	19	25	393	1288	1725	1708	73	37	93	7
April	10	22	388	1281	1701	1691	79	32	107	3
May	8	15	391	1232	1646	1682	104	31	151	4
June	14	15	373	1299	1701	1692	69	44	117	5
July	13	11	364	1316	1704	1708	67	47	136	6
August	12	9	362	1278	1661	1706	97	49	128	1
September	11	8	363	1292	1674	1697	95	35	142	4
October										
November										
December										

<b>Monthly Average</b>	14.2	16.3	380.9	1284.4	1695.9	1696.8	74.3	38.2	120.0	3.8
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<b>Percentage Leased</b>	1674 / 6102 = 27.4%									
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## **OPEN MEETING**

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

Tuesday, September 22, 2020 – 9:30 a.m.  
VIRTUAL MEETING

Laguna Woods Village Community Center, Board Room – 24351 El Toro Road

**MEMBERS PRESENT:** Lynn Jarrett, Chair, Steve Parsons, Ralph Engdahl, Reza Karimi and Robert Mutchnick

**MEMBERS ABSENT:** None

**ADVISORS PRESENT:** Stuart Hack

**ADVISORS ABSENT:** None

**STAFF PRESENT:** Blessilda Wright, Pamela Bashline, and Paul Nguyen.

#### **CALL TO ORDER**

Lynn Jarrett, Chair, called the meeting to order at 9:34 a.m.

#### **ACKNOWLEDGEMENT OF MEDIA**

The Media was not present.

#### **APPROVAL OF AGENDA**

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

By unanimous vote, the motion carried.

#### **APPROVAL OF MEETING REPORTS**

Director Mutchnick made a motion to approve the July 29, 2020 meeting report as presented. Director Karimi seconded the motion.

By unanimous vote, the motion carried.

#### **CHAIRMAN'S REMARKS**

Chair Jarrett stated the committee will review the Guest limit, BBQ Rules and Regulations and making changes to the Rules for Board Meetings.

#### **MEMBER COMMENTS ON NON-AGENDA ITEMS**

Michael and Marcia Plean (5103) commented on a smoking issue with a neighbor.

## **REPORTS**

None

## **ITEMS FOR DISCUSSION AND CONSIDERATION**

### **BBQ Rules & Regulations**

The Committee reviewed and discussed BBQ Rules & Regulations. The Committee commented and asked questions.

The Committee tabled the matter for the next meeting.

### **Qualifications for Lease Authorization Permit/ Lease Cap & Waiting List Rules**

Pamela Bashline, Community Services Manager presented Qualifications for Lease Authorization Permit/ Lease Cap & Waiting List Rules. The Committee commented and asked questions.

The Committee directed staff to move this item to future agenda item.

### **Guest Limits**

The Committee reviewed and discussed the Guest Limits. The Committee commented and asked questions.

The committee took no action.

### **Rules for Board Meetings**

Director Lynn Jarrett, Chair, presented the Rules for Board Meetings. The Committee commented and asked questions.

Director Karimi made a motion to approve Rules for Board Meetings with changes. Director Parsons, second the motion.

By consensus, the motion carried.

## **ITEMS FOR FUTURE AGENDAS**

Qualifications for Lease Authorization Permit/ Lease Cap & Waiting List Rules

## **CONCLUDING BUSINESS**

### **Committee Member Comments**


### **Date of Next Meeting**

The next meeting is TBD.

### **Adjournment**

With no further business before the Committee, the Chair adjourned the meeting at 11:18 a.m.



  
[Lynn Jarrett \(Sep 23, 2020 16:23 PDT\)](#)  
Lynn Jarrett, Chair  
Third Laguna Hills Mutual

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