



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

**Tuesday, September 17, 2019 - 9:30 a.m.
Laguna Woods Village Community Center Board Room 24351 El Toro Road,
Laguna Woods, California**

Directors Present: Rosemarie diLorenzo, Steve Parsons, Jon Pearlstone, John Frankel, Lynn Jarrett, Reza Karimi, Annie McCary and Cush Bhada (arrived late)

Directors Absent: Bunny Carpenter

Staff Present: Jeff Parker, CEO, Siobhan Foster, Eileen Paulin and Cheryl Silva

Others Present: Wei-Ming Tao (VMS), Raquel Unger (VMS), Ralph Engdahl (VMS)
Bert Moldow (GRF)

1. Call meeting to order / Establish Quorum

Rosemarie diLorenzo, 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 9:30 a.m.

2. Pledge of Allegiance

Director McCary led the Membership in the Pledge of Allegiance.

3. Acknowledge Media

President diLorenzo acknowledged the presence of the media.

4. Approval of Agenda

Director McCary made a motion to approve the agenda as presented. Director Parsons seconded the motion.

President diLorenzo called for the vote, and the motion passed unanimously.

5. Approval of Minutes

- a. August 8, 2019 – Special Open Meeting (2020 Budget)
- b. August 8, 2019 – Special Open Meeting (LED Pilot Presentation)
- c. August 20, 2019 – Regular Open Meeting

d. August 23, 2019 – Special Open Meeting (Meet the Candidates)

Director McCary made a motion to approve the August 8, 2019—Special Open Meeting (2020 Budget), August 8, 2019—Special Open Meeting (LED Pilot Presentation), August 20, 2019—Regular Open Meeting and August 23, 2019, Special Open Meeting (Meet the Candidates) minutes, as presented. Director Parsons seconded the motion.

President diLorenzo called for the vote, and the motion passed unanimously.

Director Bhada arrived at 10:00 a.m.

6. Report of the Chair

President diLorenzo announced that Roy Bruninghaus has resigned from the Third Board because he is moving out of the community. She announced that Director Jarrett will be the Acting Secretary. There will be a Year-End Review presentation at the Annual meeting. She reminded Members to please vote! Even though we have four candidates running for four vacancies, we still need a quorum to finalize the election according to the Civil Code. Residents are invited to attend tabulation meeting when the ballots will be counted on September 27, 2019, at 9:00 a.m.

7. Open Forum

Several Members spoke about various issues:

- A Member commented about the Laguna Woods Foundation and the benefits of the Foundation. The Foundation will transport residents to the South County Food Pantry. Residents are encouraged to donate food to the Food Pantry;
- A Member commented about careless drivers and disoriented members. She thanked the Third Board for following the Davis-Stirling Act;
- A Member asked about landscape design for the landscape turf reduction and landscape modernization project;
- A Member commented about the street light proposal.

8. Responses to Open Forum Speakers

Board Members responded to the Members' concerns and requests:

- Director Jarrett responded about the landscape turf reduction and landscape modernization project timeline;
- President diLorenzo responded about the street lighting project and the pilot program;
- Director Parsons, Bhada and Karimi responded about the street lighting project and contract;
- Jeff Parker, CEO, responded about the street lighting contract.

9. CEO Report

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

- Election Acclamation SB754 Legislation has passed through the House and Senate and the bill is on the Governor's Desk to sign;

- Staff meeting regarding resident services calls, the need for a call center and customer service was held last week;
- Guide for moisture intrusion will be developed for the residents;
- Thanked the Board for their work on the 2020 Budget;
- Garden Villa Association Meeting was held last week and he is moving ahead with some of their suggestions;
- Assemblywoman Cottie Petrie-Norris will hold a free Senior Scam Stopper seminar will be held Thursday, September 19, from 10 a.m. to noon at the Performing Arts Center;
- Patrons of Clubhouse 4 should be prepared for increased noise and activity, however, Pool 4 will remain open during the work;
- Security and Maintenance Divisions will continue working on updating the security system for Gate 11;
- Landscaping Division staff will be out in the community to pick up garden clippings on Fridays;
- Come join the excitement at the Club Rooms at Village Greens 19 Restaurant and Lounge now to December for Monday Night Football.
- Eileen Paulin, Marketing and Communications Director addressed the trash communications project;

10. Consent Calendar

10a. Architectural Controls and Standards Committee Recommendations:

- (1) Recommendation to Approve Request to Raise Living/Dining Room and Bedroom Ceiling above Existing Structural Members and Replace Materials to Accommodate Solar Panel Installation – 3456-B (Andaluz, P43)

RESOLUTION 03-19-90 **VARIANCE REQUEST**

WHEREAS, Mr. Timothy Cooper/Mrs. Susan Smallwood of 3456-B Bahia Blanca W, an Andaluz style unit, is requesting Board approval of a variance to raise living/dining room and bedroom ceiling above existing structural members and replace roofing materials to accommodate solar panel installation; and,

WHEREAS, a Neighborhood Awareness Notice was sent to Owners of affected units on August 12, 2019, notifying them that an application to make an alteration to a neighboring unit had been made and that comments or objections could be made in writing to the Architectural Controls and Standards Committee or in person at the Architectural Controls and Standards Committee Meeting on August 26, 2019.

NOW THEREFORE BE IT RESOLVED, on September 17, 2019, the Board of Directors hereby approves the request to raise living/dining room and bedroom ceiling above existing structural members and replace roofing materials to accommodate solar panel installation;

RESOLVED FURTHER, 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 3456-B and all future Mutual members at 3456-B.

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

10b. Landscape Committee Recommendations:

- (1) Recommendation to Approve Tree Removal Request: 4024-A Calle Sonora Este (Newman) – One Carrotwood tree, since tree's proximity to unit does not allow for root trenching to prevent encroachment into infrastructure

RESOLUTION 03-19-91
TREE REMOVAL REQUEST

WHEREAS, September 20, 2011, that the Board of Directors adopted Resolution 03-11-149, Tree Removal Guidelines:

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

WHEREAS, on September 5, 2019, the Landscape Committee reviewed a request for a tree removal of one Carrotwood tree. The request was received from the Member at 4024-A, who cited the reasons as litter and debris, and structural damage and;

WHEREAS, the Committee recommended approving the request for the removal of one Carrotwood tree located at 4024-A Calle Sonora Este given the fact that the tree's proximity to the manor will not allow for root trenching to prevent encroachment on the infrastructure.

NOW THEREFORE BE IT RESOLVED, September 17, 2019, the Board of Directors approves the request for the removal of one Carrotwood tree located at 4024-A;

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

10b. Finance Committee Recommendations:

- (1) Recommendation to Approve a Resolution to Record Lien against Member ID# 933-620-08

RESOLUTION 03-19-92
RECORDING OF A LIEN

WHEREAS, Member ID 933-620-08; 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 17, 2019, that the Board of Directors hereby approves the recording of a Lien for Member ID 933-620-08 and;

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

- 10c.** Consistent with its statutory obligations the Board members individually reviewed Third Laguna Hills Mutual financials for the month of July 2019, and by this vote ratify that such review be confirmed in this month's Board Member Open Session Meeting minutes per Civil Code §5501.

Director Parsons made a motion to approve the consent calendar as presented. Director Bhada seconded the motion, and it passed unanimously.

11. Unfinished Business

- 11a.** Entertain a Motion to Adopt a Resolution for a Co-Occupancy Policy

Director Jarrett presented a summary of the following resolution:

RESOLUTION 03-19-xx
CO-OCCUPANCY POLICY

WHEREAS, the Board of Directors (the "Board") of Third Laguna Hills Mutual ("Third") held a meeting on September 17, 2019, at which a quorum of the Board was present;

WHEREAS, Third is an independent-lifestyle and age-restricted senior citizen community, as defined by California Civil Code §51.3; no form of healthcare or assisted living is provided by Third; and each resident is responsible for his/her own health, safety, care and welfare;

WHEREAS, authorization for co-occupancy of any manor by a Member is effective only when approved in writing by Third and issued in writing by an authorized VMS staff member(s);

WHEREAS, Third and Member(s) have the right to terminate the Co-Occupant status of an approved Co-Occupant of the Member's manor at any time, without cause; however, Civil Code §51.3 may be interpreted to inhibit this right of termination under certain circumstances;

WHEREAS, in order to be approved for co-occupancy, the Member(s) and Co-occupant cannot have a landlord-tenant relationship during the duration of the Co-occupancy;

WHEREAS, pursuant to any co-occupancy approved by Third, both Member(s) and Co- occupant will reside in the Unit, and when necessary, the Board reserves the right to require proof of residency;

WHEREAS, in accordance with Third's governing documents, including without limitation, Declarations of Covenants, Conditions, and Restrictions, Bylaws and Operating Rules (collectively, the "Governing Documents"), Member(s) shall be responsible for the conduct and deportment of the Co-occupant of Member's manor;

WHEREAS, Third is authorized to take disciplinary action against a Member(s) whose dwelling may be found in violation of the Governing Documents. When a complaint is lodged regarding the occurrence of a violation, the Board has a fiduciary duty to investigate and impose disciplinary action or take other enforcement action, as may be appropriate, as set forth in the Governing Documents;

WHEREAS, this Co-Occupancy Policy itemizes, consolidates and clarifies the procedures and requirements for authorization of a Co-Occupant to reside in a Member's manor, including the administrative handling of Co-occupancy applications;

NOW THEREFORE BE IT RESOLVED, xxx, 2019, the Board of Directors of Third hereby adopts the Co-Occupancy Policy as attached to the official minutes of this meeting; and

RESOLVE FURTHER, that this policy supersedes all existing Co-Occupancy documents and procedures to the extent such documents or

procedures contradict the Co-Occupancy Policy, except as required by law, and shall be put into effect immediately; 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 Notification

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

Director Jarrett made a motion to postpone approval of a resolution for a Co-Occupancy Policy. Director McCary seconded the motion.

Discussion ensued among the Directors.

President diLorenzo called for the vote and the motion passed unanimously.

11b. Entertain a Motion to Adopt a Resolution to Revise the Lease Policy

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-19-93
LEASE POLICY CLARIFICATION

WHEREAS, the Board of Directors (the "Board") of Third Laguna Hills Mutual ("Third") held a meeting on September 17, 2019, at which a quorum of the Board was present;

WHEREAS, the Board is obligated to manage and enforce the residency requirements for Members and other residents and tenants as set forth in the Third's governing documents, including without limitation the Declarations of Covenants, Conditions, and Restrictions ("CC&Rs"), Bylaws and Operating Rules; and

WHEREAS, pursuant to its duties under Third's governing documents, the Board is obligated to review lease applications for prospective leases between Members and their proposed tenants and any amendments, extensions or renewals thereof in accordance with the provisions of the Bylaws, CC&Rs and Operating Rules;

WHEREAS, the Board previously adopted a revised Lease Policy by Resolution 03-19- 51 which clarified the restrictions relating to the leasing of manors in Third;

WHEREAS, it has come to the Board's attention that some Members are requesting to apply for a Lease Authorization Amendment due to unforeseen circumstances not related to rent sharing arrangements; and

WHEREAS, the Board has determined that it would be in the best interest of Third to modify some of the restrictions in the Lease Policy to clarify what leasing practices are not permitted and to prevent abuse by Members and Lessees of the authorization procedures to engage in leasing activities that are otherwise restricted by Third's governing documents;

NOW, THEREFORE BE IT RESOLVED, on September 17, 2019, that the Board of Third hereby approves and adopts the revised Lease Policy; as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Third's managing agent is hereby directed to disseminate this information to the realty community serving Laguna Woods Village and Laguna Woods; and

RESOLVED FURTHER, that this revised Lease Policy supersedes all existing leasing policies and shall be put into effect September 17, 2019; 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 Notification
28-day notification for Member review and comment to comply with Civil Code §4360 has been satisfied.

Director Jarrett made a motion to adopt a resolution to revise the lease policy. Director Parsons seconded the motion.

Discussion ensued among the Directors.

President diLorenzo called for the vote and the motion passed unanimously.

11c. Entertain a Motion to Adopt a Resolution Prohibiting All New Planting of Fruit Trees and Vegetables in Common Area

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-19-94
FRUIT TREE AND VEGETABLES POLICY

WHEREAS, fruit trees in the Common Area were planted by or at the request of Members as part of the discontinued "Yellow Stake" program;

WHEREAS, fruit trees are not maintained or trimmed by the Mutual and are the responsibility of the Member to maintain;

WHEREAS, the maintenance of fruit trees is passed on to new Members with the purchase of the residence;

WHEREAS, fruit trees and vegetable gardens are a known attractant and food source for wildlife and rodents, and unmaintained fruit trees exacerbate the problem and;

WHEREAS, two Garden Centers have been provided by the Golden Rain Foundation for the purpose of providing a place for residents to grow tomatoes or other crops.

WHEREAS, there has been a consistent increase in rodent activity over the past six years.

NOW THEREFORE BE IT RESOLVED, on September 17, 2019, that the Board of Directors of this Corporation hereby prohibits the planting of any fruit trees in Common Area and requires Members to maintain existing fruit trees on Common Area and in Exclusive Use Common Areas;

RESOLVED FURTHER, the planting of vegetables in Common Area is prohibited;

RESOLVED FURTHER, to maintain the health and safety of the Members, fruit trees found to be unmaintained will be removed, with notice, by the Mutual.;

RESOLVED FURTHER, existing fruit trees in Common Area are to be removed in the resale process;

RESOLVED FURTHER, Resolution 03-11-30, revised March 15, 2011, and Resolution M3-84-122, revised November 15, 1984, are hereby superseded in their entirety and no longer in effect;

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 Notification

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

Director Jarrett made a motion to adopt a resolution prohibiting all new planting of fruit trees and vegetables in common area. Director Karimi seconded the motion.

Discussion ensued among the Directors.

President diLorenzo called for the vote and the motion passed unanimously.

11d. Entertain a Motion to Adopt a Resolution to Revise Alteration Standard 41: Solar Panels, 1-Story Buildings

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-19-95
ALTERATION STANDARD 21: SOLAR PANELS, 1-STORY BUILDINGS

WHEREAS, the Architectural Controls and Standards Committee (ACSC) recognizes the need to amend Alteration Standards and create new Alteration Standards as necessary; and

WHEREAS, the Architectural Controls and Standards Committee recognizes the need to revise Alteration Standard 41: Solar Panels, 1 Story Buildings and,

NOW THEREFORE BE IT RESOLVED, September 17, 2019, that the Board of Directors of this Corporation hereby adopts Alteration Standard 41: Solar Panels, 1 Story Buildings as attached to the official meeting minutes;

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.

AUGUST Initial Notification
28-day notification for Member review and comment to comply with Civil Code §4360 has been satisfied.

Director Jarrett made a motion to adopt a resolution to revise alteration standard 21: solar panels, 1-story buildings. Director Parsons seconded the motion.

Discussion ensued among the Directors.

President diLorenzo called for the vote and the motion passed unanimously.

11e. Entertain a Motion to Approve the 2020 Collection and Lien Enforcement Policy

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-19-96
2020 COLLECTION AND LIEN ENFORCEMENT POLICY

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

WHEREAS, the Finance Committee reviewed the updated 2020 Collection and Lien Enforcement Policy, including an increase in the delinquent interest charge from 10 to 12%;

WHEREAS, the Finance Committee requested that staff verify with Third's legal counsel that any and all language associated with the new appeals policy, currently on 28-day notice, be included as necessary;

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

NOW THEREFORE BE IT RESOLVED, September 17, 2019, that the Board of Directors hereby adopts the 2020 Third Laguna Hills Mutual Collection and Lien Enforcement Policy as attached to the official minutes of this meeting; and

RESOLVED FURTHER, the policy statement is provided pursuant to the requirements of California Civil Code section 5310(a)(7) and will be distributed to members in November 2019 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.

AUGUST Initial Notification

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

Director Jarrett made a motion to approve a resolution for the 2020 Collection and Lien Enforcement Policy. The motion was seconded by Director Parsons.

Discussion ensued among the Directors.

President diLorenzo called for the vote and the motion passed unanimously.

- 11f.** Entertain a Motion to Postpone Approval of a Resolution for Revise Alteration Standard 22: Patio & Balcony Covers

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-19-XX
**ALTERATION STANDARD 22: PATIO AND BALCONY COVER/
ALUMINUM AND VINYL**

WHEREAS, the Architectural Controls and Standards Committee recognizes the need to amend Alteration Standards and create new Alteration Standards as necessary; and

WHEREAS, the Architectural Controls and Standards Committee recognizes the need to revise Alteration Standard 22: Patio and Balcony Cover / Aluminum and Vinyl and,

NOW THEREFORE BE IT RESOLVED, XXX, 2019, that the Board of Directors of this Corporation hereby adopts Alteration Standard 22: Patio and Balcony Cover / Aluminum and Vinyl as attached to the official meeting minutes;

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 Notification-AUGUST Board Tabled this Item
28-day notification for Member review and comment to comply with Civil Code §4360 has been satisfied.

Director Jarrett made a motion to postpone approval of a resolution to revise alteration standard 22: patio and balcony covers. Director Bhada seconded the motion.

Discussion ensued among the Directors.

President diLorenzo called for the vote and the motion passed unanimously.

11g. Entertain a Motion to Approve the 2020 Third Business Plan

Director Pearlstone presented a summary of the following Resolution:

RESOLUTION 03-19-97
2020 THIRD BUSINESS PLAN

RESOLVED, September 17, 2019, that the Business Plan of this Corporation for the year 2020 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 \$33,162,715 is required by the Corporation to meet the Third Laguna Hills Mutual operating expenses and reserve contributions for the year 2020. In addition, the sum of \$15,054,537 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 2020. Therefore, a total of \$48,217,252 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 \$14,669,395 of which \$12,357,061 is planned from the Replacement Fund, \$255,000 from the Elevator Replacement Fund, \$118,420 from the Laundry Replacement Fund, \$1,867,932 from the Disaster Fund, and \$70,982 from the Garden Villa Recreation Room Fund; and

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby determines and establishes monthly assessments of the Corporation as shown on each member's breakdown of monthly assessments for the year 2020 and as filed in the records of the Corporation, said assessments to be due and payable by the members of this Corporation on the first day of each month for the year 2020; and

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

Director Pearlstone made a motion to approve the 2020 Third Business Plan. Director Jarrett seconded the motion.

Discussion ensued among the Directors.

Vice President Parsons called for the vote and the motion passed unanimously (Director diLorenzo was absent for the vote).

11h. Entertain a Motion to Approve the 2020 Third Reserves Funding Plan

Director Pearlstone presented a summary of the following Resolution:

RESOLUTION 03-19-98
2020 THIRD RESERVES 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 17, 2019, 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 \$8,290,000 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 the purpose of this resolution.

Director Pearlstone made a motion to approve the 2020 Third Reserves Funding Plan. Director Karimi seconded the motion.

Discussion ensued among the Directors.

Vice President Parsons called for the vote and the motion passed unanimously (Director diLorenzo was absent for the vote).

11i. Entertain a Motion to Postpone Approval of a Resolution for an Alternative Heat Source Policy

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-19-xx
ALTERATION HEAT SOURCE POLICY

WHEREAS, the original heat source for many units is provided through radiant heat from conductive coils in the ceiling;

WHEREAS, the ceiling radiant heat is the primary heat source for the room;

WHEREAS, the installation of a ceiling fan may have caused the radiant heat to stop functioning and an alternative heat source be required to maintain a 'habitable' area according to California Residential Building Code;

WHEREAS, an alternative heat source can be provided by a Central Heating Ventilation and Air Conditioning (HVAC) System or a wall heater;

WHEREAS, the Committee desires to simplify the approval process for alterations and minimize the time for review of these alterations;

NOW THEREFORE BE IT RESOLVED, September xx, 2019, the Board of Directors adopts a resolution for an Alternative Heat Source Policy; and

RESOLVED FURTHER, any new primary alternative heat source will require a City Permit and Mutual Consent; and

RESOLVED FURTHER, no new ceiling fan Mutual Consents will be issued without having a corresponding alternative heat source listed on the same Mutual Consent.; and

RESOLVED FURTHER, all alternative heat sources shall be hardwired and installed on a dedicated circuit; and

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

JULY Initial Notification—AUGUST this item was Tabled
28-day notification for Member review and comment to comply with Civil Code §4360 has
been satisfied.

Director Jarrett made a motion to postpone approval of a resolution for Alternative Heat Source Policy. Director Bhada seconded the motion.

Discussion ensued among the Directors.

President diLorenzo called for the vote and the motion passed unanimously.

12. New Business

12a. Recommendation to Deny Tree Removal Request: 3317-C Via Carrizo (Conrad) – One Flexleaf Paperbark tree

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-19-99 DENY A TREE REMOVAL REQUEST ONE FLEXLEAF PAPERBARK TREE – 3317-C

WHEREAS, September 20, 2011, that the Board of Directors adopted Resolution 03-11-149, Tree Removal Guidelines:

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

WHEREAS, on September 5, 2019, the Landscape Committee reviewed a request for a tree removal of one Flexleaf Paperbark tree. The request was received from the Member at 3317-C, who cited the reasons as overgrown, litter, and debris;

WHEREAS, the Committee recommended denying the request for the removal of one Flexleaf Paperbark Tree located at 3317-C Via Carrizo based on the tree removal guidelines for not removing a tree based on litter or debris and the recent epoxying of sewer mainline should negate future root intrusion;

NOW THEREFORE BE IT RESOLVED, September 17, 2019, the Board of Directors denies the request for the removal of one Flexleaf Paperbark Tree located at 3317-C, 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 Jarrett made a motion to deny the tree removal request for 3317-C (Conrad). The motion was seconded by Director McCary.

Discussion ensued among the Directors.

President diLorenzo called for the vote, and the motion passed unanimously (Director Bhada was absent for the vote).

12b. Recommendation to Deny Tree Removal Request: 3511-A (Miles) – One Indian Laurel Fig tree

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-19-100
DENY TREE REMOVAL REQUEST
ONE INDIAN LAUREL FIG TREES – 3511-A

WHEREAS, September 20, 2011, that the Board of Directors adopted Resolution 03-11-149, Tree Removal Guidelines:

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

WHEREAS, on September 5, 2019, the Landscape Committee reviewed a request for a tree removal of one Indian Laurel Fig tree. The request was received from the Member at 3511-A, who cited the reasons as litter and debris;

WHEREAS, the Committee recommended denying the request for tree removal of one Indian Laurel Fig tree located at 3511-A Bahia Blanca based on the tree removal guidelines for not removing a tree based on litter or debris;

NOW THEREFORE BE IT RESOLVED, September 17, 2019, based upon Resolution 03-11-149 which states trees should not be removed merely because they are messy, the Board of Directors hereby denies removal of one Indian Laurel Fig tree located at 3511-A, 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 Jarrett made a motion to deny the tree removal request for 3511-A (Miles). The motion was seconded by Director Karimi.

Discussion ensued among the Directors.

President diLorenzo called for the vote, and the motion passed unanimously (Director Bhada was absent for the vote).

12c. Entertain a Motion to Introduce a Resolution to Adopt a Membership in Good Standing Policy

Director Jarrett presented a summary of the following resolution:

RESOLUTION 03-19-XX
MEMBERSHIP IN GOOD STANDING POLICY

WHEREAS, the Board of Directors (the "Board") of Third Laguna Hills Mutual ("Mutual") held a meeting on September 17, 2019, at which a quorum of the Board was present;

WHEREAS, the Board is obligated to enforce the provisions set forth in the Mutual's governing documents, including without limitation, the Declaration of Covenants, Conditions, and Restrictions (CC&Rs), Bylaws, and Operating Rules (collectively, the "Governing Documents"); and

WHEREAS, Mutual members/owners, or the units they own, as may be applicable, that have engaged in or are actively and currently in violation of the Governing Documents may be subject to certain disciplinary action and/or limitation in their rights and privileges, including, without limitation, suspension of voting rights and ineligibility for serving on the Board, as described in the Governing Documents; and

WHEREAS, the term *good standing* has been used colloquially by the Mutual and the Board in reference to Mutual members who are not in violation of the Governing Documents, and the lack of *good standing* to denote that such members have committed a violation or are currently in violation of the Governing Documents and thus limited in their membership privileges;

WHEREAS, despite the general use of the term *good standing*, and references made to same in various rules, policies, and elsewhere in the Governing Documents, there is no formal, comprehensive definition of *good standing* or accompanying description of the consequences of a lack of good standing by a Mutual member;

WHEREAS, the Board has determined that it would be in the best interests of the Mutual to adopt a formal definition of the term *good standing* to be added to the Mutual's Operating Rules, which will provide clear guidance on the term and the implications for Mutual Members identified as not being in *good standing*;

NOW, THEREFORE BE IT RESOLVED, xxx , 2019, that the Board of the Mutual hereby approves and adopts the below Good Standing Policy, which provides the definition of *good standing* and the implications of a lack of same, and incorporates such definition into the Mutual's Operating Rules as a part of the Mutual's Governing Documents; and

RESOLVED FURTHER, that the officers and agents of the Mutual are hereby authorized on behalf of the Mutual 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 28-days from the postponement to comply with Civil Code §4360.

Director Jarrett made a motion to introduce a resolution for a membership in good standing policy and place it on 28-day review. Motion was seconded by Director Parsons.

Discussion ensued among the Directors.

The motion passed without objection to introduce the resolution for 28-day review.

- 12d.** Entertain a Motion to Introduce a Resolution to Revise the Non-Emergency Maintenance Chargeable Services to Include Carport Condensation Panel Repairs as a Chargeable Service

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-19-XX
NON-EMERGENCY MAINTENANCE CHARGEABLE SERVICES POLICY

WHEREAS, on October 20, 2015, the Board of Directors adopted Resolution 03-15-156 which reestablished the delivery of non-emergency

chargeable services and approved a schedule for non-emergency maintenance chargeable services; and

WHEREAS, the service call charge for all Maintenance chargeable services was increased to \$25; and

WHEREAS, the Board established a \$25 permit processing fee for work that requires a City of Laguna Woods building permit if VMS pulls the permit; and

WHEREAS the Board approved a \$15 service charge when the Mutual Member (or representative) is not home for a scheduled appointment and fails to cancel in advance; and

WHEREAS, on July 21, 2015 the Board of Directors approved amending the schedule for non-emergency maintenance chargeable services to include the replacement of manor low flow toilets; and

WHEREAS, on March 21, 2017 the Board of Directors approved amending the schedule for non-emergency maintenance chargeable services to include Water Heater Maintenance & Element replacement; and

WHEREAS, on September 21, 2018 additional non-emergency maintenance chargeable services were added for electrical, carpentry, plumbing and facilities divisions as shown on the attached approved list and

WHEREAS, repair and/or removal of alteration carport condensation panels have been added to the list of Non-Emergency Maintenance Chargeable services.

NOW THEREFORE BE IT RESOLVED, xxxxx. 2019, that the Board of Directors hereby approves the attached new schedule for non-emergency maintenance chargeable services; and

RESOLVED FURTHER, that the service call charge for all Maintenance chargeable services shall remain \$25; and

RESOLVED FURTHER, the \$25 permit processing fee for work that requires a City of Laguna Woods building permit if VMS pulls the permit shall remain in effect; and

RESOLVED FURTHER, the \$15 service charge for when the Mutual Member (or representative) is not home for a scheduled appointment and fails to cancel in advance shall remain in effect; and

RESOLVED FURTHER, should the Mutual Member not be notified of a scheduled appointment change or the technician does not make the scheduled appointment, the subsequent scheduled appointment will be at no charge to the Mutual Member; and

RESOLVED FURTHER, that Resolution 03-18-140 adopted September 21, 2018 is hereby superseded and cancelled; and

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

SEPTEMBER Initial Notification

Should the Board endorse the proposed 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 28-days from the postponement to comply with Civil Code §4360.

Director Jarrett made a motion to introduce a resolution for Non-Emergency Maintenance Chargeable Services Policy and place it on 28-day review.

Discussion ensued among the Directors.

The motion passed without objection to introduce the resolution for 28-day review.

13. Committee Reports

- 13a.** Report of the Finance Committee / Financial Report – Director Pearlstone presented the Treasurer’s Report, gave an update on the 2020 Budget and commented on the Resale and Lease Activity Reports. The Committee met on September 3, 2019; next meeting October 1, 2019, at 1:30 p.m. in the Board Room
- 13b.** Report of the Architectural Controls and Standards Committee – Director Parsons reported on the last meeting. The Committee continues to update Third’s Architectural Standards. The Committee met on August 26, 2019; next meeting September 23, 2019, at 9:30 a.m. in the Sycamore Room
- 13c.** Report of the Communications Committee – Director McCary reported that the Committee meets quarterly. The Committee met on July 24, 2019; next meeting October 9, 2019, at 1:30 p.m. in the Board Room.
- 13d.** Report of the Maintenance and Construction Committee – Director Bhada. The Committee discussed the flooring in the GV mailrooms and bulletin boards in the LH-21 buildings. The Committee met on September 9, 2019; next meeting November 4, 2019 at 1:00 p.m. in the Board Room.

- Report of the Parking and Golf Cart Task Force – Director Parsons. The Task Force is looking a additional parking in the wedding cake area. The Task Force met on July 9, 2019 and July 17, 2019 and they identified eight sights for additional parking. Next meeting will be in January, 2020.
- 13e.** Report of the Landscape Committee – Director Jarrett reported from the last meeting. The Committee is working on slope clearance, grass aeration project, turf reduction project, tree removal requests and grass clipping pick-up on Fridays in September. The Committee met on September 5, 2019; next meeting October 10, 2019, at 1:30 p.m. in the Board Room
- 13f.** Report of the Water Subcommittee – Director Karimi. The Subcommittee met on July 10, 2019, the Water District is working on water incentives for residents; next meeting October 9, 2019 at 10:00 a.m. in the Sycamore Room.
- 13g.** Report of the Resident Policy and Compliance Task Force – Director Karimi gave an update from the last meeting. The Task Force is investigating unoccupied units and other compliance violations. The Task Force met on August 29, 2019; next meeting TBA.
- 13h.** Report of the Village Energy Task Force – Director Parsons gave an update from the last meeting. The Task Force met on September 4, 2019; next meeting November 6, 2019, at 1:30 p.m. in the Board Room.
- 14. GRF Committee Highlights**
- 14a.** Community Activities Committee – Director Pearlstone reported on highlights from the last Committee meeting. The Committee is looking at inactive clubs and use of clubhouses for weddings. The Committee met on September 12, 2019; next meeting November 14, 2019 at 1:30 p.m. in the Board Room.
- 14b.** Finance Committee – Director Pearlstone reported on highlights from the last Committee meeting. The Committee met on August 21, 2019; next meeting October 23, 2019 at 1:30 p.m. in the Board Room.
- 14c.** Landscape Committee – Director Jarrett reported on highlights from the last Committee meeting. The Committee met on August 14, 2019; next meeting will be on November 13, 2019 at 1:30 p.m. in the Board Room .
- 14d.** Maintenance & Construction Committee – Director Frankel reported on highlights from the last Committee meeting. The Committee met on August 14, 2019; next meeting October 9, 2019, at 9:30 a.m. in the Board Room.
- PAC Renovation Ad Hoc Committee – Director Pearlstone. The Committee met on August 15, 2019 at 2:00 p.m. in the Board Room and recommended moving ahead with the renovations.

- 14e.** Media and Communications Committee – Director McCary reported on highlights from the last Committee meeting. The Committee is working on the code red project for resident emergency contact. Two Fox Sport channels will be discontinued at the end of this year. The Committee met on September 16, 2019; next meeting October 21 2019, at 1:30 p.m. in the Board Room.
- 14f.** Mobility and Vehicles Committee – Director Frankel reported on highlights from the last Committee meeting. The Committee met on August 7, 2019; next meeting October 2, 2019, at 1:30 p.m. in the Board Room.
- 14g.** Security and Community Access Committee – Director Parsons gave an update from the last Committee meeting. The Committee is working on emergency operation, petty thief and compliance issues. Gate 11 recommendations have been given to staff. The Committee met on August 26, 2019; next meeting October 28, 2019, at 1:30 p.m. in the Board Room.
- Disaster Preparedness Task Force – Director Frankel reported on the last meeting. The Task Force is working on disaster preparedness in the event of an earthquake. The Task Force met on July 30, 2019; next meeting September 24, 2019, at 9:30 a.m. in the Board Room.
- 14h.** Report of the Laguna Woods Village Traffic Hearings – Director Frankel gave an update from the last meeting. The Traffic Hearings were held on August 21, 2019; next hearing will be September 18, 2019, at 9:00 a.m. in the Board Room.
- 15. Future Agenda Items** – *All matters listed under Future Agenda Items are Resolutions on 28-day public review or items for a future Board Meetings. No action will be taken by the Board on these agenda items at this meeting. The Board will take action on these items at a future Board Meeting.*
- 15a.** Parking Report
- 15b.** Census Process Report
- 15c.** Resolution for an Alternative Heat Source Policy
- 15d.** Resolution to Revise the Alternative Fee Schedule
- 15e.** Garden Villa Mailroom Flooring Replacement Material
- 15f.** Supplemental Funding for the Replacement of LH-21 Enclosed Bulletin Board Cabinets
- 15g.** Resolution to Revise Alteration Standard 22: Patio & Balcony Covers
- 15h.** Resolution for a Co-Occupancy Policy Resolution for a Co-Occupancy Policy
- 16. Director's Comments**
- Director Bhada requested hot water for tea in the Board Room.
 - Director Parsons commented about the report on disaster preparedness and emergency kits that are available to residents.
 - Director Karimi McCary commented about residents that ignore the stop signs and speeding in the Community.

- Director McCary thanked Carol Moore for her comments about the service of the Third Board Members.
- Several directors thanked Rosemarie diLorenzo for her leadership.

17. Recess

The Board recessed at 11:45 a.m. and reconvened in Executive Session at 12:30 p.m.

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

During the August, 2019, Regular Executive Session, the Board:

Approved the Agenda

Approved the Following Meeting Minutes;

(a) June 7, 2019 – Special Closed Meeting

(b) July 16, 2019 -- Regular Executive Session

Discussed and Considered Member Matters

Discussed and Considered Legal and Litigation Matters

Discussed and Considered Contractual Issues

19. Adjourn

With no further business to come before the Board of Directors, the meeting was adjourned at 4:30 p.m.



Lynn Jarrett, Acting Secretary
Third Laguna Hills Mutual



Lease Policy
Resolution 03-19-51 Adopted May 21, 2019
Revised September 17, 2019, Resolution 03-19-93

I. Purpose

Third Laguna Hills Mutual (Third) authorizes Members, as defined in the CC&Rs, to lease their Manors. Any lease by a Member automatically transfers the right to use the Community Facilities from the Member to the Lessee (Bylaws Article 3, Section 3.2 and 3.3).

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

II. Definitions

- A. Agent – individual employed by Village Management Services, Inc. (VMS) authorized to act on behalf of Third.
- B. Application – the Lease Authorization form prescribed by Third to apply for approval to lease a Manor (Exhibit C).
- C. Approval – written authorization to lease a Manor in the Community granted by the Third Board or authorized VMS staff member(s).
- D. Assessment – the monthly charge that Third levies against all Members and their Manors and collects monthly pursuant to its Governing Documents.
- E. Charge – fee, fine, and/or monetary penalty that Third and/or GRF may levy upon a Member pursuant to their Governing Documents.
- F. Community – Laguna Woods Village.
- G. Community Rules - the Articles of Incorporation and Bylaws of Third, the recorded Covenants, Conditions, and Restrictions (CC&R's) applicable to any Manor; and any rules and regulations adopted by Third and/or GRF. Any reference to the "Governing Documents" shall, for purposes of this Lease Policy, be deemed a reference to the Community Rules set forth in this definition.
- H. Co-occupant – any person who seeks to reside with a Qualifying Resident who is approved, in advance, in writing, by the Board of Directors for

- occupancy and who shall be at least 45 years of age unless such person is the spouse or cohabitant.
- I. Golden Rain Foundation (GRF) – the non-profit mutual benefit corporation organized to manage and maintain the Community Facilities and services for the Community.
 - J. Identification (ID) Card – photo ID card issued by GRF to Members, Co-occupants, and Lessees of the Community authorizing use and access to the Community Facilities.
 - K. Lease Authorization Office - located in the Resident Services Department in the Community Center which ensures that a Lease Application comports with the Governing Documents.
 - L. Lease Authorization Extension - Parties to the lease may request an extension of time at the end of the lease authorization period if the original period is shorter than 12 months, subject to the Board of Director's prior written approval.
 - M. Lease Authorization Renewal – Parties to the lease authorization may request a renewal no more than 60 days prior to the end of the 12 month period.
 - N. Lessee – individual who leases a Manor from a Member.
 - O. Manor – a residential condominium unit in Third.
 - P. Member – a person who has been approved by Third as being entitled to membership in Third and has an appurtenant right of membership in GRF.
 - Q. Non-Resident Member – a Member who does not personally reside in the Member's Manor.
 - R. Non-Resident Member Pass – gate entry pass authorizing a non-resident Member access to the Community for the purpose of inspecting his/her property on an as needed basis. This pass does not authorize use of or access to the Community Facilities during any lease period.
 - S. Owner – person or persons, partnership or corporation, and the successors and assigns of each of the foregoing, in whom title to a Manor is vested, as shown by the official records of the office of the County Recorder of Orange County, California.

- T. Qualifying Resident – person who resides in the Manor, is at least 55 years of age and has been approved by the Board of Directors for occupancy in accordance with the provisions of the CC&R's.
- U. Resident – person who has been approved by the Board of Directors for occupancy.
- V. Rush – Application submitted fewer than 10 business days before the lease effective start date.
- W. Village Management Services, Inc. (VMS) – managing agent for Third and GRF.

III. Fees

Following are the fees associated with this Lease Policy and which may be required by Third (the following fees may be changed at any time by Third and such change(s) shall not constitute a rule change to this Lease Policy which requires notice to the Third Members):

THIRD Fees	
Authorization Processing	\$170.00
Authorization Rush Fee	\$100.00
Authorization Renewal (see Section II, M)	\$110.00
Authorization Extension (see Section II, L)	\$ 70.00

GRF Fees	
* Additional Occupant (For each person in excess of two (monthly), Must be paid in advance for the term of the lease.	\$ 90.00
Non-return of:	
➤ ID Card(s)	\$125.00
➤ Decal(s)	\$125.00
➤ Pass(es)	\$ 25.00

* General charge due from all residents, whether or not a lease is in place.

IV. Terms and Conditions

A. General Information

1. Authorization to Lease (Authorization) shall be effective only when approved in advance in writing by Third and issued in writing by an authorized VMS staff member(s) of Third; the approval of any Lease shall be limited to the term specified herein. The term may not exceed twelve (12) months subject to Article II Section M above. The copy of a pending and fully executed Lease must be provided to Third prior to the Lessee's move-in to the Member's Manor.
2. Renewal of the Authorization to Lease shall require the prior written approval of Third, provided, however, that Third shall not be obligated or have any duty to approve such extension or renewal regardless of a Member or Lessee's circumstances.
3. Third shall, to the extent required by law, provide notice of potential asbestos-containing materials used during construction (Exhibit A). Any changes in the notice in Exhibit A as may be required by law or otherwise shall not be deemed a change to this Lease Policy which requires notice to the Members of Third.
4. Laguna Woods Village is an independent-lifestyle and age-restricted senior citizen housing development (as defined by California Civil Code § 51.3). No form of healthcare or assisted living is provided by Third. Each Resident is responsible for his/her own health, safety, care and welfare, subject to the conditions and restrictions regarding care providers from Third Governing Documents and Third's "Care Provider Policy."
5. Appearance of the Community is important, and Residents are required to keep their balconies, patios, walkways, and carports free from clutter, trash and debris per the approved Community Rules and Regulations.
6. Third, GRF and VMS are not parties to the terms of a lease between the Member and Lessee, and will not be involved in resolving any disputes between the Member and Lessee; provided, however that if a Member is in violation of the Community Rules or this Lease Policy, or if a Lessee is violating the Community Rules or this Lease Policy, Third shall have all rights and remedies available to it under the Community Rules and this Lease Policy.
7. The Lease Authorization Office will notify the Member of the Approval/Denial status of the application within ten (10) business days of its written submittal.

A rush fee of one hundred dollars (\$100.00) will be imposed by Third on any Member requests for expedited services prior to the routine ten (10) business days of processing. No representation or warranty is made that Third will be able to complete a Rush Authorization approval request in the Members' requested time frame.

8. Third has adopted a Non-Smoking Policy and is authorized to take disciplinary action against a Member who is in violation of said Policy including but not limited to a Member's Lessee.
9. The Member is at all times responsible for the acts or omissions of, without limitation, the Member's Lessee, guest, care provider, vendor, invitee or contractor as well as the guests, care providers, invitees or contractors of the Member's Lessee.

B. Charges

1. Member and Lessee acknowledge that the Member is obligated to pay Charges and Assessments imposed by GRF and/or Third pursuant to this Lease Policy and the Governing Documents. See Section III of this Lease Policy.
2. The Member may incur additional Charges and fees in connection with facilities and services provided by GRF. Some examples are: golf course fee, room reservation fees, and cable services upgrade charges. ALL CHARGES, FEES, FINES, AND ASSESSMENTS ARE SUBJECT TO CHANGE AND ANY SUCH CHANGES SHALL NOT BE DEEMED TO BE A CHANGE IN THIS LEASE POLICY WHICH REQUIRES NOTICE TO THE MEMBERS OF THIRD.
3. Payment for chargeable repair services is the responsibility of the Member who must indicate on the Authorization to Lease application whether Lessee may request such services. In any event, the Member shall be responsible for the chargeable repair services.
4. There is a fee collected by the Lease Authorization Office to review and process any new/extension/renewal applications which include but are not limited to analysis of payment and disciplinary history.
5. An authorized and/or designated VMS staff member(s) for the Third Board of Directors, assumes responsibility for obtaining approval and issuing Lessee ID Cards.

C. Assignment of Rents

1. If a Member is delinquent in his or her payment of any GRF and/or Third Charges and/or Assessments, as required under the Governing Documents, Member and Lessee each acknowledge and agree that the Member hereby assigns to and confers upon Third, the right to collect and retain the rent payable by the Lessee and to apply the same to any delinquent Charges and Assessments, as well as any late fees, attorneys' fees, or other costs and expenses permissible by law or the Governing Documents which may be incurred or assessed by Third in connection with the delinquent Assessment and/or GRF and/or Third Charges.
2. Member and Lessee acknowledge and agree that, concurrent with notice in writing to the Member, Third shall be entitled to directly receive the rent by delivering to the Lessee at the Manor a Notice of Assignment of Rents (Exhibit B). Upon receipt of such Notice, the Lessee shall directly forward all payments of rent required under the Lease to Third at the address set forth in the Notice until the Lessee shall receive a second notice to the effect that the Lessee may again resume making rental payments directly to the Member. Any changes in the Notice of Assignment of Rents form in Exhibit B shall not be deemed a change to this Lease Policy which requires notice to the Members of Third.
3. To the fullest extent permitted by law, such payments of rent paid directly to Third shall continue until the delinquent Assessments or Charges and any late fees, attorneys' fees, or other collection costs and expenses incurred by the Member are paid in full. In the event that the payment of rent received by THIRD is in excess of the amounts owed by the Member, then Third shall refund the difference, less any processing fee(s), to the Member within thirty (30) business days of receipt of such rental payment.
4. Member acknowledges and agrees that the Lessee shall not be in breach of the Lease solely as a result of making rental payments directly to Third, and further that the Member shall not take any other action or avail itself of any other remedies against the Lessee under the Lease or otherwise based on the Lessee's direct payment of rent to Third following receipt of a Notice of Assignment of Rents.
5. Member and Lessee acknowledge and agree that Third shall not have any obligation either to the Member or the Lessee to fulfill the duties of the Member or the Lessee under their Lease, nor shall Third have any obligations to any other third party based on its direct receipt of the rent to cover delinquent Assessments or Charges and associated costs and expenses as set forth above. It is specifically agreed that Third is not and will not be

assuming any of the responsibility of the Member or the Lessee to fulfill any of the terms, conditions and covenants between the Member and the Lessee pursuant to the Lease between the Member and the Lessee, and shall not be deemed to be a landlord or party to a landlord-tenant relationship with Member or Lessee for any reason or at any time.

D. ID Cards and Privileges

1. Lessee ID Cards shall be issued for a period not longer than the duration of the Lease Authorization.
2. Lessee ID cards are not issued until all paperwork required pursuant to this Lease Policy is received and the Application has been approved in advance, in writing by Third.
3. Lessee ID cards will be available no sooner than seven (7) days prior to the lease start date unless Third approves a Lease under the Rush standards referenced herein under Article IV, Section A(7).
4. Member acknowledges and agrees that the privileges of membership in GRF are granted and assigned to Lessee for the duration of the Authorization to Lease and the Lease itself; and Member hereby surrenders all Resident ID Card(s) and Resident Decal(s) and the right to such privileges while the Authorization and/or Lease is in effect in accordance with the Governing Documents.
5. Lessee may use the facilities and receive the services made available by GRF to all Members. The facilities and services may be modified or discontinued by GRF at any time.
6. At the end of the Lease Authorization period, the Member is required to return all gate entry passes including ID cards, automobile decals, guest passes, business passes, and care provider passes in order to avoid a GRF non-return fee. (See Section III, Fees).

E. Occupancy

1. It is highly recommended that Members obtain/perform both background and credit checks on new Lessees as well as check references provided by the Lessee to protect such Member's interests, given that the Member will be held responsible for the acts and/or omissions of their Lessees that violate Third's Governing Documents.
2. No person, including but not limited to a Lessee, may reside in a Manor without the prior written approval of the Third Board of Directors or VMS

authorized staff member(s). Contact Resident Services Department at (949) 597-4600 for any change in residency status.

3. An application to reside in a Manor shall be made on the form prescribed by the Third Board pursuant to Article II, Section 1 of the CC&Rs. The current form is attached hereto as Exhibit C. Any changes in such form shall not be deemed a change in this Lease Policy which requires notice to the Members of Third.
4. Manor leases must be for a period not less than sixty (60) days.
5. Any leases longer than twelve (12) months will require a Lease Authorization to be renewed annually and is subject to the terms and conditions set forth herein.
6. The Manor, together with the parking space assigned to such Manor, must be made available to the Lessee during the entire term of the Lease Authorization.
7. Relatives and other guests may stay overnight for a total of sixty (60) days in any twelve (12) month period. Relatives and guests may not stay in a Manor during the absence of the Qualifying Resident or Co- Occupant.
8. Unless otherwise required by law, the maximum number of persons allowed to occupy a Manor is equal to the number of original construction bedrooms plus one; no more than two persons in a one bedroom Manor; no more than three persons in a two bedroom Manor, no more than four persons in a three bedroom Manor. There is an additional monthly GRF fee for each person in excess of two.
9. The Manor shall be used and occupied solely as a private residential dwelling and for no other purpose.
10. No person shall reside in a Manor, other than those listed on the approved Authorization to Lease.
11. No business or commercial venture may be conducted in the Manor.
12. The Member and/or Lessee shall not assign any interest therein and shall not sublet the Manor or any part thereof or any right or privilege appurtenant thereto, pursuant to a formal agreement or otherwise, or permit any other person to occupy or use the premises or any portion thereof. To assure compliance with these provisions and the other Third governing documents, Leases shall not be amended to add additional Lessees to an approved

Lease during the approved Lease period. Any change in the occupancy of a Manor during the term of a previously approved Lease Authorization shall require the Member to obtain new Lease Authorization approval from the Lease Authorization Office and to execute a new lease with the Lessees who will occupy the Manor.

13. No room rental arrangements, nor subleases, shall be permitted and no Member or Lessee may advertise for any room rental or rent sharing agreement (for example only, listed on Craigslist, Nextdoor, or any similar website), nor shall any Member or Lessee be permitted to obtain a Lease Authorization Amendment to amend a lease for the purpose of adding a roommate and/or other Lessees during the term of an Authorization to Lease. Third will not approve any Lease Authorization Amendment submitted for the purpose of adding additional persons to a Lease during the term of a Lease Authorization. Any change in the occupancy of a Manor during the term of a previously approved Lease Authorization shall require the Member to obtain new Lease Authorization approval from the Lease Authorization Office and to execute a new lease with the Lessees who will occupy the Manor.

14. No Manor or any portion thereof may be used for vacation rentals or advertised for such use (for example only, listed on Airbnb, VRBO or any similar website), nor may any Manor be leased to a corporate housing company including any nonprofit housing organization.

F. Move In/Move Out and Bulky Items Delivery/Pick Up

1. When moving into the Community, Lessee(s) must break down and stack moving boxes next to trash dumpsters or at curbside for routine pick-up.
2. The use of an elevator, when moving into or out of a multi-story building, requires the placement of elevator protection pads, which can be requested by calling the Security Department (949) 580-1400. Similarly, individuals are required to order elevator protection pads when arranging for delivery or removal of bulky items, such as furniture.
3. Each Member is responsible for any damage caused by his or her movers or deliveries to the elevator, lobby furniture, common area and/or other Third property.
4. No oversized furniture, appliances, non-broken down boxes or other similar items may be discarded outside of the Manor at any time, except to the extent permitted by the Community Rules.

G. Alteration, Repairs and Maintenance

1. Member(s) are required to obtain prior written approval in advance of construction from Third for any structural alterations to the building or landscape changes. Applications may be obtained from the Resident Services Department. Resident Services is located at the Community Center and may be reached at (949) 597-4600.

The Member and Lessee(s) understand that the Manor shall not be altered, repaired or changed without prior written authorization of Member and Third. Unless otherwise provided by written agreement, all alterations, improvements and changes that may be required shall be performed either by or under the direction of Third; shall be the property of Member; and shall remain upon and be surrendered with the Manor.

2. Lessee shall authorize Third, Member, and/or their respective authorized VMS staff member(s) to enter into and upon the Manor at all reasonable times for the purposes of (a) inspection, (b) responding to emergencies (c) maintaining the building in which the Manor is situated, and (d) making repairs, alterations, or additions to any portion of the common areas or said building, including but not limited to the erection of scaffolding, props or other mechanical devices.

Lessee shall not be entitled to any abatement of rent payable by Lessee hereunder or to any rebate of rent to Lessee or damages for any loss of occupation or quiet enjoyment of the premises on account of any such entry by Third. No landlord-tenant relationship is created by way of Third's need to enter a Manor or perform work to any common areas accessible only through a Lessee's Manor.

H. Insurance

1. Lessee's personal property is not insured by Third.
2. Renters' insurance is strongly recommended. (See Section I, Rights and Remedies, Item 1, 2, and 3).

I. Rights and Remedies

1. As a material part of the consideration to be rendered to Member under an Authorization to Lease, Lessee hereby waives, to the maximum extent authorized by law, all claims against Member and Third for damages to personal property in, upon or about said Manor and for injuries to persons in, upon or about said premises from any cause arising at any time.
2. Lessee shall, to the fullest extent permissible by law, hold Member, Third, GRF, and VMS harmless from any liability on account of any damage or injury

to person or personal property arising from the use of the Manor by Lessee arising from the failure of Lessee to keep the Manor in good condition as provided herein or failure to perform or observe any of Lessee's obligations under this Authorization. Third, GRF, and VMS shall not be liable to Lessee for any damage caused by any act or negligence of any other occupant of the same building or by any Member or occupant of adjoining or contiguous property. Without limiting the foregoing, the Member shall at all times be responsible for the acts or omissions of his or her Lessee and shall be liable for any damages or financial expenses incurred by Third as a result of the Lessee's use of the Manor or any other portions of the building in which the Manor is located and/or common areas.

3. The Member and Lessee shall be liable for all damages to the Manor, to the building in which the Manor is located and to the Common Areas of the Community, as well as all damage to other occupants thereof caused by the Member's and/or Lessee's misuse or neglect of the premises, equipment, apparatus or appurtenances. The Member and Lessee also shall be liable for all damage or injury done to the Manor, to the building in which the Manor is located, or to the Common Areas by any person who may be in or upon the building, the Manor or the Common Areas with the authorization of the Member and/or Lessee. Without limiting the foregoing, the Member shall be primarily liable for all damages, as described in this paragraph, stemming from the acts or omissions of the Lessee.
4. In the event of any total or partial destruction of the Manor during the term of this Authorization from any cause, the Member is solely responsible, to the fullest extent permitted by law, for terminating this Authorization.
5. In the event that the real property upon which the Manor is located or any part thereof shall be acquired by any public body, agency or other entity having the power of eminent domain, whether by voluntary sale, threat of condemnation or by judgment of a court in condemnation proceedings, the Member is solely responsible, to the extent permitted by law, for terminating this Authorization.
6. In the event of any breach of this Authorization by the Member and/or Lessee, Third shall have the same rights and remedies to enforce this Authorization as are available to Member hereunder, which may be exercised by Third without regard to any exercise thereof by Member. Additionally, Third shall have the same rights to dispossess the Lessee or otherwise act for the Member as may be necessary or appropriate in the event of any breach of the Authorization, including without limitation occupancy of the Manor by

unauthorized persons, or the Lessee's failure to vacate following expiration of the Authorization term. Third shall also have the right to bring an unlawful detainer action against the Member and/or Lessee after proper notice has been given as provided in California Civil Code Section 1946 or any successor statute thereto. Nothing contained in this paragraph or otherwise in this Lease Policy shall be deemed to create a landlord-tenant relationship between Third and the Member or Lessee.

7. Any notice to Member, Lessee or Third shall be given by personal service, electronic document notice, or by registered or certified mail addressed to Member: at the address indicated on the Application; to Lessee: at the Manor; and to Third: P.O. Box 2220, Laguna Hills, CA 92654-2220. There is no mail delivery to the street address.
8. The terms and provisions contained herein shall apply to and bind the heirs, successors, personal representatives and assigns of all of the parties hereto.
9. If any legal action or proceeding is commenced by either party or Third to enforce any part of this policy, the prevailing party shall be entitled to recover, in addition to all other relief, reasonable attorney's fees and costs.

J. Enforcement

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

1. The Member and Lessee must read and agree to comply with and be bound by all the Governing Documents and the Community Rules.
2. Nothing contained herein shall relieve Member of the performance of any obligation owed to Third and/or GRF under the Governing Documents.

3. The Member and/or Lessee is/are responsible for any visitor or guest who violates any Community Rules, and for any Charges or Assessments incurred.
4. Lessee shall be responsible to the Member to promptly pay when due, all charges and fees incurred by Lessee, guest or invitee for use of facilities or for services rendered by the Third and/or GRF. Notwithstanding the foregoing, whether or not Lessee complies with the foregoing, a Member shall be solely responsible to Third for any and all costs incurred by Third resulting from a Member's Lease including but not limited to costs incurred solely due to the acts or omissions of a Lessee, their Co- Occupants as applicable, their guests and invitees.

Third Laguna Hills Mutual

Standard ~~Section~~ 41 - Solar Panels, 1 Story Buildings

ADOPTED JANUARY 2008, RESOLUTION 03-08-09
GENERAL REQUIREMENTS REVISED APRIL 2011, RESOLUTION 03-11-49
REVISED OCTOBER 2014, RESOLUTION 03-14-107
REVISED JANUARY 2016, RESOLUTION 03-16-08
REVISED SEPTEMBER 17, 2019, RESOLUTION 03-19-95

1.0 GENERAL REQUIREMENTS

See Standard Section 1: General Requirements

2.0 APPLICATIONS

- 2.1.** In this section, "Solar Panel" refers to roof mounted panels that use solar energy to either heat water directly (Solar Water Heating System), or to generate electricity using photo-voltaic cells (Solar Electric System).
- 2.2.** This section refers only to single story dwellings and the roof section of the building that covers the footprint of the Manor for which the request is being submitted.
- 2.3.** All costs and maintenance of the alteration, present and future, are the responsibility of the Mutual Member.
- 2.4.** All costs associated with roof replacement above and beyond the typical cost for roof replacement that are due to the solar panel installation shall be borne by the Member(s).
- 2.5.** Detailed, site-specific plans for all water and electrical lines for the solar panel installation, including penetrations, shall be submitted to the Manor Alterations Department for approval.
- 2.6.** Should the proposed location of solar panels be in an area that is technically Common Area, e.g., the roof, then the applicant is required to execute and submit to Third Laguna Hills Mutual, prior to installation of a solar panels, the "Agreement Regarding Solar

Panel Installation on Common Area Property” or similarly titled document.

- 2.7. Structural calculations for the existing roof structure, signed and wet-stamped by a California-licensed structural engineer are required to ensure the solar panel system does not compromise the existing roof structure and that the roof is adequate to accept attachments and to support all applied loadings, per the California Building Code and any other applicable laws or ordinances.
- 2.8. The mounting system must have a current Engineering Certification that certifies the system will be structurally adequate and satisfy building codes when installed per the instructions.
- 2.9. Flat roof mounting shall be set with the highest point flush with the top of the parapet wall so as to be hidden from the ground or surrounding properties. The lowest point of the solar array equipment shall be a minimum of 10 inches above the flat roof. The stanchions used to connect the array to the roof must be round and have the top of the stanchion able to be water tight.
- 2.10. Flat roof mounting must leave a minimum of two feet between the panels and the parapet to permit access.
- ~~2.10.~~ 2.11. Sloped roof mounting requires must have be CertainTeed Landmark TL composition shingle roofing on the entire roof area where the array will be located. The array must then be trimmed with light weight tiles (LWT) to match in materials and appearance of the original roof being replaced. The current composition shingle roofing standards for waterproofing the roof at the time of installation must be followed and will include a single layer underlayment, drip edge metal, step flashings at existing skylights and chimneys, penetration flashings for all vents and vent pipes, and valley metal at valley areas.
- ~~2.11.~~ 2.12. Water and electric lines must be set on blocking above the surface to facilitate re-roofing.
- ~~2.12.~~ 2.13. Detailed plans of the installation of roof jacks should be submitted to the Permits and Inspections office for approval.

~~2.13.~~2.14. Lag screws must have adequate pullout strength and shear capacities.

~~2.14.~~2.15. ~~Regardless of the roof type, all tie-ins must be performed by the Mutual's roofing contractor at the Member's expense.~~ Flat roofs with PVC roofing shall have all tie-in work completed by the Mutual Roofing Contractor at the Member's expense.

~~2.15.~~2.16. Connections to the manor's electrical system must be coordinated with the local electric utility.

~~2.16.~~2.17. Solar Electric Panels, and their associated electrical components, must be UL approved, or comply with equivalent international standards.

~~2.17.~~2.18. A solar panel system may only serve a single manor.

~~2.18.~~2.19. Leasing of Solar Panels is permitted only under the following conditions:

- a. Only prepaid leases are permitted, and Member must provide the Mutual a copy of the pre-paid lease contract together with proof of payment before any work on the construction or installation of the solar panel system begins; and
- b. The pre-paid lease contract must be assigned by the Member.

2.20. All solar panel installations located on the roof of a unit must be inspected and approved by a VMS Inc. Roofing Inspector before the solar array is installed and again, after roof replacement is complete, prior to a final inspection of the Mutual Consent.

3.0 OBLIGATIONS

3.1 The Mutual Member must sign and submit to Third Laguna Hills Mutual, c/o VMS, Inc, Community Services, the "Recordable Common Area Agreement" for the subject solar panel installation utilizing Common Area.

- 3.2** Member accepts responsibility and agrees to pay for repairs to common areas, including but not limited to roofing, framing, wiring and drywall caused, in whole or in part, by Member's solar panels or their installation, operation, maintenance or removal, and Member accepts all responsibility for damage to Member's Manor or other Manors or to personal property caused or contributed to by the installation, operation, maintenance or removal of the solar panels.
- 3.3** The Member is responsible for, and will bear all costs associated with removing, altering, covering or reinstalling the alteration as may be necessary or appropriate to allow the Mutual to conduct maintenance or repairs of common area. If the Mutual gives a minimum of thirty (30) days advance written notice of the need to remove, alter, cover or replace the solar panel and the Member does not accomplish this within five calendar days before the removal, alteration, or covering is necessary, then the Mutual will accomplish the removal, alteration or covering at the Member's cost, which will be billed as a Chargeable Service to the Member.
- 3.4** The Member is responsible for, and will bear all costs associated with, clean-up or repair of Mutual owned or controlled property made necessary by or resulting from the alteration.
- 3.5** All costs associated with roof replacement above and beyond the typical cost for roof replacement due to the solar panel installation shall be borne by the Member(s).
- 3.6** The roof area for possible solar panel installation is allocated only to the roof space directly above the subject Manor. It is Member's responsibility to ascertain and adapt to any roof interference by vents or other roof installations already in place.
- 3.7** Upon sale of Member's Manor, all obligations herein shall apply to all subsequent owners of the Manor.
- 3.8** If Member discontinues use of the solar panels, Member will remove the panels, all associated parts, connections and wiring associated with the solar panels after giving notice to the Mutual through the [Alterations Division](#). ~~Permit and~~

- 3.9** The solar installer and his roofer will provide a copy of the composition shingle manufacturer's 40 year warranty and will provide a separate workmanship warranty of 5 years for the composition shingle roof installation. the roof for the life of the solar equipment or 40 years (whichever is longer). If any leaks occur on a roof so constructed, the solar installer will remove the solar equipment, repair the roof and put back the solar equipment at no cost to the resident or Mutual. If the solar installer/roofer chooses elect to choose not to comply with this requirement, then the Mutual Roofing Contractor must be hired to do the roofing work at the member's expense. Regardless of the roof type, the restoration of the roof must be performed by the Mutual's roofing contractor at the Member's expense.
- 3.10.** Member must present to the Mutual a vendor/installer agreement that requires vendor to hold harmless and indemnify the Mutual for any and all claims, damages, costs and expenses, including attorney fees related to or arising from the installation, use, maintenance, repair or removal of the solar panel system.

**YEAR ~~2019~~2020 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 all Members of the Mutual. Such efforts ensure that all Members pay their fair share of the costs of services and facilities provided and maintained by the Mutual. Members’ failure to pay assessments when due creates a cash-flow problem for the Mutual and causes those Members who make timely payment of their assessments to bear a disproportionate share of the community’s financial obligations. Special 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 Directors of the Mutual (“Board”), identifying the delinquent Member, and the amount and length of time the assessments have been in arrears. The policies and practices outlined in this Policy Statement shall remain in effect until such time as they 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 written policies) (collectively, the "Governing Documents") and the California Civil Code), to ensure the prompt payment of monthly assessments, the Mutual employs the following collection and lien enforcement policies and procedures, including. ~~Also following, pursuant to Paragraphs 4, 6, and 7 are Third collection policies and procedures~~ for the collection of assessments, late charges, 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. It is each Member's responsibility to pay assessments in full each month regardless of whether a reminder notice is received.

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

3. Administrative Collection Fee

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 The Administrative Collection Fee may be increased by majority vote of the Mutual's Board, and may be collected by the Mutual's legal counsel on its 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. ~~At~~

Any 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, pursuant to Civil Code section 4041.

A late payment charge for a delinquent assessment will be assessed in the amount of Sixty 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-twelve~~ percent (~~10%12%~~) as allowed by Civil Code section 5650. Such interest may be imposed and collected per the foregoing sentence regardless of whether the Member's delinquent account is referred 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~~Notice)

If full payment of the delinquent amount is not received by the close of business on the day which is fifteen (15) days after the date of the Reminder Notice, a Demand Letter (also known as a Pre-Lien Letter Notice ~~under pursuant to~~ California Civil Code sections ~~5650-5660~~), as detailed further below, 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-charges~~ and interest) is not received by the close of business on the thirtieth (30th) day after the date of the Demand Letter/Pre-Lien Notice (and with respect to recording a lien against a Member's separate interest in the condominium project ("Manor") which is governed by the Mutual, on the thirtieth (30th) day after receipt of the Demand Letter/Pre-Lien Notice), the Mutual may, at its option, in accordance with the requirements and conditions herein and applicable law, and based on the circumstances of the delinquency, including but not limited to, the total delinquent amount owing and the Member's payment history, undertake to collect the delinquency by: (1) suspending a Member's right (and that of the Resident or Tenant of that Member's ~~Condominium Unit~~Manor) 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 charges, 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~~charges, and/or the Administrative Collection Fee may also result in

suspension of certain Membership rights 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.**

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~~ Manor with the county recorder of the county in which the ~~separate interest~~ Manor is located-. The debt shall be a lien on the owner's ~~separate interest in the development~~ Manor 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 of the California Civil Code; a legal description of the owner's ~~separate interest in the common interest development~~ Manor 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~~ Manor against which the lien is imposed.

The itemized statement of the charges owed by the owner described in subdivision (b) of Section 5660 of the California Civil Code shall be recorded together with the notice of delinquent assessment. In order for the lien to be enforced by nonjudicial foreclosure as provided in Sections 5700 to 5710 of the California Civil Code, inclusive, the 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~~ Manor in the association's records, and the notice shall be mailed no later than ten (10) calendar days after recordation.

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

9. Foreclosure/ADR

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

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

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

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

10. Board Decision to Initiate Foreclosure

~~Another condition is that t~~The decision to initiate foreclosure of a lien for delinquent assessments that has been validly recorded shall be made only by the Board, and may not be delegated to an agent of the Mutual. The Board shall approve the decision by a majority vote of the Board in an executive session. The vote must be recorded in the minutes of the next meeting of the Board open to all Members; however, the confidentiality of the delinquent Member shall be maintained by identifying the matter in

the minutes only by the Parcel Number, and not by the name of the delinquent Member or Members. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale or judicial foreclosure.

The Board must provide notice by personal service to an owner of a ~~separate interest~~Manor or their legal representative, if the Board votes to foreclose. For a non-occupying owner, the Board must provide written notice by first-class mail, postage prepaid, at the most current 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~~Manor 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~~Manor may be redeemed from a foreclosure sale ends ninety (90) days after the sale, per California Civil Code section 5715.

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

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

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~~lien can be recorded in the chain of title to the ~~manor~~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~~lien can be recorded (i.e., upon receipt of the certified Pre-Lien Notice), or prior to initiating a foreclosure action, or in any other situation for which the Davis-Stirling Common Interest

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

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

13. Pre-Lien Notice

~~If the Member elects not to proceed with dispute resolution or any type of ADR, then t~~Prior to recording a lien against a Member's Manor, the Mutual must send the Member a certified notice providing information regarding the sums claimed as being delinquent ("Pre-Lien Notice"). No lien can be recorded until thirty (30) days after this Pre-Lien Notice has been given.

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

"IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION"
- (b) An itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest, if any ;
- (c) A statement that the owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the association;
- (d) The right to request a meeting with the board as provided in Section 5665;
- (e) The right to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association's "meet and confer" program required in Article 2 (commencing with Section 5900) of Chapter 10;
- (f) The right to request alternative dispute resolution with a neutral third party pursuant to Article 3 (commencing with Section 5925) of Chapter 10 before the association may initiate foreclosure against the owner's ~~separate-interest~~Manor, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure;

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

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~~Manor, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure;
- (c) The Member has a right to submit a written request to meet with the Board of Directors to discuss a payment plan 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 Notice)~~. The Mutual's Board will consider payment plan requests on a case-by-case basis, and is under no obligation to grant payment plan requests. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans may not impede the Mutual's ability to record a lien on the Member's ~~separate-interest~~Manor to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the Member is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Mutual may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan. The Mutual reserves the right to impose reasonable conditions on any approvals for a payment plan and request that the delinquent Member provide disclosure of certain identifying information and other assets that may be used as additional security for the debt owed.

~~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, unless otherwise waived in writing by the Member, payments received on delinquent assessments shall be applied to the Member’s account in the following order of priority: first, to the principal 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 and obligation to identify in writing to the Mutual a secondary address for purposes of collection notices delivered pursuant to the Mutual’s Annual Policy Statement, and upon receipt of a proper written request from a Member identifying a secondary address that complies with Civil Code section 4041 and the Governing Documents, the Mutual must send additional notices to this secondary address. Pursuant to section 4041, Members must keep the Mutual updated with respect to any mailing or secondary address to which notices from the Mutual are to be delivered. If Members fail to provide such information to the Mutual, the onsite manor shall be deemed to be the address to which notices are to be delivered.

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~~ required by (pursuant to 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 disclosures; ~~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 [California](#) Civil Code Section 5730

NOTICE ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

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

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

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it

has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

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

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

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

PAYMENTS

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

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

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

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

MEETINGS AND PAYMENT PLANS

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

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

ATTACHMENT "B"

The following Disclosure is made pursuant to [California Civil Code Sections 1812.700-1812.703](#)

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