



**MINUTES OF THE OPEN MEETING OF THE  
BOARD OF DIRECTORS OF UNITED LAGUNA WOODS MUTUAL  
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

**Tuesday, September 8, 2020, 9:30 a.m.  
Open Session, Virtual Meeting  
24351 El Toro Road, Laguna Woods, California**

Directors Present: Sue Margolis, Carl Randazzo, Juanita Skillman, Brian Gilmore, Anthony Liberatore, Cash Achrekar, Andre Torng, Elsie Addington, Manuel Armendariz, Neda Ardani, Reza Bastani (arrived late)

Directors Absent: None

Staff Present: Jeff Parker, CEO; Siobhan Foster, COO; Betty Parker-CFO, Becky Jackson, Kurt Wiemann, Ernesto Munoz, Steve Hornuth, Grant Schultz and Cheryl Silva

Others Present: VMS: Dick Rader

**1. Call Meeting to Order/Establish Quorum**

President Margolis called the meeting to order at 9:32 a.m. and acknowledged that a quorum was present.

**2. Acknowledge Media**

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

**3. Approval of Agenda**

Director Achrekar made a motion to approve the agenda. Director Randazzo seconded the motion.

President Margolis called for the vote and the motion passed without objection.

**4. Approval of Minutes**

a. August 11, 2020—Regular Open Session

Director Skillman made a motion to approve the minutes of August 11, 2020, Regular Open Session as amended. The motion was seconded by Director Armendariz and passed without objection.

## **5. Report of the Chair**

President Margolis commented about the 2021 budget and the increase in property insurance. She thanked Siobhan Foster-COO for her outstanding assistance to the United Board.

## **6. Open Forum**

Members made comments regarding the following:

- A Member demanded that the assessments be decreased;
- A Member commented that the assessments should be reduced;
- A Member asked why the assessments were increased;
- A Member is asking for an assessment rebate because of the COVID-19 shut-down;
- A Member suggested that the assessment be decreased because of COVID-19 savings.
- A Member asked why the Board Room is still closed.

## **7. Responses to Open Forum Speakers**

Director Ardani gave a report of the member comments from August 2020:

- Regarding the installation of a road reflector, the project complete and members satisfied;
- Regarding the quarter shortage, temporary distribution of coins at Clubhouse 3 & 5.

## **8. Update from VMS – VMS Director Rupert was absent and no report was given.**

Jeff Parker-CEO answered questions from the board.

## **9. CEO Report**

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

- Orange County COVID-19 continues to decrease. The State of California has gone to a color coded stage and Orange County has moved to the next to lower category because the seven-day testing positivity rate is less than 5%. Orange County reported 49,258 confirmed COVID-19 cases, 313 reported as of September 4, 2020. City of Laguna Woods reported 49 cases.
- He reported that the assessments will stay at a zero increase for 2021.
- The 2020 asphalt paving program is set to be completed during the month of September. The map for the areas to be worked on is posted on the website.
- Racket Sports and Pool reservations can now be done online through the Recreation department.
- Census takers will start door-to-door visits for the 2020 Census.
- City Hall will serve as a vote center and will have a ballot drop-off box.

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

## **10. Consent Calendar**

**10a. Recommendation from the Finance Committee:**

- (1) Approval of Resolution to Record Lien against Member ID# 947-380-59

**RESOLUTION 01-20-56**  
**RECORDING OF A LIEN**

**WHEREAS**, Member ID 947-380-59; is currently delinquent to United Laguna Woods Mutual with regard to the monthly assessment; and

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

**NOW THEREFORE BE IT RESOLVED**, September 8, 2020, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-380-59 and;

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

- (2) Approval of Resolution to Record Lien against Member ID# 947-416-34

**RESOLUTION 01-20-57**  
**RECORDING OF A LIEN**

**WHEREAS**, Member ID 947-416-34; is currently delinquent to United Laguna Woods Mutual with regard to the monthly assessment; and

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

**NOW THEREFORE BE IT RESOLVED**, September 8, 2020, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-416-34 and;

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

- 10b.** Review the United Sub-Leasing and Transfer of Trust Documents Approved in June, 2020, and such review is hereby ratified.

Director Randazzo made a motion to approve the Consent Calendar. The motion was seconded by Director Armendariz.

President Margolis called for the vote and the motion passed without objection.

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

- 11a.** Consistent with its statutory obligations under Civil Code §5501, a subcommittee of the Board consisting of the Treasurer and at least one other Board member reviewed the United Laguna Woods Mutual preliminary financials for the month of July 2020, and such review is hereby ratified.

Director Armendariz made a motion to receive the financial review for the month of July 2020. The motion was seconded by Director Tornø and the motion passed by a vote of 10-1-0 (Directors Armendariz opposed).

- 11b. (1)** Entertain a Motion to Approve the 2021 United Business Plan

#### **RESOLUTION 01-20-58**

#### **2021 BUSINESS PLAN RESOLUTION**

**RESOLVED**, September 8, 2020, that the Business Plan of this Corporation for the year 2021 is hereby adopted and approved; and

**RESOLVED FURTHER**, that pursuant to said Business Plan, the Board of Directors of this Corporation hereby estimates that the net sum of \$45,256,288 is required by the Corporation to meet the United Laguna Woods Mutual operating expenses and reserve contributions for the year 2021. In addition, the sum of \$15,599,779 is required by the Corporation to meet the Golden Rain Foundation and the Golden Rain Foundation Trust operating expenses and reserve contributions for the year 2021. Therefore, a total of \$60,856,067 is required to be collected from and paid by the members of the Corporation as monthly assessments; and

**RESOLVED FURTHER**; that the Board of Directors of this Corporation hereby approves expenditures from reserves in the sum of \$14,808,966, all of which is planned from the Reserve Fund.

**RESOLVED FURTHER**, that the Board of Directors of this Corporation hereby determines and establishes monthly assessments of the Corporation as shown on each member's breakdown of monthly assessments for the year 2021, inclusive of property taxes and property insurance as filed in the records of the Corporation, and said assessments to be due and payable by the members of this Corporation on the first day of each month; 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 Skillman made a motion to approve the resolution to approve the 2021 United Business Plan. The motion was seconded by Director Addington.

Discussion ensued among the directors.

Betty Parker-CFO answered questions from the board.

President Margolis called for a roll-call vote and the motion passed by a vote of 8-3-0 (Directors Bastani, Torng and Armendariz opposed).

(2) Entertain a Motion to Approve the 2021 United Reserves Funding Plan

**RESOLUTION 01-20-59**  
**2021 RESERVE FUND RESOLUTION**

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

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

**NOW THEREFORE BE IT RESOLVED,** September 8, 2020, that pursuant to Civil Code § 5570 the Board hereby adopts the 30-Year Alternate Reserve Funding Plan (attached) prepared by Association Reserves™ for fiscal year 2021; and

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

Director Skillman made a motion to approve the resolution to approve the 2021 United Reserves Funding Plan. The motion was seconded by Director Addington.

Discussion ensued among the directors.

Betty Parker-CFO answered questions from the board.

President Margolis called for the vote and the motion passed by a vote of 8-2-1 (Directors Armendariz, Torng opposed, Director Bastani abstained).

## **12. New Business**

### **12a. Financial Qualifications Policy – Amendment to Income Requirement**

Director Torng read a synopsis of the following resolution:

#### **RESOLUTION 01-20-XX** **FINANCIAL QUALIFICATIONS POLICY**

**WHEREAS**, United Laguna Woods Mutual (“United”) is formed to provide housing to its Members on a mutual nonprofit basis;

**WHEREAS**, United is authorized to adopt, amend or repeal necessary or desirable rules and regulations, through its Board of Directors, to carry out the purposes of this Corporation;

**WHEREAS**, United recognizes that many retirees have built traditional retirement accounts during their lifetimes, in addition to acquiring other assets contributing to their total net worth;

**NOW THEREFORE BE IT RESOLVED**, October 13, 2020, that the Board of Directors of this Corporation hereby amends the Income Requirements section of the Financial Qualification Policy as attached to the official meeting minutes of this meeting; and

**RESOLVE FURTHER**, that Resolutions 01-19-71, 01-19-47, and 01-18-24, are hereby superseded 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.

AUGUST Initial Notification—Referred Back to Committee—September Reintroduced  
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

Last month the board sent the resolution back to committee for re-evaluation.

Director Torng made a motion to introduce the amendment to income requirement in the financial qualification policy for 28-day review. The motion was seconded by Director Armendariz.

Discussion ensued among the directors.

President Margolis called for the vote to introduce the resolution for 28-day review and the motion passed by a vote of 9-2-0 (Director Addington, Liberatore opposed).

- 12b.** Entertain a Motion to Approve a Separate Reserve Checking Account for United Laguna Woods Mutual

**RESOLUTION 01-20-60**

**Separate Deposit Checking Account for United Laguna Woods Mutual**

**WHEREAS**, Resolution U-97-49 established a banking relationship with Bank of America;

**NOW THEREFORE BE IT RESOLVED**, September 8, 2020, that the Board of Directors of this Corporation hereby authorizes the opening of a separate United Mutual bank account for the reserve fund;

**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 Gilmore made a motion to approve opening a separate checking account to deposit and disburse reserve funds for United Laguna Woods Mutual. The motion was seconded by Director Armendariz.

Steve Hormuth-Controller reviewed the procedure to separate reserve checking accounts for United Laguna Woods Mutual.

The board discussed and considered the procedure to separate reserve checking accounts for United Laguna Woods Mutual.

President Margolis called for the vote and the motion passed by a vote of 9-2-0 (Director Addington, Liberatore opposed).

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

Director Skillman gave a synopsis of the following resolution:

**RESOLUTION 01-20-61**

**2021 COLLECTION & LIEN ENFORCEMENT POLICY**

**WHEREAS**, in accordance with California Civil Code, United Laguna Woods 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 policy as written complies with Civil Code requirements and reflects current practices for collection of Mutual delinquencies.

**NOW THEREFORE BE IT RESOLVED**, September 8, 2020, that the Board of Directors hereby adopts the 2021 United Laguna Woods Mutual Collection and Lien Enforcement Policy as attached to the official minutes of this meeting; and

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

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

Director Skillman made a motion to approve the 2021 Collection and Lien Enforcement Policy. Director Achrekar seconded the motion and the motion passed without objection.

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

Director Randazzo gave a synopsis of the following resolution:

**RESOLUTION 01-20-XX**  
**CYCLE CHANGE FOR EXTERIOR PAINT, PTP & RESURFACING PROGRAMS**

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

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

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



well as the upgraded surface preparation methodology implemented by VMS; and

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

**NOW THEREFORE BE IT RESOLVED**, on October 13, 2020, the Board of Directors of this Corporation hereby adopts a 15-year cycle change for the prior to paint and exterior paint programs, and a 7.5-year cycle change for the resurfacing program; and

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

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

**SEPTEMBER Initial Notification**

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

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

Discussion ensued among the directors.

Ernesto Munoz, Maintenance and Construction Director, answered questions from the board.

President Margolis called for the vote and the motion passed by a vote of 9-2-0 (Director Liberatore, Addington opposed).

### **13. Committee Reports**

- 13a.** Report of the Finance Committee / Financial Report – Director Gilmore showed a presentation on the Treasurer's Report and reviewed the resale and lease reports. The Committee met on August 25, 2020; next meeting will be September 29, 2020, 1:30 p.m. as a virtual meeting.

- 13b.** Report of the Architectural Control and Standards Committee – Director Addington. The Committee met on July 16, 2020; next meeting September 17, 2020 at 9:30 a.m. as a virtual meeting.
- 13c.** Report of the Communications Committee – Director Skillman commented about the Village Breeze; next meeting TBA.
- 13d.** Report of Member Hearings Committee – Director Liberatore gave a report from the last Member Hearings. The Committee met on August 27, 2020; next meeting September 24, 2020 at 9:00 a.m. as a virtual meeting.
- 13e.** Report of the Governing Documents Review Committee – Director Torng gave a report from the last Committee meeting. The Committee met on August 20, 2020; next meeting will be September 17, 2020, 1:30 p.m. as a virtual meeting.
- 13f.** Report of the Landscape Committee – Director Armendariz gave a report from the last Committee meeting. The Committee met on July 22, 2020; next meeting will be October 8, 2020 at 9:30 a.m. as a virtual meeting.
- 13g.** Report of the Maintenance & Construction Committee – Director Randazzo gave a report from the last Committee meeting. The Committee met on August 26, 2020; next meeting October 28, 2020 at 9:30 a.m. as a virtual meeting.
- 13h.** Report of the Resident Advisory Committee – Director Ardani. The Committee met on March 12, 2020; next meeting TBA.

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

- 14a.** Report of the GRF Finance Committee – Director Gilmore gave highlights from the last Committee meeting. The Committee met on August 19, 2020; next meeting will be October 21, 2020, 1:30 p.m. as a virtual meeting.
- 14b.** Report of the Community Activities Committee – Director Skillman gave highlights from the last Committee meeting. The Committee met on August 13, 2020; next meeting September 10, 2020, 1:30 p.m. as a virtual meeting.
  - (1) GRF Equestrian Center Ad Hoc Committee. Next meeting September 23, 2020 at 9:30 a.m. as a virtual meeting.
- 14c.** Report of the GRF Landscape Committee – Director Armendariz. The Committee met on August 12, 2020; next meeting TBA.
- 14d.** Report of the GRF Maintenance & Construction Committee – Director Randazzo gave highlights from the last Committee meeting. The Committee met on August 12, 2020; next meeting will be October 14, 2020, 9:30 a.m. as a virtual meeting.
  - (1) PAC Ad Hoc Committee – Director Randazzo gave a report from the PAC Ad

Hoc Committee. The committee met virtually on July 13, 2020; next meeting TBA.

(2) Clubhouse 1 Renovation Ad Hoc Committee—Director Randazzo. The committee met on September 2, 2020; next meeting TBA.

- 14e. Report of the Media and Communication Committee – Director Skillman gave highlights from the last Committee meeting. The Committee met virtually on August 17, 2020; next meeting will be September 21, 2020, 1:30 p.m. as a virtual meeting.
- 14f. Report of the Mobility and Vehicles Committee – Director Addington. The Committee met virtually on August 5, 2020; next meeting will be October 7, 2020, 1:30 p.m. as a virtual meeting.
- 14g. Report of the Security and Community Access Committee – President Ardani. The Committee met on August 24, 2020; next meeting October 26, 2020 at 1:30 p.m. as a virtual meeting.
- 14h. Laguna Woods Village Traffic Hearings – Director Addington. The hearings were held virtually on August 19, 2020; next hearings September 16, 2020 at 9:00 a.m. as a virtual meeting.
- 14i. Disaster Preparedness Task Force – Director Achrekar. The Task Force met virtually on July 28, 2020; next meeting September 29, 2020 at 9:30 a.m. as a virtual meeting.
- 14j. GRF Bylaw Ad Hoc Committee – Director Margolis. The Committee met on September 3, 2020; next meeting September 9, 2020, at 2:00 p.m.

#### **15. Future Agenda Items--none**

#### **16. Director's Comments**

- Director Skillman commented AB3182 passed the legislature and we need to contact our governor to veto this bill because it restricts our ability to limit lease/rentals in our community.
- Director Liberatore commented about inventory of the warehouse items.
- Director Bastani commented about dry-rot issues. He requested a cost-benefit analysis for sealing the top and bottom portion of walls with flex seal; or similar material to stop dry rot. He also requested a report on VMS senior staff compensation.
- Director Armendariz thanked four directors for their efforts on the board.
- Director Ardani asked if Resident Advisory Committee could be done virtually.
- Director Addington agrees that AB3182 is not a good bill for our community.

- Director Achrekar would like to start a realtor information meeting to go over the requirements for our community. He is in favor of having outdoor exercise equipment in the community.
- Director Torng commented about not creating fear in the community. Discussed the savings in the current budget caused by the decrease in employee compensation. Commented about committee meeting minutes. He requested a name change for Media and Communication Committee.

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

The meeting recessed at 11:55 a.m. into the Closed Session.

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

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

*Approval of Agenda*

*Discussed Conflict of Interest Matters*

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

*Approval of Agenda*

*Discussed Contractual Matters*

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

*Approval of Agenda*

*Discussed Contractual Matters*

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

*Approval of Agenda*

*Approval of the Following Meeting Minutes;*

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

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

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

*Discussed Member Disciplinary Case Report*

*Discussed Personnel Matters*

*Discuss and Consider Contractual Matters*

*Discussed and Considered Litigation and Legal Matters*

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

*Approval of Agenda*

*Discussed Contractual Matters*

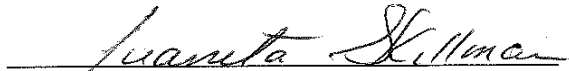
*During the August 27, 2020, Special Closed Meeting, the Board:*

*Approval of Agenda*

*Discussed Contractual and Legal Matters*

**18. Adjourn**

The meeting was adjourned at 2:00 p.m.

  
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Juanita Skillman, Secretary of the Board  
United Laguna Woods Mutual



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

### **PURPOSE STATEMENT**

The following is a statement (the “Policy Statement”) of the specific procedures, policies and practices employed by United Laguna Woods Mutual, a California nonprofit mutual benefit corporation (“United”) in enforcing lien rights or other legal remedies for default in payment of assessments against its members (“Shareholders”). This Policy Statement is provided pursuant to the requirements of California Civil Code Section 5310(a)(7) and incorporates by reference the disclosure provided by United pursuant to California Civil Code Section 5730.

The collection of delinquent assessments is of vital concern to all Shareholders of United. Such efforts ensure that all Shareholders pay their fair share of the costs of services and facilities provided and maintained by United. Shareholders’ failure to pay assessments when due creates a cash-flow problem for United and causes those Shareholders who make timely payment of their assessments to bear a disproportionate share of the community’s financial obligations.

Assessments are the separate debt of shareholders. United may employ single collection recourses or combinations thereof as allowed by law. In addition to any other rights provided for by law or described in the governing documents, including, but not limited to the Articles of Incorporation, Bylaws and each Shareholder’s Occupancy Agreement (“Governing Documents”), the Board has the right to collect delinquent assessments as stated herein.

WE SINCERELY TRUST THAT ALL SHAREHOLDERS, IN THE SPIRIT OF COOPERATION AND IN RECOGNITION OF THEIR LEGAL OBLIGATIONS, WILL MAKE TIMELY PAYMENTS AND AVOID THE IMPOSITION OF LATE CHARGES AND POSSIBLE RESULTANT LEGAL ACTION, AND REIMBURSEMENT FOR THE COSTS OF SUCH LEGAL ACTION. IT IS IN YOUR BEST INTEREST AND THE BEST INTEREST OF THE COMMUNITY AS A WHOLE TO MAKE YOUR MONTHLY PAYMENTS ON TIME.

REGARDLESS OF WHETHER A LIEN IS RECORDED AGAINST YOUR LEASEHOLD INTEREST DURING THE COLLECTION OF PAST-DUE ASSESSMENTS, ALL SHAREHOLDERS HAVE A PERSONAL AND ONGOING OBLIGATION TO PAY ASSESSMENTS AND CHARGES.

### **BASIC POLICIES AND PROCEDURES**

Delinquency reports are made available monthly by United’s managing agent to the Board of United, identifying the delinquent Shareholder, the delinquent amount and the length of time the assessments have been in arrears. Additionally, to ensure the prompt payment of monthly assessments United employs the following collection and lien enforcement procedures. The

policies and practices outlined herein shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of United's Board of Directors.

Pursuant to United's Governing Documents, as well as the California Civil Code, the following are United's collection and lien enforcement policies and procedures for assessment delinquencies. Also following, pursuant to Paragraphs 3, 16 and 22, are United's collection policies and procedures for the collection of fines, fees, and chargeable services charged against Shareholders pursuant to the Governing Documents and current law:

**1. Assessments; Assessments Due Date.** "Carrying Charges" as defined by United's Occupancy Agreement, also referred to as "assessments" in United's Bylaws, are referred to throughout this Policy Statement as "assessments." Assessments are due and payable to United, in advance, in equal monthly installments, on the first (1<sup>st</sup>) day of each month. **It is each Shareholder's responsibility to pay assessments in full each month regardless of whether a billing statement is received.** Special assessments shall be due and payable on the due date specified by the Board of Directors in the notice imposing the special assessment. In no event shall a special assessment be due and payable earlier than thirty (30) days after the special assessment is duly imposed. If a special assessment is payable in installment payments and an installment payment of that special assessment is delinquent for more than 30 days, all remaining installments will be accelerated and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to late charges and interest as provided herein. Note that the obligation to pay assessments shall not be relieved or modified by the temporary closure and/or modified availability of common area facilities and amenities, absent a moratorium or mandate from state officials, or as otherwise determined at the discretion of the Board of Directors.

**2. Reminder Notice; Administrative Collection Fee.** If Assessments are not received by United on or before the close of business on the sixteenth (16<sup>th</sup>) day of the month (or if a special assessment is not received by United on or before the close of business on the fifteenth (15<sup>th</sup>) day after it is due), a Reminder Notice is sent to the Shareholder. PLEASE NOTE THAT TO BE CONSIDERED TIMELY, THE PAYMENT MUST BE RECEIVED BY UNITED WITHIN THIS FIFTEEN (15) DAY GRACE PERIOD. SIMPLY PLACING THE PAYMENT IN THE MAIL BEFORE THE GRACE PERIOD EXPIRES IS NOT SUFFICIENT. It is the policy of United not to waive any duly imposed late charges, interest, or collection fees and costs. Each delinquent account shall incur an administrative collection fee, in the amount of Two Hundred Dollars (\$200) (the "Administrative Collection Fee"), which is charged by United's managing agent to cover staff's costs to prepare the files for delivery to United's collection agent in order to carry out collection activities authorized hereunder, as well as direct costs incurred in recording and/or forwarding documents in connection with the collection process. This Administrative Collection Fee may be increased by majority vote of United's Board, and may be collected by United's collection agent on United's behalf, and remitted to United's managing agent, or may be directly collected by United's managing agent. IT IS THE SHAREHOLDER'S RESPONSIBILITY TO ALLOW AMPLE TIME TO DROP OFF OR MAIL ALL PAYMENTS SO THAT THEY ARE RECEIVED BEFORE THE DELINQUENCY DATE. All notices or invoices for assessments will be sent to Shareholders by first-class mail addressed to the Shareholder or the Shareholder's designee at his or her address as shown on the

books and records of United unless otherwise required by law. However, it is the Shareholder's responsibility to be aware of the assessment payment due dates and to advise United of any changes in the Shareholder's mailing address.

**3. Late Charges; Interest.** Assessments not received by the sixteenth (16<sup>th</sup>) day of the month will incur a late fee in the amount of Fifty Dollars (\$50.00), which amount is consistent with statutory authority. Further, both state law and United's governing documents provide for interest on the delinquent assessment, late charges and collection fees and costs. Accordingly, interest may be imposed thirty (30) days after the assessment is due, at an annual percentage rate not to exceed Twelve Percent (12%), consistent with Civil Code Section 5650. Such interest may be imposed and collected per the foregoing sentence regardless of whether the Shareholder's delinquent account is referred to United's collection agent for collections. Non-assessment fines, fees and chargeable services are also subject to late charges and interest.

**4. Thirty-Day Pre-Lien Letter Notice to Delinquent Shareholder.** If full payment of the delinquent amount is not received by the close of business on the thirtieth (30th) day after the date of the Reminder Notice, United's managing agent will send a pre-lien letter (also referred to as a final demand for payment letter) to the Shareholder as required by Civil Code Section 5660 by certified and regular first class mail, to the Shareholder's mailing address of record in United's books and records advising of, among other things required by law, the delinquent status of the account, including an itemized statement of the charges owed by the shareholder, impending collection action and the Shareholder's rights including a statement that the shareholder will not be liable to pay charges, interest and costs of collection if it is determined the assessment was paid on time to United, and the right to request a meeting with the Board of Directors of United pursuant to Civil Code Section 5665, the right to dispute the assessment debt by submitting a written request for dispute resolution pursuant to Civil Code pursuant to Article 2 (commencing with Section 5900) of Chapter 10 ("IDR"), the right to request alternative dispute resolution pursuant to Article 3 (commencing with Section 5925) of Chapter 10 ("ADR") and the right to request debt validation. Notwithstanding the provisions of this paragraph, United may cause a pre-lien letter to be sent to a delinquent Shareholder at any time when there is an open escrow involving the Shareholder's leasehold interest, may cause a pre-lien letter to be sent to a delinquent Shareholder if any special assessment becomes delinquent, and/or may turn the delinquent account over to United's collection agent to send a pre-lien letter to a delinquent Shareholder.

**5. Recordation of a Lien Against a Delinquent Shareholder's Leasehold Interest.** If a Shareholder does not pay the amounts set forth in the pre-lien letter and does not request IDR or ADR within thirty (30) days of the date of the pre-lien letter, or, otherwise, requests to validate the debt in which case the collection process will be placed on hold in order to validate the debt, the delinquent account will be turned over to United's collection agent for collections. The Board shall decide, by majority vote in an open meeting, whether to authorize United's collection agent to record a lien for the amount of any delinquent assessments, late charges, interest, and collection fees and costs, including attorneys' fees against the Shareholder's leasehold interest. If United authorizes United's collection agent to record a lien against the Shareholder's leasehold interest, the Shareholder will incur additional fees and costs for preparing and recording the lien. The lien may be enforced in any manner permitted by law.



including without limitation, judicial or non-judicial foreclosure (Civil Code Section 5700).

**6. Enforcement of a Lien.** United's collection agent may be authorized to enforce the lien thirty (30) days after recordation of the lien, in any manner permitted by law, which may include recording a Notice of Default. United may foreclose the lien by judicial or non-judicial foreclosure when either (a) the delinquent assessment amount totals One Thousand Eight Hundred Dollars (\$1,800.00) or more, excluding accelerated assessments, late charges, interest, and collection fees and costs or (b) the assessments are delinquent for more than twelve (12) months. **YOU COULD LOSE YOUR LEASEHOLD INTEREST AT UNITED IF A FORECLOSURE ACTION IS COMPLETED.** A non-judicial foreclosure sale by United to collect upon a debt for delinquent assessments is subject to a statutory right of redemption. The redemption period within which your leasehold interest may be redeemed ends ninety (90) days after United's foreclosure sale, per California Civil Code Section 5715(b). The Shareholder will incur significant additional fees and costs if a Notice of Default is recorded and a foreclosure action is commenced against the Shareholder's leasehold interest. The decision to foreclose on a lien must be made by a majority of the Board of Directors in an Executive Session meeting and the Board of Directors must record their votes in the minutes of the next open meeting of the Board. The Board must maintain the confidentiality of the delinquent Shareholder(s) by identifying the matter in the minutes by only the parcel number of the property in which the Shareholder has a leasehold interest. Prior to initiating any foreclosure sale on a recorded lien, United shall offer delinquent Shareholders the option of participating in IDR, ADR, or both IDR and ADR as requested by the Shareholder.

United may commence and maintain a lawsuit directly on the debt without waiving its right to establish a lien and initiate foreclosure against the owner's separate interest for the delinquent assessment. In any action to collect delinquent assessments, late charges, or interest, the prevailing party will be entitled to costs and reasonable attorney's fees.

**7. Inspection of Books and Records.** A Shareholder is entitled to inspect United's accounting books and records to verify the amounts owed pursuant to Civil Code Section 5200, *et seq.*

**8. Application of Payments.** Any payments made shall be first applied to assessments owed and only after the assessments owed are paid in full, shall such payment be applied to late charges, interest, and collection fees and costs, including attorneys' fees.

**9. Account Sent to United's Collection Agent In Error.** In the event it is determined that the Shareholder has paid the assessments on time, the Shareholder will not be liable to pay the charges, interests, and fees and costs of collection associated with collection of those assessments. If it is determined that a lien was recorded in error, a release of lien shall be recorded within twenty-one (21) calendar days and the owner of the separate interest will be provided with a copy of the release of lien. If the lien was recorded in error, United shall promptly reverse all late charges, fees, interest, attorney's fees, and costs of collection.

**10. Payment Under Protest.** A Shareholder may but is not obligated to, pay under protest any disputed charge or sum levied by United, including but not limited to, **Agenda Item # 12c**  
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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.

**11. Right to Dispute the Debt.** A Shareholder has the right to dispute the assessment debt by submitting a written request for dispute resolution to the collection agent for delivery to United pursuant to Civil Code Section 5900 *et seq.* A dispute, by itself, will not impede United's ability to record a lien.

**12. Right to Request Internal Dispute Resolution ("IDR").** Pursuant to Civil Code Section 5670, prior to recording a lien, United offers to Shareholders, and if so requested by a Shareholder, participation in internal dispute resolution ("IDR") pursuant to United's "meet and confer" program.

**13. Right to Request Alternative Dispute Resolution ("ADR").** A Shareholder has the right to request alternative dispute resolution with a neutral third party pursuant to Civil Code Section 5925 *et seq.* before United may initiate foreclosure against the Shareholder's leasehold interest, except that binding arbitration shall not be available if United intends to initiate a judicial foreclosure.

**14. Right to Request Debt Validation.** Under the Fair Debt Collection Practices Act ("FDCPA"), a Shareholder may request that United and/or its collection agent send the Shareholder proof that the debt sought to be recovered is valid, that the Shareholder lawfully owes the debt, and that United and/or its collection agent has the right to collect the debt.

**15. Payment Plan Requests.** Any Shareholder who is unable to pay assessments will be entitled to make a written request for a payment plan to United, or United's collection agent, as applicable, to be considered by the Board of Directors. A Shareholder 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 letter. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests. Payment plans shall not interfere with United's ability to record a lien on a Shareholder's separate interest to secure payment for the Shareholder's delinquent assessments. If the Board authorizes a payment plan, it may incorporate payment of ongoing assessments that accrue during the payment plan period in addition to a \$50 one-time setup fee. If a payment plan is approved by the Board, additional late charges from the Shareholder will not accrue while the Shareholder remains current under the terms of the payment plan. If the Shareholder breaches an approved payment plan, United may resume its collection action from the time the payment plan was approved.

**16. Termination of Shareholder's Rights under Occupancy Agreement.** Nothing herein limits or otherwise affects United's right to proceed in any lawful manner to collect any delinquent sums owed to United (such as duly levied and imposed assessments, fines, fees and chargeable services, and any associated late charges and interest), or to pursue any other discipline set forth in United's governing documents, including but not limited to a termination of the Shareholder's rights under the Occupancy Agreement pursuant to Article 14 therein and pursuant to the procedures set

forth in Article IV, Section 3 of the Bylaws and pursuing an unlawful detainer action or other proceeding which may apply to the eviction of tenants.

**17. Release of Lien.** Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and fees and costs of collection, including attorneys' fees, must be paid in full to United.

**18. No Right of Offset.** There is no right of offset. Shareholder may not withhold assessments owed to United on the alleged grounds that the Shareholder is entitled to recover money or damages from United for some other obligation.

**19. Returned Checks.** United may charge the Shareholder a Twenty-Five Dollar (\$25.00) fee for the first check tendered to United that is returned unpaid by the Shareholder's bank and Thirty-Five Dollars (\$35.00) for each subsequent check passed on insufficient funds. If the check cannot be negotiated, United may also seek to recover damages of at least One Hundred Dollars (\$100.00), or, if higher, three (3) times the amount of the check up to One Thousand, Five Hundred Dollars (\$1,500.00) pursuant to Civil Code Section 1719.

**20. Additional Mailing Addresses.** Shareholders have the right to provide a secondary address to United for mailing of an additional copy of notices and other correspondence related to collection of delinquent assessments. The Shareholder's request shall be in writing and shall be mailed to United in a way that shall indicate that United has received it. A Shareholder may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, United shall only be required to send notices to the indicated secondary address from the point United receives the request.

**21. Charges Subject to Change.** All charges listed herein are subject to change upon thirty (30) days prior written notice. After a delinquent account has been turned over to United's collection agent, United's collection agent's charges may vary from United's and are subject to change without prior written notice. Shareholders in collections should rely on United collection agent's charges and statement of account.

**22. Notice and Hearing Prior to Suspension of Shareholder Privileges.** Until the Shareholder has paid all amounts due, including delinquent assessments, late charges, interest and costs of collection, including attorneys' fees, and duly imposed fines, fees and chargeable services, and associated late charges and interest, the Board of Directors may suspend the Shareholder's right to vote, and suspend the Shareholder's right to use United's recreational facilities and/or the facilities or services provided by the Golden Rain Foundation of Laguna Woods after providing the Shareholder with a duly noticed hearing pursuant to Civil Code Section 5855. However, any suspension imposed shall not prevent the delinquent Shareholder from the use, benefit and pleasure of the Shareholder's leasehold interest (i.e., the manor).

When the Board is to meet in executive session to consider or impose a monetary charge as a means of reimbursing United for costs incurred by it in the repair of damage to common area and facilities caused by a member or the member's guest or tenant, the Board shall notify the member in writing, by either personal delivery or individual delivery pursuant to Section 4040, at least 10 days prior to the meeting. (Civil Code

Section 5855(a).) The notice shall contain, at a minimum, the date, time, and place of the meeting, the nature of the alleged violation for which a member may be disciplined or the nature of the damage to the common area and facilities for which a monetary charge may be imposed, and a statement that the member has a right to attend and may address the board at the meeting.

**23. Overnight Payments.** The mailing address for overnight payment of assessments is: United Laguna Woods Mutual, Attn: Assessments, 24351 El Toro Road, Laguna Woods, CA 92637.

**24. Annual Notice to Members.** United shall distribute its collection policy to each member during the 60-day period immediately preceding the beginning of United's fiscal year.

**25. No limitations.** Nothing herein limits or otherwise affects United's right to proceed in any lawful manner to collect any delinquent sums owed to United.

**BOARD OF DIRECTORS  
UNITED LAGUNA WOODS MUTUAL**

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## NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of the shareholders (as holders of leasehold interests in a Unit located within United Laguna Woods Mutual, a stock cooperative), as shareholders with an entitlement to the exclusive right to occupy a unit, which is property in a common interest development (as defined by California Civil Code), and the corporation that manages 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.

For purposes of this notice, “association” shall refer to “United Laguna Woods Mutual”, also referred to as “United” or the “Association”.

Any and all references to “shareholders” in this notice refer to holders of membership certificates issued by United, who are also holders of leasehold interests in a Unit, (or “Members”, as such term is defined in the Bylaws of United Laguna Woods Mutual).

Any and all references to a “Unit” in this notice shall refer to a dwelling unit owned by United.

Any and all references to “property” and “shareholder’s separate interest” in this notice refer to a leasehold interest and the right to exclusively occupy a Unit pursuant to an Occupancy Agreement and a membership certificate.

Any and all references to a “membership certificate” or “stock certificate” refer to a certificate for membership issued by United, which conveys to the holder a leasehold interest in and the right to exclusively occupy a Unit and membership in United.

## ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay Association (United) assessments may result in the loss of a shareholder's property (leasehold interest in a Unit as evidenced by a stock certificate) 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. If a shareholder defaults under his or her Occupancy Agreement by failing to pay assessments when due, United also has the right, but not the obligation, to terminate the shareholder's stock certificate, which may result in the eviction of the occupants of the Unit.

For liens recorded on and after January 1, 2006, the Association (United) may not use judicial or nonjudicial foreclosure to enforce the 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 carrying charges in excess of One Thousand Eight Hundred Dollars (\$1,800) or more than 12 months delinquent, the Association (United) 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 (United) records a lien against the shareholder's separate interest. The shareholder's separate interest (a leasehold interest in a Unit as evidenced by a stock certificate) 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) If a shareholder defaults under his or her Occupancy Agreement by failing to pay assessments when due, United also has the right but not the obligation to terminate the shareholder's stock certificate pursuant to the procedures set forth in the governing documents, including without limitation, the Bylaws and Occupancy Agreement, which may result in the eviction of the occupants of the Unit by an unlawful detainer action or other proceedings which may apply to the eviction of tenants.

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

The Association (United) 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 (United) fails to follow these requirements, it may not record a lien against the shareholder's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the Association (United). (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on a shareholder's separate interest (the leasehold interest in a Unit as evidenced by a stock certificate), the Association (United) must provide the shareholder 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 shareholder. A shareholder has a right to review the Association's (United's) records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against a shareholder's separate interest (the leasehold interest in a Unit as evidenced by a stock certificate) in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide a shareholder with certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the Association (United) 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 a shareholder makes a payment, he or she may request a receipt, and the Association (United) is required to provide it. On the receipt, the Association (United) must indicate the date of payment and the person who received it. The Association (United) must inform shareholders of a mailing address for overnight payments. (Section 5655 of the Civil Code)

A shareholder may, but is not obligated to, pay under protest any disputed charge or sum levied by the Association (United), including, but not limited to, a monthly carrying charge, 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.

A shareholder may dispute an assessment debt by submitting a written request for dispute resolution to the Association (United) 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 (United) 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 shareholder. Binding arbitration shall not be available if the Association (United) intends to initiate a judicial foreclosure.

A shareholder 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

A shareholder of a separate interest (the leasehold interest in a Unit as evidenced by a stock certificate) that is not a timeshare may request the Association (United) to consider a payment plan to satisfy a delinquent assessment. The Association (United) must inform shareholders of the standards for payment plans, if any exist. (Section 5665 of the Civil Code)

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