



OPEN MEETING

REGULAR MEETING OF THE UNITED LAGUNA WOODS MUTUAL
GOVERNING DOCUMENTS REVIEW COMMITTEE

Thursday, October 15, 2020 – 1:30 P.M.
VIRTUAL MEETING
Laguna Woods Village Community Center

NOTICE & AGENDA

1. Call to Order
2. Acknowledgment of Media
3. Approval of the Agenda
4. Approval of the Report from August 20, 2020
5. Chair's Remarks
6. Member Comments (Items Not on the Agenda)
Laguna Woods Village owner/residents are welcome to participate in committee meetings and submit comments or questions regarding virtual committee meetings using one of two options:
 - a. Via email to meeting@vmsinc.org any time before the meeting is scheduled to begin or during the meeting. Please use the name of the committee in the subject line of the email. Name and manor number must be included.
 - b. By calling (949) 268-2020 beginning one half hour before the meeting begins and throughout the remainder of the meeting. You must provide your name and manor number.
7. Response to Member Comments

Reports:

- | | |
|------------------------------------|---------------|
| 8. Guild to Operating Rules Review | Francis Gomez |
| 9. Occupancy Agreement Update | Andre Torng |

Items for Discussion and Consideration:

- | | |
|---------------------|-------------|
| 10. Code of Conduct | Andre Torng |
|---------------------|-------------|

Concluding Business:

11. Committee Member Comments
12. Future Agenda Items
 - a. Roles, responsibilities and protocols
 - b. Mission, vision, and strategic directives
 - c. Review GRF Donation Policy (Andre Torng)
 - d. Discuss standardizing Village-wide working groups which aren't specific to certain Mutual a uniformed structure and scope of work

United Mutual Governing Documents Committee
October 15, 2020

- e. Requirements for heirs to become members
 - f. Committee Advisor Qualification Procedure and Policy
 - g. Establish Legal Support Requirement Resolution
13. Date of next meeting: November 19, 2020
14. Adjournment

Andre Torng, Chair
Francis Gomez, Staff Officer



OPEN MEETING

**REGULAR MEETING OF THE UNITED LAGUNA WOODS MUTUAL
GOVERNING DOCUMENTS REVIEW COMMITTEE**

Thursday, August 20, 2020 – 1:30 p.m.

VIRTUAL MEETING

Laguna Woods Village Community Center
24351 El Toro Road, Laguna Woods, CA 92637

MEMBERS PRESENT: Andre Torng - Chair, Sue Margolis, and Neda Ardani

MEMBERS ABSENT: None

ADVISORS PRESENT: None

ADVISORS ABSENT: Bevan Strom

OTHERS PRESENT: Dick Rader

STAFF PRESENT: Francis Gomez, Pamela Bashline, Siobhan Foster, Paul Nguyen, and Debbie Ballesteros

CALL TO ORDER

Andre Torng, Chair, called the meeting to order at 1:47 p.m.

ACKNOWLEDGEMENT OF PRESS

The Media was not present.

APPROVAL OF THE AGENDA

President Margolis made a motion to approve the agenda as submitted. Director Ardani seconded the motion.

By unanimous vote the motion carried.

Without objection, the Committee agreed to take items out of order.

APPROVAL OF MEETING REPORTS

President Margolis made a motion to approve the July 16, 2020 meeting report as presented. Director Ardani seconded the motion.

By unanimous vote the motion carried.

CHAIR'S REMARKS

Chair Torng discussed the Operating Rules that are included in the agenda packet and that rules related to Alterations and Landscape have been moved to their own packet. He explained the process of collecting and consolidating the rules in one area as he would like.

MEMBER COMMENTS ON NON-AGENDA ITEMS

Stevie Majid (2052-A) wants to know the reason why FICO scores are required on Occupancy applications and repeated applications are needed for renters.

Jenny Frimmer (881-A) had a question about the last meeting pertaining to rebates.

RESPONSE TO MEMBER COMMENTS ON NON-AGENDA ITEMS

Pamela Bashline, Community Services Manager, responded to Ms. Majid. Director Torng and Mr. Rader responded to Ms. Frimmer's.

REPORTS

Occupancy Agreement Update

The Committee tabled the matter to the next meeting.

Guide to Operating Rules Update

Francis Gomez, Operations Manager, provided an update on the Operating Rules. The Committee members made comments and asked questions. President Margolis commended staff on satisfying the objective provided by the Committee.

Without objection, Chair Torng will meet with staff off line to discuss further objections regarding the Operating Rules and possible cost associated in implementing of same.

ITEMS FOR DISCUSSION AND CONSIDERATION

Financial Qualifications Policy

Ms. Bashline presented the Financial Qualifications Policy. The Committee members made comments and asked questions.

Director Ardani made a motion to approve the amended policy. President Margolis seconded the motion.

By unanimous vote, the motion was carried.

Operating Rules Review

Chair Torng discussed issues and concerns with the operating rules. There was no action taken from the Committee on this item.

Code of Conduct

The Committee tabled this discussion to the next meeting.

Committee Member Comments

none

Future Agenda Items


- Roles, responsibilities and protocols
- Mission, vision, and strategic directives
- Review GRF Donation Policy (Andre Torng)
- Discuss standardizing Village-wide working groups which aren't specific to certain Mutual a uniformed structure and scope of work
- Requirements for heirs to become members
- Committee Advisor Qualification Procedure and Policy
- Establish Legal Support Requirement Resolution

Date of next Meeting

The next meeting is scheduled for Thursday, September 17, 2020 at 1:30 p.m. via virtual meeting.

Adjournment

With no further business before the Committee, the Chair adjourned the meeting at 3:31 p.m.


Andre Torng (Sep 5, 2020 07:38 PDT)
Andre Torng, Chair
United Laguna Woods Mutual



STAFF REPORT

DATE: October 15, 2020
FOR: Governing Documents Review Committee
SUBJECT: Operating Rules

RECOMMENDATION

Receive and file.

BACKGROUND

The Governing Documents Review Committee is tasked to review policy and processes for consistency. The Committee and staff have identified areas of improvement including, but not limited to, the need to revise the Operating Rules Guidebook located on the website.

The Operating Rules Guidebook contains a collection of most referred rules and regulations adopted by the Board. The Committee directed staff to review the guidebook with the following goals in mind:

1. Reduce and condense the rules and regulations contained in the guidebook;
2. Present the rules and regulations in a readable form; and
3. Create hyperlinks to Policies & Procedures included on the Laguna Woods Village website.

The Compliance Division is responsible for the coordination of the rules enforcement program of the Village. Staff reviewed the rules and regulations contained in the Operating Rules Guidebook and created a new version that meets the Committees directive. The changes incorporated in the new Operating Rules Guidebook include, but not limited to: present the rules and regulations by category; removed cancelled rules and regulations; removed resolutions that are not rules and regulations; included a definition section; and an introduction page that explains the enforcement process.

On August 20, 2020, the Committee reviewed the updated Operating Rules Handbook and commended staff on satisfying the objective provided by the Committee. Additionally, Chair Andre Torng will meet with staff off line to discuss further objections regarding the Operating Rules and possible cost associated in implementing of same.

On September 2, 2020, Chair Torng and staff met to discuss his objectives. The following items were requested of staff:

1. The goal of the handbook is to be user friendly and find on the website;
2. Follow the format of the California Civil Code and Constitution websites;
3. Reduce everything to a minimum;
4. Add a short description of the rule at the front end; and
5. Include the entire resolution as a link.

Chair Torng recommended that this request be classified as a filler project; staff can work on two pages a day to complete the task or hire a part time individual at a cost of \$2k to \$3k to complete the work; and have the Information Technologies Department create a dynamic database for the operating rules.

Chair Torng further advised that the above is being requested to allow residents to search for rules themselves that would result in reduce calls to the Compliance Division and allow staff to focus on disciplinary cases.

DISCUSSION

After review of all the information requested and the fact that the Committee's directives were met; staff recommends to not to move forward. The additional requests are labor intensive and cost prohibited. Additionally, the website, although it includes links to other pages, does not have the capacity to present direct links as requested. Furthermore, the Compliance Division assists residents in matters that involved rules violations. The assistance allows staff to generate a rapport with the reporting parties and the alleged residents committing the violations to gain compliance. This is not a problem of the division at this time.

FINANCIAL ANALYSIS

Should the Committee elect to proceed with this item, the matter needs to be forwarded to the IT Division for review and determination of the cost associated with implementation.

Prepared By: Francis Gomez, Operations Manager

Reviewed By: Blessilda Wright, Compliance Supervisor

OCCUPANCY AGREEMENT

Comment [AT1]: Adopted after June 12, 2007, don't know the exact date

PARTIES

The parties to this Agreement are UNITED LAGUNA WOODS MUTUAL, a California nonprofit mutual benefit corporation (hereinafter referred to as the "Corporation" and _____ (hereinafter referred to as the "Member").

Comment [AT2]: United Mutual is the "Corporation"

RECITALS

1. The Corporation owns and operates a cooperative housing project of Laguna Woods Village, in the City of Laguna Woods, and the County of Orange, State of California, with the intent that its members shall have the right to occupy the dwelling units thereof under the terms and conditions hereinafter set forth.
2. The Member is the owner and holder of one membership of the Corporation, Series _____ and of one membership of Golden Rain Foundation of Laguna Woods, a California nonprofit mutual benefit corporation (hereinafter referred to as the "Foundation")

Comment [AT3]: "Members" are "the owner" of one membership of the corporation, and "the owner" of one membership of GRF

TERMS

In consideration of the mutual promises contained herein, the parties hereby agree as follows:

1. The Corporation hereby lets to the Member and the Member hereby hires from the Corporation, that a certain dwelling unit located at Laguna Woods Village described as _____, Laguna Woods, California, Including Carport No. _____ to have and to hold said dwelling unit into the Member, his personal representatives and authorized assigns, subject to the terms and conditions set forth herein, in the Articles of Incorporation, Bylaws, Rules and Regulation of the Corporation, now or hereafter in effect, and the General Conditions attached hereto and also recorded as part of instrument No. 2013000284997 in the Official Records in the Office of the County Recorder of the County of Orange, State of California (the "General Conditions"), and made a part hereof for a term of three years. The term of this Occupancy Agreement is renewable automatically for successive three-year period under the terms and conditions of Article 4 of the General Conditions.
2. Until further notice from the Corporation, the monthly assessment for the above-described dwelling unit shall be \$_____ per month.

Comment [AT4]: What does "hires" mean, means "rent"

Comment [AT5]: Each unit is renewable for automatically for successive 3 years.

3. The term of this Occupancy Agreement **begins** at 12:01 a.m. on _____, 20____.
Executed on _____, 20____ at Laguna Woods, California.

Member Member

If this Occupancy Agreement is being **executed by a trustee** as the "Member," the current **beneficiary of the trust must be an occupant of the dwelling unit** and, by executing this Occupancy Agreement in the space provide below, it agrees as follows:

Comment [AT6]: If a trustee is the owner, the beneficiary must be an occupant. Separate owner from beneficiary.

I agree to be bound by and act in accordance with all provisions of this Occupancy Agreement as if I were the Member, and upon demand by the Corporation, I agree to fulfill all obligations of the Member under this Occupancy Agreement.

Beneficiary Beneficiary

UNITED LAGUNA WOODS MUTUAL
A California nonprofit mutual benefit corporation
By

Authorized Agent

GENERAL CONDITIONS

ARTICLE 1. MONTHLY CARRYING CHARGES

During the terms of this Occupancy Agreement, the Member shall pay to the Corporation a monthly sum referred to as "Carrying Charge," equal to one-twelfth of the Member's proportionate share of the sum required by the Corporation, as estimated by its Board of Directors, to meet its annual expenses, including but not limited to the following items:

- a) The cost of all **operating expenses** and services furnished by or at the expense of the Corporation, including **charges by the Foundation** for facilities and services furnished by the Foundation.
- b) The cost of necessary **management and administration**.
- c) The amount of all **taxes** and **assessments** levied against the property of the Corporation for which it is required to pay.
- d) The cost of fire and extended coverage **insurance** and such other insurance as the Corporation may effect or as may be required by any mortgage on any of the Corporation's assets.
- e) The cost of furnishing water, **gas**, electricity, garbage and trash collection, master TV **antenna** service and other **utilities**, to the extent furnished by the Corporation.
- f) All **reserves** established by the Corporation, including the **general operating reserve** and the reserve for replacements.
- g) The estimated cost of **repairs, maintenance** and replacements of property to be made by the Corporation.
- h) The amount of principal, interest and other required payments on any **mortgage** on any of the Corporation's assets, including mortgage insurance premiums, if any.
- i) Any other expenses of the Corporation **approved by the Board of Directors**, including the payment of **operating deficiencies**, if any, for prior periods.

The Board of Directors of the Corporation shall determine the Carrying Charges from time to time. Said sums shall be **estimated on an annual basis** and divided by the number of months remaining in the then current fiscal year but in no event shall the member be charged more than his **proportionate share thereof as determine by the Board of Directors**. That amount of the Carrying Charges required for payment on the principle of any **mortgage** on any assets of the Corporation or any other capital expenditures shall be credited upon the books of the Corporation to the **"Paid-In Surplus" account** as a capital contribution by the

Comment [AT7]: Your monthly carrying charge includes these

Comment [AT8]: How does "assessment" fit in here? - tax assessments

Comment [AT9]: No gas ???

Comment [AT10]: • TV Cable services

Comment [AT11]: What is "general operating reserve" Operating expense? Why is it disappeared?

Comment [AT12]: What's the difference between repair and maintenance?

Comment [AT13]: Mortgage no more since 2009 ? Loan with collateral?

Comment [AT14]: Not necessary special assessment.

Comment [AT15]: Mortgage/loan

Comment [AT16]: Do we have one?

members of the Corporation. Until further notice from the Corporation, the monthly Carrying Charges for the dwelling unit shall be the amount set forth in paragraph 2 of this Occupancy Agreement.

Comment [AT17]: Where is paragraph 2?
Of the Term of signature page.

ARTICLE 2. PAYMENT OF CARRYING CHARGES

Upon commencement of the term of this Occupancy, the Member shall make a payment on account of Carrying Charges for the remainder of the calendar month, the amount of which shall be the portion of the Carrying Charges for one month prorated on the basis of the number of days of occupancy. Thereafter, Carrying Charges shall be paid in advance not later than the first day of each calendar month. Carrying Charges shall be paid to the Corporation or its authorized representative at such place and in such manner as the Corporation shall determine from time to time.

Comment [AT18]: Start to pay advance first day of each month.

Comment [AT19]: membership

ARTICLE 3. EXCESS CARRYING CHARGES

If for any fiscal year of the Mutual during the term of this Occupancy Agreement, the income of the Mutual exceeds expenses (including reserves) for the same fiscal year, Member agrees that he or she shall not, by reason of such occurrence, be entitled, and hereby waives any right, to receive a refund or credit of all or any portion of the Carrying Charges previously paid by Member in such fiscal year. Member further agrees that all or any portion of the amount assessed and collected by the Mutual in excess of the amount required to meet the anticipated expenses (including reserves) of the Mutual shall be applied by the Board of Directors of the Mutual, in its sole discretion, to reduce the anticipated expenses (including reserves) of the Mutual as determined by the Board of Directors for the next succeeding fiscal year of the Mutual.

Comment [AT20]: Not entitled for refund/credit, used to reduce the expense for the next fiscal year

ARTICLE 4. MEMBER'S OPTION TO RENEW

The term of this Occupancy Agreement shall be extended and renewed from time to time by and between the parties hereto for further periods of three years each from the expiration of the initial term herein granted, upon the same covenants and agreements as herein contained unless:

Comment [AT21]: Automatic renew every three years unless ...

(1) this Occupancy Agreement is sooner terminated by the Corporation in accordance with the terms hereof, or

(2)(a) notice of the Member's election **not to renew** shall have been given to the Corporation in writing at least four months prior to the expiration of the then current term, and

(b) the Member shall have on or before the expiration of said term

(i) endorsed its membership for transfer in blank and deposited same with the Corporation, and

(ii) met all its obligations and paid all amounts due under this occupancy Agreement up to the time of said expiration, and

(iii) vacated the dwelling unit and all other premises of the Corporation, **leaving them in good state of repair**. Upon compliance with provisions (a) and (b) of this Article, the Member shall have no further liability under this Occupancy Agreement and shall be entitled to no payment from the Corporation.

ARTICLE 5. USE OF PREMISES

Subject to this Article 5, the Member shall use the dwelling unit covered by this Occupancy Agreement **as a private dwelling** for those authorized to occupy it by the Corporation and **for no other purpose**, and the authorized occupants of the dwelling unit may **enjoy the use**, in common with the other members of the Corporation, **of all facilities** of the Corporation so long as the Member continues to own the aforesaid membership of the >

<Page 3>

Corporation, uses its dwelling unit as a private dwelling for authorized occupants and abides by the terms of this Occupancy Agreement. **The Member** shall not permit or suffer anything to be done or kept in or about the dwelling unit or other premises of the Corporation which will **increase the rate of insurance** on any building or other property of the Corporation or on the contents thereof or which will **obstruct or interfere with the rights of other members** of the Corporation or **annoy** them by unreasonable **noises** or otherwise nor will it commit or permit any **nuisance** in or about the dwelling unit or other premises of the Corporation or commit or suffer any **immoral or illegal act** to be committed thereon. **The Member** shall **comply** with all of the requirements of governmental authorities with respect to the dwelling unit and all other premises of the Corporation. **If by reason** of the occupancy or use of the dwelling unit or any other building of the Corporation by the Member the rate of insurance on any building or other property of the Corporation shall be increased, the Member shall become

Comment [AT22]: As a private dwelling for no other purpose, enjoy all facilities,

Comment [AT23]: Rent to outsiders with different rate OK?

Comment [AT24]: Can't cause increase of ins. Neither interfere the rights of other members, face mask conflict?

Comment [AT25]: Follow compliance requirements, compliance should be the last choice, not the first choice.

personally liable for the additional insurance premiums. **The Member** shall not permit any person to occupy the dwelling unit (except as a guest) without the prior written consent of the Corporation. A guest of a member may occupy the dwelling unit for **no more than 60 days** (whether or not consecutive) in **any year**. **The member** acknowledges and agrees that Laguna Woods Village is a senior citizen housing development and, therefore, that residency in the dwelling unit is restricted to persons **55 years of age or older** and to **certain other qualified permanent residents**. The member agrees to reside in, occupy and use the dwelling unit in conformity with the age restriction sanctioned by **California Civil Section 51.3**, as hereafter amended, and any successor statute thereto.

[starts here 8/20]

Any occupancy, for any duration, of the dwelling unit by a person other than a Member, and visitation by third parties with any **Member of non-Member** occupant of a dwelling unit, shall be **upon all terms and conditions** set forth in this Occupancy Agreement, in the article, bylaws, rules and regulations of the Corporation and the Foundation in effect from time to time, without limiting the generality of the foregoing, any non-Member occupant of a dwelling unit, and all third-party visitors of Members or non-Member occupants of a dwelling unit, derives any right to use and enjoy the dwelling unit and the facilities and other property of the Corporation and the Foundation solely as a guest or invitee of the Member and shall be subject to all rules, regulations, penalties and assessments applicable to the Member. **Notwithstanding** any liability of any non-Member occupant of a dwelling unit or of any guest or invitee of any Member or non-Member occupant of a dwelling unit, the **Member shall be fully responsible for**, and hereby indemnifies and holds the Corporation and the Foundation harmless from, the conduct of, and any and all losses to or demands upon the Corporation resulting from the acts of omission of, **any non-Member occupant** of a dwelling unit **and all guests and invitees** of the Member or the non-Member occupant of the Member's dwelling unit.

Article 6. MEMBER'S RIGHT TO PEACEABLE POSSESSION

In return for the Member's continued fulfillment of the terms and conditions of this Occupancy Agreement, the Member may have and enjoy for his sole use and benefit the dwelling unit hereinabove described, after obtaining occupancy. If the Member for any reason shall **cease to be an occupant** of the dwelling unit other

Comment [AT26]: Guest can't stay over 60 days

Comment [AT27]: Fiscal years? No. Rolling 12 months start Friday stay. In any 12 months period

Comment [AT28]: Residents need to be 55+ age or qualified

Comment [AT29]: https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=CIV&division=1.&title=&part=2.&chapter=&article=

Comment [AT30]: should be OR?

Comment [AT31]: Member is responsible for non-Member, guests, invitees.

than during occupancy by a non-Member occupant approved by the Corporation in writing, the Member shall surrender to the Corporation possession thereof.

ARTICLE 7. SUBLETTING PROHIBITED

The Member shall not assign this Occupancy Agreement or sublet this dwelling unit without the prior written consent of the Corporation. Rents under any sublease shall be assigned to the Corporation, the sublease shall be delivered to the Corporation and the Corporation shall be empowered to collect rents and apply the rents in reduction of sums due from time to time under this Occupancy Agreement. The sublease shall be in a form acceptable to the Corporation, shall require the subtenant to abide by the terms of the Occupancy Agreement during his subtenancy, and shall give the Corporation an irrevocable power to dispossess or otherwise act for the sublessor in case of default under the sublease. As more particularly set forth in Article 5, above, the Member shall continue to be liable for all obligations hereunder and shall be responsible to the Corporation for the conduct of his sublessee notwithstanding the fact that the Member may have sublet the dwelling unit with the consent of the Corporation. Consent to one subletting shall not obligate the Corporation to consent to any other subletting.

Comment [AT32]: Sublease, renting, subletting must abide by Mutual Board's guideline

Comment [AT33]: Never done this !!

ARTICLE 8. TRANSFER, PLEDGES

Neither this occupancy Agreement nor any right contained therein may be transferred or assigned except in the same manner as may now or hereafter be provided for the transfer or assignment of memberships in the bylaws of the Corporation. Similarly, neither this Occupancy Agreement, nor any right contained herein, nor the membership of the Member in the Corporation, nor the Member's membership certificate may be assigned or pledged by the Member as security for the repayment of any indebtedness of the Member without the prior written consent of the Corporation. Consent by the Corporation to any such assignment or pledge shall not be deemed or construed to be consent by the Corporation to any future or successive assignments or pledges. The Member agrees that any such consent by the Corporation to any such assignment for pledge shall be upon terms and subject to all conditions set forth in any agreement (a "Recognition Agreement") entered into by and between the Corporation and the assignee or pledgee of the Member prior to or concurrently with such assignment or pledge. Without limiting or modifying the foregoing, the Member specifically acknowledges and agrees that a Recognition Agreement may provide

Comment [AT34]: Transfer must follow bylaws.

for the payment by the Corporation to the Member's assignee or pledgee of certain sums which otherwise would be payable by the Corporation to the Member.

<Page 4>

ARTICLE 9. MANAGEMENT, TAXES AND INSURANCE

The Corporation shall provide necessary **management, operation** and **administration**; pay or provide for the payment of all **taxes** or assessments levied against assets of the Corporation, procure and pay or provide for the payment of fire **insurance**, extended coverage and other insurance as required by any mortgage on property of the Corporation and such other insurance as the Corporation may deem advisable. **The Corporation** shall not provide insurance on the Member's personal property. **The Member** shall reimburse the Corporation for the portion of real property taxes and assessments attributable to the Member's dwelling unit.

Comment [AT35]: CC covers management, operation, administration, tax, insurance, not personal property insurance.

ARTICLE 10. UTILITIES

The Corporation shall provide **electricity for exterior use, water** for exterior and interior use, **sewage** disposal, garbage and **trash collection** and master **TV antenna service**. **The cost** of such services shall be included in the Carrying Charges. **Electricity** for interior use shall be individually metered and billed by Southern California Edison Company or any successor utility and paid directly by the Member.

ARTICLE 11. REPAIRS

(a) **By Member.** Subject to the terms of any recognition Agreement, the Member agrees to repair and maintain the dwelling unit at the Member's own expense as follows:

- 1) Any repairs or maintenance necessitated by the **Member's own negligence or misuse**; and
- 2) Any **redcoration of the interior** of the dwelling unit; and
- 3) Any repairs or maintenance on any **air conditioner** installed in the dwelling unit; and
- 4) Any maintenance, repairs, and replacements of **appliances** within the interior of the dwelling unit (including, but not limited to, refrigerators, cook tops, hoods and ovens), and any **cabinet** modifications/alterations and other

Comment [AT36]: Who's responsible for what repair

upgrades related to the installation of those appliances, that are designed as the responsibility of the Member under the Corporation's "Appliance Policies" adopted on March 11, 2003, as may be amended from time to time; and

5) Any repairs or maintenance of all fixtures and other items within the interior surfaces of the perimeter walls, floors and ceilings of the dwelling unit that are designated as the responsibility of the Member under the Corporation's "Summary of Chargeable Maintenance Services" adopted on June 12, 2007, as may be amended from time to time;

6) Any repairs or maintenance of alterations and additions made by the Member (or any predecessor of the Member) in the interior of exterior of the dwelling unit, as described in Article 12 of this Occupancy Agreement.

(b) **By Corporation.** The Corporation shall provide and pay for all necessary repairs, maintenance and replacements, except as specified in clause (a) of this Article, including but not limited to unaltered kitchen and bath floors and countertops. The officers and agents of the Corporation shall have the right to enter the dwelling unit of the Member in order to effect necessary repairs, maintenance, and replacements, and to authorize entrance for such purposes by employees of any contractor, utility company, municipal agency, or others, at any reasonable hour of the day and in the event of emergency at any time.

(c) **Right of Corporation to make repairs at Member's expense.** In case the Member shall fail to effect the repairs, maintenance or replacements specified in clause (a) of this Article in a manner satisfactory to the Corporation and pay for same, the Corporation may do so on behalf of the Member, and upon demand by the Corporation the Member shall reimburse the Corporation promptly upon receipt of a bill for same.

(d) **Payment by Member.** The Member shall pay the Corporation for any maintenance, repairs, replacements or other services specified in clause (a) of this Article which are the obligation of the Member to provide, where such maintenance, repairs, replacements or other services are rendered by the Corporation at the request of the Member. The Member agrees to make such payment promptly upon receipt of a bill for same from the Corporation.

ARTICLE 12. ALTERATIONS AND ADDITIONS

Comment [AT37]: This OA is adopted after that

Comment [AT38]: Structure alteration requires permit

The Member shall not make any structural alterations to the interior or exterior of the dwelling unit or to any pipes, electrical conduits, plumbing or other fixtures connected therewith, or remove any additions, improvements, or fixtures from the dwelling unit without prior written consent of the Corporation. The Member shall not install or use in the dwelling unit, any air conditioning equipment, washing machine, clothes dryer, electric heater, or power tools without prior written consent of the Corporation. The Member shall remove any such equipment promptly upon request of the Corporation.

Comment [AT39]: Without proper permit

Any alterations, additions, fixtures or improvements installed by the Member or any predecessor of the Member, whether within or without the dwelling unit, shall be repaired or maintained by the Member at its own expense and in a manner satisfactory to the Corporation. If the Member should fail to do so, such repairs or maintenance may be performed by the Corporation and upon demand by the Corporation, the Member shall reimburse the Corporation therefor forthwith.

ARTICLE 13. MEMBERSHIP IN THE FOUNDATION

Prior to occupancy of the dwelling unit, the Member shall become a resident member of the Foundation and shall pay such dues, assessments, fees and charges now or hereafter determined by its Board of Directors. The extent and nature of facilities and services provided by the Foundation, the fees and charges therefor, and the persons to whom available shall be determined by the Foundation from time-to-time.

Comment [AT40]: Member becomes a resident member, not voting member under GRF

<Page 5>

ARTICLE 14. DEFAULT BY MEMBER

If at any time after the happening of any of the events specified in clauses (a) to (h) of this Article, the Corporation shall give to the Member a notice that its rights under this Occupancy Agreement will expire at a date not less than ten (10) days thereafter, all of the Member's rights under this Occupancy Agreement will expire on the date so fixed in such notice, unless in the meantime the default has been cured in a manner deemed satisfactory by the Corporation, it being the intention of the parties hereto to create hereby conditional limitations, and it shall thereupon be lawful for the Corporation to re-enter the dwelling unit and to remove all persons and personal property therefrom, either by summary dispossession proceedings or by suitable action or proceeding at law or in equity

Comment [AT41]: I know this is about default, not sure about the details ?

or by any other proceedings which may apply to the eviction of tenants, and to repossess the dwelling unit in its former state:

- (a) If at any time during the term of this Occupancy Agreement the Member shall **cease to be the owner and legal holder of a membership in the Corporation** unless the Corporation gives its consent in writing to a transfer or assignment under which Member has a right to continue possession.
- (b) If the Member attempts to transfer, assign or pledge this Occupancy Agreement in a manner **inconsistent with the provisions of the bylaws or this Occupancy Agreement**.
- (c) If at any time during the term of this Occupancy Agreement the **member shall be declared bankrupt** under the laws of the United States.
- (d) If at any time during the term of this Occupancy Agreement a **receiver of the Member's property** shall be appointed under the laws of the United States or of any States.
- (e) If at any time during the terms of this Occupancy Agreement the Member shall make a general assignment for the benefit of creditors.
- (f) If at any time during the term of this Occupancy Agreement the membership in the Corporation owned by the Member shall be duly levied upon and sold under the process of any Court.
- (g) If the Member shall fail to pay any sum due pursuant to the provisions of this Occupancy Agreement.
- (h) If the Member, any non-Member occupant of the dwelling unit or any guest or invitee of the Member or such non-Member occupant of the dwelling unit, shall default in the performance of any of their respective obligations under this Occupancy Agreement.

The Member hereby expressly waives any and all right of redemption in case it shall be dispossessed by judgment of any Court; the words "enter", "re-enter", and "re-entry", as used in this Occupancy Agreement are not restricted to their technical legal meaning and in the event of a breach of threatened breach by the Member, any non-Member occupant of the dwelling unit, or any guest or invitee of the Member or such non-Member occupant of the dwelling unit of any of the covenants or provisions of this Occupancy Agreement; the Corporation shall have the right of injunction the right to invoke any remedy allowed by law or in equity as if re-entry, summary proceedings, and other remedies were not herein provided for.

The Member expressly agrees that there exists under this Occupancy Agreement a landlord-tenant relationship and that in the event of a breach or threatened breach of any covenant or provision of this Occupancy Agreement by the Member, or non-Member occupant of the dwelling unit, or any guest or invitee of the Member or such non-Member occupant of the dwelling unit, there shall be available to the Corporation such legal remedy or remedies as are available to the Corporation such legal remedy or remedies as are available to a landlord under the laws of the State of California for the breach or threatened breach by a tenant of any provision of a lease or rental agreement. The Member hereby waives any and all notices and demands for possession as provided by the laws of the State of California.

ARTICLE 15. COMPLIANCE WITH REGULATIONS

The Member shall preserve and promote the cooperative ownership principles on which the Corporation and the Foundation have been founded, abide by the articles of incorporation, bylaws, rules and regulations of the Corporation and of the Foundation and any amendments thereto now or hereafter in force and by its acts of cooperation with other members, bring about for itself and its fellow members a high standard in home and community conditions.

Comment [AT42]: Must abide by all resolutions

ARTICLE 16. EFFECT OF FIRE LOSS

In the event of loss or damage by fire or other casualty to the dwelling unit without the fault or negligence of the Member, the Corporation shall determine whether to restore the damaged premises and shall further determine, in the event such premises shall not be restored, the amount which shall be paid to the Member to redeem the membership of the Member and to reimburse the Member for such loss as it may have sustained. If, under such circumstances, the Corporation elects to restore the premises, Carrying Charges shall not abate, wholly or partially, unless otherwise determined by the Corporation. If the Corporation elects not to restore the premises, the Carrying Charges shall cease from the date of such loss or damage.

Comment [AT43]: Fire damage restore or not restore

Comment [AT44]: Redeem membership if not restored

Comment [AT45]: So Mutual finds another place to stay?

ARTICLE 17. INSPECTION OF DWELLING UNIT

Comment [AT46]: Certain agencies can enter to make inspection

Representatives Of any mortgagee holding a mortgage on the property of the Corporation occupied by the Member, the officers and agents of the Corporation, and with the approval of the Corporation, the employees of any contractor, utility company, municipal agency or others, shall have the right to enter the dwelling unit of the Member and make inspection thereof at any reasonable hour and at any time in case of emergency involving danger to life or property, regardless whether such potential danger actually exists.

Comment [AT47]: Not loan. No more mortgage

ARTICLE 18. SUBORDINATION

The cooperative housing project, of which the dwelling unit is a part, was constructed with the assistance of a mortgage loan made by a private lending institution. This Occupancy Agreement and all rights, privileges and benefits hereunder are and shall be >

Comment [AT48]: This OA is subordinate to the lien of a first mortgage, should be outdated and irrelevant.

<Page 6>

at all times subject to, subordinate and inferior to the lien of a first mortgage or deed of trust and the accompanying documents executed to secure the principal sum, to any and all modifications, extensions and renewals of such loans, to any mortgage or deed of trust made in replacement of such mortgage or deed of trust and to such additional loans or advances as may thereafter be made by or borrowed from the beneficiary, its successors or assigns, together with interest thereon, and to any mortgages or deeds of trust, consolidation agreements and other accompanying documents given to secure any such additional loan or advances which may at any time hereafter be placed on the real property of the Corporation, or any part thereof. The Member hereby agrees to execute, at the Corporation's request and expense, any instrument which the Corporation's request and expense, any instrument which the Corporation or any lender may deem necessary or desirable to effect the subordination of this Occupancy Agreement to any such mortgage or deed of trust, and the Member hereby appoints the Corporation and each and every officer thereof, and any future officer, such Member's attorney-in-fact during the term hereof to execute any such instrument on behalf of the member. The Member hereby expressly waives any and all notices of default and notices of foreclosure of said mortgage and deed of trust which maybe required by law. In the event a waiver of such notices is not legally valid, the Member hereby designates the Corporation as its agent to receive and accept such notices on the Member's behalf.

ARTICLE 19. NOTICES

Whenever the provisions of law, the bylaws of the Corporation or this Occupancy Agreement require notice to be given to either party hereto, such notice may be given in writing by depositing the same in the United States mail, in a postpaid, sealed envelope addressed to the person to whom the notice is to be given, at his or her address as the same appears in the books of the Corporation and the time of mailing shall be deemed to be the time of the giving of such notice.

Comment [AT49]: How notice should be delivered

ARTICLE 20. FISCAL REPORTS

The Corporation shall furnish to the Member a review of the financial statement of the Corporation in accordance with the provisions of applicable law.

Comment [AT50]: Furnish the financial stmt

ARTICLE 21. REPRESENTATIONS

No representations, other than those contained in this Occupancy Agreement, shall be binding upon the Corporation.

Comment [AT51]: No representations shall be binding ? Binding on what ?

ARTICLE 22. RIGHTS AND REMEDIES

The rights and remedies available to the Corporation in the event of any breach of this Occupancy Agreement by the Member, any non-Member occupant of the dwelling unit, or occupant of the dwelling unit, or any guest or invitee of the Member or such non-Member occupant of the dwelling unit, whether provided by this Occupancy Agreement or by law, are cumulative. The exercise of any such right or remedy shall not be deemed to be a waiver of the same right or remedy for the same or any other breach by the member. The failure to exercise any right or remedy available to the Corporation for any breach of this Occupancy Agreement by the Member shall not be deemed to be a waiver of any of its rights or remedies in the event of any other breach by the member.

Comment [AT52]: Rights and remedies are cumulative, not a waiver other rights and remedies

ARTICLE 23. LATE CHARGES AND ATTORNEY'S FEES

The member covenants and agrees that, in addition to the other sums that have become or will become due pursuant to the terms of this Occupancy Agreement, the Member shall pay to the Corporation a late charge in an amount determined by the Corporation, reasonable costs of collection and interest at a rate

Comment [AT53]: There will be late charges, legal fees added

determined by the Corporation for each payment of Carrying Charges or part thereof not paid within 15 days after the date payment is due.

If the Member shall default in making payments of any sum payable to the Corporation or if the Member, any non-Member occupant of the dwelling unit, or any guest or invitee of the Member or such non-Member occupant of the dwelling unit defaults in the performance of any of their respective obligations under this Occupancy Agreement, and **the Corporation has obtained the services of an attorney** with respect to any such default, the Member shall pay to the Corporation any costs or **fees involved**, including reasonable attorney's fees, notwithstanding the fact that a suit has not yet been instituted. In case a suit is instituted, the Member shall also pay costs of suit in addition to the aforesaid costs and fees.

ARTICLE 24. SUCCESSOR, ASSIGNEES, ETC.

Subject to the limitations on assignments, transfers, pledges and subletting set forth elsewhere herein, the provisions of this Occupancy Agreement shall be **binding on the successors**, assignees, heirs and personal representatives of the Member.

Comment [AT54]: successor take it, s/he get it all.

ARTICLE 25. AMENDMENTS

This Occupancy Agreement **may not be amended or modified without the prior written consent of the Corporation** and shall not be enforceable unless in the form of a **written instrument** executed by the party against whom enforcement is sought. Member acknowledges and agrees that the Corporation may condition its consent to any amendment or modification upon the Corporation's receipt of a written consent to the change from any assignee or pledgee of the Member, regardless whether that consent is required by the terms of any Recognition Agreement.

Comment [AT55]: Amendment must be written from Corporation



STAFF REPORT

DATE: June 18, 2020
FOR: Governing Documents Review Committee
SUBJECT: Directors Code of Conduct

RECOMMENDATION

Staff recommends approval of the Directors Code of Conduct.

BACKGROUND

On May 9, 2017, the board adopted resolution 01-17-57 approving the United Laguna Woods Mutual Director Code of Conduct. The purpose of the rules was to ensure that any meetings board members attend (including open and executive session, as well as member forums) are conducted in a professional, expedient, and efficient manner and in compliance with United governing documents and applicable statutory requirements.

DISCUSSION

In late 2019, the board and legal counsel initiated a process to update the Directors Code of Conduct. The proposed Directors Code of Conduct would be implemented with the purpose of protecting and advancing the interests of United Laguna Woods Mutual. The proposed Directors Code of Conduct would be mandatory for and binding on all directors, officers, committee members or other volunteers of United.

FINANCIAL ANALYSIS

None.

Prepared By: Siobhan Foster, COO

ATTACHMENT(S)

ATT 1: Director Code of Conduct
ATT 2: Resolution 01-20-XX

UNITED LAGUNA WOODS MUTUAL

DIRECTORS CODE OF CONDUCT

This Code of Conduct is implemented with the purpose of protecting and advancing the interests of United Laguna Woods Mutual ("United"). This Code of Conduct is mandatory for and binding on all directors, officers, committee members or other volunteers of United. This code of conduct provides specifically guideline on the behavior of discussion issues among Board members. Tis code of conduct doesn't apply to any personal feeling of directors towards each other such as tone, language, facial expression, body language except socially recognized offensive gesture.

BOARD & MEMBERSHIP MEETINGS

Directors should be respectful to one another and to Members, staff and all residents and vendors in the community, to ensure that business is carried out in an orderly and expedient fashion during and outside meetings. Directors should respect United's parliamentary rules, policies, practices, and decorum. Director comments and deliberations must be in clear and simple terms, and must avoid repetition, disruptive behavior, profanity, personal attacks, rhetorical concerns discussed by the same person, or harassment. Directors are expected to act with integrity, demonstrating zero tolerance for unethical behavior, both for themselves and their colleagues. Directors are expected to have courage and demonstrate a willingness to do the right thing and make the right decisions, even if it is difficult or unpopular (i.e., no fence sitting). The violation of these rules may result in a director's or officer's involuntary recusal pursuant to United's Governing Documents and applicable law, and may result in discipline pursuant to the Governing Documents and applicable law.

BOARD RESPONSIBILITIES

The general duties for directors are to oversee United's governing documents enforcement, oversee United's financial resources collection and preservation, ensure United's assets against loss as required by the governing documents or applicable law, and oversee the common areas so that they remain in a state of good repair. To fulfill that responsibility, directors must:

- Attend all Regularly Scheduled Board meetings and committee meetings for assigned committees. If you miss three (3) consecutive Regularly Scheduled Board meetings you are subject to discipline as detailed in the "Violations of Policy" section of this Code of Conduct. If you miss three (3) consecutive committee meetings you are subject to being removed from the committee.

- Regularly Scheduled Board meetings includes each of the following:
- The open and closed sessions of United held on the second Tuesday of each month, which open and closed sessions together shall constitute a single Regularly Scheduled Board meeting. Attendance at both the open and closed session shall constitute attendance at this Regularly Scheduled Board meeting; (special board meeting?)
 - The agenda prep meeting held in advance of the open and closed sessions of United held on the Thursday a week before the Board meeting.

If advanced notice and good cause of a planned absence (illness, planned trip) is given to the Board President and Board Secretary prior to any Regularly Scheduled Board meeting, that absence will not be counted for purposes of discipline as detailed in this section. All Board members should:

- Be prepared for all meetings that you are attending.
- Review material provided in preparation for board meetings.
- Be punctual and on time for all meetings.
- Demonstrate professional etiquette and behavior.
- Stay focused at meetings and do not be distracted by doing outside activities, such as pleasure reading, using electronic devices, etc.
- Actively participate in board and committee deliberations; recognize the difference between productively participating in discussions and counter-productively dominating deliberations through the volume or length of comments. Work with other members of the Board/committee to create workable compromises as necessary.
- Stay on topic, ask questions as they are needed but be sure the questions are related to the current topic being discussed.
- Make relevant, informed comments focused on the specific aspect of the issue being considered.
- Review the Association's financial reports, budget and fund authorization and usage.
- Board members must make decisions based on cost and benefit as a whole.
- All arguments and decisions must be based on facts with evidence, not based on fears and rumors.
- Make reasonable inquiry before making decisions.
- Make all decisions and actions in good faith, and in consideration of the best interests of United corporation and residents, and not in the best interests of the individual director or faction of the community.

- Board members must not take actions or make decisions that result in a personal financial benefit to the director at the expense of United.
- Avoid relationships, such as unique business, financial or personal relationships (or hoped-for-relationships) that create an actual conflict of interest.
- Act with professional courtesy and respect towards fellow directors, members, residents, staff and vendors.
- Do not respond to the mass emails within our community, with your email response, especially those that pertain to issues before the Board. Any such emails can be used in legal disputes against you and our Board. (Legal Counsel advice)
- Legal issues must be advised from United Board Members to the President and correspondent committee who will advise United's legal counsel, and as direction is provide from legal counsel the Prsident will advise the Board.
- Any two Board directors my contact United's legal counsel if they believe, based on good cause and evidence, that the President is breaching his/her obligations as President and/or director.
- All open and closed Board, committee, subcommittee meetings assigned under the Board shall be announced to the public and restricted audience with schedule and discussion/review material distributed before the meeting.
- Legal issues must be advised from United Board Members to the President who will advise United's legal counsel, and as direction is provided from legal counsel the President will so advise the Board. Any two directors may contact United's legal counsel if they believe, based on good cause and support, that the President is breaching his/her obligations as President and/or director.
- All open and closed Board, committee, subcommittee meetings assigned under the Board shall be announced to the public and closed meeting audience with schedule and discussion/review material distributed before the meeting.

DUTY OF LOYALTY

Directors have a duty of loyalty to act in the best interest of the association. This means when a Director walks into the board room, they must take off their "homeowner hat" and put on their "Director hat." Directors must put the interested of the association above:

- Their personal interests;
- The interests of their friends and neighbors;
- The interests of their families; and
- The interests of any other group or entity in which they are involved or have a financial interesting.

In short, Directors must disclose potential conflicts of interest.

Directors should passionately and constructively debate issues in the board room. Directors should feel free to disagree and debate the pros and cons of issues prior to making tough

decisions. However, once a decision is made, directors have the responsibility to speak with one voice. That means Directors should not attempt to undermine the actions of the board. If a Director does not agree with the ultimate decision of the board, the Director should say nothing about the decision, other than referring to the board's decision. If a Director cannot refrain from acting against, and otherwise undermining, the board's decision, the Director should resign from the board prior to speaking out against the board action. Directors should not contribute to unrest by breaching their duty of loyalty to the association.

PROFESSIONAL CONDUCT

In general, directors and committee members must conduct all dealings with Members, residents, vendors and staff with professional courtesy, honesty and fairness. This means that directors must not engage in any harassing, abusive, threatening, intimidating or discriminatory conduct. The Board has a "no discrimination and harassment" policy. The following will not be tolerated:

- Disparaging, offensive, racist and/or bigoted remarks, including any remarks and statements made to any Member, resident and their family members or visitors, including but not limited to, any contractor, sub-contractor, plumber, landscaper, vendor, communications and service provider.
- Disparaging, offensive racist and/or bigoted remarks, including remarks and/or statements made to any person that enters the community.
- Disparaging, offensive, racist and/or bigoted remarks made to any resident, and any person that enters the community.

Directors must safeguard information that belongs to United. Directors and committee members are responsible for protecting United's confidential information. As such, they may not use confidential information for the benefit of themselves, or their relatives, or for persons with whom they have a business relationship. Except when disclosure is duly authorized by the Board or committee (i.e., majority), or legally mandated, no director or committee member may disclose confidential information. Confidential information includes, without limitation:

- Private personal information of fellow directors, committee members or staff.
- Private personal information of United's members/Residents.
- Disciplinary actions against or concerning members of United.
- Assessment collection information against or concerning members of United.
- Legally privileged communications (including disputes or otherwise), and communications deemed confidential by the board, in which the board is or may be involved--directors may not discuss such matters with persons not on the board without the prior approval of the board of directors, which may also require the approval of United's legal counsel. Failure to follow these restrictions could constitute a breach of the attorney-client privilege and result in the loss of confidential information.

INTERACTING WITH STAFF

Directors shall not direct staff unless with Board authority (i.e., majority). However, directors may work with staff when necessary in the following situations: to carry out decisions of the Board; to carry out decisions of a committee made within the scope and authority of the committee; ask policies and procedure related to directive execution, and to gather information in preparation of an upcoming action of the Board as proposed in a pending agenda. Notwithstanding, directors shall not interact with staff in a manner that prevents them from fulfilling their primary job responsibilities. Unless authorized by VMS Leadership.

DISCLOSURE & RECUSAL

Directors and committee members must immediately disclose the existence of any actual and potential conflict of interest relating to him- or herself or his or her membership or manor. Directors and committee members must withdraw from participation in decisions in which they have an actual material interest; however, it is strongly recommended that directors withdraw from participation in decisions in which they also have a potential material interest.

A director or member of a committee who is accused of the following matters shall not vote on any of the following matters:

- Discipline of the directors or committee members.
- An assessment or fee against the director or committee member for damage to the common area or facilities.
- A request, by the director or committee member, for a payment plan for overdue assessments.
- A decision whether to foreclose on a lien on the separate interest of the director or committee member.
- Review of a proposed variance to the manor of the director or committee member.
- A grant of exclusive use common area to the director or committee member.

The accusing director(s) or committee member(s) cannot vote either.

VIOLATIONS OF POLICY

Directors and committee members who violate this policy are deemed to be acting outside the course and scope of their authority. Anyone in violation of this policy may be subject to immediate disciplinary action, including, but not limited to:

- Censure.
- Removal from committees.
- Removal as a director, but only as to the failure to attend Board meetings (as required by the Bylaws and this Code of Conduct). (bylaws has Director Removal process, why mentioned here?)

- Removal as a Board officer of the board.
- Request for resignation from the board.
- Recall by the membership.
- Legal proceedings.

Prior to taking any of the actions described above, the Board (or an executive committee appointed for this purpose) shall investigate the potential violation. The Board or committee shall review the evidence of violation, endeavor to meet with the director/committee member believed to be in violation, confer with United's legal counsel, and (if a committee) present its findings and recommendations to the Board for appropriate action. The Board shall endeavor to meet with the director/committee member in executive session prior to imposing disciplinary action against that person.

ACKNOWLEDGMENT

I acknowledge that I have received and read the United's Directors Code of Conduct and have had the opportunity to ask questions about same. I understand my obligations as a director/committee member under this Code of Conduct and will act in accordance with my obligations.

Signature: _____ Date: _____

Print name: _____

Comment [AT1]: This is a resolution, no signatures needed.

RESOLUTION 01-20-XX
DIRECTORS CODE OF CONDUCT

WHEREAS, pursuant to California's Common Interest Development Meeting Act (California Civil Code § 1363.05) and the governing documents of the United Laguna Woods Mutual ("United"), United's Board of Directors (the "Board") is required to hold meetings in open session and executing session, as may be applicable, to deliberate and act upon the business and affairs of United; and

WHEREAS, the board believes that efficient Board meetings are not possible unless those meetings are conducted in a professional, orderly and timely fashion; and

WHEREAS, the Board wishes to promote such professionalism, order and timelessness, and regulate Board meeting time in an even and consistent fashion; and

WHEREAS, the Board believes that a Board member code of conduct (the "Code of Conduct") is necessary to effectuate the items described above.

NOW THEREFORE BE IT RESOLVED, on [DATE] that Resolution 01-17-57 adopted May 9, 2017 is hereby superseded and cancelled; and

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