



OPEN SESSION

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

**Tuesday, June 18, 2024 - 9:30 a.m.
Laguna Woods Village Community Center
Board Room/Virtual Meeting
24351 El Toro Road
Laguna Woods, California**

NOTICE AND AGENDA

The purpose of this meeting is to conduct the regular Third Mutual Board Meeting in accordance with *Civil Code §4930* and was hereby noticed in accordance with *Civil Code §4920*

- 1. Call Meeting to Order / Establish Quorum – President Laws**
- 2. Pledge of Allegiance – Director Park**
- 3. Approval of the Agenda**
- 4. Approval of the Minutes**
 - a. May 21, 2024 – Regular Board Meeting
 - b. May 31, 2024 – Special Open Meeting
 - c. June 7, 2024 – Agenda Prep Meeting
- 5. Report of the Chair**
- 6. Open Forum (Three Minutes per Speaker)** - *At this time Members only may address the Board of Directors regarding items not on the agenda and within the jurisdiction of this Board of Directors. The board reserves the right to limit the total amount of time allotted for the Open Forum to thirty minutes. A member may speak only once during the forum. Speakers may not give their time to other people, no audio or video recording by attendees, and no rude or threatening comments. Members can attend the meeting by joining the Zoom link <https://zoom.us/j/94899806730> or call 1-(669) 900-6833 or email meeting@vmsinc.org to have your message read during the Open Forum.*
- 7. Responses to Open Forum Speakers**
- 8. CEO Report**
- 9. Consent Calendar** - *All matters listed under the Consent Calendar are recommended for action by Committees and will be enacted by the Board by one motion. In the event an item is removed from the Consent Calendar by members of the Board, such item(s) shall be the subject of further discussion and action by the Board.*

- a. Consistent with its statutory obligations the Board members individually reviewed Third Laguna Hills Mutual preliminary financials for the month of April 2024, and by this vote ratify that such review be confirmed in this month's Board Member Open Session Meeting minutes per Civil Code §5501.
- b. **Recommendations from the Finance Committee**
 - (1) Recommendation to Approve a Resolution got Recording a Lien Against Member ID #934-900-63
 - (2) Recommendation to Approve a Resolution got Recording a Lien Against Member ID #932-792-09
 - (3) Recommendation to Approve a Resolution got Recording a Lien Against Member ID #932-600-80
 - (4) Recommendation to Approve a Resolution got Recording a Lien Against Member ID #931-510-18
- c. **Recommendations from the Landscape Committee**
 - (1) Recommendation to Deny the Request for Stepping Stones Next to the Stairs at Manor 2195-C Via Mariposa
- d. **Recommendation from the Architectural Controls and Standards Committee:**
 - (1) Recommendation to Approve the Variance Request to Install Pavers on Common Area for Golf Car at Manor 2173-A Via Mariposa East
 - (2) Recommendation to Approve the Variance Request to Install Fence to Enclose Common Area at Entry at Manor 3282-B San Amadeo
 - (3) Recommendation to Approve the Variance Request to Install Acorn Stairlift in Common Area at Manor 2269-P Via Puerta

10. Unfinished Business

- a. Entertain a Motion to Approve the Revision to Standard 47: Bathroom Splits **(May initial notification – 28-day notification for member review and comments to comply with Civil Code §4360 has been satisfied)**

11. New Business

- a. Entertain a Motion to Approve Revision to Standard 6: Block Walls **(June initial notification – 28-day notification for member review and comments to comply with Civil Code §4360)**
- b. Entertain a Motion to Approve the Revision to Standard 41: Solar Panels, 1 Story Buildings **(June initial notification – 28-day notification for member review and comments to comply with Civil Code §4360)**
- c. Entertain a Motion to Approve the Revision to Standard 41A: Solar Panels, 2 Story Buildings **(June initial notification – 28-day notification for member review and comments to comply with Civil Code §4360)**
- d. Entertain a Motion to Approve the 2025 Collection and Lien Enforcement Policy **(June initial notification – 28-day notification for member review and comments to comply with Civil Code §4360)**

- e. Entertain a Motion to Approve the Passive Business Policy and Application **(June initial notification – 28-day notification for member review and comments to comply with Civil Code §4360)**
- f. Entertain a Motion to Approve the Rules for Board Meetings **(June initial notification – 28-day notification for member review and comments to comply with Civil Code §4360)**
- g. Entertain a Motion to Approve Financial Qualifications for Purchasing in Third Mutual **(June initial notification – 28-day notification for member review and comments to comply with Civil Code §4360)**
- h. Entertain a Motion to Update Third Mutual Purchasing Policy **(June initial notification – 28-day notification for member review and comments to comply with Civil Code §4360)**
- i. Entertain a Motion to Approve the Executive Hearings Committee Charter
- j. Election of Officer: Treasurer
- k. Entertain a Motion to Approve Updated Committee Assignments

12. Third Mutual Committee Reports

- a. Report of the Finance Committee / Financial Report – Director Ginocchio. The committee met on June 4, 2024; next meeting August 6, 2024 at 1:30 p.m. in the Board Room and as a virtual meeting.
 - (1) Treasurer’s Report
 - (2) Third Finance Committee Report
- b. Report of the Architectural Controls and Standards Committee – Director Cook. The committee met June 10, 2024; next meeting July 8, 2024, at 1:30 p.m. in the Board Room and as a virtual meeting.
- c. Report of the Maintenance and Construction Committee – Director Rinehart. The committee met on May 6, 2024; next meeting July 1, 2024 at 1:30 p.m. in the Board Room and as a virtual meeting.
- d. Report of the Landscape Committee – President Laws. The committee met on June 6, 2024; next meeting July 11, 2024 at 9:30 a.m. in the Board Room and as a virtual meeting.
- e. Report of the Water Conservation Committee – Director Zalon. The committee met on April 25, 2024; next meeting is July 25, 2024, at 2 p.m. in the Board Room.
- f. Report of the Resident Policy and Compliance Committee – President Laws. The committee met on May 29, 2024; next meeting June 25, 2024 at 9:30 a.m. in the Board Room and as a virtual meeting.

13. GRF Committee Highlights

- a. GRF Community Activities Committee – Director Ginocchio. This committee met on June 13, 2024; the next meeting is July 11, 2024 at 1:30 p.m. in the Board Room and as a virtual meeting.
- b. Disaster Preparedness Task Force – Director Park. The task force met on May 28, 2024; the next meeting is July 30, 2024, at 9:30 a.m. in the Board Room.
- c. GRF Maintenance & Construction Committee – Director Rinehart. The committee met on June 12, 2024; next meeting August 14, 2024, at 9:30 a.m. in the Board Room and as a virtual meeting.
- d. Report of the Laguna Woods Village Traffic Hearings – Director Park. The closed hearings were held on May 15, 2024; next meeting June 19, 2024 at 9:00 a.m. in the Board Room.
- e. Information Technology Advisory Committee – President Laws. This closed committee last met on May 31, 2024; next meeting is June 28, 2024 at 1:30 p.m. virtually.
- f. The following GRF Committees have not met since the last Third Board Meeting of May 21, 2024:
 - i. GRF Finance Committee – Director Veeneman. The committee met on April 17, 2024; next meeting June 19, 2024, at 1:30 p.m. in the Board Room and as a virtual meeting.
 - ii. GRF Security and Community Access Committee – Directors Karimi. The committee last met on April 24, 2024, and the next meeting is June 26, 2024, at 1:30 p.m. in the Board Room and as a virtual meeting.
 - iii. GRF Media and Communications Committee – Director Cook. The committee met on April 15, 2024; the next meeting is July 15, 2024 at 1:30 p.m. in the Board Room.
 - iv. GRF Mobility and Vehicles Committee – Director Park. This committee met on May 15, 2024; the next meeting is August 7, 2024 at 1:30 p.m. in the Board Room.
 - v. GRF Landscape Committee – Director Karimi. This committee met on May 8, 2024; the next meeting is August 14, 2024 at 1:30 p.m. in the Board Room and as a virtual meeting.
 - vi. GRF Broadband Ad Hoc Committee – Director Cook. This closed committee last met on May 8, 2024; the next meeting is TBD.
 - vii. Space Planning Ad Hoc Committee – Director Ginocchio. This Ad Hoc committee last met on May 1, 2024; the next meeting TBA.

14. Future Agenda Items-- *All matters listed under Future Agenda Items are Resolutions that may be on 28-day public review or items for a future Board Meeting. 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.*

- *Revision to Standard 6: Block Walls*
- *Revision to Standard 41: Solar Panels, 1 Story Buildings*
- *Revision to Standard 41A: Solar Panels, 2 Story Buildings*
- *2025 Collection and Lien Enforcement Policy*

- *Passive Business Policy and Application*
- *Rules for Board Meetings*
- *Financial Qualifications for Purchasing in Third Mutual*
- *Update Third Mutual Purchasing Policy*

15. Directors' Comments

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

Closed Executive Committee Session Agenda

Approval of Agenda

Approval of the Minutes

(a) May 21, 2024 – Regular Closed Executive Committee Meeting

(b) May 30, 2024 – Special Closed Executive Committee Meeting

(c) June 5, 2024 – Special Closed Executive Committee Meeting

Discuss and Consider Member Matters

Discuss Personnel Matters

Discuss and Consider Contractual Matters

Discuss and Consider Litigation Matters

17. Adjourn

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OPEN SESSION

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

**Tuesday, May 21, 2024 - 9:30 a.m.
Laguna Woods Village Community Center
Board Room/Virtual Meeting
24351 El Toro Road
Laguna Woods, California**

Directors Present: Mark Laws, Andrew Ginocchio, S.K. Park (entered meeting at 9:33 a.m.), Jim Cook, Moon G. Yun, Reza Karimi, Brad Rinehart, Jules Zalon (via Zoom), Nathaniel Ira Lewis, David Veeneman

Directors Absent: N. Cris Prince (noticed)

Staff Present: Siobhan Foster-CEO, Makayla Schwietert, Paul Nguyen, Tom Siviglia, Dan Lurie, Susan Logan McCracken, Jenning Lai, Connie Habal, Emilian Sirbu, Carlos Rojas, Ian Barnette, Ellyce Rothrock, Manuel Gomez, Josh Monroy, Alan Grimshaw, Guy West, Blessilda Wright, Jeff Spies

Others Present: VMS – Rosemarie diLorenzo
GRF – None
United – Alison Bok
VMS – None

1. Call meeting to order / Establish Quorum – President Laws, Chair

President Laws called the meeting to order at 9:30 a.m. and established that a quorum was present.

2. Pledge of Allegiance

Director Veeneman led the Pledge of Allegiance.

3. Approval of Agenda

President Laws asked for a motion to approve the Agenda.

Director Karimi made a motion to approve the Agenda. Director Ginocchio seconded.

Director Cook requested to speak more on Reimbursement Request for Annual Golf Cart Charge Fee (Item 12c of Third's last M&C Committee); it was suggested this Request be added to the Consent Calendar (Item 9 of this Agenda) since it had been previously approved the Third's M&C Committee.

Hearing no further changes or objections, the agenda was approved by consent as amended.

4. Approval of Minutes

- a. April 11, 2024 – Special Open Meeting
- b. April 16, 2024 – Regular Board Meeting
- c. May 3, 2024 – Agenda Prep Meeting

Director Lewis made a motion to approve the minutes of April 11, 2024 – Special Open Meeting, April 16, 2024 – Regular Board Meeting and the May 3, 2024 – Agenda Prep Meeting. Director Veeneman seconded.

Hearing no further changes or objections, the minutes were approved by consent.

5. Report of the Chair

President Laws commented on the following:

- The Good Governance Coalition was formed back in 2021 in which he was apart of. From this group, three individuals were elected onto the Third Board.
- Will run for a position on the VMS Board when his term ends rather than running again for the Third Board.
- Spoke about the Third Annual Election, the timeframe to submit candidate applications, and requested members who are interested to run.

6. Open Forum (Three Minutes per Speaker)

- A member commented on the work of the Foundation of Laguna Woods Village
- A member commented on the GRF Space Planning and the potential relocation of the PC Club
- A member commented on the withdrawal of his request for annual golf cart charging fee (this item was to be discussed by Director Cook during 12c.)

7. Responses to Open Forum Speakers

- Multiple Directors commented on the issue of the potential relocation of the PC Club as one of the options of the Building E Space Planning Ad Hoc Committee

8. CEO Report

CEO Siobhan Foster reported on:

- Clubhouse 1 Renovation Update
- 2025 Budget Meetings – Version 1
- Residents Eligible for FT Employment
- Resident Services April Call Statistics
- 2025 Reservation Lottery
- City General Plan, Zoning Code Update
- Landscaping Update
- Importance of Using Village Tech Tools

- Village Website redesign Update
- Use Village Technology Tools
- Vital “What’s Up in the Village”
- Update Email with Resident Services

CEO Foster answered questions from the Board.

9. Consent Calendar - *All matters listed under the Consent Calendar were recommended for action by committees and were enacted by the Board by one motion. Items removed from the Consent Calendar by members of the Board were moved for further discussion and action by the Board.*

President Laws asked for a motion to approve the Consent Calendar as presented (without the Reimbursement Request for Annual Golf Cart Charge Fee (Item 12c of Third's last M&C Committee)).

Director Cook made a motion to approve the Consent Calendar. Director Lewis seconded the motion.

Hearing no changes or objections, the motion to approve the Consent Calendar was approved by consent.

- a. Consistent with its statutory obligations the Board members individually reviewed Third Laguna Hills Mutual preliminary financials for the month of March 2024, and by this vote ratify that such review be confirmed in this month’s Board Member Open Session Meeting minutes per Civil Code §5501.
- b. **Recommendations from the Finance Committee – None**
- c. **Recommendations from the Landscape Committee**
 - (1) Recommendation to Deny the Request for the Removal of Two Chinese Flame Trees Located at 5500-3E Paseo Del Lago

RESOLUTION 03-24-45

**Deny the Request
for Removal of Two Chinese Flame Trees
5500-3E Paseo Del Lago**

WHEREAS, February 16, 2021, that the Board of Directors adopted Resolution 03-21-10 Tree Maintenance Policy which states:

“...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 shall not be removed to preserve, enhance or create a view.

- Trees shall not be removed to preserve, enhance or create a view.
- Trees which are damaging or will damage a structure, pose a hazard, diseased, in failing health or interfering with neighboring trees, will be considered for removal.

- Removal requests will be reviewed by a staff arborist and, if necessary, referred to the Committee...”

WHEREAS, on May 2, 2024, the Landscape Committee reviewed a request from the Member at 5500-3E to remove two Chinese Flame trees. The Member cited the reason for removal as being the deciduous nature of the species; and

WHEREAS, staff inspected the condition of the tree and determined the tree is in fair health, with no signs of pest damage; and

WHEREAS, the Committee determined that the tree does not meet the guidelines set forth in Resolution 03-21-10 and recommends denying the request for the removal of two Chinese Flame trees located at 5500-3E Paseo Del Lago;

NOW THEREFORE BE IT RESOLVED, May 21, 2024, the Board of Directors denies the request for the removal of two Chinese Flame Trees located at 5500-3E; and

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

d. Recommendations from the Architectural Controls and Standards Committee

- (1)** Recommendation to Approve the Variance Request to Install a Patio Enclosure on an Existing Patio at Manor 3412-A Calle Azul

RESOLUTION 03-24-46

Variance Request

WHEREAS, Member located at 3412-A Calle Azul, a Malaga style manor, requests Architectural Control and Standards Committee approval of a variance to install a patio enclosure on an existing patio; and

WHEREAS, a Neighborhood Awareness Notice was sent to Members of affected units 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 Control and Standards Committee or in person at the Architectural Control and Standards Committee Meeting on May 13, 2024; and

WHEREAS, the Architectural Control and Standards Committee reviewed the variance and moved for approval of the variance to install a patio enclosure on an existing patio;

NOW THEREFORE BE IT RESOLVED, on May 21, 2024, the Third Laguna Hills Mutual Board hereby approves the request to install a patio enclosure on an existing patio; and

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 at 3412-A Calle Azul and all future Mutual Members at 3412-A Calle Azul; 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.

10. Unfinished Business

- a. Entertain a Motion to Approve the Revision to Standard 37: Patio and Balcony Awnings and Covers (April initial notification – 28-day notification for member review and comments to comply with Civil Code §4360 has been satisfied)**

Corporate Secretary read the following resolution:

RESOLUTION 03-24-47

Revised Standard 37: Patio and Balcony Covers & Awnings

WHEREAS, the Third Laguna Hills Mutual recognizes the need to amend Standards and create new Standards as necessary; and

WHEREAS, the Mutual recognizes the need to revise Standard 37: Patio Covers, Awnings;

NOW THEREFORE BE IT RESOLVED, May 21, 2024, that the Board of Directors of this Corporation hereby adopts revision and amendments to Standard 37: Patio and Balcony Covers / Awnings as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-19-18 adopted February 19, 2019, is hereby superseded in its entirety and no longer in effect; and

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

Director Cook made a motion to approve Revised Standard 37: Patio and Balcony Covers and Awnings. Director Yun seconded.

Discussion ensued among the Board.

Hearing no changes, the motion was called to a vote and passed unanimously.

- b. Entertain a Motion to Approve the Temporary Storage Containers Policy (April initial notification – 28-day notification for member review and comments to comply with Civil Code §4360 has been satisfied)**

Corporate Secretary read the following resolution:

RESOLUTION 03-24-48

Temporary Containers Policy

WHEREAS, the placement of temporary containers such as dumpsters, portable storage units (PODS), and contractor trailers has caused safety and mobility concerns throughout the village; and

WHEREAS, the Resident Policy & Compliance Committee has revised the policy that addresses these concerns;

NOW THEREFORE BE IT RESOLVED, May 21, 2024 the Board of Directors hereby adopts the revised Temporary Container Policy as attached to the official meeting minutes;

RESOLVE FURTHER, the safety, placement, and housekeeping of these items are the responsibility of the owner/resident; and

RESOLVE FURTHER, that Third reserves the right to remove or relocate any item to remedy as unsafe condition; and

RESOLVE FURTHER, Resolution 03-18-111 adopted July 17, 2018 is hereby superseded and canceled; and

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

Director Cook made a motion to approve the Temporary Containers Policy.
Director Veeneman seconded.

Discussion ensued among the Board.

Supervisor Dan Lurie answered questions from the Board.

Hearing no changes, the motion was called to a vote and passed unanimously.

- c. Entertain a Motion to Approve the Internal Dispute Resolution (April initial notification – 28-day notification for member review and comments to comply with Civil Code §4360 has been satisfied)**

Corporate Secretary read the following resolution:

RESOLUTION 03-24-49

Internal Dispute Resolution

WHEREAS, Civil Code §5910 establishes requirements for Internal Dispute Resolution meetings; and

WHEREAS, the Resident Policy and Compliance Committee recognizes the need to revise the Internal Dispute Resolution to make the process simple for members; and

NOW THEREFORE BE IT RESOLVED; May 21, 2024, that the Board of Directors of this Corporation hereby approves the revised Internal Dispute Resolution, as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-20-07 adopted January 21, 2020 is hereby superseded in its entirety and canceled;

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 Yun made a motion to approve the Internal Dispute Resolution. Director Lewis seconded.

Discussion ensued among the Board.

Hearing no changes, the motion was called to a vote and passed 9-0-1. Director Zalon abstained.

11. New Business

a. Entertain a Motion to Discontinue Obtaining Proof of Income for Co-Occupants

Corporate Secretary read the following resolution:

RESOLUTION 03-24-50

Suspend Automatic Enforcement of Proof of Income of Co-Occupants

WHEREAS, Article II of the Third Laguna Hills Mutual (“Mutual”) Amended and Restated Declaration of Covenants, Conditions and Restrictions (“CC&Rs”) includes Residency Restrictions which provides that in approving or disapproving an application to reside in a Condominium, the Board of Directors (“Board”) shall consider certain standards in qualifying an applicant as a Qualifying Resident together with all other Co-occupants making application concurrently to reside in the same Unit shall satisfy the applicable financial qualifications set forth in Section 5 of this Article II; and

WHEREAS, it is the Board’s understanding that the automatic financial approval of Co-occupants creates an extensive administrative burden for VMS staff, thereby, creating an excessive and unnecessary financial burden to the Mutual; and

WHEREAS, Co-occupants of the Mutual are not legally financially responsible for the payment of assessments to the Mutual; and

WHEREAS, the Board is informed and believes that the collection and analysis of financial information of a Co-occupant, that will ultimately have no bearing on the

Mutual's collection enforcement procedures, is a burden imposed that far outweighs any benefit; and

WHEREAS, in light of the foregoing, and upon the advice of the Mutual's experts, the Board desires to suspend the automatic enforcement of requiring Co-occupants to provide proof of income, unless, in the triggering event of a rejection of a Qualifying Resident's application for membership, the Qualifying Resident requests that the Mutual review a Co-occupants' financials;

NOW THEREFORE BE IT RESOLVED, May 21, 2024, that the Board hereby elects to suspend the automatic enforcement of requiring Co-occupants to provide proof of income; and

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

Director Cook made a motion to approve the suspending automatic enforcement of proof of income of co-occupants. Director Lewis seconded.

Discussion ensued among the Board.

Hearing no changes, the motion was called to a vote and passed unanimously.

b. Entertain a Motion to Approve Revision to Standard 47: Bathroom Splits (May initial notification – 28-day notification for member review and comments to comply with Civil Code § 4360)

Alan Grimshaw, Building Permits and Inspections Manager, gave an overview of Standard 47.

Corporate Secretary read the following resolution:

RESOLUTION 03-24-XX

Revise Standard 47: Bathroom Splits

WHEREAS, the Third Laguna Hills Mutual recognizes the need to amend standards and create new standards as necessary; and

WHEREAS, the Mutual recognized the need to revise Standard 47: Bathroom Splits;

NOW THEREFORE BE IT RESOLVED, June 18, 2024, the Board of Directors of this Corporation hereby adopts revisions and amendments to Standard 47: Bathroom Splits as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-18-22 adopted February 20, 2018, is hereby superseded and canceled; and

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

Director Ginocchio made a motion to approve the revised standard 47: bathroom splits for discussion purposes and to postpone the final vote for 28-days per Civil Code §4360. Director Yun seconded.

Hearing no changes, the motion was called to a vote and passed unanimously.

c. Entertain a Motion to Appoint Jeff Spies, Patty Kurzet, and Catherine Laster as Authorized Agents to Sign Documents

Corporate Secretary read the following resolution:

RESOLUTION 03-24-51

Appoint Jeff Spies, Patty Kurzet, and Catherine Laster as Authorized Agents for the Purpose of Signing Specific Documents

WHEREAS, the Lease and Rental Permit Applications and their respective renewals, extensions and addendums, and simple trust transfers are signed on a daily basis on behalf of the Corporation; and

WHEREAS, the volume of such applications has necessitated the board's delegation of signing the applications to select, trusted staff persons as "Authorized Agents";

NOW THEREFORE BE IT RESOLVED, May 21, 2024 that the Board of Directors of this Corporation hereby authorizes Jeff Spies, Patty Kurzet, and Catherine Laster as Authorized Agents to sign on behalf of the Corporation to approve/deny the following: Lease and Rental Permit Applications and their respective renewals, extensions and addendums, and simple trust transfers, effective June 1, 2024; and

RESOLVED FURTHER, that resolution 03-17-08, approved January 24, 2017 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.

Director Rinehart made a motion to appoint Jeff Spies, Patty Kurzet, and Catherine Laster as authorized agents for the purpose of signing specific documents. Director Yun seconded.

Hearing no changes, the motion was called to a vote and passed unanimously.

d. Entertain a Motion to Approve Update to Committee Assignments

Corporate Secretary read the following resolution:

RESOLUTION 03-24-52

GRF Committee Appointments

RESOLVED, April 16, 2024, that in compliance with Article 7, Section 7.3 of the Golden Rain Foundation Bylaws, the following persons are hereby appointed to serve on the committees of the Golden Rain Foundation:

Community Activities Committee (meets monthly)

SK Park (Third)
Andy Ginocchio (Third)
Reza Karimi, Alternate (Third)

Finance Committee (meets every other month)

Andy Ginocchio (Third)
David Veeneman (Third)
Moon Yun, Alternate (Third)

Landscape Committee (meets every three months)

Nathaniel Ira Lewis (Third)
SK Park (Third)
Reza Karimi, Alternate (Third)

Maintenance & Construction Committee (meets every other month)

SK Park (Third)
Brad Rinehart (Third)
Reza Karimi, Alternate (Third)

Media and Communications (meets every other month)

Jim Cook (Third)
Cris Prince, (Third)
Moon Yun, Alternate (Third)

Broadband Ad Hoc Committee (meets every month)

Cris Prince (Third)
Jim Cook (Third)
Reza Karimi, Alternate (Third)

Mobility & Vehicles Committee (meets as scheduled)

SK Park (Third)
Moon Yun (Third)
Reza Karimi, Alternate (Third)

Security and Community Access Committee (meets every other month)

SK Park (Third)
Reza Karimi (Third)
David Veeneman, Alternate (Third)

Disaster Preparedness Task Force (meets every other month)

SK Park (Third)
Moon Yun (Third)

David Veeneman, Alternate (Third)

Laguna Woods Village Traffic Hearings (meets every month)

SK Park (Third)

David Veeneman, Alternate (Third)

Information Technology Advisory Committee (ITAC) (meets monthly)

Mark Laws (Third)

SK Park (Third)

Space Planning Ad Hoc Committee (meets as scheduled)

Reza Karimi (Third)

Andy Ginocchio (Third)

SK Park (Third)

Select Audit Committee (meets as scheduled)

~~Peggy Moore~~

David Veeneman (Third)

RESOLVED FURTHER, that Resolution 03-24-42, adopted April 16, 2024, is hereby superseded and canceled; and

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

Director Lewis made a motion to approve the resolution GRF Committee Assignments. Director Rinehart seconded.

Hearing no changes, the motion was called to a vote and passed 9-1-0. Director Zalon opposed.

e. Discuss Third Board's Priorities for VMS (Oral Discussion)

The Board discussed the priorities they expect out of VMS.

President Laws' 4 expectation of VMS

- Provide exceptional communications to all owners and residents
- Provide excellent service to all owners and residents
- Reduce cost of providing same services
- Implement proactive actions to eliminate common or expensive issues

Further discussion ensued among the Board.

Multiple Directors provided their own expectations which include some of the following:

- Strategic Planning Ideas
- Implementing standard cost system to manage man hours
- KPI for labor utilization
- Implement Rational with Mutual Input to allocate available man hours

- Establish Board level committees to leverage Board expertise
- Develop a facilities master plan to optimally configure to use and add to the physical facilities inventory throughout the village
- Improvement on interdepartmental communications
- The hiring and maintaining of qualified staff in order to provide exceptional service
- Implementation of updated standards to all departments
- Outsourcing of certain staff positions and to eliminate certain outside contracted jobs and keep them inhouse
- More Benchmarking expected internal cost vs external cost
- To make the VMS Board Open Meeting more open to the Board rather speaking on items through closed session
- Staff should be treating residents like royalty
- Review of entire VMS organization
- Review of efficiency of staff
- System of holding staff accountable when they make mistakes

f. Entertain a Motion to Approve a Supplemental Appropriation for Emergency Roof Repairs

Corporate Secretary read the following resolution:

RESOLUTION 03-24-53

Supplemental Appropriation for Emergency Roof Repairs

WHEREAS, there are 1,405 housing buildings in Third Mutual with a mixture of flat and sloped roofs; and

WHEREAS, unusually wet rain seasons in 2023 and 2024 have resulted in an unprecedented number of roof repair requests; and

WHEREAS, the approved budget allocation for emergency roof repairs in 2024 is \$130,000; and

WHEREAS, a supplemental appropriation in the amount of \$300,000 is needed to provide funding to pay for services rendered and anticipated costs for the remainder of 2024;

NOW THEREFORE BE IT RESOLVED, on May 21, 2024, the Board of Directors of this corporation hereby authorize a supplemental appropriation in the amount of \$300,000 to be funded from the Reserve Fund for unanticipated emergency roof repairs; 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 Cook made a motion to approve the supplemental appropriation for emergency roof repairs. Director Karimi seconded.

Discussion ensued among the Board.

Guy West, Projects Division Manager, answered questions from the Board.

Hearing no changes, the motion was called to a vote and passed 9-1-0. Director Park opposed.

12. Third Mutual Committee Reports

- a. Report of the Finance Committee / Financial Report – Director Ginocchio. The committee met on April 2, 2024; next meeting June 4, 2024 at 1:30 p.m. in the Board Room and as a virtual meeting.
 - (1) Treasurer’s Report
 - (2) Third Finance Committee Report
- b. Report of the Architectural Controls and Standards Committee – Director Cook. The committee met May 13, 2024; next meeting June 10, 2024, at 1:30 p.m. in the Board Room and as a virtual meeting.
- c. Report of the Maintenance and Construction Committee – Director Rinehart. The committee met on May 6, 2024; next meeting July 1, 2024 at 1:30 p.m. in the Board Room and as a virtual meeting.
- d. Report of the Landscape Committee – Director Lewis. The committee met on May 2, 2024; next meeting June 6, 2024 at 9:30 a.m. in the Board Room and as a virtual meeting.
- e. Report of the Water Conservation Committee – Director Zalon. The committee met on April 25, 2024; next meeting is July 25, 2024, at 2 p.m. in the Board Room.
- f. Report of the Resident Policy and Compliance Committee – President Laws. The committee met on April 23, 2024; next meeting May 29, 2024 at 9:30 a.m. in the Board Room and as a virtual meeting.

13. GRF Committee Highlights

- a. Space Planning Ad Hoc Committee – Director Ginocchio. This committee last met on May 1, 2024; the next meeting TBA.
- b. GRF Finance Committee – Director Ginocchio. The committee met on April 17, 2024; next meeting June 19, 2024, at 1:30 p.m. in the Board Room and as a virtual meeting.
- c. GRF Security and Community Access Committee – Director Karimi. The committee last met on April 24, 2024, and the next meeting is June 26, 2024, at 1:30 p.m. in the Board Room and as a virtual meeting.

- d. GRF Broadband Ad Hoc Committee – Director Cook. This closed committee last met on April 19, April 30, and May 8, 2024; the next meeting is TBD.
- e. GRF Mobility and Vehicles Committee – Director Park. This committee met on May 15, 2024; the next meeting is August 7, 2024 at 1:30 p.m. in the Board Room.
- f. GRF Landscape Committee – Director Lewis. This committee met on May 8, 2024; the next meeting is August 14, 2024 at 1:30 p.m. in the Board Room and as a virtual meeting.
- g. Report of the Laguna Woods Village Traffic Hearings – Director Veeneman. The closed hearings were held on May 15, 2024; next meeting June 19, 2024 at 9:00 a.m. in the Board Room.
- h. Information Technology Advisory Committee – President Laws. This closed committee last on April 26, 2024; next meeting is May 31, 2024 at 1:30 p.m. virtually.
- i. The following GRF Committees have not met since the last Third Board Meeting of April 16, 2024:
 - i. GRF Community Activities Committee – Director Ginocchio. This committee met on April 11, 2024; the next meeting is June 13, 2024 at 1:30 p.m. in the Board Room and as a virtual meeting.
 - ii. GRF Media and Communications Committee – Director Cook. The committee met on April 15, 2024; the next meeting is July 15, 2024 at 1:30 p.m. in the Board Room.
 - iii. GRF Maintenance & Construction Committee – Director Rinehart. The committee met on April 10, 2024; next meeting June 12, 2024, at 9:30 a.m. in the Board Room and as a virtual meeting.
 - iv. GRF Disaster Preparedness Task Force – Director Park. The task force met on March 26, 2024; the next meeting is May 28, 2024, at 9:30 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 Meeting. 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.*

- *Revision to Standard 47: Bathroom Splits*

16. Directors' Comments

- Director Karimi commented on the smart card

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

The meeting was recessed into closed session at 12:12 p.m.

Closed Session Agenda

Approval of Agenda

Approval of the Minutes

(a) April 16, 2024 – Regular Closed Executive Committee Meeting

Discuss and Consider Member Matters

Discuss Personnel Matters

Discuss and Consider Contractual Matters

Discuss and Consider Litigation Matters

17. Adjournment

The meeting was adjourned at 5:01 p.m.

DocuSigned by:

Mark W. Laws

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Mark W. Laws, President of the Board
Third Laguna Hills Mutual

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SPECIAL OPEN SESSION

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

**Friday, May 31, 2024 at 10:00 a.m.
Board Room/Virtual Meeting
24351 El Toro Road
Laguna Woods, California**

Directors present: N. Cris Prince, Nathaniel Ira Lewis, Jim Cook, S.K. Park, Brad Rinehart, Mark Laws, Reza Karimi, Andy Ginocchio, Jules Zalon (left meeting at 10:58 a.m.), David Veeneman, Moon G. Yun

Directors absent: None

Staff present: CEO Foster, Paul Nguyen

Others present: Candidates: John Cornell, Andy Ginocchio, James Glassman, Ruth Johnson

Directors: James Hopkins, GRF; Alison Bok, United; Cush Bhada, GRF

1. Call Meeting to Order / Establish Quorum

President Laws called the meeting to order at 10:00 a.m. and established that a quorum was present.

2. State Purpose of Meeting – President Laws

President Laws stated the purpose of the meeting.

3. Approval of the Agenda

President Laws asked for a motion to approve the Agenda.

Director Park made a motion to approve the Agenda. Director Karimi seconded.

Hearing no changes or objections, the Agenda was approved by consent.

4. Members' Comments – None

5. Introduction of VMS Candidates

President Laws introduced the VMS Candidates:

- John Cornell
- Andy Ginocchio
- James Glassman
- Ruth Johnson

6. Candidate Opening Statements

The Candidates were given two minutes to give an opening statement.

7. Candidate Interviews

The Candidates were given 1-2 minutes to answer questions from the Board.

8. Candidate Closing Statements

The Candidates were given 2 minutes to give a closing statement.

9. Entertain a Motion to commence Balloting

President Laws asked for a motion to commence balloting.

Director Cook made a motion to commence balloting. Director Park seconded.

Hearing no changes or objections, the motion was approved unanimously.

10. Entertain a Motion to Cease Balloting

President Laws asked for a motion to cease balloting.

Director Park made a motion to cease balloting. Director Cook seconded.

Hearing no changes or objections, the motion was approved unanimously.

11. Tabulation of Ballots and Announce Results – Assistant Corporate Secretary

Assistant Corporate Secretary Paul Nguyen tabulated the ballots, with President Laws verifying the tally, and announced the results.

- John Cornell – 1 vote
- Andy Ginocchio – 4 Votes
- James Glassman – 8 votes
- Ruth Johnson – 7 votes

Director Glassman was elected to a remaining term ending in 2026.

Director Johnson was elected to a remaining term ending in 2024.

12. Entertain a Motion to Approve Update Committee Assignments

Resolution 03-24-55

Third Mutual Committee Appointments

RESOLVED, May 31, 2024, that the following persons are hereby appointed to serve on the committees and services of this Corporation;

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

Finance Committee (meets every other month)

Andy Ginocchio, Chair
Moon Yun
Brad Rinehart
SK Park
David Veeneman
Reza Karimi, Alternate

Architectural Control and Standards Committee (meets monthly)

James Cook, Chair
Brad Rinehart
Nathaniel Ira Lewis
Reza Karimi
David Veeneman
Andy Ginocchio, Alternate
Non-Voting Advisors: Mike Butler, Mike Plean, Lisa Mills

Landscape Committee (meets monthly)

~~Nathaniel Ira Lewis, Chair~~
Mark Laws, Chair
SK Park
Brad Rinehart
Reza Karimi
David Veeneman
Moon Yun, Alternate

Maintenance and Construction Committee (meets every other month)

Brad Rinehart, Chair
James Cook
Moon Yun
SK Park
Reza Karimi
Andy Ginocchio, Alternate

Resident Policy and Compliance Committee (meets monthly)

Mark Laws, Chair
Moon Yun
Andy Ginocchio

Cris Prince
Nathaniel Ira Lewis
SK Park, Alternate
Non-Voting Advisors: Stuart Hack, Theresa Keegan

Executive Hearings Committee (meets monthly)

Mark Laws, Chair
Jim Cook
Cris Prince
Andy Ginocchio, Alternate
SK Park, Alternate

Water Conservation Committee (meets quarterly)

Jules Zalon, Chair
Reza Karimi
Brad Rinehart
Nathaniel Ira Lewis
David Veeneman

Garden Villa Recreation Room Committee (meets thrice yearly)

SK Park, Chair
Moon Yun
David Veeneman
Voting Advisors: Stuart Hack, Lynn Jarrett
Non-Voting Advisors: Lorna Seung

Executive Committee (can attend Closed Meetings / Executive Sessions)

Mark Laws
Jim Cook
Andy Ginocchio
Cris Prince
Reza Karimi
Nathaniel Ira Lewis
Moon Yun
SK Park
Brad Rinehart
David Veeneman

Management Agreement Ad Hoc Committee (meets periodically)

~~Reza Karimi, Chair
Brad Rinehart
Andy Ginocchio
Nathaniel Ira Lewis
Cris Prince~~

RESOLVED FURTHER, that Resolution 03-24-42, adopted April 16,

2024, is hereby superseded and canceled; and

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

Resolution 03-24-56

GRF Committee Appointments

RESOLVED, May 31, 2024, that in compliance with Article 7, Section 7.3 of the Golden Rain Foundation Bylaws, the following persons are hereby appointed to serve on the committees of the Golden Rain Foundation:

Community Activities Committee (meets monthly)

SK Park (Third)
Andy Ginocchio (Third)
Reza Karimi, Alternate (Third)

Finance Committee (meets every other month)

Andy Ginocchio (Third)
David Veeneman (Third)
Moon Yun, Alternate (Third)

Landscape Committee (meets every three months)

Nathaniel Ira Lewis (Third)
SK Park (Third)
Reza Karimi, Alternate (Third)

Maintenance & Construction Committee (meets every other month) SK

Park (Third)
Brad Rinehart (Third)
Reza Karimi, Alternate (Third)

Media and Communications (meets every other month) Jim

Cook (Third)
Cris Prince, (Third)
Moon Yun, Alternate (Third)

Broadband Ad Hoc Committee (meets every month)

Cris Prince (Third)
Jim Cook (Third)
Reza Karimi, Alternate (Third)

Mobility & Vehicles Committee (meets as scheduled)

SK Park (Third)

Moon Yun (Third)
Reza Karimi, Alternate (Third)

Security and Community Access Committee (meets every other month)

SK Park (Third)
Reza Karimi (Third)
David Veeneman, Alternate (Third)

Disaster Preparedness Task Force (meets every other month)

SK Park (Third)
Moon Yun (Third)
David Veeneman, Alternate (Third)

Laguna Woods Village Traffic Hearings (meets every month)

SK Park (Third)
David Veeneman, Alternate (Third)

Information Technology Advisory Committee (ITAC) (meets monthly)

Mark Laws (Third)
SK Park (Third)

Space Planning Ad Hoc Committee (meets as scheduled)

Reza Karimi (Third)
Andy Ginocchio (Third)
SK Park (Third)

Select Audit Committee (meets as scheduled)

David Veeneman (Third)

RESOLVED FURTHER, that Resolution 03-24-52, adopted May 21, 2024, is hereby superseded and canceled; and

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

President Laws asked for a motion to approve the updated committee assignments.

Director Veeneman made a motion to approve the resolutions for Third Mutual Committee Assignments and GRF Committee Assignments. Director Reinhart seconded.

Hearing no changes, the motion was called to a vote and passed unanimously as amended. Director Zalon left the meeting at 10:58 a.m. and was not present for the vote.

13. **Entertain a Motion to Approve a Resolution for Recording Lien Against Member ID #934-900-63**

Assistant Corporate Secretary Nguyen read the following resolution:

Resolution 03-24-57

**BOARD OF DIRECTORS - RESOLUTION TO RECORD A LIEN
California Civil Code § 5673**

WHEREAS, Civil Code section 5673 requires the Board of Directors ("Board") of Third Laguna Hills Mutual ("Association") to authorize, in an open meeting, the recording of liens against the separate interests of owners with delinquent assessments;

WHEREAS, the Owner(s) of Assessor's Parcel No.: 934-900-63 remain delinquent in the payment of his/her assessments, late fees, interest charges, and collection costs;

WHEREAS, the Board hereby certifies that the following has occurred in compliance with California Civil Code section 5673:

1. The Board of Directors individually voted on this Resolution and did not delegate approval to any third party or agent of the Association.
2. The vote occurred in an open meeting of the Board at which a quorum was present, and thereafter the vote was recorded in the minutes of that meeting of the Board that was open to all members.
3. A majority those Board members present constituting a quorum has voted in favor of recording a lien for delinquent assessments, late fees, collection fees, and attorney's fees and costs, on the property described above.
4. A copy of this resolution must be attached and made part of the Board's meeting minutes. And the vote to file a Lien against the property listed above has been recorded in the Board meeting minutes.
5. ACES, Inc. is authorized to execute and record a lien on the Board's behalf.

IT IS HEREBY RESOLVED THAT, the Board has adopted this Resolution to place a lien on this property for the delinquent amounts and any late fees, interest charges, and other collection-related amounts, and that it is signed by a member of the Board vested with the authority to do so. This Resolution was adopted by the Board at an open meeting.

ADOPTED BY: Mark W. Laws PRESIDENT
Signature of Authorized Board Member Title
MARK W. LAWS 6-6-24
Print Name of Authorized Board Member Date

President Laws asked for a motion to approve the recording of the lien.

Director Cook made a motion to approve the Resolution for Recording Lien Against Member ID #934-900-63. Director Park seconded.

Hearing no changes, the motion was called to a vote and passed unanimously. Director Zalon left the meeting at 10:58 a.m. and was not present for the vote.

14. Entertain a Motion to Request a Meeting of GRF Corporate Members

Assistant Corporate Secretary Nguyen read the following resolution:

Resolution 03-24-58

**Request a Special Corporate Members Meeting of
Golden Rain Foundation of Laguna Woods**

WHEREAS, on January 18, 2021 the Golden Rain Foundation of Laguna Woods (GRF) adopted Amended Bylaws (Bylaws), which sets out the purposes, powers, and governance of the GRF;

WHEREAS, Section 5.3 of the GRF Bylaws provides, in pertinent part, "A special meeting of Corporate Members may be called by... ***a written resolution approved by a majority of the Directors of any Mutual Board.***" (Emphasis added);

WHEREAS, Section 2.4.16 of the GRF Bylaws provides the definition of Mutual, as follows, "The housing Mutual Corporations, which are Corporate Members of this Corporation.";

WHEREAS, Section 2.4.9 of the GRF Bylaws provides the definition of Corporate Members, which reads as follows, "The Mutual Corporations at Laguna Woods Village Laguna Woods, as represented by the Directors of their respective Boards. As of the date of these Bylaws, the Corporate Members are: United Laguna Woods Mutual, ***Third Laguna Hills Mutual***, and Laguna Woods Mutual Fifty." (Emphasis added);

WHEREAS, Section 5.4.4.1 of the GRF Bylaws provides that a special meeting of the Corporate Members may be called for removal of a director without cause and Section 6.4.1.3 provides that a majority of a quorum of the voting power of the Corporate Members can remove a GRF Director or Directors;

WHEREAS, based on the foregoing sections of the GRF Bylaws, a special meeting of the corporate members for the removal of a director or directors

without cause may be called by the Board of Directors of Third Laguna Hills Mutual by way of a written resolution documenting that a majority of the directors of Third Mutual approve the calling of the special meeting;

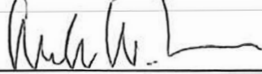
WHEREAS, a majority of the directors of the Third Mutual Board of Directors has approved to call a special meeting of the Corporate Members of the GRF for the removal of the following director or directors of the GRF Board: James Hopkins and Yvonne Horton; and

NOW, THEREFORE, BE IT RESOLVED, on May 31, 2024, that a majority of the directors of the Third Mutual Board of Directors has approved to call a special meeting of the Corporate Members of the GRF for the removal of a director or directors of the GRF Board; and

RESOLVED FURTHER, that the Third Mutual Board of Directors has directed its President Mark Laws to request that GRF Board President schedule a Special Corporate Members' Meeting with the purpose of discussing and voting on whether or not to remove a director or directors of the GRF Board.

This resolution was adopted by the Board in open session.

ADOPTED BY:



Signature of Authorized Board Member

MARK W. LAWS

Print Name of Authorized Board Member

Title PRESIDENT Date: 6-5-24



Signature of Authorized Board Member

N. CRIS PRINCE

Print Name of Authorized Board Member

Title SECRETARY Date: 6-5-2024

President Laws asked for a motion to approve the request for a meeting of the GRF Corporate Members.

Director Park made a motion to approve the resolution to request a meeting of the GRF Corporate Members. Director Lewis seconded.

Hearing no changes, the motion was called to a vote and passed unanimously.

Director Zalon left the meeting at 10:58 a.m. and was not present for the vote.

15. Directors' Comments

- Director Karimi thanked the candidates and welcomed the new directors to the VMS Board.

16. Adjournment

The meeting was adjourned at 11:21 a.m.

DocuSigned by:
N. Cris Prince
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N. Cris Prince, Secretary of the Board
Third Laguna Hills Mutual



OPEN SESSION

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

**Friday, June 7, 2024 – 9:30 a.m.
Willow Room/Virtual Meeting
24351 El Toro Road
Laguna Woods, California**

The purpose of this meeting was to discuss agenda items for the Third Board Regular Meeting
Civil Code §4930

Directors present: Mark Laws, N. Cris Prince, S.K. Park, Nathaniel Ira Lewis, Reza Karimi, Andy Ginocchio, Brad Rinehart, David Veeneman, Jim Cook

Directors absent: Jules Zalon (Not Noticed), Moon G. Yun (Not Noticed)

Staff present: CEO Siobhan Foster, Catherine Laster, Makayla Schwietert, Paul Nguyen

Others present: None

1. Call Meeting to Order / Establish Quorum

President Laws called the meeting to order at 9:25 a.m. and established that a quorum was present.

2. Approval of the Agenda

President Laws asked for a motion to approve the Agenda.

Director Lewis made a motion to approve the Agenda. Director Park seconded.

Hearing no changes or objections, the Agenda was approved by consent.

3. Discuss and Consider Items to be placed on the Third Board Regular Meeting Agenda (open & closed session) on June 18, 2024

Director Ginocchio entered the meeting at 9:30 a.m.

Discussion ensued among the Board, and changes were made to the Open and Closed meeting Agendas.

President Laws asked for a motion to approve the amended Open and Closed meeting Agendas.

Director Lewis made a motion to approve the Open and Closed Meeting Agendas, as amended. Director Park seconded.

Hearing no objections, the June 18, 2024 amended Open and Closed Meeting Agendas were approved by consent.

4. Directors' Comments

- President Laws encouraged the Board to thoroughly review agenda packets prior to their meetings.

5. Adjournment

The meeting was adjourned at 9:55 a.m.

DocuSigned by:

N. Cris Prince

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N. Cris Prince, Secretary of the Board
Third Laguna Hills Mutual



RESOLUTION 03-24-XX

Recording of a Lien

WHEREAS, Member ID 934-900-63; 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, June 18, 2024, that the Board of Directors hereby approves the recording of a Lien for Member ID 934-900-63; and

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

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RESOLUTION 03-24-XX

Recording of a Lien

WHEREAS, Member ID 932-792-09; 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, June 18, 2024, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-792-09; and

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

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RESOLUTION 03-24-XX

Recording of a Lien

WHEREAS, Member ID 932-600-80; 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, June 18, 2024, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-600-80; and

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

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RESOLUTION 03-24-XX

Recording of a Lien

WHEREAS, Member ID 931-510-18; 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, June 18, 2024, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-510-18; and

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

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RESOLUTION 03-24-XX

**Deny the Request for Stepping Stones Next to the Stairs
Located at 2195-C Via Mariposa**

WHEREAS, on June 6, 2024, the Landscape Committee reviewed a request for a landscape alteration from the Member at 2195-C to place stepping stones next to the stairs at the front entryway; and

WHEREAS, the resident requested permission to place stepping stones next to the stairs at the front entryway to create a ramp so her husband does not have to use the stairs; and

WHEREAS, this request is placing Mutual at liability as it would create a ramp that does not meet ADA guidelines; and

WHEREAS, the Committee recommends that the request to alter the landscape and place stepping stones at 2195-C Via Mariposa according to the plans provided by the resident be denied; and

WHEREAS, the Committee recommends the issue be reviewed by the Architectural and Control and Standards Committee;

NOW THEREFORE BE IT RESOLVED, June 18, 2024, the Board of Directors denies the request for the approval of the landscape alteration at 2195-C Via Mariposa; and

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

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RESOLUTION 03-24-XX

Variance Request

WHEREAS, Member located at 2173-A Via Mariposa East, a Monterey style manor, requests Architectural Control and Standards Committee approval of a variance to install pavers on Common Area for Golf Car; and

WHEREAS, a Neighborhood Awareness Notice was sent to Members of affected units 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 Control and Standards Committee or in person at the Architectural Control and Standards Committee Meeting on June 10, 2024; and

WHEREAS, the Architectural Control and Standards Committee reviewed the variance and moved for approval of the variance to install pavers on Common Area for Golf Car;

NOW THEREFORE BE IT RESOLVED, on June 18, 2024, the Third Laguna Hills Mutual Board hereby approves the request to install pavers on Common Area for Golf Car; and

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 at 2173-A Via Mariposa East and all future Mutual Members at 2173-A Via Mariposa East; and

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

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RESOLUTION 03-24-XX

Variance Request

WHEREAS, Member located at 3282-B San Amadeo, a La Reina style manor, requests Architectural Control and Standards Committee approval of a variance to install a fence to enclose Common Area at entry; and

WHEREAS, a Neighborhood Awareness Notice was sent to Members of affected units 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 Control and Standards Committee or in person at the Architectural Control and Standards Committee Meeting on June 10, 2024; and

WHEREAS, the Architectural Control and Standards Committee reviewed the variance and moved for approval of the variance to install a fence to enclose Common Area at entry;

NOW THEREFORE BE IT RESOLVED, on June 18, 2024, the Third Laguna Hills Mutual Board hereby approves the request to install a fence to enclose Common Area at entry; and

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 at 3282-B San Amadeo and all future Mutual Members at 3282-B San Amadeo; and

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

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RESOLUTION 03-24-XX

Variance Request

WHEREAS, Member located at 2269-P Via Puerta, a Castilla style manor, requests Architectural Control and Standards Committee approval of a variance to install an Acorn stairlift in Common Area; and

WHEREAS, a Neighborhood Awareness Notice was sent to Members of affected units 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 Control and Standards Committee or in person at the Architectural Control and Standards Committee Meeting on June 10, 2024; and

WHEREAS, the Architectural Control and Standards Committee reviewed the variance and moved for approval of the variance to install an Acorn stairlift in Common Area;

NOW THEREFORE BE IT RESOLVED, on June 18, 2024, the Third Laguna Hills Mutual Board hereby approves the request to install an Acorn stairlift in Common Area; and

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 at 2269-P Via Puerta and all future Mutual Members at 2269-P Via Puerta; and

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

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Third Laguna Hills Mutual
Architectural Control and
Standards Committee
May 13, 2024

ENDORSEMENT (to Board)

Revision to Standard No. 47 – Bathroom Splits

Alan Grimshaw, Manor Alterations Manager, presented the staff report and answered questions from the committee.

A motion was made and carried unanimously to recommend that the Board of Directors approve the revisions to Standard 47 – Bathroom Splits.

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STAFF REPORT

DATE: June 18, 2024
FOR: Board of Directors
SUBJECT: Revision to Standard 47: Bathroom Splits

RECOMMENDATION

Approve a resolution to revise Standard 47: Bathroom Splits.

BACKGROUND

The ACSC initiated a review of the current Standard 47: Bathroom Splits (Attachment 1) and proposed revisions to the Standard intended to bring it up to current industry standards and improved designs. Standard 47 was last enacted in February 2018, via Resolution 03-18-22 (Attachment 2).

DISCUSSION

The suggested modifications to this standard are recommended in order to allow for: 1.) Greater flexibility in the design process 2.) Clarification of responsibilities and work flow process 3.) Specifying compliance with all state and local building codes.

On May 13, 2024 the ACSC voted unanimously to recommend that the Board of Directors approve the revisions to Standard 47.

FINANCIAL ANALYSIS

There is no financial impact to the mutual for the recommended action.

Prepared By: Alan Grimshaw, Manor Alterations Manager

Reviewed By: Baltazar Mejia, Maintenance & Construction Assistant Director
Gavin Fogg, Manor Alterations Supervisor

ATTACHMENT(S)

Attachment 1: Current Standard 47: Bathroom Splits
Attachment 2: Current Resolution 03-18-22
Attachment 3: Red-lined Revised Standard 47: Bathroom Splits
Attachment 4: Final Draft Standard 47: Bathroom Splits
Attachment 5: Proposed Resolution 03-24-XX

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SECTION 47 BATHROOM SPLITS

JANUARY 2018, RESOLUTION 03-18-22

1.0 GENERAL REQUIREMENTS

See Alteration Standard Section 1.0 General Requirements

2.0 APPLICATIONS

- 2.1 Bathroom splits are prohibited in Manors with two bathrooms.
- 2.2 Manors with two bathrooms may reconfigure walls and doors only within the same foot print.
- 2.3 Manors with one full bathroom may split bathroom into two bathrooms as follows:
 - a. The original footprint may be extended up to three feet, in one direction.
 - b. The extension of a bathroom footprint may not involve a load bearing wall or supporting columns.
 - c. The extension of a bathroom footprint may not extend into adjacent hallways.
- 2.4 Prior to connecting into any plumbing work, the **waste line is to be inspected by the Mutual at the Member(s) expense.**
- 2.5 Detailed architectural or engineered plans, including plumbing plans for all piping for bathroom split alterations, shall be submitted to the Alterations Division for approval. These plans shall include: pipe penetrations, location of plumbing connections and vents, pipe sizes, and types. As-builts shall be submitted if any changes are made to the approved plans.
- 2.6 Sewer line connections will consist of a minimum 2" waste line tied into a minimum 2" waste line. All exposed existing cast iron waste lines and connections shall be replaced with ABS.
- 2.7 All water supply lines shall be of Type M copper; minimum 1/2" diameter.
- 2.8 All pressure lines shall be securely strapped to prevent movement or knocking.
- 2.9 All piping in bathrooms with adjacent Manors shall be insulated for sound reduction, including penetrations thorough framing.



2.10 The Mutual Member assumes all responsibility for any damage that may occur due to construction.

3.0 ADDITIONAL REQUIREMENTS FOR INSTALLATIONS

3.1 Alterations involving common walls shall be fire rated per current California Building Code.

3.2 All exhaust fans must be installed per the Exhaust Fan/Vent Installation Standard.

3.3 All penetrations through walls shall be properly sealed to prevent water intrusion.

3.4 The waterproof integrity of the roof, including the selection and use of appropriate flashing and sealers, must be maintained.

3.5 Roof tie-ins for vents on PVC Cool Roofs must be made by an approved roofing contractor. A Roofing Contractor Verification Form will be required prior to the issuance of a permit.

3.6 Cutting or altering roof trusses for the installation of vents in attic spaces are strictly prohibited.

4.0 OBLIGATIONS

4.1 Member is responsible for damages to roof or other structures caused by any alteration.

4.2 The Mutual 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.

RESOLUTION 03-18-22

New Alteration Standard Section 47 – Bathroom Splits

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

WHEREAS, the Architectural Controls and Standards Committee has reviewed numerous Variance Requests to remodel bathrooms, specifically to create a second bathroom in the footprint of the original bathroom, this type of alteration is commonly referred to as a bathroom split;

WHEREAS, the Architectural Controls and Standards Committee recognizes the need to create a new Standard for these alterations, eliminating the need for Members to apply for a Variance Request for a common alteration.

NOW THEREFORE BE IT RESOLVED, February 20, 2018, that the Third Board of Directors of this Corporation hereby adopts the following Standard Section 437 of the Alteration Standards for Bathroom Splits;

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STANDARD 47: BATHROOM SPLITS

JANUARY 2018, RESOLUTION 03-18-22
~~[DATE], RESOLUTION 03-24-XX~~

1.0 GENERAL REQUIREMENTS

~~SEEe Alteration Standard~~ **STANDARD Section 1:0 General Requirements**
GENERAL REQUIREMENTS

2.0 DEFINITIONS

2.1 Bathroom split: The creation of an additional bathroom, within the interior confines of a manor and is adjoined to or shares space with an existing bathroom. See Section 5.0 "sample floorplan".

~~2.03.0~~ APPLICATIONS

~~2.13.1 Current city-adopted building codes will always take precedence. Bathroom splits are prohibited in Manors with two bathrooms.~~

3.2 A bathroom split may be added to a manor under the following conditions: Manors with two bathrooms may reconfigure walls and doors only within the same foot print.

a. Only non-structural or non-load bearing walls may be altered or removed.

b. The new design layout will not change or impact the total number of existing designated sleeping rooms to the unit.

c. All alterations to comply with current California Plumbing and Building Codes.

~~2.2~~d. For all designs that include more than two bathrooms, a licensed engineer's report verifying that this design will not exceed the design capacity of the building plumbing system currently servicing this manor will be required.

~~2.33.3~~ Prior to commencing work, a **Mutual Plumbing Waste Line Inspection** is required at the area(s) being impacted by the alteration. The member is responsible for requesting the inspection and all applicable costs for service. Manors with one full bathroom may split bathroom into two bathrooms as follows:

~~a. The member becomes responsible for any subsequent repairs to the building's plumbing systems if any alterations begin prior to the Mutual's inspections. The original footprint may be extended up to three feet, in one direction.~~

~~b. The extension of a bathroom footprint may not involve a load-bearing wall or supporting columns.~~

~~c. The extension of a bathroom footprint may not extend into adjacent hallways.~~

~~**3.4** Detailed and scaled architectural or engineered plans shall be submitted to Manor Alterations for review and approval. Plans to include but not limited to the following:~~

~~a. Architectural plans~~

~~b. Engineering plans – as needed~~

~~c. All connection points to existing system~~

~~d. All piping types and sizes~~

~~**2.4** Prior to connecting into any plumbing work, the waste line is to be inspected by the Mutual at the Member(s) expense.~~

~~**2.53.5** Final "as built" plans to be submitted to Manor Alterations at project completion. Detailed architectural or engineered plans, including plumbing plans for all piping for bathroom split alterations, shall be submitted to the Alterations Division for approval. These plans shall include: pipe penetrations, location of plumbing connections and vents, pipe sizes, and types. As-builts shall be submitted if any changes are made to the approved plans.~~

~~**2.63.6** All pressure lines shall be securely strapped to prevent movement or knocking. Sewer line connections will consist of a minimum 2" waste line tied into a minimum 2" waste line. All exposed existing cast iron waste lines and connections shall be replaced with ABS.~~

~~**2.73.7** A separate furred sound attenuation wall will be required where new layout comes in contact with an adjoining manor demising wall. Details to be include with plan submittal. All water supply lines shall be of Type M copper; minimum 1/2" diameter.~~

~~**2.83.8** All vents and or exhaust fans must be installed per Third Mutual Standard 9: Exhaust Fan Installations All pressure lines shall be securely strapped to prevent movement or knocking.~~

~~**3.9** All PVC flat roof work involving penetrations and tie-ins for vent(s) and or exhaust fan installations must be made by a mutual approved roofing vendor.~~

~~a. Verification of any existing roof warranty is also required.~~

~~b. If any roof still has an active roof warranty, the member must use the roofing contractor that is providing this warranty.~~

~~c. An approved Roofing Contractor Verification Form is required prior to issue of Mutual Consent.~~

~~d. Member is responsible for all roofing costs and coordination with said approved roof vendor.~~

~~2.9 All piping in bathrooms with adjacent Manors shall be insulated for sound reduction, including penetrations through framing.~~

~~2.103.10 A licensed structural engineer's stamped drawings must be included in submittal documents if design involves cutting or altering roof trusses or any building structural elements. The Mutual Member assumes all responsibility for any damage that may occur due to construction.~~

~~3.0 ADDITIONAL REQUIREMENTS FOR INSTALLATIONS~~

~~3.1 Alterations involving common walls shall be fire rated per current California Building Code.~~

~~3.2 All exhaust fans must be installed per the Exhaust Fan/Vent Installation Standard.~~

~~3.3 All penetrations through walls shall be properly sealed to prevent water intrusion.~~

~~3.4 The waterproof integrity of the roof, including the selection and use of appropriate flashing and sealers, must be maintained.~~

~~3.5 Roof tie-ins for vents on PVC Cool Roofs must be made by an approved roofing contractor. A Roofing Contractor Verification Form will be required prior to the issuance of a permit.~~

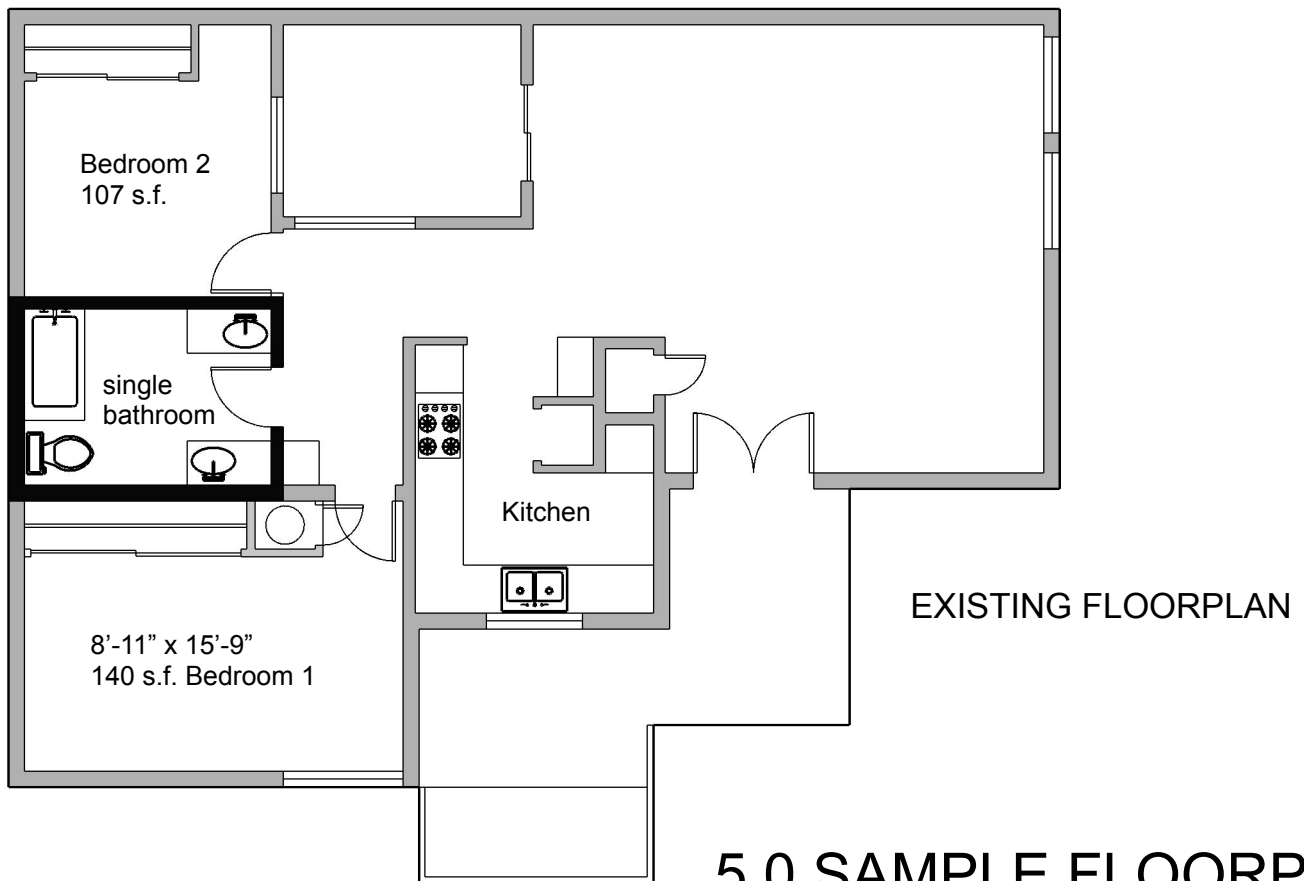
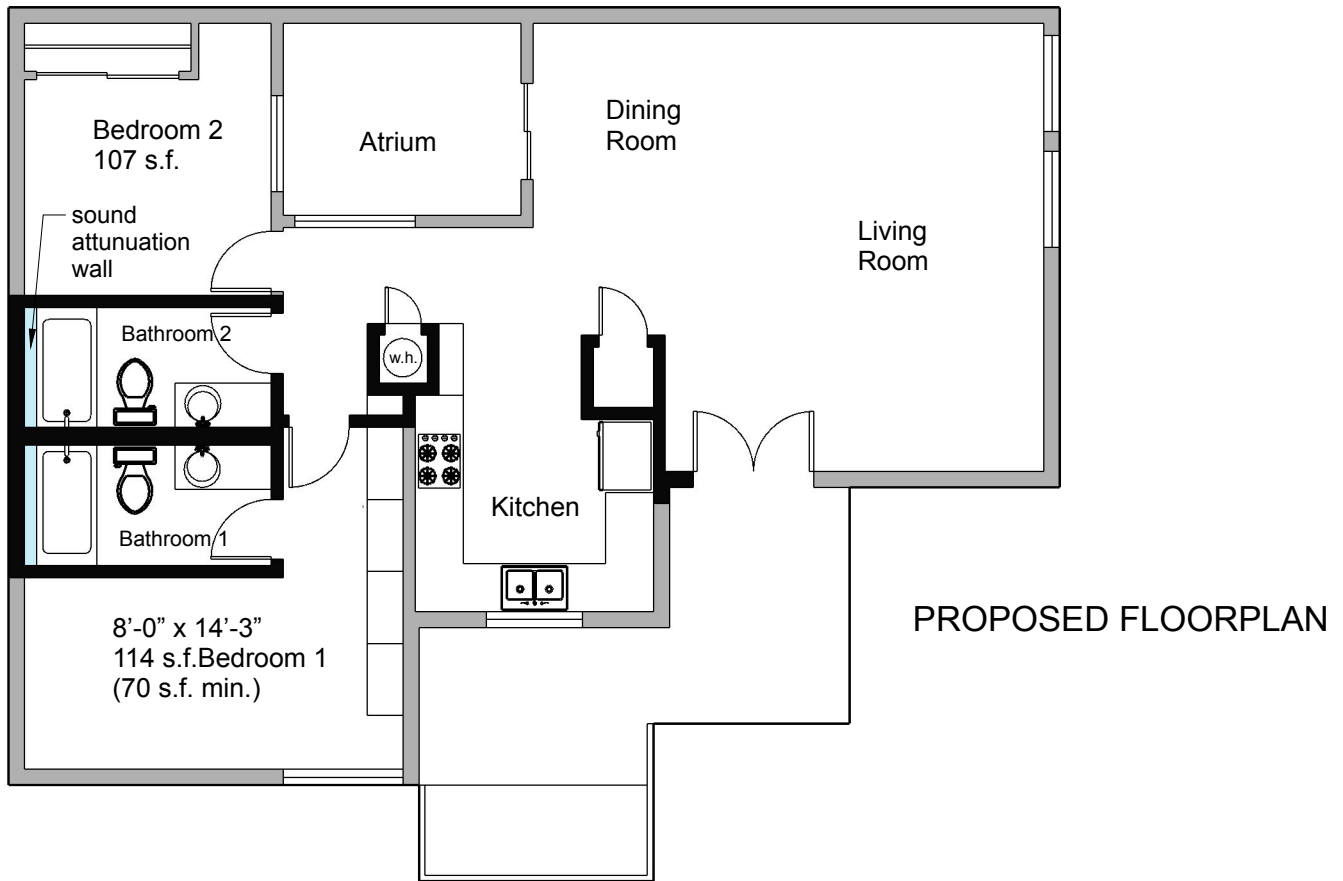
~~3.6 Cutting or altering roof trusses for the installation of vents in attic spaces are strictly prohibited.~~

~~4.0 OBLIGATIONS~~

~~4.1 Member is responsible for damages to roof or other structures caused by any alteration.~~

~~4.2 The mMutual mMember is responsible for, and will bear all costs associated with clean-up or repair of mMutual owned or controlled property made necessary by or resulting from the alteration.~~

~~4.25.0 SAMPLE FLOOR PLAN (see attached)~~



5.0 SAMPLE FLOORPLAN

Agenda Item #10a



STANDARD 47: BATHROOM SPLITS

JANUARY 2018, RESOLUTION 03-18-22
 REVISED [DATE], RESOLUTION 03-24-XX

1.0 GENERAL REQUIREMENTS

SEE STANDARD 1: GENERAL REQUIREMENTS

2.0 DEFINITIONS

2.1 Bathroom split: The creation of an additional bathroom, within the interior confines of a manor and is adjoined to or shares space with an existing bathroom. See Section 5.0 “sample floorplan”.

3.0 APPLICATIONS

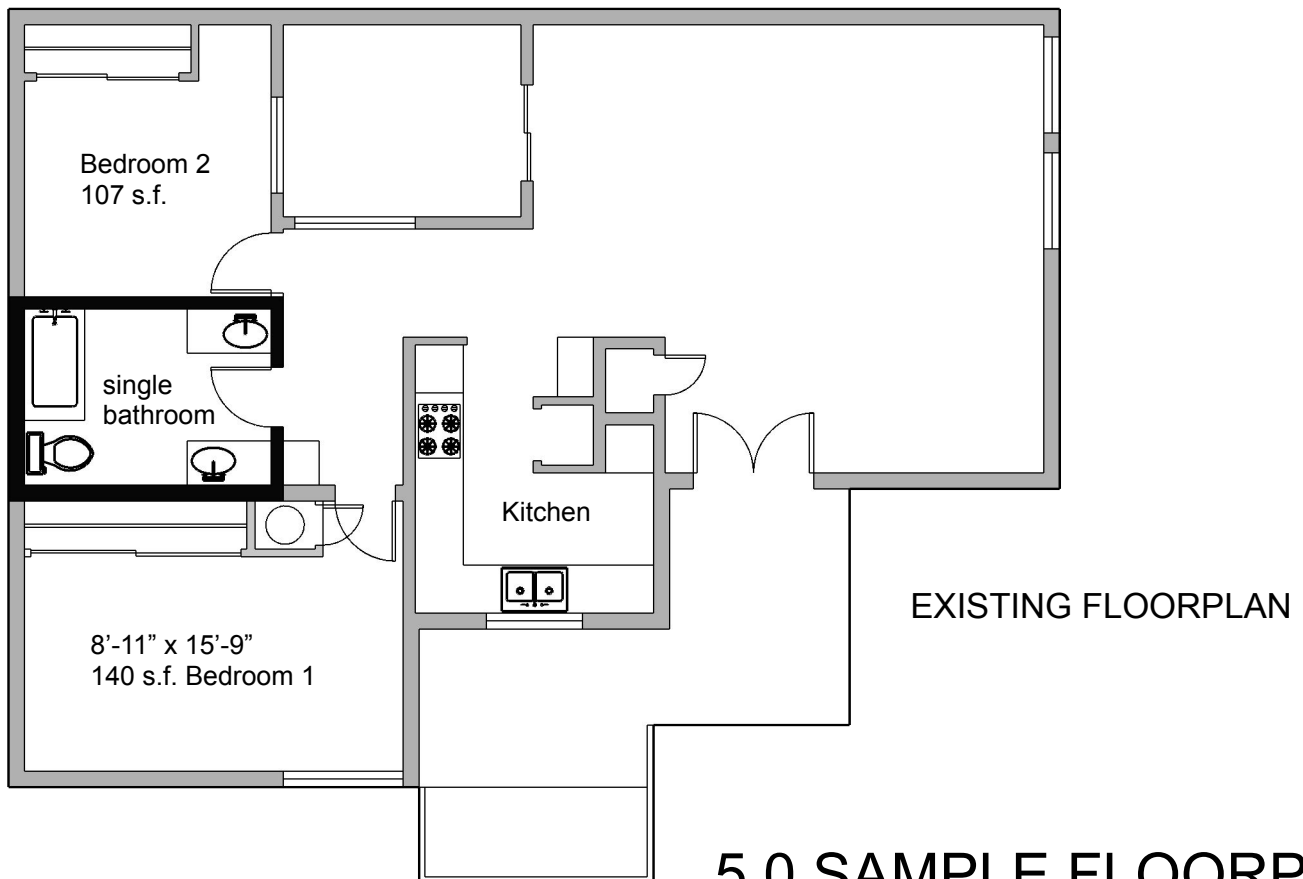
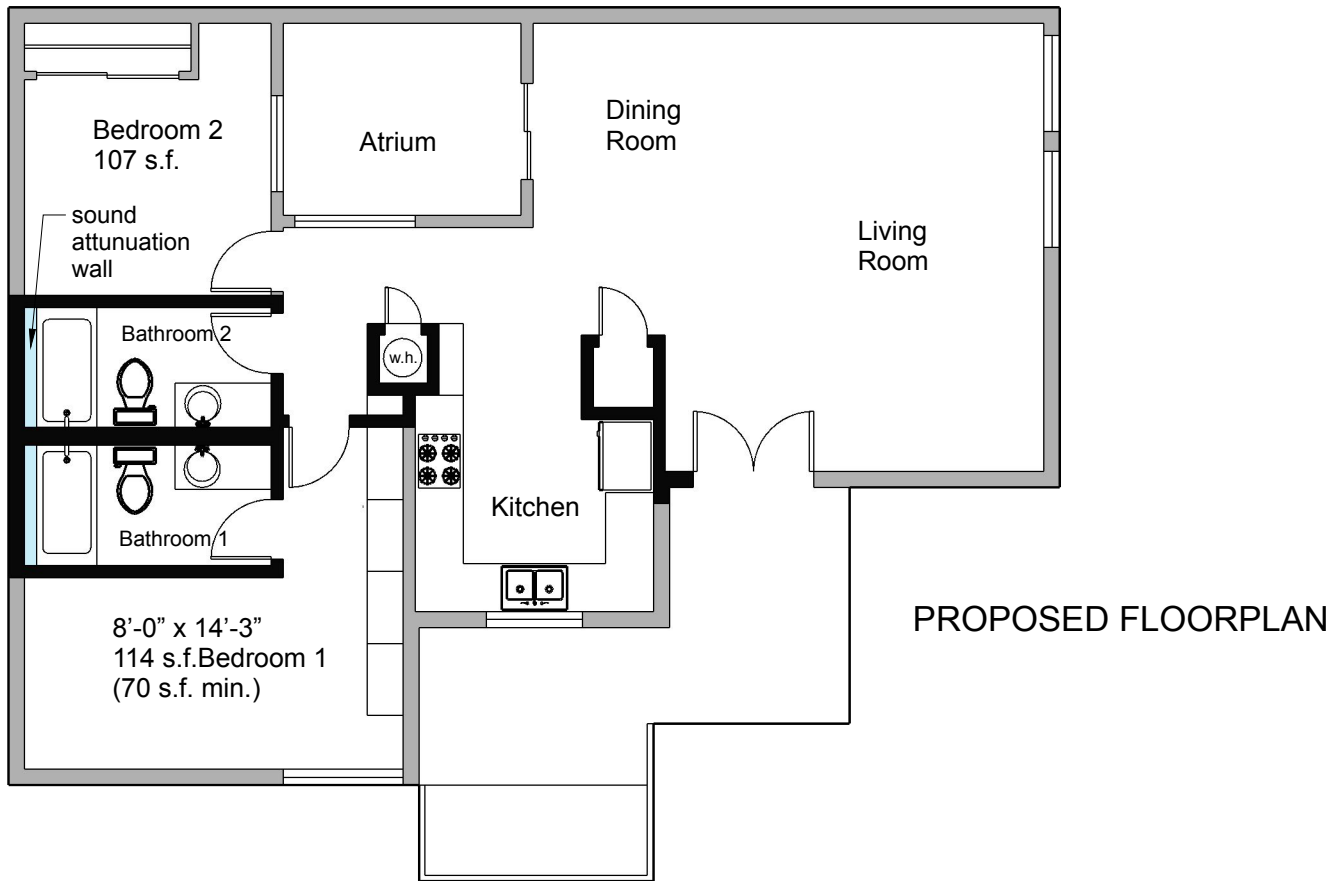
- 3.1 Current city-adopted building codes will always take precedence.
- 3.2 A bathroom split may be added to a manor under the following conditions:
- a. Only non-structural or non-load bearing walls may be altered or removed.
 - b. The new design layout will not change or impact the total number of existing designated sleeping rooms to the unit.
 - c. All alterations to comply with current California Plumbing and Building Codes.
 - d. For all designs that include more than two bathrooms, a licensed engineer’s report verifying that this design will not exceed the design capacity of the building plumbing system currently servicing this manor will be required.
- 3.3 Prior to commencing work, a **Mutual Plumbing Waste Line Inspection** is required at the area(s) being impacted by the alteration. The member is responsible for requesting the inspection and all applicable costs for service.
- a. The member becomes responsible for any subsequent repairs to the building’s plumbing systems if any alterations begin prior to the Mutual’s inspections.

- 3.4 Detailed and scaled architectural or engineered plans shall be submitted to Manor Alterations for review and approval. Plans to include but not limited to the following:
 - a. Architectural plans
 - b. Engineering plans – as needed
 - c. All connection points to existing system
 - d. All piping types and sizes
- 3.5 Final “as built” plans to be submitted to Manor Alterations at project completion.
- 3.6 All pressure lines shall be securely strapped to prevent movement or knocking.
- 3.7 A separate furred sound attenuation wall will be required where new layout comes in contact with an adjoining manor demising wall. Details to be include with plan submittal.
- 3.8 All vents and or exhaust fans must be installed per Third Mutual Standard 9: Exhaust Fan Installations
- 3.9 All PVC flat roof work involving penetrations and tie-ins for vent(s) and or exhaust fan installations must be made by a mutual approved roofing vendor.
 - a. Verification of any existing roof warranty is also required.
 - b. If any roof still has an active roof warranty, the member must use the roofing contractor that is providing this warranty.
 - c. An approved Roofing Contractor Verification Form is required prior to issue of Mutual Consent.
 - d. Member is responsible for all roofing costs and coordination with said approved roof vendor.
- 3.10 A licensed structural engineer’s stamped drawings must be included in submittal documents if design involves cutting or altering roof trusses or any building structural elements.

4.0 **OBLIGATIONS**

- 4.1 Member is responsible for damages to roof or other structures caused by any alteration.
- 4.2 The mutual 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.

5.0 **SAMPLE FLOOR PLAN (see attached)**



5.0 SAMPLE FLOORPLAN

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RESOLUTION 03-24-XX

Revise Standard 47: Bathroom Splits

WHEREAS, the Third Laguna Hills Mutual recognizes the need to amend standards and create new standards as necessary; and

WHEREAS, the Mutual recognized the need to revise Standard 47: Bathroom Splits;

NOW THEREFORE BE IT RESOLVED, June 18, 2024, the Board of Directors of this Corporation hereby adopts revisions and amendments to Standard 47: Bathroom Splits as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-18-22 adopted February 20, 2018, is hereby superseded and canceled; and

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

MAY INITIAL NOTIFICATION: 28-day notification for member review and comments to comply with Civil Code §4360 has been satisfied.

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Third Laguna Hills Mutual
Architectural Control and Standards Committee
June 10, 2024

ENDORSEMENT (to Board)

Revision to Standard No. 6 – Block Walls

Alan Grimshaw, Manor Alterations Manager, presented the staff report and answered questions from the committee.

A motion was made and carried unanimously to recommend that the Board of Directors approve the revisions to Standard 6 – Block Walls.

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STAFF REPORT

DATE: June 18, 2024
FOR: Board of Directors
SUBJECT: Revision to Standard 6: Block Walls

RECOMMENDATION

Approve a resolution to revise Standard 6: Concrete Block Walls.

BACKGROUND

The ACSC initiated a review of the current Standard 6: Block Walls (Attachment 1) and proposed revisions to the Standard intended to bring it up to current industry standards and improved designs. Standard 6 was last enacted in January 2018, via Resolution 03-18-14 (Attachment 2).

DISCUSSION

The suggested modifications to this standard are recommended in order to allow for clarification of where modifications can take place; the type of materials and finishes used and maintenance responsibilities.

On June 10, 2024 the ACSC voted unanimously to recommend that the Board of Directors approve the revisions to Standard 6.

FINANCIAL ANALYSIS

There is no financial impact to the mutual for the recommended action.

Prepared By: Alan Grimshaw, Manor Alterations Manager

Reviewed By: Baltazar Mejia, Maintenance & Construction Assistant Director
Gavin Fogg, Manor Alterations Supervisor

ATTACHMENT(S)

Attachment 1: Current Standard 6: Block Walls
Attachment 2: Current Resolution 03-18-14
Attachment 3: Red-lined Revised Standard 6: Concrete Block Walls
Attachment 4: Final Draft Standard 6: Concrete Block Walls
Attachment 5: Proposed Resolution 03-24-XX

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SECTION 6 BLOCK WALLS

JANUARY 1989
 REVISED MAY 1996, RESOLUTION M3-96-28
 GENERAL REQUIREMENTS REVISED 2011, RESOLUTION 03-11-49
 REVISED JULY 2013, RESOLUTION 03-13-73
 REVISED JANUARY 2018, RESOLUTION 03-18-14

1.0 GENERAL REQUIREMENTS

See Alteration Standard Section 1.0 General Requirements

2.0 APPLICATIONS

- 2.1** All walls shall be of slumpstone block 4x4x16, 4x6x16, or 6x6x16 slumpstone or block to match existing wall only may be used.
- 2.2** Block will be painted to match the color of the building. Excess mortar will be removed. Weepholes of the proper size and location shall be used provided as needed.
- 2.3** No wall shall be over 5 feet in height nor under 12 inches in height.
- 2.4** Walls may have decorative blocks (not on the cap providing they make up less than 1/3 of the total surface and meet with the Permits and Inspections office.
- 2.5** Wrought iron fencing may be installed as approved by the Permits and Inspections office.
- 2.6** Walls may be covered with stucco to match building or have brick caps. Openings for gates are permissible.
- 2.7** All walls built will be on or bordering the patio slab. If the patio slab may be extended, the block wall may be at those dimensions. Planting areas between the wall and slab are acceptable in those cases.

- 2.8 Walls existing may be lowered depending on their location as determined by the Permits and Inspections office.
- 2.9 Block walls with wrought iron fencing may be installed between the existing entry columns, and between an entry column and an adjacent wall, of single story manors. Common Area Agreements will be required when the Condominium Plan designates the location of the alteration as Mutual Common Area.

3.0 RECONSTRUCTED WALLS

- 3.1 A wall which is existing and is constructed of wood or wrought iron may be replaced with a block wall at the same height as the wall it is replacing.

4.0 PLANTER WALLS

- 4.1 Planter walls shall be defined as any masonry items set in concrete, held together with mortar, or more than one course in height, and shall be subject to the requirements set forth in the following sections.
- 4.2 Placement of planter walls will be adjacent to the building walls, walks, and patios. Planter walls shall be within 48" of such areas and will begin and end connected to the aforementioned construction items.
- 4.3 Planter walls shall be no higher than 12" as constructed along level surfaces. In areas where irregularities in the grounds exist, additional courses may add to the height of the wall to maintain a level running height.
- 4.4 A 4" concrete mowing strip shall be poured along side the planter wall in all cases where grass abuts the wall. (4" minimum thickness is required.)
- 4.5 Planter walls shall not be built on the berm or crest of any bank or in yard areas that will create new planting areas not already designated as such.
- 4.6 In all cases, a drawing will be provided to the Permits and Inspections office for review and adjustments to meet the intent of this section.
- 4.7 Areas designated as planters around trees may have a planter wall depending on the type of tree existing due to its growth, root, and

maintenance characteristics. In each case, the Landscape Division will be consulted concerning trunk coverage and dirt banking at the base of the tree to insure that it will not be damaged.

- 4.8 Applications for planters along building walls will be denied where the grade or dirt level will be increased up the footing to the stucco screed or bottom sill plate. The building code requirement of 6" clearance between plate and grade will be maintained.

5.0 SPRINKLER REVISIONS

- 5.1 Sprinklers will be revised only by the managing agent's Landscape crews, the cost of such revisions shall be borne by the resident owner of that unit.
- 5.2 No sprinklers will be placed inside any patio area by the managing agent's Landscape crews, and any systems added shall not be connected to the Mutual-owned system.

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RESOLUTION 03-18-14
Revise Standard Section 6 – Block Walls

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 Section 6 Block Walls.

NOW THEREFORE BE IT RESOLVED, January 19, 2018, that the Board of Directors of this Corporation hereby introduces the following section of Standard Section 6;

SECTION 6 BLOCK WALL

2.7 All walls built shall be constructed within the approved patio dimensions. Patio slabs shall not be extended without written approval of the Board. All walls shall be constructed on structurally adequate footings. Planting areas between the wall and slab are acceptable.

RESOLVED FURTHER, that the General Requirements of all Alteration Standards will be modified to reflect the changes; and

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

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STANDARD SECTION 6: CONCRETE BLOCK WALLS

JANUARY 1989

REVISED MAY 1996, RESOLUTION M3-96-28

GENERAL REQUIREMENTS REVISED 2011, RESOLUTION 03-11-49

REVISED JULY 2013, RESOLUTION 03-13-73

REVISED JANUARY 2018, RESOLUTION 03-18-14

[DATE], RESOLUTION 03-24-XX

1.0 GENERAL REQUIREMENTS

SEE STANDARD 1: GENERAL REQUIREMENTS ~~ee Alteration Standard Section 1.0 General Requirements~~

2.0 APPLICATIONS

2.1 ~~This standard applies to a manor's exclusive use common area.~~

2.2 ~~All new walls shall be of slumpstone style concrete block 4"x4"x16", 4"x6"x16", or 6"x6"x16". All wall extensions or tie-in to existing, shall match existing style and finish. ~~slumpstone or block to match existing wall only may be used.~~~~

~~A. Stucco finish alternate: Stucco over standard concrete block may also be used, stucco texture and finish to match building stucco.~~

2.1

~~B. Block walls to will be painted to conform to the Third Mutual Exterior Color Schemes 1 thru 10, corresponding to their particular location. ~~match the color of the building.~~~~

2.2.3 ~~Excess mortar will be removed. Weep holes of the proper size and location shall be used provided as needed.~~

2.3.4 ~~No new walls shall be over 5 feet in height nor under 12 inches in height. Walls adjacent to or adjoining existing walls to match their height and finish. Site plans submitted must include detail of existing site to support the application.~~

2.4 ~~Walls may have decorative block inserts (~~not on the excluding~~ cap) providing they make up less than 1/3 of the total surface and conform to the rest of the mutual standard requirements. ~~meet with the Permits and Inspections office.~~~~

2.5

2.5.6 ~~Wrought iron fencing sections may also be inserted into slump wall framing installed. See Standard 13: Fences, Wrought Iron. ~~as~~~~

~~2.62.7~~ Gate openings are permissible provided the egress is to an existing walkway or through way. No gate openings will be allowed that egress to a common area. Walls may be covered with stucco to match building or have brick caps. Openings for gates are permissible.

~~2.72.8~~ All block walls built will be on or bordering the exclusive use common area patio slab and or patio slab extensions. ~~If the patio slab may be extended, the block wall may be at those dimensions.~~ Planting areas between the wall and slab are acceptable in those cases.

~~2.9~~ ~~Walls existing~~ Existing walls may be lowered subject to:

A. Review by Manor Alterations

~~2.8B.~~ Results of a Neighborhood Awareness Form depending on their location as determined by the Permits and Inspections office.

~~2.92.10~~ Block walls with wrought iron fencing may be installed between the existing entry columns, and between an entry column and an adjacent wall, of ~~single-story~~ single-story manors. A Common Area Usage Agreements will be required when the ~~C~~condominium ~~P~~plan designates the location of the alteration as Mutual Common Area.

3.0 RECONSTRUCTED WALLS

3.1 A wall which is existing and is constructed of wood or wrought iron may be replaced with a block wall at the same height as the wall it is replacing.

4.0 PLANTER WALLS

4.1 Planter walls shall be defined as any masonry items set in concrete, held together with mortar, or more than one course of a masonry item in height, and shall be subject to the requirements set forth in the following sections.

4.2 Placement of planter walls will be ~~adjacent-parallel~~ to the building walls, walkways, and patios. Planter walls shall not protrude more than be within 48" from the construction area it abuts. ~~of such areas and will begin and end connected to the aforementioned construction items.~~

4.3 Planter walls shall be no higher than 12" as constructed along level surfaces. In areas where irregularities in the grounds exist, additional courses may add to the height of the wall to maintain a level running height.

4.4 A 4" concrete mowing strip shall be poured along side the planter wall in all cases where grass abuts the wall. (4" minimum thickness is

required.)

- 4.5 Planter walls shall not be built on the berm or crest of any bank or in yard areas that will create new planting areas not already designated as such.
- 4.6 In all cases, ~~a drawing detailed plans must will~~ be provided to the ~~Permits and Inspections Manor Alterations~~ office for review and adjustments to meet the intent of this section.
- 4.7 Areas designated as planters around trees may have a planter wall depending on the type of tree existing due to its growth, root, and maintenance characteristics. In each case, the Landscape Division will be consulted concerning trunk coverage and dirt banking at the base of the tree to ~~e~~insure that it will not be damaged.
- 4.8 Applications for planters along building walls will be denied where the grade or dirt level will be increased up the footing to the stucco screed or bottom sill plate. The building code requirement of 6" clearance between plate and grade will be maintained.

5.0 SPRINKLERS REVISIONS

- 5.1 ~~Sprinklers will be revised only by the managing agent's Any required sprinkler modifications are only to be done by the mutual's L~~andscape crews, the ~~member is responsible for any and all costs associated with these modifications. cost of such revisions shall be borne by the resident owner of that unit.~~
- 5.2 No sprinklers will be placed inside any patio area by the ~~mutual's managing agent's L~~andscape crews, ~~and any Any sprinkler systems added within the exclusive use common area are the sole responsibility of the member and cannot be connected to the mutual's landscape systems. shall not be connected to the Mutual-owned system.~~

6.0 MAINTENANCE

- 6.1 ~~The member is responsible for all ongoing maintenance, upkeep and appearance. The mutual may take further action if necessary to maintain safety and appearance concerns.~~
- 6.2 ~~Should it become necessary to remove improvements for necessary maintenance of mutual properties, the member will be responsible for removal and replacement of said improvements.~~

5.2

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STANDARD 6: CONCRETE BLOCK WALLS

JANUARY 1989

REVISED MAY 1996, RESOLUTION M3-96-28

GENERAL REQUIREMENTS REVISED 2011, RESOLUTION 03-11-49

REVISED JULY 2013, RESOLUTION 03-13-73

REVISED JANUARY 2018, RESOLUTION 03-18-14

[DATE], RESOLUTION 03-24-XX

1.0 GENERAL REQUIREMENTS

SEE STANDARD 1: GENERAL REQUIREMENTS

2.0 APPLICATIONS

2.1 This standard applies to a manor's exclusive use common area.

2.2 All new walls shall be of slumpstone style concrete block 4"x4"x16", 4"x6"x16", or 6"x6"x16". All wall extensions or tie-in to existing, shall match existing style and finish.

A. Stucco finish alternate: Stucco over standard concrete block may also be used, stucco texture and finish to match building stucco.

B. Block walls to be painted to conform to the Third Mutual Exterior Color Schemes 1 thru 10, corresponding to their particular location.

2.3 Excess mortar will be removed. Weep holes of the proper size and location shall be used provided as needed.

2.4 No new walls shall be over 5 feet in height nor under 12 inches in height. Walls adjacent to or adjoining existing walls to match their height and finish. Site plans submitted must include detail of existing site to support the application.

2.5 Walls may have decorative block inserts (excluding cap) providing they make up less than 1/3 of the total surface and conform to the rest of the mutual standard requirements.

2.6 Wrought iron fencing sections may also be inserted into slump wall framing. See Standard 13: Fences, Wrought Iron.

2.7 Gate openings are permissible provided the egress is to an existing walkway or through way. No gate openings will be allowed that egress to a common area.

- 2.8 All block walls built will be on or bordering the exclusive use common area patio slab and or patio slab extensions. Planting areas between the wall and slab are acceptable in those cases.
- 2.9 Existing walls may be lowered subject to:
- A. Review by Manor Alterations
 - B. Results of a Neighborhood Awareness Form
- 2.10 Block walls with wrought iron fencing may be installed between the existing entry columns, and between an entry column and an adjacent wall, of single-story manors. A Common Area Usage Agreement will be required when the condominium plan designates the location of the alteration as Mutual Common Area.

3.0 **RECONSTRUCTED WALLS**

- 3.1 A wall which is existing and is constructed of wood or wrought iron may be replaced with a block wall at the same height as the wall it is replacing.

4.0 **PLANTER WALLS**

- 4.1 Planter walls shall be defined as any masonry items set in concrete, held together with mortar, or more than one course of a masonry item in height, and shall be subject to the requirements set forth in the following sections.
- 4.2 Placement of planter walls will be parallel to building walls, walkways, and patios. Planter walls shall not protrude more than 48" from the construction area it abuts.
- 4.3 Planter walls shall be no higher than 12" as constructed along level surfaces. In areas where irregularities in the grounds exist, additional courses may add to the height of the wall to maintain a level running height.
- 4.4 A 4" concrete mowing strip shall be poured along side the planter wall in all cases where grass abuts the wall. (4" minimum thickness is required.)
- 4.5 Planter walls shall not be built on the berm or crest of any bank or in yard areas that will create new planting areas not already designated as such.
- 4.6 In all cases, detailed plans must be provided to the Manor Alterations office for review and adjustments to meet the intent of this section.
- 4.7 Areas designated as planters around trees may have a planter wall depending on the type of tree existing due to its growth, root, and maintenance characteristics. In each case, the Landscape Division will be consulted concerning trunk coverage and dirt banking at the

base of the tree to ensure that it will not be damaged.

- 4.8 Applications for planters along building walls will be denied where the grade or dirt level will be increased up the footing to the stucco screed or bottom sill plate. The building code requirement of 6" clearance between plate and grade will be maintained.

5.0 **SPRINKLERS**

- 5.1 Any required sprinkler modifications are only to be done by the mutual's landscape crews, the member is responsible for any and all costs associated with these modifications.
- 5.2 No sprinklers will be placed inside any patio area by the mutual's landscape crews. Any sprinkler systems added within the exclusive use common area are the sole responsibility of the member and cannot be connected to the mutual's landscape systems.

6.0 **MAINTENANCE**

- 6.1 The member is responsible for all ongoing maintenance, upkeep and appearance. The mutual may take further action if necessary to maintain safety and appearance concerns.
- 6.2 Should it become necessary to remove improvements for necessary maintenance of mutual properties, the member will be responsible for removal and replacement of said improvements.

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RESOLUTION 03-24-XX

Revise Standard 6: Concrete Block Walls

WHEREAS, the Third Laguna Hills Mutual recognizes the need to amend standards and create new standards as necessary; and

WHEREAS, the Mutual recognized the need to revise Standard 6: Block Walls;

NOW THEREFORE BE IT RESOLVED, July 16, 2024, the Board of Directors of this Corporation hereby adopts revisions and amendments to Standard 6: Concrete Block Walls as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-18-14 adopted January 19, 2018, is hereby superseded and canceled; and

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

JUNE 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.

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Third Laguna Hills Mutual
Architectural Control and Standards Committee
June 10, 2024

ENDORSEMENT (to Board)

Revision to Standard No. 41 – Solar Panels, 1 Story Buildings

Alan Grimshaw, Manor Alterations Manager, presented the staff report and answered questions from the committee.

A motion was made and approved by a vote of 4/0/1 (Director Lewis, abstained) to recommend that the Board of Directors approve the revisions to Standard 41 – Solar Panels, 1 Story Buildings.

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STAFF REPORT

DATE: June 18, 2024
FOR: Board of Directors
SUBJECT: Revision to Standard 41: Solar Panels, 1 Story Buildings

RECOMMENDATION

Approve a resolution to revise Standard 41: Solar Panels, 1 Story Buildings.

BACKGROUND

The ACSC initiated a review of the current Standard 41: Solar Panels, 1 Story Buildings (Attachment 1) and proposed revisions to the Standard intended to bring it up to current regulatory standards. Standard 41 was last enacted in May 2023, via Resolution 03-23-51 (Attachment 2).

DISCUSSION

Discussion of modifications to this standard include: updates and clarifications to the regulatory agencies; clarification of design and installation processes; clarification of roofing requirement options available to the member; and clarification of financial responsibilities.

On June 10, 2024 the ACSC voted 4/0/1 (Director Lewis, abstained) to recommend that the Board of Directors approve the revisions to Standard 41.

FINANCIAL ANALYSIS

There is no financial impact to the mutual for the recommended action.

Prepared By: Alan Grimshaw, Manor Alterations Manager

Reviewed By: Baltazar Mejia, Maintenance & Construction Assistant Director
Gavin Fogg, Manor Alterations Supervisor

ATTACHMENT(S)

Attachment 1: Current Standard 41: Solar Panels, 1 Story Buildings
Attachment 2: Current Resolution 03-23-51
Attachment 3: Red-lined Revised Standard 41: Solar Panels, 1 Story Buildings
Attachment 4: Final Draft Standard 41: Solar Panels, 1 Story Buildings
Attachment 5: Proposed Resolution 03-24-XX

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STANDARD 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 2019, RESOLUTION 03-19-95
 REVISED MAY 2023, RESOLUTION 03-23-51

1.0 GENERAL REQUIREMENTS

See Standard 1: General Requirements

2.0 APPLICATIONS

- 2.1.** 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 to flat roofs and pitched roofs of single story dwellings and the roof section of the building that covers the footprint of the Manor; that is unshared roof space 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.** 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.
- 2.5.** Structural details and calculations for the installation of the proposed solar system existing roof structure, signed and stamped by a California-licensed 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. Consult with the City for additional requirements.
- 2.6.** Solar Panels installed on pitched roofs with light weight tile require that the entire section from roof ridge to the edges be removed and

replaced with CertainTeed Landmark TL composition shingle roofing or equivalent in all major aspects (aesthetics, materials and warranty) on the entire roof area where the array will be located. The roof 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.

- 2.7.** PVC Flat roof under warranty with the Mutual's reroofing contractor shall require the roofing contractor holding the warranty to complete the roof tie-in work at the member's expense. PVC Flat roofs that remain under a Johns Manville materials warranty shall require a Johns Manville (JM) Approved Contractor perform the tie-in work at the member's expense. Solar panel installations onto roofs outside of the warranty periods must be water tight and meet or exceed all current I.C.C (International Code Council), State and City standards.
- 2.8.** 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 top stanchions and racking used to connect the array to the roof shall be water tight and meet or exceed all current I.C.C (International Code Council), State and City standards.
- 2.9.** The solar panel array must be located away from the edges of roofs and parapets as required by the City but not less than 24" and must maintain sufficient clearance (but not less than 24") between any architectural features such as, but not limited to skylights, mechanical equipment, vent pipes and for the most direct path to these features in order to enable proper access for maintenance.
- 2.10.** Water and electric lines must be set on blocking above the surface to facilitate re-roofing.
- 2.11.** Detailed plans of the installation of roof jacks (flashing, vents, or planking for installation of Solar). Should be submitted to Manor Alterations for approval, and installation of roof jacks, including hot mopping and/or flashing, is required to be completed during

original installation.

- 2.12.** Lag screws must have adequate pullout strength and shear capacities.
- 2.13.** The member is responsible for the maintenance and repair of the roof penetrations required for the installation of the solar system, and for any damage caused by these alterations.
- 2.14.** Connections to the manor's electrical system must be coordinated with the local electric utility.
- 2.15.** Solar Electric Panels, and their associated electrical components, must be UL approved, or comply with equivalent international standards.
- 2.16.** A solar panel system may only serve a single manor.
- 2.17.** All solar panel installations located on the roof of a unit that is under warranty must be inspected and approved, in addition to any required City inspections, by a VMS Inc. Roofing Inspector before the solar array is installed, after roof penetrations are complete, and prior to a final inspection of the Mutual Consent. If re-roofing is required for the solar panel installation, in addition to any City-required inspections, inspections by a Mutual inspector will be performed prior to finalizing the mutual consent.
- 2.18.** Approved locations for Energy Storage Devices: As per California and City code, all energy storage device installations must be inspected by OCFA. Installation must be on the exterior walls, in the garage, or in a California and City code compliant interior area of the manor. Energy storage devices visible to the members must be painted to match the wall it is mounted on or be screened with an approved enclosure that complements the architecture of the building.
- 2.19.** The Mutual Consent processing time for Solar Panel installation requests is to be completed within 45 days from receipt of a complete application.

3.0 OBLIGATIONS

- 3.1** Due to all exterior locations classified as 'exclusive use common area' or 'common area', a Common Area Exclusive Use Revocable License or equivalent current document for Mutual approval to provide rights to utilize common area must be completed prior to the installation of any solar array.
- 3.2** For continuous roofs that cover more than one manor, if the roof is required to be replaced, the member may limit the replacement of roof to the projected area of the manor requesting approval for the solar installation. A 3-ft roof transition will be required between the new roof and the existing roof and said transition will take place within the above described area.
- 3.3** 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.
- 3.4** 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. The Mutual will endeavor to give a minimum of thirty (30) days advance written notice (unless it is an emergency) of the need to remove, alter, cover or replace the solar panel. Failure to complete the required work within the allowed time will require that the Mutual perform the removal, alteration, or covering at the Member's cost, which will be billed as a Chargeable Service to the Member. Re-installation of any components removed by the Mutual as a chargeable service remains the responsibility of the member.
- 3.5** 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.
- 3.6** 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) as per Section 3.4 above. Alternatively, member may assume full responsibility for the future maintenance, repair and replacement of the roof in lieu of removing and re-installing the solar panel system. If this option is selected, the existing roof will be considered an alteration.

- 3.7** 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.
- 3.8** Upon sale of Member's Manor, all obligations herein shall apply to all subsequent owners of the Manor.
- 3.9** When applicable, the solar installer and his roofer will provide a copy of the composition shingle manufacturer's warranty and will provide a separate labor and materials warranty of 5 years for the composition shingle roof installation. 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 Mutual. If the solar installer/roofer chooses not to comply with this requirement, then the Mutual Roofing Contractor must be hired to do the roofing work at the member's expense.

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RESOLUTION 03-23-51

Alteration Standard 41: Solar Panels, 1 Story Buildings

WHEREAS, the Board of Directors of the Third Laguna Hills Mutual (Board) recognizes the need to amend Standards and create new Standards as necessary; and

WHEREAS, the Board recognizes the need to revise Standard 41 - Solar Panels, 1 Story Buildings;

NOW THEREFORE BE IT RESOLVED, May 16, 2023, that the Board hereby adopts Standard 41 - Solar Panels, 1 Story Buildings as attached to the official meeting minutes; and

RESOLVED FURTHER, that Resolution 03-19-95 adopted September 17, 2019, is hereby superseded in its entirety and no longer in effect; and

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

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STANDARD 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 2019, RESOLUTION 03-19-95
 REVISED MAY 2023, RESOLUTION 03-23-51
[DATE], RESOLUTION 03-24-XX

1.0 GENERAL REQUIREMENTS

SEE STANDARD 1: GENERAL REQUIREMENTS ~~ee Standard 1: General Requirements~~

2.0 APPLICATIONS

- 2.1. Solar ~~P~~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 to flat roofs and pitched roofs of ~~single story~~single-story dwellings and the roof section of the building that covers the footprint of the ~~M~~manor; that is unshared roof space for which the request is being submitted.
- 2.3. All costs and maintenance of the alteration, present and future, are the responsibility of the ~~m~~Mutual ~~m~~Member.
- 2.4. 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.
- 2.5. Structural details and calculations for the installation of the proposed solar system existing roof structure, signed and stamped by a California-licensed 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. Consult with the City of Laguna Woods for additional requirements.

2.5.2.6.

The existing lightweight roof tile systems have reached the end of their service life. As a result, the mutual has an established active, ongoing roof replacement program throughout the entire community for these roofs. A solar panel system installation on any of these roofs will need to be removed and reinstalled, at the members expense, when such time as the roof replacement program intersects with an existing solar panel installation.

In order to mitigate future removal / reinstallation costs of a solar panel system installation, a member has the option to pay for the roof replacement under their solar panel system at the time of the solar panel system installation.

A. The member is responsible for all aspects of roof replacement and compliance with all mutual roofing specifications if said replacement occurs at time of solar panel system installation.

B. The type of roofing system specified and conditions to replace lightweight roof tile system are as follows:

1. CertainTeed Landmark TL composition shingle or
2. Equivalent in all major aspects, aesthetics, materials and warranty.
3. To be on the entire roof area where the array will be located.
4. The roof must then be trimmed with light weight tiles (LWT) to match in materials and appearance of the original roof being replaced.
5. The current composition shingle roofing standards for waterproofing the roof at the time of installation must be followed.
6. This includes a single layer underlayment, drip edge metal, step flashing at existing skylights and chimneys, penetration flashing for all vents and vent

pipes, and valley metal at valley areas.

7. For additional specifications, consult with the Manor Alterations Division.

C. These upfront costs would be reimbursable, amortized against the length of time the roofing replacement program actually intersects with the solar panel system. When this happens, the installed roofing system becomes the property of the mutual and with it, its future maintenance and replacement.

D. The reimbursement program for the replacement of the lightweight roof systems is retroactive to solar installations completed after 2019.

1. The amortized amount for reimbursements is calculated using the following scale example:

a. A 50-year roof due for replacement in 5 years; Replacing it 5 years early would be 10%. Reimbursement would then be 90% paid at the time of the actual roof replacement.

E. The member remains responsible for maintaining the watertight roof conditions for any roof penetrations necessary for the solar panel system installation from its initial installation in perpetuity.

~~2.6. Solar Panels installed on pitched roofs with light weight tile require that the entire section from roof ridge to the edges be removed and replaced with CertainTeed Landmark TL composition shingle roofing or equivalent in all major aspects (aesthetics, materials and warranty) on the entire roof area where the array will be located. The roof 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.~~

- 2.7. PVC ~~f~~Flat roof under warranty with the ~~m~~Mutual's reroofing contractor shall require the roofing contractor holding the warranty to complete the roof tie-in work at the member's expense. PVC ~~f~~Flat roofs that remain under a Johns Manville materials warranty shall require a Johns Manville (JM) ~~a~~Approved ~~c~~Contractor perform the tie-in work at the member's expense. Solar panel installations onto roofs outside of the warranty periods must be water tight and meet or exceed all current ~~federal I.C.C. (International Code Council)~~, ~~s~~State and ~~c~~City standards.
- 2.8. 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 top stanchions and racking used to connect the array to the roof shall be water tight and meet or exceed all current ~~federal I.C.C. (International Code Council)~~, ~~s~~State and ~~c~~City standards.
- 2.9. ~~A 24" clearance (minimum) between solar panel system and all roof perimeters, mechanical equipment, and architectural features including but not limited to skylights etc. must be maintained to facilitate maintenance access subject to current State of California and local Building Codes. The solar panel array must be located away from the edges of roofs and parapets as required by the City but not less than 24" and must maintain sufficient clearance (but not less than 24") between any architectural features such as, but not limited to skylights, mechanical equipment, vent pipes and for the most direct path to these features in order to enable proper access for maintenance.~~
- ~~2.10. Water and electric lines must be set on blocking above the surface to facilitate re-roofing.~~
- ~~2.11. Detailed plans of the installation of roof jacks (flashing, vents, or planking for installation of Solar). Should be submitted to Manor Alterations for approval, and installation of roof jacks, including hot mopping and/or flashing, is required to be completed during original installation.~~
- ~~2.12. Lag screws must have adequate pullout strength and shear capacities.~~
- ~~2.13. The member is responsible for the maintenance and repair~~

~~of the roof penetrations required for the installation of the solar system, and for any damage caused by these alterations.~~

~~2.14.2.10.~~ Connections to the manor's electrical system must be coordinated with the local electric utility.

~~2.15.2.11.~~ Solar ~~e~~Electric ~~p~~Panels, and their associated electrical components, must be UL approved, or comply with equivalent international standards.

~~2.16.2.12.~~ A solar panel system may only serve a single manor.

~~2.17.2.13.~~ All solar panel installations located on the roof of a unit that is under warranty must be inspected and approved, in addition to any required City of Laguna Woods inspections, by a VMS Inc. ~~r~~Roofing ~~i~~nspector before the solar array is installed, after roof penetrations are complete, and prior to a final inspection of the ~~m~~Mutual ~~c~~Consent. The member is responsible for any roofing repairs that might result from these inspections. If re-roofing is required for the solar panel installation, in addition to any City-required inspections, inspections by a Mutual inspector will be performed prior to finalizing the mutual consent.

~~2.14.~~ Approved locations for ~~e~~Energy ~~s~~Storage ~~d~~Devices: As per California and ~~c~~City code, all energy storage device installations must be inspected by the Orange County Fire Authority (OCFA). Installation must be on the exterior walls, in the garage, or in a California and ~~c~~City code compliant interior area of the manor. Energy storage devices visible to the members must be painted to match the wall it is mounted on or be screened with an approved enclosure that complements the architecture of the building. Plan submittal of enclosure design is required.

~~2.18.2.15.~~ Once a complete solar installation package is submitted to Manor Alterations for review, Manor Alterations has up to 45 days with which to respond.

~~2.19.~~ ~~The Mutual Consent processing time for Solar Panel installation requests is to be completed within 45 days from receipt of a complete application.~~

3.0 OBLIGATIONS

3.1 Due to all exterior locations classified as 'exclusive use common area' or 'common area', a Common Area Exclusive Use Revocable License or equivalent current document for mMember approval to provide rights to utilize common area must be approved ~~completed~~ prior to the installation of any solar array.

~~**3.13.2** The new roof boundaries will extend 3 feet beyond the perimeter of the solar panel system in all directions.~~

~~**3.2** For continuous roofs that cover more than one manor, if the roof is required to be replaced, the member may limit the replacement of roof to the projected area of the manor requesting approval for the solar installation. A 3-ft roof transition will be required between the new roof and the existing roof and said transition will take place within the above described area.~~

3.3 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 mMember's solar panels or their installation, operation, maintenance or removal; furtherand, mMember accepts all responsibility for damage to mMember's mManor or other mManors or to personal property caused or contributed to by the installation, operation, maintenance or removal of the solar panels system.

3.4 The mMember 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 mMutual to conduct maintenance or repairs of common area. The mMutual will endeavor to give a minimum of thirty (30) days advance written notice (unless it is an emergency) of the need to remove, alter, cover or replace the solar panel. Failure to complete the required work within the allowed time will require that the mMutual perform the removal, alteration, or covering at the mMember's cost, which will be billed as a cChargeable sService to the mMember. Re-installation of any components removed by the mMutual as a chargeable service remains the responsibility of the member.

3.5 The mMember is responsible for, and will bear all costs

associated with, clean-up or repair of mMutual owned or controlled property made necessary by or resulting from the alteration.

~~3.6~~ 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) as per Section 3.4 above. Alternatively, member may assume full responsibility for the future maintenance, repair and replacement of the roof in lieu of removing and re-installing the solar panel system. If this option is selected, the existing roof will be considered an alteration.

~~3.73.6~~ The roof area for possible solar panel installation is allocated only to the roof space directly above the subject mManor. ~~It is Member's responsibility to ascertain and adapt to any roof interference by vents or other roof installations already in place.~~

~~3.83.7~~ Upon sale of mMember's mManor, all obligations herein shall apply to all subsequent owners of the mManor.

~~3.93.8~~ If a solar panel system installation results in a new roof, the member must provide a roof warranty that conforms to the warranties in effect with the mutual roof replacement program.

~~3.10~~ When applicable, the solar installer and his roofer will provide a copy of the composition shingle manufacturer's warranty and will provide a separate labor and materials warranty of 5 years for the composition shingle roof installation. 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 Mutual. If the solar installer/roofer chooses not to comply with this requirement, then the Mutual Roofing Contractor must be hired to do the roofing work at the member's expense.

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STANDARD 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 2019, RESOLUTION 03-19-95
 REVISED MAY 2023, RESOLUTION 03-23-51
 REVISED [DATE], RESOLUTION 03-24-XX

1.0 GENERAL REQUIREMENTS

SEE STANDARD 1: GENERAL REQUIREMENTS

2.0 APPLICATIONS

- 2.1.** 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 to flat roofs and pitched roofs of single-story dwellings and the roof section of the building that covers the footprint of the manor; that is unshared roof space 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.** 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.
- 2.5.** Structural details and calculations for the installation of the proposed solar system existing roof structure, signed and stamped by a California-licensed 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. Consult with the City of Laguna Woods for additional requirements.

- 2.6.** The existing lightweight roof tile systems have reached the end of their service life. As a result, the mutual has an established active, ongoing roof replacement program throughout the entire community for these roofs. A solar panel system installation on any of these roofs will need to be removed and reinstalled, at the members expense, when such time as the roof replacement program intersects with an existing solar panel installation.

In order to mitigate future removal / reinstallation costs of a solar panel system installation, a member has the option to pay for the roof replacement under their solar panel system at the time of the solar panel system installation.

- A. The member is responsible for all aspects of roof replacement and compliance with all mutual roofing specifications if said replacement occurs at time of solar panel system installation.
- B. The type of roofing system specified and conditions to replace lightweight roof tile system are as follows:
 - 1. CertainTeed Landmark TL composition shingle or
 - 2. Equivalent in all major aspects, aesthetics, materials and warranty.
 - 3. To be on the entire roof area where the array will be located.
 - 4. The roof must then be trimmed with light weight tiles (LWT) to match in materials and appearance of the original roof being replaced.
 - 5. The current composition shingle roofing standards for waterproofing the roof at the time of installation must be followed.
 - 6. This includes a single layer underlayment, drip edge metal, step flashing at existing skylights and chimneys, penetration flashing for all vents and vent pipes, and valley metal at valley areas.

7. For additional specifications, consult with the Manor Alterations Division.
 - C. These upfront costs would be reimbursable, amortized against the length of time the roofing replacement program actually intersects with the solar panel system. When this happens, the installed roofing system becomes the property of the mutual and with it, its future maintenance and replacement.
 - D. The reimbursement program for the replacement of the lightweight roof systems is retroactive to solar installations completed after 2019.
 1. The amortized amount for reimbursements is calculated using the following scale example:
 - a. A 50-year roof due for replacement in 5 years; Replacing it 5 years early would be 10%. Reimbursement would then be 90% paid at the time of the actual roof replacement.
 - E. The member remains responsible for maintaining the watertight roof conditions for any roof penetrations necessary for the solar panel system installation from its initial installation in perpetuity.
- 2.7. PVC flat roof under warranty with the mutual's reroofing contractor shall require the roofing contractor holding the warranty to complete the roof tie-in work at the member's expense. PVC flat roofs that remain under a Johns Manville materials warranty shall require a Johns Manville (JM) approved contractor perform the tie-in work at the member's expense. Solar panel installations onto roofs outside of the warranty periods must be water tight and meet or exceed all current federal, state and city standards.
- 2.8. 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 top stanchions and racking used to connect the array to the roof shall be water tight and meet or exceed all current federal, state and city standards.

- 2.9. A 24" clearance (minimum) between solar panel system and all roof perimeters, mechanical equipment, and architectural features including but not limited to skylights etc. must be maintained to facilitate maintenance access subject to current State of California and local Building Codes.
- 2.10. Connections to the manor's electrical system must be coordinated with the local electric utility.
- 2.11. Solar electric panels, and their associated electrical components, must be UL approved, or comply with equivalent international standards.
- 2.12. A solar panel system may only serve a single manor.
- 2.13. All solar panel installations located on the roof of a unit that is under warranty must be inspected and approved, in addition to any required City of Laguna Woods inspections, by a VMS Inc. roofing inspector before the solar array is installed, after roof penetrations are complete, and prior to a final inspection of the mutual consent. The member is responsible for any roofing repairs that might result from these inspections.
- 2.14. Approved locations for energy storage devices: As per California and city code, all energy storage device installations must be inspected by the Orange County Fire Authority (OCFA). Installation must be on the exterior walls, in the garage, or in a California and city code compliant interior area of the manor. Energy storage devices visible to the members must be painted to match the wall it is mounted on or be screened with an approved enclosure that complements the architecture of the building. Plan submittal of enclosure design is required.
- 2.15. Once a complete solar installation package is submitted to Manor Alterations for review, Manor Alterations has up to 45 days with which to respond.

3.0 OBLIGATIONS

- 3.1 Due to all exterior locations classified as 'exclusive use common area' or 'common area', a Common Area Exclusive Use Revocable License or equivalent current document for mutual approval to

provide rights to utilize common area must be approved prior to the installation of any solar array.

- 3.2** The new roof boundaries will extend 3 feet beyond the perimeter of the solar panel system in all directions.
- 3.3** 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; further, 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 panel system.
- 3.4** 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. The mutual will endeavor to give a minimum of thirty (30) days advance written notice (unless it is an emergency) of the need to remove, alter, cover or replace the solar panel. Failure to complete the required work within the allowed time will require that the mutual perform the removal, alteration, or covering at the member's cost, which will be billed as a chargeable service to the member. Re-installation of any components removed by the mutual as a chargeable service remains the responsibility of the member.
- 3.5** 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.
- 3.6** The roof area for possible solar panel installation is allocated only to the roof space directly above the subject manor.
- 3.7** Upon sale of member's manor, all obligations herein shall apply to all subsequent owners of the manor.
- 3.8** If a solar panel system installation results in a new roof, the member must provide a roof warranty that conforms to the warranties in effect with the mutual roof replacement program.

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RESOLUTION 03-24-XX

Revise Standard 41: Solar Panels, 1 Story Buildings

WHEREAS, the Third Laguna Hills Mutual recognizes the need to amend standards and create new standards as necessary; and

WHEREAS, the Mutual recognized the need to revise Standard 41: Solar Panels, 1 Story Buildings;

NOW THEREFORE BE IT RESOLVED, July 16, 2024, the Board of Directors of this Corporation hereby adopts revisions and amendments to Standard 41: Solar Panels, 1 Story Buildings as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-23-51 adopted May 16, 2023, is hereby superseded and canceled; and

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

JUNE 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.

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Third Laguna Hills Mutual
Architectural Control and
Standards Committee
June 10, 2024

ENDORSEMENT (to Board)

Revision to Standard No. 41A – Solar Panels, 2 Story Buildings

Alan Grimshaw, Manor Alterations Manager, presented the staff report and answered questions from the committee.

A motion was made and approved by a vote of 4/0/1 (Director Lewis, abstained) to recommend that the Board of Directors approve the revisions to Standard 41A – Solar Panels, 2 Story Buildings.

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STAFF REPORT

DATE: June 18, 2024
FOR: Architectural Control and Standards Committee
SUBJECT: Revision to Standard 41A: Solar Panels, 2 Story Buildings

RECOMMENDATION

Approve a resolution to revise Standard 41A: Solar Panels, 2 Story Buildings.

BACKGROUND

The ACSC initiated a review of the current Standard 41A: Solar Panels, 2 Story Buildings (Attachment 1) and proposed revisions to the Standard intended to bring it up to current regulatory standards. Standard 41A was last enacted in July 2023, via Resolution 03-23-76 (Attachment 2).

DISCUSSION

Discussion of modifications to this standard include: updates and clarifications to the regulatory agencies; clarification of design and installation processes; clarification of roofing requirement options available to the member; and clarification of financial responsibilities.

On June 10, 2024 the ACSC voted 4/0/1 (Director Lewis, abstained) to recommend that the Board of Directors approve the revisions to Standard 41A.

FINANCIAL ANALYSIS

There is no financial impact to the mutual for the recommended action.

Prepared By: Alan Grimshaw, Manor Alterations Manager

Reviewed By: Baltazar Mejia, Maintenance & Construction Assistant Director
Gavin Fogg, Manor Alterations Supervisor

ATTACHMENT(S)

Attachment 1: Current Standard 41A: Solar Panels, 2 Story Buildings
Attachment 2: Current Resolution 03-23-76
Attachment 3: Red-lined Revised Standard 41A: Solar Panels, 2 Story Buildings
Attachment 4: Final Draft Standard 41A: Solar Panels, 2 Story Buildings
Attachment 5: Proposed Resolution 03-24-XX

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STANDARD 41A: SOLAR PANELS, 2 STORY BUILDINGS
ADOPTED JULY 2023, RESOLUTION 03-23-76

1.0 GENERAL REQUIREMENTS

See Standard 1: General Requirements

2.0 APPLICATIONS

- 2.1** 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 to flat roofs and pitched roofs of two-story dwellings. The system shall be designed so the panel array does not encroach outside of the area allocated on the roof for each owner of a manor. Refer to Pages 5, 6, 7, 8 and 9 for typical roof allocation on flat roofs of 6-, 8-, and 12- unit buildings respectively and Page 10 for Seville style buildings. Roof allocation plans for all other types of roofs will be prepared by Manor Alterations when a request is received. Existing solar systems that have been properly approved are grandfathered in.
- 2.3** All costs and maintenance of the alteration, present and future, are the responsibility of the Mutual Member.
- 2.4** 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.
- 2.5** Structural details and calculations for the installation of the proposed solar system existing roof structure, signed and wet-stamped by a California-licensed 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. Consult with the City for additional requirements.
- 2.6** Solar Panels installed on pitched roofs with light weight tile require that the entire section from roof ridge to the edges be removed and replaced with CertainTeed Landmark TL composition shingle roofing or equivalent in all major aspects (aesthetics, materials and warranty) on the entire roof area where the array will

be located. The roof 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.

- 2.7** PVC Flat roof under warranty with the Mutual's reroofing contractor shall require the roofing contractor holding the warranty to complete the roof tie-in work at the member's expense. PVC Flat roofs that remain under a Johns Manville (JM) materials warranty shall require a Johns Manville (JM) Approved Contractor perform the tie-in work at the member's expense. Solar panel installations onto roofs outside of the warranty periods must be water tight and meet or exceed all current I.C.C. (International Code Council), State and City standards.
- 2.8** 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 top stanchions and racking used to connect the array to the roof shall be water tight and meet or exceed all current I.C.C. (International Code Council), State and City standards.
- 2.9** The solar panel array must be located away from the edges of roofs and parapets as required by the City but not less than the clear perimeter around the edges of the roof shall be a minimum 2-foot-wide and must maintain sufficient clearance between any architectural features such as, but not limited to skylights, mechanical equipment, vent pipes and for the most direct path to these features in order to enable proper access for maintenance.
- 2.10** Water and electric lines must be set on blocking above the surface to facilitate re-roofing.
- 2.11** Detailed plans of the installation of roof jacks (flashing, vents, or planking for installation of Solar). Should be submitted to Manor Alterations for approval, and installation of roof jacks, including hot mopping and/or flashing, is required to be completed during original installation.
- 2.12** Lag screws must have adequate pullout strength and shear capacities.
- 2.13** The member is responsible for the maintenance and repair of the roof penetrations required for the installation of the solar system, and for any damage caused by these alterations.
- 2.14** Connections to the manor's electrical system must be coordinated with the local electric utility.

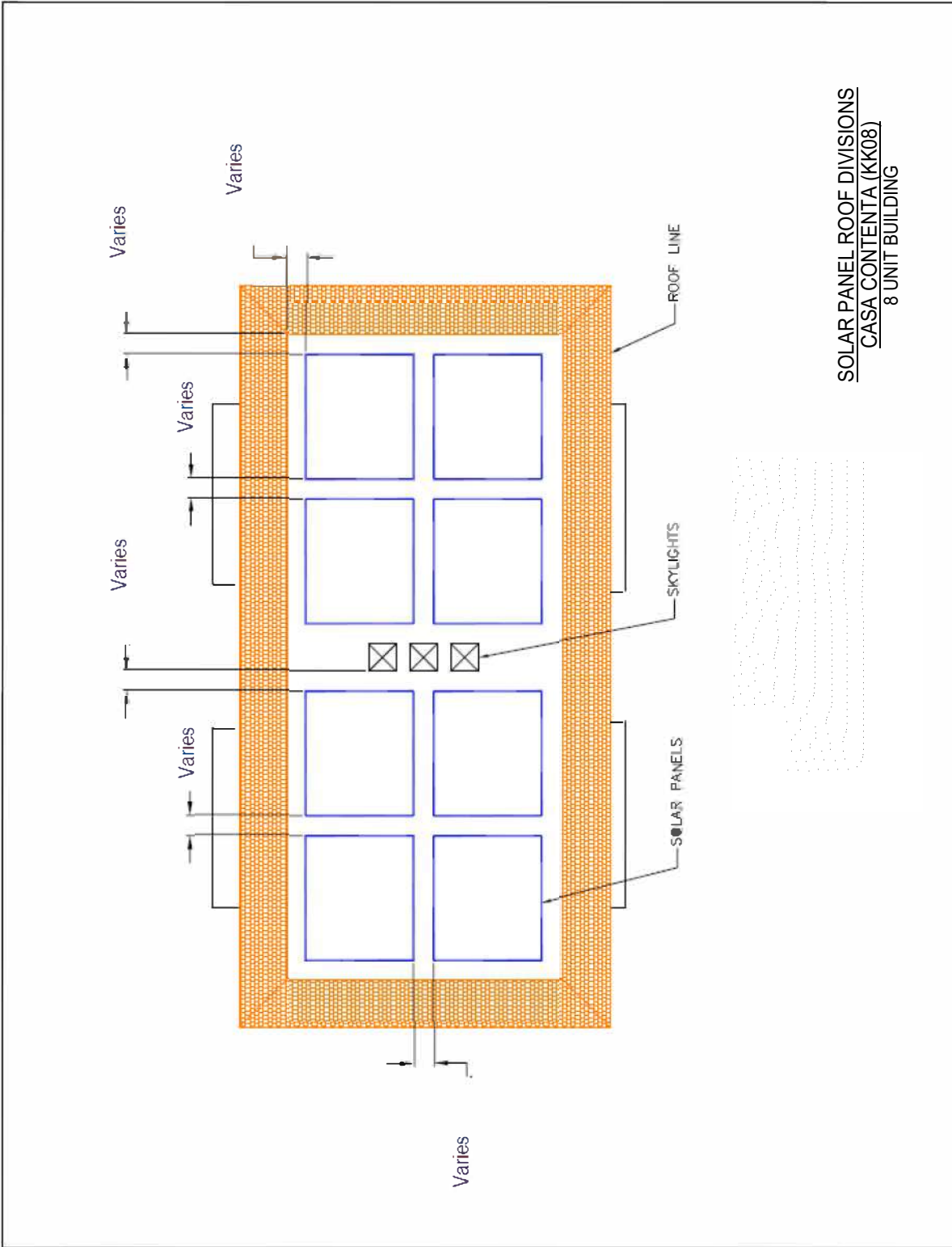
- 2.15** Solar Electric Panels, and their associated electrical components, must be UL approved, or comply with equivalent international standards.
- 2.16** All solar panel installations located on the roof of a unit that is under warranty must be inspected and approved, in addition to any required City inspections, by a VMS Inc. Roofing Inspector before the solar array is installed, after roof penetrations are complete, and prior to a final inspection of the Mutual Consent. If re-roofing is required for the solar panel installation, in addition to any City-required inspections, inspections by a Mutual inspector will be performed prior to finalizing the mutual consent.
- 2.17** Approved locations for Energy Storage Devices: As per California and City code, all energy storage device installations must be inspected by OCFA. Installation must be on the exterior walls, in the garage, or in a California and City code compliant interior area of the manor. Energy storage devices visible to the members must be painted to match the wall it is mounted on or be screened with an approved enclosure that complements the architecture of the building.
- 2.18** The Mutual Consent processing time for Solar Panel installation requests is to be completed within 45 days from receipt of a **complete application submission**. If Manor Alterations and the Board fail to approve or deny a complete application within 45 days of receipt the application, it auto defaults to an approved application.

3.0 **OBLIGATIONS**

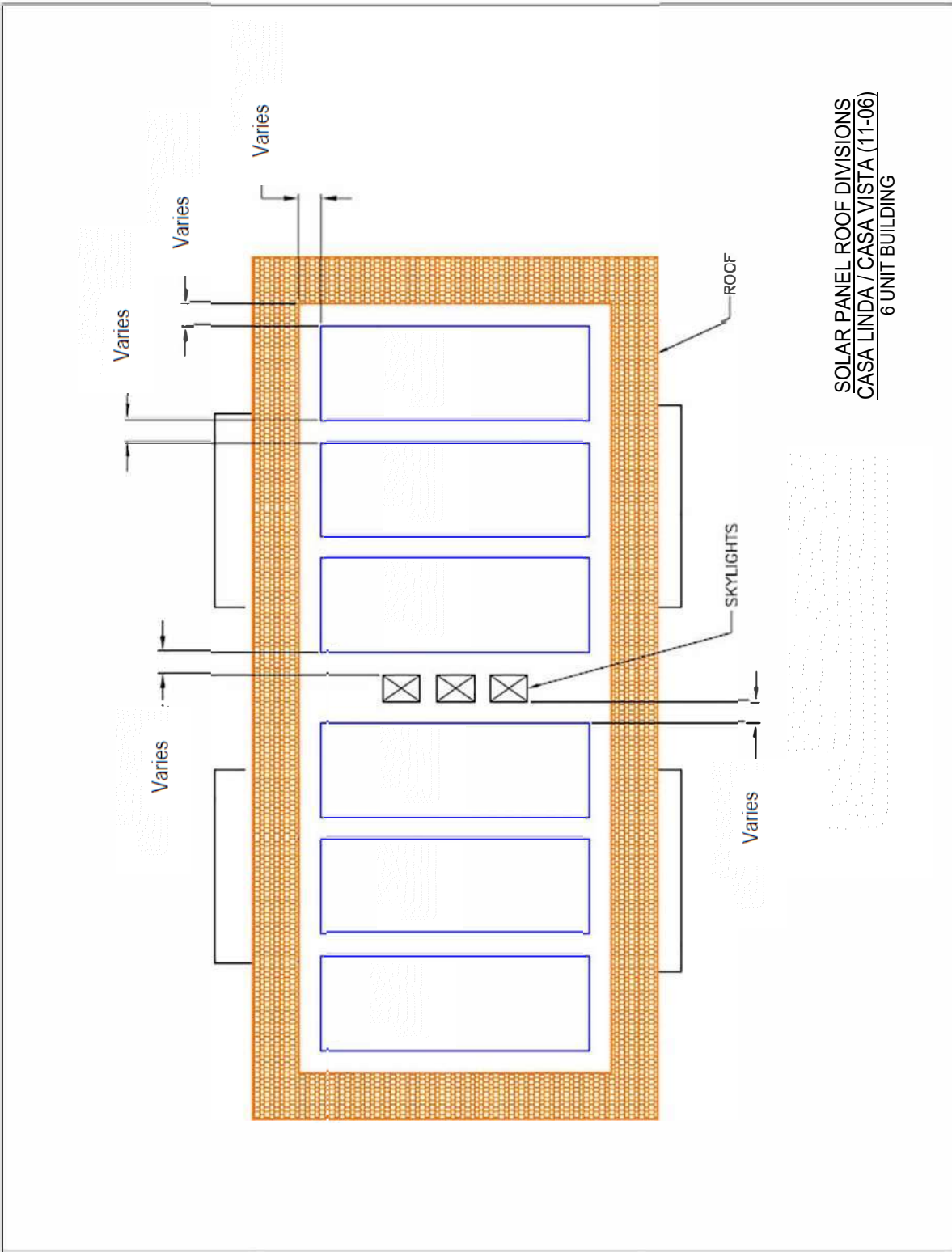
- 3.1** Due to all exterior locations classified as 'exclusive use common area' or 'common area', a Common Area Exclusive Use Revocable License or equivalent current document for Mutual approval to provide rights to utilize common area must be completed prior to the installation of any solar array. Each Manor is allocated a weighted percentage of available roof space. Each Manor's Solar Panel allocation is estimated at 200 sq. ft. This is not a guarantee of allocation. This is an approximation to provide Members an understanding of the limited amount of roof space available. The Members or their Solar Consultant will submit a complete Mutual Consent application with scope of work and the precise location of the solar system within the allocated space for review and approval by Manor Alterations.
- 3.2** For continuous roofs that cover more than one manor, if the roof is required to be replaced, the member may limit the replacement of roof to the projected area of the manor requesting approval for the solar installation. A 3-ft roof transition will be required between the new roof and the existing roof and said transition will take place within the above described area.
- 3.3** 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.

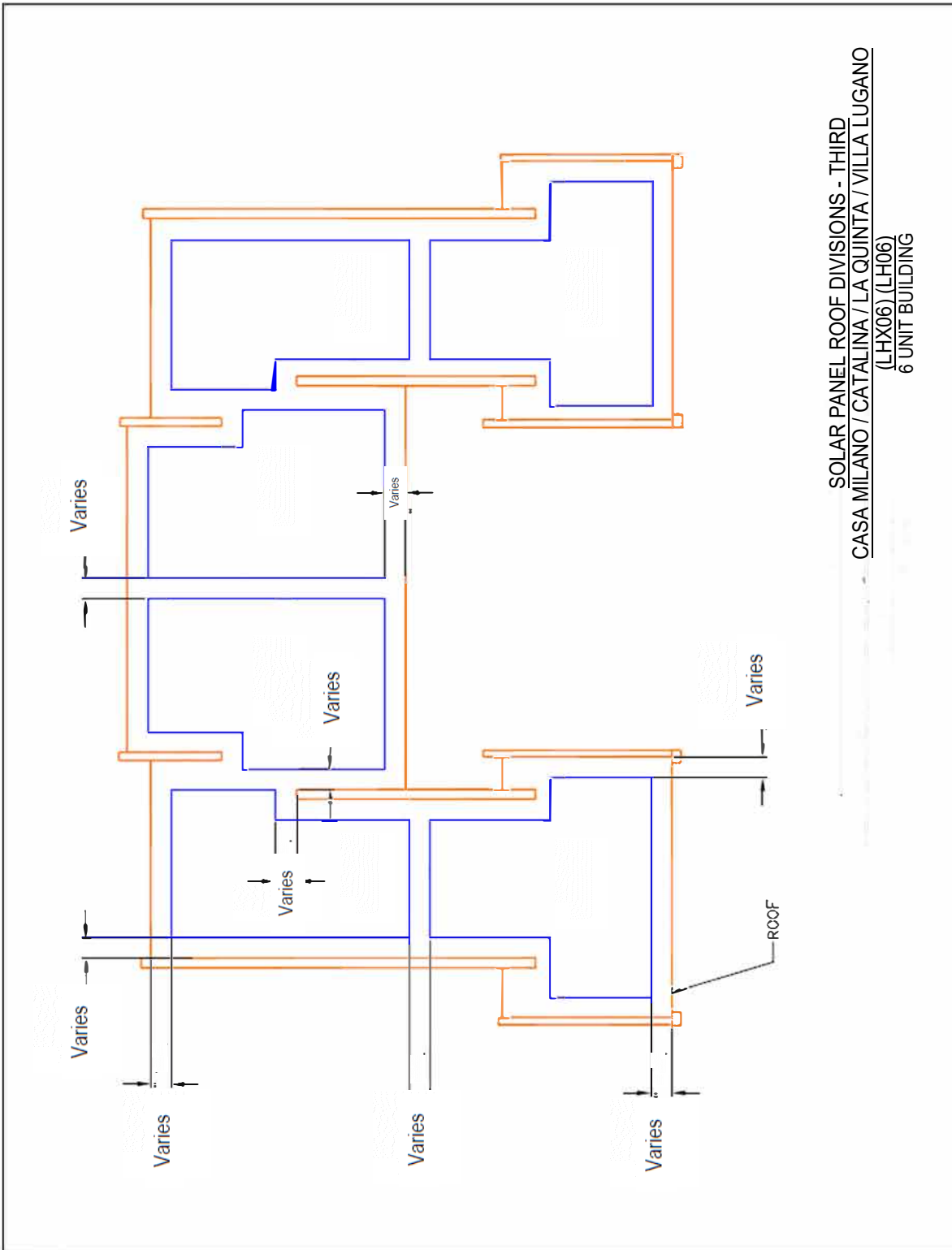
- 3.4** The Member is responsible for, and will bear all costs associated with removing, altering, covering or reinstalling the alteration as may be necessary or appropriate to allow the Mutual to conduct maintenance or repairs of common area. The Mutual will endeavor to give a minimum of thirty (30) days advance written notice (unless it is an emergency) of the need to remove, alter, cover or replace the solar panel. Failure to complete the required work within the allowed time will require that the Mutual perform the removal, alteration, or covering at the Member's cost, which will be billed as a Chargeable Service to the Member. Re-installation of any components removed by the Mutual as a chargeable service remains the responsibility of the member.
- 3.5** 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.
- 3.6** 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) as per Section 3.4 above. Alternatively, member may assume full responsibility for the future maintenance, repair and replacement of the roof in lieu of removing and re-installing the solar panel system. If this option is selected, the existing roof will be considered an alteration.
- 3.7** The roof area for possible solar panel installation is allocated only to the roof space in a first come first serve capacity. The member's solar panels may not be directly above their Manor. It is Member's responsibility to ascertain and adapt to any roof interference by vents or other roof installations already in place.
- 3.8** Upon sale of Member's Manor, all obligations herein shall apply to all subsequent owners of the Manor.
- 3.9** When applicable, the solar installer and his roofer will provide a copy of the composition shingle manufacturer's warranty and will provide a separate labor and materials warranty of 5 years for the composition shingle roof installation. 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 Mutual. If the solar installer/roofer chooses not to comply with this requirement, then the Mutual Roofing Contractor must be hired to do the roofing work at the member's expense.



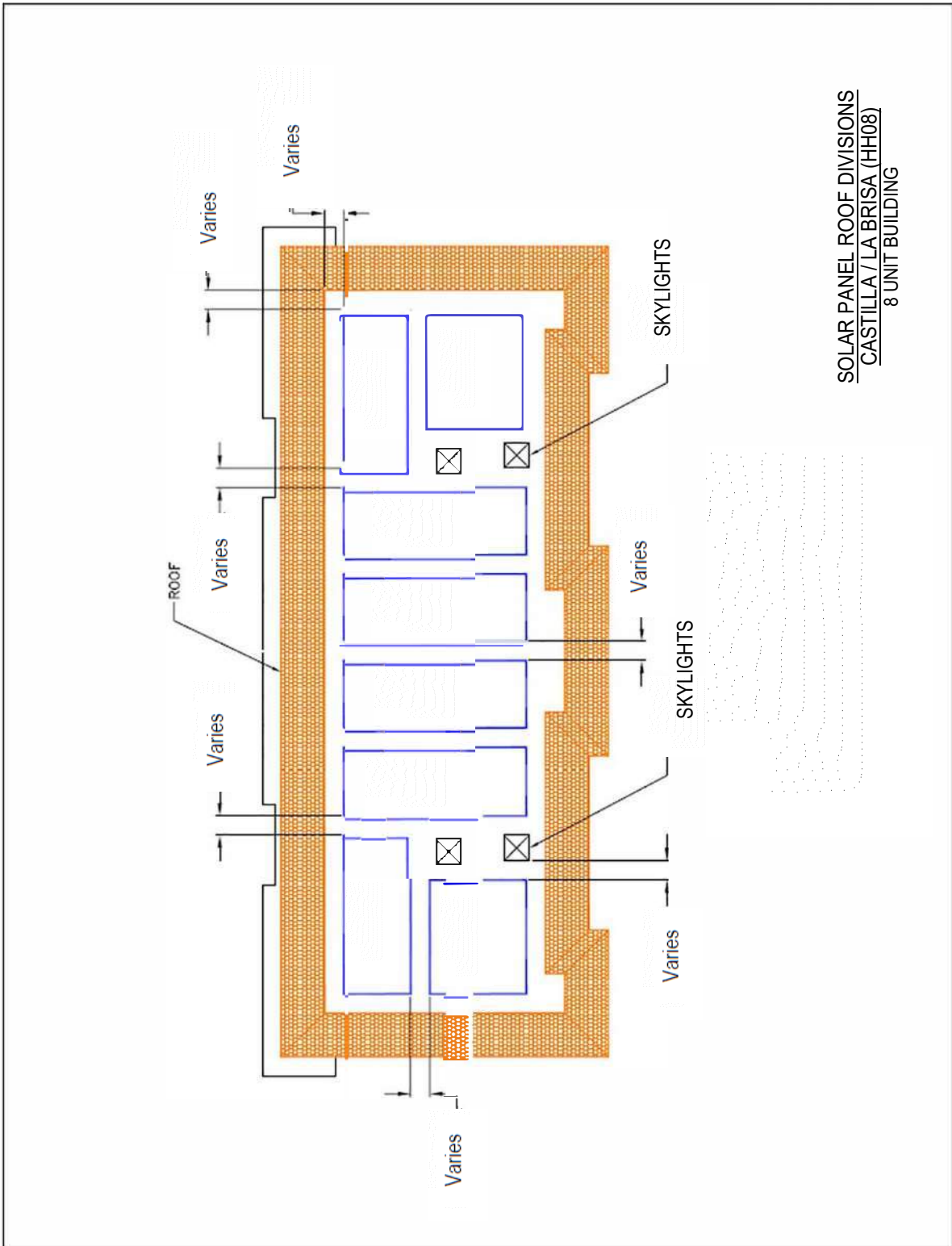
SOLAR PANEL ROOF DIVISIONS
CASA CONTENTA (KK08)
8 UNIT BUILDING



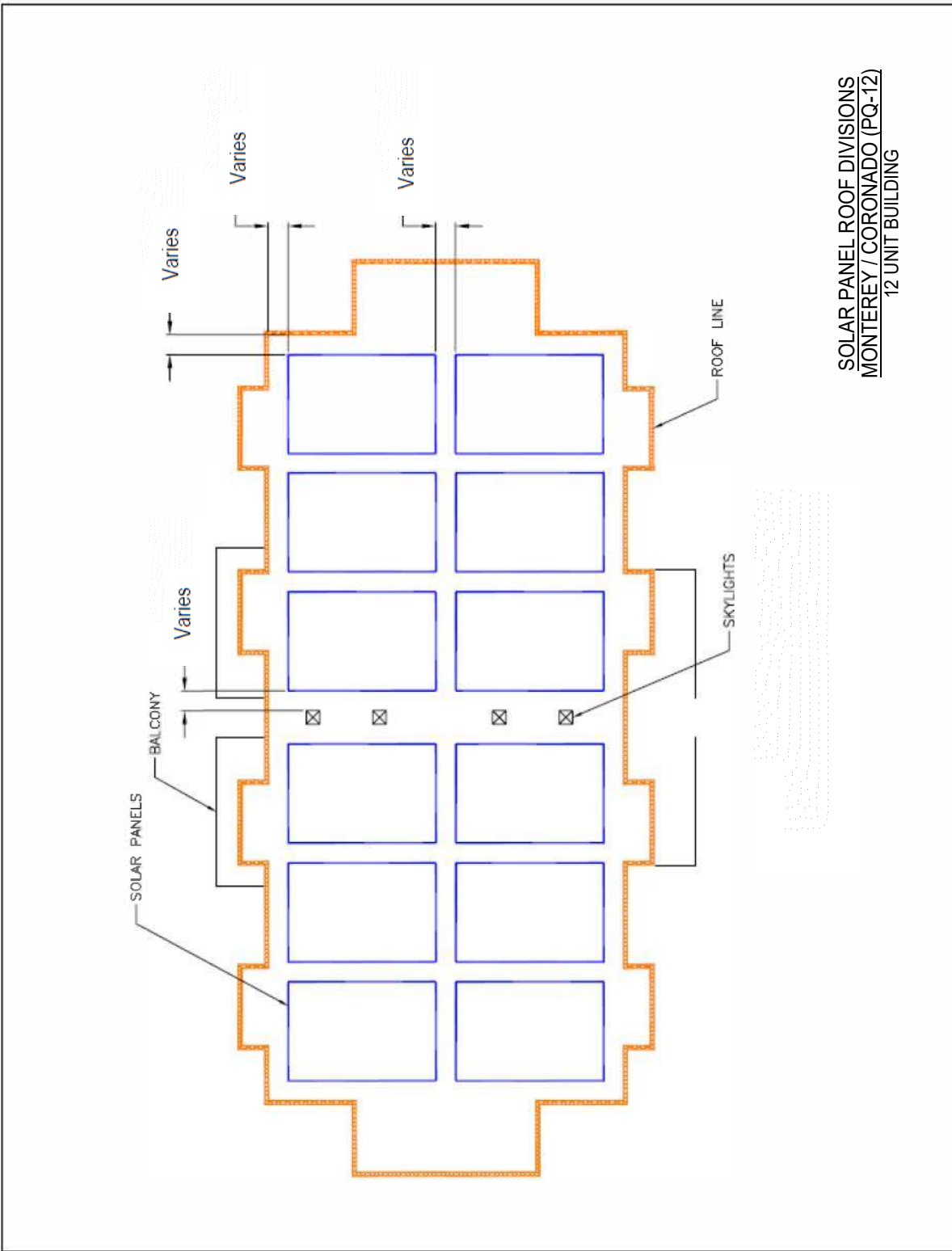
SOLAR PANEL ROOF DIVISIONS
CASA LINDA / CASA VISTA (11-06)
6 UNIT BUILDING



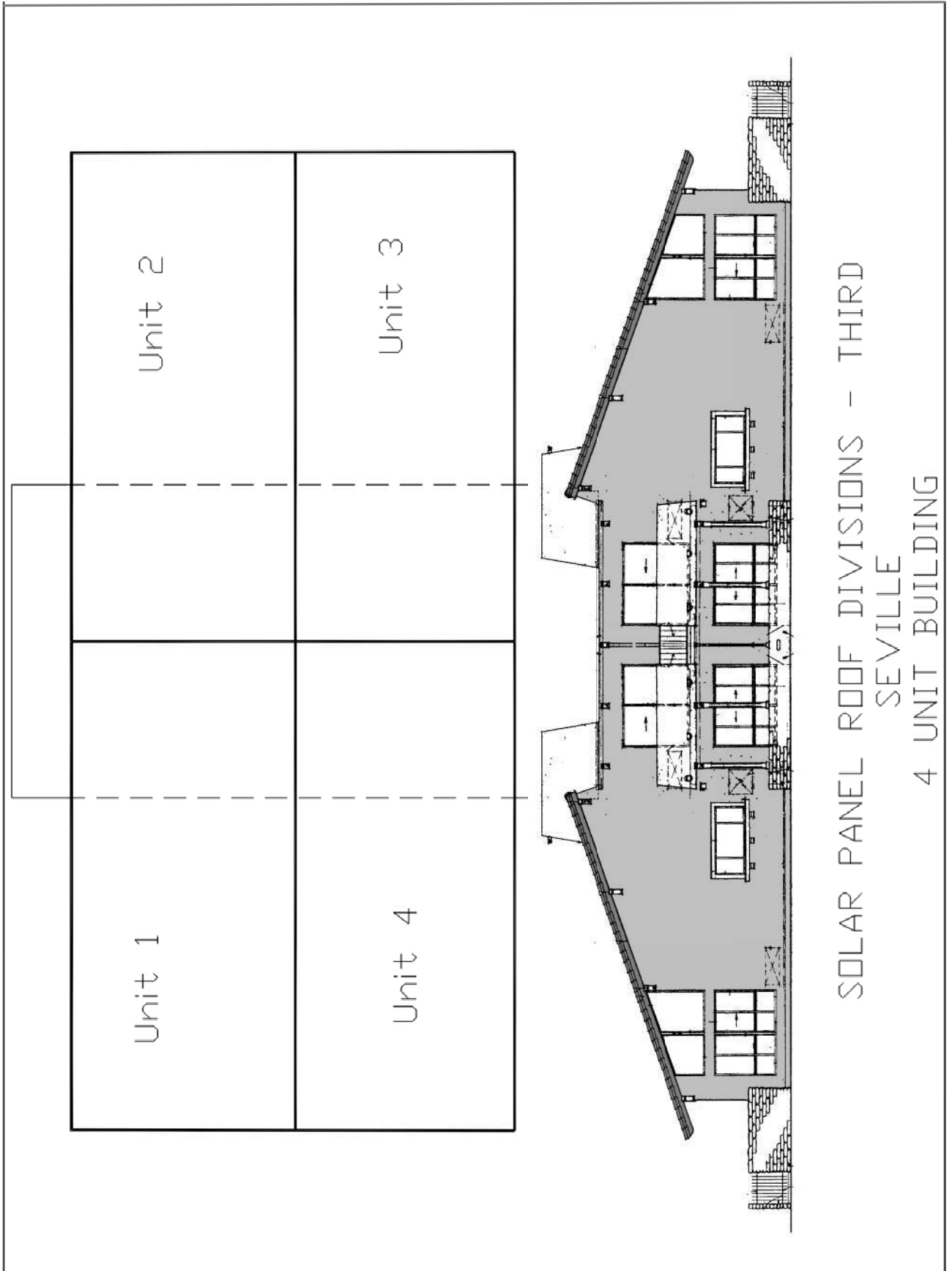
SOLAR PANEL ROOF DIVISIONS - THIRD
CASA MILANO / CATALINA / LA QUINTA / VILLA LUGANO
(LHX06) (LH06)
6 UNIT BUILDING



SOLAR PANEL ROOF DIVISIONS
CASTILLA / LA BRISA (HH08)
8 UNIT BUILDING



SOLAR PANEL ROOF DIVISIONS
MONTEREY / CORONADO (PQ-12)
12 UNIT BUILDING



SOLAR PANEL ROOF DIVISIONS - THIRD
SEVILLE
4 UNIT BUILDING

RESOLUTION 03-23-76

Alteration Standard 41A: Solar Panels, 2 Story Buildings

WHEREAS, the Board of Directors of the Third Laguna Hills Mutual (Board) recognizes the need to amend Standards and create new Standards as necessary; and

WHEREAS, the Board recognizes the need to reenact Standard 41A (Previously Standard 45) - Solar Panels, 2 Story Buildings with Flat Roofs;

NOW THEREFORE BE IT RESOLVED, July 18, 2023, that the Board hereby adopts Standard 41A - Solar Panels, 2 Story Buildings as attached to the official meeting minutes; and

RESOLVED FURTHER, that Resolution 03-18-85 adopted June 19, 2018, is hereby superseded in its entirety and no longer in effect; and

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

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STANDARD 41A: SOLAR PANELS, 2 STORY BUILDINGS

ADOPTED JULY 2023, RESOLUTION 03-23-76

[DATE], RESOLUTION 03-24-XX

1.0 GENERAL REQUIREMENTS

SEE STANDARD 1: GENERAL REQUIREMENTS See Standard 1: General Requirements

2.0 APPLICATIONS

2.1 Solar pPanel 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 to flat roofs and pitched roofs of two-story dwellings. The system shall be designed so the panel array does not encroach outside of the area allocated on the roof for each owner of a manor. Refer to pPages 5, 6, 7, 8 and 9 for typical roof allocation on flat roofs of 6-, 8-, and 12- unit buildings respectively and pPage 10 for Seville style buildings. Roof allocation plans for all other types of roofs will be prepared by Manor Alterations when a request is received. Existing solar systems that have been properly approved are grandfathered in.

2.3 All costs and maintenance of the alteration, present and future, are the responsibility of the mMutual mMember.

2.4 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.

2.5 Structural details and calculations for the installation of the proposed solar system existing roof structure, signed and wet-stamped by a California-licensed 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. Consult with the City of Laguna Woods for additional requirements.

2.6 The existing lightweight roof tile systems have reached the end of their service life. As a result, the mutual has an established active, ongoing

roof replacement program throughout the entire community for these roofs. A solar panel system installation on any of these roofs will need to be removed and reinstalled, at the members expense, when such time as the roof replacement program intersects with an existing solar panel installation.

In order to mitigate future removal / reinstallation costs of a solar panel system installation, a member has the option to pay for the roof replacement under their solar panel system at the time of the solar panel system installation.

A. The member is responsible for all aspects of roof replacement and compliance with all mutual roofing specifications if said replacement occurs at time of solar panel system installation.

B. The type of roofing system specified and conditions to replace lightweight roof tile system are as follows:

1. CertainTeed Landmark TL composition shingle or
2. Equivalent in all major aspects, aesthetics, materials and warranty.
3. To be on the entire roof area where the array will be located.
4. The roof must then be trimmed with light weight tiles (LWT) to match in materials and appearance of the original roof being replaced.
5. The current composition shingle roofing standards for waterproofing the roof at the time of installation must be followed.
6. This includes a single layer underlayment, drip edge metal, step flashing at existing skylights and chimneys, penetration flashing for all vents and vent pipes, and valley metal at valley areas.
7. For additional specifications, consult with the Manor Alterations Division.

C. These upfront costs would be reimbursable, amortized against the length of time the roofing replacement program actually intersects with the solar panel system. When this happens, the installed roofing system becomes the property of the mutual and with it, its

future maintenance and replacement.

D. The reimbursement program for the replacement of the lightweight roof systems is retroactive to solar installations completed after 2019.

1. The amortized amount for reimbursements is calculated using the following scale example:

a. A 50-year roof due for replacement in 5 years; Replacing it 5 years early would be 10%. Reimbursement would then be 90% paid at the time of the actual roof replacement.

E. The member remains responsible for maintaining the watertight roof conditions for any roof penetrations necessary for the solar panel system installation from its initial installation in perpetuity.

~~2.6—Solar Panels installed on pitched roofs with light weight tile require that the entire section from roof ridge to the edges be removed and replaced with CertainTeed Landmark TL composition shingle roofing or equivalent in all major aspects (aesthetics, materials and warranty) on the entire roof area where the array will be located. The roof 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.~~

2.7 PVC ~~f~~Flat roof under warranty with the ~~m~~Mutual's reroofing contractor shall require the roofing contractor holding the warranty to complete the roof tie-in work at the member's expense. PVC ~~f~~Flat roofs that remain under a Johns Manville (JM) materials warranty shall require a Johns Manville (JM) ~~a~~Approved ~~c~~Contractor perform the tie-in work at the member's expense. Solar panel installations onto roofs outside of the warranty periods must be water tight and meet or exceed all current ~~federal~~~~I.C.C. (International Code Council)~~, ~~s~~State and ~~c~~City standards.

2.8 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 top stanchions and racking used to connect the array to the roof shall be water tight and meet or exceed all current ~~I.C.C. (International Code Council)~~~~federal~~, ~~s~~State and ~~c~~City standards.

2.9 A 24" clearance (minimum) between solar panel system and all roof perimeters.

~~mechanical equipment and architectural features including but not limited to skylights etc. must be maintained to facilitate maintenance access subject to current State of California and local building codes. The solar panel array must be located away from the edges of roofs and parapets as required by the City but not less than the clear perimeter around the edges of the roof shall be a minimum 2-foot-wide and must maintain sufficient clearance between any architectural features such as, but not limited to skylights, mechanical equipment, vent pipes and for the most direct path to these features in order to enable proper access for maintenance.~~

~~2.10 Water and electric lines must be set on blocking above the surface to facilitate re-roofing.~~

~~2.11 Detailed plans of the installation of roof jacks (flashing, vents, or planking for installation of Solar). Should be submitted to Manor Alterations for approval, and installation of roof jacks, including hot mopping and/or flashing, is required to be completed during original installation.~~

~~2.12 Lag screws must have adequate pullout strength and shear capacities.~~

~~2.132.10 The member is responsible for the maintenance and repair of the roof penetrations required for the installation of the solar system, and for any damage caused by these alterations.~~

~~2.142.11 Connections to the manor's electrical system must be coordinated with the local electric utility.~~

~~2.12 Solar eElectric pPanels, and their associated electrical components, must be UL approved, or comply with equivalent international standards.~~

~~2.152.13 A solar panel system may only serve a single manor.~~

~~2.162.14 All solar panel installations located on the roof of a unit that is under warranty must be inspected and approved, in addition to any required City_of Laguna Woods inspections, by a VMS Inc. rRoofing iInspector before the solar array is installed, after roof penetrations are complete, and prior to a final inspection of the mMutual cConsent. If re-roofing is required for the solar panel installation, in addition to any City-required inspections, inspections by a Mutual inspector will be performed prior to finalizing the mutual consent. The member is responsible for any roofing repairs that might result form these inspections.~~

~~2.15 Approved locations for eEnergy sStorage dDevices: As per California and cCity code, all energy storage device installations must be inspected by Orange County Fire Authority (OCFA). Installation must be on the exterior walls, in the garage, or in a California and cCity code compliant interior area of the manor. Energy storage devices visible to the members must be painted to match the wall it is mounted~~

on or be screened with an approved enclosure that complements the architecture of the building. Plan submittal of enclosure design is required.

~~2.172.16~~ Once a complete solar installation package is submitted to Manor Alterations for review, Manor Alterations has up to 45 days with which to respond.

~~2.18~~ The Mutual Consent processing time for Solar Panel installation requests is to be completed within 45 days from receipt of a complete application submission. If Manor Alterations and the Board fail to approve or deny a complete application within 45 days of receipt the application, it auto defaults to an approved application.

3.0 **OBLIGATIONS**

~~3.1~~ Due to all exterior locations classified as 'exclusive use common area' or 'common area', a Common Area Exclusive Use Revocable License or equivalent current document for mMutual approval to provide rights to utilize common area must be completed-approved prior to the installation of any solar array. Each mManor is allocated a weighted percentage of available roof space. Each mManor's sSolar pPanel allocation is estimated at 200 sq. ft. This is not a guarantee of allocation. This is an approximation to provide mMembers an understanding of the limited amount of roof space available. The mMembers or their sSolar cConsultant will submit a complete mMutual cConsent application with scope of work and the precise location of the solar system within the allocated space for review and approval by Manor Alterations.

~~3.1~~

~~3.2~~ For continuous roofs that cover more than one manor, if the roof is required to be replaced, the member may limit the replacement of roof to the projected area of the manor requesting approval for the solar installation. A 3-ft roof transition will be required between the new roof and the existing roof and said transition will take place within the above described area. The new roof boundaries will extend 3 feet beyond the perimeter of the solar panel system in all directions.

3.3 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 mMember's solar panels or their installation, operation, maintenance or removal; furtherand, mMember accepts all responsibility for damage to mMember's mManor or other mManors or to personal property caused or contributed to by the installation, operation, maintenance or removal of the solar panel systems.

3.4 The mMember 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 mMutual to conduct maintenance or repairs of common area. The

mMutual will endeavor to give a minimum of thirty (30) days advance written notice (unless it is an emergency) of the need to remove, alter, cover or replace the solar panel. Failure to complete the required work within the allowed time will require that the mMutual perform the removal, alteration, or covering at the mMember's cost, which will be billed as a cChargeable sService to the mMember. Re-installation of any components removed by the mMutual as a chargeable service remains the responsibility of the member.

3.5 The mMember is responsible for, and will bear all costs associated with, clean-up or repair of mMutual owned or controlled property made necessary by or resulting from the alteration.

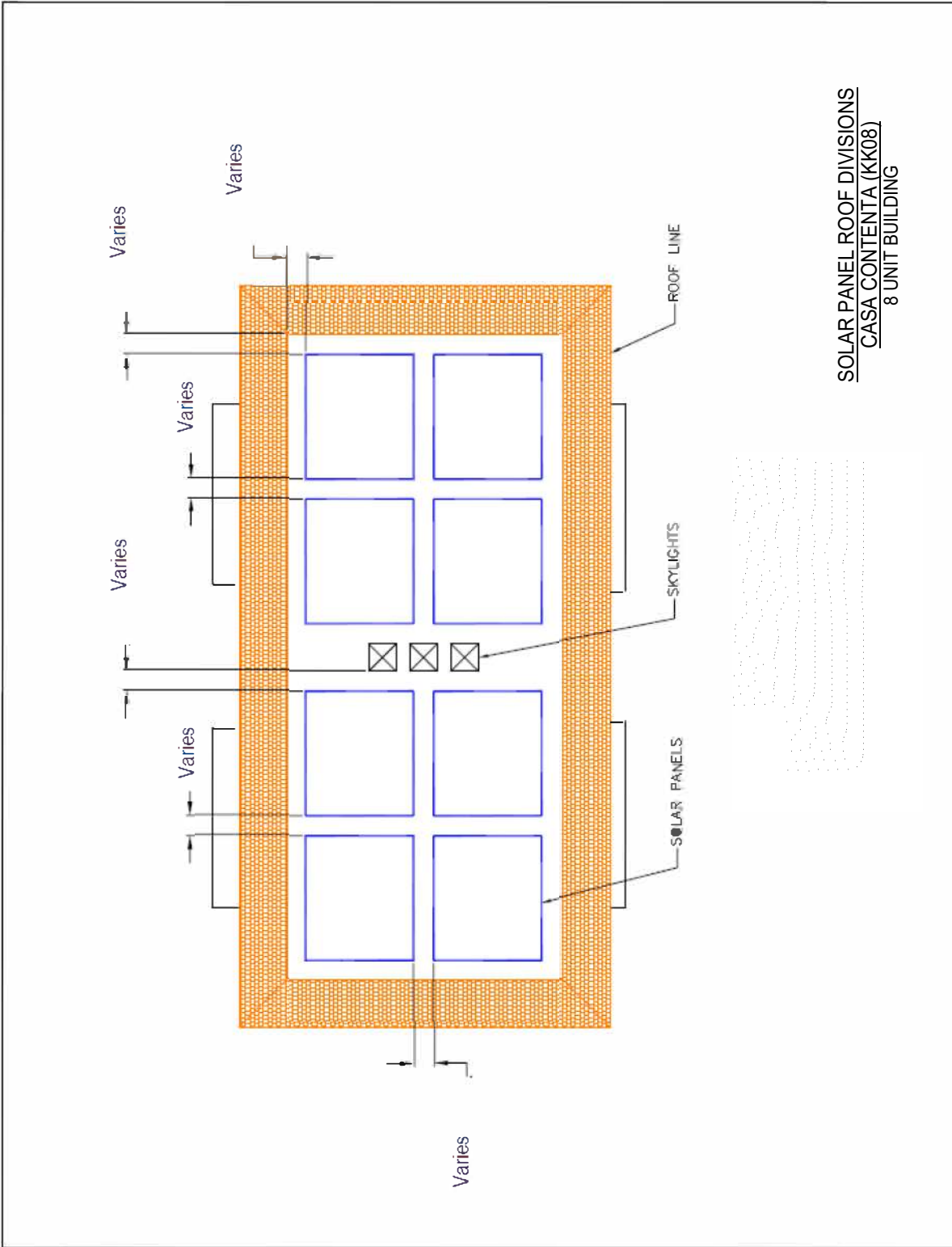
~~**3.6** All costs associated with roof replacement above and beyond the typical cost for roof replacement due to the solar panel installation shall be borne by the Member(s) as per Section 3.4 above. Alternatively, member may assume full responsibility for the future maintenance, repair and replacement of the roof in lieu of removing and re-installing the solar panel system. If this option is selected, the existing roof will be considered an alteration.~~

~~**3.73.6** The roof area for possible solar panel installation is allocated only to the roof space ion a first come first serve capacity. The member's solar panels may not necessarily be directly above their mManor. It is Member's responsibility to ascertain and adapt to any roof interference by vents or other roof installations already in place. The member requesting the solar panel system installation must receive approval from other manors affected by location of access lines necessary to connect roof mounted solar panel system with solar metering equipment on ground floor or other alternate locations.~~

~~**3.7** Upon sale of mMember's mManor, all obligations herein shall apply to all subsequent owners of the mManor.~~

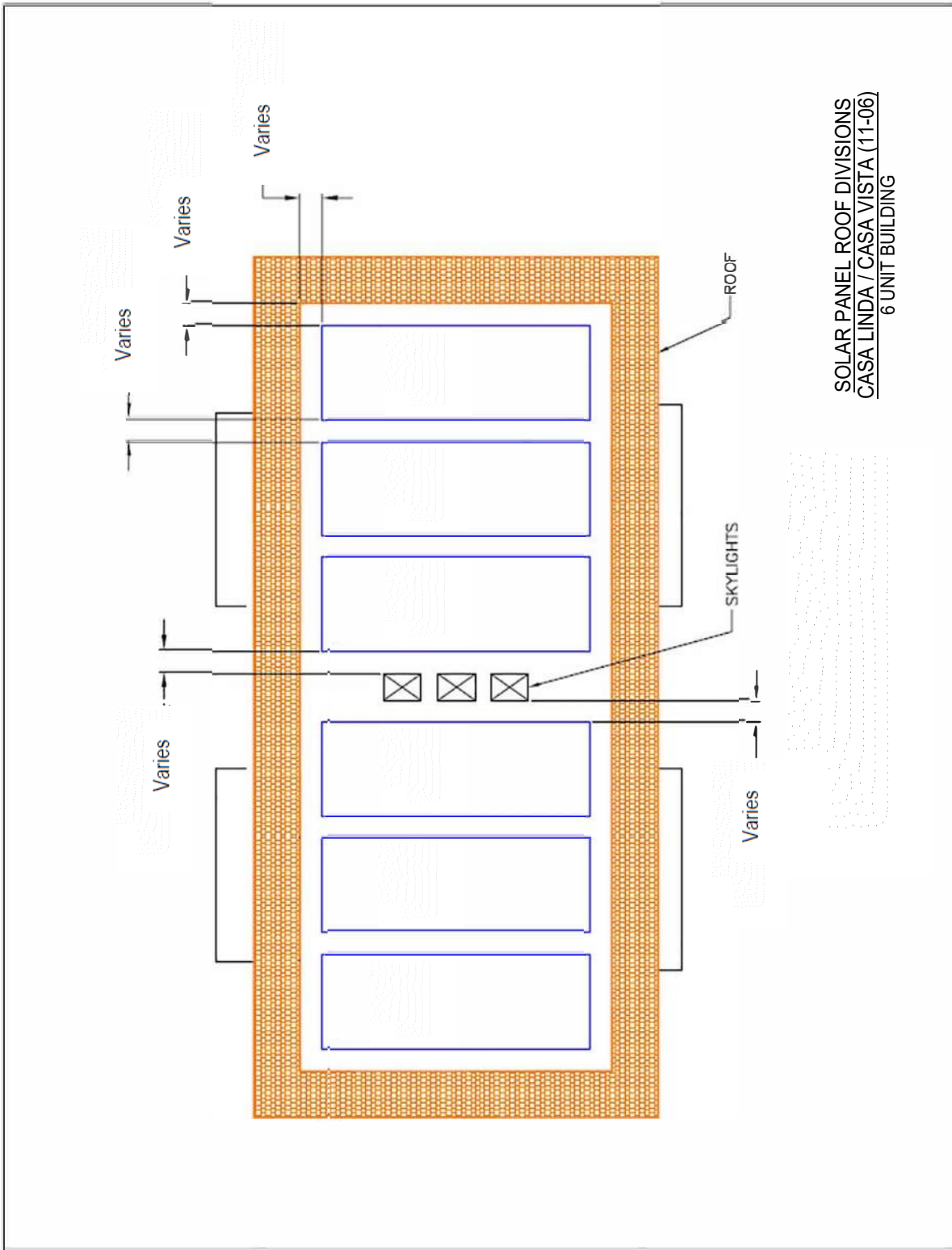
~~**3.8** If a solar panel system installations results in a new roof, the member must provide a roof warranty that conforms to the warranties in effect with the mutual roof replacement program.~~

~~**3.9** When applicable, the solar installer and his roofer will provide a copy of the composition shingle manufacturer's warranty and will provide a separate labor and materials warranty of 5 years for the composition shingle roof installation. 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 Mutual. If the solar installer/roofer chooses not to comply with this requirement, then the Mutual Roofing Contractor must be hired to do the roofing work at the member's expense.~~

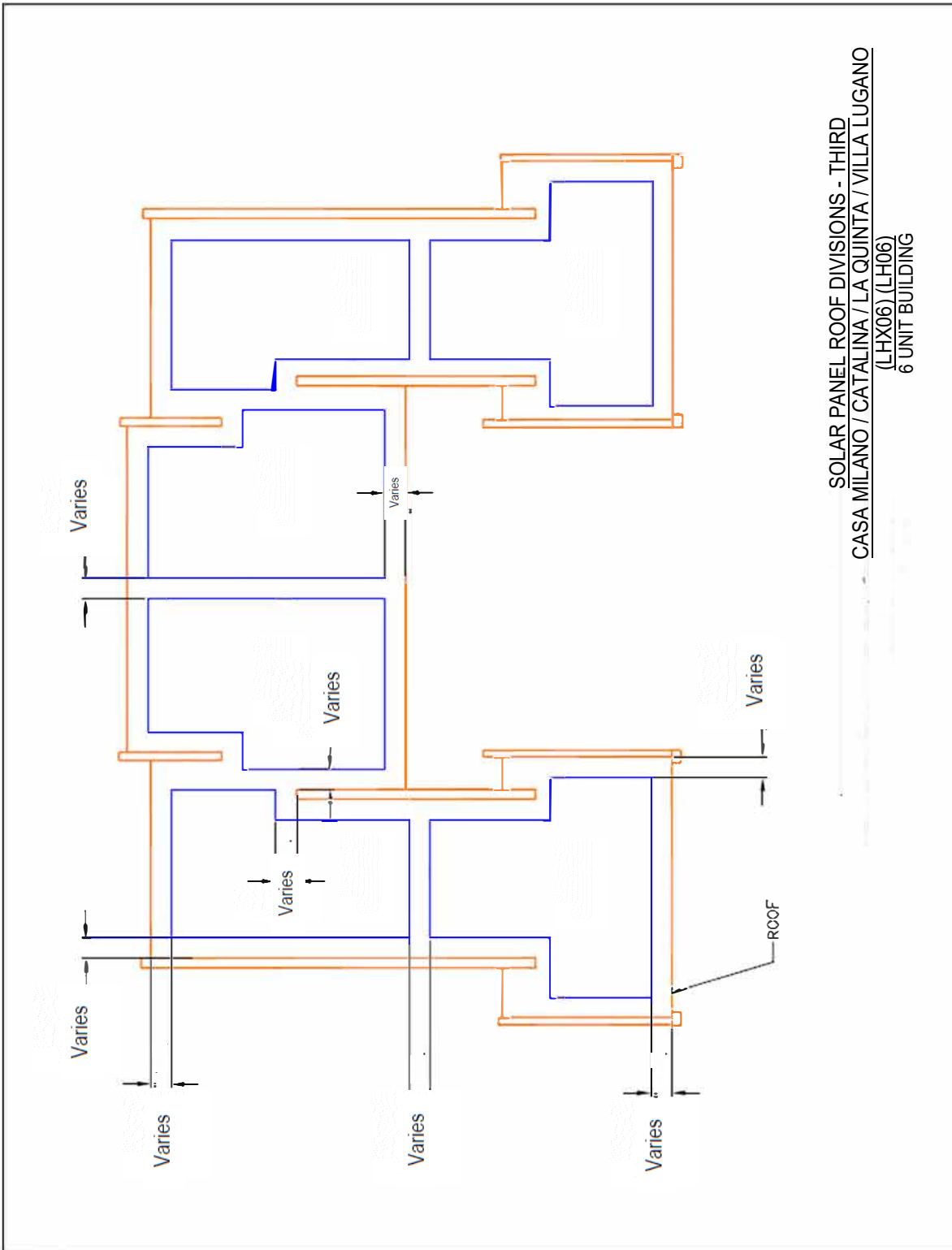


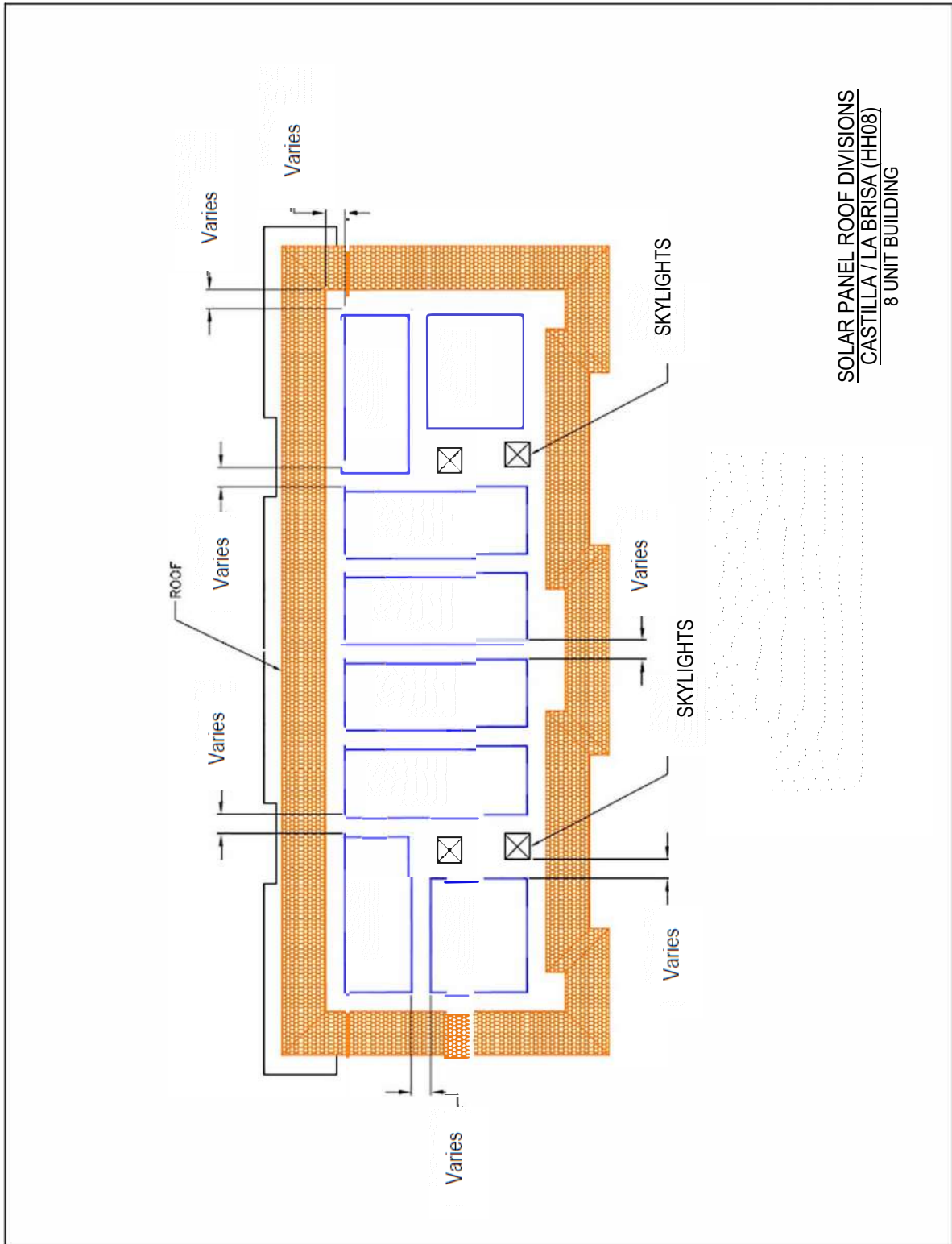
SOLAR PANEL ROOF DIVISIONS
CASA CONTENTA (KK08)
8 UNIT BUILDING



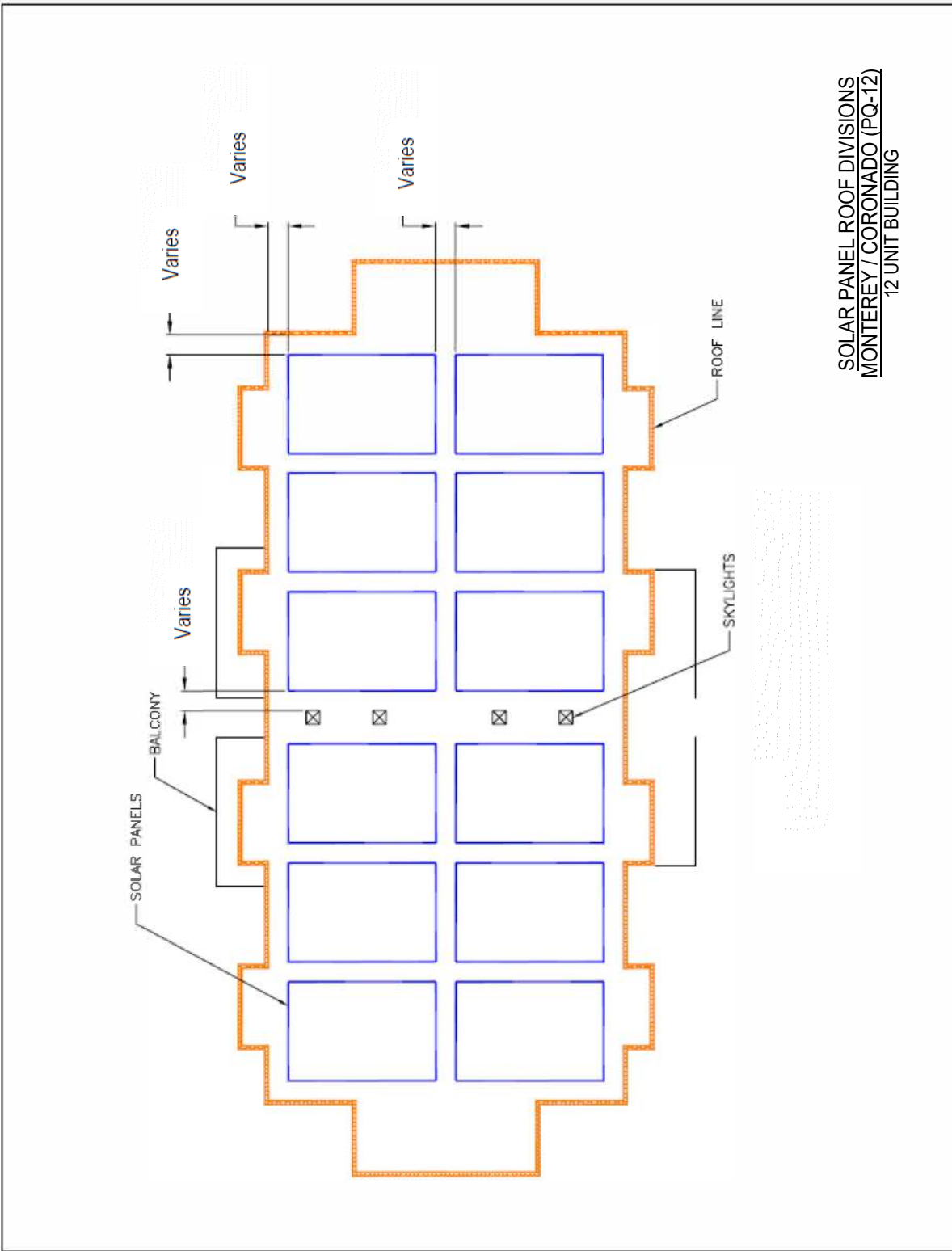


SOLAR PANEL ROOF DIVISIONS
CASA LINDA / CASA VISTA (11-06)
6 UNIT BUILDING

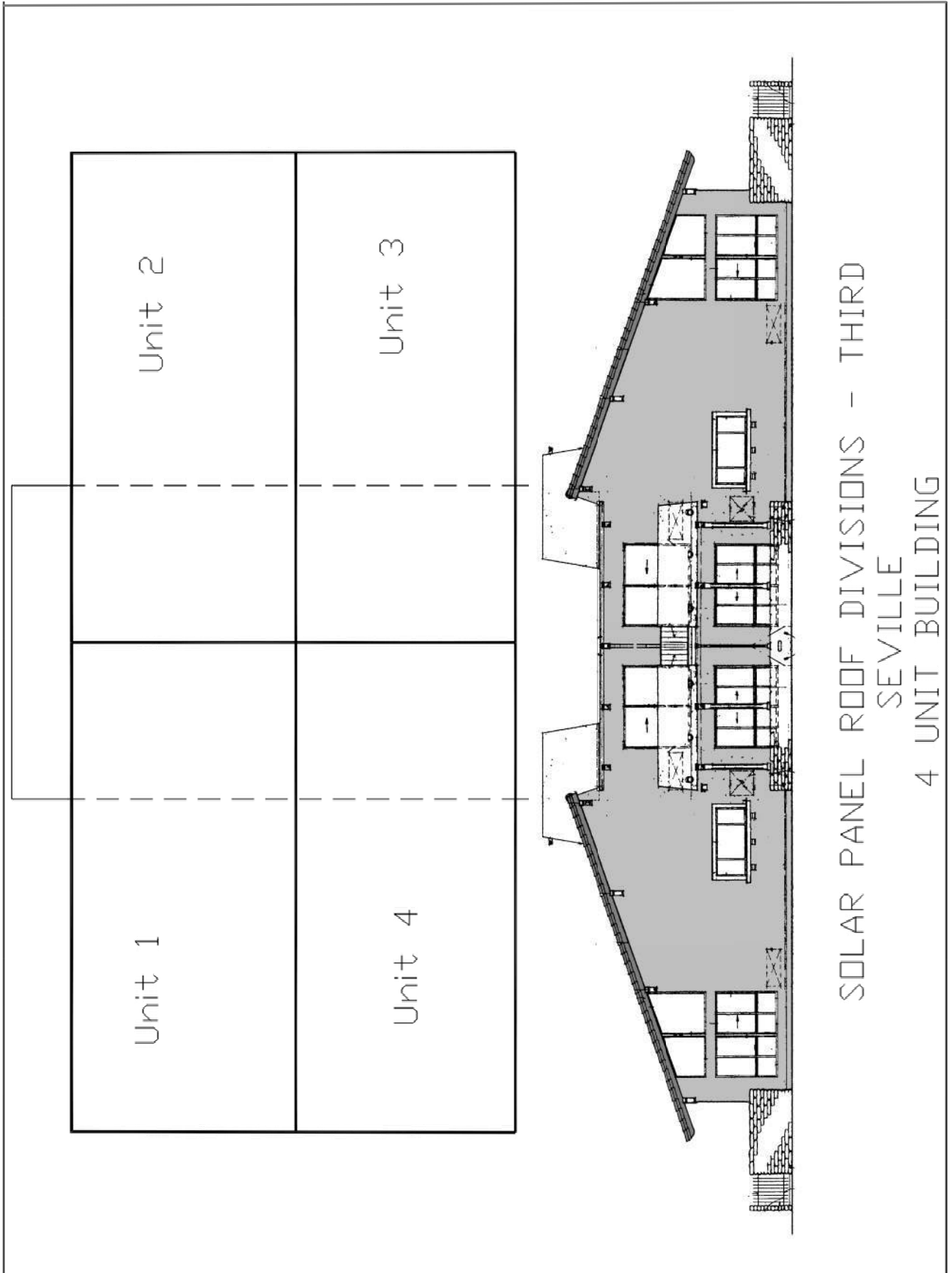




SOLAR PANEL ROOF DIVISIONS
CASTILLA / LA BRISA (HH08)
8 UNIT BUILDING



SOLAR PANEL ROOF DIVISIONS
MONTEREY / CORONADO (PQ-12)
12 UNIT BUILDING



SOLAR PANEL ROOF DIVISIONS - THIRD
SEVILLE
4 UNIT BUILDING



STANDARD 41A: SOLAR PANELS, 2 STORY BUILDINGS

ADOPTED JULY 2023, RESOLUTION 03-23-76

REVISED [DATE], RESOLUTION 03-24-XX

1.0 GENERAL REQUIREMENTS

SEE STANDARD 1: GENERAL REQUIREMENTS

2.0 APPLICATIONS

- 2.1** 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 to flat roofs and pitched roofs of two-story dwellings. The system shall be designed so the panel array does not encroach outside of the area allocated on the roof for each owner of a manor. Refer to pages 5, 6, 7, 8 and 9 for typical roof allocation on flat roofs of 6-, 8-, and 12- unit buildings respectively and page 10 for Seville style buildings. Roof allocation plans for all other types of roofs will be prepared by Manor Alterations when a request is received. Existing solar systems that have been properly approved are grandfathered in.
- 2.3** All costs and maintenance of the alteration, present and future, are the responsibility of the mutual member.
- 2.4** 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.
- 2.5** Structural details and calculations for the installation of the proposed solar system existing roof structure, signed and wet-stamped by a California-licensed 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. Consult with the City of Laguna Woods for additional requirements.
- 2.6** The existing lightweight roof tile systems have reached the end of their service life. As a result, the mutual has an established active, ongoing roof replacement program throughout the entire community for these

roofs. A solar panel system installation on any of these roofs will need to be removed and reinstalled, at the members expense, when such time as the roof replacement program intersects with an existing solar panel installation.

In order to mitigate future removal / reinstallation costs of a solar panel system installation, a member has the option to pay for the roof replacement under their solar panel system at the time of the solar panel system installation.

- A. The member is responsible for all aspects of roof replacement and compliance with all mutual roofing specifications if said replacement occurs at time of solar panel system installation.
- B. The type of roofing system specified and conditions to replace lightweight roof tile system are as follows:
 1. CertainTeed Landmark TL composition shingle or
 2. Equivalent in all major aspects, aesthetics, materials and warranty.
 3. To be on the entire roof area where the array will be located.
 4. The roof must then be trimmed with light weight tiles (LWT) to match in materials and appearance of the original roof being replaced.
 5. The current composition shingle roofing standards for waterproofing the roof at the time of installation must be followed.
 6. This includes a single layer underlayment, drip edge metal, step flashing at existing skylights and chimneys, penetration flashing for all vents and vent pipes, and valley metal at valley areas.
 7. For additional specifications, consult with the Manor Alterations Division.
- C. These upfront costs would be reimbursable, amortized against the length of time the roofing replacement program actually intersects with the solar panel system. When this happens, the installed roofing system becomes the property of the mutual and with it, its future maintenance and replacement.

- D. The reimbursement program for the replacement of the lightweight roof systems is retroactive to solar installations completed after 2019.
1. The amortized amount for reimbursements is calculated using the following scale example:
 - a. A 50-year roof due for replacement in 5 years; Replacing it 5 years early would be 10%. Reimbursement would then be 90% paid at the time of the actual roof replacement.
- E. The member remains responsible for maintaining the watertight roof conditions for any roof penetrations necessary for the solar panel system installation from its initial installation in perpetuity.
- 2.7** PVC flat roof under warranty with the mutual's reroofing contractor shall require the roofing contractor holding the warranty to complete the roof tie-in work at the member's expense. PVC flat roofs that remain under a Johns Manville (JM) materials warranty shall require a Johns Manville (JM) approved contractor perform the tie-in work at the member's expense. Solar panel installations onto roofs outside of the warranty periods must be water tight and meet or exceed all current federal, state and city standards.
- 2.8** 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 top stanchions and racking used to connect the array to the roof shall be water tight and meet or exceed all current federal, state and city standards.
- 2.9** A 24" clearance (minimum) between solar panel system and all roof perimeters, mechanical equipment and architectural features including but not limited to skylights etc. must be maintained to facilitate maintenance access subject to current State of California and local building codes.
- 2.10** Connections to the manor's electrical system must be coordinated with the local electric utility.
- 2.11** Solar electric panels, and their associated electrical components, must be UL approved, or comply with equivalent international standards.
- 2.12** A solar panel system may only serve a single manor.
- 2.13** All solar panel installations located on the roof of a unit that is under warranty must be inspected and approved, in addition to any required City of Laguna

Woods inspections, by a VMS Inc. roofing inspector before the solar array is installed, after roof penetrations are complete, and prior to a final inspection of the mutual consent. The member is responsible for any roofing repairs that might result from these inspections.

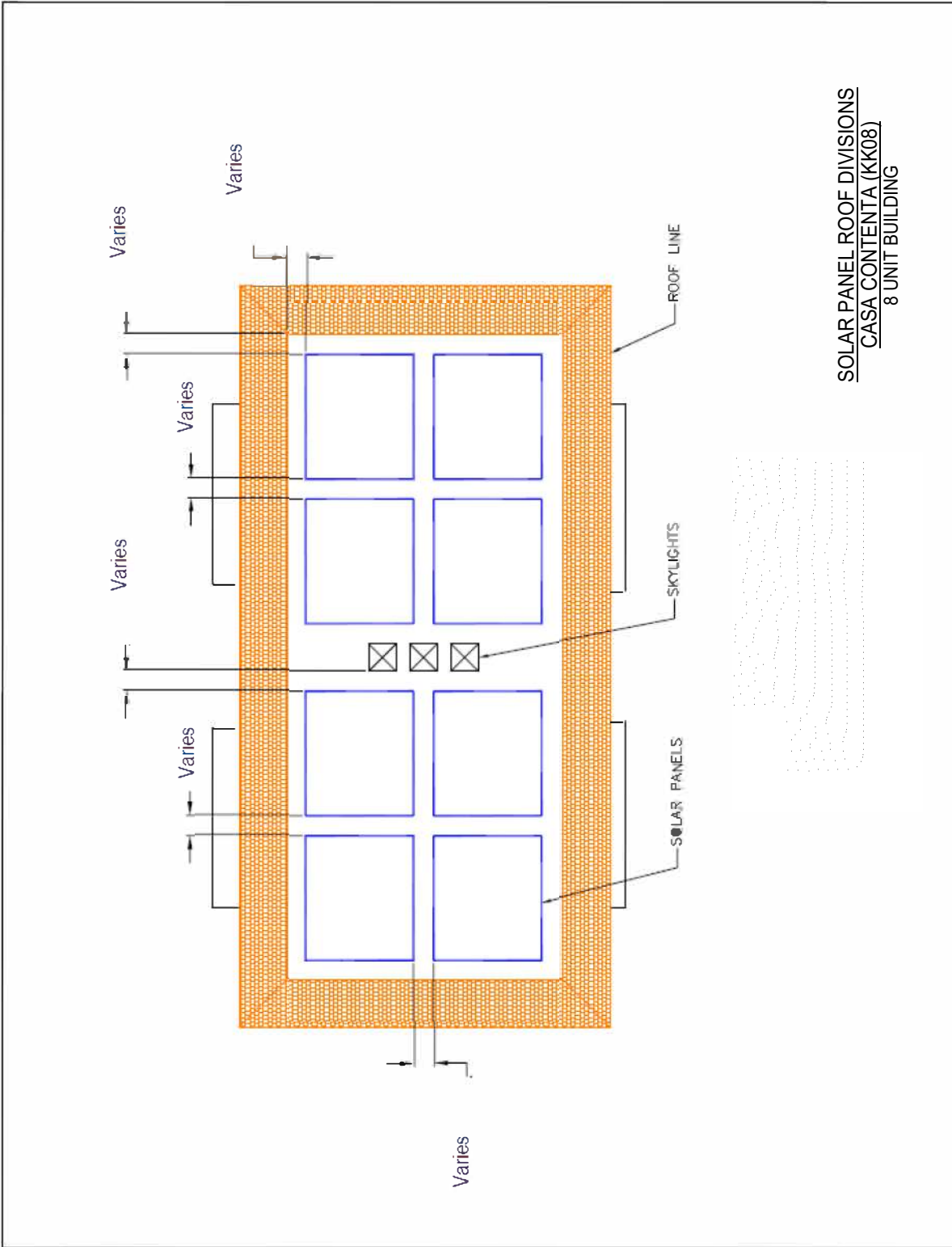
- 2.14** Approved locations for energy storage devices: As per California and city code, all energy storage device installations must be inspected by Orange County Fire Authority (OCFA). Installation must be on the exterior walls, in the garage, or in a California and city code compliant interior area of the manor. Energy storage devices visible to the members must be painted to match the wall it is mounted on or be screened with an approved enclosure that complements the architecture of the building. Plan submittal of enclosure design is required.
- 2.15** Once a complete solar installation package is submitted to Manor Alterations for review, Manor Alterations has up to 45 days with which to respond.

3.0 OBLIGATIONS

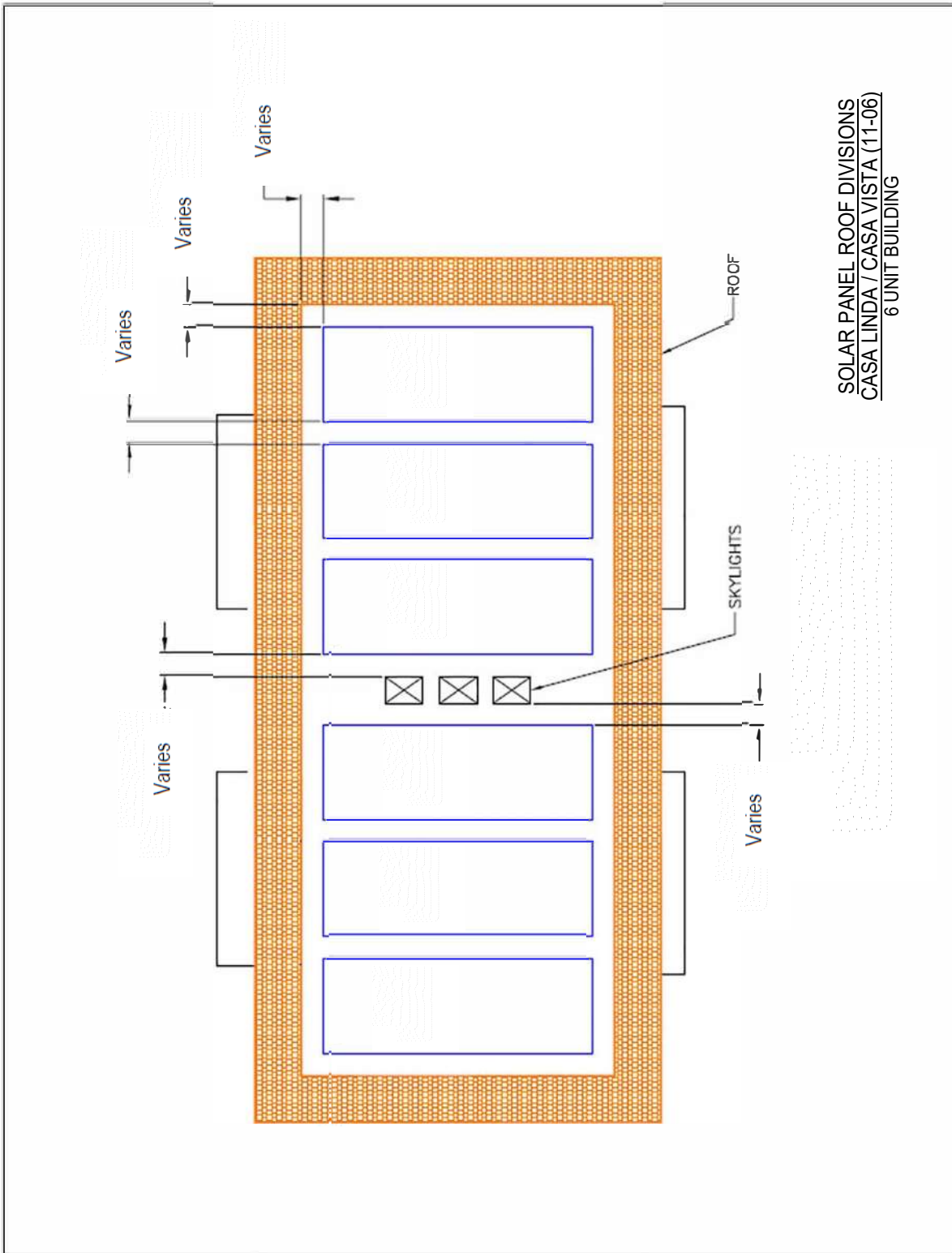
- 3.1** Due to all exterior locations classified as ‘exclusive use common area’ or ‘common area’, a Common Area Exclusive Use Revocable License or equivalent current document for mutual approval to provide rights to utilize common area must be approved prior to the installation of any solar array. Each manor is allocated a weighted percentage of available roof space. Each manor’s solar panel allocation is estimated at 200 sq. ft. This is not a guarantee of allocation. This is an approximation to provide members an understanding of the limited amount of roof space available. The members or their solar consultant will submit a complete mutual consent application with scope of work and the precise location of the solar system within the allocated space for review and approval by Manor Alterations.
- 3.2** The new roof boundaries will extend 3 feet beyond the perimeter of the solar panel system in all directions.
- 3.3** 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; further, 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 panel system.
- 3.4** 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. The mutual will endeavor to give a minimum of thirty (30) days advance written notice (unless it is an emergency) of the need to remove, alter, cover or replace the solar panel. Failure to complete the required work within the allowed time will require that the mutual perform the removal, alteration, or covering at the member’s cost,

which will be billed as a chargeable service to the member. Re-installation of any components removed by the mutual as a chargeable service remains the responsibility of the member.

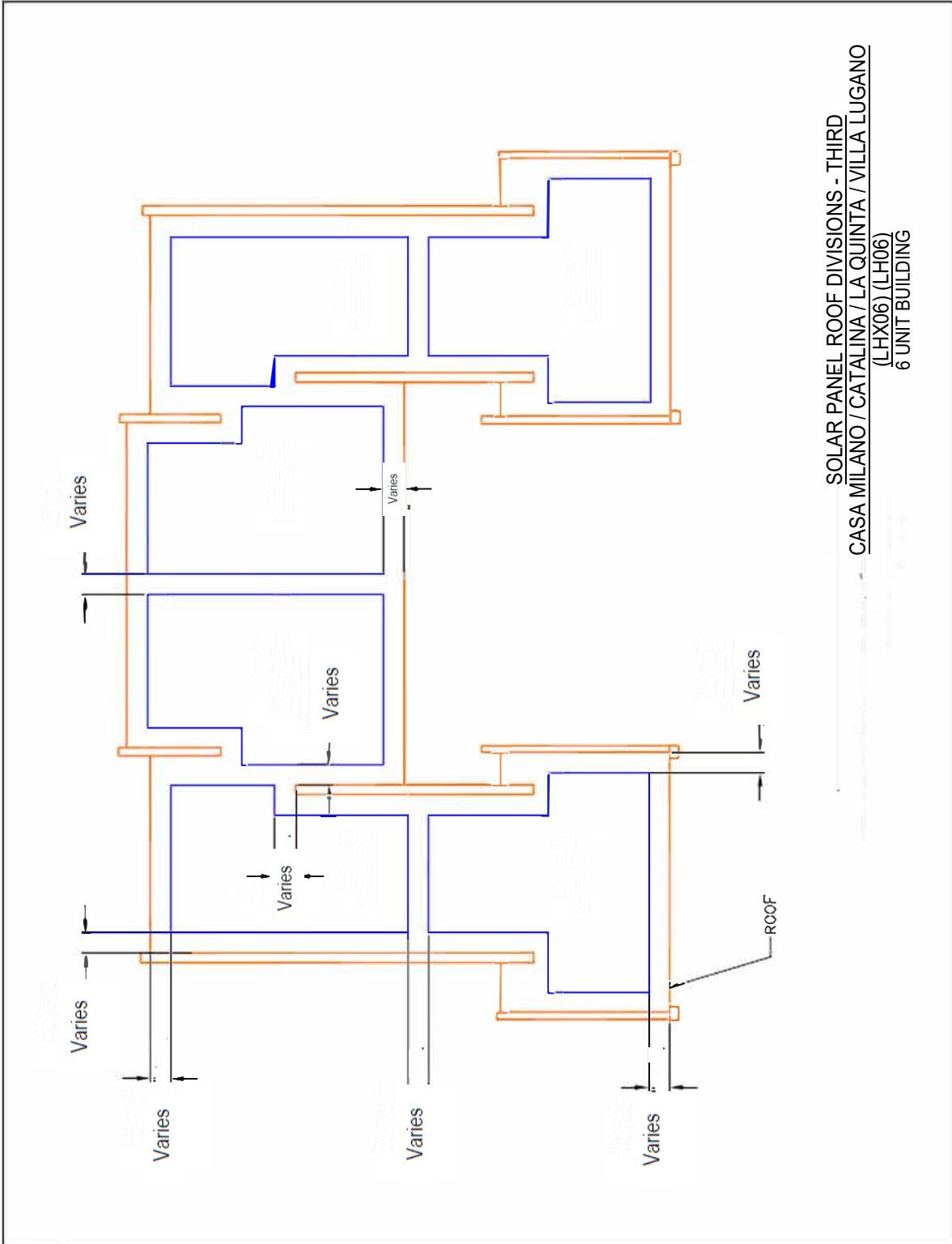
- 3.5** The member is responsible for, and will bear all costs associated with, clean-up or repair of mutual owned or controlled property made necessary by or resulting from the alteration.
- 3.6** The roof area for possible solar panel installation is allocated only to the roof space on a first come first serve capacity. The member's solar panels may not necessarily be directly above their manor. The member requesting the solar panel system installation must receive approval from other manors affected by location of access lines necessary to connect roof mounted solar panel system with solar metering equipment on ground floor or other alternate locations.
- 3.7** Upon sale of member's manor, all obligations herein shall apply to all subsequent owners of the manor.
- 3.8** If a solar panel system installations results in a new roof, the member must provide a roof warranty that conforms to the warranties in effect with the mutual roof replacement program.



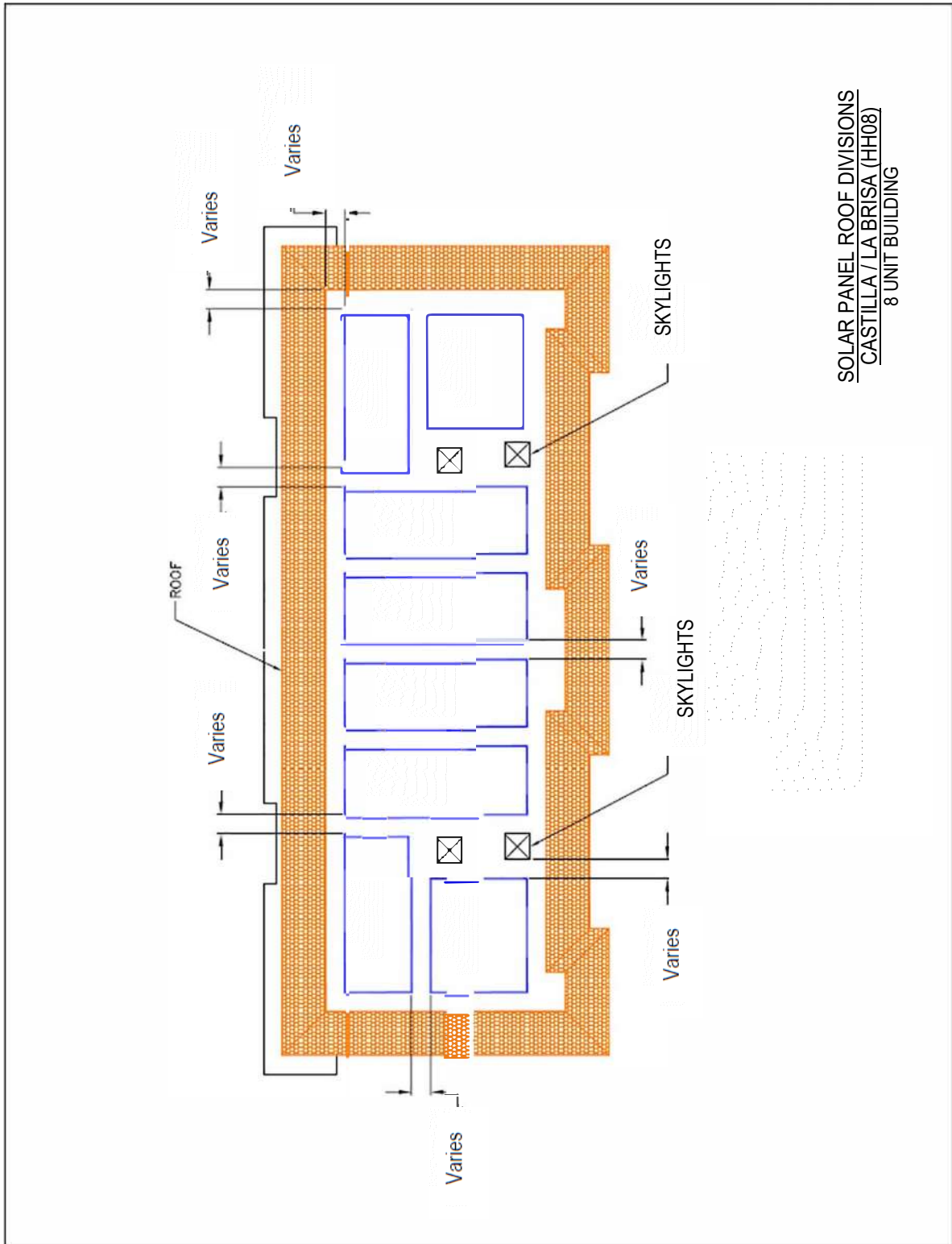
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CASA CONTENTA (KK08)
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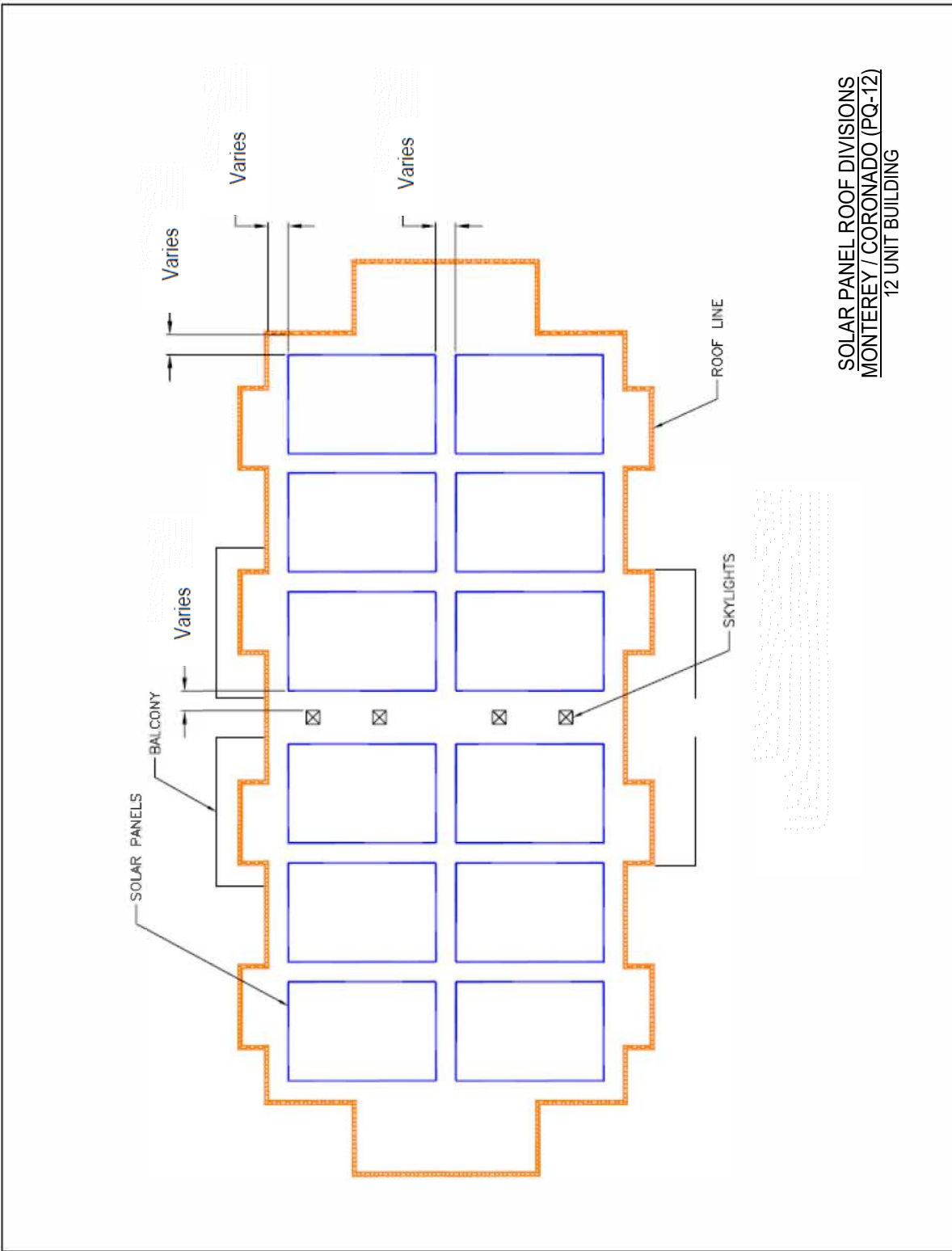
SOLAR PANEL ROOF DIVISIONS
CASA LINDA / CASA VISTA (11-06)
6 UNIT BUILDING



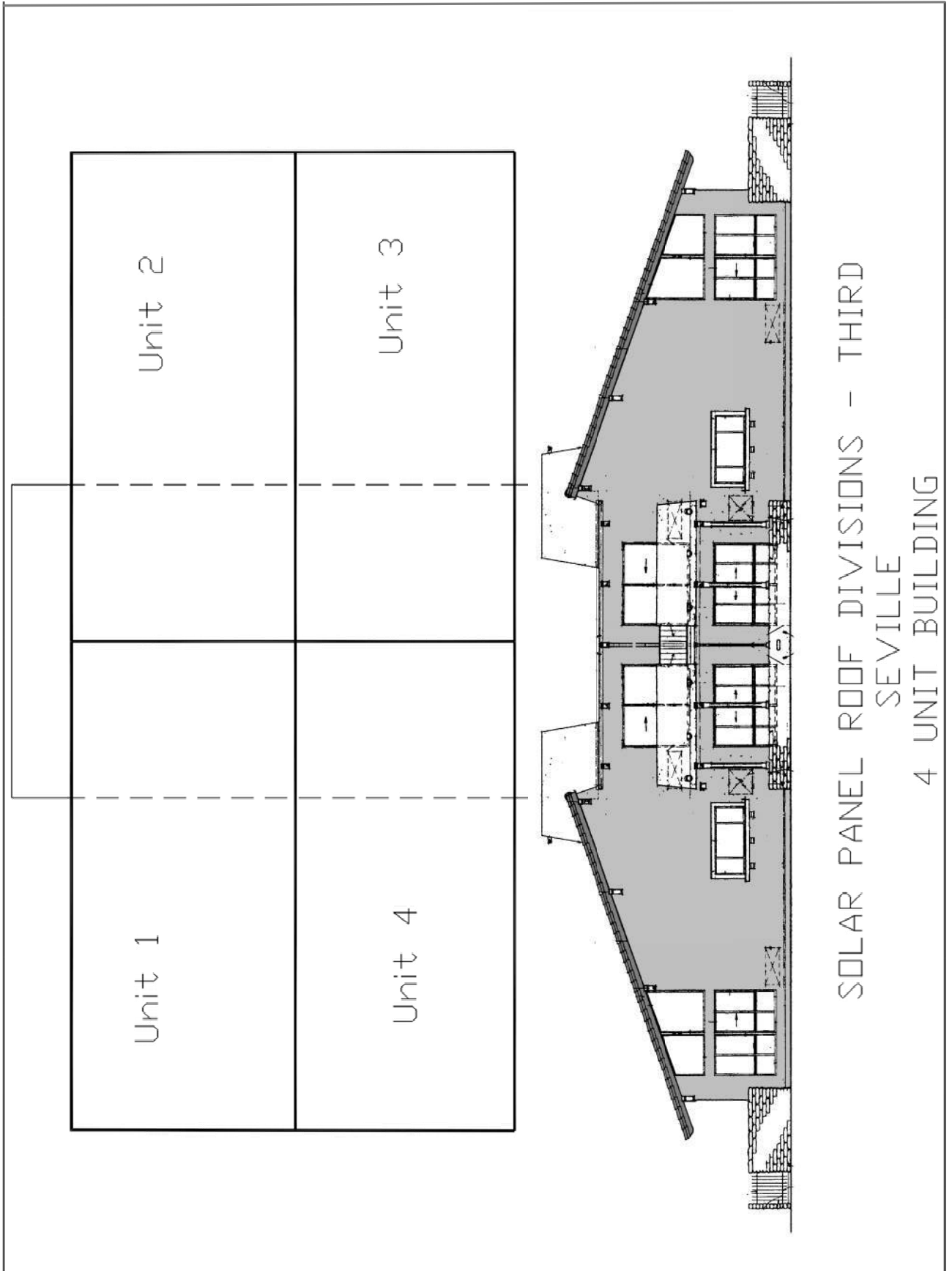
SOLAR PANEL ROOF DIVISIONS - THIRD
CASA MILANO / CATALINA / LA QUINTA / VILLA LUGANO
(LHX06) (LH06)
6 UNIT BUILDING



SOLAR PANEL ROOF DIVISIONS
CASTILLA / LA BRISA (HH08)
8 UNIT BUILDING



SOLAR PANEL ROOF DIVISIONS
MONTEREY / CORONADO (PQ-12)
12 UNIT BUILDING



SOLAR PANEL ROOF DIVISIONS - THIRD
SEVILLE
4 UNIT BUILDING

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RESOLUTION 03-24-XX

Revise Standard 41A: Solar Panels, 2 Story Buildings

WHEREAS, the Third Laguna Hills Mutual recognizes the need to amend standards and create new standards as necessary; and

WHEREAS, the Mutual recognized the need to revise Standard 41A: Solar Panels, 2 Story Buildings;

NOW THEREFORE BE IT RESOLVED, July 16, 2024, the Board of Directors of this Corporation hereby adopts revisions and amendments to Standard 41A: Solar Panels, 2 Story Buildings as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-23-76 adopted July 18, 2023, is hereby superseded and canceled; and

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

JUNE 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.

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Third Laguna Hills Mutual
Finance Committee
June 4, 2024

ENDORSEMENT (to board)

2025 Collections and Lien Enforcement Policy

The 2024 Collection and Lien Enforcement Policy was submitted to legal counsel for review. Counsel confirmed that the Policy remains consistent with the 2024 version and required no modifications, aside from updating the title from “2024” to “2025” and editing the title of section 12, changing Thirty (30) Day Pre-Lien Notice to a simplified Pre-Lien Notice.

At the June 4, 2024 meeting of the Third Finance Committee, a motion was made by Director Park to accept and approve the 2025 Collections and Lien Enforcement Policy as provided by legal. Director Veeneman seconded, discussion ensued. The motion passed by a 4-0 vote (Director Rinehart was not present to cast vote).

This policy will be presented at the next board meeting and placed on the Consent Calendar inclusive of a 28-day notice.

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STAFF REPORT

DATE: June 18, 2024
FOR: Board of Directors
SUBJECT: 2025 Collection and Lien Enforcement Policy

RECOMMENDATION

Staff Recommends approval of the proposed 2025 Collection and Lien Enforcement Policy (Attachment 1).

BACKGROUND

Third Residents receive a copy of the upcoming year's Collection and Lien Enforcement Policy in accordance with Civil Code 5310(a)(6).

Within a 30 – 90 day before the end of its fiscal year, the board shall distribute an annual policy statement that provides member with information about association policies. The annual policy statement shall include all of the following information:

(6) The statement of assessment collections policies required by Section 5730

As part of the review of the Collection and Lien Enforcement Policy, it should be noted that Civil Code Section 5650(b)(1) regulates the amount an association may set for delinquent assessments. Specifically, late fees may not exceed 10% of the delinquent assessment.

DISCUSSION

Per staff research and confirmation from legal counsel, there have been no law changes affecting assessment collection policies. Therefore, the content of the policy remains consistent with the 2024 Collection and Lien Enforcement Policy. Staff's only recommendation is to update the document title from 2024 to 2025 and a minor edit (Attachment 1) to the title of Section 12.

FINANCIAL ANALYSIS

None.

Prepared By: Erika Hernandez, Assistant Financial Analyst

Reviewed By: Steve Hormuth, Director of Financial Services

ATTACHMENT(S)

Attachment 1: 2025 Collection and Lien Enforcement Policy (Redline)
Attachment 2: 2025 Collection and Lien Enforcement Policy (Clean)
Attachment 3: Resolution 03-24-XX

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20242025 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.

FAILURE TO MAKE TIMELY PAYMENTS CAN RESULT IN THE IMPOSITION OF LATE CHARGES, INTEREST, COSTS OF COLLECTION, POSSIBLE RESULTANT LEGAL ACTION AND MEMBERS AGREE THAT THEY CAN BE REQUIRED TO REIMBURSE THE MUTUAL FOR SUCH LEGAL COSTS, REGARDLESS OF WHETHER FORMAL LEGAL ACTION IS TAKEN. IT IS IN YOUR AND EVERY OTHER MEMBER’S BEST INTEREST FOR EACH OF YOU TO MAKE YOUR MONTHLY ASSESSMENT 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 prepared monthly by the Mutual’s managing agent to the Mutual’s Board of Directors (“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 Board, 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 Civil Code, to ensure the prompt payment of monthly assessments, the Mutual employs the following collection and lien enforcement policies and procedures, including for the collection of assessments, late charges, interest, 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 (1st) day of each month. It is each Member’s responsibility to pay assessments in full each month regardless of whether a billing statement is received. Special assessments shall be due and payable on the due date specified by the Board in the notice 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 notice of the special assessment is provided to Members.

2. Reminder Notice

A monthly assessment becomes delinquent if it is not received by the Mutual on or before the close of business on the sixteenth (16th) day of the month (or, for special assessments, if it is not received by the Mutual on or before the close of business on the fifteenth (15th) day after it is due). A written reminder notice may be sent and emailed to the Member. It is each Member’s responsibility to pay assessments in full each month regardless of whether a reminder notice is received.

TO BE CONSIDERED TIMELY, PAYMENT MUST BE **RECEIVED** BY THE MUTUAL WITHIN THE FIFTEEN (15) DAY GRACE PERIOD. SIMPLY PLACING THE PAYMENT IN THE MAIL BEFORE THE GRACE PERIOD EXPIRES IS INSUFFICIENT.

IN ADDITION TO THE FOREGOING, CHARGEABLE SERVICES ARE LATE IF NOT PAID WITHIN TWENTY-FIVE (25) DAYS AFTER BECOMING DUE.

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 files for delivery to the Mutual’s legal counsel and/or collection agent in order to carry out authorized legal and/or collection actions, as well as direct costs incurred in recording and/or mailing documents attendant to the legal and/or collection process.

The Administrative Collection Fee may be increased by majority vote of the Mutual’s Board and may be collected by the Mutual’s legal counsel and/or collection agent on its behalf, and remitted to the Mutual’s managing agent, or may be directly collected by the Mutual’s managing agent. Any change to the Administrative Collection Fee shall not be deemed a change to this Policy and shall not require rule change or member review period procedures to be undertaken by the Board.

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 THEY BECOME DELINQUENT.

Any notices or invoices for assessments and/or special assessments will be sent to Members by first-class and/or certified mail addressed to the Member at his/her/their/its address as shown on the books and records of the Mutual and/or by other delivery method required by Civil Code Section 4040 where applicable. However, it is the Member's responsibility to be aware of the assessment payment amounts and 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 an amount equal to ten percent (10%) of the delinquent assessment or ten dollars (\$10), whichever is greater, and will be imposed on any assessment payment that is more than fifteen (15) days in arrears. Further, both Civil Code Section 5650 and the Mutual's Governing Documents provide for interest on all sums imposed in accordance with Section 5650, including on delinquent assessment, reasonable fees and costs of collection, and reasonable attorney's fees, which may be imposed thirty (30) days after the assessment is due, at an annual percentage rate of twelve percent (12%). Such interest may be imposed and collected regardless of whether the Member's delinquent account is referred to the Mutual's legal counsel and/or collection agent for 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 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 a reminder notice, as described in Section 2 above, or if no reminder notice was sent, then within thirty (30) days after the date when the delinquent amount became due, then a demand letter pursuant to Civil Code Section 5660 (a "Pre-Lien Notice"), as detailed below, will be sent to the Member by Certified Mail. The Mutual, through its managing agent, may also attempt to contact the Member by telephone to remind the Member of the delinquency and determine when payment will be made. However, no assurances 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 reminder notice or 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 charges and interest) is not received by the close of business on the thirtieth (30th) day after the date of a demand letter for payment of same (and with respect to recording a lien against a Member's separate interest in the condominium project ("Manor"), on the forty-fifth (45th) day after mailing a 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) recording a notice of delinquent assessment (lien); (2) suspending a Member's right (and that of the Resident or Tenant of that Member's Manor) to use Mutual or Golden Rain Foundation of Laguna Woods ("GRF") facilities; (3) termination of the delinquent Member's Membership in the Mutual as a result of any foreclosure; (4) legal actions,

discussed further below; or (5) 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 use facilities or receive services provided by the Mutual, or both, until the delinquency is paid in full, including interest, late charges, and/or Costs of Collection, as may have been imposed or incurred in a particular instance. Failure to pay in full such amounts may also result in suspension of certain Membership rights and the ability to use the facilities or services provided by GRF or by this Mutual.

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 (LIEN), 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; 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 (including 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 notice of delinquent assessment (lien) on the owner's Manor with the Orange County recorder. The debt shall be a lien on the owner's 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 Civil Code Section 5650(b); a legal description of the owner's Manor; and the name of the record owner of the Manor.

An itemized statement of the debt owed by the owner, as described in Civil Code Section 5660(b), shall be recorded together with the notice of delinquent assessment. In order for the lien to be enforced by nonjudicial foreclosure as provided in Civil Code Sections 5700 to 5710, inclusive, the notice of delinquent assessment shall state the name and address of the trustee authorized by the Mutual to enforce the lien by sale of the Manor. The notice of delinquent assessment shall be signed by the person designated in the declaration or by the Mutual for that purpose, or if no one is designated, by the president of the Mutual. A copy of the recorded notice of delinquent assessment shall be mailed by certified mail

to every person whose name is shown as an owner of the Manor in the Mutual's records, and shall be mailed no later than ten (10) calendar days after recordation.

If it is determined that the Mutual has recorded a lien for a delinquent assessment in error, the Mutual shall promptly reverse all related late charges, fees, interest, attorney's fees, and Costs of Collection, and pay all costs incurred by the Mutual related to any internal dispute resolution (IDR) or alternative dispute resolution (ADR).

9. Foreclosure/ADR

After thirty (30) days following the recording of a delinquent assessment lien, the lien may be enforced in any manner permitted by law. Once the amount of delinquent assessments (not including any late charges, 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 the conditions specified below, 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 shall participate in dispute resolution pursuant to the Mutual's "meet and confer" program, or alternative dispute resolution (ADR). THE DECISION TO PURSUE DISPUTE RESOLUTION OR A PARTICULAR TYPE OF ADR SHALL BE THE CHOICE OF THE MEMBER, EXCEPT THAT BINDING ARBITRATION SHALL NOT BE AVAILABLE IF THE MUTUAL INTENDS TO INITIATE A JUDICIAL FORECLOSURE.

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

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

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

10. Board Decision to Initiate Foreclosure

The decision to initiate foreclosure of a validly recorded delinquent assessment lien 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 or account number, and not by the name of the delinquent Member. 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.

If the Board votes to foreclose upon an owner's Manor, the Board shall provide notice by personal service in accordance with the manner of service of summons to an owner of a Manor if the owner occupies the Manor or to their legal representative. For a non-occupying owner, the Board shall 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 Manor may be treated as the owner's mailing address.

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 California law, applicable regulations, and the Covenants, Conditions and Restrictions (CC&Rs), the delinquent amount, as well as late charges on the delinquent assessments and/or interest charges and/or Costs of Collection (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 California law, 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.

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 Manor may be redeemed from a foreclosure sale ends ninety (90) days after the sale, per Civil Code Section 5715.

12. Prerequisites to Recording a Lien: Offer of IDR/ADR and ~~Thirty (30) Day~~ Pre-Lien Notice

Before a lien may be recorded against a Manor of a delinquent Member, the Mutual must offer the Member, and if so requested by the Member, the Mutual must participate in IDR 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 Civil Code.

Any choice by a Member to pursue IDR or 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 IDR/ADR, whether it is before a lien can be recorded (i.e., upon receipt of the certified Pre-Lien Notice), or prior to initiating a foreclosure action, or in any other situation for which the Davis-Stirling Common Interest Development Act or the Mutual's Governing Documents authorize or allow a Member to choose IDR/ADR. A Member's right to pursue IDR/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 IDR OR A PARTICULAR TYPE OF ADR SHALL BE THE CHOICE OF THE OWNER. However, binding arbitration is not available if the Mutual intends to initiate a judicial foreclosure.

13. Pre-Lien Notice

Prior to recording a lien against a Member's Manor, the Mutual must send the Member a certified notice providing information regarding the sums claimed as being delinquent ("Pre-Lien Notice"). No lien can be recorded until forty-five (45) days after this Pre-Lien Notice has been given.

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

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

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

14. Member's Right to Request a Meeting with the Board, or IDR 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 IDR to the Mutual pursuant to the Mutual's "meet and confer" program, which is required by Civil Code Sections 5900-5920;
- (b) The Member may exercise his/her/their/its right to participate in ADR with a neutral third party under Civil Code Sections 5925-5965 before the Mutual may initiate foreclosure against the owner's Manor, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure;

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

16. Application of Payments

In accordance with state law payments received on delinquent assessments shall be applied to the Member's account in the following order of priority: assessments owed, then fees and costs of collection, attorney's fees, late charges, interest. 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.

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 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 copies of specified notices to this secondary address. Pursuant to Civil Code 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 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 and related charges 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) 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) 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); or (b) three (3) times the amount of the check up to one thousand five hundred dollars (\$1,500) in accordance with 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 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

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

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

BOARD OF DIRECTORS

THIRD LAGUNA HILLS MUTUAL

ATTACHMENT A
NOTICE OF
ASSESSMENTS AND FORECLOSURE

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

NOTICE ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent fifteen (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 thirty (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 twenty-one (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.”



2025 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.

FAILURE TO MAKE TIMELY PAYMENTS CAN RESULT IN THE IMPOSITION OF LATE CHARGES, INTEREST, COSTS OF COLLECTION, POSSIBLE RESULTANT LEGAL ACTION AND MEMBERS AGREE THAT THEY CAN BE REQUIRED TO REIMBURSE THE MUTUAL FOR SUCH LEGAL COSTS, REGARDLESS OF WHETHER FORMAL LEGAL ACTION IS TAKEN. IT IS IN YOUR AND EVERY OTHER MEMBER’S BEST INTEREST FOR EACH OF YOU TO MAKE YOUR MONTHLY ASSESSMENT 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 prepared monthly by the Mutual’s managing agent to the Mutual’s Board of Directors (“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 Board, 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 Civil Code, to ensure the prompt payment of monthly assessments, the Mutual employs the following collection and lien enforcement policies and procedures, including for the collection of assessments, late charges, interest, 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 (1st) day of each month. It is each Member’s responsibility to pay assessments in full each month regardless of whether a billing statement is received. Special assessments shall be due and payable on the due date specified by the Board in the notice 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 notice of the special assessment is provided to Members.

2. Reminder Notice

A monthly assessment becomes delinquent if it is not received by the Mutual on or before the close of business on the sixteenth (16th) day of the month (or, for special assessments, if it is not received by the Mutual on or before the close of business on the fifteenth (15th) day after it is due). A written reminder notice may be sent and emailed to the Member. It is each Member’s responsibility to pay assessments in full each month regardless of whether a reminder notice is received.

TO BE CONSIDERED TIMELY, PAYMENT MUST BE **RECEIVED** BY THE MUTUAL WITHIN THE FIFTEEN (15) DAY GRACE PERIOD. SIMPLY PLACING THE PAYMENT IN THE MAIL BEFORE THE GRACE PERIOD EXPIRES IS INSUFFICIENT.

IN ADDITION TO THE FOREGOING, CHARGEABLE SERVICES ARE LATE IF NOT PAID WITHIN TWENTY-FIVE (25) DAYS AFTER BECOMING DUE.

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 files for delivery to the Mutual’s legal counsel and/or collection agent in order to carry out authorized legal and/or collection actions, as well as direct costs incurred in recording and/or mailing documents attendant to the legal and/or collection process.

The Administrative Collection Fee may be increased by majority vote of the Mutual’s Board and may be collected by the Mutual’s legal counsel and/or collection agent on its behalf, and remitted to the Mutual’s managing agent, or may be directly collected by the Mutual’s managing agent. Any change to the Administrative Collection Fee shall not be deemed a change to this Policy and shall not require rule change or member review period procedures to be undertaken by the Board.

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 THEY BECOME DELINQUENT.

Any notices or invoices for assessments and/or special assessments will be sent to Members by first-class and/or certified mail addressed to the Member at his/her/their/its address as shown on the books and records of the Mutual and/or by other delivery method required by Civil Code Section 4040 where applicable. However, it is the Member’s responsibility to be aware of the assessment payment amounts and 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 an amount equal to ten percent (10%) of the delinquent assessment or ten dollars (\$10), whichever is greater, and will be imposed on any assessment payment that is more than fifteen (15) days in arrears. Further, both Civil Code Section 5650 and the Mutual’s Governing Documents provide for interest on all sums imposed in accordance with Section 5650, including on delinquent assessment, reasonable fees and costs of collection, and reasonable attorney’s fees, which may be imposed thirty (30) days after the assessment is due, at an annual percentage rate of twelve percent (12%). Such interest may be imposed and collected regardless of whether the Member’s delinquent account is referred to the Mutual’s legal counsel and/or collection agent for 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 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 a reminder notice, as described in Section 2 above, or if no reminder notice was sent, then within thirty (30) days after the date when the delinquent amount became due, then a demand letter pursuant to Civil Code Section 5660 (a “Pre-Lien Notice”), as detailed below, will be sent to the Member by Certified Mail. The Mutual, through its managing agent, may also attempt to contact the Member by telephone to remind the Member of the delinquency and determine when payment will be made. However, no assurances 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 reminder notice or 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 charges and interest) is not received by the close of business on the thirtieth (30th) day after the date of a demand letter for payment of same (and with respect to recording a lien against a Member’s separate interest in the condominium project (“Manor”), on the forty-fifth (45th) day after mailing a 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) recording a notice of delinquent assessment (lien); (2) suspending a Member’s right (and that of the Resident or Tenant of that Member’s Manor) to use Mutual or Golden Rain Foundation of Laguna Woods (“GRF”) facilities; (3) termination of the

delinquent Member's Membership in the Mutual as a result of any foreclosure; (4) legal actions, discussed further below; or (5) 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 use facilities or receive services provided by the Mutual, or both, until the delinquency is paid in full, including interest, late charges, and/or Costs of Collection, as may have been imposed or incurred in a particular instance. Failure to pay in full such amounts may also result in suspension of certain Membership rights and the ability to use the facilities or services provided by GRF or by this Mutual.

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 (LIEN), 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; 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 (including 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 notice of delinquent assessment (lien) on the owner's Manor with the Orange County recorder. The debt shall be a lien on the owner's 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 Civil Code Section 5650(b); a legal description of the owner's Manor; and the name of the record owner of the Manor.

An itemized statement of the debt owed by the owner, as described in Civil Code Section 5660(b), shall be recorded together with the notice of delinquent assessment. In order for the lien to be enforced by nonjudicial foreclosure as provided in Civil Code Sections 5700 to 5710, inclusive, the notice of delinquent assessment shall state the name and address of the trustee authorized by the Mutual to enforce the lien by sale of the Manor. The notice of delinquent assessment shall be signed by the person designated in the declaration or by the Mutual for that purpose, or if no one is designated, by the president of the Mutual. A copy of the recorded notice of delinquent assessment shall be mailed by certified mail

to every person whose name is shown as an owner of the Manor in the Mutual's records, and shall be mailed no later than ten (10) calendar days after recordation.

If it is determined that the Mutual has recorded a lien for a delinquent assessment in error, the Mutual shall promptly reverse all related late charges, fees, interest, attorney's fees, and Costs of Collection, and pay all costs incurred by the Mutual related to any internal dispute resolution (IDR) or alternative dispute resolution (ADR).

9. Foreclosure/ADR

After thirty (30) days following the recording of a delinquent assessment lien, the lien may be enforced in any manner permitted by law. Once the amount of delinquent assessments (not including any late charges, 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 the conditions specified below, 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 shall participate in dispute resolution pursuant to the Mutual's "meet and confer" program, or alternative dispute resolution (ADR). THE DECISION TO PURSUE DISPUTE RESOLUTION OR A PARTICULAR TYPE OF ADR SHALL BE THE CHOICE OF THE MEMBER, EXCEPT THAT BINDING ARBITRATION SHALL NOT BE AVAILABLE IF THE MUTUAL INTENDS TO INITIATE A JUDICIAL FORECLOSURE.

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

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

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

10. Board Decision to Initiate Foreclosure

The decision to initiate foreclosure of a validly recorded delinquent assessment lien 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 or account number, and not by the name of the delinquent Member. 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.

If the Board votes to foreclose upon an owner's Manor, the Board shall provide notice by personal service in accordance with the manner of service of summons to an owner of a Manor if the owner occupies the Manor or to their legal representative. For a non-occupying owner, the Board shall 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 Manor may be treated as the owner's mailing address.

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 California law, applicable regulations, and the Covenants, Conditions and Restrictions (CC&Rs), the delinquent amount, as well as late charges on the delinquent assessments and/or interest charges and/or Costs of Collection (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 California law, 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.

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 Manor may be redeemed from a foreclosure sale ends ninety (90) days after the sale, per Civil Code Section 5715.

12. Prerequisites to Recording a Lien: Offer of IDR/ADR and Pre-Lien Notice

Before a lien may be recorded against a Manor of a delinquent Member, the Mutual must offer the Member, and if so requested by the Member, the Mutual must participate in IDR 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 Civil Code.

Any choice by a Member to pursue IDR or 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 IDR/ADR, whether it is before a lien can be recorded (i.e., upon receipt of the certified Pre-Lien Notice), or prior to initiating a foreclosure action, or in any other situation for which the Davis-Stirling Common Interest Development Act or the Mutual's Governing Documents authorize or allow a Member to choose IDR/ADR. A Member's right to pursue IDR/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 IDR OR A PARTICULAR TYPE OF ADR SHALL BE THE CHOICE OF THE OWNER. However, binding arbitration is not available if the Mutual intends to initiate a judicial foreclosure.

13. Pre-Lien Notice

Prior to recording a lien against a Member's Manor, the Mutual must send the Member a certified notice providing information regarding the sums claimed as being delinquent ("Pre-Lien Notice"). No lien can be recorded until forty-five (45) days after this Pre-Lien Notice has been given.

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

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

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

14. Member's Right to Request a Meeting with the Board, or IDR 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 IDR to the Mutual pursuant to the Mutual's "meet and confer" program, which is required by Civil Code Sections 5900-5920;
- (b) The Member may exercise his/her/their/its right to participate in ADR with a neutral third party under Civil Code Sections 5925-5965 before the Mutual may initiate foreclosure against the owner's Manor, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure;

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

16. Application of Payments

In accordance with state law payments received on delinquent assessments shall be applied to the Member's account in the following order of priority: assessments owed, then fees and costs of collection, attorney's fees, late charges, interest. 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.

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 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 copies of specified notices to this secondary address. Pursuant to Civil Code 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 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 and related charges 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) 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) 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); or (b) three (3) times the amount of the check up to one thousand five hundred dollars (\$1,500) in accordance with 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 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

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

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

BOARD OF DIRECTORS

THIRD LAGUNA HILLS MUTUAL

ATTACHMENT A

NOTICE OF

ASSESSMENTS AND FORECLOSURE

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

NOTICE ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent fifteen (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 thirty (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 twenty-one (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.”



RESOLUTION 03-24-XX

2025 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, 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, July 16, 2024, that the Board of Directors hereby adopts the 2025 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 2024 as part of the Annual Policy Statement; and

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

JUNE 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.

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Third Laguna Hills Mutual
Resident Policy and Compliance Committee
May 29, 2024

ENDORSEMENT (to Board)

Entertain a Motion to Consider Passive Home Business Policy and Application

Third's governing documents state that members shall use their units as a private dwelling and for no other purpose. However, in order to accommodate the evolving needs of its members, Third Mutual established a policy to allow members to conduct select, administrative type businesses in their units. The purpose of the policy was to put in place reasonable standards that allow certain businesses to operate in a member's unit without negatively affecting neighbors and/or the community.

Third Mutual's Policy Regulating Home Occupations was established on August 21, 2001 by way of Resolution M3-01-38. Since the policy has not been revised since its inception, it is necessary to update the current policy by removing any reference to Laguna Woods Mutual No. Fifty, clarifying the Mutual's intent of establishing such policy, and to make other housekeeping changes by making language consistent throughout the policy (ATTs 2 and 3).

On May 29, 2024, the Resident Policy and Compliance Committee discussed the Passive Home Business Policy and Application, made further changes to the application.

Director Lewis elected to submit the administrative changes to the application forward to the Board for their consideration. Director Ginocchio seconded the motion.

By unanimous consent, the motion passed.

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STAFF REPORT

DATE: June 18, 2024
FOR: Board of Directors
SUBJECT: Third Mutual Policy Regulating Passive Home Businesses

RECOMMENDATION

Staff recommends that the Board of Directors approve administrative revisions to the Mutual's Policy Regulating Passive Home Businesses.

BACKGROUND

Third's governing documents state that members shall use their units as a private dwelling and for no other purpose. However, in order to accommodate the evolving needs of its members, Third Mutual established a policy to allow members to conduct select, administrative type businesses in their units. The purpose of the policy was to put in place reasonable standards that allow certain businesses to operate in a member's unit without negatively affecting neighbors and/or the community.

DISCUSSION

Third Mutual's Policy Regulating Home Occupations was established on August 21, 2001 by way of Resolution M3-01-38 (ATT 1). The same policy was also adopted by United Laguna Woods and Mutual Fifty in 2001 in order to make it a universal policy and application. Since the policy has not been revised since its inception, it is necessary to update the current policy by removing any reference to Laguna Woods Mutual No. Fifty, clarifying the Mutual's intent of establishing such policy, and to make other scrivener administrative updates by making language consistent throughout the policy (ATTs 2 and 3).

At the May 29, 2024 Third Resident Policy and Compliance Committee meeting, the committee reviewed the revised policy, made further changes to the application, and approved to forward it on to the Board.

It should be noted that the proposed revisions are administrative in nature and do not reflect any change in policy that requires the 28-day comment period.

This revised policy will also be brought forth to the United Governing Documents Review Committee for an endorsement to the United Board of Directors to adopt the same policy.

FINANCIAL ANALYSIS

It is not anticipated that the passive home business policy revisions will have any financial impact.

Prepared By: Patty Kurzet, Membership Services Coordinator

Reviewed By: Jeff Spies, Community Services Manager

Agenda Item #11e
Page 3 of 14

ATTACHMENT(S)

- Attachment 1: Current Policy Regulating Home Occupations
- Attachment 2: Policy Regulating Passive Home Businesses – red-line
- Attachment 3: Policy Regulating Passive Home Businesses - clean
- Attachment 4: Resolution 03-24-XX

POLICY REGULATING HOME OCCUPATIONS

It is the current policy of the three housing corporations, that Members may use the dwelling unit for no other purpose than as a dwelling unit. The following rules and regulations were adopted by United Laguna Hills Mutual Resolution No. 82 – September 11, 2001; Third Laguna Hills Mutual Resolution No. 38 – August 21, 2001; Laguna Woods Mutual 50 Resolution No. 24 (a) – September 20, 2001.

The intent of the restriction is to preclude the use of the dwelling unit in any manner that creates a nuisance, has an adverse effect on the Mutual's insurance rates or has a negative impact on surrounding properties. Nuisance or negative impact can result from increased vehicular traffic, increased pedestrian traffic, noise, parking congestion, and other conditions that affect the other residents or properties in the surrounding area.

Further, it is the Mutual's intent to prescribe a reasonable standard which permit the conduct of certain businesses which do not have an adverse affect on the community.

Limitations of Dwelling Use

1. The business shall not change the principal character of the dwelling as a residence;
2. The business shall not employ, either paid or unpaid, persons who are not bona fide residents of the dwelling;
3. The business shall be conducted only within the dwelling structure interior, and shall not operate in, or be conducted upon any common area, or limited use common area, including a garage, patio, balcony or carport;
4. The business shall not display any signage or other evidence of a business inside or on the exterior of the premises;
5. The business operator shall not utilize the dwelling address in any advertisement, on any business stationery, or business cards;
6. The business shall not occupy more than one room within the dwelling, or 25% of the gross floor area, whichever is less;
7. The business shall not produce, store, maintain on the site, or use in its operation any hazardous material (other than typical household cleaning materials in small quantities) which can affect the Mutual's insurance rates;
8. No tools, materials or any equipment used in the business may generate smoke, noise, dust, odors or vibration which are atypical of residential property use;
9. A business which uses telephone, computer or mail marketing may not ship, send or otherwise distribute, or receive delivery of business-related goods or merchandise at the dwelling;
10. Persons conducting home occupations are subject to the regulatory codes and ordinances of the jurisdiction(s) in which the dwelling is located.

Violations of this policy can result in suspension of the use of Mutual facilities, suspension of voting privileges, and a monetary penalty of up to \$500.

APPLICATION FOR PERMIT TO CONDUCT A PASSIVE BUSINESS IN A MANOR	MUTUAL <input type="checkbox"/> UNITED <input type="checkbox"/> THIRD FIFTY
NAME OF RESIDENT	MANOR ADDRESS
DESCRIBE NATURE OF BUSINESS (SALES, COUNSELING, CONSULTING, ETC.)	
DESCRIBE WHERE AND HOW SERVICES WILL BE PROVIDED (IN CUSTOMER'S HOME, OUTSIDE OFFICE, ETC.)	
ACKNOWLEDGMENT BY APPLICANT	
<p>I am applying for this permit in order to conduct a business in or from my Laguna Woods Village manor. I understand that the governing rules of my Mutual homeowners association prohibit the conduct of any business, commercial undertaking or other professional activity that can cause a nuisance to other residents or to the community at large.</p> <p>I attest that the persons to whom I provide service will not visit my manor for purposes related to the business activity, and that all contacts with my clients shall be away from my manor. Further, I attest that the business will not cause an increase in vehicular traffic, either from deliveries, shipping or otherwise; that the business will not cause an increase in pedestrian traffic; and that my manor address will not appear on my business stationery or business cards, or in any advertising that I may use to solicit business.</p> <p>I have read the Mutual <u>Policy Regulating Home Occupations</u> on the reverse side of this Application form and agree to comply with all the restrictions and conditions therein.</p>	
SIGNATURE OF APPLICANT	DATE

ACTION BY MUTUAL BOARD OF DIRECTORS	
APPLICATION DENIED	APPLICATION APPROVED
The Board of Directors of this Mutual Corporation has reviewed the Application to Conduct a Passive Business. Based on the information provided, the application is denied.	The Board of Directors of this Mutual Corporation has reviewed the Application to Conduct a Passive Business. Based on assurances provided by the applicant herein, the Board of Directors gives approval to this application
SIGNATURE	SIGNATURE
SIGNATURE	SIGNATURE
SIGNATURE	SIGNATURE
DATE	DATE

PASSIVE BUSINESS IN A MANOR (REV 04-06)

**Resolution M3-01-38
Adopted August 21, 2001**

Policy Regulating Home Occupations

WHEREAS, in order to preclude activities which can be characterized as public nuisances, the Third Mutual governing documents strictly prohibit the conduct of any business from, or within a manor; and

WHEREAS, the Board has been requested to determine if strict administration of the existing restriction is possible and enforceable;

NOW THEREFORE BE IT RESOLVED, that on August 21, 2001, the board of directors of this corporation:

1. Adopts the attached Policy Regulating Home Occupations which states the limited conditions under which a passive business may be conducted within a residential unit;
2. Directs the Managing Agent to continue to seek compliance with the Mutual's Policy;
3. Confirms that non-compliance with this policy shall be cause for imposing monetary penalties under the category of nuisances;
4. Shall seek to amend the Mutual's governing documents in order to reflect the proposed policy at the earliest possible time;
- 5 Directs the Managing Agent to work with the City of Laguna Woods to develop an ordinance which is in substantial agreement with the Mutual's policy; and

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

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POLICY REGULATING PASSIVE HOME OCCUPATIONSBUSINESSES

~~It is the current policy. The governing documents of the three housing corporations, Third Laguna Hills Mutual and United Laguna Woods Mutual state that Members may members shall use their units as a private dwelling unit, and for no other purpose than as a dwelling unit. The following rules and regulations were. However, both mutuals recognize the need to establish restricted conditions under which a passive business may be conducted within a residential unit, and this policy regulating passive home businesses was adopted by United Laguna Hills Woods Mutual via Resolution No. U-01-82 on September 11, 2001; and by Third Laguna Hills Mutual via Resolution No. M3-01-38 on August 21, 2001; Laguna Woods Mutual 50 Resolution No. 24 (a) September 20, 2001.~~

The intent of the ~~restriction~~restrictions is to preclude the use of the dwelling unit in any manner that creates a nuisance, has an adverse effect on the ~~Mutual's~~mutual's insurance rates or has a negative impact on surrounding properties. ~~Nuisance~~A nuisance or negative impact can result from increased vehicular traffic, ~~increased~~ pedestrian traffic, noise, and parking congestion, ~~and~~as well as other conditions that affect ~~the~~ other residents or properties in the surrounding area.

Further, it is the ~~Mutual's~~mutual's intent to prescribe a reasonable standard ~~which permit the conduct of that~~allows certain businesses ~~which do not have an adverse affect onto~~operate without negatively affecting neighbors and/or the community.

Limitations of Dwelling Use

- ~~II.1.~~ The business shall not change the principal character of the dwelling as a residence;.
- ~~III.2.~~ The business shall not employ, ~~either persons,~~ paid or unpaid, ~~persons~~ who are not bona fide residents of the dwelling;.
- ~~IV.3.~~ The business shall be conducted only within the dwelling structure interior, and shall not operate in, or be conducted upon any common area, or limited-use common area, including a garage, patio, balcony or carport;.
- ~~V.4.~~ The business shall not display any signage or other evidence of a business inside or on the exterior of the premises;.
- ~~VI.5.~~ The business operator shall not ~~utilize~~use the dwelling address in any advertisement, ~~or~~ on any business stationery, or business cards;.
- ~~VII.6.~~ The business shall not occupy more than one room within the dwelling, or 25% of the gross floor area, whichever is less;.
- ~~VIII.7.~~ The business shall not produce, store, maintain on the site, or use in its operation any hazardous material (other than typical household cleaning materials in small quantities) ~~which that~~ can affect the ~~Mutual's~~mutual's insurance rates;.
- ~~IX.8.~~ No tools, materials or any equipment used in the business may generate smoke, noise, dust, odors or vibration ~~which that~~ are atypical of residential property use;.
- ~~X.9.~~ A business ~~which that~~ uses telephone, computer or mail marketing may not ship, send or otherwise distribute, or receive delivery of business-related goods or merchandise, at the dwelling;.
- ~~XI.10.~~ Persons conducting home occupations businesses are subject to the regulatory codes and ordinances of the jurisdiction(s) in which the dwelling is located.

Violations of this policy can result in suspension of the use of ~~Mutual~~GRF facilities, ~~suspension of and~~ voting privileges, and a monetary penalty of up to \$500.

APPLICATION FOR PERMIT TO CONDUCT A PASSIVE BUSINESS IN A MANOR	MUTUAL <input type="checkbox"/> UNITED <input type="checkbox"/> THIRD <input type="checkbox"/> FIFTY <input type="checkbox"/>
NAME OF RESIDENT <u>NAME</u>	MANOR ADDRESS
DESCRIBE NATURE OF BUSINESS (SALES, COUNSELING, CONSULTING, <u>ADMINISTRATIVE</u> , ETC.)	
DESCRIBE WHERE AND HOW SERVICES WILL BE PROVIDED (IN CUSTOMER'S HOME, <u>OUTSIDEHOME</u> OFFICE, ETC.)	
<u>APPLICANT ACKNOWLEDGMENT BY APPLICANT</u>	
<p>I am applying for this permit in order to conduct a business in or from my Laguna Woods Village manor. I understand that the governing rules of my Mutual homeowners <u>mutual homeowners'</u> association prohibit the conduct of any business, commercial undertaking or other professional activity that can cause a nuisance to other residents or to the community at large.</p> <p>I attest that the persons to whom I provide service will not visit my manor for purposes related to the business activity, and that all contacts with my clients shall be away from my manor. Further, I attest that the business will not cause an increase in vehicular <u>and/or pedestrian</u> traffic, either from deliveries <u>of product for resale</u>, shipping or otherwise; that the business will not cause an increase in pedestrian traffic <u>excessive noise, parking congestion and other conditions that affect other residents or surrounding areas</u>; and that my manor address will not appear on my business stationery or business cards, or in any advertising that I may use to solicit business.</p> <p>I have read the <u>Mutual Policy Regulating Home Occupations</u> mutual policy regulating passive home businesses on the reverse side of this <u>Application</u> application form and agree to comply with all the restrictions and conditions therein.</p>	
<u>APPLICANT SIGNATURE OF APPLICANT</u>	DATE

ACTION BY MUTUAL BOARD OF DIRECTORS	
APPLICATION DENIED	APPLICATION APPROVED
The Board <u>board</u> of Directors <u>directors</u> of this Mutual Corporation <u>mutual corporation</u> has reviewed the Application <u>application</u> to Conduct <u>conduct</u> a Passive Business <u>passive business</u> . Based on the information provided, the <u>board of directors denies this</u> application is denied .	The Board <u>board</u> of Directors <u>directors</u> of this Mutual Corporation <u>mutual corporation</u> has reviewed the Application <u>application</u> to Conduct <u>conduct</u> a Passive Business <u>passive business</u> . Based on assurances provided by the applicant herein, the Board <u>board</u> of Directors <u>gives approval to</u> directors <u>approves</u> this application.
SIGNATURE	SIGNATURE
SIGNATURE	SIGNATURE
SIGNATURE	SIGNATURE
DATE	DATE



POLICY REGULATING PASSIVE HOME BUSINESSES

The governing documents of Third Laguna Hills Mutual and United Laguna Woods Mutual state that members shall use their units as a private dwelling, and for no other purpose. However, both mutuals recognize the need to establish restricted conditions under which a passive business may be conducted within a residential unit, and this policy regulating passive home businesses was adopted by United Laguna Woods Mutual via Resolution U-01-82 on September 11, 2001, and by Third Laguna Hills Mutual via Resolution M3-01-38 on August 21, 2001.

The intent of the restrictions is to preclude the use of the dwelling unit in any manner that creates a nuisance, has an adverse effect on the mutual's insurance rates, or has a negative impact on surrounding properties. A nuisance or negative impact can result from increased vehicular traffic, pedestrian traffic, noise and parking congestion, as well as other conditions that affect other residents or properties in the surrounding area.

Further, it is the mutual's intent to prescribe a reasonable standard that allows certain businesses to operate without negatively affecting neighbors and/or the community.

Limitations of Dwelling Use

1. The business shall not change the principal character of the dwelling as a residence.
2. The business shall not employ persons, paid or unpaid, who are not bona fide residents of the dwelling.
3. The business shall be conducted only within the dwelling structure interior and shall not operate in, or be conducted upon any common area or limited-use common area, including a garage, patio, balcony or carport.
4. The business shall not display any signage or other evidence of a business inside or on the exterior of the premises.
5. The business operator shall not use the dwelling address in any advertisement or on any business stationery or business cards.
6. The business shall not occupy more than one room within the dwelling, or 25% of the gross floor area, whichever is less.
7. The business shall not produce, store, maintain on the site or use in its operation any hazardous material (other than typical household cleaning materials in small quantities) that can affect the mutual's insurance rates.
8. No tools, materials or any equipment used in the business may generate smoke, noise, dust, odors or vibration that are atypical of residential property use.
9. A business that uses telephone, computer or mail marketing may not ship, send or otherwise distribute, or receive delivery of business-related goods or merchandise, at the dwelling.
10. Persons conducting home businesses are subject to the regulatory codes and ordinances of the jurisdiction(s) in which the dwelling is located.

Violations of this policy can result in suspension of the use of GRF facilities and voting privileges, and a monetary penalty of up to \$500.

APPLICATION FOR PERMIT TO CONDUCT A PASSIVE BUSINESS IN A MANOR		MUTUAL <input type="checkbox"/> UNITED <input type="checkbox"/> THIRD
RESIDENT NAME	MANOR ADDRESS	
DESCRIBE NATURE OF BUSINESS (SALES, COUNSELING, CONSULTING, ADMINISTRATIVE, ETC.)		
DESCRIBE WHERE AND HOW SERVICES WILL BE PROVIDED (IN CUSTOMER'S HOME, HOME OFFICE, ETC.)		
APPLICANT ACKNOWLEDGMENT		
<p>I am applying for this permit to conduct a business in or from my Laguna Woods Village manor. I understand that the governing rules of my mutual homeowners' association prohibit the conduct of any business, commercial undertaking or other professional activity that can cause a nuisance to other residents or to the community at large.</p> <p>I attest that the business will not cause an increase in vehicular and/or pedestrian traffic, either from deliveries of product for resale, shipping or otherwise; that the business will not cause excessive noise, parking congestion and other conditions that affect other residents or surrounding areas; and that my manor address will not appear on my business stationery or business cards, or in any advertising that I may use to solicit business.</p> <p>I have read the mutual policy regulating passive home businesses on the reverse side of this application form and agree to comply with all the restrictions and conditions therein.</p>		
APPLICANT SIGNATURE	DATE	

ACTION BY MUTUAL BOARD OF DIRECTORS	
APPLICATION DENIED	APPLICATION APPROVED
The board of directors of this mutual corporation has reviewed the application to conduct a passive business. Based on the information provided, the board of directors denies this application.	The board of directors of this mutual corporation has reviewed the application to conduct a passive business. Based on assurances provided by the applicant herein, the board of directors approves this application.
SIGNATURE	SIGNATURE
SIGNATURE	SIGNATURE
SIGNATURE	SIGNATURE
DATE	DATE



RESOLUTION 03-24-XX

Revised Policy Regulating Passive Home Businesses

WHEREAS, Third Mutual's governing documents state that members shall use their units as a private dwelling, and for no other purpose; and

WHEREAS, Third Mutual recognized the need to establish restricted conditions under which a passive business may be conducted, and on August 21, 2001, the Board adopted its Policy Regulating Home Occupations; and

WHEREAS, it is necessary to update the current policy by removing any reference to Laguna Woods Mutual No. Fifty, make clarifying statements that the Mutual's intent of the policy is to prescribe a reasonable standard that allows certain businesses to operate in a member's unit without negatively affecting the neighbors and/or the community, and to make other scrivener administrative updates by making language consistent throughout the policy;

NOW THEREFORE BE IT RESOLVED, July 16, 2024, that the Board of Directors of this corporation hereby adopts the revised Policy Regulating Passive Home Businesses as attached to the official meeting minutes of this corporation; and

RESOLVED FURTHER, that any violations of said policy can result in suspension of the use of GRF facilities and voting privileges, and a monetary penalty of up to \$500; and

RESOLVED FURTHER, that Resolution M3-01-38 adopted August 21, 2001 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.

JUNE 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.

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ENDORSEMENT (to Board)

Entertain a Motion to Consider the Rules for Board Meetings

On January 15, 2013, the Board established Rules for Board Meetings to ensure the management of the community's affairs are carried out professionally and in adherence with the provision of the Davis-Stirling Act (Resolution 03-13-04). Since the adoption, the Rules for Board Meetings has been revised three times (Resolution 03-14-04, January 21, 2014, Resolution 03-20-80, November 17, 2020 and Resolution 03-22-134, December 20, 2022).

On May 29, 2024, the Resident Policy and Compliance Committee reviewed the amended Rules for Board Meetings and updated it to include Member Requested Hearings and the Meet and Confer/Internal Dispute Resolutions (IDR) to the executive session portion of the policy.

Director Ginocchio elected to forward the amended policy with corrections for Board consideration. Director Yun seconded the motion.

By unanimous consent, the motion passed.

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STAFF REPORT

DATE: June 18, 2024
FOR: Board of Directors
SUBJECT: Rules for Board Meetings

RECOMMENDATION

Staff recommends amending the Rules for Board Meetings to include Member Requested Hearing and Meet and Confer/Internal Dispute Resolution (IDR).

BACKGROUND

On January 15, 2013, the Board established Rules for Board Meetings to ensure the management of the community's affairs are carried out professionally and in adherence with the provision of the Davis-Stirling Act (Resolution 03-13-04). Since the adoption, the Rules for Board Meetings has been revised three times (Resolution 03-14-04, January 21, 2014, Resolution 03-20-80, November 17, 2020 and Resolution 03-22-134, December 20, 2022).

The Rules for Board Meetings Policy is to provide Directors and Members the rules and expectation for a successful, efficient and orderly Board meeting.

DISCUSSION

Chair Laws addressed with Legal Counsel the creating of a Member Requested Hearing for a member seeking a decision from the Board for an exception to the governing documents or has a request that may not specifically be covered by the governing documents. Additionally, any decision made by the Executive Hearings Committee could be appealed to the full board. The Rules for Board Meetings is updated to include these meetings.

Prepared By: Blessilda Wright, Compliance Supervisor

Reviewed By: Francis Gomez, Operations Manager

ATTACHMENT(S)

Attachment 1: Rules for Board Meetings – Red-line
Attachment 2: Rules for Board Meetings - Clean
Attachment 3: Resolution 03-24-XX, Rules for Board Meetings

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RULES FOR BOARD MEETINGS
Resolution 03-24-XX; Amended [date]

I. INTRODUCTION

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

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

II. BOARD MEETINGS

A. Regular Board Meetings

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

Normally, regular Board meetings are held in the morning on the third Tuesday of each month. However, four days posted advance notice is always given of all open Board meetings except in case of emergency. Regular Board meetings are normally held in the Board Room on the ground floor of the Community Center at 9:30 a.m., in accordance with Civil Code § 4920. Notice of Board Meetings.

B. Special Meeting or Altering Location, Date or Time

If a special Board meeting is called or if the location, date or time of a Board meeting is to be changed, all Members will be notified at least four days prior to the meeting by posting in the Clubhouse kiosks and the community center bulletin board and on the web site. In an emergency, the President or any two Directors may call for a Board meeting on shorter notice, in accordance with Civil Code § 4923. Emergency Board Meetings

C. Attendance

Members may attend Board meetings, but Executive Session meetings are

closed. **A “Member” is not a tenant, guest, family, or legal counsel of the Member.**

D. Agendas

1. **Preparation.** Agendas are prepared by the President¹, in cooperation with management staff. At least one week prior to a Board meeting, the President will inquire if any Director requests inclusion of an agenda item. The Chair may also call a Board meeting for the purpose of setting the regular Board meeting agenda.
2. **Request for inclusion.** A Director may request an item be included in an agenda, by submitting the action requested and an explanation of the reason for the request. A Director requesting an agenda item is responsible to present that item to the Board with supporting information if the item is included in the agenda.
3. **Rejected agenda items.** The Chair with the assistance of Management Staff shall include a requested item in the agenda unless the item:
 1. Has no suggested action;
 2. Is redundant with an item already on the agenda or was addressed in a Board meeting in the previous three months;
 3. Must be discussed in Executive Session;
 4. Would make the agenda unduly lengthy (and so will be on the next agenda);
 5. Is sent first to a committee for recommendation; or
 - f) Is, based on the advice of legal counsel, proposing action barred by law.
4. **Board request for agenda item.** Notwithstanding the foregoing, if an agenda item is requested in writing or by electronic mail by at least six Directors, the Chair shall include it in the Agenda for the open meeting or the Executive Session meeting, depending upon the item.
5. **Member Request for Agenda Item.**
 - a) A Member may request the President in advance that a topic be added to the agenda, but the President with the assistance of Staff will determine whether a requested topic will be included in the agenda.
 - b) A topic will also be added to the agenda if at least one week prior to the scheduled Board meeting, the Chief Executive Officer (CEO) or Staff receives a petition signed by at least twenty five different Members entitled to vote.
 - c) The requested agenda topic must still meet the standards of Rule IID.3 above.

¹ Any action to be taken by the President may be taken by the First Vice President or the next officer in order as stated in the By-laws if the President is unable to attend or participate.

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

Sample agenda. The following is a typical Agenda:

1. Call Meeting to Order
2. Pledge of Allegiance
3. Approval of the Agenda
4. Approval of the Minutes
5. Report of the Chair
6. Update of VMS Board -
7. Open Forum (Three Minutes per Speaker)
8. Responses to Open Forum Speakers
9. CEO Report
10. Consent Calendar
11. Unfinished business
12. New Business
13. Third Mutual Committee Reports
14. GRF Committee Highlights
15. Future Agenda Items
16. Director’s Comments
17. Recess
18. Adjournment

E. Committees: Reports, Meetings

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

F. Open Forum

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

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

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

3. **Open Forum During Agenda Item Discussions.**
 - a) During the Board deliberations of a matter, and when the Chair at the Chair's sole discretion determines there has been sufficient discussion to inform the attendees in the audience of the issue, the Chair will inquire if any Members in the audience wish to speak to the motion at hand.
 - b) If the Chair sees any hands raised indicating a desire to speak or fill out a speaker card, Open Forum will be reopened on the issue, and the Members indicating a desire to speak to the topic may speak for up to three (3) minutes on the specific agenda item.
 - c) Off-topic commentary will not be permitted, but so long as the speaker complies with the Rules, neither the Chair nor any Director will

- interject or otherwise interrupt during the speaker's remarks.
- d) The Chair in its sole discretion may reduce the time per speaker to two (2) minutes on an issue, if the Chair deems it necessary to insure that all who wish to speak have the opportunity to do so.
 - e) A Member (or co-Owner of a Member) shall only speak once on a given agenda item.
 - f) Once the Chair determines that all have spoken who wished to speak, or that no one has indicated a desire to speak, the Chair shall announce Open Forum is again closed, and the Board shall resume and conclude its deliberations on the item.
4. **Re-opening of Open Forum.** If an issue on the Agenda is deemed by the Board to require further Membership input, the Board may by majority vote re-open Open Forum, to allow Members to speak to the pending subject. If Open Forum is reopened, Members may speak for up to two minutes each. Upon completion of such Membership input, in compliance with Open Forum Rules, the Board will then close Open Forum and resume deliberating the subject.
5. **Member Observation of Deliberations.** Except for Open Forum, Members may not speak to the Board, and shall quietly observe Board deliberations except for those in Executive Session. Members do not vote or make motions at Board meetings, as only Directors vote at Board meetings. Applause, boos, or other audible response to Board deliberations or decisions is out of order.
6. **Addressing the Board During Open Forum.** When speaking, the Member will identify Member's name and Manor, and will stand at the speaker's podium if physically able to stand, and will address the Board, not the audience.

G. Meeting Conduct

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

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

of the Board to peacefully conduct its deliberations and the Members to peacefully observe those deliberations.

Directors will also refrain from making comments which:

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

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

H. Violation of Rules

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

1. First warned by the Chair,
2. Then warned by majority vote of the Board, and
3. Then by majority vote of the Board asked to leave the meeting.

In the event a person refuses to leave after the Board votes to eject the individual, the meeting shall be recessed until such time as security and/or law enforcement can be summoned to assist or until the person voluntarily leaves.

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

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

I. Parliamentary Procedure

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

The Resolution or motion recommended by a Committee report shall be considered as a motion and need not have a second for discussion to commence, so long as the recommendation has been stated on the agenda at

least four days in advance of the meeting, absent emergency.

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

J. Recording of meetings: Minutes

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

K. Board Deliberations

1. Directors will deliberate topics only when on an agenda, except for emergency matters², and when a motion has been made and seconded by a Director, Unless a Director is only asking a question, Directors will indicate at the beginning of their remarks if they speak for or against the pending motion.
2. Generally, the motion initiating discussion should be made by the Director requesting the item to be placed on the agenda.
3. Directors shall:
 - a) Cooperate to keep their remarks on the topic of a motion,
 - b) Speak to each other,
 - c) Not personally address the live audience or the television/virtual audience, and
 - d) Avoid repetition of points already made, or repeating their own previous remarks on a motion.
4. If a Director violates the standards set forth in these Rules, the Chair may remind the Director of the standard being violated, and will then request the Director to bring their comments into compliance. In the event a Director continues to violate these Rules, the Board may proceed pursuant to subpart H.II herein.
5. Motions may be amended in at least two ways:
 - a) A motion, after receiving a second, may be amended by a motion,

² Emergency Defined. An emergency is defined as "circumstances that could not have been reasonably foreseen by the board, that require immediate attention and possible action by the board, and that, of necessity, make it impracticable to provide notice." (Civ. Code §4930(d)(1).)

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

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

L. Board Comments During Meetings

1. The comments of Directors, staff, or Mutual consultants during Board or Committee Meetings are not comments of the Mutual, and only the speaker’s opinions.
2. The position of the Mutual is only that expressed in Motions or Resolutions which are adopted by the Board of Directors.

M. Chair

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

III. EXECUTIVE SESSION

A. Purpose of Executive Session

Executive Session meetings allow the Board of Directors to address issues of sensitive nature, which may involve attorney client privilege or other privacy

rights. It is important that all information discussed and disclosed at these sessions remain private.

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

1. Litigation or threatened litigation.
2. Contract negotiations.
3. Member disciplinary hearings (i.e.: imposing fines or other penalties).
4. Hearings on Mutual reimbursement claims against a Member
5. Member's proposal of a payment plan for delinquent assessments.
6. Member Requested Hearing (i.e. the member wants a decision from the Board for an exception to the governing documents)
7. Meet and Confer/Internal Dispute Resolutions
- ~~6-8.~~ Voting on the decision to foreclose upon an assessment lien.
- ~~7-9.~~ Personnel issues.

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

B. Confidentiality Agreement

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

C. Procedure for Setting

The notice for a meeting which is solely an Executive Session meeting must be posted in the Clubhouse kiosks, community center bulletin board and on the website two days in advance, unless it is an emergency Executive Session meeting.

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

D. Agenda Packets

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

IV. CLOSED SESSION HEARINGS

The Mutual conducts its disciplinary hearings, ~~and~~ reimbursement claim hearings, Member Requested Hearing and Meet and Confer/Internal Dispute Resolutions in closed session. The following rules are to inform both Member(s) and Directors regarding how these hearings are conducted.

A. Notification

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

If the member submits a written request for Member Requested Hearing with the Mutual. The purpose of a Member Requested Hearing is to allow the member to request an exemption to the governing documents or has a request that may not specifically be covered by the governing documents. The Mutual will send written notification to the Member, of a hearing to be held by the Board to consider the matter.

B. Attendance

A Member being considered for discipline or a reimbursement claim may attend the hearing to address the Board regarding whether the Board should impose discipline or pursue reimbursement. The Member may bring written witness(es) statements. The Member may not bring legal counsel to Executive Hearings Committee meeting only the regular closed session Board meeting. At the discretion of the Chair the alleged party may attend the hearing. The Member being considered for discipline or reimbursement claim may not observe the Board's deliberation of the matter. A Member may provide a written statement as a substitute for personally appearing at the hearing.

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

C. Addressing the Board

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

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

The Member Requested Hearing may speak to the Board for a maximum of 10 minutes of uninterrupted time. The Board will have 10 minutes to ask questions. Then the Member and Board will have a 10 minutes discussion on the Member's request for a total time of 30 minutes. If a Member brings supporting documentation, it is suggested the Member bring two copy for staff, and 4 copies for the Board.

D. The Board's Decision

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



RULES FOR BOARD MEETINGS
Resolution 03-24-XX; Amended [date]

I. INTRODUCTION

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

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

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 4. Would make the agenda unduly lengthy (and so will be on the next agenda);
 5. Is sent first to a committee for recommendation; or
 - f) Is, based on the advice of legal counsel, proposing action barred by law.
4. **Board request for agenda item.** Notwithstanding the foregoing, if an agenda item is requested in writing or by electronic mail by at least six Directors, the Chair shall include it in the Agenda for the open meeting or the Executive Session meeting, depending upon the item.
5. **Member Request for Agenda Item.**
 - a) A Member may request the President in advance that a topic be added to the agenda, but the President with the assistance of Staff will determine whether a requested topic will be included in the agenda.
 - b) A topic will also be added to the agenda if at least one week prior to the scheduled Board meeting, the Chief Executive Officer (CEO) or Staff receives a petition signed by at least twenty five different Members entitled to vote.
 - c) The requested agenda topic must still meet the standards of Rule IID.3 above.

¹ Any action to be taken by the President may be taken by the First Vice President or the next officer in order as stated in the By-laws if the President is unable to attend or participate.

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

Sample agenda. The following is a typical Agenda:

1. Call Meeting to Order
2. Pledge of Allegiance
3. Approval of the Agenda
4. Approval of the Minutes
5. Report of the Chair
6. Update of VMS Board -
7. Open Forum (Three Minutes per Speaker)
8. Responses to Open Forum Speakers
9. CEO Report
10. Consent Calendar
11. Unfinished business
12. New Business
13. Third Mutual Committee Reports
14. GRF Committee Highlights
15. Future Agenda Items
16. Director’s Comments
17. Recess
18. Adjournment

E. Committees: Reports. Meetings

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

F. Open Forum

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

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

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

3. **Open Forum During Agenda Item Discussions.**
 - a) During the Board deliberations of a matter, and when the Chair at the Chair's sole discretion determines there has been sufficient discussion to inform the attendees in the audience of the issue, the Chair will inquire if any Members in the audience wish to speak to the motion at hand.
 - b) If the Chair sees any hands raised indicating a desire to speak or fill out a speaker card, Open Forum will be reopened on the issue, and the Members indicating a desire to speak to the topic may speak for up to three (3) minutes on the specific agenda item.
 - c) Off-topic commentary will not be permitted, but so long as the speaker complies with the Rules, neither the Chair nor any Director will

interject or otherwise interrupt during the speaker's remarks.

- d) The Chair in its sole discretion may reduce the time per speaker to two (2) minutes on an issue, if the Chair deems it necessary to insure that all who wish to speak have the opportunity to do so.
 - e) A Member (or co-Owner of a Member) shall only speak once on a given agenda item.
 - f) Once the Chair determines that all have spoken who wished to speak, or that no one has indicated a desire to speak, the Chair shall announce Open Forum is again closed, and the Board shall resume and conclude its deliberations on the item.
4. **Re-opening of Open Forum.** If an issue on the Agenda is deemed by the Board to require further Membership input, the Board may by majority vote re-open Open Forum, to allow Members to speak to the pending subject. If Open Forum is reopened, Members may speak for up to two minutes each. Upon completion of such Membership input, in compliance with Open Forum Rules, the Board will then close Open Forum and resume deliberating the subject.
5. **Member Observation of Deliberations.** Except for Open Forum, Members may not speak to the Board, and shall quietly observe Board deliberations except for those in Executive Session. Members do not vote or make motions at Board meetings, as only Directors vote at Board meetings. Applause, boos, or other audible response to Board deliberations or decisions is out of order.
6. **Addressing the Board During Open Forum.** When speaking, the Member will identify Member's name and Manor, and will stand at the speaker's podium if physically able to stand, and will address the Board, not the audience.

G. Meeting Conduct

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

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

of the Board to peacefully conduct its deliberations and the Members to peacefully observe those deliberations.

Directors will also refrain from making comments which:

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

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

H. Violation of Rules

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

1. First warned by the Chair,
2. Then warned by majority vote of the Board, and
3. Then by majority vote of the Board asked to leave the meeting.

In the event a person refuses to leave after the Board votes to eject the individual, the meeting shall be recessed until such time as security and/or law enforcement can be summoned to assist or until the person voluntarily leaves.

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

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

I. Parliamentary Procedure

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

The Resolution or motion recommended by a Committee report shall be considered as a motion and need not have a second for discussion to commence, so long as the recommendation has been stated on the agenda at

least four days in advance of the meeting, absent emergency.

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

J. Recording of meetings: Minutes

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

K. Board Deliberations

1. Directors will deliberate topics only when on an agenda, except for emergency matters², and when a motion has been made and seconded by a Director, Unless a Director is only asking a question, Directors will indicate at the beginning of their remarks if they speak for or against the pending motion.
2. Generally, the motion initiating discussion should be made by the Director requesting the item to be placed on the agenda.
3. Directors shall:
 - a) Cooperate to keep their remarks on the topic of a motion,
 - b) Speak to each other,
 - c) Not personally address the live audience or the television/virtual audience, and
 - d) Avoid repetition of points already made, or repeating their own previous remarks on a motion.
4. If a Director violates the standards set forth in these Rules, the Chair may remind the Director of the standard being violated, and will then request the Director to bring their comments into compliance. In the event a Director continues to violate these Rules, the Board may proceed pursuant to subpart H.II herein.
5. Motions may be amended in at least two ways:
 - a) A motion, after receiving a second, may be amended by a motion, which motion must also receive a second and a majority vote.

² Emergency Defined. An emergency is defined as "circumstances that could not have been reasonably foreseen by the board, that require immediate attention and possible action by the board, and that, of necessity, make it impracticable to provide notice." (Civ. Code §4930(d)(1).)

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

L. Board Comments During Meetings

1. The comments of Directors, staff, or Mutual consultants during Board or Committee Meetings are not comments of the Mutual, and only the speaker’s opinions.
2. The position of the Mutual is only that expressed in Motions or Resolutions which are adopted by the Board of Directors.

M. Chair

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

III. EXECUTIVE SESSION

A. Purpose of Executive Session

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

sessions remain private.

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

1. Litigation or threatened litigation.
2. Contract negotiations.
3. Member disciplinary hearings (i.e.: imposing fines or other penalties).
4. Hearings on Mutual reimbursement claims against a Member
5. Member's proposal of a payment plan for delinquent assessments.
6. Member Requested Hearing (i.e. the member wants a decision from the Board for an exception to the governing documents)
7. Meet and Confer/Internal Dispute Resolutions
8. Voting on the decision to foreclose upon an assessment lien.
9. Personnel issues.

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

B. Confidentiality Agreement

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

C. Procedure for Setting

The notice for a meeting which is solely an Executive Session meeting must be posted in the Clubhouse kiosks, community center bulletin board and on the website two days in advance, unless it is an emergency Executive Session meeting.

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

D. Agenda Packets

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

IV. CLOSED SESSION HEARINGS

The Mutual conducts its disciplinary hearings, reimbursement claim hearings,

Member Requested Hearing and Meet and Confer/Internal Dispute Resolutions in closed session. The following rules are to inform both Member(s) and Directors regarding how these hearings are conducted.

A. Notification

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

If the member submits a written request for Member Requested Hearing with the Mutual. The purpose of a Member Requested Hearing is to allow the member to request an exemption to the governing documents or has a request that may not specifically be covered by the governing documents. The Mutual will send written notification to the Member, of a hearing to be held by the Board to consider the matter.

B. Attendance

A Member being considered for discipline or a reimbursement claim may attend the hearing to address the Board regarding whether the Board should impose discipline or pursue reimbursement. The Member may bring written witness(es) statements. The Member may not bring legal counsel to Executive Hearings Committee meeting only the regular closed session Board meeting. At the discretion of the Chair the alleged party may attend the hearing. The Member being considered for discipline or reimbursement claim may not observe the Board's deliberation of the matter. A Member may provide a written statement as a substitute for personally appearing at the hearing.

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

C. Addressing the Board

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

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

The Member Requested Hearing may speak to the Board for a maximum of 10 minutes of uninterrupted time. The Board will have 10 minutes to ask questions. Then the Member and Board will have a 10 minutes discussion on the Member's request for a total time of 30 minutes. If a Member brings supporting documentation, it is suggested the Member bring two copy for staff, and 4 copies for the Board.

D. The Board's Decision

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



RESOLUTION 03-24-XX

Rules for Board Meetings

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

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

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

NOW THEREFORE BE IT RESOLVED, July 16, 2024, that the Board of Directors of this Corporation hereby approves the attached revised Rules for Board Meetings; and

RESOLVED FURTHER, that Resolution 03-22-134 adopted December 20, 2022 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.

June Initial Notification:

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

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ENDORSEMENT (to Board)

Entertain a Motion to Consider Financial Qualifications for Purchasing in Third Mutual

In late 2023, Community Services staff received an inquiry regarding the possibility of updating the Mutual's Guidelines for Financial Requirements. On March 27, 2024, staff presented its responses to the Resident Policy and Compliance Committee. The Committee directed staff to explore adjusting the minimum net worth and minimum annual income requirements in light of recent inflationary pressures.

Third Mutual's Guidelines for Financial Qualifications were last amended on July 19, 2022 by way of Resolution 03-22-80. However, the requirement that an applicant's net worth be greater than or equal to the sum of the purchase price of the unit plus \$125,000 in acceptable assets was last updated in 2005. The requirement that an applicant submit verification of an annual income that is greater than or equal to the sum total of the annual mortgage payment plus \$45,000 per year was last updated in 2016.

Numerous social and economic factors have evolved since the minimum income and asset requirements were updated: the inventory of affordable housing has dwindled (the median sales price for a single family home in California is \$843,340 according to the California Association of Realtors in September 2023); inflation has surged making some goods and services much less affordable; wages have stalled in some sectors of the economy; and the insurance markets in California have become more restrictive.

On May 29, 2024, the Resident Policy and Compliance Committee reviewed the data assessment history and agreed to round up the adjusted financial requirements, effective January 1, 2025.

Director Lewis made a motion to approve the Financial Qualification increases effective January 1, 2025 and forward the matter for Board consideration. Director Ginocchio seconded the motion.

By unanimous consent, the motion passed.

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STAFF REPORT

DATE: June 18, 2024
FOR: Board of Directors
SUBJECT: Revised Third Mutual Financial Qualifications

RECOMMENDATION

Staff recommends that the Board of Directors consider the Resident Policy and Compliance Committee recommendation and adjust the Mutual's minimum net worth and annual income requirements based on inflationary rates.

BACKGROUND

In late 2023, Community Services staff received an inquiry regarding the possibility of updating the Mutual's Guidelines for Financial Qualifications. On March 27, 2024, staff presented its responses to the Resident Policy and Compliance Committee. The Committee directed staff to explore adjusting the minimum net worth and minimum annual income requirements in light of recent inflationary pressures.

On April 23, 2024 staff presented the adjusted amounts to the Committee who further directed staff to provide data assessment history from the previous five years.

On May 29, 2024 the Committee reviewed the data assessment history (ATT 1) and agreed to round up the adjusted financial requirements, effective January 1, 2025. The revised Guidelines for Financial Qualifications as approved by the Committee are attached (ATTs 3 and 4).

DISCUSSION

Third Mutual's Guidelines for Financial Qualifications were last amended on July 19, 2022 by way of Resolution 03-22-80 (ATT 2). However, the requirement that an applicant's net worth be greater than or equal to the sum of the purchase price of the unit plus \$125,000 in acceptable assets was last updated in 2005. The requirement that an applicant submit verification of an annual income that is greater than or equal to the sum total of the annual mortgage payment plus \$45,000 per year was last updated in 2016.

Numerous social and economic factors have evolved since the minimum income and asset requirements were updated: the inventory of affordable housing has dwindled (the median sales price for a single family home in California is \$843,340 according to the California Association of Realtors in September 2023); inflation has surged making some goods and services much less affordable; wages have stalled in some sectors of the economy; and the insurance markets in California have become more restrictive.

Staff's observations for adjusting the Mutual's net worth and annual income requirements in light of inflationary factors are as follows:

Net Worth Requirements

An applicant’s net worth is impacted by current inflationary factors: today’s assets minus today’s debt equals today’s net worth. This valuation fluctuates with the current economy and is inherently dynamic. While it is expected that one’s assets exceed one’s debts, this is not always the case. In the event an applicant falls short of the Mutual’s net worth requirement, provisions exist for the applicant to obtain a guarantor or utilize “attributable income” as explained under Section III (b) of the Mutual’s financial guidelines. While Community Services staff acknowledged it did not see a need to adjust net worth requirements at this time, the adjusted amount to align with the rate of inflation since the fees were last adjusted is shown below:

Years	Current Requirement Amount	Sum of Inflationary Rates Over the Ensuing Years	Potential Net Worth Requirement
2005-2024	\$125,000	59.9 %	\$199,875

The Resident Policy and Compliance Committee considered the current \$125,000 requirement and unanimously agreed to round-up the net worth requirement to **\$200,000**.

Annual Income Requirements

An applicant’s annual income is calculated by adding all income reported on federal income tax forms together with certain unreported income sources (e.g., alimony, child support, life insurance death benefits). In the event an applicant falls short of the Mutual’s income requirement, provisions exist for the applicant to obtain a guarantor or utilize “attributable income”. Absent any accelerated bad debt expenses incurred by Third Mutual, Community Services staff did not see a need to adjust the annual income requirements at this time. However, the adjusted amount to accommodate inflationary rates since 2016 when the annual income requirement was last adjusted is shown below:

Years	Current Requirement Amount	Sum of Inflationary Rates Over the Ensuing Years	Potential Annual Income Requirement
2016-2024	\$45,000	30.1%	\$58,545

The Resident Policy and Compliance Committee considered the current \$45,000 requirement and unanimously agreed to round-up the annual income requirement to **\$60,000**.

The current minimum annual income and net worth requirements are believed to serve the Mutual’s interests effectively. Fee increases could be implemented for potential buyers without substantial financial benefit to the Mutual.

Guarantor and Multiple Unit Owner Requirements

In light of the adjustments above, the Guarantor and multiple unit owner requirements also need to be adjusted. The adjusted net worth and annual income increases to align with the rate of inflation since the fees were last adjusted are as follows:

Guarantor

	Years	Current Requirement	Sum of Inflationary Rates Over the Ensuing Years	Potential Requirement
Net Worth	2003-2024	\$200,000	69.7%	\$339,400

Annual Income	2020-2024	\$150,000	20.7%	\$181,050
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The Resident Policy and Compliance Committee considered the current \$200,000 net worth requirement and the current \$150,000 annual income requirement and unanimously agreed to round-up the amounts to **\$340,000** and **\$182,000** respectively.

Multiple Units – Net Worth

The requirements for applicants who wish to purchase more than one unit or already own at least one unit in another mutual shall submit verification of net worth and annual income.

Based on the Committee’s recommended adjustment above, the net worth requirement would be greater than or equal to the *sum* of the purchase price for each unit, *plus* \$200,000 in acceptable assets per unit as follows:

Unit 1: purchase price for Unit 1 + 200,000

Unit 2: purchase price for Unit 1 + 200,000 +
purchase price for Unit 2 + 200,000

Unit 3: purchase price for Unit 1 + 200,000 +
purchase price for Unit 2 + 200,000 +
purchase price for Unit 3 + 200,000

Multiple Units – Annual Income

Based on the Committee’s recommended adjustment above, the annual income requirement would be greater than or equal to the *sum* of the following: the total of the first unit’s annual mortgage payment *plus* sixty thousand dollars (\$60,000) per year *plus* the total of the second unit’s annual mortgage payment plus sixty thousand dollars (\$60,000) per year *plus* an additional thirty thousand dollars (\$30,000). The breakdown would be as follows:

Unit 1: annual mortgage payment + \$60,000

Unit 2: annual mortgage payment on Unit 1 + \$60,000 +
annual mortgage payment on Unit 2 + \$60,000 + \$30,000

Unit 3: annual mortgage payment on Unit 1 + \$60,000 +
annual mortgage payment on Unit 2 + \$60,000 + \$30,000 +
annual mortgage payment on Unit 2 + \$60,000 + \$30,000 + \$30,000

FINANCIAL ANALYSIS

Any increase in Third Mutual’s financial requirements would have an immediate financial impact on the Mutual, including the potential loss or slowdown of sales to those who actually want to live in the community as well as those who choose to invest here.

A further consequence of increasing the minimum financial requirements would be the impact on multiple unit owners, which may prove to be a positive consequence.

Prepared By: Patty Kurzet, Membership Services Coordinator

Reviewed By: Jeff Spies, Community Services Manager

ATTACHMENT(S) -

- Attachment 1: Data Assessment and Sale Histories
- Attachment 2: Current Guidelines for Financial Requirements
- Attachment 3: Revised Guidelines for Financial Requirements – red-line
- Attachment 4: Revised Guidelines for Financial Requirements - clean
- Attachment 5: Resolution 03-24-XX

**Assesments 2000 - 2024**

Year	Amount	% Change
2000	\$ 183.12	1.3%
2001	\$ 187.88	2.6%
2002	\$ 198.33	5.6%
2003	\$ 208.20	5.0%
2004	\$ 227.01	9.0%
2005	\$ 253.35	11.6%
2006	\$ 285.52	12.7%
2007	\$ 301.22	5.5%
2008	\$ 327.97	8.9%
2009	\$ 336.25	2.5%
2010	\$ 336.48	0.1%
2011	\$ 352.99	4.9%
2012	\$ 344.95	-2.3%
2013	\$ 370.93	7.5%
2014	\$ 383.63	3.4%
2015	\$ 414.85	8.1%
2016	\$ 426.12	2.7%
2017	\$ 426.25	0.0%
2018	\$ 429.85	0.8%
2019	\$ 434.39	1.1%
2020	\$ 446.62	2.8%
2021	\$ 466.62	4.5%
2022	\$ 559.62	19.9%
2023	\$ 559.62	0.0%
2024	\$ 587.60	5.0%

Sales 2000 - 2023

Year	Total Sales	Avg. Sale Price	% Change
2000	577	\$ 163,936	5.8%
2001	488	\$ 195,575	19.3%
2002	564	\$ 204,050	4.3%
2003	558	\$ 259,492	27.2%
2004	521	\$ 321,080	23.7%
2005	398	\$ 361,059	12.5%
2006	378	\$ 365,507	1.2%
2007	355	\$ 326,360	-10.7%
2008	271	\$ 299,475	-8.2%
2009	267	\$ 281,113	-6.1%
2010	330	\$ 246,737	-12.2%
2011	328	\$ 250,941	1.7%
2012	399	\$ 259,455	3.4%
2013	511	\$ 297,267	14.6%
2014	424	\$ 321,492	8.1%
2015	495	\$ 321,730	0.1%
2016	502	\$ 344,818	7.2%
2017	509	\$ 397,309	15.2%
2018	392	\$ 429,885	8.2%
2019	407	\$ 417,900	-2.8%
2020	339	\$ 418,349	0.1%
2021	495	\$ 463,423	10.8%
2022	415	\$ 523,751	13.0%
2023	368	\$ 556,635	6.3%

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Guidelines for Financial Qualifications

Resolution 03-22-80
Adopted July 19, 2022

The governing documents of Third Laguna Hills Mutual (“Mutual”) require each person seeking to acquire an ownership interest in a unit (“Applicant”) to obtain the **PRIOR** written approval of the Mutual’s Board of Directors (“Board”) before doing so. As a condition to obtaining such approval, each Applicant must provide to the Board documentation that conclusively establishes that Applicant satisfies certain financial requirements as set forth in the Mutual’s governing documents (“Application”). For the purposes of determining whether an Application will be approved or denied, the Board has adopted these Guidelines for Financial Qualifications (“Guidelines”), which shall remain in effect until such time as these Guidelines may be changed, modified, or amended by a duly adopted Board resolution.

I. General Application Requirements.

- a. As a condition of approval, each Applicant must submit to the Mutual an Application with all of the following documentation provided in a form satisfactory to the Board:
 1. A federal income tax return for the most recent year that is signed, dated, and includes Schedules A, B and E, as applicable, as well as any other financial verification documents requested by the Board. By way of example, but without limitation, other verification documents may be required if any Applicant derives income from a business owned by the Applicant (personally or through a legal entity), in which case the applicable business tax schedule and profit and loss statement may also be required.
 2. Net worth verification pursuant to Section II of these Guidelines.
 3. Income verification pursuant to Section III of these Guidelines.
 4. A completed Financial Statement and Credit Information form.
 5. Verification of the Applicant’s identity, which must be a natural person, or a designated individual acting on behalf of a corporation, LLC or Trust.
 6. If the Applicant desires to have a Guarantor to enable the Applicant to Qualify to purchase a unit (as defined below), all documents required pursuant to Section IV of these Guidelines shall also apply to the Guarantor.
 7. If the Applicant desires to purchase more than one (1) unit or already owns at least one (1) unit at the Mutual, all documents required pursuant to Section V of these Guidelines shall be required for each unit application.
- b. The Board may deny any Application that does not include all of the documentation required herein, in a form consistent with these Guidelines and satisfactory to the Board, except as otherwise required by law.
- c. Any Application (including, without limitation, any document submitted in connection with said Application) that contains false or misleading information will be denied. If an Application was approved and it is later determined that such Application contained false

or misleading information and if escrow had not closed by the time such discovery was made the Board may immediately withdraw its approval without the Mutual suffering any liability whatsoever. If escrow, as referenced immediately above, has already closed when the discovery of the false and misleading documentation is discovered, the Applicant will be deemed an owner, not in good standing and will, after a noticed hearing before the Board, be denied the owner's amenity rights, held by an owner in the Mutual, unless such rights are suspended by the Board of Directors.

- d. Notwithstanding anything to the contrary contained herein, if more than one (1) Applicant will acquire an ownership interest or reside in any single unit, such Applicants' income and net worth may, in the Board's sole reasonable discretion, be calculated collectively.

II. Net Worth Requirements.

- a. As a condition of approval, each Applicant shall submit satisfactory verification of net worth that is greater than or equal to the sum of the purchase price of the unit plus one hundred twenty-five thousand dollars (\$125,000) in acceptable assets. NOTE: Applicants owning other properties having mortgage obligations shall provide satisfactory evidence of additional assets sufficient to offset the total mortgage balance(s).
- b. When computing net worth for the purposes of this Section, acceptable assets shall be limited to those assets that are considered, in the Board's sole discretion, to be liquid, marketable or income producing. Examples of acceptable assets include, without limitation, the following:
1. Equity in U.S. residential and income real estate.
 2. Savings accounts in U.S. banks and U.S. credit unions.
 3. Cash value life insurance.
 4. Certificates of deposit and money market accounts.
 5. IRA, SEP, 401(k), Profit Sharing and Keogh accounts.
 6. Federal, state, or municipal government bonds.
 7. U.S. traded investments (e.g., NYSE, Amex, OTC, Nasdaq, etc.) valued at current market prices.
 8. Mortgages and promissory notes; provided that the interest in such mortgages or promissory notes is reported on the Applicant's tax return.
- c. When computing net worth for the purposes of this Section, acceptable assets will not include, without limitation, the following:
1. Equity in mobile homes, recreational vehicles, boats, trailers, airplanes, automobiles, or other vehicles of any kind.
 2. Vacant or undeveloped real estate.
 3. Artwork, jewelry, or other collectibles (e.g., coins, dolls, stamps, etc.).
 4. Term life insurance.

5. Annuity funds that cannot be withdrawn in lump sum.
6. Anticipated bequests, devises or inheritances.
7. Mortgages and promissory notes where the interest in such mortgages or promissory notes is not reported on the Applicant's tax return.

III. Income Requirements.

- a. As a condition of approval, each Applicant shall submit satisfactory verification of annual income that is greater than or equal to the sum of the total of the unit's annual mortgage payment plus forty-five thousand dollars (\$45,000) per year.
- b. Traditional retirement account assets (e.g., 401K, ERISA, IRA, Profit Sharing, etc.) will be considered as a source of annual income in accordance with this subsection. For the purposes of the income verification requirement pursuant to subsection (a) above, the portion of an Applicant's traditional retirement account assets attributable to said Applicant's annual income shall be deemed to be the greater of the following:
 1. The mandatory annual distributions for the Applicant's retirement accounts; or
 2. The total amount of the Applicant's retirement accounts *multiplied* by eighty percent (80%), and then *dividing* this product by twenty-five (25) years, as follows:
$$\text{Attributable Income} = (\text{Total Retirement Account Assets} \times 80\%) \div 25$$
- c. Examples of acceptable income verifications include, without limitation, the following:
 1. Federal tax returns from the most recent year.
 2. W-2 forms or paycheck stubs.
 3. Bank, credit union, or investment account statements.
 4. Letters from bankers with verifiable first-hand knowledge of the Applicant's finances.
 5. Notices of annuities and social security payments.
 6. Credit reports.
- d. Examples of unacceptable income verifications include, without limitation, the following:
 1. Letters from employers, accountants, enrolled agents, investment counselors, or attorneys.
 2. Any income not reported on federal income tax returns.

IV. Guarantors.

- a. In the event any Applicant is unable to satisfy the financial requirements set forth in the Mutual's governing documents (including, without limitation, these Guidelines), the Board may permit said Applicant to have a financial guarantor in accordance with this Section IV ("Guarantor").

- b. Each Applicant supported by a Guarantor shall submit proof that their primary residence is located in California, USA and satisfactory verification of a net worth of at least one hundred twenty-five thousand dollars (\$125,000) in acceptable assets, notwithstanding the requirements of Section II and Section III of these Guidelines.
- c. Each Guarantor shall enter into an agreement with the Mutual to become financially responsible, jointly and severally, for all expenses associated with the Applicant's ownership, residency and/or membership at the Mutual ("Assessment/Charges Guarantor Obligation Form"). A Assessment/Charges Guarantor Obligation Form is attached hereto as Exhibit "A" and incorporated in its entirety herein by this reference as if fully set forth in these Guidelines.
- d. Each Guarantor shall submit all of the following documentation in a form satisfactory to the Board:
 - 1. A fully executed and completed Assessment/Charges Guarantor Obligation Form.
 - 2. Proof that the Guarantor's primary residence is located in California, USA.
 - 3. Verification of net worth equal to the sum of the purchase price of the unit plus two hundred thousand dollars (\$200,000) in acceptable assets.
 - 4. Verification that the Guarantor's annual income is greater than or equal to the sum of the total of the unit's annual mortgage payment plus \$150,000 per year.
 - 5. A credit report.
- e. The Board may withhold its approval of any Guarantor for, without limitation, any the following reasons:
 - 1. A Guarantor or Applicant fails to provide all of the documentation as required by subsection (d), above, in a form consistent with these Guidelines and satisfactory to the Board.
 - 2. A Guarantor is subject to a bankruptcy proceeding that is pending or has not been discharged.
 - 3. Any foreclosure or short sale of any property owned by the Guarantor.
 - 4. Any outstanding balances, collection accounts, or judgments owed by the Guarantor.
 - 5. A Guarantor's credit score is lower than 680.
 - 6. A Guarantor resides in a primary residence outside of the State of California.
 - 7. A Guarantor's bank is located outside of the State of California.
 - 8. A Guarantor already guarantees (1) one or more units within Laguna Woods Village.
 - 9. A Guarantor provides any false or misleading information to the Board.
 - 10. Any other reasonable grounds that call into question a Guarantor's financial ability or fitness to serve in this capacity on an Applicant's behalf.

- f. Each Guarantor’s assurances shall only apply to the Applicant(s) and unit expressly identified on the Assessment/Charges Guarantor Obligation Form. No Guarantor’s assurances may be transferred to any other Applicant or unit.

V. Multiple Units. As a condition of approval, any Applicant who desires to purchase more than one (1) unit or already owns at least one (1) unit at Third Laguna Hills Mutual, Laguna Woods Mutual No. Fifty or United Laguna Woods Mutual shall submit satisfactory verification of annual income and net worth requirements pursuant to this Section V.

- a. **Net Worth Requirements.** The Applicant shall submit satisfactory verification of net worth that is greater than or equal to the *sum* of the purchase price for each unit *plus* one hundred twenty-five thousand dollars (\$125,000) in acceptable assets per unit, as follows:

Unit 1: purchase price for Unit 1 + \$125,000

Unit 2: purchase price for Unit 1 + \$125,000 +
purchase price for Unit 2 + \$125,000

Unit 3: purchase price for Unit 1 + \$125,000 +
purchase price for Unit 2 + \$125,000 +
purchase price for Unit 3 + \$125,000

- b. **Income Requirements.** The Applicant shall submit satisfactory verification of annual income as follows:

- 1. Annual Income that is greater than or equal to the *sum* of the following: the total of the first unit’s annual mortgage payment *plus* forty-five thousand dollars (\$45,000) per year *plus* the total of the second unit’s annual mortgage payment *plus* forty-five thousand dollars (\$45,000) per year *plus* an additional twenty-two thousand five hundred dollars (\$22,500).

- 2. For each additional unit, the annual income requirement shall be calculated consistent with subsection (b)(1), above – that is, the additional unit’s annual mortgage payment *plus* an additional twenty-two thousand five hundred dollars (\$22,500) over the previous annual income requirement, as follows:

Unit 1: annual mortgage payment + \$45,000

Unit 2: annual mortgage payment on Unit 1 + \$45,000 +
annual mortgage payment on Unit 2 + \$45,000 + \$22,500

Unit 3: annual mortgage payment on Unit 1 + \$45,000 +
annual mortgage payment on Unit 2 + \$45,000 + \$22,500 +
annual mortgage payment on Unit 2 + \$45,000 + \$22,500 + \$22,500

EXHIBIT "A"

**THIRD LAGUNA HILLS MUTUAL
A California Non-Profit Mutual Benefit Corporation
(the "Mutual")**

ASSESSMENT/CHARGES GUARANTOR OBLIGATION FORM

A. The Parties

Owner(s): _____ (collectively, the

"Owner") Property Address: _____ (the "Property")

Guarantor: _____ ("Guarantor")

B. Guarantee Payment. Guarantor hereby guarantees unconditionally to the Mutual and the Mutual's agents as follows:

- a. Guarantor guarantees unconditionally to be jointly and severally responsible for/liable for all Charges related and charged to the Owner's assessment account.
- b. Guarantor guarantees unconditionally to promptly pay for all HOA assessments, regular or special, compliance assessments, reimbursable assessments, chargeable services etc., late charges, interest, costs, trustee fees, attorney fees, or any other amount charged by the Mutual to the HOA assessment account for the Property, including fines, after a noticed hearing before the Board, reimbursement assessments, special assessments, chargeable services etc. (collectively, the "Charges".)

C. Waiver of Right to Demand Enforcement. Because the Guarantor is jointly and severally liable for the Charges, Guarantor guarantees unconditionally to waive any right to require the Mutual or the Mutual's agents to proceed against the Owner for any default occurring under the Governing Documents before seeking to enforce this Assessment/Charges Guarantor Obligation Form.

D. Broad Interpretation. This Assessment/Charges Guarantor Obligation Form shall be construed as a general, absolute, and unconditional Guaranty of payment and shall continue in perpetuity and said guarantees shall apply to all amounts charged by the Mutual to the Owner's account during the time which the Owner is a title/record owner of the Property. If any of the provisions of this Assessment/Charges Guarantor Obligation Form shall be determined to be invalid or unenforceable under applicable law, such provision shall, insofar as possible, be construed or applied in such manner as will permit enforcement.

E. Enforcement.

- a. The Mutual may enforce this Assessment/Charges Guarantor Obligation Form without being obligated to resort first to any security or any other remedy against the Owner, and

Guarantor hereby waives any notice of default and/or any right to cure same and there shall be no presentment or dishonor hereunder.

- b. This Assessment/Charges Guarantor Obligation Form is general and shall inure to, and may be relied upon and enforced by, any successor or assign of the Mutual.

- c. This Assessment/Charges Guarantor Obligation Form shall be governed by the laws of the State of California and the parties specifically agree that any legal action brought under this Assessment/Charges Guarantor Obligation Form or any underlying lease shall be brought only in Orange County, California, which Court is agreed to have jurisdiction over the parties.
- d. The Parties waive the right to a jury trial in any such legal action.
- e. If the Guarantor breaches this Assessment/Charges Guarantor Obligation Form, the Mutual shall be entitled to a full award of attorney fees, costs and expenses relative to any enforcement efforts taken, including any litigation pursued to enforce this Assessment/Charges Guarantor Obligation Form. Guarantor agrees to pay the Mutual's actual attorney fees, costs, and expenses in the enforcement of the Governing Documents and this Assessment/Charges Guarantor Obligation Form, whether before the lawsuit/proceeding is filed, after the lawsuit/proceeding is filed, or in any and all trial and appellate tribunals, whether suit be brought or not, if, after default, counsel shall be employed by the Mutual.
- f. All amounts due to the Mutual hereunder shall bear interest at the highest rate allowed by law from the date of default.

F. Modification. Alteration, Modification or Revocation of this Assessment/Charges Guarantor Obligation Form is not permitted unless otherwise agreed to and signed by the Parties in writing.

G. No Strict Performance Required. Failure of the Mutual to insist upon strict performance or observance of any of the terms of the Governing Documents or to exercise any right held by the Mutual will not diminish the enforceability of this Assessment/Charges Guarantor Obligation Form. Guarantor agrees that the foregoing obligations shall in no way be terminated, affected, or impaired by reason of any action which the Mutual may take, or fail to take against the Owner, or by reason of any waiver of, or failure to enforce, any of the rights or remedies to the Mutual in the Governing Documents and all amendments thereto.

H. Binding on Successors. The obligations of Guarantor shall be binding upon Guarantor and his/her/their successors and assigns.

I. Effective Immediately Upon Signature. Guarantor fully understands this Assessment/Charges Guarantor Obligation Form is neither a reference, credit check, nor application, that the Mutual has relied on Guarantor's representations and warranties contained herein and it is fully effective upon Guarantor's signature.

RESOLUTION 03-22-80

Clarification of Guidelines for Financial Qualifications Policy

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

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

WHEREAS, Third desires to protect the financial integrity of the Corporation; and

WHEREAS, Third has expressed the need to clarify select income and net worth provisions of its Guidelines for Financial Qualifications Policy;

NOW, THEREFORE BE IT RESOLVED, July 19, 2022, the Board of Directors of this Corporation hereby introduces one amendment to the Financial Qualifications Policy, which amends Section II, Net Worth Requirements, Subsection B to add "U.S." before residential property; and

RESOLVED FURTHER, that Resolution 03-21-50, adopted August 17, 2021, is hereby suspended in its entirety and canceled; and

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

Guidelines for Financial Qualifications

Resolution 03-24-XX

Adopted xxx

The governing documents of Third Laguna Hills Mutual (“Mutual”) require each person seeking to acquire an ownership interest in a unit (“Applicant”) to obtain the **PRIOR** written approval of the Mutual’s Board of Directors (“Board”) before doing so. As a condition to obtaining such approval, each Applicant must provide to the Board documentation that conclusively establishes that Applicant satisfies certain financial requirements as set forth in the Mutual’s governing documents (“Application”). For the purposes of determining whether an Application will be approved or denied, the Board has adopted these Guidelines for Financial Qualifications (“Guidelines”), which shall remain in effect until such time as these Guidelines may be changed, modified, or amended by a duly adopted Board resolution.

I. General Application Requirements.

- a. As a condition of approval, each Applicant must submit to the Mutual an Application with all of the following documentation provided in a form satisfactory to the Board:
 1. A federal income tax return for the most recent year that is signed, dated, and includes Schedules A, B and E, as applicable, as well as any other financial verification documents requested by the Board. By way of example, but without limitation, other verification documents may be required if any Applicant derives income from a business owned by the Applicant (personally or through a legal entity), in which case the applicable business tax schedule and profit and loss statement may also be required.
 2. Net worth verification pursuant to Section II of these Guidelines.
 3. Income verification pursuant to Section III of these Guidelines.
 4. A completed Financial Statement and Credit Information form.
 5. Verification of the Applicant’s identity, which must be a natural person, or a designated individual acting on behalf of a corporation, LLC or Trust.
 6. If the Applicant desires to have a Guarantor to enable the Applicant to Qualify to purchase a unit (as defined below), all documents required pursuant to Section IV of these Guidelines shall also apply to the Guarantor.
 7. If the Applicant desires to purchase more than one (1) unit or already owns at least one (1) unit at the Mutual, all documents required pursuant to Section V of these Guidelines shall be required for each unit application.
- b. The Board may deny any Application that does not include all of the documentation required herein, in a form consistent with these Guidelines and satisfactory to the Board, except as otherwise required by law.
- c. Any Application (including, without limitation, any document submitted in connection with said Application) that contains false or misleading information will be denied. If an Application was approved and it is later determined that such Application contained false or misleading information and if escrow had not closed by the time such discovery was

made the Board may immediately withdraw its approval without the Mutual suffering any liability whatsoever. If escrow, as referenced immediately above, has already closed when the discovery of the false and misleading documentation is discovered, the Applicant will be deemed an owner, not in good standing and will, after a noticed hearing before the Board, be denied the owner's amenity rights, held by an owner in the Mutual, unless such rights are suspended by the Board of Directors.

- d. Notwithstanding anything to the contrary contained herein, if more than one (1) Applicant will acquire an ownership interest or reside in any single unit, such Applicants' income and net worth may, in the Board's sole reasonable discretion, be calculated collectively.

II. Net Worth Requirements.

- a. As a condition of approval, each Applicant shall submit satisfactory verification of net worth that is greater than or equal to the sum of the purchase price of the unit plus ~~one hundred twenty-five thousand dollars (\$125,000)~~ two hundred thousand dollars (\$200,000) in acceptable assets. NOTE: Applicants owning other properties having mortgage obligations shall provide satisfactory evidence of additional assets sufficient to offset the total mortgage balance(s).
- b. When computing net worth for the purposes of this Section, acceptable assets shall be limited to those assets that are considered, in the Board's sole discretion, to be liquid, marketable or income producing. Examples of acceptable assets include, without limitation, the following:
1. Equity in U.S. residential and income real estate.
 2. Savings accounts in U.S. banks and U.S. credit unions.
 3. Cash value life insurance.
 4. Certificates of deposit and money market accounts.
 5. IRA, SEP, 401(k), Profit Sharing and Keogh accounts.
 6. Federal, state, or municipal government bonds.
 7. U.S. traded investments (e.g., NYSE, Amex, OTC, Nasdaq, etc.) valued at current market prices.
 8. Mortgages and promissory notes; provided that the interest in such mortgages or promissory notes is reported on the Applicant's tax return.
- c. When computing net worth for the purposes of this Section, acceptable assets will not include, without limitation, the following:
1. Equity in mobile homes, recreational vehicles, boats, trailers, airplanes, automobiles, or other vehicles of any kind.
 2. Vacant or undeveloped real estate.
 3. Artwork, jewelry, or other collectibles (e.g., coins, dolls, stamps, etc.).
 4. Term life insurance.

5. Annuity funds that cannot be withdrawn in lump sum.
6. Anticipated bequests, devises or inheritances.
7. Mortgages and promissory notes where the interest in such mortgages or promissory notes is not reported on the Applicant's tax return.

III. Income Requirements.

- a. As a condition of approval, each Applicant shall submit satisfactory verification of annual income that is greater than or equal to the sum of the total of the unit's annual mortgage payment plus ~~forty-five thousand dollars (\$45,000)~~ sixty thousand dollars (\$60,000) per year.
- b. Traditional retirement account assets (e.g., 401K, ERISA, IRA, Profit Sharing, etc.) will be considered as a source of annual income in accordance with this subsection. For the purposes of the income verification requirement pursuant to subsection (a) above, the portion of an Applicant's traditional retirement account assets attributable to said Applicant's annual income shall be deemed to be the greater of the following:
 1. The mandatory annual distributions for the Applicant's retirement accounts; or
 2. The total amount of the Applicant's retirement accounts *multiplied* by eighty percent (80%), and then *dividing* this product by twenty-five (25) years, as follows:

$$\text{Attributable Income} = (\text{Total Retirement Account Assets} \times 80\%) \div 25$$
- c. Examples of acceptable income verifications include, without limitation, the following:
 1. Federal tax returns from the most recent year.
 2. W-2 forms or paycheck stubs.
 3. Bank, credit union, or investment account statements.
 4. Letters from bankers with verifiable first-hand knowledge of the Applicant's finances.
 5. Notices of annuities and social security payments.
 6. Credit reports.
- d. Examples of unacceptable income verifications include, without limitation, the following:
 1. Letters from employers, accountants, enrolled agents, investment counselors, or attorneys.
 2. Any income not reported on federal income tax returns.

IV. Guarantors.

- a. In the event any Applicant is unable to satisfy the financial requirements set forth in the Mutual's governing documents (including, without limitation, these Guidelines), the Board may permit said Applicant to have a financial guarantor in accordance with this Section

- IV (“Guarantor”).
- b. Each Applicant supported by a Guarantor shall submit proof that their primary residence is located in California, USA and satisfactory verification of a net worth of at least ~~one hundred twenty-five thousand dollars (\$125,000)~~ two hundred thousand dollars (\$200,000) in acceptable assets, notwithstanding the requirements of Section II and Section III of these Guidelines.
 - c. Each Guarantor shall enter into an agreement with the Mutual to become financially responsible, jointly and severally, for all expenses associated with the Applicant’s ownership, residency and/or membership at the Mutual (“Assessment/Charges Guarantor Obligation Form”). A Assessment/Charges Guarantor Obligation Form is attached hereto as Exhibit “A” and incorporated in its entirety herein by this reference as if fully set forth in these Guidelines.
 - d. Each Guarantor shall submit all of the following documentation in a form satisfactory to the Board:
 1. A fully executed and completed Assessment/Charges Guarantor Obligation Form.
 2. Proof that the Guarantor’s primary residence is located in California, USA.
 3. Verification of net worth equal to the sum of the purchase price of the unit plus ~~two hundred thousand dollars (\$200,000)~~ three hundred forty thousand dollars (\$340,000) in acceptable assets.
 4. Verification that the Guarantor’s annual income is greater than or equal to the sum of the total of the unit’s annual mortgage payment plus ~~\$150,000~~ one hundred eighty-two thousand dollars (\$182,000) per year.
 5. A credit report.
 - e. The Board may withhold its approval of any Guarantor for, without limitation, any the following reasons:
 1. A Guarantor or Applicant fails to provide all of the documentation as required by subsection (d), above, in a form consistent with these Guidelines and satisfactory to the Board.
 2. A Guarantor is subject to a bankruptcy proceeding that is pending or has not been discharged.
 3. Any foreclosure or short sale of any property owned by the Guarantor.
 4. Any outstanding balances, collection accounts, or judgments owed by the Guarantor.
 5. A Guarantor’s credit score is lower than 680.
 6. A Guarantor resides in a primary residence outside of the State of California.
 7. A Guarantor’s bank is located outside of the State of California.
 8. A Guarantor already guarantees (1) one or more units within Laguna Woods Village.

- 9. A Guarantor provides any false or misleading information to the Board.
 - 10. Any other reasonable grounds that call into question a Guarantor's financial ability or fitness to serve in this capacity on an Applicant's behalf.
- f. Each Guarantor's assurances shall only apply to the Applicant(s) and unit expressly identified on the Assessment/Charges Guarantor Obligation Form. No Guarantor's assurances may be transferred to any other Applicant or unit.

V. Multiple Units. As a condition of approval, any Applicant who desires to purchase more than one (1) unit or already owns at least one (1) unit at Third Laguna Hills Mutual, Laguna Woods Mutual No. Fifty or United Laguna Woods Mutual shall submit satisfactory verification of annual income and net worth requirements pursuant to this Section V.

a. **Net Worth Requirements.** The Applicant shall submit satisfactory verification of net worth that is greater than or equal to the *sum* of the purchase price for each unit ~~plus one hundred twenty-five thousand dollars (\$125,000)~~ two hundred thousand dollars (\$200,000) in acceptable assets per unit, as follows:

Unit 1: purchase price for Unit 1 + ~~\$125,000~~ \$200,00

Unit 2: purchase price for Unit 1 + ~~\$125,000~~ \$200,000 +
purchase price for Unit 2 + ~~\$125,000~~ \$200,000

Unit 3: purchase price for Unit 1 + ~~\$125,000~~ \$200,000 +
purchase price for Unit 2 + ~~\$125,000~~ \$200,000 +
purchase price for Unit 3 + ~~\$125,000~~ \$200,000

b. **Income Requirements.** The Applicant shall submit satisfactory verification of annual income as follows:

1. Annual Income that is greater than or equal to the *sum* of the following: the total of the first unit's annual mortgage payment ~~plus forty-five thousand dollars (\$45,000)~~ sixty thousand dollars (\$60,000) per year ~~plus the total of the second unit's annual mortgage payment plus forty-five thousand dollars (\$45,000)~~ sixty thousand dollars (\$60,000) per year ~~plus an additional twenty-two thousand five hundred dollars (\$22,500)~~ thirty thousand dollars (\$30,000).

2. For each additional unit, the annual income requirement shall be calculated consistent with subsection (b)(1), above – that is, the additional unit's annual mortgage payment ~~plus an additional twenty-two thousand five hundred dollars (\$22,500)~~ thirty thousand dollars (\$30,000) over the previous annual income requirement, as follows:

Unit 1: annual mortgage payment + ~~\$45,000~~ \$60,000

Unit 2: annual mortgage payment on Unit 1 + ~~\$45,000~~ \$60,000 +
annual mortgage payment on Unit 2 + ~~\$45,000~~ +\$22,500 \$60,000 +

\$30,000

Unit 3: annual mortgage payment on Unit 1 + ~~\$45,000~~ \$60,000 +
annual mortgage payment on Unit 2 + ~~\$45,000~~ +\$22,500 \$60,000 +

\$30,000

annual mortgage payment on Unit 2 + ~~\$45,000~~ +\$22,500 +

\$22,500 \$60,000 + \$30,000 + \$30,000

EXHIBIT "A"

THIRD LAGUNA HILLS MUTUAL
A California Non-Profit Mutual Benefit Corporation
 (the "Mutual")

ASSESSMENT/CHARGES GUARANTOR OBLIGATION FORM

A. The Parties

Owner(s): _____ (collectively, the

"Owner") Property Address: _____ (the "Property")

Guarantor: _____ ("Guarantor")

B. Guarantee Payment. Guarantor hereby guarantees unconditionally to the Mutual and the Mutual's agents as follows:

- a. Guarantor guarantees unconditionally to be jointly and severally responsible for/liable for all Charges related and charged to the Owner's assessment account.
- b. Guarantor guarantees unconditionally to promptly pay for all HOA assessments, regular or special, compliance assessments, reimbursable assessments, chargeable services etc., late charges, interest, costs, trustee fees, attorney fees, or any other amount charged by the Mutual to the HOA assessment account for the Property, including fines, after a noticed hearing before the Board, reimbursement assessments, special assessments, chargeable services etc. (collectively, the "Charges".)

C. Waiver of Right to Demand Enforcement. Because the Guarantor is jointly and severally liable for the Charges, Guarantor guarantees unconditionally to waive any right to require the Mutual or the Mutual's agents to proceed against the Owner for any default occurring under the Governing Documents before seeking to enforce this Assessment/Charges Guarantor Obligation Form.**D. Broad Interpretation.** This Assessment/Charges Guarantor Obligation Form shall be construed as a general, absolute, and unconditional Guaranty of payment and shall continue in perpetuity and said guarantees shall apply to all amounts charged by the Mutual to the Owner's account during the time which the Owner is a title/record owner of the Property. If any of the provisions of this Assessment/Charges Guarantor Obligation Form shall be determined to be invalid or unenforceable under applicable law, such provision shall, insofar as possible, be construed or applied in such manner as will permit enforcement.**E. Enforcement.**

- a. The Mutual may enforce this Assessment/Charges Guarantor Obligation Form without being obligated to resort first to any security or any other remedy against the Owner, and Guarantor hereby waives any notice of default and/or any right to cure same and there shall be no presentment or dishonor hereunder.
- b. This Assessment/Charges Guarantor Obligation Form is general and shall inure to, and may be relied upon and enforced by, any successor or assign of the Mutual.

- c. This Assessment/Charges Guarantor Obligation Form shall be governed by the laws of the State of California and the parties specifically agree that any legal action brought under this Assessment/Charges Guarantor Obligation Form or any underlying lease shall be brought only in Orange County, California, which Court is agreed to have jurisdiction over the parties.
 - d. The Parties waive the right to a jury trial in any such legal action.
 - e. If the Guarantor breaches this Assessment/Charges Guarantor Obligation Form, the Mutual shall be entitled to a full award of attorney fees, costs and expenses relative to any enforcement efforts taken, including any litigation pursued to enforce this Assessment/Charges Guarantor Obligation Form. Guarantor agrees to pay the Mutual's actual attorney fees, costs, and expenses in the enforcement of the Governing Documents and this Assessment/Charges Guarantor Obligation Form, whether before the lawsuit/proceeding is filed, after the lawsuit/proceeding is filed, or in any and all trial and appellate tribunals, whether suit be brought or not, if, after default, counsel shall be employed by the Mutual.
 - f. All amounts due to the Mutual hereunder shall bear interest at the highest rate allowed by law from the date of default.
- F. Modification.** Alteration, Modification or Revocation of this Assessment/Charges Guarantor Obligation Form is not permitted unless otherwise agreed to and signed by the Parties in writing.
- G. No Strict Performance Required.** Failure of the Mutual to insist upon strict performance or observance of any of the terms of the Governing Documents or to exercise any right held by the Mutual will not diminish the enforceability of this Assessment/Charges Guarantor Obligation Form. Guarantor agrees that the foregoing obligations shall in no way be terminated, affected, or impaired by reason of any action which the Mutual may take, or fail to take against the Owner, or by reason of any waiver of, or failure to enforce, any of the rights or remedies to the Mutual in the Governing Documents and all amendments thereto.
- H. Binding on Successors.** The obligations of Guarantor shall be binding upon Guarantor and his/her/their successors and assigns.
- I. Effective Immediately Upon Signature.** Guarantor fully understands this Assessment/Charges Guarantor Obligation Form is neither a reference, credit check, nor application, that the Mutual has relied on Guarantor's representations and warranties contained herein and it is fully effective upon Guarantor's signature.

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Guidelines for Financial Qualifications

Resolution 03-24-XX

Adopted xxx

The governing documents of Third Laguna Hills Mutual (“Mutual”) require each person seeking to acquire an ownership interest in a unit (“Applicant”) to obtain the **PRIOR** written approval of the Mutual’s Board of Directors (“Board”) before doing so. As a condition to obtaining such approval, each Applicant must provide to the Board documentation that conclusively establishes that Applicant satisfies certain financial requirements as set forth in the Mutual’s governing documents (“Application”). For the purposes of determining whether an Application will be approved or denied, the Board has adopted these Guidelines for Financial Qualifications (“Guidelines”), which shall remain in effect until such time as these Guidelines may be changed, modified, or amended by a duly adopted Board resolution.

I. General Application Requirements.

- a. As a condition of approval, each Applicant must submit to the Mutual an Application with all of the following documentation provided in a form satisfactory to the Board:
 1. A federal income tax return for the most recent year that is signed, dated, and includes Schedules A, B and E, as applicable, as well as any other financial verification documents requested by the Board. By way of example, but without limitation, other verification documents may be required if any Applicant derives income from a business owned by the Applicant (personally or through a legal entity), in which case the applicable business tax schedule and profit and loss statement may also be required.
 2. Net worth verification pursuant to Section II of these Guidelines.
 3. Income verification pursuant to Section III of these Guidelines.
 4. A completed Financial Statement and Credit Information form.
 5. Verification of the Applicant’s identity, which must be a natural person, or a designated individual acting on behalf of a corporation, LLC or Trust.
 6. If the Applicant desires to have a Guarantor to enable the Applicant to Qualify to purchase a unit (as defined below), all documents required pursuant to Section IV of these Guidelines shall also apply to the Guarantor.
 7. If the Applicant desires to purchase more than one (1) unit or already owns at least one (1) unit at the Mutual, all documents required pursuant to Section V of these Guidelines shall be required for each unit application.
- b. The Board may deny any Application that does not include all of the documentation required herein, in a form consistent with these Guidelines and satisfactory to the Board, except as otherwise required by law.
- c. Any Application (including, without limitation, any document submitted in connection with said Application) that contains false or misleading information will be denied. If an Application was approved and it is later determined that such Application contained false or misleading information and if escrow had not closed by the time such discovery was made the Board may immediately withdraw its approval without the Mutual suffering any liability whatsoever. If escrow, as referenced immediately above, has already closed when

the discovery of the false and misleading documentation is discovered, the Applicant will be deemed an owner, not in good standing and will, after a noticed hearing before the Board, be denied the owner's amenity rights, held by an owner in the Mutual, unless such rights are suspended by the Board of Directors.

- d. Notwithstanding anything to the contrary contained herein, if more than one (1) Applicant will acquire an ownership interest or reside in any single unit, such Applicants' income and net worth may, in the Board's sole reasonable discretion, be calculated collectively.

II. Net Worth Requirements.

- a. As a condition of approval, each Applicant shall submit satisfactory verification of net worth that is greater than or equal to the sum of the purchase price of the unit plus two hundred thousand dollars (\$200,000) in acceptable assets. NOTE: Applicants owning other properties having mortgage obligations shall provide satisfactory evidence of additional assets sufficient to offset the total mortgage balance(s).
- b. When computing net worth for the purposes of this Section, acceptable assets shall be limited to those assets that are considered, in the Board's sole discretion, to be liquid, marketable or income producing. Examples of acceptable assets include, without limitation, the following:
 1. Equity in U.S. residential and income real estate.
 2. Savings accounts in U.S. banks and U.S. credit unions.
 3. Cash value life insurance.
 4. Certificates of deposit and money market accounts.
 5. IRA, SEP, 401(k), Profit Sharing and Keogh accounts.
 6. Federal, state, or municipal government bonds.
 7. U.S. traded investments (e.g., NYSE, Amex, OTC, Nasdaq, etc.) valued at current market prices.
 8. Mortgages and promissory notes; provided that the interest in such mortgages or promissory notes is reported on the Applicant's tax return.
- c. When computing net worth for the purposes of this Section, acceptable assets will not include, without limitation, the following:
 1. Equity in mobile homes, recreational vehicles, boats, trailers, airplanes, automobiles, or other vehicles of any kind.
 2. Vacant or undeveloped real estate.
 3. Artwork, jewelry, or other collectibles (e.g., coins, dolls, stamps, etc.).
 4. Term life insurance.
 5. Annuity funds that cannot be withdrawn in lump sum.
 6. Anticipated bequests, devises or inheritances.

7. Mortgages and promissory notes where the interest in such mortgages or promissory notes is not reported on the Applicant's tax return.

III. Income Requirements.

- a. As a condition of approval, each Applicant shall submit satisfactory verification of annual income that is greater than or equal to the sum of the total of the unit's annual mortgage payment plus sixty thousand dollars (\$60,000) per year.
- b. Traditional retirement account assets (e.g., 401K, ERISA, IRA, Profit Sharing, etc.) will be considered as a source of annual income in accordance with this subsection. For the purposes of the income verification requirement pursuant to subsection (a) above, the portion of an Applicant's traditional retirement account assets attributable to said Applicant's annual income shall be deemed to be the greater of the following:
 1. The mandatory annual distributions for the Applicant's retirement accounts; or
 2. The total amount of the Applicant's retirement accounts *multiplied* by eighty percent (80%), and then *dividing* this product by twenty-five (25) years, as follows:

$$\text{Attributable Income} = (\text{Total Retirement Account Assets} \times 80\%) \div 25$$
- c. Examples of acceptable income verifications include, without limitation, the following:
 1. Federal tax returns from the most recent year.
 2. W-2 forms or paycheck stubs.
 3. Bank, credit union, or investment account statements.
 4. Letters from bankers with verifiable first-hand knowledge of the Applicant's finances.
 5. Notices of annuities and social security payments.
 6. Credit reports.
- d. Examples of unacceptable income verifications include, without limitation, the following:
 1. Letters from employers, accountants, enrolled agents, investment counselors, or attorneys.
 2. Any income not reported on federal income tax returns.

IV. Guarantors.

- a. In the event any Applicant is unable to satisfy the financial requirements set forth in the Mutual's governing documents (including, without limitation, these Guidelines), the Board may permit said Applicant to have a financial guarantor in accordance with this Section IV ("Guarantor").
- b. Each Applicant supported by a Guarantor shall submit proof that their primary residence is located in California, USA and satisfactory verification of a net worth of at least two hundred thousand dollars (\$200,000) in acceptable assets, notwithstanding the

- requirements of Section II and Section III of these Guidelines.
- c. Each Guarantor shall enter into an agreement with the Mutual to become financially responsible, jointly and severally, for all expenses associated with the Applicant's ownership, residency and/or membership at the Mutual ("Assessment/Charges Guarantor Obligation Form"). A Assessment/Charges Guarantor Obligation Form is attached hereto as Exhibit "A" and incorporated in its entirety herein by this reference as if fully set forth in these Guidelines.
 - d. Each Guarantor shall submit all of the following documentation in a form satisfactory to the Board:
 - 1. A fully executed and completed Assessment/Charges Guarantor Obligation Form.
 - 2. Proof that the Guarantor's primary residence is located in California, USA.
 - 3. Verification of net worth equal to the sum of the purchase price of the unit plus three hundred forty thousand dollars (\$340,000) in acceptable assets.
 - 4. Verification that the Guarantor's annual income is greater than or equal to the sum of the total of the unit's annual mortgage payment plus one hundred eighty-two thousand dollars (\$182,000) per year.
 - 5. A credit report.
 - e. The Board may withhold its approval of any Guarantor for, without limitation, any the following reasons:
 - 1. A Guarantor or Applicant fails to provide all of the documentation as required by subsection (d), above, in a form consistent with these Guidelines and satisfactory to the Board.
 - 2. A Guarantor is subject to a bankruptcy proceeding that is pending or has not been discharged.
 - 3. Any foreclosure or short sale of any property owned by the Guarantor.
 - 4. Any outstanding balances, collection accounts, or judgments owed by the Guarantor.
 - 5. A Guarantor's credit score is lower than 680.
 - 6. A Guarantor resides in a primary residence outside of the State of California.
 - 7. A Guarantor's bank is located outside of the State of California.
 - 8. A Guarantor already guarantees (1) one or more units within Laguna Woods Village.
 - 9. A Guarantor provides any false or misleading information to the Board.
 - 10. Any other reasonable grounds that call into question a Guarantor's financial ability or fitness to serve in this capacity on an Applicant's behalf.
 - f. Each Guarantor's assurances shall only apply to the Applicant(s) and unit expressly identified on the Assessment/Charges Guarantor Obligation Form. No Guarantor's

assurances may be transferred to any other Applicant or unit.

V. Multiple Units. As a condition of approval, any Applicant who desires to purchase more than one (1) unit or already owns at least one (1) unit at Third Laguna Hills Mutual, Laguna Woods Mutual No. Fifty or United Laguna Woods Mutual shall submit satisfactory verification of annual income and net worth requirements pursuant to this Section V.

a. **Net Worth Requirements.** The Applicant shall submit satisfactory verification of net worth that is greater than or equal to the *sum* of the purchase price for each unit *plus* two hundred thousand dollars (\$200,000) in acceptable assets per unit, as follows:

Unit 1: purchase price for Unit 1 + \$200,00

Unit 2: purchase price for Unit 1 + \$200,000 +
purchase price for Unit 2 + \$200,000

Unit 3: purchase price for Unit 1 + \$200,000 +
purchase price for Unit 2 + \$200,000 +
purchase price for Unit 3 + \$200,000

b. **Income Requirements.** The Applicant shall submit satisfactory verification of annual income as follows:

1. Annual Income that is greater than or equal to the *sum* of the following: the total of the first unit's annual mortgage payment *plus* sixty thousand dollars (\$60,000) per year *plus* the total of the second unit's annual mortgage payment *plus* sixty thousand dollars (\$60,000) per year *plus* an additional thirty thousand dollars (\$30,000).

2. For each additional unit, the annual income requirement shall be calculated consistent with subsection (b)(1), above – that is, the additional unit's annual mortgage payment *plus* an additional thirty thousand dollars (\$30,000) over the previous annual income requirement, as follows:

Unit 1: annual mortgage payment + \$60,000

Unit 2: annual mortgage payment on Unit 1 + \$60,000 +
annual mortgage payment on Unit 2 + \$60,000 + \$30,000

Unit 3: annual mortgage payment on Unit 1 + \$60,000 +
annual mortgage payment on Unit 2 + \$60,000 + \$30,000
annual mortgage payment on Unit 2 + \$60,000 + \$30,000 + \$30,000

EXHIBIT "A"

**THIRD LAGUNA HILLS MUTUAL
A California Non-Profit Mutual Benefit Corporation
(the "Mutual")**

ASSESSMENT/CHARGES GUARANTOR OBLIGATION FORM

A. The Parties

Owner(s): _____ (collectively, the

"Owner") Property Address: _____ (the "Property")

Guarantor: _____ ("Guarantor")

B. Guarantee Payment. Guarantor hereby guarantees unconditionally to the Mutual and the Mutual's agents as follows:

- a. Guarantor guarantees unconditionally to be jointly and severally responsible for/liable for all Charges related and charged to the Owner's assessment account.
- b. Guarantor guarantees unconditionally to promptly pay for all HOA assessments, regular or special, compliance assessments, reimbursable assessments, chargeable services etc., late charges, interest, costs, trustee fees, attorney fees, or any other amount charged by the Mutual to the HOA assessment account for the Property, including fines, after a noticed hearing before the Board, reimbursement assessments, special assessments, chargeable services etc. (collectively, the "Charges".)

C. Waiver of Right to Demand Enforcement. Because the Guarantor is jointly and severally liable for the Charges, Guarantor guarantees unconditionally to waive any right to require the Mutual or the Mutual's agents to proceed against the Owner for any default occurring under the Governing Documents before seeking to enforce this Assessment/Charges Guarantor Obligation Form.

D. Broad Interpretation. This Assessment/Charges Guarantor Obligation Form shall be construed as a general, absolute, and unconditional Guaranty of payment and shall continue in perpetuity and said guarantees shall apply to all amounts charged by the Mutual to the Owner's account during the time which the Owner is a title/record owner of the Property. If any of the provisions of this Assessment/Charges Guarantor Obligation Form shall be determined to be invalid or unenforceable under applicable law, such provision shall, insofar as possible, be construed or applied in such manner as will permit enforcement.

E. Enforcement.

- a. The Mutual may enforce this Assessment/Charges Guarantor Obligation Form without being obligated to resort first to any security or any other remedy against the Owner, and Guarantor hereby waives any notice of default and/or any right to cure same and there shall be no presentment or dishonor hereunder.
- b. This Assessment/Charges Guarantor Obligation Form is general and shall inure to, and may be relied upon and enforced by, any successor or assign of the Mutual.

- c. This Assessment/Charges Guarantor Obligation Form shall be governed by the laws of the State of California and the parties specifically agree that any legal action brought under this Assessment/Charges Guarantor Obligation Form or any underlying lease shall be brought only in Orange County, California, which Court is agreed to have jurisdiction over the parties.
- d. The Parties waive the right to a jury trial in any such legal action.
- e. If the Guarantor breaches this Assessment/Charges Guarantor Obligation Form, the Mutual shall be entitled to a full award of attorney fees, costs and expenses relative to any enforcement efforts taken, including any litigation pursued to enforce this Assessment/Charges Guarantor Obligation Form. Guarantor agrees to pay the Mutual's actual attorney fees, costs, and expenses in the enforcement of the Governing Documents and this Assessment/Charges Guarantor Obligation Form, whether before the lawsuit/proceeding is filed, after the lawsuit/proceeding is filed, or in any and all trial and appellate tribunals, whether suit be brought or not, if, after default, counsel shall be employed by the Mutual.
- f. All amounts due to the Mutual hereunder shall bear interest at the highest rate allowed by law from the date of default.

F. Modification. Alteration, Modification or Revocation of this Assessment/Charges Guarantor Obligation Form is not permitted unless otherwise agreed to and signed by the Parties in writing.

G. No Strict Performance Required. Failure of the Mutual to insist upon strict performance or observance of any of the terms of the Governing Documents or to exercise any right held by the Mutual will not diminish the enforceability of this Assessment/Charges Guarantor Obligation Form. Guarantor agrees that the foregoing obligations shall in no way be terminated, affected, or impaired by reason of any action which the Mutual may take, or fail to take against the Owner, or by reason of any waiver of, or failure to enforce, any of the rights or remedies to the Mutual in the Governing Documents and all amendments thereto.

H. Binding on Successors. The obligations of Guarantor shall be binding upon Guarantor and his/her/their successors and assigns.

I. Effective Immediately Upon Signature. Guarantor fully understands this Assessment/Charges Guarantor Obligation Form is neither a reference, credit check, nor application, that the Mutual has relied on Guarantor's representations and warranties contained herein and it is fully effective upon Guarantor's signature.

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RESOLUTION 03-24-XX

Revised Guidelines for Financial Qualifications

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

WHEREAS, Third desires to protect the financial integrity of the Corporation; and

WHEREAS, Third has expressed the need to revise its Guidelines for Financial Qualifications by increasing the minimum net worth and minimum annual income requirements in light of inflationary pressures;

NOW, THEREFORE BE IT RESOLVED, July 16, 2024, the Board of Directors of this Corporation hereby amends its Guidelines for Financial Qualifications by increasing the minimum net worth and minimum annual income requirements, as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that said adjustments shall be effective January 1, 2025; and

RESOLVED FURTHER, that Resolution 03-22-80, adopted July 19, 2022, is hereby superseded and canceled; and

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

JUNE 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.

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STAFF REPORT

DATE: June 18, 2024
FOR: Board of Directors
SUBJECT: Purchasing Policy

RECOMMENDATION

Staff recommends the board table their vote on the proposed changes to the Purchasing Policy drafted by members of the Third Board (Attachment 1) until the changes are reviewed and endorsed by the Purchasing Task Force, made up of members from Third, United and GRF. Upon endorsement from the Purchasing Task Force, a revised joint Purchasing Policy would be considered for adoption by all three corporations.

BACKGROUND

During 2023 the Purchasing Task Force reviewed the then current Purchasing Policy, previously adopted in 2017. The task force, with representation from Third, United and GRF, made numerous changes and later jointly recommended for approval of the updated version. A recommendation from the task force to approve the updated policy was presented to the board of directors of all three corporations at an open session of a special All Boards meeting held on October 23, 2023. The directors of United and GRF approved the adoption of the policy at the scheduled meeting. The board of directors of Third later adopted the policy with minor modifications on December 19, 2023 via Resolution 03-23-147.

On May 14, 2024, President Laws emailed staff a copy of Third's Purchasing Policy inclusive of proposed edits (Attachment 1). Staff discussed the edited policy with the Third Finance Committee on June 3, 2024, and recommended the committee endorse bringing the changes before the Purchasing Task Force for review and endorsement. Staff informed the committee of the benefits of a jointly approved Purchasing Policy (i.e. approved by all three corporations) and the potential for negative outcomes if the Third board were to approve a policy inconsistent with United and GRF. The Third Finance Committee ended the discussion with the commitment to take up the topic at the Third Agenda Prep meeting held on June 7, 2024. At the Agenda Preparation meeting the board decided to add the item to the agenda and bring the proposed edits before the full board for a vote at its meeting on June 18, 2024.

DISCUSSION

The VMS Purchasing Division, reporting to the Financial Services Department, performs the procurement functions for Third, United and GRF. Preferred pricing is often obtained by going to bid with projects and services for all three corporations. Contract pricing along with start and expiration dates are consistent allowing for staff to work efficiently as though bidding for one large corporation.

While staff will follow the direction of the board, it should be noted that causing Third's Purchasing Policy to be inconsistent with the policy of United and GRF will likely result in increased pricing from vendors, impacting all three corporations, and added staff time procuring services and goods for Third.

A summary of the eight (8) proposed changes are documented in Attachment 2 along with responses from Staff.

FINANCIAL ANALYSIS

As noted in the Staff Responses found in Attachment 2, a vote by the board in favor of the proposed Purchasing Policy has the potential to increase staff time procuring services and goods for Third, independent of United and GRF. Furthermore, requiring contracts to be rebid despite a vendor's agreement to not increase pricing may cause Third to pay more for the same service if the lowest qualified bid comes back at a higher rate. Similarly, if contract start and expiration dates are no longer consistent across corporations, due to the changed policy requirements, Third may pay higher rates for the same service as they would not benefit from going to market in coordination with United and GRF. Another likely consequence of the board voting in favor of the proposed edits are increased costs for both United and GRF.

Prepared By: Steve Hormuth, Director of Financial Services

ATTACHMENT(S)

Attachment 1: Purchasing Policy with proposed edits from Third board member(s)
Attachment 2: Proposed Edits to Purchasing Policy & Staff Response

PURCHASING POLICY

1. PURPOSE

To establish guidelines and rules to procure a service, project or product/equipment for capital and operating requirements. The Purchasing Policy will outline the approval process for purchases of certain expenditures that require Corporation approval. The VMS Purchasing Division's goal is to obtain the product or service that best meets the needs of the corporation at the best possible value and interest of Laguna Woods Village.

2. CODE OF CONDUCT

Corporation or VMS shall not participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when Corporation or VMS, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. VMS shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub agreements except for where the financial interest is not substantial or the gift is an unsolicited item of nominal value. VMS shall never intentionally be involved in bid splitting to break down proposals to evade or circumvent the requirements for signature authorization levels. Members of the Corporation shall comply with all relevant fiduciary duties, including those governing conflicts of interest, when they vote upon matters related to procurement contracts in which they have a direct or indirect financial or personal interest. The Corporation shall be subject to disciplinary actions for violations of these standards as identified by the Corporation.

3. FUNDS

Funding for all procurement activities is approved by the Corporation through the capital plan, a supplemental appropriation or the operating budgets of each VMS Division, prior to procurement of goods or services.

4. COMPETITIVE BIDDING PROCESS

The VMS Purchasing Division carries out a bidding process whether the request is for a service, project or product/equipment. The following steps are taken:

- a. A Purchase Requisition (PR) and a detailed Scope of Work (SOW) are submitted by the requesting VMS Division. The VMS Purchasing Division reviews the SOW and if it requires more detail, it is returned to the requesting VMS Division with questions and comments
- b. The VMS Purchasing Division will incorporate the final SOW into a request for quote (RFQ) for a product, professional services or construction services, together with brief information about the Laguna Woods Village, insurance requirements, a pre-bid meeting date and the deadline for submitting proposals/bids. The RFQ is sent to a minimum of three (3) qualified vendors/contractors or may be widely advertised to obtain bids. Vendors shall be qualified by a process which will include researching the company for history, size, licensing, and references.

- c. When the proposal/bids are received, VMS will evaluate them to ensure that each bidder meets the SOW and will recommend to the Corporations Committee the best qualified and competitive proposal/bid. If a proposal is submitted late, the VMS Purchasing & Supply Manager along with the requesting VMS Division will determine if the proposal should be accepted in the best interest of the Corporation, and this shall be put in writing.

Exceptions to carrying out the bidding process are when:

~~• Single Source (Form)~~

~~A Single Source procurement is one in which two or more vendors can supply the commodity, technology or perform the services required, but staff recommends one vendor over the others for reasons such as expertise or previous experience with similar contracts.~~

~~Upon receipt of a justification which includes price justification to use a single source, Purchasing shall confirm, through a review of the material and appropriate market research, if a single source contract is appropriate. This form shall be signed by the VMS Department Director, the CEO, and the VMS Purchasing & Supply Manager.~~

~~[I suggest removing this exception. If more than one vendor can supply the technology, why not get bids versus relying on VMS' "recommendation" to use a specific vendor?]~~

• Sole Source (Form)

A Sole Source procurement is one in which only one vendor can supply the product, commodities, technology or perform the services required by an agency.

Upon receipt of a justification to use a sole source, Purchasing shall confirm, through a review of the material and appropriate market research, if a sole source contract is appropriate. This form shall be signed by the VMS Department Director, the CEO, and the VMS Purchasing & Supply Manager.

~~[I suggest requiring Committee approval where there is an appropriate Committee for the product, commodities, technology, or service being procured, otherwise Board approval (I feel it it should be a simple matter to bring the situation to the Committee or Board and have them confirm after the appropriate discussion.)]~~

- The cost of an item, service or project does not exceed the Minor Project Limit amount listed in the Appendix, unless required by the VMS Purchasing & Supply Manager.
- A current material trade agreement or annual service contract is expiring using a proven vendor/contractor and their pricing will not increase and their products will not substantially change. In this case a new contract shall be drafted that addresses the new effective dates. ~~This exception assumes that this proven vendor/contractors was selected via the competitive bid process within the past two years.~~
- Blanket purchase orders: (PO indicates a not-to-exceed amount that does not specify product, quantity or delivery date. Standard Terms and Conditions apply.) Purchase orders that supply products on an as needed or emergency schedule. Blanket orders

shall be established with vendors that allow a 30-day payment schedule. The approval amounts are per the Appendix. **Exceptions for blanket purchase orders are only applicable if the POs are for supplies only.**

- Emergency repairs: (1) involving manifest danger to life or property, (2) immediately necessary for the preservation and safety of the physical assets of the Village (3) for the safety of the members and residents or (4) as may be required to avoid the suspension of any necessary services to the residents, may be made irrespective of whether included in the Budget. Notwithstanding the foregoing authority, if at all possible, VMS shall confer immediately with the applicable Corporation and attempt to gain prior written approval regarding every such **unbudgeted [this process should be followed regardless of whether or not the expenditure is budgeted]** expenditure and suspension of service and in any event shall provide a written report regarding the same within forty-eight (48) hours of such emergency expenditures. The responsible VMS Division with the input from the VMS Purchasing & Supply Manager shall negotiate a price with vendor and that price shall be agreed to in advance of purchases, in writing signed by both parties, in order to have an order of magnitude understanding of the cost associated with that purchase. After damage control is finalized, and further work needed to address the repair that is beyond damage control shall be worked via a bid process or a Single/Sole source justification with the appropriate approval signatures.
- Change Order to an existing contract, shall be made per the Corporations-adopted Contract Change Order Policy attached hereto and made a part hereof.

5. AWARD PROCESS

- a. After proposal/bids are received for One-Time Large and Annual Program Projects, they shall be opened, and analyzed by VMS, a detailed Contract Award report will be prepared for the appropriate Corporation and Committee as outlined in the Corporations Contracts Responsibility Matrix. The Contract Award report will be prepared by the VMS Division overseeing the services to be contracted for, and shall include a comparison spreadsheet listing all the proposals/bidders; a description of the services to be contracted for; and VMS's recommendations.
- b. After proposal/bids are received for Annual Maintenance and Small Projects, they shall be opened, and analyzed by VMS, a detailed Contract Award report will be prepared for the appropriate VMS Division review and recommendation for award.
- c. Third party agreements for goods and services shall be for a term for three years, unless the contract is terminable by any party at the end of any one year period or unless such a contact has been authorized by the board.

6. CONTRACTS

Following the competitive bidding process, the parties enter into an agreement or Contract. The process and documents differ between product and services:

- a. Trade Agreements

- Supply item:

VMS Purchasing Division uses the Purchase Requisition (PR) to create a Purchase Order (PO) and then forwards it to the vendor. A detailed description, quantity and unit price for each product being ordered is required.

- Stock item:

A Trade Agreement is written and after execution the VMS Warehouse Division creates purchase requisitions when the stock items are required. The requisitions are approved by the VMS Warehouse Supervisor and the items ordered by the VMS Purchasing Division.

- b. Annual service:

An annual contract is written for the service and when executed a Purchase Order from the requisition is generated to enable payment through the accounting system. The Purchase Orders shall not exceed the total amount listed in the approved annual contract. Annual contracts are not-to-exceed contract amounts and do not require a requisition to establish a contract with the vendor.

Annual contracts may be for one or up to three years in duration, and unit prices must be competitively verified at least every three years. A detailed description, quantity and unit price for each product or service being ordered is required with the Annual Terms and Conditions and other applicable exhibits made a part of.

- An **Annual Program Contract** is a contract between the Corporation and a vendor for one or more years to provide services on an on-going basis that is for a program that VMS has received direction to accomplish from the Corporations. Program contracts can exist for Architects, Engineers, Sidewalks, Roofing, Plumbing programs such as waste lines; water lines; water heaters, etc.. This type of contract requires Committee and Board review. The completed contract is sent to the contractor and then to the Corporation for signature by two officers.
- An **Annual Maintenance Contract** is a contract between the Corporation and a vendor for one or more years to provide services on an on-going, on-call, urgent or emergency basis that is for the maintenance of the facilities within Laguna Woods Village. Maintenance contracts can exist for Architects, Engineers, Title Search, Concrete, Asphalt, Locksmith, Towing, Hotels, Catering, Portable Toilets, Trash Bins, Vehicle Repairs, Pest Contractor, Pool Maintenance, Landscaping, Information Technologies and building repairs, etc. This type of contract does not require Committee or Board review. Staff never spends more than budget amounts. The completed contract is sent to the contractor and then to the Corporation for signature by two officers.

Common parts of an annual contract span across all needs. A program or maintenance contract shall show the expectations, requirements and hourly/unit prices for the duration of that contract as defined by the dates shown in the contract. A Purchase Order (Work Order) will be generated by the Work Center that will direct the vendors to proceed with the work under Annual Contracts. The PO/Work Order shall reference the scope of work, the annual contract, the unit prices or the bidding for the intended work. The PO amount shall not exceed the total amount listed in the approved annual contract. If the cumulative amount of the contract is exceeded **within the timeframe of the contract**, a change order is required to be approved by the Corporation.

- c. Equipment: Equipment for new, repair or replacement is processed in the ERP system except when installation is required. Installation by a vendor who performs work on Laguna Woods Village property must meet the Insurance requirement and therefore requires a contract for the work with the Standard Terms and Conditions and other applicable exhibits made a part of.
- d. A One-Time Contract is based on a specific project that is as directed by the responsible Corporation. Processed from the Scope of Work to the Request for Quote, to the award and finally to the contract. The one-time contracts cover all items requiring installation where the vendor is required to come on Village property to perform the work. Standard Terms and Conditions apply and other applicable exhibits made a part thereof. Signature limits are applicable as defined in the Purchasing Policy Appendix.
- e. Projects
 - Minor project:

The VMS Purchasing Division obtains, from the requesting VMS Division, approval of the contractor and its value. The VMS Purchasing & Supply Manager then adds conditions to the purchase requisition, then approves the Purchase Requisition and the VMS Purchasing Division generates a Purchase Order after all requirements are met. The final PO is forwarded to the contractor. Amount is defined in the Purchasing Policy Appendix.
 - Small Project:

The VMS Purchasing Division obtains approval of the contractor and value from the requesting VMS Division in writing and a contract is written for the work. The contract SOW is copied from the RFQ with any changes that occurred during the proposal/bidding process. The completed contract is signed by the contractor then by the VMS CEO, or the designated VMS Department Director, or the VMS Purchasing & Supply Manager. Amount is defined in the Purchasing Policy Appendix.
 - Large Project:

The VMS Purchasing Division obtains approval of the contractor and value from the applicable Corporation Committee and Board via the requesting VMS Division and a contract is written for the work. The contract SOW is copied from the RFQ

with any changes that occurred during the proposal/bidding process. The completed contract is signed by the contractor then by two Officers of the applicable Corporation. Amount is defined in the Purchasing Policy Appendix.

- Very Large and Special Projects

The VMS Purchasing Division obtains approval of the contractor and value from the applicable Corporations via the requesting VMS Division and a contract is written for the work. The contract SOW is copied from the RFQ with any changes that occurred during the proposal/ bidding process. The completed contract is signed by the contractor and then by two Officers of the applicable Corporation. Amount is defined in the Purchasing Policy Appendix.

Any GRF purchases per the Trust Agreement for Very Large Projects require Corporate Member approval. The completed contract is signed by the contractor then by two GRF Officers.

- f. Leasing;

A GRF Leasing Agreement for property is for one year per the Trust Agreement and forwarded to GRF for signature by two officers.

Other Leasing Agreements may be made for more than one year and will be forwarded to the Corporation for signature. Examples are Copier Equipment, Golf Carts and other agreements that the leasing Vendor requires to be executed on their forms. Leases shall be signed by the applicable Corporation President.

- g. The VMS Purchasing Division will assist the requesting VMS Division to cancel a contract or produce written warnings to a contractor.

- h. Legal Review. Non-standard contracts will be forwarded by the VMS Purchasing & Supply Manager to Corporation legal counsel for their legal review and advice. Legal review is required for specialty contracts related to the streaming industry to ensure compliance with industry practices and applicable law. Results to be forwarded by the VMS Purchasing & Supply Manager to the Corporation President for disposition.

Legal Review Checklist: Verify the following as a minimum;

- i. Parties: Legal names and addresses
- ii. Purpose of Scope: Covers all aspects of the work to be performed
- iii. Definitions: Ensure consistency and clarity
- iv. Terms and Conditions: Evaluate the specific terms and conditions of the contract including payment terms, delivery schedules, performance obligations, and any specific provisions related to termination, renewal, or amendment.
- v. Consideration: Confirm each party is providing something of value in exchange for the obligations outlined in the agreement.
- vi. Legal compliance: Complies with all relevant laws
- vii. Representations and Warranties
- viii. Indemnification and Liability
- ix. Confidentiality and Non-disclosure

- x. Intellectual Properties
 - xi. Dispute Resolutions
 - xii. Governing Law and Jurisdiction
 - xiii. Force Majeure
- i. Standard Terms and Conditions included in the contracts have been approved by legal counsel and are identified as follows;
 - i. Standard Terms and Conditions
 - ii. Annual Contract Terms and Conditions
 - iii. Consultant Contract Terms and Conditions
 - j. Industry specific television programming contracts are exceptions to this Purchasing Policy, however, specialty contracts written to facilitate the operations and relationships within the streaming industry are not exempt from this policy.
 - k. Standard or Capital purchases are submitted to the Corporation for approval per the attached Appendix.
7. Certain purchases made by VMS are appropriate for DIRECT PAYMENT and may be excluded from competitive sourcing, requisition and purchase order requirements. Appropriations needed for these services have already been allocated through the annual budgeting process. These include the following:

Casualty and Property Insurance (approved by Corporation)
 Community Sponsored Functions (entertainers, caterers)
 Debt Service Payments
 Employee Benefits/Contracts with Third Parties for Payroll Deductions i.e. Life, Health and Dental Insurance, 401K contributions, Pension payments, EAP
 Investments (approved by Corporation)
 Legal Fees (approved by Corporation)
 Memberships, Dues, Subscriptions, Publications
 Permits
 Postage
 Recording Fees
 Recreation Services (instructors, entertainers, caterers)
 Retirement Plan Contributions
 Section 457 (Deferred Compensation) Contributions
 Services Procured with non-Corporation Funds (Developer Deposits, etc.)
 Staff Support
 Tax Withholding Payments
 Training, Seminars and Travel Expenses
 Unemployment Compensation
 Utilities
 Vehicle Licensing

8. CHANGE ORDERS TO CONTRACTS

Per the Corporations-adopted Change Order Policy. Attached hereto and made a part hereof.

9. VEHICLE PURCHASES

The Mobility & Vehicles Committee will approve the specifications annually for all vehicles intended for purchase throughout the year. Upon approval, the VMS Transportation Division will submit requisitions for the Vehicle purchases in the ERP system. Upon electronic approval, vehicles may be purchased by way of a cooperative purchasing program that manages the specification requirements and offers VMS easy access to an established network which offers competitive rates and faster procurement or other more competitive resources. The VMS Transportation Division Director will keep the Mobility & Vehicles Committee updated on fleet status.

10. GLOSSARY

Definitions of words used in this Policy

Contractor: This references entities with contracts that include labor and materials to be provided to the Corporation

Corporation: Includes one or more of the managing entities for Laguna Woods Village;

- The Golden Rain Foundation of Laguna Woods, Inc. as acting Trustee of the Golden Rain Foundation Trust, established March 2, 1964 as amended
- Third Laguna Hills Mutual
- United Laguna Woods Mutual

ERP: Enterprise Resource Planning

GRF: Golden Rain Foundation

Non-standard Terms and Conditions: Any contract that contains terms and conditions which are not included under the Corporations standard form contracts

PR: Purchasing Request

PO: Purchase Order

RFQ: Request for Quote

SOW: Scope of Work

Vendor: Any entity with a vendor number in the ERP. Includes, but not limited to, material suppliers, contractors, delivery companies, engineers and professional services, service companies.

VMS: Village Management Services, Inc., an Agent of the Corporation

Work Order: Authorization to proceed with work in the Village.

PURCHASING POLICY APPENDIX

Minor Project.....	Under \$10,000
Small Project	\$10,000-\$35,000
Large Project	\$35,000-\$500,000
Very Large and Special Projects.....	Over \$500,000
Standard or Capital Purchases GRF Board	Over \$35,000
Blanket PO Authority.....	Up to \$10,000 annually
Blanket PO Authority VMS Director	Over \$10,000 but not to exceed \$XX annually [I suggest the Finance Committee determine the "not to exceed" amount]

Third Laguna Hills Mutual

Proposed Edits To Purchasing Policy & Staff Response

June 18, 2024

Attachment 2

Third Proposed Edits	Staff Response
<i>Page 2 of 10 – Exemptions to competitive bidding</i>	
1) Eliminate the Single Source exemption for competitive bidding	1) The Single Source exemption is used when a vendor, that has preformed satisfactorily, is capable of performing the service or supplying materials at a rate consistent with market prices as researched / confirmed by the VMS Purchasing Team. While contracts are already reviewed and approved by two board members, an alternative to eliminating the exemption is to bring the Single Source exemption request to the full board. Since 2021, the exemption has been used 24 times community wide, of which 3 of the vendors are used by Third.
2) Change the Sole Source exception by requiring committee or board approval in cases where only one vendor is capable of supplying the product, commodity, technology or service	2) There is no objection from staff to bring the Sole Source exemption request to the committee or board as the exemption is seldom used (three times since 2021).
3) Require competitive bidding on contracts where the vendor of an expiring contract has agreed to not increase pricing if the prior contract was not competitively bid in the last two years	3) Requiring a contract to be competitively bid despite a vendor's agreement to not increase pricing puts the corporation at risk for paying a higher rate for the same service if the lowest qualified vendor's bid comes in higher.
<i>Page 3 of 10 – Exemptions to competitive bidding (continued)</i>	
4) Add clarification that exemptions for blanket purchase orders used for supply purchases are only applicable to purchases of supplies	4) The existing policy states the blanket purchase order exemption is for supplies. Adding a clarification to limit the exemption to supplies adds words unnecessarily.

Third Laguna Hills Mutual

Proposed Edits To Purchasing Policy & Staff Response

June 18, 2024

Attachment 2

Third Proposed Edits	Staff Response
5) Change the requirement from notifying the board of unbudgeted emergency repairs within 48 hours to notifying the board of all emergency repairs within 48 hours whether or not budgeted	5) While written reports are provided to the board for unbudgeted emergency work within 48 hours of occurrence, requiring the same written reports for all emergency work (budgeted and unbudgeted) will cause additional staff time. Currently unbudgeted emergency events occur less than 12 times per year. Budgeted emergency repairs occur 50+ times per day. Communicating these budgeted emergency events and writing reports would require an increase in headcount of 3+ people.
<i>Page 5 of 10 – Annual Maintenance Contracts</i>	
6) In instances where anticipated work will exceed the annual contracted amount and a change order is required, a clarification be added to state the amount will exceed the contract “within the timeframe of the contract”	6) There is no objection from staff to adding a reference to the term of the contract.
<i>Page 10 of 10 – Authority Limits (Purchasing Policy Appendix)</i>	
7) Clarification to be added for Blanket Purchase Orders (supply purchases) up to \$10,000 approved by VMS Supervisors and Managers, limiting the \$10,000 to a 12-month term	7) There is no objection from staff to limiting the purchasing authority for supplies of up to \$10,000 for VMS Supervisors and Managers to a 12-month term.
8) Establishing an authority limit for VMS Department Heads creating purchase orders for supplies with limit to be determined by the Finance Committee	8) The current policy limits VMS Department Heads purchase of supplies to not exceed the amount approved in the annual business plan (budget). Establishing a limit to be set by the Finance Committee or board may result in repeated requests from staff despite not exceeding the budget and would adversely affect operations.

Third Laguna Hills Mutual
Resident Policy and Compliance Committee
May 29, 2024

ENDORSEMENT (to Board)

Entertain a Motion to Consider the Revised Executive Hearings Committee Charter

On October 26, 2023 the Executive Hearings Committee directed staff to use the term Member Requested Hearings for members who request meetings with the board. The Member Requested Hearings would be similar to hearings in which the member would have ten (10) minutes to address the board and a total of thirty (30) minutes to address the reason for the requested meeting. The member is excused and the board/committee deliberates and a determination notice is sent within fifteen (15) days from the meeting.

On May 29, 2024, the Resident Policy and Compliance Committee reviewed the amended Executive Hearings Committee Charter. The charter was amended to include the addition of Member Requested Hearings as an alternative to a Meet and Confer/Internal Dispute Resolution.

Director Yun elected to forward the amended Charter to the Board for consideration. Director Lewis seconded the motion.

By unanimous consent, the motion passed.

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STAFF REPORT

DATE: June 18, 2024
FOR: Board of Directors
SUBJECT: Executive Hearings Committee Charter

RECOMMENDATION

Staff recommends amending the Executive Hearings Committee Charter.

BACKGROUND

The Executive Hearings Committee was established by way of two resolutions and two motions. On December 16, 2008, to the Board establish a Standing Committee for the sole purpose of holding disciplinary hearing matters as the Compliance Division had a backlog of disciplinary cases to bring before the Board (Resolution 03-08-148); the resolution was rescinded by way of a motion on March 17, 2009. However, on January 20, 2015, the same Committee was re-established by way of a motion as cases increased and the need arose.

On February 17, 2015, the Board approved to include Common Area Damage Restoration Hearings at the Executive Hearings Committee (Resolution 03-15-18).

For clarification, the Executive Hearings Committee is an extension of the Board and referred as a “Committee of the Whole”. Committee is Chaired by the President of the Board or 1st Vice President.

On February 23, 2023, the Committee made changes to the charter and tabled the matter until the next meeting.

On March 23, 2023, the Committee reviewed the changes and provided staff further direction.

On May 16, 2023, the Board approved the revised Executive Hearings Committee Charter (Resolution 03-23-50).

DISCUSSION

In October 26, 2023 the Executive Hearings Committee directed staff to use the term Member Requested Hearings for members who request meetings with the board. The Member Requested Hearings would be similar to hearings in which the member would have 10 (ten) minutes to address the board and a total of thirty (30) minutes to address the reason for the requested meeting. The member is excused and the board/committee deliberates and a determination notice is sent within fifteen (15) days from the meeting.

The Executive Hearings Committee Charter includes the addition of Member Requested Hearings as an alternative to a Meet and Confer/Internal Dispute Resolution.

FINANCIAL ANALYSIS

None.

Prepared By: Blessilda Wright, Compliance Supervisor

Reviewed By: Francis Gomez, Operations Manager

ATTACHMENT(S)

Attachment 1: Resolution 03-24-XX Executive Hearings Committee Charter – red-line

Attachment 2: Resolution 03-24-XX Executive Hearings Committee Charter – clean



~~THIRD LAGUNA HILLS MUTUAL~~
EXECUTIVE HEARINGS COMMITTEE CHARTER
RESOLUTION 03-23-5024-XX AMENDED [DATE]

WHEREAS, the Third Laguna Hills Mutual (Third) Board of Directors (Board) recognizes the need to address disciplinary matters with adequate time to review and enforce Third's Governing Documents each month; and

WHEREAS, that pursuant to Bylaws, Article 7, Section 7.1, the Board determined to establish the Executive Hearings Committee (Committee) as a standing committee of this Corporation for the purpose of hearing disciplinary hearing matters, as well as for determining responsibilities for damage reimbursement situations; and

NOW THEREFORE BE IT RESOLVED, *on this date*, that the Board of Directors of this Corporation hereby amends the Members and Responsibilities information for the Committee as follows:

I. Committee Members

1. The Board shall appoint either the Board President or the Board First Vice President as the Committee Chair.
2. The Committee shall consist of 3 Board Directors and 2 alternate Board Directors, all will be voting members appointed by the Board upon recommendation of the Committee Chair.
3. A Committee Member absent from 3 consecutive, regularly scheduled meetings shall no longer qualify for the Committee, unless excused by the Chair.
4. This Committee shall serve at the direction of and at the pleasure of the Board.

II. Responsibilities

The primary responsibility of the Committee is to recommend general and specific actions related to the Governing Documents for the Board's approval and implementation, including but not limited to:

1. The Committee shall, pursuant to Bylaws Article 4, Section 4.5, hold disciplinary hearings on matters submitted to the Committee by the Compliance ~~Department~~Division.
2. The Committee may, pursuant to Bylaws Article 4, Section 4.5.2, take disciplinary action against any Member, Qualifying Resident, Co-occupant, Tenant, and their Guests for breach of the Bylaws, CC&Rs, and other Governing Documents.

3. The Committee shall have full autonomy for the purpose of hearing and acting on Disciplinary Hearing cases.
4. The Committee shall have full autonomy for the purpose of hearing and acting on Common Area Damage Reimbursement cases.
5. The Committee shall have full autonomy for the purpose of hearing and acting on Member Requested Hearing cases as an alternative to Meet and Confers/Internal Dispute Resolution.
- ~~5.6.~~ Consult, as appropriate and upon Committee approval, with Third Counsel.
- ~~6.7.~~ Function in accordance with the Governing Documents and federal, state, and local laws.
- ~~7.8.~~ Perform such additional functions as may be assigned or referred to the Committee by the Board President as well as those that are necessary and prudent to fulfill the Committee's duties and responsibilities.
- ~~8.9.~~ Function as an advisory and liaison body to the managing agent in matters pertaining to Governing Document changes/implementation and coordinate these matters with other standing committees having related concerns.

RESOLVED FURTHER, Resolution 03-23-50 adopted May 16, 2023 is hereby superseded and cancelled.

RESOLVED FURTHER, that the officers and agenda of this Corporation are hereby authorized, on behalf of the Corporation, to take such action as they deem appropriate to carry out the purposes of this resolution as written.



RESOLUTION 03-24-XX

Executive Hearings Committee Charter

WHEREAS, the Third Laguna Hills Mutual (Third) Board of Directors (Board) recognizes the need to address disciplinary matters with adequate time to review and enforce Third's Governing Documents each month; and

WHEREAS, that pursuant to Bylaws, Article 7, Section 7.1, the Board determined to establish the Executive Hearings Committee (Committee) as a standing committee of this Corporation for the purpose of hearing disciplinary hearing matters, as well as for determining responsibilities for damage reimbursement situations; and

NOW THEREFORE BE IT RESOLVED, June 18, 2024, that the Board of Directors of this Corporation hereby amends the Members and Responsibilities information for the Committee as follows:

I. Committee Members

1. The Board shall appoint either the Board President or the Board First Vice President as the Committee Chair.
2. The Committee shall consist of 3 Board Directors and 2 alternate Board Directors, all will be voting members appointed by the Board upon recommendation of the Committee Chair.
3. A Committee Member absent from 3 consecutive, regularly scheduled meetings shall no longer qualify for the Committee, unless excused by the Chair.
4. This Committee shall serve at the direction of and at the pleasure of the Board.

II. Responsibilities

The primary responsibility of the Committee is to recommend general and specific actions related to the Governing Documents for the Board's approval and implementation, including but not limited to:

1. The Committee shall, pursuant to Bylaws Article 4, Section 4.5, hold disciplinary hearings on matters submitted to the Committee by the Compliance Division.
2. The Committee may, pursuant to Bylaws Article 4, Section 4.5.2, take disciplinary action against any Member, Qualifying Resident, Co-occupant, Tenant, and their Guests for breach of the Bylaws, CC&Rs, and other Governing Documents.
3. The Committee shall have full autonomy for the purpose of hearing and acting on Disciplinary Hearing cases.

4. The Committee shall have full autonomy for the purpose of hearing and acting on Common Area Damage Reimbursement cases.
5. The Committee shall have full autonomy for the purpose of hearing and acting on Member Requested Hearing cases an alternative to Meet and Confers/Internal Dispute Resolution.
6. Consult, as appropriate and upon Committee approval, with Third Counsel.
7. Function in accordance with the Governing Documents and federal, state, and local laws.
8. Perform such additional functions as may be assigned or referred to the Committee by the Board President as well as those that are necessary and prudent to fulfill the Committee's duties and responsibilities.
9. Function as an advisory and liaison body to the managing agent in matters pertaining to Governing Document changes/implementation and coordinate these matters with other standing committees having related concerns.

RESOLVED FURTHER, Resolution 03-23-50 adopted May 16, 2023 is hereby superseded and cancelled.

RESOLVED FURTHER, that the officers and agenda of this Corporation are hereby authorized, on behalf of the Corporation, to take such action as they deem appropriate to carry out the purposes of this resolution as written.



RESOLUTION 03-24-XX

Appointment of Officers

RESOLVED, on June 18, 2024, pursuant to Third Laguna Hills Mutual Bylaws Article 9 which sets guidelines, terms and responsibilities for the election of Officers to this Corporation the following persons are hereby elected to the office indicated next to their names to serve:

Mark Laws	President
Jim Cook	1 st Vice President
S.K. Park	2 nd Vice President
N. Cris Prince	Secretary
XXX	Treasurer

RESOLVED FURTHER, that the following Staff person is hereby appointed as ex Officio officer of this Corporation:

Siobhan Foster	Vice President ex Officio
Carlos Rojas	Assistant Secretary ex Officio
Steve Hormuth	Assistant Treasurer ex Officio

RESOLVED FURTHER, that Resolution 03-22-117, adopted October 5, 2023, is hereby superseded and cancelled; and

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

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RESOLUTION 03-24-XX

Third Mutual Committee Appointments

RESOLVED, June 18, 2024, that the following persons are hereby appointed to serve on the committees and services of this Corporation;

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

Finance Committee (meets every other month)

~~Andy Ginocchio, Chair~~

David Veeneman, Chair

Moon Yun

Brad Rinehart

SK Park

Nathaniel Ira Lewis

Reza Karimi, Alternate

Architectural Control and Standards Committee (meets monthly)

Jim Cook, Chair

Brad Rinehart

Nathaniel Ira Lewis

Reza Karimi

David Veeneman

~~Andy Ginocchio, Alternate~~

Non-Voting Advisors: Mike Butler, Mike Plean, Lisa Mills

Landscape Committee (meets monthly)

Mark Laws, Chair

SK Park

Brad Rinehart

Reza Karimi

David Veeneman

Moon Yun, Alternate

~~Non-Voting Advisors: Patricia Bailey, Diane Bonar, Mark Brenner, PhD,
Krystal Meier~~

Maintenance and Construction Committee (meets every other month)

Brad Rinehart, Chair

Jim Cook

Moon Yun

SK Park

Reza Karimi

~~Andy Ginocchio, Alternate~~

Resident Policy and Compliance Committee (meets monthly)

Mark Laws, Chair

Cris Prince

Nathaniel Ira Lewis

Moon Yun

~~Andy Ginocchio~~

Reza Karimi

SK Park, Alternate

Non-Voting Advisors: Stuart Hack, Theresa Keegan

Executive Hearings Committee (meets monthly)

Mark Laws, Chair

Jim Cook

Cris Prince

~~Andy Ginocchio, Alternate~~

David Veeneman, Alternate

SK Park, Alternate

Water Conservation Committee (meets quarterly)

Jules Zalon, Chair

Reza Karimi

Brad Rinehart

Nathaniel Ira Lewis

David Veeneman

Executive Committee (can attend Closed Meetings / Executive Sessions)

Mark Laws

Jim Cook

Andy Ginocchio

Cris Prince

Reza Karimi

Nathaniel Ira Lewis

Moon Yun

SK Park

Brad Rinehart

David Veeneman

Garden Villa Recreation Room Committee (meets thrice yearly)

SK Park, Chair

Moon Yun

David Veeneman

Voting Advisors: Stuart Hack, Lynn Jarrett

Non-Voting Advisors: Lorna Seung

RESOLVED FURTHER, that Resolution 03-24-55, adopted May 31, 2024, is hereby superseded and canceled; and

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

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RESOLUTION 03-24-XX

GRF Committee Appointments

RESOLVED, June 18, 2024, that in compliance with Article 7, Section 7.3 of the Golden Rain Foundation Bylaws, the following persons are hereby appointed to serve on the committees of the Golden Rain Foundation:

Community Activities Committee (meets monthly)

SK Park (Third)

~~Andy Ginocchio (Third)~~

Reza Karimi, ~~Alternate~~ (Third)

Moon Yun, Alternate (Third)

Finance Committee (meets every other month)

~~Andy Ginocchio (Third)~~

David Veeneman (Third)

Nathaniel Ira Lewis (Third)

Moon Yun, Alternate (Third)

Landscape Committee (meets every three months)

~~Nathaniel Ira Lewis (Third)~~

SK Park (Third)

Reza Karimi, ~~Alternate~~ (Third)

Maintenance & Construction Committee (meets every other month)

SK Park (Third)

Brad Rinehart (Third)

Reza Karimi, Alternate (Third)

Media and Communications (meets every other month)

Jim Cook (Third)

Cris Prince, (Third)

Moon Yun, Alternate (Third)

Broadband Ad Hoc Committee (meets every month)

Cris Prince (Third)

Jim Cook (Third)

Reza Karimi, Alternate (Third)

Mobility & Vehicles Committee (meets as scheduled)

SK Park (Third)
Moon Yun (Third)
Reza Karimi, Alternate (Third)

Security and Community Access Committee (meets every other month)

SK Park (Third)
Reza Karimi (Third)
David Veeneman, Alternate (Third)

Disaster Preparedness Task Force (meets every other month)

SK Park (Third)
Moon Yun (Third)
David Veeneman, Alternate (Third)

Laguna Woods Village Traffic Hearings (meets every month)

SK Park (Third)
David Veeneman, Alternate (Third)

Information Technology Advisory Committee (ITAC) (meets monthly)

Mark Laws (Third)
SK Park (Third)

Space Planning Ad Hoc Committee (meets as scheduled)

Reza Karimi (Third)
~~Andy Ginocchio (Third)~~
SK Park (Third)

Select Audit Committee (meets as scheduled)

David Veeneman (Third)

RESOLVED FURTHER, that Resolution 03-24-56, adopted May 31, 2024, is hereby superseded and canceled; and

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



Treasurer's Report for June 18, 2024 Board Meeting

SLIDE 1 – Through the reporting period of **April 30, 2024**, total revenue for Third was \$15.8M compared to expenses of \$13.3M, resulting in a net revenue of \$2.4M.

SLIDE 2 – In Finance, we keep a close eye on the operating portion of our financial results. The Operating Fund shows a deficit of (\$198K) through the reporting period. This table shows how much of our revenue went into operations, with \$9.2M coming in from assessments and \$765K coming from non-assessment revenue. This is compared to operating expenditures of \$10.2M (without Depreciation).

SLIDE 3 – This next table takes the full income statement and compares those results to budget. We can see that Third ended the period better than budget by \$117K when combining both operating and reserve revenues and expenses.

SLIDE 4 – The most significant variances from budget were attributable to:

- **Employee Compensation and Related \$479K:** Favorable variance resulted primarily in the Landscape and M&C departments due to open positions. Impacted areas include grounds maintenance, irrigation, paint, electrical, and manor alterations. Recruitment is in progress to fill open positions. Grounds maintenance contracted shrub-bed maintenance to outside vendors for the pruning/weeding cycle as they continue to fill open positions.
- **Outside Services \$373K:** Favorable variance primarily due to timing for the following programs: Prior to Paint Landscaping, Waterlines – Copper Pipe Remediation, and Tree Maintenance. Although budgeted evenly throughout the year, Prior to Paint Landscaping began in June, Waterlines Copper began in May, and Tree Maintenance is in progress; staff is awaiting invoices.
- **Investment Income \$274K:** Favorable variance resulted primarily from treasury bills yielding a higher return than anticipated. Investments have averaged a 5% return compared to a budgeted return of 2.5%.
- **Fees and Charges to Resident (\$678K):** Unfavorable variance due to timing of billing requests for backlogged damage restoration cases. Additionally, current year resident maintenance fees relating to damage restoration cases ended the period unfavorable due to less hearings scheduled through April, as the backlog hearings take priority.



Treasurer's Report for June 18, 2024 Board Meeting

- **Income Taxes (\$265K):** Unfavorable variance resulted primarily from a federal income tax liability for the 2023 tax year as a result of better-than-expected investment performance. Furthermore, estimated quarterly tax payments are being made at the beginning of each quarter in anticipation of a 2024 federal income tax liability due to better-than-expected investment performance.

SLIDE 5 – On this slide, we present our non-assessment revenues earned to date by category and compare them to the current year's budget and the prior year's YTD actuals. Our largest revenue generating categories on April 30, 2024 were Investment Income, Resident Maintenance Fee, and Sales and Leasing Fees. Non-assessment revenues totaled \$1.3M through the reporting period.

SLIDE 6 – On this slide, we present our expenses to date by category and compare them to the current year's budget and the prior year's YTD actuals. Our largest expense categories on April 30, 2024 were Employee Compensation & Related, Insurance, and Outside Services. Expenses totaled \$13.3M through the reporting period.

SLIDE 7 – The non-operating fund balance on April 30, 2024 was \$35.6M. YTD contributions and interest were \$5.7M while YTD expenditures were \$3.1M.

SLIDE 8 – We compare the non-operating fund balances to historical fund balances for the past five years on this chart, which has averaged \$31.1M. Third Laguna Hills Mutual has been committed to supporting reserve requirements and having more contingency funds for unexpected events.

SLIDE 9 – We have a slide here to show resale history from 2022 - 2024. Through April 30, 2024, Third resales totaled 105, which is 6 resales higher than the prior year for the same time period. The average YTD resale price for a Third Mutual was \$621K, which is \$91K higher than the prior year for the same time period.

Financial Report

As of April 30, 2024



INCOME STATEMENT (in Thousands)	ACTUAL
Assessment Revenue	\$14,491
Non-assessment Revenue	\$1,259
Total Revenue	\$15,750
Total Expense	\$13,326
Net Revenue/(Expense)	\$2,424

Financial Report

As of April 30, 2024



OPERATING INCOME STATEMENT (in Thousands)	ACTUAL
Assessment Revenue	\$9,249
Non-assessment Revenue	\$765
Total Revenue	\$10,014
Total Expense ¹	\$10,212
Operating Deficit	(\$198)

1) excludes depreciation

Financial Report

As of April 30, 2024



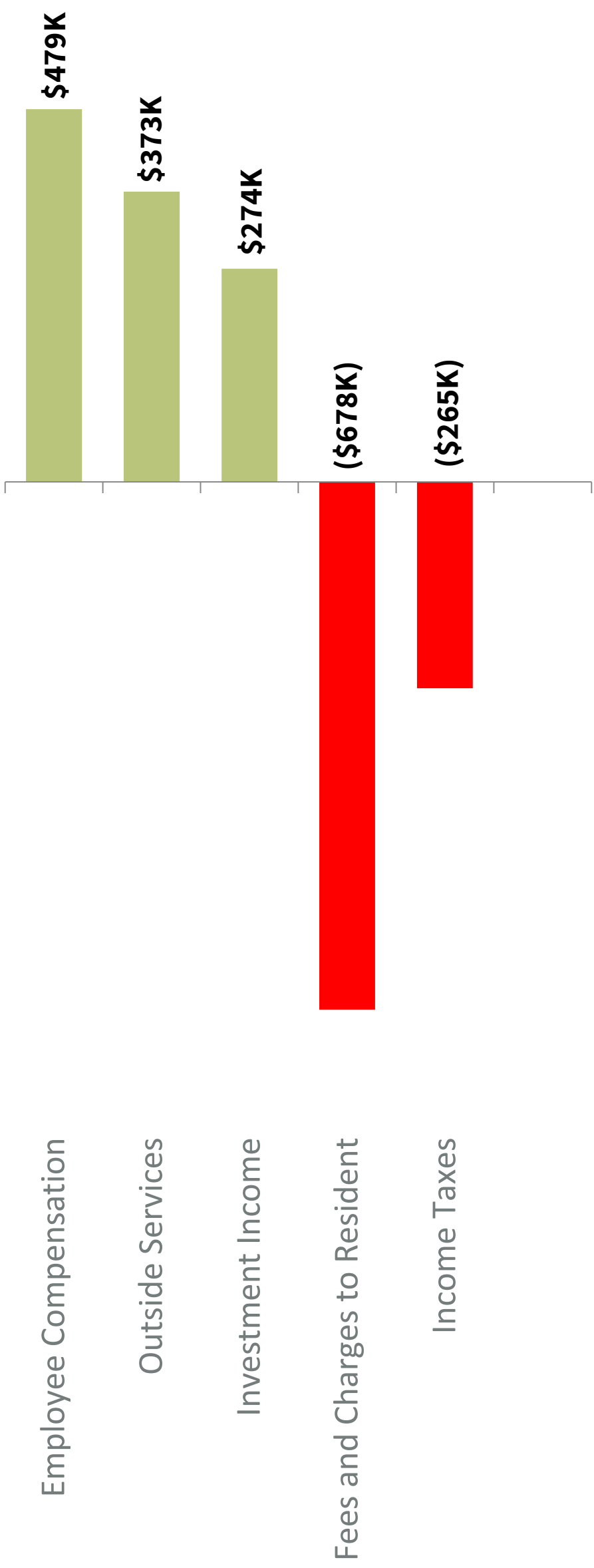
INCOME STATEMENT (in Thousands)	ACTUAL	BUDGET	VARIANCE B/(W)
Assessment Revenue	\$14,491	\$14,491	\$0
Non-assessment Revenue	\$1,259	\$1,708	(\$449)
Total Revenue	\$15,750	\$16,199	(\$449)
Total Expense	\$13,326	\$13,892	\$566
Net Revenue/(Expense)	\$2,424	\$2,307	\$117

Financial Report

As of April 30, 2024



Year to Date Variances



■ Unfavorable ■ Favorable

Financial Report

As of April 30, 2024



Total Non-Assessment Revenues - \$1,258,948 (in Thousands)

Category	2023 YTD Actual	2024 YTD Actual	2024 YTD Budget	2024 YTD Variance	2024 Total Budget
Investment Income	\$282	\$494	\$220	\$274	\$660
Resident Maintenance Fee*	\$322	\$424	\$1,036	(\$612)	\$3,116
Sales and Leasing Fees**	\$137	\$141	\$166	(\$25)	\$498
All Other Revenues	\$242	\$200	\$286	(\$86)	\$856
Total Non-Assessment Revenues	\$983	\$1,259	\$1,708	(\$449)	\$5,130

*Includes damage restoration backlog revenue

**Includes lease processing fee, resale processing fee, inspection fee revenue

Financial Report

As of April 30, 2024



Total Expenses - \$13,326,352
(in Thousands)

Category	2023 YTD Actual	2024 YTD Actual	2024 YTD Budget	2024 YTD Variance	2024 Total Budget
Employee Comp & Related	\$4,156	\$4,432	\$4,912	\$480	\$14,816
Insurance	\$2,963	\$2,795	\$2,809	\$14	\$9,167
Outside Services*	\$2,100	\$2,486	\$2,883	\$397	\$12,999
All Other Expenses	\$2,820	\$3,613	\$3,288	(\$325)	\$10,897
Total Expenses	\$12,039	\$13,326	\$13,892	\$566	\$47,879

*Includes professional fees

Financial Report

As of April 30, 2024



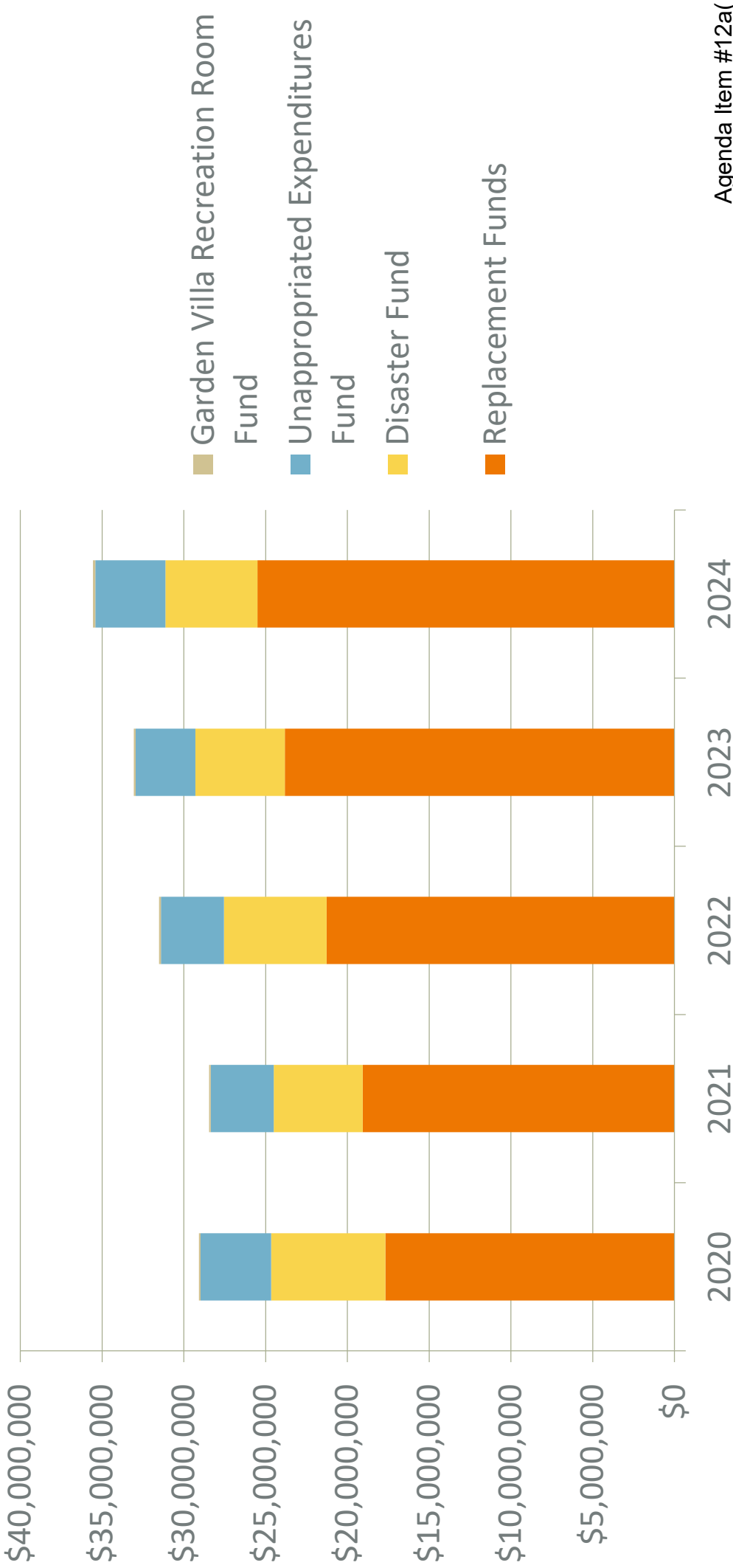
NON OPERATING FUND BALANCES (in Thousands)	Replacement Funds*	Garden Villa Fund	Disaster Fund	Unappropriated Expenditures Fund	TOTAL
Beginning Balances: 1/1/24	\$23,703	\$114	\$5,439	\$3,650	\$32,906
Contributions & Interest	\$4,387	\$33	\$678	\$638	\$5,736
Expenditures	\$2,584	\$8	\$491	\$0	\$3,083
Current Balances: 4/30/24	\$25,506	\$139	\$5,626	\$4,288	\$35,559

*Includes Elevator and Laundry Funds

Financial Report

As of April 30, 2024

FUND BALANCES – Third Mutual



Financial Report

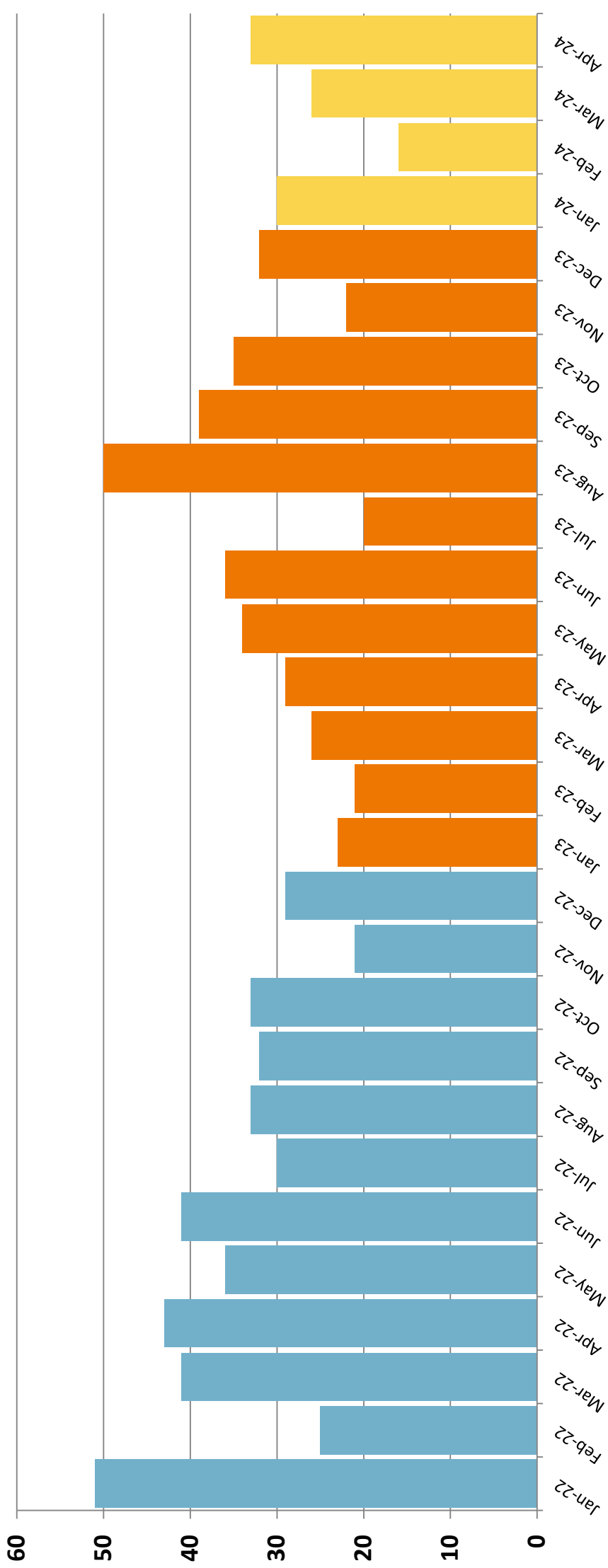
As of April 30, 2024

RESALE HISTORY – Third Mutual



THIRD LAGUNA HILLS
— M U T U A L —

	NO. OF RESALES	AVG. RESALE PRICE
YTD 2022	160	\$516,133
YTD 2023	99	\$529,739
YTD 2024	105	\$620,899



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

Tuesday, June 4, 2024 – 1:30 p.m.
Hybrid Meeting

DIRECTORS PRESENT: Andy Ginocchio- Chair, S. K. Park, Moon Yun, Brad Rinehart, David Veeneman, Reza Karimi (Alternate)
DIRECTORS ABSENT: Jules Zalon
ADVISORS PRESENT: None.
STAFF PRESENT: Steve Hormuth, Jose Campos, Pam Jensen, Ian Barnette, Blake Lefante, Ada Sigler, Karina Vargas

Call Meeting to Order

Director Andy Ginocchio, Treasurer, chaired and called the meeting to order at 1:30 p.m.

Approval of the Agenda

Director Venneman made a motion to approve the Agenda as presented, Director Park seconded, hearing no objections the motion passed.

Approval of Meeting Report for April 2, 2024

Director Park made a motion to approve the meeting report as presented, Director Rinehart seconded, and the report was approved by consent.

Remarks of the Chair

None.

Member Comments (Items Not on the Agenda)

None.

Response to Member Comments

None.

Department Head Update

Steve Hormuth, Director of Financial Services, provided a brief update on the Third Mutual budget meetings for the 2025 Business Plan, informing the completion of version 1 review for Maintenance & Construction budget on May 23 and the Landscape budget

on June 3. Steve Hormuth announced staff continues to work on the recommendations to be provided for the upcoming review of version 2 scheduled for July 15.

Preliminary Financial Statements dated April 30, 2024

Jose Campos, Assistant Director of Financial Services, presented the Preliminary Financial Statements dated April 30, 2024. Questions and comments were noted by staff.

Director Rinehart stepped out at 2:59 pm.

2025 Collection and Lien Enforcement Policy

Staff and confirmed no changes affecting assessment collection policies. Thus, the 2025 Collection and Lien Enforcement remains consistent with the 2024 version, with the exception of a title update from “2024” to “2025”. Director Park made a motion to approve as recommended. Director Veneman seconded, discussion ensued, of the voting Directors present the motion passed 4:1. This policy will be presented at the next board meeting and placed on the Consent Calendar and 28-day notice.

Purchase Task Force (Oral)

Director Ginocchio shared with the committee that they have agenda prep this upcoming week and plan to discuss the board-initiated changes to the Purchasing Policy. Staff strongly urged the committee members to not vote on the proposed changes to the Purchasing Policy at their upcoming board meeting without having first shared their proposal with representatives from GRF and United as members of the Purchasing Task Force. Staff shared potential negative impacts that could be created by no longer having an aligned policy amongst all three corporations. Some of those potential impacts are vendor confusion, delayed work, and increased pricing due to loss of economies of scale (i.e. Third may contract with vendors on its own without the benefit of including United and GRF). Staff recommends Third delay its vote on this matter and instead meet as members of the Purchasing Task Force to discuss their concern(s).

Director Rinehart returned at 3:11pm.

Third Laguna Hills Mutual
Finance Committee
Regular Open Session
September 6, 2022
Page 2 of 2

Future Agenda Items

None.

Committee Member Comments

None.

Date of Next Meeting

Tuesday, August 6, 2024 at 1:30 p.m.

Recess to Closed Session

The meeting recessed at 3:21 p.m.

DRAFT

Andy Ginocchio, Chair

Andy Ginocchio, Chair
Steve Hormuth, Staff Officer
Telephone: 949-597-4201

Agenda Item #12a(2)
Page 3 of 4

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OPEN MEETING

**REPORT OF THE REGULAR MEETING OF THIRD LAGUNA HILLS MUTUAL
ARCHITECTURAL CONTROL AND STANDARDS COMMITTEE**

**Monday, May 13, 2024 – 1:30 p.m.
Laguna Woods Village Board Room/Virtual Meeting
24351 El Toro Road, Laguna Woods, California**

REPORT

COMMITTEE MEMBERS PRESENT: Jim Cook – Chair, Andy Ginocchio (Alternate for Brad Rinehart), Reza Karimi, Nathaniel Ira Lewis, David Veeneman, Advisors: Mike Butler, Lisa Mills

COMMITTEE MEMBERS ABSENT: Brad Rinehart (Excused), Mike Plean (Advisor-Excused)

OTHERS PRESENT: S.K. Park

STAFF PRESENT: Bart Mejia – Maintenance & Construction Assistant Director (In the Audience), Alan Grimshaw – Manor Alterations Manager, Gavin Fogg – Manor Alterations Supervisor, David Rudge – Inspector II, Josh Monroy – Manor Alterations Coordinator

1. Call Meeting to Order

Chair Cook called the meeting to order at 1:30 p.m.

2. Approval of the Agenda

Chair Cook asked for approval of the agenda.

Director Lewis made a motion to approve the agenda. Director Karimi seconded.

Hearing no objection, the agenda was approved by unanimous consent.

3. Approval of the Meeting Report for April 08, 2024

Chair Cook asked for approval of the meeting report.

Director Veeneman made a motion to approve the meeting report. Director Karimi seconded.
Agenda Item #12b

Hearing no objection, the meeting report was approved by unanimous consent as written.

4. Remarks of the Chair

None.

5. Member Comments - (Items Not on the Agenda)

None.

6. Response to Member Comments

None.

7. Department Head Update

None.

8. Consent Calendar: All matters listed under the Consent Calendar are considered routine and will be enacted by the Committee by one motion. In the event that an item is removed from the Consent Calendar by members of the Committee, such item(s) shall be the subject of further discussion and action by the Committee.

a. **Over-The-Counter Variances** – None.

9. Variance Requests

a. 3412-A: Variance to Install a Patio Enclosure on an Existing Patio

One member commented on the variance request and staff responded.

Chair Cook asked for approval of the variance.

Director Karimi made a motion to approve the variance. Director Lewis seconded.

Hearing no objection, the variance to install a patio enclosure on an existing patio was approved by unanimous consent.

10. Items for Discussion and Consideration

a. Revision to Standard 47: Bathroom Splits

Chair Cook asked for approval of the revised standard.

Director Ginocchio made a motion to approve the revised standard. Director Veeneman seconded.

Hearing no objection, the motion to recommend the revised Standard 47: Bathroom Splits was approved by unanimous consent.

b. Discussion Enact Standard 41C: Solar Panels, Carports and Patio Covers

Staff asked for direction from the Architectural Control and Standards Committee on how they want to proceed, Director Rinehart to provide proposal.

11. Items for Future Agendas

- Revision to Standard 11A: Flooring for Second and Third Floor Manors & the Elimination of the Third Laguna Hills Mutual Interior Hard-Surface Flooring Complaint Rules
 - Two members commented on this issue and staff responded.
- Revision to Standard 34: Windows & Window Attachments
- Third Mutual Resale Inspections: Roles & Responsibilities

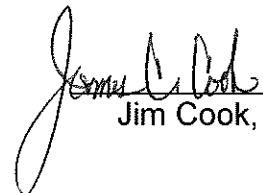
12. Committee Member Comments

- Advisor Mills suggested that the Third Laguna Hills Mutual in order to encourage members to replace their 10 year or older water heaters by offering a monetary incentive to do so. That incentive might decrease the possibility of water intrusion events that cause thousands of dollars of damage. Chair Cook offered to bring the issue to the Third Maintenance and Construction Committee and request a publication on *What's Up in the Village* and *The Village Breeze*. Even without a monetary incentive members should entertain the replacement of older water heaters as the member is ultimately responsible for all damages their water heater may cause.

13. Date of Next Meeting: Monday, June 10, 2024 at 1:30 p.m.

14. Adjournment

The meeting was adjourned at 2:15 p.m.



Jim Cook, Chair

Jim Cook, Chair
Alan Grimshaw, Manor Alterations Manager
Telephone: 949-597-4616

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OPEN MEETING

**REPORT OF THE REGULAR MEETING OF THE
THIRD LAGUNA HILLS MUTUAL
MAINTENANCE AND CONSTRUCTION COMMITTEE**

**Monday, May 6, 2024 at 1:30 p.m.
24351 El Toro Road, Laguna Woods, CA 92637
Board Room and Virtual with Zoom**

REPORT

MEMBERS PRESENT: Brad Rinehart – Chair, Jim Cook, SK Park

MEMBERS ABSENT: Reza Karimi, Moon Yun

STAFF PRESENT: Manuel Gomez – Maintenance & Construction Director, Ian Barnette – Maintenance & Construction Assistant Director, Bart Mejia - Maintenance & Construction Assistant Director, Guy West – Projects Division Manager, Mathew Aldaz – Maintenance Services Manager, Laurie Chavarria – Senior Management Analyst, Sandra Spencer – Administrative Assistant

1. Call Meeting to Order

Chair Rinehart called the meeting to order at 1:30 p.m.

2. Approval of the Agenda

A request was made to move Agenda Item 8.a Project Log to Agenda Item 9. Items for Discussion and Consideration as new Item 9.e. Hearing no objection, the agenda was approved as amended.

3. Approval of the Meeting Report from March 4, 2024

Hearing no objection, the meeting report was unanimously approved.

4. Remarks of the Chair

None.

5. Member Comments – (Items Not on the Agenda)

- A member commented on exterior paint colors to match powder coated rain gutters, positioning of concrete splash pads under downspouts, frequency of the gutter inspection program, and potted plants on balconies.

6. Response to Member Comments

Staff responded to the member's comments and will follow up as appropriate.

7. Department Head Update

- 2025 Budget Issues

Mr. Gomez provided a preview of recommendations from M&C which will be presented at the Third Mutual budget meeting on May 23, 2024. Recommendations include an increase in funding for pest control, gutter screen program, paving, emergency roof repairs and roof replacements, dry rot repairs, washing machine replacements, and elevator refurbishments. Other items that will be presented for board review include funding for a consultant to address renewable energy options and contracting a licensed Quality Control Supervisor to oversee work completed by outside vendors and staff.

- 2131-H Gutter Waiver Refusal

Staff reported on the request of the owner to not have gutters installed on their manor in exchange for signing a waiver accepting responsibility should any damage occur due to lack of gutters. The owner elected not to sign the waiver. Staff will proceed with the gutter installation.

- Street Light and Walkway Light Maintenance Responsibility

Mr. Gomez reported on the responsible parties for various types of exterior lighting within the mutual and estimated response times. Staff is exploring the possible addition of an auto-reply email to provide updates on reported outages. Discussion ensued regarding solar alternatives for walkway lighting and using LED bulbs where possible.

- 8. Consent:** *All matters listed under the Consent Calendar are considered routine and will be enacted by the committee by one motion. In the event that an item is removed from the Consent Calendar by members of the committee, such item(s) shall be the subject of further discussion and action by the committee.*

- a. Project Log
- b. Annual Solar Production Report/Return on Investment (ROI) Update

The project log was moved to Agenda Item 9.e. for discussion.

The remainder of the consent calendar was unanimously approved.

9. Items for Discussion and Consideration

- a. Ramp Request in Front of Building 3500

Mr. Mejia provided an overview of the request for ramps at various locations at Building 3500. Discussion ensued regarding the estimated costs, budget, and existing standard which allows owners to install ramps at owner's expense according to established guidelines.

A motion was made and seconded to recommend the board direct staff to add diagonal pavement striping at the curb cut at the south end of the building to designate a drop-off area. The motion passed unanimously.

Discussion followed regarding curbs at nearby corners on Bahia Blanca West which lack curb cuts. Staff explained that those curbs are the property of GRF and there is no program to add curb cuts. Committee members suggested discussing the item with the GRF Board at the upcoming 2025 budget meetings.

- b. 2024 Asphalt/Seal Coat Program Update

Mr. West provided an overview of the 2024 paving program via PowerPoint Presentation and answered questions from the committee.

- c. Supplemental Budget Appropriation for Emergency Roof Repairs

Mr. West provided an explanation of the request and answered questions from the committee.

Director Park made a motion to recommend the board approve a supplemental appropriation from the reserve fund in the amount of \$300,000 to Letner Roofing for emergency roofing repairs completed and projected for the remainder of 2024. The motion passed unanimously.

d. Reimbursement Request for Annual Golf Cart Charging Fee

The committee discussed the request for a prorated reimbursement of the annual golf cart carport charging fee of \$155 as the owner is no longer charging his golf cart in the carport.

Director Cook made a motion to recommend the board reimburse the member the prorated amount of \$116.25 for the remainder of 2024. The motion passed by a vote of 2/1/0 (Director Park opposed).

e. Project Log

Staff answered questions from the committee.

10. Future Agenda Items: *All matters listed under Future Agenda Items are items for a future committee meeting. No action will be taken by the committee on these agenda items at this meeting.*

a. Incentive to Upgrade Pipes and/or Dedicated Water Shut-Off Valves in Walls During Remodeling

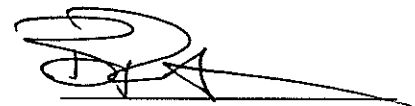
The committee suggested staff prepare a policy offering a reimbursement amount equal to the cost to reline the manor water lines.

11. Committee Member Comments

- Director Park commented on the progress of eliminating ground water seepage within areas of Gate 11.
- Director Cook made suggestions for the RPF for the Quality Control Supervisor.

12. Date of Next Meeting: Monday, July 1, 2024 at 1:30 p.m.

13. Recess: The meeting was recessed at 3:25 p.m.



Brad Rinehart

Brad Rinehart, Chair
Manuel Gomez, Staff Officer
Telephone: 949-268-2380



OPEN MEETING

**REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL
LANDSCAPE COMMITTEE**

**Thursday, June 6, 2024 at 9:30 a.m.
BOARD ROOM/VIRTUAL MEETING
Laguna Woods Village Community Center, 24351 El Toro Road**

REPORT

COMMITTEE MEMBERS PRESENT: Chair- Mark Laws, Reza Karimi, S.K. Park, David Veeneman

COMMITTEE MEMBERS ABSENT: Brad Rinehart

OTHERS PRESENT: None

STAFF PRESENT: Kurt Wiemann, Megan Feliz

1. Call Meeting to Order

Chair Laws called the meeting to order at 9:31 a.m.

2. Approval of Agenda

Director Park moved to approve the agenda, and Director Karimi seconded. Chair Laws requested that item #10j, landscape questions from the committee, be added to the agenda. Hearing no objection, the agenda was unanimously approved.

3. Approval of the May 2, 2024 Report

Director Veeneman moved to approve the meeting report, which Director Park seconded. The committee unanimously supports.

4. Remarks of the Chair

Chair Laws notified the committee that he is the temporary chair, as Director Lewis has stepped away from the landscape committee.

5. Department Head Update

a. Project Log

Mr. Wiemann went over the project log in detail for each line item. The tree maintenance is on schedule. Turf Reduction crews are in United at this time; they will be moving to Third in the summer. The Front Yard Design project is in the process of completing the construction drawings, which staff expects to have shortly. The PPRP schedule is provided, and the pre-construction meeting has been completed. The Fire Risk Reduction project is on schedule and in the grow-and-kill process. The Committee members asked questions and received answers.

b. Slope Schedule

Mr. Wiemann stated that the slope schedule is on track and ahead of schedule. Chair Laws asked for an in-house slope schedule. Mr. Wiemann told the committee that the staff is working on a schedule and waiting on the mapping project to ensure none are missed; the current plan is that this mapping should be done around September 2024.

c. Bahia Blanca Schedule

Mr. Wiemann provided a schedule to the committee. He notified them that this project is going to construction designs and will then be shelved until after AB 1572 efforts have been completed. From this standpoint, stopping the designs does not save enough to stop the process. The design process will be complete by July. Chair Laws asked if this effort should continue and the Committee decided to continue to complete the "construction plans" and then put the results on hold while Landscaping and the Committee address higher-priority activities.

d. Tree Work Status Report

Mr. Wiemann stated the tree work is moving along. The staff has not planted any trees as they are waiting to do so with turf reduction locations for AB1572 rebates.

e. Quarterly KPI's

Mr. Wiemann presented the quarterly KPIs PowerPoint. He went into detail on each slide, with questions being asked and answered per slide. Chair Laws requested the Committee Members identify any KPIs that they think Landscaping should be tracking and reporting; the intent is to review these during the July Committee Meeting.

6. Member Comments

None

7. Response to Member Comments

None

8. Guest Speaker- Matt Davenport, Monarch Environmental, Inc.

Mr. Wiemann introduced Mr. Davenport, explaining he would perform a landscape operations performance review. Mr. Davenport gave an overview of the company and his background. He explained the scope of work he would be completing and said he would set up a time to meet with the landscape committee. Mr. Davenport answered questions from the committee and will get a schedule to staff shortly.

9. Consent

None

10. Items for Discussion and Consideration

a. 2195-C Landscape Alteration Request

The resident spoke about her concerns and the reasoning behind the request. The committee discussed the request. Director Veeneman moved to accept the staff recommendation to deny the request for stepping stones. He made a second motion to refer this item to the manor and alteration committee; Director Karimi seconded the motion. The motion passed unanimously.

b. Gate 11 & 14 Advisors

The advisors present spoke about their interests. The item was discussed amongst the committee and staff. The Committee agreed to consider the four residents living in Gate 11 or 14 as Committee Advisors. The chair will follow up with the candidates.

c. PPRP Schedule/Oversight

Mr. Wiemann explained the scope of work to the committee, along with the plan and schedule. Chair Laws requested for a documented "scope of work" that the Committee can refer to as this project progresses; Mr. Wiemann agreed to provide such a document. He notified them we are hiring a part-time employee to manage this contact. The committee asked questions and discussed. For design plan approval, Mr. Wiemann asked for the committee's direction on how they would like to proceed to make this as efficient as possible. The committee discussed and agreed to have all building designs emailed to them; they will have three business days to respond with any comments or changes. After that, any decision-making is at the staff's discretion.

d. Slope Failure Plant Material

No discussion was had; the request was from the previous chair. Chair Laws directed staff to leave it for the next meeting.

e. Front Yard Design Project

The designs were presented, and discussion ensued. Nothing was required from the committee on the project.

f. AB1572 Strategy

Mr. Wiemann explained the information on the graph. He asked the committee for direction on whether they would like to keep the area of turf or remove all. Mr. Wiemann explained that he suggested sending out an RFP to get the design cost and noted areas where turf could remain. The committee discussed the options. They advised staff to send out an RFP to a designer for gathering areas, stating where to locate and what to design. Due to the time constraints of the attendees, further discussion on this topic was tabled until the next meeting.

g. Service Tickets

Item tabled until next meeting.

h. Staff Efficiency

Item tabled until next meeting.

i. Mulching Status

Item tabled until next meeting.

j. Landscape Committee Questions

Item tabled until next meeting.

11. Items for Future Agendas

- Ficus Tree Removals
- Quality Control Monthly Update
- Training Schedule Chart Monthly
- Suggested KPIs from Committee and Board Members

12. Committee Member Comments

None

13. Next Meeting Date: Thursday, July 11, 2024, at 9:30 a.m.

14. Adjourned at 12:57 p.m.

Mark W. Laws

Mark W. Laws (Jun 10, 2024 16:37 EDT)

Mark W. Laws, Chair
Kurt Wiemann, Staff Officer
Megan Feliz, Landscape Administrative Assistant
949-268-2565



OPEN MEETING

**REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL
WATER CONSERVATION SUB-COMMITTEE**

**Thursday, April 25, 2024 – 2:00 p.m.
BOARD ROOM AND VIRTUAL MEETING
Laguna Woods Village Community Center 24351 El Toro Road**

REPORT

COMMITTEE MEMBERS PRESENT: Chair- Jules Zalon, Ira Lewis, Reza Karimi, David Veeneman

COMMITTEE MEMBERS ABSENT: Brad Rinehart

OTHERS PRESENT: Vu Chu (El Toro Water District), Shirley Lee (System Pavers)

ADVISORS PRESENT: None

STAFF PRESENT: Carlos Rojas, John Cox, Megan Feliz

1. Call Meeting to Order

Chair Zalon called the meeting to order at 2:00 p.m.

2. Approval of the Agenda

The meeting agenda was approved by unanimous consent.

3. Approval of the Meeting Report from January 25, 2024

The meeting report was approved by unanimous consent.

4. Committee Chair Remarks

Chair announced they are lucky to be out of a drought but still need ways to reduce water costs.

5. Member Comments

None

6. Response to Member Comments

None.

7. Guest Speaker- Dennis Cafferty, El Toro Water District General Manager

Ms. Lee gave a presentation in detail on water conservation rebates and opportunities. Directors made comments and asked questions.

8. Items for Discussion and Consideration

8a. Water Consumption Chart

None

9. Items for Future Agendas

Director Lewis suggested looking into sub-metering each manor.

10. Committee Member Comments

Various comments were made.

11. Date of Next Meeting: Thursday, July 25, 2024 at 2:00 p.m.

12. Adjournment at 2:56 p.m.

Jules Zalon

Jules Zalon (Apr 30, 2024 10:33 PDT)

Jules Zalon, Chair



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

Wednesday, May 29, 2024 at 9:30 A.M.
Board Room/Virtual Meeting
Laguna Woods Village Community Center
24351 El Toro Road, Laguna Woods, CA 92637

MEMBERS PRESENT: Mark Laws –Chair, Nathaniel “Ira” Lewis, Andy Ginocchio, Moon Yun (entered the meeting at 9:32 a.m.) and Cris Prince (via Zoom)

MEMBERS ABSENT: None

ADVISORS PRESENT: Stuart Hack

ADVISORS ABSENT: Theresa Keegan (Per prior notification)

STAFF PRESENT: Blessilda Wright, Ruby Rojas, Daniel Lurie, Pamela Bashline and Jeff Spies

OTHERS PRESENT: None.

1. Call to Order

Mark Laws, Chair, called the meeting to order at 9:30 a.m.

2. Approval of Agenda

Director Lewis made a motion to approve the agenda. Director Ginocchio seconded the motion.

By unanimous consent, the motion passed.

3. Approval of Meeting Report

Director Ginocchio made a motion to approve the April 23, 2024 meeting report. Director Lewis seconded the motion.

By unanimous consent, the motion passed.

4. Remarks of the Chair

None.

5. Members Comments (Items Not on Agenda)

A member made a comment thanking the committee for their service on the board and her and neighbors’ concerns regarding a broken streetlight in front of building 3319,

requesting that it be addressed.

6. Response to Members Comments

Chair Laws advised the matter of the broken streetlight would be investigated.

7. Department Head Update

None.

8. Items for Discussion and Consideration

a. Traffic Rules and Regulations

Officer Daniel Lurie, Security Supervisor II/ Administrative Supervisor, along with Chair Laws, presented the proposed updates to the Traffic Rules and Regulations for discussion. The Committee discussed the matter, asked questions, and suggested changes and clarifications.

A member made a comment regarding the jurisdiction of traffic hearings. Chair Laws advised the matter is being investigated.

By consensus the Committee directed Chair Laws to work with staff to incorporate the Committee changes and comments. The matter is tabled for review at the next meeting.

Ms. Pamela Bashline, Community Services Manager and Mr. Jeff Spies, Community Services Supervisor entered the meeting at 10:06 a.m.

Mr. Dan Lurie left the meeting at 10:07 a.m.

b. Financial Qualifications for Purchasing in Third Mutual

Ms. Pamela Bashline, presented the Financial Qualifications for discussion. The Committee discussed the matter and asked questions.

Director Lewis made a motion to approve the Financial Qualification increases effective January 1, 2025 and forward the matter for Board consideration. Director Ginocchio seconded the motion.

By unanimous consent, the motion passed.

c. Impacts of Implementing New Lease Limit in Third Mutual to 25%

Ms. Bashline presented the New Lease Limit for discussion. The Committee discussed the matter and asked questions.

There was also discussion regarding the Waiting List Process.

The committee elected to table the matter for review at the next meeting, and Chair Laws will work with staff regarding the leasing process.

d. Passive Home Business Policy and Application

Ms. Bashline presented the Passive Home Business Policy and Application for discussion. The Committee discussed the matter and asked questions.

Director Lewis elected to submit the administrative changes to the application forward to the Board for their consideration. Director Ginocchio seconded the motion.

By unanimous consent, the motion passed.

Ms. Bashline and Mr. Spies, Community Services Supervisor left the meeting at 11:11 a.m.

e. Executive Hearings Committee Charter

Ms. Blessilda Wright, Compliance Supervisor, presented the Executive Hearings Committee Charter for discussion. The Committee discussed the matter and asked questions.

Director Yun elected to forward the amended Charter to the Board for consideration. Director Lewis seconded the motion.

By unanimous consent, the motion passed.

f. Rules for Board Meetings

Ms. Wright, presented the Rules for Board Meetings for discussion. The Committee discussed the matter and asked questions.

Director Ginocchio elected to forward the amended policy with corrections for Board consideration. Director Yun seconded the motion.

By unanimous consent, the motion passed.

9. Items for Future Agendas

- a. Caregiver Policy
- b. Anti-Racial Discrimination Communication within Third Mutual
- c. Resale Inspection Policies related to Alterations

10. Committee Member Comments

None.

11. Date of Next Meeting

Tuesday, June 25, 2024 at 9:30 a.m.

12. Adjournment

With no further business before the Committee, the meeting was adjourned at 11:58 a.m.

Mark W. Laws

Mark W. Laws (Jun 4, 2024 16:26 PDT)

Mark W. Laws, Chair
Resident Policy and Compliance
Committee of the Third Laguna Hills
Mutual Board of Directors

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OPEN MEETING

REPORT OF THE REGULAR MEETING OF THE GOLDEN RAIN FOUNDATION COMMUNITY ACTIVITIES COMMITTEE

Thursday, April 11, 2024 – 1:30 p.m.
Board Room/Virtual Meeting

MEMBERS PRESENT: Yvonne Horton, Chair, Cush Bhada, Mark Laws, Andy Ginocchio, Ellen Leonard, Sue Quam, Peter Sanborn, Dennis Boudreau, Elsie Addington

MEMBERS ABSENT: Ajit Gidwani

OTHERS PRESENT: Juanita Skillman, Joan Milliman

STAFF PRESENT: Alison Giglio, Jennifer Murphy, Jackie Chioni, Laura Cooley, Tom McCray, Samantha Kurland, Sabine Bayless

Call to Order

Chair Horton called the meeting to order at 1:31 p.m.

Acknowledgement of Media

There was no press present.

Approval of Agenda

Director Bhada made a motion to approve the agenda. Director Laws seconded.

Motion passed unanimously.

Approval of Committee Report for March 14, 2024

Director Ginocchio made a motion to approve the report. No second recorded.

Motion passed unanimously.

Chair's Remarks

Chair Horton stated the Library is one of the busiest amenities and it would be a sad mistake if closed.

Report of the Recreation and Special Events Director

Ms. Giglio reported the following Recreation Department highlights: Pool 2 will reopen on April 17; Pool 6 will close until the regularly schedule summer schedule beginning Memorial Day weekend; the Clubhouse 5 St. Patrick's Day buffet reported the largest attendance for this dinner at 208 attendees; although lower attendance than usual due to rain, the Health and Wellness Expo on March 23 brought in over 500 attendees with 25 different sponsors generating almost \$19k in sponsorship money; the Easter Buffet had 212 attendees; approximately 500 people attended the Village Bazaar on April 6 with 34 resident vendors selling their treasures; significant plumbing repairs to the Clubhouse 6 kitchen and bathrooms were completed; stall painting and safety matting projects have begun at the Equestrian Center; a 17-year-old gelding will be purchased in April for Equestrian lessons which accounts for one of two horses that will be replaced to keep the lesson program operational; Fitness continues to average 400+ users during the week and approximately 250 users on the weekends; badminton and volleyball have been using a tennis court during the closure of Clubhouse 1; Library volunteers worked 854 hours in March supporting 2,314 residents; the honor system paperbacks, puzzles and use of the reading area remain very popular with Library patrons.

Ms. Giglio reported the following regarding the Clubhouse 1 renovation project: the project is going well with users and clubs still settling into their new locations; please note the area is closed to residents and security will be called if a resident is found within the gates; the water is off at the facility while they do demolition in the restrooms which has impacted the bocce court sink; a one guest only policy, at all times, for pickleball and the fitness center has been initiated to accommodate additional users; staff is working to find options for volleyball play;

Ms. Giglio reported the following GRF Board update: an appeal was made to consider the exception to continue offering the Champagne Pops series at the Performing Arts Center for one more year in 2025 and after review, the GRF Board approved the exception to policy for 2025 only; the Fitness television schedule changes were approved and is now on 28-day notification.

Ms. Murphy stated the following upcoming events: a Huey Lewis and the News tribute band, the Heart of Rock N Roll, will be at the Performing Arts Center on April 20 at 7:30 p.m.; an AARP course refresher will be hosted at Clubhouse 2 on April 20, 8:30 a.m. to 1 p.m.; the Club Expo will be hosted at Clubhouse 5 on April 30, 10 a.m. to 1 p.m.; Clubhouse 2 will host the Kentucky Derby on May 4 at 2 p.m.; tickets for the Mother's Day buffet are on sale today which will be hosted on May 12 at Clubhouse 5 at 1 p.m.; the free Monday movie at the Performing Arts Center on May 20 will be *Flags of our Fathers* with showtimes at 2 and 7 p.m.; the Performing Arts Center will host Yachty by Nature on June 6 at 6:30 p.m.

Mr. McCray reported the following: the golf course in great shape as the first week of aerification has begun with course 2 undergoing this process next week; the driving range project is growing grass after the dormant months; a green expansion on course 1 will be completed by in-house staff; the Garden Center staff change will allow for reassessment of outsourced maintenance management.

Discussion ensued.

Member Comments (Items Not on the Agenda)

Members were called to speak on the following: replacement of archery range flooring; music club offerings and request for a dedicated space; importance of the Laguna Woods Village Library; please attend the Club Expo on April 30; formal invitation for committee members to participate in the Men's Golf Club tournament and/or dinner on May 18 and ways to be involved through donations.

CONSENT

Director Bhada made a motion to approve the consent calendar. Director Laws seconded.

Motion passed unanimously.

REPORTS

None.

ITEMS FOR DISCUSSION AND CONSIDERATION

Review of Community Activities Committee Charter –Director Laws made a motion to recommend the revised Community Activities Committee Charter. No second recorded.

Motion passed unanimously.

Billiards Relocation to Clubhouse 1 Art Room - Director Ginocchio made a motion to recommend the proposed relocation of billiards to the Clubhouse 1 Art Room and recommend the unbudgeted operating expenses associated with relocating the activity. Director Bhada seconded.

Ms. Giglio stated the staff report.

Discussion ensued.

Members were called to speak regarding in favor of the proposal.

Motion passed unanimously.

Dog Licensing and Vaccination Day – Director Laws made a motion to update policy and procedures to allow for this event to occur without being an exception. Director Leonard seconded.

Ms. Murphy stated the staff report.

Discussion ensued.

Members were called to speak regarding in favor of this program.

Motion was withdrawn.

Director Laws made a motion to grant this event exception for 2025. Seconder stands.

Motion passed unanimously.

Donation of \$1,000 for Installation of a New 30 Amp 2 pole breaker at Clubhouse 4 Woodshop – Director Laws made a motion to deny the donation of \$1,000 for installation of a new 30 Amp 2 pole breaker at Clubhouse 4 Woodshop. Director Sanborn seconded.

Ms. Giglio stated the staff report.

Discussion ensued.

Director Quam amended the motion to accept the donation of \$1,000 for installation of a new 30 Amp 2 pole breaker at Clubhouse 4 Woodshop. Director Leonard seconded.

Discussion ensued.

Motion passed 6-1. Director Laws opposed.

ITEMS FOR FUTURE AGENDAS

Reservation System Review – Staff was directed to keep this item under Items for Future Agendas.

Recreation Policy Review – Staff was directed to keep this item under Items for Future Agendas.

Aquadettes Show – Staff was directed to keep this item under Items for Future Agendas.

Review of Tennis Center Operating Rules - Staff was directed to keep this item under Items for Future Agendas.

CONCLUDING BUSINESS

Committee Member Comments

Director Ginocchio stated a spirit of cooperation was witnessed today as change is evitable. He applauds the billiards group and over time adjustments to balance offerings will require more cooperation and representation to include musicians, theatrical groups and all clubs. Advisor Boudreau stated a review of all annual exceptions is necessary to be done at one time instead of individually and could be included in one list.

Advisor Addington stated annual exception review process is a good idea, but each year should be reviewed carefully as renewals are not guaranteed.

Date of Next Meeting

The next regular meeting of the GRF Community Activities Committee will be held both in the board room and virtually via the Zoom platform at 1:30 p.m. on Thursday, May 9, 2024.

Adjournment

There being no further business, the Chair adjourned the meeting at 3:17 p.m.

Yvonne Horton

Yvonne Horton, Chair

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OPEN MEETING

**REPORT OF THE REGULAR MEETING OF THE
GOLDEN RAIN FOUNDATION
DISASTER PREPAREDNESS TASK FORCE**

**Tuesday, May 28, 2024 - 9:30 A.M.
24351 El Toro Road, Laguna Woods, CA 92637
Board Room/Virtual Meeting**

Directors Present: Tom Siviglia-Chair, Juanita Skillman- Rick Kopps, Anthony Liberatore, Gan Mukhopadhyay, S.K. Park, Sue Stephens
Directors Absent: Eric Nuñez
Staff Present: Carmen Aguilar, Daniel Lurie, Alycia Magnuson, Tom Siviglia
Others Present: City Councilmember Annie McCary

1. Call to Order

Chair Siviglia called the meeting to order at 9:30 a.m.

2. Acknowledgment of Press

There was no media present.

3. Approval of the Agenda

Chair Siviglia requested an approval of the agenda.

Hearing no changes or objections, the agenda was approved by unanimous consent.

4. Approval of the Meeting Report

There being no objections, the meeting minutes of March 26, 2024, were approved by unanimous consent.

5. Co-Chair's Remarks

Co-Chair Skillman spoke on the following items:

- She welcomed director Donna Rane- Szostak
- She would like to see a radio list to confirm who is assigned to the radios

6. Members' Comments

- A member commented on procedures on reserving a room for Clubhouse 3 to be used as DPTF training.

- Chair Siviglia responded by thanking Grace Stencil for her efforts in continuing DPTF training. Security Staff will coordinate with Recreation department to obtain applicable documents for reserving a room for training purposes at no cost to the member.
- A member commented on when DPTF drills involve board members.
 - Chair Siviglia responded by thanking Edwin Marcus for his comment on board members involvement in the DPTF drills. Management and volunteers to work together to build successful training to shelter in place.
- A member commented on the functionality of the antenna equipment not working properly if a disaster would strike today. The Good Neighbor program not being fulfilled. Tabletop exercise are crucial,
 - Chair Siviglia responded by thanking Bob Mantonti for his comments.
 - The antenna Security Department has longer than expected due to the meeting schedule dates. On June 4, 2024 it will be going to the GRF board meeting. Laguna Woods Village has established an 18-month relationship with Jacob Green and Associates to develop a GAP analysis for training, tabletop exercises and drills. A meeting has been scheduled on May 30, 2024 to establish and discuss the goals and responsibilities.

Reports

- 7. GRF Board- Nothing to Report-** None.
- 8. United Board- Nothing to Report-** None.
- 9. Third Board-** Director Park thanked Grace Stencil for her volunteerism and the antenna project needs to be completed with no excuses. He supported the idea of increasing volunteers.
- 10. Towers Board- Nothing to Report-** None.
- 11. Pet Evacuation Sub Committee-** Sandy Benson will be taking a FEMA course on shelter in place on June 12, 2024. She stated she brought enough File of Life cards for Mutual No. Fifty.
- 12. Antenna Project-** Dan Lurie Supervisor II / Administrative Supervisor communicated the project will be presented at the GRF board meeting on June 4, 2024.
- 13. September Event-** Chair Siviglia mentioned Director Nuñez will be confirming the venue and planning with vendors for availability.
- 14. Report on Fire Prevention Equipment-** Chair Siviglia looks forward to incorporating the new vendor SafetyNet into DPTF trainings.
- 15. Update on Emergency Disaster Planning-** a meeting has been scheduled on May

30, 2024 with Jacob Green and Associates to review Emergency Disaster Planning.

ITEMS FOR FUTURE AGENDAS:

16. Director Park requested an update on the antenna Installation and room reservation procedures.

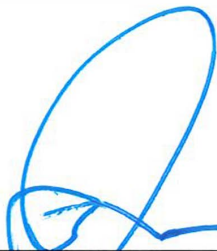
CONCLUDING BUSINESS:

17. Committee Member Comments

- a. Director Liberatore suggested a syllabus for DPTF volunteers and staff.
- b. Director Rane-Szostak appreciates the members keeping staff accountable while reassuring projects are not being neglected.
- c. Director Skillman reminded the committee the budget season is upon us and DPTF needs to be prioritized financially.

18. **Date of Next Meeting – Tuesday, July 30, 2024 at 9:30 a.m.**

19. **Adjournment 10:16 a.m.**



6-10-2024

Tom Siviglia
GRF Committee of the Laguna
Woods Village Disaster
Preparedness Task Force

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**REPORT OF THE REGULAR MEETING OF THE
GOLDEN RAIN FOUNDATION
MAINTENANCE AND CONSTRUCTION COMMITTEE**

Wednesday, April 10, 2024 – 9:30 a.m.
24351 El Toro Road, Laguna Woods, CA 92637
Board Room and Virtual with Zoom

REPORT

MEMBERS PRESENT: Yvonne Horton – Chair, Gan Mukhopadhyay, Brad Rinehart, SK Park, Alison Bok, Pearl Lee, Sue Stephens

OTHERS PRESENT: **GRF:** Egon Garthoffner
Advisor: Bill Walsh

STAFF PRESENT: Guy West – Staff Officer & Projects Division Manager, Bart Mejia – Maintenance & Construction Assistant Director, Heather Ziemba – Projects Administrative Coordinator

1. Call to Order

Chair Horton called the meeting to order at 9:31 a.m.

2. Acknowledgement of Media

Chair Horton noted that no media was present.

3. Approval of the Agenda

The agenda was approved as written.

4. Approval of Meeting Report from February 14, 2024

Hearing no objection, the meeting minutes were approved by unanimous consent.

5. Chair's Remarks

None.

6. Department Head Update

None

7. Member Comments

A member commented on the shades and beams in the shuffleboard room at Clubhouse 1.

Consent:

All matters listed under the Consent Calendar are considered routine and will be enacted by the committee by one motion. In the event that an item is removed from the Consent Calendar by members of the committee, such item(s) shall be the subject of further discussion and action by the committee.

The consent calendar was approved unanimously.

8. Project Log

9. ChargePoint Summary

Items for Discussion and Consideration:

10. PAC Restrooms Interior Design Presentation

Mr. West introduced a representative from 27 Diamonds who presented the interior design draft for the PAC restrooms. The committee agreed to recess before the end of the meeting to evaluate the samples of selected materials from the design.

11. Clubhouse 1 Update

Mr. West provided an update of the Clubhouse 1 project with photos and answered questions from the committee.

12. Welding Shop Update

Mr. West provided an update of the Welding Shop project with photos and answered questions from the committee.

13. Energy Audit Update

Mr. Mejia gave an overview of the ongoing energy survey project. A formal presentation will be made at a future meeting once the final report is received.

Future Agenda Items: *All matters listed under Future Agenda Items are items for a future committee meeting. No action will be taken by the committee on these agenda items at this meeting.*

- EMS Status Update
- MelRok Energy Management System

Concluding Business:

14. Committee Member Comments

- Chair Horton commented on the Clubhouse 7 sound system project.
- Director Garthoffner commented on electric vehicle charging usage at the Community Center.
- Director Mukhopadhyay commented on the progress of the Clubhouse 1 progress.
- Advisor Walsh advised the committee of the Earth Day event in the Village.

At this time, the committee recessed to review design samples. Staff was directed to proceed with the design with the change that the men's and women's restrooms are to both incorporate the beige palette.

15. Date of Next Meeting: Wednesday, June 12, 2024 at 9:30 a.m.

16. Recess

The meeting was recessed to closed session at 10:30 a.m.


Yvonne Horton, Chair

Yvonne Horton, Chair
Guy West, Staff Officer
Telephone: 949-597-4625

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