



OPEN MEETING

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

**Tuesday, December 12, 2023 - 9:30 a.m.
Board Room/Virtual Meeting
24351 El Toro Road, Laguna Woods, California**

Directors Present: Alison Bok, Thomas Tuning, Anthony Liberatore, Pearl Lee, Vidya Kale, Maggie Blackwell, Sue Quam, Mickie Choi Hoe, Nancy Carlson, Georgiana Willis, Ellen Leonard

Directors Absent: None

Staff Present: CEO Siobhan Foster, Paul Nguyen, Carlos Rojas, Jennings Lai, Mejia, Steve Hormuth, Connie Habal, Kurt Wiemann, Catherine Laster

Others Present: Phil Pluta, J.P. Morgan Chase
GRF: None
Third: Andy Ginocchio
VMS: Dan Kenney

1. Call Meeting to Order/Establish Quorum

President Bok called the meeting to order at 9:00 a.m. and acknowledged that a quorum was present.

2. Pledge of Allegiance to the Flag

Director Carlson led the pledge of allegiance.

3. Acknowledge Media

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

4. Approval of Agenda

President Bok asked if there were any changes to the agenda.

Director Blackwell made a motion to approve the agenda. Director Liberatore seconded.

Hearing no changes or objections, the motion to approve the agenda was approved

unanimously.

5. Approval of Minutes

- a. November 14, 2023 – Regular Open Meeting
- b. November 28, 2023 – Agenda Prep Meeting
- c. December 4, 2023 – Special Open Meeting

Director Choi Hoe made a motion to approve the minutes of November 14, 2023 – Regular Open Meeting, November 28, 2023 – Agenda Prep Meeting and December 4, 2023 – Special Open Meeting. Director Liberatore seconded.

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

6. Report of the Chair

President Bok commented on the following items:

- Cynthia Rupert will serve as United Representative on VMS Board
- 2024 Letter has been mailed out
- Escrow for Closing
- QR Code for Open Agenda Packets at Board Meetings

7. Open Forum (Three Minutes per Speaker)

At this time Members addressed the Board of Directors regarding items not on the agenda

The following members made comments:

- A member commented on the financial reports in the green book and also inviting Directors to a presentation
- A member commented on the state of the laundry rooms, sewer back up that impacted their manor, and an issue with resident services
- A member commented on the upcoming Trust Presentation
- A member commented on HOA
- A member commented on work request submissions

8. Responses to Open Forum Speakers

a. Response to Open Forum Speakers

- President Bok commented on VMS Chair Phelps having an open invitation to one of the speakers
- Director Blackwell commented that every year, an audit is done (KPMG) and also responded to the service request comment
- Director Lee commented on VMS Surveys and gave clarification
- Director Carlson commented on Alterations and how it impacts residents
- Director Choi Ho commented on United Mutuals budget

b. Response to Past Open Forum Speakers – Director Carlson

Director Carlson provided responses to the previous Open Forum Speakers from the November Board meeting and advised on updates.

9. VMS Board Update – Director Kenney

VMS Director Kenney discussed the following topics:

- The selection of Director Rupert for United VMS Representative
- Resident Bright Ideas Program Update
- The great work of CEO Foster

Director Kenney answered questions from the Board.

10. CEO Report

CEO Siobhan Foster discussed the following items:

- New Social Services Manager
- Social Services Offered
- New Landscape Manager
- New Manor Alterations Manager
- Register Holiday Guests Ahead of Time
- Maintenance & Construction Volunteers
- United Basic Assessment
- Sign Up Now for SCE Outage Alerts
- SCE Medical Baseline Program
- Subscribed to CodeRED
- Santa Paws Pet Photos

CEO Foster answered questions from the board.

11. Consent Calendar

All matters listed under the Consent Calendar are recommended for action by committees and will be enacted by the Board by one motion. If an item is removed from the Consent Calendar by members of the Board, such item(s) shall be the subject of further discussion and action by the Board.

- a. Consistent with its statutory obligations 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 October 2023, such review is hereby ratified.**
- b. Recommendation from the Landscape Committee – None**
- c. Recommendation from the Architectural Control and Standards Committee - None**
- d. Approve the Review of the United Sub-Leasing and Transfer of Trust Documents Approved in November 2023, and such review is hereby ratified.**
- e. Recommendation from the Finance Committee – None**

f. Update Committee Assignments

RESOLUTION 01-23-69

United Laguna Woods Mutual Committee Appointments

RESOLVED, December 12, 2023, that the following persons are hereby appointed to serve the Corporation in the following capacities:

Architectural Controls and Standards Committee

Anthony Liberatore (Chair)

Sue Quam

Ellen Leonard

Maggie Blackwell, Alternate

Finance Committee

Mickie Choi Hoe (Chair)

Thomas Tuning

Alison Bok

Anthony Liberatore, Alternate

Non-Voting Advisors: Robert Tucker, Eric Carlson, Ken Benson

Governing Documents Review Committee

Maggie Blackwell (Chair)

Vidya Kale

Nancy Carlson

Tom Tuning, Alternate

Non-Voting Advisors: Dick Rader, Juanita Skillman, Mary Stone

Landscape Committee

Sue Quam (Chair)

Anthony Liberatore

Georgiana Willis

Vidya Kale, Alternate

Non-Voting Advisors: Ann Beltran, Mary Sinclair

Landscape Tree Ad Hoc

Sue Quam, (Chair)

Georgiana Willis

Non-Voting Advisors: Cheryl Nielsen, Mary Sinclair, Ken Benson,
Jack Salvador, Carl Randazzo, Robert Reyes

Maintenance and Construction Committee

Alison Bok (Chair)

Pearl Lee

Mickie Choi Hoe, Alternate
Ellen Leonard

Members Hearing Committee

Pearl Lee (Chair)
Maggie Blackwell
Nancy Carlson
Vidya Kale, Alternate
Alison Bok, Alternate
Georgiana Willis, Alternate

New Resident Orientation

Alison Bok (Chair)
Pearl Lee
Anthony Liberatore

Resident Advisory Committee

Anthony Liberatore (Chair)
Pearl Lee, Alternate
Ellen Leonard

RESOLVE FURTHER that all directors are considered alternate members of each committee "Alternate." Each Alternate may serve as a substitute for another director that is unable to attend a meeting ("Substitute"). Committee Member Alternates cannot substitute for more than two (2) consecutive meetings. This will allow any director to ask any other director to sit in their stead during a temporary absence or unavailability. Of course, we can modify this and structure this any way the Board feels is best. However, the concept is that the Board, in advance, will approve any director sitting on a committee on a temporary basis when necessary to fill in for another director.

RESOLVED FURTHER Resolution 01-23-65, adopted November 14, 2023, is hereby superseded and canceled.

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

RESOLUTION 01-23-70

Golden Rain Foundation Committee Appointments

RESOLVED, December 12, 2023, that in compliance with Article 7, Section 7.3 of the Golden Rain Foundation Bylaws, adopted September 29, 2014, the following persons are hereby appointed to serve on the committees of the Golden Rain Foundation:

GRF Community Activities Committee

Sue Quam
Ellen Leonard

GRF Finance

Thomas Tuning
Mickie Choi Hoe

GRF Landscape Committee

Sue Quam
Anthony Liberatore

GRF Maintenance & Construction

Alison Bok
Pearl Lee
Mickie Choi Hoe, Alternate

Clubhouses & Facilities Renovation Ad Hoc Committee

Anthony Liberatore
Alison Bok

GRF Media and Communications Committee

Maggie Blackwell
Georgiana Willis

GRF Mobility and Vehicles Committee

Alison Bok
Nancy Carlson

GRF Security and Community Access

Maggie Blackwell
Nancy Carlson

Disaster Preparedness Task Force

Anthony Liberatore
Georgiana Willis

Laguna Woods Village Traffic Hearings

Vidya Kale
Maggie Blackwell

Purchasing Ad Hoc Committee

~~Thomas Tuning~~
~~Alison Bok~~

Information Technology Advisory Committee

Sue Quam
Tom Tuning

Broadband Ad Hoc Committee

Alison Bok (non-voting)
Sue Quam
Tom Tuning

Website Ad Hoc Committee

Anthony Liberatore
Mickie Choi Hoe

Finance Advisory Group

~~Tom Tuning~~

Space Planning Ad Hoc Committee

Alison Bok
Tom Tuning
Nancy Carlson

RESOLVED FURTHER, that Resolution 01-23-66, adopted November 7, 2023, is hereby superseded and canceled.

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

Director Blackwell made a motion to approve the Consent Calendar. Director Choi Hoe seconded.

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

12. Unfinished Business

- a. **Entertain a Motion to Adopt the United 2024 Collections and Lien Enforcement Policy (November initial notification – 28-day notification for member review and comments to comply with Civil Code §4360 has been satisfied)**

Director Blackwell read the following resolution.

RESOLUTION 01-23-71

2024 Collection and 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 complies with Civil Code requirements and reflects current practices for collection of Mutual delinquencies.

NOW THEREFORE BE IT RESOLVED, December 12, 2023, that the Board of Directors hereby adopts the 2024 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 2023 as part of the Annual Policy Statement.

RESOLVED FURTHER, that Resolution 01-22-72 adopted November 8, 2023 is hereby superseded and canceled on the effective date of January 1, 2024.

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

Director Blackwell made a motion to approve the resolution for 2024 Collection and Lien Enforcement Policy. Director Liberatore seconded.

Discussion ensued among the Board.

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

13. New Business

a. United Mutual Town Hall

President Bok discussed the topics of the next 3 town halls.

Discussion ensued among the Board.

b. Entertain a Motion to Approve the Revision to Architectural Standard 6: Air Conditioning Units/Heat Pumps (December initial notification – 28-day notification for member review and comments to comply with Civil Code §4360)

Director Blackwell read the following resolution.

RESOLUTION 01-23-XX

STANDARD 6: Air Conditioning Units/Heat Pumps

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

WHEREAS, the Architectural Control and Standards Committee recognizes the need to revise Standard 6: Air Conditioning Units/Heat Pumps;

NOW THEREFORE BE IT RESOLVED, January 09, 2024, that the Board of Directors of this Corporation hereby adopts Standard 6: Air Conditioning Units/Heat Pumps as attached to the official meeting minutes; and

RESOLVED FURTHER, that Resolution 01-18-58 adopted June 12, 2018, is hereby superseded in its entirety and no longer in effect; and

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

Director Blackwell made a motion to approve the Resolution for Standard 6 for discussion purposes and to postpone the final vote for 28-days per Civil Code §4360. Director Liberatore seconded the motion.

Bart Mejia, spoke on the item at hand.

Discussion ensued among the Board.

There being no changes, the motion was called to a vote and passed unanimously. (DECEMBER Initial Notification - postpone 28-days for Member review and comment to comply with Civil Code §4360).

14. Directors' Comments (Two minutes per director)

- Director Liberatore commented on Traffic Rules being removed from the website
- Director Carlson commented on easy pay
- Director Lee commented on the December Town Hall Meeting
- Director Quam commented on the multiple issues brought up by residents today and the high cost of living
- Director Blackwell commented on 2nd Hand Smoke Policy being worked on at the committee level
- Director Choi Ho commented on constructive discussions on the finance of the mutual

15. United Mutual Committee Reports

- a. Report of the Finance Committee / Financial Report – Director Choi Hoe. The Committee met on November 28, 2023; next meeting January 30, 2024 at 1:30 p.m. in the Board Room and as a virtual meeting.

- (1) Treasurer's Report – November

- (2) United Finance Committee Report
- (3) Resales/Leasing Reports – November

- b. Report of the Architectural Controls and Standards Committee – Director Liberatore. The Committee met on November 16, 2023; next meeting December 21, 2023, at 9:30 a.m. in the Board Room and as a virtual meeting.
- c. Report of Member Hearings Committee – Director Lee. The Committee met on November 9, 2023; next meeting December 14, 2023, 9:00 a.m. in the Sycamore Room and as a virtual meeting.
- d. Report of the Governing Documents Review Committee – Director Blackwell. The Committee met on November 16, 2023; next meeting December 21, 2023, at 1:30 p.m. in the Board Room and as a virtual meeting.
- e. Report of the Landscape Committee – Director Quam. The Committee met on December 11, 2023; next meeting January 22, 2024, at 1:30 p.m. in the Board Room and as a virtual meeting.
- f. Report of the Maintenance & Construction Committee – Director Bok. The Committee met on October 25, 2023; next meeting January 17, 2024, at 1:30 p.m. in the Board Room and as a virtual meeting.
- g. Report of the United Resident Advisory Committee – Director Liberatore. The Committee met on September 14, 2023 and October 12, 2023; next meeting December 14, 2023, at 4:00 p.m. in the Elm Room and as a virtual meeting.

16. GRF Committee Highlights

- a. Report of the GRF Finance Committee – Director Tuning. The Committee met on October 18, 2023; next meeting December 20, 2023, at 1:30 p.m. in the Board Room and as a virtual meeting.
 - b. Report of the Community Activities Committee – Director Blackwell. The Committee met on November 9, 2023; next meeting December 14, 2023, at 1:30 p.m. in the Board Room and as a virtual meeting.
 - c. Report of the GRF Landscape Committee – Director Quam. The Committee met on November 8, 2023; next meeting February 14, 2024, at 1:30 p.m. in the Board Room and as a virtual meeting.
 - d. Report of the GRF Maintenance & Construction Committee – Director Bok. The committee met on October 11, 2023; next meeting December 13, 2023, at 9:30 a.m. in the Board Room and as a virtual meeting.
- (1) Clubhouse (Facilities) Ad Hoc Committee – Director Bok. The Ad Hoc Committee met March 15, 2023; next meeting TBA.

- (2) Space Planning Ad Hoc Committee – Director TBD. The Ad Hoc Committee met on December 6, 2023. Next meeting TBD.
- e. Report of the Media and Communications Committee – Director Quam. The Committee met on September 18, 2023; next meeting January 15, 2024, at 1:30 p.m. in the Board Room and as a virtual meeting.
- f. Report of the Mobility and Vehicles Committee – Director Bok. The Committee met on November 6, 2023; next meeting February 7, 2024, at 1:30 p.m. in the Board Room and as a virtual meeting.
- g. Report of the Security and Community Access Committee – Director Blackwell. The Committee met on October 25 2023; next meeting February 28, 2024, at 1:30 p.m. in the Board Room and as a virtual meeting.
- (1) Laguna Woods Village Traffic Hearings – Director Blackwell. The Traffic Hearings were held on November 15, 2023; next hearings on January 17, 2024, at 9:00 a.m. in the Board Room.
- (2) Report of the Disaster Preparedness Task Force – Director Liberatore. The Task Force met on November 28, 2023; next meeting January 30, 2024, at 9:30 a.m. in the Board Room and as a virtual meeting.
- h. Report of the Information Technology Advisory Committee – Director Quam. The Committee met on October 27, 2023; next meeting TBA.

17. Future Agenda Items

- *Revision to Architectural Standard 6: Air Conditioning Units/Heat Pumps*

18. 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 12:01 p.m. into the Closed Session.

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

Approval of Agenda

Approval of the Following Meeting Minutes;

(a) November 14, 2023 – Regular Closed Meeting

Discuss and Consider Member Disciplinary Matters

Discuss Personnel Matters

Discuss and Consider Contractual Matters

Discuss and Consider Legal and Litigation Matter

19. Adjourn

The meeting was adjourned at 2:22 p.m.

DocuSigned by:

Maggie Blackwell

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Maggie Blackwell, Secretary of the Board
United Laguna Woods Mutual

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YEAR 2024 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 (1st) 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 (16th) day of the month (or if a special assessment is not received by United on or before the close of business on the fifteenth (15th) 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 (16th) 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,

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



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)