

UNITED LAGUNA HILLS MUTUAL

NOTICE TO MEMBERS November 1, 2007

ARCHITECTURAL REVIEW PROCEDURES Summary of Civil Code § 1378

Section a) of Civil Code 1378 requires that this section applies if the association's governing documents require association approval before an owner of a separate interest may make a physical change to the owner's separate interest or the common area, the association shall satisfy {specific} requirements.

Civil Code 1378 applies to United Laguna Hills Mutual, reference Article 12 - Alterations and Additions of the United Laguna Hills Mutual Occupancy Agreement, which states:

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.

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.

Further to the requirements provided by Civil Code 1378, the Mutual makes available to all its Members the United Laguna Hills Mutual Alterations Standards. The Standards are available upon request at the Laguna Woods Village Community Center. These Standards identify established alterations that have been previously approved by the Mutual's Board of Directors. The Alterations Standards are reviewed and updated as needed by the Mutual's Architectural Standards and Variances Committee, and the Board. Typically, a proposed alteration that meets the Alterations Standards requirements can be permitted without Board review.

In order that a Member may propose an alteration that is not an established Alteration Standard, the Mutual provides the Member the opportunity to submit a Request for Variance. Guidelines for submittals for Variance Requests, and submittals for Standard Alteration Permits follow:

**GUIDELINES FOR SUBMITTALS
FOR VARIANCE REQUESTS**

1. Variance Requests are submitted to obtain approval for a variance to construct a non-standard alteration, that which is different from the Mutual's Alteration Standards and/or Standard Plans. Variance Requests are submitted to the Permits and Inspections office for consideration by the Mutual's Architectural Standards and Variances Committee, and the Board.
2. The submitted proposal for a Variance Request must be legible, clear and concise and should not require assumptions on the part of the reviewing agent.
3. The Variance Request must include a letter signed by the Mutual member that describes the proposed alteration(s). The submittal must also include conceptual drawings, or plans, of the proposed alteration.
4. The plans must represent a true replication of both the existing floor plan and proposed floor plan modifications, inclusive of specific dimensional details of each.
5. The plans must identify the precise location of the proposed alteration *and* any related alterations/installations. For example, if the proposal is for a room expansion, the re-location of doors, if necessary, should be identified.
6. The plans must provide specific details of how the proposed alteration would be constructed. For example, if a window is being installed, information detailing its size and whether it would be constructed of white-vinyl, dual-pane glass, etc. should be included.
7. Where a Variance Request is for an alteration that is visible from the outside of a manor (room expansion, window installation, door re-location, etc), an exterior elevation must be submitted, inclusive of the alteration's proposed roofline.
8. All plans must be site specific and original. Plans submitted for another manor for a similar requested alteration would not be considered.
9. Do not change or alter standard plans; if an alteration will differ slightly from a standard plan, provide written documentation with a new manor plan indicating how the proposed alteration would vary from the standard plan.
10. The Permits and Inspections office must be informed in writing of any deviations from an approved alteration that is being performed, prior to

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making any field changes. Any deviations from an approved plan must be approved by the Permits and Inspections office before it is made on the manor. Deviations from approved plans may require Board approval of an additional variance, thus a waiting period may result.

GUIDELINES FOR SUBMITTALS FOR STANDARD ALTERATION PERMITS

1. An Application For Alteration Permit must be submitted to the Permits and Inspections office to perform previously-approved Standard Plan alterations or alterations conforming in all aspects to Board-approved Mutual Alteration Standards.
2. A Mutual permit is required for all alterations to the building. A City of Laguna Woods permit may be required. All fees for both Mutual and City permits shall be paid for by the Member and/or the Member's contractor. Member and/or the Member's contractor must supply the Permits and Inspections office with City permit numbers prior to beginning work.
3. The Member applying for a permit shall provide to the Permits and Inspections office a detailed plan(s), for approval, indicating all work to be done, i.e., size, location, description, and specifications.
4. Prior to the issuance of a permit, the Member's signature is required to indicate that the Member has received, read, understands and agrees to follow and adhere to all current Mutual Standards regarding the alteration.
5. A signed Neighbor Awareness Form may be required in order to obtain a permit.

Further to the requirements provided by Civil Code 1378, Variance Requests are processed as follows:

1. Variance Requests, and all required documentation, shall be submitted to the Permits and Inspections office 30 (thirty) days prior to the next regularly scheduled United Laguna Hills Mutual Architectural Standards and Variances (ULHM ASV) Committee Meeting in order to be considered.
2. Staff prepares a Variance Request report on each proposed alterations, and the report includes a Summary/Recommendation, Background information, Analysis, and any recommended contingencies.
3. The report is written, and the Committee considers the Variance Request based on the following criteria:

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- Aesthetic Impact (Building, Common Area, Neighbors)
 - Cost Impact (Original installation, Repair and Maintenance)
 - Conformity to Local and State Building Codes
 - Conformity to the Mutual requirements with respect to Davis-Sterling
 - Conformity to the Mutual governing documents
 - Value Impact (Resales, Other)
 - Comparison of the proposed alteration to the Alteration Standard
4. By a counted vote of Committee Members present at the Meeting, the ULHM ASV Committee makes a recommendation to the ULHM Board for approval or denial of the request.
 5. The recommendation of the Committee and the Variance Request report is considered at the next regularly scheduled Board Meeting, and by a counted vote of Board Members present at the Meeting, the ULHM Board either approves or denies the request, and passes a resolution of the Board's decision.
 6. The Member is notified in writing explaining the Board's decision, which may include, in the case of approval, required contingencies. The Member is notified that, in the case the Member wants to appeal a decision, in accordance with Resolution 01-03-109, the Member may appeal the Board's decision within thirty days to the Architectural Standards and Variances Committee. The Board will make a final decision upon review of a recommendation from the Architectural Standards and Variances Committee.
 7. Should the Mutual Member decide to appeal, the Member submits a request for appeal in writing to the Board via the Permits and Inspections office.
 8. A memorandum regarding the appeal is prepared by Management Analyst staff and presented to the ULHM ASV Committee for review, and by a counted vote of Committee Members present at the Meeting, the ULHM ASV Committee makes a recommendation to the ULHM Board for approval or denial of the original proposed alteration.
 9. By a counted vote of Board Members present at the Meeting, the ULHM Board either approves or denies the request, and passes a resolution of the Board's decision.
 10. The Member is notified in writing explaining the Board's final decision, which may include, in the case of approval, required contingencies. The Member is notified that, in the case that the Board upholds its original denial of the proposed alteration that per Resolution 01-03-109, no further appeals will be granted for a twelve (12) month period from the date of the Board's decision on your appeal. This twelve-month period shall apply to both the original requesting Mutual Member and the subsequent member(s) if any.

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With respect to a Member's disregard for the rules on alterations, such as the installation of an alteration that is not in compliance with the Board's determination, the Member may ultimately be brought forth for a member disciplinary hearing.

Unauthorized Alterations

Upon the discovery of an unauthorized alteration, the Permits and Inspections office provides the Member with a Notice of Unauthorized Alteration, which includes the requirements under which an alteration may be permitted.

Upon receipt of a Notice of Unauthorized Alteration, all work must cease immediately and the Member must obtain all required City and Mutual permits before performing additional work.

A re-inspection of the unauthorized alteration is performed no sooner than thirty days after the Notice of Unauthorized Alteration was issued.

Should the inspection reveal that the Member's alteration continues to be in violation, the Member is notified, in writing, of the violation and of the Board's requirement that the unauthorized alteration must be corrected within a specified time period. The Member is advised that failure to comply may result in member disciplinary action in the form of a hearing before the Board of Directors.

A second inspection is performed thirty days after the date of the notification, and should the inspection reveal that the Member's alteration continues to be in violation after the previous requests to comply have gone unheeded, then the Member is notified via Certified and First Class Mail of a Member Disciplinary Hearing. This notification includes background information regarding the subject violation, the reasons for a hearing, the time and place of the hearing, and possibility of any and/or all of the following: suspension, discipline, and fines. The Member is provided a copy of the Mutual's Bylaws with respect to Discipline:

UNITED – ARTICLE IV, SECTIONS 2 AND 3

SECTION 2. DISCIPLINE.

(a) The Board of Directors may take disciplinary action against any Member, Qualifying Resident, Co-Occupant, Lessee or guest for breach of these Bylaws, any Rules or Regulations of the Corporation or any obligation of the Member under his or her Occupancy Agreement on the part of the Member, a Qualifying Resident, Co-Occupant, Lessee or guest of any of the aforementioned parties who may use the facilities of the Corporation or the GRF. Any disciplinary action authorized hereunder shall not act as a bar to the exercise of any other right or remedy available to the Corporation against any other party for any such breach. Members shall be required to include in any lease with a Lessee of their Manor a provision whereby the Lessee shall be bound by these Bylaws and the Rules and Regulations of the Corporation.

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(b) *Disciplinary action authorized hereunder may consist of any or all of the following: (1) a fine with an amount determined by the Board of Directors not to exceed \$500.00 for each such breach; (2) suspension of the right to vote, whether by voice, ballot or written consent, on any or all matters brought before the Members for a period not to exceed one (1) year; and (3) suspension of the right to use any of the facilities of the Corporation for thirty (30) days for each such breach. The Corporation may also make an application to a court of competent jurisdiction for legal or equitable relief.*

(c) *Except with respect to traffic violations governed by paragraph (d) of this Section 2 and Section 3 of Article VII, and other than the exercise of the remedy provided in the Common Interest Development Law for collection of delinquent assessments, before any disciplinary action is taken, as authorized in Paragraph (b) above, a Member, Qualifying Resident, Co-Occupant, Lessee or guest of Member, shall be entitled to a hearing pursuant to the provisions of paragraph (b) of Section 3 of this Article.*

(d) *Except when a hearing is required by the traffic enforcement program approved by the Board of Directors of this Corporation, a Member, Qualifying Resident, Co-Occupant, Lessee or guest who is cited for a traffic violation of any type may, in certain instances specified in the traffic rules enforcement program as revised and approved by the Board of Directors from time to time, elect to waive his/her right to a hearing and commit to a traffic violation disciplinary action alternative as specified in the traffic rules enforcement program then in effect.*

(e) *In addition to the remedies specified herein, a Member found to be in violation shall be liable to the Corporation for costs of suit and a reasonable sum for attorneys' fees incurred in enforcing these Bylaws, any rule or regulation of the Corporation, or any obligation of a Member under the Occupancy Agreement.*

SECTION 3. TERMINATION OF MEMBERSHIP; DISCIPLINARY HEARINGS.

(a) *Termination of Membership for Cause. A Membership may be proposed for termination for a violation of the Articles of Incorporation, these Bylaws, Rules or Regulations, or the Occupancy Agreement by the Board of Directors at any regularly scheduled meeting or special meeting of the Board at which a quorum is present, by the affirmative vote of the majority of the total number of Directors then holding office.*

(b) *Procedure for Termination and Discipline. After the determination that a Membership should be proposed for a termination under paragraph (a) above, or that disciplinary action should be taken by the Corporation against a Member, Qualifying Resident, Co-Occupant, Lessee or guest or invitee of Member pursuant to Section 2 of this Article, other than the disciplinary measures set forth in Section 2, paragraphs (c) and (d), the procedure below shall be followed.*

(i) *A notice shall be sent by prepaid, first class and certified mail to the most recent address of the Member as shown on the Corporation's records, setting forth the nature of the proposed termination and/or discipline and the reasons therefore.*

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Such notice shall be sent at least fifteen (15) days before the proposed effective date of the termination or discipline.

(ii) The Member being proposed for a termination or disciplined shall be given an opportunity to be heard and to present evidence in his or her behalf, either in person, by counsel, or by both, or in writing, at a hearing before the Board of Directors to be held not less than five (5) days before the effective date of the proposed termination or discipline. The notice to the Member of his or her proposed termination or discipline shall state the date, time, and place of the hearing.

(iii) Following the hearing, the Board shall decide by the affirmative vote of the majority of the total number of Directors, in good faith and in a fair and reasonable manner, whether the Membership should be terminated or whether the Member should be disciplined in some other way. The decision of the Board shall be final.

(iv) Following any Disciplinary Hearing, the Board may impose any fines or penalties pursuant to a previously adopted schedule of fines or penalties distributed to each Member.

(c) Effect of Termination. In the event of a termination of Membership under Section 3, the terminated Member shall promptly deliver his or her Membership Certificate to the Corporation, endorsed in a manner satisfactory to the Corporation. The Corporation, at its election, thereupon shall either: (1) repurchase said Membership at its market value as defined in Article III, Section 6(d); or (2) proceed with reasonable diligence to effect a sale of the Membership to a purchaser at a sales price acceptable to the Corporation. If, for any reason, the terminated Member should fail to deliver his or her endorsed Membership Certificates to the Corporation within ten (10) days after demand, said certificates shall be deemed to be canceled forthwith and new Membership Certificates may be reissued by the Corporation to a purchaser.