

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

September 19, 2017

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, September 19, 2017, at 9:30 AM, at 24351 El Toro Road, Laguna Woods, California

Directors Present:

Bill Walsh, James Tung, Burt Baum, Steve Parsons, Bunny

Carpenter, John Frankel, Annette Sabol Soule, Jules Zalon,

Bert Moldow and Susan Caine

Directors Absent:

Rosemarie diLorenzo Dickins

Staff Present:

Open Session: Brad Hudson, Lori Moss, Leslie Cameron,

Betty Parker and Chris Spahr

Executive Session: Brad Hudson, Lori Moss, Francis Rangel -

and Leslie Cameron

Others Present:

Judith Troutman, GRF Director and Donna Dwaileebe, VMS

Director

Executive Session: Sandra L. Gottlieb, Esq. of Swedelson

Gottlieb

1. CALL TO ORDER

Bill Walsh, 2nd Vice President of the Corporation, chaired and opened the meeting, and stated that it was a Regular Meeting held pursuant to notice duly given. A quorum was established, and the meeting was called to order at 9:31 a.m.

2. PLEDGE OF ALLEGIANCE

Director Carpenter led the Membership in the Pledge of Allegiance.

3. ACKNOWLEDGEMENT OF MEDIA

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

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4. APPROVAL OF AGENDA

Director Moldow recommended adding Steve Leonard as an advisor of Third Mutual M&C Committee; Director Soule recommended Bob Hatch for the Architectural Controls and Standards Committee; Bunny Carpenter recommended Violet Lawrence as an advisor for the Landscaping Committee. Director Moldow moved to approve the agenda as amended, adding Agenda Item 12j, Committee Assignments. The motion was seconded by Director Parsons and passed unanimously.

5. APPROVAL OF THE MINUTES

5a. August 11, 2017 - Special Open Session

5b. August 15, 2017 – Regular Session

Director Parsons moved to approve the minutes as presented. The motion was seconded by Director Moldow and passed unanimously.

6. REPORT OF THE CHAIR

Director Walsh announced that President diLorenzo Dickins lost her husband, Dr. Steve Dickins, over the weekend and asked for a moment of silence in his memory.

Director Walsh gave a reminder that the last day to mail or drop off ballots for Third Board election is Wednesday, September 27, 2017. The ballots will be counted on September 29, 2017 at 9:00 a.m. in the Board Room. The Annual Meeting will be held on Thursday, October 5, 2017 at 9:30 a.m. in the Board Room.

Director Walsh asked members to complete a speaker card, if they wished to speak on any agenda item, including Member Comments.

7. OPEN FORUM

- Frank Correia (5066) spoke about recertification of FHA loans.
- Beverly Miller (3437-O) spoke about the increase in assessments
 And lack of maintenance.
- Mareka Raima-Monregnies (5519-3C) spoke about unoccupied units and the tree removal process.
- Jordi Daley (3335-3C) spoke about bed bugs.
- Lynn Jarrett (4010-1C) commented about the earthquake insurance policy and asked when the community will switch from analog to digital television.
- Judy Nussbaum (3185-C) commented on the dog park.
- Chris Collins (3306-Q) spoke on behalf of the Laguna Woods Foundation and shared the continuing efforts to assist friends and neighbors with needed resources.
- John Sauers (5377) spoke about the RV storage space, the lease policy and background checks for renters.

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8. RESPONSES TO OPEN FORUM SPEAKERS

CEO Brad Hudson responded to comments about switching to digital television. Residents will receive information before the community switches to digital TV. The community will assist residents who wish to switch from analog televisions to digital. The dog park has been re-opened and discussions continue between the community and the City. Work has begun on upgrading the RV Lots and there will be spaces for members on the waitlist.

Director Parsons responded to comments on FHA and reverse mortgages, the budget and assessment fees. The Board bought earthquake insurance to cover the exterior of the buildings. Members must purchase earthquake insurance for the interior of their units, specifically - HO6 policy.

Director Moldow responded to comments on the dog park, the increase in assessments, unoccupied units, bed bugs and maintenance issues.

Director Baum responded to comments on the need for occupancy background checks.

Director Soule responded to comments on sidewalk and ramp repairs. She asked residents who find sidewalks or ramps in need of repair to contact Resident Services. She stated that there is an informational landscape presentation posted on the Laguna Woods website. The Security Department and Compliance Division checks on unoccupied units.

9. UPDATE FROM VMS

Donna Dwaileebe gave an overview of the VMS Board function which is to oversee the employees under the direction of Brad Hudson. She stated that the Board meets on the first, third and fifth Wednesday, and receives an update from a different department head. In the last three meetings the Board heard from IT department, landscaping division, and discussed the handyman and employee referral programs.

10. REPORT OF THE CEO

CEO Hudson thanked the board and staff for their hard work on the 2018 Budget. He updated the Board on the progress with the City regarding the dog park. The waste line remediation project is underway and will continue over the next few months. Mr. Hudson discussed the LH21 beam replacement program and showed pictures of dry rot. El Toro Water District has started the reclaimed water project at Gate 9 and staff will update the community on dates of road closures. Clubhouse 5 Fitness Studio is being equipped to offer classes. The Recreation Department will be hosting a Luau and Country Hoedown. Please check the events calendar for dates, times and locations. Mr. Hudson thanked the 2,600 residents who responded to the Handyman service survey, results will be emailed soon.

11. CONSENT CALENDAR

11a. Architectural Control and Standards Committee Recommendations:

RESOLUTION 03-17-91 Variance Request

WHEREAS, Mr. Kevin Sheridan of 3044-B Via Serena S - Retain Non-Standard (Blue) Front Entry Door Color, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Exclusive Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Exclusive Common Area Use Policy as approved by the Board via Resolution 03-15-155 as revised in accordance with California Civil Code § 4600 on October 20, 2015; and

NOW THEREFORE BE IT RESOLVED, on September 19, 2017, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

- 1. No improvement shall be installed, constructed, modified or altered at Manor 3044-B, ("Property") within the Third Laguna Hills Mutual ("Mutual") unless and until a Mutual Consent for Manor Alterations application for the improvement has been made to, and approved, in writing, by, the Village Management Services, Inc. ("VMS, Inc."), Manor Alterations Division ("Division"), or, in the event of a Variance from the Mutual's Alteration Standards, the Architectural Control and Standards Committee ("ACSC"). In the event written permission is given for the installation, construction, modification or alteration of any improvement(s) upon the Property, the Member Owner or Owners ("Member Owner") agrees to comply with the Mutual's Governing Documents and any specific terms or conditions imposed, and that the installation, construction, modification or alteration shall be in strict compliance with the terms of the approval.
- 2. A Mutual Consent for Manor Alterations has been granted at 3044-B for Retaining Non-Standard Blue Color for Front Entry Door, subject to the attached plans stamped approved and is subject to the final inspection by the Division. Any variations to the approved attached plans are not allowed and could result in a stop work notice and/or severe fines to the Member.
- 3. Member Owner hereby consents to and grants to the Mutual and the Division, and their representatives, a right of entry upon the Property at any time to be used to inspect the Property and the improvements thereon and for the Mutual and the Division, and their representatives and contractors to remedy any violation upon the Property, including, but not limited to, removing trash, removing any improvement installed without approval or

modifying an improvement to bring the same into compliance with the terms of the approval.

- 4. All costs for maintenance, repair, renovation, replacement or removal of the improvement, present and future, are the responsibility of the Property's Member Owner at 3044-B and all future Mutual members at 3044-B.
- 5. Member Owner shall be responsible for all activity by contractors, subcontractors, material suppliers and their employees and agents and any others who perform work on the Property, including any violation of the Mutual's Governing Documents, including, but not limited to, traffic and parking violations, maintenance of a clean job site at all times, and use of Mutual property for storage of equipment or materials without prior approval. Member Owner acknowledges and agrees that all such persons are his/her invitees. Member Owner shall be responsible for informing all his/her invitees of the Mutual's Rules and Regulations. Member Owner shall be liable for any violation of the Mutual's Governing Documents by any invitee, including any fine, assessment or other charge levied in connection therewith.
- 6. Member is responsible for following the gate clearance process (http://www.lagunawoodsvillage.com) in place to admit contractors and other invites.
- 7. Member Owner's contractors and other invitees shall travel to and from the job site by the most direct route available and are not authorized to use Mutual recreational facilities or other amenities while they are in the Village for performance of work in connection with the Property.
- 8. Parking of contractors or other invitees' vehicles is prohibited in covered resident parking, open resident spaces, handicapped spaces or fire lanes. Contractors or other invitees must park on the street. To the extent possible contractors' or other invitees' vehicles should be limited in number.
- 9. A City of Laguna Woods permit is required, which may include the requirement to obtain clearance from the South Coast Air Quality Management District (Asbestos Hot Line at (909) 396-2336). Prior to the issuance of a Mutual Consent for Manor Alterations, the appropriate City of Laguna Woods permit number(s) must be submitted to the Division office located in the Laguna Woods Village Community Center. The City permit must be finalized within the prescribed timeframe, and a copy of the final permit must be submitted to the Division within two weeks.
- 10. All improvements must be installed in accordance with the California State Building Code, and the published Mutual Architectural Alterations Standards. See http://www.lagunawoodsvillage.com.

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- During construction, work hours established by the Mutual and the Noise Ordinance set forth in the City of Laguna Woods Municipal Code must be adhered to at all times.
- 12. The Mutual Consent for Manor Alterations expires six months after the date of approval, unless an application is submitted with fees and approved by the Division for an extension. Only one extension for a maximum of an additional six months may be granted.
- 13. Violations of the forgoing conditions or the Mutual's Governing Documents (See http://www.lagunawoodsvillage.com), including, but not limited to, work outside the approved plans, excessive noise, illegal dumping, or working after hours, will result in disciplinary action, which could result in a stop work notice, loss of privileges and/or severe fines to the Owner Member. Such fines left unpaid will result in forfeiture of a portion or all of the Conformance Deposit required above or other legal remedy.
- 14. Mutual member shall indemnify, defend and hold harmless Third and its officers, directors, committee members and agents from and against any and all claims, demands, costs, fines, judgments, settlements and any other costs, expenses, amounts and liabilities arising from Mutual member's improvements and installation, construction, design and maintenance of same.

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

RESOLUTION 03-17-92 Variance Request

WHEREAS, Ms. Tsuey-Ying Tsai of 3488-B Calle Azul – Rear Patio Enclosure, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Exclusive Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Exclusive Common Area Use Policy as approved by the Board via Resolution 03-15-155 as revised in accordance with California Civil Code § 4600 on October 20, 2015; and

NOW THEREFORE BE IT RESOLVED, on September 19, 2017, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

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- 1. No windows are permitted on the left or right elevations of the Patio Enclosure. Revised site plans in line with condition #12 must be submitted prior to the issuance of a Mutual Consent for Manor Alterations.
- 2. The width of enclosure can only extend to last full size tile on south east elevation Total width of patio slab no more than 31'3½". Revised site plans in line with condition #12 must be submitted prior to the issuance of a Mutual Consent for Manor Alterations.
- 3. Rear Patio light must be removed or relocated to inside the enclosure.
- 4. The hedge located on South East elevation bordering unit C must remain. If the hedge dies or sustains significant damage from alteration construction, a new like size hedge must be installed.
- 5. No improvement shall be installed, constructed, modified or altered at Manor 3488-B, ("Property") within the Third Laguna Hills Mutual ("Mutual") unless and until a Mutual Consent for Manor Alterations application for the improvement has been made to, and approved, in writing, by, the Village Management Services, Inc. ("VMS, Inc."), Manor Alterations Division ("Division"), or, in the event of a Variance from the Mutual's Alteration Standards, the Architectural Control and Standards Committee ("ACSC"). In the event written permission is given for the installation, construction, modification or alteration of any improvement(s) upon the Property, the Member Owner or Owners ("Member Owner") agrees to comply with the Mutual's Governing Documents and any specific terms or conditions imposed, and that the installation, construction, modification or alteration shall be in strict compliance with the terms of the approval.
- 6. A Mutual Consent for Manor Alterations has been granted at 3488-B for rear patio enclosure, subject to the attached plans stamped approved and is subject to the final inspection by the Division. Any variations to the approved attached plans are not allowed and could result in a stop work notice and/or severe fines to the Member.
- 7. Member Owner hereby consents to and grants to the Mutual and the Division, and their representatives, a right of entry upon the Property at any time to be used to inspect the Property and the improvements thereon and for the Mutual and the Division, and their representatives and contractors to remedy any violation upon the Property, including, but not limited to, removing trash, removing any improvement

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installed without approval or modifying an improvement to bring the same into compliance with the terms of the approval.

- 8. All costs for maintenance, repair, renovation, replacement or removal of the improvement, present and future, are the responsibility of the Property's Member Owner at 3488-B and all future Mutual members at 3488-B.
- 9. Member Owner shall be responsible for all activity by contractors, subcontractors, material suppliers and their employees and agents and any others who perform work on the Property, including any violation of the Mutual's Governing Documents, including, but not limited to, traffic and parking violations, maintenance of a clean job site at all times, and use of Mutual property for storage of equipment or materials without prior approval. Member Owner acknowledges and agrees that all such persons are his/her invitees. Member Owner shall be responsible for informing all his/her invitees of the Mutual's Rules and Regulations. Member Owner shall be liable for any violation of the Mutual's Governing Documents by any invitee, including any fine, assessment or other charge levied in connection therewith.
- 10. Member is responsible for following the gate clearance process (http://www.lagunawoodsvillage.com) in place to admit contractors and other invites.
- 11. Member Owner's contractors and other invitees shall travel to and from the job site by the most direct route available and are not authorized to use Mutual recreational facilities or other amenities while they are in the Village for performance of work in connection with the Property.
- 12. Parking of contractors or other invitees' vehicles is prohibited in covered resident parking, open resident spaces, handicapped spaces or fire lanes. Contractors or other invitees must park on the street. To the extent possible contractors' or other invitees' vehicles should be limited in number.
- 13. Member Owner(s) of the Property must sign and submit to the Mutual, c/o VMS, Inc., at the Division office located in the Laguna Woods Village Community Center, an executed and notarized "Recordable Common Area Agreement" for a proposed improvement that would utilize any portion of the Mutual's Common Area. Prior to the issuance of a Mutual Consent for Manor Alterations, that "Recordable Common Area Agreement" must be filed with the Orange County Clerk/Recorder.
- 14.A City of Laguna Woods permit is required, which may include the requirement to obtain clearance from the South Coast Air Quality Management District (Asbestos Hot Line at (909) 396-2336). Prior to the issuance of a Mutual Consent for Manor

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Alterations, the appropriate City of Laguna Woods permit number(s) must be submitted to the Division office located in the Laguna Woods Village Community Center. The City permit must be finalized within the prescribed timeframe, and a copy of the final permit must be submitted to the Division within two weeks.

- 15. Prior to the issuance of a Mutual Consent for Manor Alterations, a complete set of unit specific plans prepared by a licensed architect or structural engineer depicting the proposed improvement must be submitted to the Division office located in the Laguna Woods Village Community Center. The plans must depict any required structural modifications ensuring the structural integrity of the building is maintained upon completion of the proposed improvement.
- 16. Prior to the issuance of a Mutual Consent for Manor Alterations, if required, a Mutual Roof Alteration Notification ("Tie-In Form") must be submitted to the Division. All roof tie-ins must be performed by a C-39 licensed contractor. The Member Owner may hire a C-39 licensed contractor of his/her own choice to perform roof tie-ins for the installation of solar panels on all roof types except PVC Cool Roofs. For PVC Cool Roofs, regardless of the roof type, all tie-ins must be performed by the Mutual's roofing contractor at the Member Owner's expense. All tie-ins may only be made to sound structural elements. Existing structural elements proposed to be tied to, which exhibit signs of dry rot or other structural defects, must first be replaced or repaired at the Member Owner's expense during construction of the improvement.
- 17. Prior to the issuance of a Mutual Consent for Manor Alterations, any altered exterior surface should match the building color; vinyl fence/gate will be either white or taupe, tubular steel or wrought iron fence/gate will be black or white; the approved colors and materials are identified at Resident Services located at the Community Center first floor.
- 18.All improvements must be installed in accordance with the California State Building Code, and the published Mutual Architectural Alterations Standards. See http://www.lagunawoodsvillage.com.
- 19. During construction, work hours established by the Mutual and the Noise Ordinance set forth in the City of Laguna Woods Municipal Code must be adhered to at all times.
- 20. During construction, both the Mutual Consent for Manor Alterations and the City Building Permit must be on display for public view at all times in a location approved by the Division.

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- 21. It is mandatory that no waste or materials associated with the construction be dumped in the Village trash bins; such waste or materials associated with the construction must be disposed of offsite by the contractor.
- 22. The Mutual Consent for Manor Alterations expires six months after the date of approval, unless an application is submitted with fees and approved by the Division for an extension. Only one extension for a maximum of an additional six months may be granted.
- 23. Violations of the forgoing conditions or the Mutual's Governing Documents (See http://www.lagunawoodsvillage.com), including, but not limited to, work outside the approved plans, excessive noise, illegal dumping, or working after hours, will result in disciplinary action, which could result in a stop work notice, loss of privileges and/or severe fines to the Owner Member. Such fines left unpaid will result in forfeiture of a portion or all of the Conformance Deposit required above or other legal remedy.
- 24. Mutual member shall indemnify, defend and hold harmless Third and its officers, directors, committee members and agents from and against any and all claims, demands, costs, fines, judgments, settlements and any other costs, expenses, amounts and liabilities arising from Mutual member's improvements and installation, construction, design and maintenance of same.
- 25. The Mutual Consent Applicant or agent must contact the Manor Alterations Division as soon as the project is complete and has received a Final City of Laguna Woods permit approval in order to arrange a final inspection for Mutual Consent.

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

RESOLUTION 03-17-93 Variance Request

WHEREAS, Ms. Irene S. Chen 5448 Alta Vista – Install Room Addition on Rear Patio, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Exclusive Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Exclusive Common Area Use Policy as approved by the Board via Resolution 03-15-155 as revised in accordance with California Civil Code § 4600 on October 20, 2015; and

NOW THEREFORE BE IT RESOLVED, on September 19, 2017, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

- 1. No improvement shall be installed, constructed, modified or altered at Manor 5448, ("Property") within the Third Laguna Hills Mutual ("Mutual") unless and until a Mutual Consent for Manor Alterations application for the improvement has been made to, and approved, in writing, by, the Village Management Services, Inc. ("VMS, Inc."), Manor Alterations Division ("Division"), or, in the event of a Variance from the Mutual's Alteration Standards, the Architectural Control and Standards Committee ("ACSC"). In the event written permission is given for the installation, construction, modification or alteration of any improvement(s) upon the Property, the Member Owner or Owners ("Member Owner") agrees to comply with the Mutual's Governing Documents and any specific terms or conditions imposed, and that the installation, construction, modification or alteration shall be in strict compliance with the terms of the approval.
- 2. A Mutual Consent for Manor Alterations has been granted at 5448 for installing a room addition on back patio, subject to the attached plans stamped approved and is subject to the final inspection by the Division. Any variations to the approved attached plans are not allowed and could result in a stop work notice and/or severe fines to the Member.
- 3. Member Owner hereby consents to and grants to the Mutual and the Division, and their representatives, a right of entry upon the Property at any time to be used to inspect the Property and the improvements thereon and for the Mutual and the Division, and their representatives and contractors to remedy any violation upon the Property, including, but not limited to, removing trash, removing any improvement installed without approval or modifying an improvement to bring the same into compliance with the terms of the approval.
- 4. All costs for maintenance, repair, renovation, replacement, or removal of the improvement, present and future, are the responsibility of the Property's Member Owner at 5448 and all future Mutual members at 5448.
- 5. Member Owner shall be responsible for all activity by contractors, subcontractors, material suppliers and their employees and agents and any others who perform work on the Property, including any violation of the Mutual's Governing Documents, including, but not limited to, traffic and parking violations, maintenance of a clean job site at all times, and use of Mutual property for storage of equipment or materials without prior approval. Member Owner acknowledges and agrees that all such

persons are his/her invitees. Member Owner shall be responsible for informing all his/her invitees of the Mutual's Rules and Regulations. Member Owner shall be liable for any violation of the Mutual's Governing Documents by any invitee, including any fine, assessment or other charge levied in connection therewith.

- 6. Member is responsible for following the gate clearance process (http://www.lagunawoodsvillage.com) in place to admit contractors and other invites.
- 7. Member Owner's contractors and other invitees shall travel to and from the job site by the most direct route available and are not authorized to use Mutual recreational facilities or other amenities while they are in the Village for performance of work in connection with the Property.
- 8. Parking of contractors or other invitees' vehicles is prohibited in covered resident parking, open resident spaces, handicapped spaces or fire lanes. Contractors or other invitees must park on the street. To the extent possible contractors' or other invitees' vehicles should be limited in number.
- 9. Member Owner(s) of the Property must sign and submit to the Mutual, c/o VMS, Inc., at the Division office located in the Laguna Woods Village Community Center, an executed and notarized "Recordable Common Area Agreement" for a proposed improvement that would utilize any portion of the Mutual's Common Area. Prior to the issuance of a Mutual Consent for Manor Alterations, that "Recordable Common Area Agreement" must be filed with the Orange County Clerk/Recorder.
- 10.A City of Laguna Woods permit is required, which may include the requirement to obtain clearance from the South Coast Air Quality Management District (Asbestos Hot Line at (909) 396-2336). Prior to the issuance of a Mutual Consent for Manor Alterations, the appropriate City of Laguna Woods permit number(s) must be submitted to the Division office located in the Laguna Woods Village Community Center. The City permit must be finalized within the prescribed timeframe, and a copy of the final permit must be submitted to the Division within two weeks.
- 11. Prior to the issuance of a Mutual Consent for Manor Alterations, a complete set of unit specific plans prepared by a licensed architect or structural engineer depicting the proposed improvement must be submitted to the Division office located in the Laguna Woods Village Community Center. The plans must depict any required structural modifications ensuring the structural integrity of the building is maintained upon completion of the proposed improvement.
- 12. Prior to the issuance of a Mutual Consent for Manor Alterations, if required, a Mutual Roof Alteration Notification ("Tie-In Form") must be submitted to the Division. All

roof tie-ins must be performed by a C-39 Licensed Contractor. The Member Owner may hire a C-39 Licensed Contractor of his/her own choice to perform roof tie-ins for the installation of solar panels on all roof types except PVC Cool Roofs. For PVC Cool Roofs, regardless of the roof type, all tie-ins must be performed by the Mutual's roofing contractor at the Member Owner's expense. All tie-ins may only be made to sound structural elements. Existing structural elements proposed to be tied to, which exhibit signs of dry rot or other structural defects, must first be replaced or repaired at the Member Owner's expense during construction of the improvement.

- 13. Prior to the issuance of a Mutual Consent for Manor Alterations, the Member Owner shall request a Landscape Department inspection in order to assure all landscape, irrigation, and drainage modifications associated with the improvements are identified and completed by the Landscape Department at the expense of the Member Owner. All gutter drainage shall be directed away from structures, free standing walls, foundations, and pedestrian walkways.
- 14. Prior to the issuance of a Mutual Consent for Manor Alterations, any altered exterior surface should match the Building color; vinyl fence/gate will be either white or taupe, tubular steel or wrought iron fence/gate will be black or white; the approved colors and materials are identified at Resident Services located at the Community Center first floor.
- 15.All improvements must be installed in accordance with the California State Building Code, and the published Mutual Architectural Alterations Standards. See http://www.lagunawoodsvillage.com.
- 16. During construction, work hours established by the Mutual and the Noise Ordinance set forth in the City of Laguna Woods Municipal Code must be adhered to at all times.
- 17. During construction, both the Mutual Consent for Manor Alterations and the City Building Permit must be on display for public view at all times in a location approved by the Division.
- 18. It is mandatory that no waste or materials associated with the construction be dumped in the Village trash bins; such waste or materials associated with the construction must be disposed of offsite by the contractor.
- 19. The Mutual Consent for Manor Alterations expires six months after the date of approval, unless an application is submitted with fees and approved by the Division for an extension. Only one extension for a maximum of an additional six months may be granted.

- 20. Violations of the forgoing conditions or the Mutual's Governing Documents (See http://www.lagunawoodsvillage.com), including, but not limited to, work outside the approved plans, excessive noise, illegal dumping, or working after hours, will result in disciplinary action, which could result in a stop work notice, loss of privileges and/or severe fines to the Owner Member. Such fines left unpaid will result in forfeiture of a portion or all of the Conformance Deposit required above or other legal remedy.
- 21. Mutual member shall indemnify, defend and hold harmless Third and its officers, directors, committee members and agents from and against any and all claims, demands, costs, fines, judgments, settlements and any other costs, expenses, amounts and liabilities arising from Mutual member's improvements and installation, construction, design and maintenance of same.
- 22. The Mutual Consent Applicant or agent must contact the Manor Alterations Division as soon as the project is complete and has received a Final City of Laguna Woods permit approval in order to arrange a final inspection for Mutual Consent.

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

RESOLUTION 03-17-94 Variance Request

WHEREAS, David L Gilbert of 5515-1G Paseo Del Lago West – HVAC Install, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Exclusive Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Exclusive Common Area Use Policy as approved by the Board via Resolution 03-15-155 as revised in accordance with California Civil Code § 4600 on October 20, 2015; and

NOW THEREFORE BE IT RESOLVED, on September 19, 2017, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

- 1. The external condenser unit is approved to be installed between the patio and bedroom window only.
- No improvement shall be installed, constructed, modified or altered at Manor 5515-1G, ("Property") within the Third Laguna Hills Mutual ("Mutual") unless and until a Mutual Consent for Manor Alterations application for the improvement has been

made to, and approved, in writing, by, the Village Management Services, Inc. ("VMS, Inc."), Manor Alterations Division ("Division"), or, in the event of a Variance from the Mutual's Alteration Standards, the Architectural Control and Standards Committee ("ACSC"). In the event written permission is given for the installation, construction, modification or alteration of any improvement(s) upon the Property, the Member Owner or Owners ("Member Owner") agrees to comply with the Mutual's Governing Documents and any specific terms or conditions imposed, and that the installation, construction, modification or alteration shall be in strict compliance with the terms of the approval.

- 3. A Mutual Consent for Manor Alterations has been granted at 5515-1G for Installing an HVAC System, subject to the attached plans stamped approved and is subject to the final inspection by the Division. Any variations to the approved attached plans are not allowed and could result in a stop work notice and/or severe fines to the Member.
- 4. Member Owner hereby consents to and grants to the Mutual and the Division, and their representatives, a right of entry upon the Property at any time to be used to inspect the Property and the improvements thereon and for the Mutual and the Division, and their representatives and contractors to remedy any violation upon the Property, including, but not limited to, removing trash, removing any improvement installed without approval or modifying an improvement to bring the same into compliance with the terms of the approval.
- 5. All costs for maintenance, repair, renovation, replacement or removal of the improvement, present and future, are the responsibility of the Property's Member Owner at 5515-1G and all future Mutual members at 5515-1G.
- 6. Member Owner shall be responsible for all activity by contractors, subcontractors, material suppliers and their employees and agents and any others who perform work on the Property, including any violation of the Mutual's Governing Documents, including, but not limited to, traffic and parking violations, maintenance of a clean job site at all times, and use of Mutual property for storage of equipment or materials without prior approval. Member Owner acknowledges and agrees that all such persons are his/her invitees. Member Owner shall be responsible for informing all his/her invitees of the Mutual's Rules and Regulations. Member Owner shall be liable for any violation of the Mutual's Governing Documents by any invitee, including any fine, assessment or other charge levied in connection therewith.

- 7. Member is responsible for following the gate clearance process (http://www.lagunawoodsvillage.com) in place to admit contractors and other invites.
- 8. Member Owner's contractors and other invitees shall travel to and from the job site by the most direct route available and are not authorized to use Mutual recreational facilities or other amenities while they are in the Village for performance of work in connection with the Property.
- 9. Parking of contractors or other invitees' vehicles is prohibited in covered resident parking, open resident spaces, handicapped spaces or fire lanes. Contractors or other invitees must park on the street. To the extent possible contractors' or other invitees' vehicles should be limited in number.
- 10. Member Owner(s) of the Property must sign and submit to the Mutual, c/o VMS, Inc., at the Division office located in the Laguna Woods Village Community Center, an executed and notarized "Recordable Common Area Agreement" for a proposed improvement that would utilize any portion of the Mutual's Common Area. Prior to the issuance of a Mutual Consent for Manor Alterations, that "Recordable Common Area Agreement" must be filed with the Orange County Clerk/Recorder.
- 11.A City of Laguna Woods permit is required, which may include the requirement to obtain clearance from the South Coast Air Quality Management District (Asbestos Hot Line at (909) 396-2336). Prior to the issuance of a Mutual Consent for Manor Alterations, the appropriate City of Laguna Woods permit number(s) must be submitted to the Division office located in the Laguna Woods Village Community Center. The City permit must be finalized within the prescribed timeframe, and a copy of the final permit must be submitted to the Division within two weeks.
- 12. Prior to the issuance of a Mutual Consent for Manor Alterations, the Member Owner shall request a Landscape Department inspection in order to assure all landscape, irrigation, and drainage modifications associated with the improvements are identified and completed by the Landscape Department at the expense of the Member Owner. All gutter drainage shall be directed away from structures, free standing walls, foundations, and pedestrian walkways.
- 13. Prior to the issuance of a Mutual Consent for Manor Alterations, any altered exterior surface should match the Building color; vinyl fence/gate will be either white or taupe, tubular steel or wrought iron fence/gate will be black or white; the approved colors and materials are identified at Resident Services located at the Community Center first floor.

- 14. All improvements must be installed in accordance with the California State Building Code, and the published Mutual Architectural Alterations Standards. See http://www.lagunawoodsvillage.com.
- 15. During construction, work hours established by the Mutual and the Noise Ordinance set forth in the City of Laguna Woods Municipal Code must be adhered to at all times.
- 16. During construction, both the Mutual Consent for Manor Alterations and the City Building Permit must be on display for public view at all times in a location approved by the Division.
- 17. It is mandatory that no waste or materials associated with the construction be dumped in the Village trash bins; such waste or materials associated with the construction must be disposed of offsite by the contractor.
- 18. The Mutual Consent for Manor Alterations expires six months after the date of approval, unless an application is submitted with fees and approved by the Division for an extension. Only one extension for a maximum of an additional six months may be granted.
- 19. Violations of the forgoing conditions or the Mutual's Governing Documents (See http://www.lagunawoodsvillage.com, including, but not limited to, work outside the approved plans, excessive noise, illegal dumping, or working after hours, will result in disciplinary action, which could result in a stop work notice, loss of privileges and/or severe fines to the Owner Member. Such fines left unpaid will result in forfeiture of a portion or all of the Conformance Deposit required above or other legal remedy.
- 20. Mutual member shall indemnify, defend and hold harmless Third and its officers, directors, committee members and agents from and against any and all claims, demands, costs, fines, judgments, settlements and any other costs, expenses, amounts and liabilities arising from Mutual member's improvements and installation, construction, design and maintenance of same.
- 21. The Mutual Consent Applicant or agent must contact the Manor Alterations Division as soon as the project is complete and has received a Final City of Laguna Woods permit approval in order to arrange a final inspection for Mutual Consent.

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

- **11b. Landscape Committee Recommendations:**None
- 11c. Finance Committee Recommendations:
 Approval of Resolution to Record Lien against Member ID: 931-360-96

RESOLUTION 03-17-95 Recording of a Lien

WHEREAS, Member ID 931-360-96 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 19, 2017, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-360-96; and

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

Approve Filing of Separate Small Claims Court Case against Member ID: 931-370-39

RESOLUTION 03-17-96 Filing of Separate Small Claims Court Case

WHEREAS, the Finance Committee recommends filing separate Small Claims Court cases of \$2,500 (or less) in an attempt to collect delinquent assessments by way of a judgment or stipulation against members/owners in Third Laguna Hills Mutual; and

NOW THEREFORE BE IT RESOLVED, September 19, 2017, that the Board of Directors hereby approves the filing of a separate Small Claims Court case for Member ID 931-370-39; and

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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Julia Dahl 5515-2G asked the Board to pull the manor variance for 5515-1G from the consent calendar and send it back to the Committee for revisions. Her unit is above 5515-1G and she is worried about noise emanating from the air conditioning unit.

David Gilbert 5515-1G commented that he is willing to work with his neighbors to come to a resolution.

Directors Moldow and Soule responded to the comments on the air conditioning unit and suggested that the owner work with the neighbor on the noise problem.

Director Frankel made a motion to remove this item from the Consent Calendar. The motion failed due to the lack of a second.

11d. Entertain a Motion to Approve Parapet Wall Removal – Resolution

Resolution 03-17-108

Parapet Wall Removal

WHEREAS, On December 18, 2012, per Resolution 03-12-147, the Board implemented a reactive repair program for parapet walls atop the roofs of 40 Villa Paraisa & Casa Grande Type A buildings. The deterioration of these parapet walls were determined to be a major source of moisture intrusion into the buildings; and

WHEREAS, Staff has discovered a trend of moisture intrusion events in the Villa Paraisa & Casa Grande Type A buildings, due to the parapet wall design; and

WHEREAS, eliminating the parapet walls will eliminate the potential for future leaks which have been associated with the parapet walls roof to wall transition and wall cap; and

NOW THEREFORE BE IT RESOLVED, the Board of Directors of this Corporation hereby authorizes the first five (5) parapet removals at Buildings 5193, 5212, 5219, 5265, and 5312, at a cost of \$230,000 to be funded from the existing Replacement Reserve Fund – Building Structures; and

RESOLVED FURTHER, a phased proactive program to remove the parapet walls at the 35 remaining Villa Paraisa & Casa Grande buildings over the next 7 years has been add to the reserves plan; and

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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11e. Entertain a Motion to Approve a Supplemental Appropriation for \$10,500 from the Garden Villa Rec Room Fund for Garden Villa Rec Room Carpet Replacement - Resolution

Resolution 03-17-109

Epoxy Costs for Garden Villa Rec Room Floors

WHEREAS, the Board of Directors adopted Resolution M3-95-82 approving a fund name of Garden Villa Recreation Room Fund; and

WHEREAS, the purpose of this fund is to provide for all expenditures in the recreation rooms of the Garden Villa buildings (repairs, replacements and preventive maintenance), other than janitorial services and a few components that the Board has authorized as shared expenditures such as heat pumps; and

WHEREAS, each year staff performs an evaluation of all 53 Garden Villa Recreation Rooms to determine the condition of all interior components and aesthetics. The results of staff's evaluation are reviewed by the Garden Villa Recreation Room Sub-Committee to prioritize recommended improvements; and

WHEREAS, at the May 1, 2017 M&C Committee Meeting the Committee deferred Garden Villa Recreation Room carpet replacements and directed staff to research epoxy flooring and associated costs for buildings 3241, 3242 and 2401; and

WHEREAS, at the August 29, 2017 M&C Committee Meeting, the Committee decided to keep carpet as the flooring choice of recreation rooms; and

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of this Corporation hereby approves a supplemental appropriation in the amount of \$10,500 to be funded from the Garden Villa Recreation Room Fund for removal and replacement of the carpet in the Rec Rooms at 3241, 3242 and 2401; and

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

11f. Garden Villa Rec Room Renovations – Supplemental Appropriation for \$8.000 from the Garden Villa Rec Room Fund – Resolution

Resolution 03-17-110

Garden Villa Rec Room Renovations

WHEREAS, the Board of Directors adopted Resolution M3-95-82 approving a fund name of Garden Villa Recreation Room Fund; and

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WHEREAS, the purpose of this fund is to provide for all expenditures in the recreation rooms of the Garden Villa buildings (repairs, replacements and preventive maintenance), other than janitorial services and a few components that the Board has authorized as shared expenditures such as heat pumps; and

WHEREAS, each year staff performs an evaluation of all 53 Garden Villa Recreation Rooms to determine the condition of all interior components and aesthetics. The results of staff's evaluation are reviewed by the Garden Villa Recreation Room Sub-Committee to prioritize recommended improvements; and

WHEREAS, at the March 8, 2017 Garden Villa Rec Room Sub-Committee meeting, the suggested renovation budget was adopted in the amount of \$70,061; and

WHEREAS, upon further review of costs, it was determined that additional monies will be required in order to complete all scheduled work; and

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of this Corporation hereby approve a supplemental appropriation in the amount of \$8,000 to be funded from the Garden Villa Recreation Room Fund to complete scheduled renovation at various Garden Villa Recreation Rooms; and

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

Agenda

Director Moldow made a motion to approve the Consent Calendar as presented. The motion was seconded by Director Baum and passed by a vote of 8-1-0 (Director Frankel opposed).

12. UNFINISHED BUSINESS

12a. Entertain a Motion to Increase Assessment Late Charge from \$20 to \$60 - Resolution

Director Baum, Secretary of the Third Laguna Hill Board, read portions of the following resolution.

RESOLUTION 03-17-97

Late Charge for Assessments

WHEREAS, the Collection and Lien Enforcement Policy specifies a late charge in the amount of \$20 per month for delinquent assessments, an amount that has remained unchanged for many years; and

WHEREAS, the Mutual CC&Rs allow a late charge in the amount of \$10 or 10% of the delinquent assessment, whichever is greater; and

WHEREAS, the Finance Committee has recommended an increase in the late charge to sufficiently offset administrative costs required to process and review delinquencies;

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NOW THEREFORE BE IT RESOLVED, September 19, 2017, that the Board of Directors hereby approves an increase in the late charge for unpaid assessments from \$20 to \$60 per month; and

RESOLVED FURTHER, that the effective date of the new fee amount will be January 1, 2018; and

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

JULY initial 30-days notification requirement for Member comments and suggestions to comply with Civil Code §4360 has been satisfied.

Director Zalon spoke against the resolution fee.

Director Baum made a motion to increase Assessment Late Charge from \$20 to \$60. The motion was seconded by Director Parsons and passed by a vote of 8-1-0 (Director Zalon opposed).

12b. Entertain a Motion to Increase Lease Rush Fee from \$50 to \$100 - Resolution

Director Baum, Secretary of the Third Laguna Hill Board, read portions of the following resolution.

RESOLUTION 03-17-98 Fee for Rush Processing of Lease Applications

WHEREAS, the Board is obligated to manage, operate and maintain housing for its Mutual Members as set forth in the declarations of Covenants, Conditions, and Restrictions (CC&Rs); and

WHEREAS, the Board is obligated to review lease applications in accordance with its

Bylaws, CC&Rs and Operating Rules; and

WHEREAS, the new Lease Policy and related fees went into effect on July 1, 2017; and

WHEREAS, often due to various circumstances staff is asked to rush processing of a lease application and has not charged for this service in the past and the new fee of \$50 was determined by board members to be insufficient; and

NOW, THEREFORE BE IT RESOLVED, on September 19, 2017, that the Board of this

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Corporation hereby increases the Rush Processing Fee of Lease Applications from \$50 to \$100; and

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

JULY initial 30-days notification requirement for Member comments and suggestions to comply with Civil Code §4360 has been satisfied.

Director Baum made a motion to Increase Lease Rush Fee from \$50 to \$100. The motion was seconded by Director Moldow and passed unanimously.

12c. Entertain a Motion to Approve the Amendments to the Plug-In Electric Vehicles and Golf Cart Policies and Procedures - Resolution

Director Baum, Secretary of the Third Laguna Hill Board, read portions of the following resolution.

RESOLUTION 03-17-99 Plug In Electric Vehicles and Golf Cart Policy and Procedures

WHEREAS, the Board adopted an Electrical Vehicle Charging Policy for Plug In Electrical Vehicles (PEV) to utilize 120 Volt Outlets in the Common Areas; and

WHEREAS, Residents are required to pay an annual pro-rated usage fee for every PEV registered to any unit that does not have a private garage, or private charging stations; and

WHEREAS, a recommendation has been made to allow residents to "opt-out" by signing a waiver, if they don't plan on connecting to Mutual common area electricity; and

WHEREAS, in the interest of safety, residents found with unattended extension cords and/or golf cart chargers a minimum of six inches above the floor will be subject to fines; and

NOW THEREFORE BE IT RESOLVED, on September 19, 2017 that the following amendments are made to the VEHICLE, TRAFFIC, AND PARKING RULES, Section 7.13 through 16, Plug-In Electrical Vehicles and Golf Cart; and

7.13 PLUG IN ELECTRIC VEHICLES (PEV)

Non-resident PEVs are prohibited from connecting to common area outlets.

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Any PEV connected to a common area outlet without authorization may be disconnected and/or owner contacted by Security staff, in addition to the other enforcement actions allowed in these rules.

Owners of PEVs are solely responsible for the proper use and maintenance of their vehicle and any associated equipment used in charging the vehicle and may not make any unauthorized alterations to Mutual outlets, wiring, circuit breakers or electric service panels.

Resident Vehicles that are battery electric powered PEV's or Golf Carts may connect to Mutual common area electricity upon payment of the electrical use fee set by the Board.

Resident PEVs of other types (e.g. battery electric and plug-in hybrid vehicles) are allowed to connect to Mutual common area electricity upon payment of the electricity user fee set by the Mutual Board, and Resident must properly display a Mutual issued Electric Vehicle (EV) decal on the vehicle.

- An annual electricity usage flat fee of \$240 per year or \$20 per month may be prorated for every PEV registered to any MANOR that does not have a private garage per the requirements of the BOARD approved Alteration Standard Section 44 Electric Vehicle Charging Stations.
- Participating PEVs will be issued a Mutual authorized EV decal, affixed by staff to the exterior of the rearmost window in the lower corner furthest from the driver.
 - The EV decal is the property of Third Mutual and may be revoked upon expiration, withdrawal or termination from program, or non-compliance with these rules.



- The EV decal signifies the PEV is authorized to connect to outlets in the Third Mutual common area.
 - Connection to outlets controlled by GRF, United, or Mutual Fifty is prohibited, except for self-contained, fee-per-use charging stations.
 - Connection to an outlet metered at any individual MANOR is prohibited without the controlling RESIDENT'S express permission.
 - RESIDENTS may request to "opt-out" of the Mutual EV Decal program by submitting a signed waiver at Resident Services indicating they will not be

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using Mutual common area electric to charge their Plug-in Electric Vehicle (PEV), and that they understand the consequences (fines) if they violate the Mutual EV Decal policy.

7.14 FINES FOR UNPERMITTED PLUG-IN ELECTRIC VEHICLES FOUND USING MUTUTAL COMMON AREA ELECTRICITY

Fines for violation of §7.13, PEV, are as follows:

First Offense: \$240,Second Offense: \$480

• Each Subsequent Offense: \$480

7.15 UNATTENDED EXTENSION CORDS, BATTERY CHARGERS

In the interest of safety, unattended extension cords may not be used in Third for any purpose. All golf cart battery chargers must be elevated a minimum of six inches from the floor.

7.16 FINES FOR VIOLATIONS OF UNATTENEDED EXTENSION CORDS and BATTERY CHARGERS

Fines for violations of §7.15, Extension Cords and Golf Cart Battery Chargers is as follows:

First Offense: \$50Second Offense: \$100

Each Subsequent Offense: \$150

RESOLVED FURTHER, that Resolution 03-17-04 approved January 24, 2017; and Resolution 3-17-19 approved on February 21, 2017 is hereby superseded and canceled; and

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

JULY initial 30-days notification requirement for Member comments and suggestions to comply with Civil Code §4360 has been satisfied.

Director Moldow asked the Board to remove this resolution from the agenda and send it back to the M and C Committee for corrections.

Director Baum made a motion to have staff divide the two resolutions PEV and golf cart. The motion was seconded by Director Soule and passed unanimously.

12d. Entertain a Motion Amending Standard for Enclosing Common Atrium Wall to Require a Variance - Resolution

Director Baum, Secretary of the Third Laguna Hill Board, read portions of the following resolution.

RESOLUTION 03-17-100 Variance Requirement for Common Wall Enclosures of Atriums

WHEREAS Staff has encountered several complaints from members that experience view obstructions or encounter noise when a common wall atrium is enclosed; and

WHEREAS the existing policy allows such enclosure by standard staff review and little or no neighborhood outreach; and

WHEREAS the proposed policy would require the owners of Cordoba and Valencia style Manors to follow the Variance process and guidelines which would require more neighbor participation and review by the Architectural Standards and Control Committee; and

NOW THEREFORE BE IT RESOLVED, on September 19, 2017, the Board of Directors of this Corporation require that any future Atrium enclosures on Cordoba and Valencia style manors which share a common wall be approved by the Board; and

RESOLVED FURTHER, the Mutual continues to require a non-sleeping certificate from the City of Laguna Woods; and

RESOLVED FURTHER, the Mutual requires a Neighborhood Awareness Notice of Hearing on alterations at manor for variance applications; and

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

JULY initial 30-days notification requirement for Member comments and suggestions to comply with Civil Code §4360 has been satisfied.

Director Baum made a motion to approve a Policy requiring that a request for a Mutual Consent for Manor Alteration for common wall Atrium enclosures require a Variance and approval by the Board of Directors. The motion was seconded by Director Caine and passed unanimously.

12e. Entertain a Motion to suspend Cable/Internet in the Event of Disciplinary Action - Resolution

Secretary of the Board, Director Baum, read portions of the following resolution.

RESOLUTION 03-17-101
Suspension of Cable/Internet as a Disciplinary Action

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WHEREAS, the Golden Rain Foundation Corporation is an association formed to manage a common interest development under the Davis-Stirling Common Interest Development Act (Articles of Incorporation, Article XI);

WHEREAS, the purpose of the Golden Rain Foundation Corporation is to develop and maintain facilities and services (Bylaw 2.1.1), operate community facilities (Bylaw 2.1.2) and operate as a Common Interest Development in accordance with the Davis-Stirling Common Interest Development Act, in providing community facilities (Bylaw 2.1.3); and

WHEREAS, the Golden Rain Foundation Corporation has the power to adopt rules and regulations, including disciplinary procedures with regard to its Mutual Members and permitted and approved Qualifying Residents, Co-occupants, Tenants and their guests (Bylaw 2.2.3), and the authority to establish policy (Bylaw 2.3); and

WHEREAS, Cable television services for the Mutual Members, Qualifying Residents, Co-occupants, Tenants and their guests are provided by way of a contract between the Golden Rain Foundation Corporation and a cable provider ("Master Contract"), and then a bulk service contract between the Golden Rain Foundation Corporation and the Housing Mutuals, which consists of Laguna Woods Mutual No. Fifty, Third Laguna Hills Mutual and United Laguna Hills Mutual; and

WHEREAS, each of the Housing Mutuals' Bylaws empowers their respective Boards to manage and govern property, facilities and services, including the adoption of policies and rules (Laguna Woods Mutual No. Fifty Bylaws 2.1, 2.2 and 2.3; Third Laguna Hills Mutual Bylaws 2.1.3, 2.2.3 and 2.3; United Laguna Hills Mutual Bylaws 2.1, 2.2 and 2.3);

WHEREFORE, the Board of Directors acknowledges that cable television is a jointly administered amenity, of both the Housing Mutuals and the Golden Rain Foundation Corporation;

NOW THEREFORE, **BE IT RESOLVED**, September 19, 2017, that the Board of Directors of the Golden Rain Foundation Corporation, and the Board of Directors for each of the Housing Mutuals, each possess the power to take disciplinary action against their respective Mutual Members, including, but not limited to, the suspension of cable television and internet services;

RESOLVED FURTHER, it is within the sole authority of the Golden Rain Foundation to negotiate the terms of the Master Contract, including, but not limited to, pricing and programing;

RESOLVED FURTHER, it is the sole obligation of the Golden Rain Foundation to develop, maintain, operate, and/or repair the facilities necessary to provide cable television for the Mutual Members, Qualifying Residents, Co-occupants, Tenants and their guests;

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RESOLVED FURTHER, this resolution cancels and supersedes Resolution 90-06-110.

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

AUGUST initial 30-days notification requirement for Member comments and suggestions to comply with Civil Code §4360 has been satisfied.

Director Baum made a motion to approve the Resolution that gives Third Mutual the ability to Suspend Cable/Internet services as part of the Disciplinary Process. The motion was seconded by Director Moldow and passed unanimously.

12f. Entertain a Motion to Approve General Requirements for Alterations on Three Story Buildings with Mutual Solar Panels - Resolution

Secretary of the Board, Director Baum, read portions of the following resolution.

Resolution 03-17-102 Construction on 3-Story Buildings with Solar Panels

WHEREAS, manor owners from time to time have requested to install an alteration on the roof of a 3-story building, and

WHEREAS, the Architectural Control and Standards Committee recommends that procedures be established for all contractors working on 3-story buildings that contain Mutual owned Solar Panels on the roof; and

THEREFORE IT BE RESOLVED, on September 19, 2017, any proposed alteration to the roof of a 3-story building submitted to the Manor Alterations Division which has Mutual owned Solar Panels installed will require the contractor to supply site specific structural calculations, wet stamped by a licensed structural engineer confirming the structural adequacy of the roof structure to support any additional imposed loads or roof penetrations proposed with the alteration; and

RESOLVED FURTHER, no alteration can obstruct the operations of the Mutual Owned Solar Panels; and

RESOLVED FURTHER, no installation can accommodate access to the roof from the manor; and

RESOLVED FURTHER, contractors will be required to follow all State and Federal laws and regulations to assure the safety of the contractor(s) working on the roof of 3-story buildings, and will be required to follow CAL-OSHA rules and regulations, and

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RESOLVED FURTHER, all contractors will need approval by the Manor Alterations Division before any construction may begin. Once approved by the Manor Alterations Division, staff will assist the contractor to gain access to the roof of the building; and

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

AUGUST initial 30-days notification requirement for Member comments and suggestions to comply with Civil Code §4360 has been satisfied.

Director Baum made a motion to approve procedures for alterations on 3-story buildings with Mutual Photovoltaic (Solar) Panels. The motion was seconded by Director Frankel and passed by a vote of 8-0-1 (Director Moldow was absent for the vote).

12g. Entertain a Motion to Approve the 2018 Third Business Plan – Resolution

Secretary of the Board, Director Baum, read the following resolution.

RESOLUTION 03-17-103 2018 BUSINESS PLAN

RESOLVED, September 19, 2017, that the Business Plan of this Corporation for the year 2018 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 \$32,033,719 is required by the Corporation to meet the Third Laguna Hills Mutual operating expenses and reserve contributions for the year 2018. In addition, the sum of \$14,539,717 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 2018. Therefore, a total of \$46,573,436 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 \$13,161,207 of which \$10,955,137 is planned from the Replacement Fund, \$330,189 from the Elevator Replacement Fund, \$59,402 from the Laundry Replacement Fund, \$1,747,340 from the Disaster Fund, and \$69,139 from the Garden Villa Recreation Room Fund; and

RESOLVED FURTHER, that all sums paid into the Replacement Reserves shall be used for capital expenditures only and shall be credited on the books of account of the Corporation to Paid-In Surplus as a capital contribution; 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 2018 and as filed in the

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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 2018; and

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

Director Baum made a motion to approve the 2018 Business Plan. The motion was seconded by Director Moldow and passed unanimously.

12h. Entertain a Motion to Approve the 2018 Third Reserve Funding Plan - Resolution

Secretary of the Board, Director Baum, read the following resolution.

RESOLUTION 03-17-104 2018 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 19, 2017, that the Board has developed and hereby adopts the Replacement Reserves 30-Year Funding Plans (attached) with the objective of maintaining replacement reserve balances at or above established thresholds totaling \$8,050,000, while meeting its obligations to repair and/or replace major components; and

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

Director Baum made a motion to approve the 2018 Reserve Funding Plan. The motion was seconded by Director Parsons and passed unanimously.

12i. Entertain a Motion to Approve Amendments to the 2018 Collection and Lien Enforcement Policy – Resolution

Secretary of the Board, Director Baum, read portions of the following resolution.

RESOLUTION 03-17-105
2018 Collection & Lien Enforcement Policy

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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 recommends some clarifying language and the late charge is proposed to increase from a flat fee of \$20 to \$60 per month per delinquency, pursuant to Civil Code Section 5650(b) (2) which allows the association to recover a late charge not exceeding 10 percent of the delinquent assessment;

NOW THEREFORE BE IT RESOLVED, September 19, 2017, that the Board of Directors hereby adopts the 2018 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 <u>distributed to members</u> owners in November 2017 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 revisions, 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 30-days from the postponement to comply with Civil Code §4360.

Director Baum made a motion for approval of the 2018 Collection and Lien Enforcement Policy, to reflect wording changes from legal counsel and a late charge increase from \$20 to \$60 per month. The motion was seconded by Director Parsons and passed unanimously.

Director Carpenter made suggestions to send notification by certified mail.

Director Moldow asked staff to not use the word "shareholders" in the staff reports.

12j. Third Mutual Committee Appointments – Resolution

RESOLUTION 03-17-107

Mutual Committee Appointments

RESOLVED, September 19, 2017 that the following persons are hereby appointed to serve on the committees and services of this Corporation; and

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

Architectural Standards and Control Committee

Bert Moldow, Chair
John Frankel
Bill Walsh
Steve Parsons
Annette Sabol-Soule
Rosemarie diLorenzo Dickins, Alternate
Mike Butler, Voting Advisor
Roger Morris, Voting Advisor
Bob Hatch, Advisor

Governance Committee

Rosemarie diLorenzo Dickins, Chair James Tung Burt Baum Bert Moldow Bunny Carpenter, Alternate Steve Parsons, Alternate Annette Sabol-Soule Non-Voting Advisor: Kathleen Baum

Communications Committee

Burt Baum, Chair Susan Caine Bill Walsh Bunny Carpenter Non-Voting Advisor: Carol St. Hillaire

Energy and Technology Committee

Bill Walsh, Chair Bert Moldow, Co-Chair Burt Baum John Frankel Non-Voting Advisors: Steven Leonard, Leon St. Hilaire

Executive Hearing Committee

Rosemarie diLorenzo Dickins, Chair James Tung, Co-Chair Bunny Carpenter John Frankel Steve Parsons Jules Zalon, Alternate Third Laguna Hills Mutual
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Annette Sabol-Soule, Alternate

Finance (Committee of the Whole)

Steve Parsons, Chair Rosemarie diLorenzo Dickins, Vice Chair Non-Voting Advisors: Colin Johnston, John Hess, Wei-Ming Tao

Garden Villa Recreation Room Subcommittee

Bert Moldow, Chair Rosemarie diLorenzo Dickins, Alternate Voting Advisors: Lynn Jarrett, Sharon Molineri, Stuart Hack

Laguna Woods Village Traffic Hearings

John Frankel Jules Zalon Susan Caine, Alternate

Landscape

James Tung, Chair Bunny Carpenter – Vice Chair John Frankel Susan Caine Non-Voting Advisors: John DudleyBob Figeira, **Violet Lawrence**

Maintenance and Construction (Committee of the Whole)

Bert Moldow, Chair John Frankel, Vice Chair Non-Voting Advisors: Marty Lopata, *Steve Leonard*

Meet and Confer & Resident Problem Resolution

Rosemarie diLorenzo Dickins James Tung Burt Baum

New Resident Orientation

Per Rotation List

Water Conservation Committee

James Tung, Chair John Frankel Jules Zalon

Third Mutual Earthquake Task Force

Steve Parsons, Chair John Frankel Burt Baum Third Laguna Hills Mutual Minutes of the Regular Open Meeting of the Board of Directors Page 34 of 45

Colin Johnston
Dan Yost
Steve Leonard
Roger Morris
James Tung
David Southerland
Tim Moy, Advisor
Randy Scott, (Garden Villas) Advisor
Ralph Beck (registered geologist), Advisor
Margaret Vinci (Cal-Tech), Advisor

Third Mutual Parking Task Force

John Frankel, Chair Bert Moldow Bunny Carpenter Bill Walsh Annette Sabol-Soule

Third Mutual Resident Policy and Compliance Task Force

Burt Baum, Chair Rosemarie diLorenzo Dickins Bert Moldow Bunny Carpenter Steve Parsons, Alternate Stuart Hack, Advisor Marty Lopata, Advisor

Third Mutual Dry Rot Task Force

John Frankel, Chair Bunny Carpenter Bert Moldow Burt Baum Steve Parsons

Third Mutual Projects Task Force

Rosemarie diLorenzo Dickins, *Chair*Bert Moldow, Chair
Bunny Carpenter
John Frankel

GV Golf Cart Parking Task Force

Annette Sabol Soule, Chair Bill Walsh Bert Moldow Randy Scott Carolyn Oft Third Laguna Hills Mutual
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Marty Lopata Ed Tao Jeffrey Wu

RESOLVED FURTHER, that Resolution 03-17-26, adopted August 15, 2017 is hereby superseded and canceled; and

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

Director Parsons made a motion to approve updates and additions to the committee assignments. The motion was seconded by Director Tung and passed unanimously.

13. NEW BUSINESS

13a. Entertain a Motion to Approve Manor Alteration Conditions (initial notification – Postpone 30-days for Member comments and suggestions to conform to the notification requirement)

Secretary of the Board, Burt Baum, read the following resolution.

Resolution 03-17-XX Standard Manor Alteration Conditions

WHEREAS, staff has experienced several issues with manor alterations including illegal dumping in Village dumpsters, excessive noise and smoking by contractors, parking in resident spaces by contractors, damage to mutual property during construction, and working after hours; and

WHEREAS, the standard Manor Alteration Conditions impose requirements, in order to project protect the Mutual and neighbors, on members who wish to conduct alterations; and

NOW THEREFORE BE IT RESOLVED, September 19 2017, as part of the Conditions of Approval a Conformance Deposit (Good Faith Deposit) is being required; and

RESOLVED FURTHER, a Conformance Deposit will be held to assure no damages to Mutual property occurs during construction, including, but not limited to, internet/TV, landscaping, or exterior walls/roof; and

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 revisions, 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

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to the next available Board Meeting no less than 30-days from the postponement to comply with Civil Code §4360.

Director Baum made a motion to accept the Standard Manor Alteration Conditions for the Manor Alteration Division. The motion was seconded by Director Tung and passed unanimously.

13b. Entertain a Motion to Approve Manor Alteration Conformance Deposit Fee - Resolution (initial notification - Postpone 30-days for Member comments and suggestions to conform to the notification requirement)

Secretary of the Board, Burt Baum, read the following resolution.

RESOLUTION 03-17-XXX

Proposed Conformance Deposit

WHEREAS, in order to partially offset Mutual costs associated with Contractors and residents performing alterations that damage Mutual Property or violate Mutual Policies such as disposing of construction debris in Mutual dumpsters; and

WHEREAS, the Mutual currently does not require any conformance deposit fee capture; and

NOW THEREFORE BE IT RESOLVED, the fee will be required for all Construction with a value of \$500 or greater and will be refundable given that the contractor or resident performing the alterations conform to all Mutual rules and Standards and causes no damage to the Mutual properties; and

NOW THEREFORE BE IT RESOLVED, that in order to partially further offset Mutual costs associated with Contractors and residents performing alterations to their manor, the Board of Directors of this Corporation hereby sets the Conformance Deposit fee at \$250; and

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 revisions, 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 30-days from the postponement to comply with Civil Code §4360.

Director Baum made a motion to approve the resolution for a refundable Conformance Deposit in the amount of \$250 for alteration projects valued over \$500. The motion was seconded by Director Parsons and passed unanimously.

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Director Moldow made a motion to amend the resolution to include the following to the end of paragraph 3: "and causes no damage to the Mutual properties". The motion was seconded by Director Soule and passed unanimously.

13c. Entertain a Motion to Approve an Increase in Manor Alteration Processing Fees – Resolution (initial notification - Postpone 30-days for Member comments and suggestions to conform to the notification requirement)

Secretary of the Board, Burt Baum, read the following resolution.

RESOLUTION 03-17-XX

Proposed Variance Process Fee Policy

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

WHEREAS, in order to offset administrative costs associated with processing variance requests, which is often followed by multiple resubmittals, and can be followed by an appeal to the Board as mandated in accordance with Resolution 03-13-105; and

WHEREAS, the Mutual currently charges a \$10 fee for a Mutual Consent and a \$100 fee for a Variance, to offset administrative costs associated with processing these requests; and

WHEREAS, the Board realizes that the current fee does not appropriately cover staff time;

NOW THEREFORE BE IT RESOLVED, on October 17, 2017, that in order to come closer to partially offsetting administrative costs associated with processing variance requests, which is often followed by multiple resubmittals, and can be followed by an appeal to the Board as mandated in accordance with Resolution 03-13-105, the Board of Directors of this Corporation hereby sets the Mutual Consent request processing fee at \$35 and the variance request processing fee at \$150; and

RESOLVED FURTHER, that Resolution 03-15-44 adopted April 21, 2015, 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 this resolution.

SEPTEMBER Initial Notification

Should the Board endorse the proposed revisions, 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

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to the next available Board Meeting no less than 30-days from the postponement to comply with Civil Code §4360.

Director Baum made a motion to accept the resolution for an increase in manor alteration processing fees. The motion was seconded by Director Moldow and passed by a vote of 8-0-1. (Director Zalon abstained)

14. Committee Reports

14a. Report of the Finance Committee/Financial Report

Director Parsons, reported from the Finance Committee, gave updates on Third Mutual financial, delinquencies and commented on the Resale Activities Report. Next meeting will be October 3, 2017, at 1:30 p.m. in the Sycamore Room.

14b. Report of the Architectural Control and Standards Committee

Director Moldow reported from the Architectural Control and Standards Committee. The next meeting will be September 25, 2017, at 11:30 a.m. in the Sycamore Room.

14c. Report of the Maintenance & Construction Committee

Director Moldow reported from the Maintenance and Construction Committee. The next meeting will be November 6, 2017, at 1:00 p.m. in the Board Room.

14d. Report of Landscape Committee

Director Carpenter reported from the Landscape Committee. Next meeting will be November 2, 2017, at 9:00 a.m. in the Sycamore Room.

14e. Report of the Laguna Woods Village Traffic Hearings

Director Frankel reported from the Laguna Woods Village Traffic Hearings. Next Hearing will be September 20, 2017, at 9:00 a.m. and 1:00 p.m. in the Board Room.

14f. Report of the Communications Committee

Director Baum reported from the Communications Committee. Next meeting will be October 23, 2017, at 1:30 p.m. in the Willow Room.

14g. Report of the Energy and Technology Committee

Director Walsh reported from the Energy and Technology Committee. The next meeting will be October 3, 2017, at 10:00 a.m. in the Cypress Room.

14h. Report of the Water Committee

Director Tung reported from the Water Committee.

14i. Report of the Resident Policy and Compliance Task Force

Director Baum reported from the Resident Policy and Compliance Task Force and announced the next meeting on September 25, 2017 at 1:30 p.m. in the Willow room.

15. GRF COMMITTEE HIGHLIGHTS

Members reported on the following GRF Committees.

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- **15a.** Community Activities Committee Next meeting will be October 9, 2017, at 2:00 p.m. in the Board Room.
- **15b. Finance Committee** Next meeting will be October 25, 2017, at 1:30 p.m. in the Board Room.
- **15c.** Landscape Committee Next meeting will be September 21, 2017, at 9:00 a.m. in the Cypress Room.
- **15d. Maintenance & Construction Committee** Next meeting will be November 22, 2017, at 1:00 p.m. in the Board Room.
- **15e. Media and Communications Committee** Next meeting will be October 16, 2017, at 1:30 p.m. in the Board Room.
- **15f. Mobility & Vehicles Committee** Next meeting will be October 2, 2017, at 1:30 p.m. in the Board Room.
- **15g. Security and Community Access Committee** Next meeting will be October 26, 2017, at 1:30 p.m. in the Board Room.

16. FUTURE AGENDA ITEMS

16a. Standard for Trellis Removal

17. DIRECTORS' COMMENTS

There were no Director comments.

18. RECESS

The Board recessed at 12:38 p.m. and reconvened into Executive Session at 1:38 p.m.

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

During the August 15, 2017, – Regular Executive Session Board Meeting, the Board approved the minutes of the July 18, 2017 Regular Executive Session; approved one Write-off and one Notice of Sale; heard three Appeal Hearing; discussed other Member Disciplinary matters; discussed leasing matters; discussed Member Delinquency matters; discussed Personnel matters; and discussed Litigation matters.

During the August 25, 2017, Executive Hearing Committee meeting the Committee held five member Disciplinary Hearings; and two Common Area Damage Reimbursement Hearings.

19. ADJOURNMENT

With no further business before the Board of Directors, the meeting was adjourned at 5:12 PM.

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Burt Baum, Secretary

Third Laguna Hills Mutual



YEAR 2018 COLLECTION AND LIEN ENFORCEMENT POLICY AND PROCEDURES FOR ASSESSMENT DELINQUENCIES

PURPOSE STATEMENT

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

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

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

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, POSSIBLE RESULTANT LEGAL ACTION, AND 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.

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

In accordance with the Mutual's governing documents (including, without limitation, the Articles of Incorporation, the Bylaws, the recorded CC&Rs, rules and regulations and the California Civil Code), to ensure the prompt payment of monthly assessments, the Mutual employs the following collection and lien enforcement procedures. Also following, pursuant to Paragraphs 4, 6, and 7 are Third collection policies and procedures for the collection of 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) are due and payable to the Mutual, in advance, in equal monthly installments, on the first 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 of Directors in the notice imposing the special assessment or in the ballot presenting the special assessment to the Members for approval. In no event shall a special assessment be due and payable earlier than thirty (30) days after the special assessment is duly imposed.

2. Reminder Notice

If the current monthly 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 sent to the Member.

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

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

This 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 behalf, and remitted to the Mutual's managing agent, or may be directly collected by the Mutual's managing agent.

4. Late Charge

IT IS THE MEMBER'S RESPONSIBILITY TO ALLOW AMPLE TIME TO DROP OFF OR MAIL ALL PAYMENTS SO THAT THEY ARE RECEIVED BEFORE THE DELINQUENCY DATE. All notices or invoices for assessments will be sent to Members by first-class mail addressed to the Member at his or her 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, <u>pursuant to Civil Code section 4041</u>.

A late payment charge for a delinquent assessment will be assessed in the amount of Twenty Dollars (\$60.00) and will be imposed 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 delinquent assessment and the late charge, and accordingly interest may be imposed thirty (30) days after the assessment is due, at an annual percentage rate of ten percent (10%) 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 to the Mutual's legal counsel for further handling. Non-assessment fines, fees, and chargeable services are also subject to a late fee and interest, in an amount determined by Board resolution.

5. Demand Letter (aka Pre-Lien Letter)

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 Reminder Notice, a Demand Letter (also known as a Pre-Lien Letter under California Civil Code sections 5650-5660) will be sent to the Member by Certified Mail. The Mutual, through its managing agent, will also attempt to contact the Member by telephone to remind the Member of the delinquency and determine when payment will be made. However, no assurances can be given that the Mutual will in fact reach the Member by telephone, and the Member is responsible to pay off the delinquency whether or not a telephone reminder is actually received by the Member.

6. Alternate Means to Collect Delinquent Sums

If full payment of the delinquent amount (such as a duly levied and imposed assessment, fine, fee, or chargeable service including associated late fees and interest) is not received by the close of business on the thirtieth (30th) day after the date of the Demand Letter, the Mutual may, at its option, and based on the circumstances of the delinquency, including but not limited to, the total delinquent amount owing and the Member's payment history, undertake to collect the delinquency by: (1) suspending a Member's right (and that of the Resident or Tenant of that Member's Condominium Unit) to use Mutual or GRF facilities; (2) termination of the delinquent Member's Membership in the Mutual as a result of any foreclosure, (3) legal actions, discussed further below, or (4) other means permitted by law.

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, a late charge, and/or the Administrative Collection Fee, as may have been imposed or incurred in a particular instance. Failure to pay the assessments or failure to pay interest, a late fee, and/or the Administrative Collection Fee may also result in suspension of Membership in 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. THESE ACTIONS MAY BE TAKEN SEPARATELY OR CONCURRENTLY.

Deleted: 20

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. Lien

The Mutual may secure the delinquency by recording a lien on the owner's separate interest with the county recorder of the county in which the separate interest is located. The debt shall be a lien on the owner's separate interest in the development from and after the time the Mutual records a notice of delinquent assessment, which shall state: the amount of the assessment and other sums imposed in accordance with subdivision (b) of Section 5650; a legal description of the owner's separate interest in the common interest development against which the assessment and other sums are levied; and the name of the record owner of the separate interest in the common interest development against which the lien is imposed.

The itemized statement of the charges owed by the owner described in subdivision (b) of Section 5660 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, inclusive, the notice of delinquent assessment shall state the name and address of the trustee authorized by the association to enforce the lien by sale. The notice of delinquent assessment shall be signed by the person designated in the declaration or by the association for that purpose, or if no one is designated, by the president of the association. A copy of the recorded notice of delinquent assessment shall be mailed by certified mail to every person whose name is shown as an owner of the separate interest in the association's records, and the notice shall be mailed no later than ten (10) calendar days after recordation.

9. Foreclosure/ADR

After the expiration of thirty (30) days following the recording of a lien created pursuant to Section 5675, the lien may be enforced in any manner permitted by law. Once the amount of delinquent assessments (not including any 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.

10. Board Decision to Initiate Foreclosure

Another condition is that the decision to initiate foreclosure of a lien for delinquent assessments that has been validly recorded shall be made <u>only</u> 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 must provide notice by personal service to an owner of a separate interest 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 address shown on the books of the Mutual. In the absence of written notification by a non-occupying owner to the Mutual, the address of the owner's separate interest may be treated as the owner's mailing address.

11. Non-Judicial Foreclosure/Right of Redemption

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

12. 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 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 Notice of Delinquent Assessment 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.

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

If the Member elects not to proceed with dispute resolution or any type of ADR, then 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.

This certified Pre-Lien Notice from the Mutual must include the following information (per California Civil Code Section 5660):

- (a) A general description of the collection and lien enforcement procedures of the association and the method of calculation of the amount, a statement that the owner of the separate interest 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 separate interest, 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.

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 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 separate interest, 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 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.

15. Payment Plan Requests

Any Member who is unable to timely pay regular or special assessments is entitled to make a written request for a payment plan to the Mutual's Board. A Member may also request to meet with the Board in executive session to discuss a payment plan if the payment plan request is mailed within fifteen (15) days of the postmark date of the Demand Letter (i.e., the Pre-Lien Letter). 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 separate interest 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.

Also, Civil Code section 5965 requires the Mutual to include the following statement 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 new statutory minimum as to the delinquent amount or duration of the delinquency had been met, a proceeding may be commenced to foreclose the lien against the Member's Manor and sell the Member's Manor at a private sale or by a judicial sale. If this occurs, the Member may lose his or her Manor.

16. Application of Payments

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

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 an association has recorded a lien for a delinquent assessment in error, the association shall promptly reverse all late charges, fees, interest, attorney's fees, costs of collection, costs imposed for the notice prescribed in Section 5660, and costs of recordation 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.

17. Secondary Address

Members have a right <u>and obligation</u> to identify in writing to the Mutual a secondary address for purposes of collection notices delivered pursuant to <u>the Mutual's Annual Policy Statement</u>, and upon receipt of a <u>proper</u> written request from a Member identifying a secondary address <u>that complies with Civil Code section 4041 and the Governing Documents</u>, the Mutual must send additional notices to this

Deleted: 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.

18. 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.

19. 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.

20. Charges and Fees Subject to Change

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

21. Overnight Payments

The mailing address for overnight payment of assessments is: Third Laguna Hills Mutual, Attn: Assessment Payments, 24351 El Toro Road, Laguna Woods, CA 92637.

22. Rights Reserved by Mutual

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

23. Attachments

The Notice of Assessments and Foreclosure required by Civil Code Section 5730 is contained in Attachment "A" to this Policy.

The disclosures required by the State Rosenthal Fair Debt Collection Practices Act and the Federal Fair Debt Collection Practices Act are contained in Attachment "B" to this Policy.

BOARD OF DIRECTORS

THIRD LAGUNA HILLS MUTUAL

ATTACHMENT "A" NOTICE OF ASSESSMENTS AND FORECLOSURE

The following notice is provided pursuant to 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 Civil Code Section 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."