



Smoke-Free Building Designation Policy and Procedure
Resolution 03-20-66; Adopted August 18, 2020

I. Purpose

Third Laguna Hills Mutual (“Third”) is the corporation formed to administer, manage and operate the business and affairs of the common interest development commonly known as Third Laguna Hills Mutual located at Laguna Woods Village in Laguna Woods, California (the “Development”). The Development is comprised of 6,102 separate dwelling units (collectively, the “Units”). Each occupant of a Unit is either a “Member”, “Qualifying Resident”, “Co-occupant” or “Lessee”, as such terms are defined in Third’s Bylaws (as may be amended from time to time, the “Bylaws”).

While many of the Units in Third are standalone residences, a significant portion of the Units are located within multi-dwelling Unit buildings (each, a “Building”) at the Development. Effective as of August 18, 2020, pursuant to Resolution 03-20-66 of Third’s Board of Directors (the “Board”), individual multi-dwelling Unit Buildings can be designated as non-smoking in perpetuity (the “Designation”) by the Members who are owners of the individual Units within a Building, except as may otherwise be required by law. Designation of a Building may occur upon the collective and unanimous written consent of all of the then current Members who own the Units in a Building in accordance with the procedures described below.

The purpose of this Smoke-Free Building Designation Policy and Procedure (“Policy”) is to establish and identify those specific procedures that must be followed in order to designate a Building as smoke-free.

II. Smoke-Free Definition

For the purposes of this Policy and for the Designation of any Building as smoke-free, “smoking” shall mean inhaling, exhaling, burning, holding or carrying any lighted cigarette, cigar, cigarillo, pipe or other lighted smoking device for burning tobacco or any other plant product (including but not limited to marijuana) in any manner or in any form, known as of the date of this Resolution or created and/or becomes known at a date after the effective date of this Designation. Smoking also includes the inhaling, exhaling, burning, carrying, or use of electronic cigarettes and/or vaping devices (electronic tobacco delivery systems), hookahs, any other tobacco or nicotine product, marijuana (including medical marijuana), and/or legal or illegal substance(s).

If a Building is designated as smoke-free, no smoking shall be permitted in any area of the Building, including any Common Area portion of the Building (including any exclusive use Common Area) and any individually owned unit, including Owner's Unit. Any violation of the Designation may subject a Member to disciplinary action in accordance with this Policy, as further described below.

III. Process for Smoke-Free Designation

Any Member may petition Third for a Designation for the Building in which his/her Unit is located (the "Petitioner"), by completing and submitting to Third the form titled "Petition for Designation as a Smoke-Free Building" (as may be amended from time to time, the "Petition"). Attached to the Petition is a "Petition Agreement Form" (the "Agreement Form") that must be signed by all of the Members who own the Units in the Building proposed for Designation at the time the completed Petition is submitted to Third (the "Applicable Members"). If the Agreement Form is not signed by all Applicable Members in front of a notary public, then the Petition will be deemed incomplete and returned to the Petitioner. By signing the Agreement Form, the Applicable Members agree to be bound by the terms of the Agreement Form.

Within thirty (30) days of receipt of the complete Petition and Agreement Forms, as described above, Third will prepare for each of the Applicable Members to sign an "Agreement and Covenant to Run with Land (Non-Smoking Building Designation)" (as may be amended from time to time, the "Covenant"), which will, when completed and executed before a Notary, be recorded against each Applicable Member's Unit in the Building. The Covenant will be sent by Third to the Applicable Members' mailing address(es) on record with Third via first class mail. All of the Applicable Members will be required to return signed and notarized original copies of the Covenant to Third. Each Applicable Member shall be responsible for the costs incurred by Third for the preparation and recordation of the Covenant for their Unit, which costs are estimated at \$225.00.*

When the complete and original executed Covenants signed by all Applicable Members are submitted to and verified as complete by Third, the Board will schedule a hearing with the Applicable Members to confirm that none of them oppose the Designation of their Building. The hearing will be held in an open session meeting of the Board within sixty (60) days of the verification. At the hearing, the Applicable Members will have an opportunity to be heard before the Board regarding the Petition and their opposition to same, if any. Notice of the hearing will be sent by Third to the Applicable Members' mailing address(es) on record with Third, via first class mail at least fifteen (15) days prior to the hearing.

* This fee may be changed at any time by Third and such change shall not constitute a rule change to this Smoke-Free Building Designation Policy and Procedure which requires notice to the Members of Third.

If any Applicable Member opposes the Petition at the Hearing, then the Board will deny the Petition. The Applicable Members will be advised of the smoke-free Designation denial via first class mail within fifteen (15) days after the Hearing. The Petitioner or any other Applicable Member can resubmit a Petition for the Building to Third if a Petition is denied by the Board, provided, however, that a Petition for a specific Building may be submitted to Third only once during any six (6) month period.

If no Applicable Member opposes the Petition at the hearing, then the Board will approve the Petition. The Applicable Members will be advised of the smoke-free Designation approval via first class mail within fifteen (15) days after the hearing. The Designation will be effective forty-five (45) days after the hearing (the "Conversion Date")

IV. Conversion to a Smoke-Free Building

In the event the Petition is approved, after the notice of approval and before the Conversion Date:

1. The Board will execute all of the Covenants for the Manors in the Building receiving the Designation, and will arrange for the recording of the Covenants with the County Recorder's Office. Once Third receives back the fully recorded Covenants, a copy shall be mailed to each Applicable member via first class mail.
2. Copies of the fully executed Covenants will be placed in Third's corporate records for each of the Units in the Building, and provided to the employees and/or contractors of Third and/or Third's managing agent who are responsible for providing information regarding the Units to Members, prospective Members (through the current Member, and/or through the current Member's real estate broker or agent, as applicable) and lenders of either.
3. A "Smoke-Free Building" list compiled and maintained by Third will be updated to reflect that the Building is subject to Designation and the effective date of the Designation.
4. The "Smoke Free Building" webpage on Third's website will be updated to reflect that the Building is subject to Designation and the effective date of the Designation.
5. Third will post signs containing the language "No Smoking Anywhere in Building" at the main/common entrances to each Building designated as smoke-free (both at the exterior and interior entrances), if any, as well as in at least two (2) prominent places within common hallways/walkways on the floor of each Building, as may be applicable. The signs shall be of a design, material and size to be determined by

the Board. As may be practical, Third will try to use the same or similar Signs for different Buildings subject to the Designation.

6. All Applicable Members will be required to remove all tobacco products, medical marijuana and other substances that generate smoke from their Units and the Building, as may be applicable. Notwithstanding the foregoing, Third shall have no duty to inspect the Units to confirm that this removal has occurred.

At the end of the conversion period, the Building will be deemed to have received a permanent Designation as a non-smoking Building. All Applicable Members and all current and future Qualifying Residents, Co-occupants and Lessees residing in a Unit in the Building, and the family members, guests and invitees of each of them, shall be prohibited from smoking anywhere in the Building as of the Conversion Date. Further, all new lease agreement and renewals of existing lease agreements for Units at the Building must include language prohibiting smoking of any substances anywhere within the applicable Unit and the other portions of the Building.

V. Violations of the Smoke-Free Designation

Once a Designation is effective for a Building, no smoking or vaping of any products or items of any kind shall be allowed within the Building. Smoking within a Unit of a Building receiving a Designation shall be a violation of the Covenant applicable to the Manor associated with such person. If an alleged violation is reported to Third, Third will investigate the alleged violation, and, as appropriate, call an offending Member to a hearing before the Board regarding the violation, in accordance with the disciplinary proceeding requirements pursuant to applicable law and Third's governing documents, including without limitation the Bylaws, Rules and Regulations, and the Schedule of Monetary Penalties.

In the event of a verified violation, the offending Member shall be subject to the rights and remedies of Third with respect to such violation as shall be permitted pursuant to the recorded Covenant (in the same manner as any other violation of Third's governing documents), as described in any CC&Rs, the Bylaws, the other governing documents of Thirds and at law, including, without limitation, the imposition of monetary penalties and/or the suspension of membership privileges.

All Applicable Members are also able to enforce compliance of the Designation against any other Applicable Member, at their own cost and expense, and in accordance with the provisions of the Third's governing documents and applicable law.

Notwithstanding the foregoing, in no event shall Third be liable for any injury to any person or damage to any property of any kind resulting from an alleged or actual violation of the Designation.



RESOLUTION 03-20-66

Smoke-Free Building Designation Policy and Procedure

WHEREAS, the Board of Directors (the “Board”) of Third Laguna Hills Mutual (“Third”) held a meeting on August 18, 2020, at which a quorum of the Board was present;

WHEREAS, the members (each, a “Member”) of Third Laguna Hills Mutual (“Third”) have an interest in their health, safety and welfare while within Third’s common interest development (the “Development”), including when in the separate interest dwelling units located within the Development (each, a “Unit”) in which the Members, their co-occupants and tenants, as applicable, reside; and

WHEREAS, certain Members have requested that Third’s Board designate the buildings in which their Units are located as “smoke-free”, to reduce those Members’, their co-occupants’ and tenants’, as applicable, exposure to second hand smoke; and

WHEREAS, the Board has determined that in addition to addressing health concerns related to second-hand smoke raised by Members as referenced above, prohibiting smoking in buildings at the Development will reduce the risk of fires related to accidents stemming from the use of smoking tobacco, marijuana and other substances, and reduce maintenance and repair costs for building components needed due to wear and tear to those components caused by smoke; and

WHEREAS, the Board has consulted with Third’s legal counsel on the legality of prohibiting smoking at the Development and the Board has determined that upon certain conditions and requirements being met, that multi-dwelling unit buildings at the Development can be permanently designated as “smoke-free” going forward so long as specific terms and conditions are met; and

WHEREAS, the Board recognizes that Members, their co-occupants and tenants, if applicable, have a right to privacy within their respective Units and a right to freely use and occupy the Units (in accordance with Third’s governing documents), that Members purchased their Units with the understanding that smoking was not expressly prohibited in their Unit, and that legal precedent does not exist as to whether the Board can unilaterally prohibit smoking in Units; and

WHEREAS, the Board has determined that it will designate a building containing Units as non-smoking if all of the then Members who are record owners of the Units in that

building agree in writing before a notary public, that the building should be non-smoking and if certain other requirements are met; and

WHEREAS, the Board has tasked Third's legal counsel with drafting documents related to implementing and managing the designation of buildings at the Development as non-smoking that provide for such designation in a systematic, fair and reasonable manner; and

WHEREAS, Third's legal counsel has drafted those documents, the Board has reviewed those documents, and the Board believes those documents and the procedures and requirements described in those documents meet the Member needs and business requirements of Third; and

WHEREAS, those documents consist of (i) the "Smoke-Free Building Designation Policy and Procedure", (ii) the "Petition for Designating a Building as Smoke-Free", (iii) the "Petition Agreement Form" and (iv) the "Agreement And Covenant to Run with Land (Non-Smoking Building Designation)" (collectively, the "Designation Documents"), all of which are attached to this Resolution and incorporated in their entirety herein by this reference.

NOW, THEREFORE, BE IT RESOLVED, on August 18, 2020, that the Board has determined that the Designation Documents, and the procedures and requirements described thereunder, shall be immediately effective upon adoption by the Board, to provide for a systematic, fair and reasonable manner to designate buildings at the Development as non-smoking.

RESOLVED FURTHER, that the directors, officers and agents of Third are hereby authorized on behalf of Third to carry out the purposes of this Resolution.

THIRD LAGUNA HILLS MUTUAL

Petition for Designating a Building as Smoke-Free

(to be completed by Petitioning Member only)

I am a Member of Third Laguna Hills Mutual ("Third"). I am completing this Petition for Designating a Building as Smoke-Free (this "Petition") to request that the Building in which my Unit is located, including all Units and Common Areas comprising the Building, be designated as non-smoking, as defined in the Smoke-Free Building Designation Policy and Procedure (the "Procedure").

Prior to completing this form, I acknowledge and agree that I have read and understand the Procedure regarding the requirements for approval of this Petition and designation of my Building as non-smoking, and that I will be considered the Petitioner under the Procedure. The capitalized terms used in this Petition shall have the same meaning given to them in the Procedure, unless otherwise defined herein.

My information:

Name: _____

Unit Address: _____

Mailing Address: _____

I understand that this Petition must be signed by all of the Applicable Members in my Building, on the form attached hereto and identified as the Petition Agreement Form (the "Agreement") before this Petition will be considered by the Board, and that an executed Covenant to Run With the Land Regarding Designation of a Building as Smoke-Free ("Covenant") for each Unit in my Building must also be submitted with this Petition. If an Agreement and Covenant are not completed and signed by all such Members and submitted with this Petition, then this Petition will be deemed incomplete and returned to me. By signing this Petition, I agree to be bound by the terms of this Petition and the Procedure, and to execute and submit a Covenant with this Petition.

By: _____

Date: _____

THIRD LAGUNA HILLS MUTUAL

Petition Agreement Form

I/We am/are a Member(s) of Third Laguna Hills Mutual, and I/We acknowledge and agree that I/We have read the Petition to which this Agreement is attached and the Procedure governing the Petition. I/We understand that by executing this Agreement and the attached Covenant, I/We am/are requesting that the Building in which my/our Unit is located be designated permanently and forever as a non-smoking Building. I/We further understand that upon such designation, should it occur, that neither I/We nor any current or future residents of, or visitors to, my/our Unit may smoke or vape any substance (tobacco, marijuana or otherwise) in my/our Unit or any portion of the Building in which my/our Unit is located, that I/we are, as a Member(s) responsible for the violation of the Designation by me/we, my/our guests and/or invitees actions, and that a non-smoking designation may negatively impact the market value of my/our Unit.

Upon such non-smoking designation, any smoking in my/our Unit will be deemed a violation of the Covenant and Third's governing documents, and could result in, enforcement action by Third, including, without limitation, the imposition of monetary penalties and/or the suspension of membership privileges, or be the subject of litigation, if determined by the Third Board to be in the best interests of the Designation. My/Our signature(s) below, which must be executed in front of a notary public who completes the following notary page, and my/our execution of the Covenant to Run With the Land Regarding Designation of a Building as Smoke-Free shall be deemed agreement with and acknowledgement of these potential enforcement actions by Third in the event of a smoking violation with respect to my/our Unit.

I/We understand that an original notarized copy of this Agreement signed by each of the Members who are owners of record for a Unit in my Building, and an original copy of the Covenant noted above, executed by all such Members for their respective Units, must be submitted to Third before the Petition to which this Agreement is attached will be considered by the Board. If the Agreement and Covenant are not completed and executed by all such Members, then the Petition will be deemed incomplete and my/our Building will not be designated as smoke-free.

Unit Address: _____

Mailing Address: _____

By: _____

By: _____

Name: _____

Name: _____

Date: _____

Date: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____,
Notary Public, personally appeared _____, who proved
to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on
the instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

STATE OF CALIFORNIA)
)
COUNTY OF _____)

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Notary Public

Recording requested by and
when recorded mail to:

**Third Laguna Hills Mutual
c/o VMS, Inc.
24351 El Toro Road
Laguna Woods, CA 92637**

Attn: _____

Space above for Recorder's use_

**AGREEMENT AND COVENANT TO RUN WITH LAND
(NON-SMOKING BUILDING DESIGNATION)**

**AGREEMENT AND COVENANT TO RUN WITH LAND
(NON-SMOKING BUILDING DESIGNATION)**

This AGREEMENT AND COVENANT TO RUN WITH LAND (NON-SMOKING BUILDING DESIGNATION) (this "Covenant"), effective as of the date of execution hereof, is entered into by _____ and _____ (collectively, the "Owner") in favor of Third Laguna Hills Mutual ("Third"). Owner and Third shall sometimes be referred to herein individually as a "Party" and collectively as the "Parties" in this Covenant.

RECITALS

A. Third is the governing body responsible for the management, operation and administration of the common interest development commonly known as Third Laguna Hills Mutual located in Laguna Woods, California (the "Development").

B. Owner is the owner of the condominium unit located at _____, Laguna Woods, California 92637 (the "Unit"), which is a part of the Development and is more particularly described in **Exhibit "A"** attached hereto and incorporated herein by reference.

C. The Development is subject to those certain Declarations of Covenants, Conditions and Restrictions for the various mutuals comprising Third (collectively, and as may be amended from time to time, the "Declaration"), including that *Amended and Restated Declaration of Covenants, Conditions and Restrictions* applicable to the Unit recorded in the official records of Orange County, California on _____, 19____ as Document No. _____, as may be amended from time to time.

D. Notwithstanding the fact that Third's governing documents, including, without limitation, the Declaration do not prohibit smoking within any of the individually owned units in the Development, including Owner's Unit, Owner, along with all of the owners of units within the same building as the Unit within the Development (the "Building"), has petitioned Third to designate the Building as a non-smoking building in accordance with the procedures of Third's Smoke-Free Building Designation Policy and Procedure (the "Policy").

E. Owner's request to designate the Building as non-smoking, and Owner's agreements and obligations related to same, are also described in (i) the completed "Petition for Designating a Building as Smoke-Free" applicable to the Building (the "Petition"), attached hereto as **Exhibit "B"** and incorporated herein by reference, and (ii) the "Petition Agreement Form" executed by Owner applicable to the Petition (the "Form"), attached hereto as **Exhibit "C"** and incorporated herein by reference.

F. Third's Board of Directors (the "Board") held a hearing in accordance with the Policy regarding the petition, subsequently determined that the requirements of the Policy to designate the Building as non-smoking had been met, and granted the petitioners' request to so designate the Building.

G. In accordance with the Policy, Owner, along with all of the owners of units within the Building, has agreed to and executed this Covenant regarding the non-smoking designation of the Building and agrees on behalf of Owner's self and Owner's successors-in-interest that the Building shall be henceforth be non-smoking, and that Owner and the Unit shall be bound to the terms of this Covenant.

H. Third and Owner intend that this Covenant be made and entered into pursuant to the provisions of California Civil Code Section 1468, in effect as of the effective date of this Covenant, and that this Covenant shall run with the real property encompassing the Building and the real property of Owner, and that it shall benefit and be binding upon Third, Third's members, and Owner during their ownership of any portion of the real property affected hereby, and upon each party having an interest in the real property derived through any owner thereof.

I. Any capitalized terms not defined herein shall have the meanings given to them in the Declaration, as may be applicable.

NOW, THEREFORE, Owner does hereby covenant and agree as follows:

TERMS AND CONDITIONS

1. Incorporation of Recitals. The Recitals of this Covenant are hereby incorporated herein by this reference in their entirety as if fully set forth in this Covenant.

2. Building Non-Smoking Designation. Owner acknowledges and agrees that the Building in which Owner's Unit is located will be permanently and forever designated as a non-smoking building. No smoking shall be permitted in any area of the Building, including any Common Area portion of the Building (including any exclusive use Common Area) and any individually owned unit, including Owner's Unit. For the purposes of this Covenant, smoking shall mean inhaling, exhaling, burning, holding or carrying any lighted cigarette, cigar, cigarillo, pipe or other lighted smoking device for burning tobacco or any other plant product (including but not limited to marijuana) in any manner or in any form known as of the date of execution of this Covenant or which is created and/or becomes known at a date after the effective date of the non-smoking designation of the Building. Smoking also includes the inhaling, exhaling, burning, carrying, or use of electronic cigarettes and/or vaping devices (electronic tobacco delivery systems), hookahs, any other tobacco or nicotine product, marijuana (including medical marijuana), and/or legal or illegal substance known as of the date of execution

of this Covenant or which is created and/or becomes known at a date after the effective date of the non-smoking designation of the Building.

3. Violation of the Designation. Failure to adhere to the smoking restriction by Owner, any occupant of the Unit, or any guest or invitee of Owner or such occupant of the Unit, shall be a breach of this Covenant and shall constitute a nuisance pursuant to the governing documents of Third, and will subject Owner to the rights and remedies of Third under this Covenant; Third's governing documents, including without limitations the Declaration, the Bylaws, and any duly adopted Rules and Regulations; and at law.

4. Recordation of Covenant. Owner consents to and acknowledges that this Covenant will be recorded in the Official Records of the County Recorder of Orange County, State of California, and may, therefore, affect title to or the value of Owner's interest in the Property.

5. Attorney's Fees. If any legal action or proceeding is instituted by either Party to enforce or interpret any of the terms of this Covenant, the prevailing Party shall be entitled to recover from the other Party attorneys' fees, costs and expenses incurred in the prosecution or defense of such action, including, without limitation, fees and costs of retaining expert witnesses, incurred in good faith.

6. Effect of Waiver. The waiver by either Party of a breach of any term, promise or condition of this Covenant shall not constitute a waiver of any subsequent breach of the same or any other term, promise or condition. The failure by either Party to enforce any right for a period of time shall not constitute a waiver of such right or any term, promise or condition of this Covenant.

7. Covenant Running With the Land. Owner and Third further agree and covenant that the covenants provided herein shall run with both the land owned by Owner (the Unit) and the land controlled by Third (the Common Area) and shall benefit or be binding upon each successive owner, during such successor's ownership and/or control of any portion of the land affected by this Covenant (the Unit and the Common Area), and upon each party having any interest in such land and derived through any owner thereof; further, that the successive owner of the Unit and controller of the Common Area are to be bound by the covenants provided herein. The covenants running with the land described herein shall run with the land regardless of whether the Unit is sold or transferred through a bona fide sale to a third party or through an interfamilial or trust transfer of any type. Specifically, all future owners of the Unit agree that by way of their assumption of title to the Unit they shall be bound by, without limitation, the specific obligations and limitations described in this Covenant.

8. Disclosure of Covenant. Owner agrees and represents that Owner will not look to Third or hold Third responsible to disclose to potential buyers of the Unit any information concerning this Covenant, and the Association shall have no obligation to

disclose such information inasmuch as Owner and successive owners, as applicable, bear the sole responsibility to make such disclosure known.

9. Indemnity. Owner agrees to indemnify, defend and hold harmless Third and its past, present and future directors, officers, committee members, managing agents and attorneys (collectively, the “Released Parties”) from and against any and all claims, actions, lawsuits, liabilities, costs and expenses of any kind or nature whatsoever, including but not limited to attorney's fees and costs, (collectively, the “Claims”) involving, pertaining to or in connection with (i) the designation of the Building and/or the Unit as non-smoking and Third’s power to so designate the Building and enforce such restriction; and (ii) this Covenant, and to pay all attorneys’ fees and costs incurred by any of the Released Parties arising out of any litigation with respect to any Claims.

10. Relationship to Declaration. Nothing contained herein shall in any way constitute a release from or waiver of any of the conditions, covenants and restrictions contained in the Declaration or Third’s other governing documents; this Covenant only concerns the non-smoking designation of the Building, and shall not be interpreted or construed to affect any other rights, powers, duties, burdens or obligations of Owner or Third, or any other parties.

11. Severability. The provisions of this Covenant are severable, and if any provision contained herein is determined by a court of competent jurisdiction to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions of this Covenant, and any partially unenforceable provisions to the extent enforceable, shall nevertheless be binding and enforceable.

12. Representation. Neither Third nor its legal counsel has rendered advice to Owner of any nature whatsoever with respect to execution of this Covenant, and Owner acknowledges that Owner has been advised by independent legal counsel, or has had the reasonable opportunity to be advised by independent legal counsel, with regard to this Covenant prior to executing it.

13. Amendment and Modification. This Covenant may only be modified or amended by a written instrument executed by Owner and acknowledged by Third and recorded in the official records of the County of Orange, California. This Covenant shall be construed according to its fair meaning and as though no single party drafted this Covenant. This Covenant shall also be construed in accordance with, and governed by, the laws of the State of California. The failure by Third to enforce any provision of this Covenant shall not be deemed to be a waiver of Third to enforce the applicable provision, or any other provision of this Covenant, in the future.

14. Reimbursement of Costs. Owner agrees to reimburse Third its attorneys' fees and costs incurred in the preparation and recordation of this Covenant. Such payment shall be made by Owner to Third within five (5) business days after demand by Third.

IN WITNESS WHEREOF, Owner has executed this Covenant on the date written below.

“Owner”

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ACKNOWLEDGEMENT

Third has acknowledged this Covenant as of the date written below.

“Third”

Third Laguna Hills Mutual

By: _____

Name: _____

Title: _____

Date: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____,
Notary Public, personally appeared _____, who
proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf
of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California
that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____,
Notary Public, personally appeared _____, who
proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf
of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California
that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

EXHIBIT "A"

UNIT LEGAL DESCRIPTION

EXHIBIT “B”

PETITION FOR DESIGNATING A BUILDING AS SMOKE-FREE

EXHIBIT “C”

OWNER’S PETITION AGREEMENT FORM



Checklist for Designation of a Building as Smoke-Free

This checklist is designed for use in keeping track of the steps required to designate a building in Third's development as smoke-free (the "Designation") and documenting the completion/satisfaction of such steps, consistent with Third's procedure for Designation.

Building Address: _____

(the "Building") _____

Petitioner: _____

Completed (check)	Step	Date of Submittal/ Action	Task (as more fully described in the Smoke-Free Building Designation Policy and Procedure)
	1		Receipt of a completed "Petition for Designating a Building as Smoke-Free" (the "Petition") signed by a Third member(s) who is a record owner(s) of a unit in the Building (the "Petitioner").
	2		Receipt of a completed and notarized "Petition Agreement Form" (an "Agreement Form"), which is an attachment to the Petition, signed separately by each of the Third members who are owners of a unit in the Building (collectively, the "Applicable Members").
	3		Upon Receipt of the completed Petition and Agreement Forms, coordinate with Third's legal counsel for the preparation of the "Covenant to Run With the Land Regarding Designation of a Building as Smoke-Free" (the "Covenant") for the Building to be signed by each of the Applicable Members and Third. <i>*The Amendments and Covenant must be prepared and mailed to the Applicable Members within thirty (30) days of</i>

Completed (check)	Step	Date of Submittal/ Action	Task (as more fully described in the Smoke-Free Building Designation Policy and Procedure)
			<i>Third's receipt of a complete Petition and complete Agreement Forms, to the Applicable Members' mailing addresses on record with Third.</i>
	4		<p>Mailing of the applicable Amendments and the Covenant to the Applicable Members.</p> <p><i>*The Amendments and Covenant must be prepared and mailed to the Applicable Members within thirty (30) days of Third's receipt of a complete Petition and complete Agreement Forms, to the Applicable Members' mailing addresses on record with Third.</i></p>
	5		Receipt of notarized signatures by each of the Applicable Members for the Covenant.
	6		<p>Verification that the executed Covenant copies received are signed by all Applicable Members, original and notarized, as applicable (the "Verification").</p> <p><i>*If the forms are not complete, the Petitioner should be advised in writing of same, why the forms are incomplete and what is required for the forms to be complete and the Designation process to move forward.</i></p>
	7		<p>Schedule a hearing before the Board to determine if any of the Applicable Members oppose the designation of the Building as smoke-free (the "Hearing").</p> <p><i>*The Hearing must occur within sixty (60) days of the Verification.</i></p>
	8		<p>Mailing of the notice of the Hearing to all of the Applicable Members.</p> <p><i>*The notice must be sent by first class mail at least fifteen (15) days prior to the Hearing, to the Applicable Members' mailing addresses on record with Third</i></p>
	9		The Hearing is held.
	10		Petition and Designation approved by Board

Completed (check)	Step	Date of Submittal/ Action	Task (as more fully described in the Smoke-Free Building Designation Policy and Procedure)
			<p><i>* If any Applicable Member opposes the Petition at the Hearing, then the Board will deny the Petition. If no Applicable Member opposes the Petition at the Hearing, then the Board will approve the Petition.</i></p> <p><u>IF PETITION DENIED, STOP HERE</u></p>
	11		<p>If the Petition and Designation were approved by the Board, the effective date of the Designation for the Building (the "Conversion Date") must be set.</p> <p><i>*The Conversion Date will be the date that is forty-five (45) days after the Hearing.</i></p>
	12		<p>Mailing of the Hearing results.</p> <p><i>*The Applicable Members must be advised of the Hearing results via first class mail within fifteen (15) days after the Hearing, to the Applicable Members' mailing addresses on record with Third. If the Petition and Designation are approved, the Applicable Members should be advised of the Designation approval and the Conversion Date. If the Petition and Designation are not approved, the Applicable Members should be advised of the Designation denial and that the Petitioner or any other Applicable Member can resubmit a Petition for Designation of the Building, provided that a Petition may be submitted to Third for the Building only once during any six (6) month period.</i></p>
	13		Third executes the Covenants, and the executed Covenants are submitted to the Orange County Registrar-Recorder for recordation.
	14		Upon receipt of the recorded Covenants from the County Recorder, a copy of each of the Covenants is mailed to the respective Applicable Members.
	15		A copy of the recorded Covenant is placed in Third's corporate records for each of the Units in the Building.
	16		A copy of the recorded Covenant is distributed to the employees and/or contractors of Third and/or Third's managing agent (e.g. persons or parties

Completed (check)	Step	Date of Submittal/ Action	Task (as more fully described in the Smoke-Free Building Designation Policy and Procedure)
			managing membership, real estate, Unit maintenance and escrow matters for Third) who are responsible for providing information regarding the Units to Members, prospective Members (through the current Member, and/or through the current Member's real estate broker or agent, as applicable) and lenders of either.
	17		The "Smoke-Free Building" list compiled and maintained by Third will be updated to reflect that the Building is subject to the Designation as of the Conversion Date.
	18		The "Smoke-Free Building" webpage on Third's website will be updated to reflect that the Building is subject to the Designation as of the Conversion Date.
	19		Third will post Board-approved signs containing the language " <u>No Smoking Anywhere in Building</u> " at the main/common entrances to the Building (both at the exterior and interior entrances), if any, as well as in at least two (2) prominent places within common hallways/walkways on the floor of the Building, as may be applicable.
	20		All Applicable Members will be sent a notice reminding them to either remove all tobacco products, medical marijuana and other substances that generate smoke from their Units and the Building or to place on notice persons who enter their Unit of the Designation of the Building as smoke-free and the prohibition of smoking in the Unit.



Notice of Hearing Regarding Designation of a Building as Smoke-Free

Pursuant to Third's "Smoke-Free Building Designation Policy and Procedure" (the "Procedure"), Third's Board of Directors has received completed forms petitioning for the designation of the building located at _____, Laguna Woods, California 92637 (the "Building") as smoke-free.

The Board has scheduled a hearing, in accordance with the Procedure, to determine if any of the members of Third who are record owners of units in the Building (the "Applicable Members") oppose the designation of the Building as smoke-free. The forms received by Third regarding designation of the Building as smoke-free indicate that all of the Applicable Members approve such designation.

The hearing will be held as follows:

Date: _____

Time: _____

Location: _____

Please be advised that if any Applicable Member opposes the designation of the Building as smoke-free at the hearing, then the Board will deny the petition for such designation. If no Applicable Member opposes the petition at the hearing, then the Board will approve the petition and the Building will become smoke free on a permanent and irrevocable basis forty-five (45) days from the date of the above noticed hearing.

This hearing will be held at an open session meeting of Third's Board, and this notice has been prepared and distributed/posted in accordance with the requirements of the Procedure, Third's other governing documents and applicable state statute.



**Results of Hearing Regarding Designation of a Building as Smoke-Free
(Approval of Designation of Building as Smoke-Free)**

On _____, a hearing was held before/with Third's Board of Directors to determine whether the building located at _____, Laguna Woods, California 92637 (the "Building") would be designated as smoke-free, in accordance with Third's Smoke-Free Building Designation Policy and Procedure (the "Procedure"). All members of Third who are record owners of a Unit in the Building (the "Applicable Members") were sent notice of that hearing in accordance with the requirements of the Procedure, Third's other governing documents and applicable state statute. Prior to the hearing, all Applicable Members had submitted forms in accordance with the Procedure evidencing unanimous Applicable Member support for the designation of the Building as smoke-free.

At the hearing, none of the Applicable Members opposed the designation of the Building as smoke-free. Accordingly, in accordance with the Procedure, the Building will be designated as smoke-free on a permanent and irrevocable basis as of _____ (the "Conversion Date"), forty-five (45) days after the above noted hearing date. All Applicable Members will be required to remove all tobacco products, medical marijuana and other substances that generate smoke from their Units and the Building on or before the Conversion Date or, in the alternative, place on notice persons who enter their Unit of the designation of the Building as smoke-free and the prohibition of smoking in the Unit. All current and future persons residing in, occupying, leasing or visiting a Unit in the Building, and the family members, guests and invitees of each, shall be prohibited from smoking anywhere in the Unit and Building as of the Conversion Date on a permanent and irrevocable basis.

In the near future, a fully executed recorded copy of the Agreement and Covenant to Run with Land (Non-Smoking Building Designation), signed by each of the Applicable Members, will be forwarded to each such Applicable Member. Further communication with regard to this matter is forthcoming to you from Third, and this notice of hearing results is being sent in compliance with the Procedure, Third's other governing documents and applicable state statute.

Should you have any questions, please contact _____ via telephone at _____ or via email at _____.



**Results of Hearing Regarding Designation of a Building as Smoke-Free
(Denial of Designation of a Building as Smoke-Free)**

On _____, a hearing was held before/with Third's Board of Directors to determine whether the building located at _____, Laguna Woods, California 92637 (the "Building") would be designated as "smoke-free", in accordance with Third's Smoke-Free Building Designation Policy and Procedure (the "Procedure"). All members of Third who are record Owners of a Unit in the Building (the "Applicable Members") were sent notice of that hearing in accordance with the requirements of the Procedure, Third's other governing documents and applicable state statute. Prior to the hearing, all Applicable Members had submitted forms in accordance with the Procedure evidencing unanimous Applicable Member support for the designation of the Building as smoke-free.

At the hearing, one or more of the Applicable Members opposed the designation of the Building as smoke-free. Accordingly, in accordance with the Procedure, the Building will not be designated as smoke-free. As described in the Procedure, in six (6) months the Applicable Members may re-petition and re-submit documentation to seek designation of the Building as smoke free; such action may only be taken once in any six (6) month period.

Should you have any questions, please contact _____ via telephone at _____ or via email at _____.