



**THIRD SPECIAL OPEN MEETING OF THE THIRD LAGUNA HILLS MUTUAL BOARD  
OF DIRECTORS A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

**Friday, May 4, 2018  
Laguna Woods Village Community Center 24351 El Toro Road  
Willow Room**

**NOTICE OF AGENDA**

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**The following agenda item was added to the agenda after the agenda packet was distributed:**

6f. Emergency Unoccupied Manor Inspection Policy

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## STAFF REPORT

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**DATE:** May 4, 2018  
**FOR:** Board of Directors  
**SUBJECT:** Unoccupied Manor Inspection Policy

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### **RECOMMENDATION**

Adopt a resolution for an Emergency Unoccupied Manor Inspection Policy.

### **BACKGROUND**

On March 18, 2014, the Board approved Resolution 03-14-25, establishing the Interior Inspection of Unoccupied Manors Policy (Attachment 1). The policy was established due to unoccupied manors presenting a number of concerns to Third Mutual and its residents. Those concerns increase the longer the manor is vacant. It is to the benefit of the Mutual to inspect the condition of unoccupied manors on a regular and consistent basis.

Recent events related to damage of Mutual property due to neglect in unoccupied units has prompted a review of the current policy. In denial of a claim filed for moisture intrusion and mold damages from an unoccupied unit that had occurred over time, the insurance carrier for the Village, Travelers Property Casualty Company of America, has stated that their policy contains the following clauses: "...we will not pay for loss or damage caused by or resulting from any of the following: continuous or repeated seepage or leakage of water or other liquid, or the presence or condensation of humidity, moisture or vapor that occurs over a period of 14 days or more..." and "...faulty, inadequate or defective maintenance of part or all of any property on or off the described premises."

The fact that the Mutual's insurance policy does not cover damage caused by neglected manors has increased the urgency of the issue and on April 17, 2018, with the advice of legal counsel, the Board voted to introduce an Emergency Unoccupied Manor Inspection Policy. The emergency policy will be in effect for up to six months, allowing the Board time to enact a permanent policy.

### **DISCUSSION**

Per the current policy, unoccupied manor inspections are triggered when a manor is unoccupied for one year. When that threshold is met and annually thereafter, the policy requires Staff to contact the Owner of Record (Owner) with written notification. The notice must be given a minimum of 15 days prior to the planned inspection and requires

a positive response from the Owner. If the Owner does not respond within the specified time period, Staff must attempt to notice the Owner a second time.

After the second failed attempt, or if the Owner denies entry, the matter is to be referred to the Board for disciplinary action. The policy also dictates that the Mutual will only conduct non-emergency inspections upon receipt of written permission from the Owner. Additionally, the policy requires collection of a \$100 fee for the inspection.

When following this policy, Staff has found the requirements administratively problematic and time consuming. As set forth in the policy, the notification procedures can require over two months of administration and numerous hours of Staff time to complete an inspection.

To reduce the administrative burden created by the current notification and scheduling process, Staff proposes several changes to the policy. One of the key reasons for inspections is to ensure proper maintenance to reduce the likelihood of damage to Mutual property. As water leaks, rodent infestation, and mold can create serious problems in a short amount of time, Staff recommends reducing the threshold for inspections to six months.

Staff recommends revising the notification process to reduce the administrative complexity; provide an Initial Notification of Owners by Certified Mail that will occur when a Manor reaches the established threshold (Attachment 2). This notification will detail the justification and the methodology of the inspection. A subsequent letter will be sent out 15 days prior to the scheduled inspection notifying the Owner of the actual inspection date and time frame (Attachment 3).

The current policy states that the Mutual will conduct non-emergency inspections only upon receipt of written permission from the Owner. Historically, this requirement has been a hindrance to implementation of this policy. Article IV §6 of the Third Laguna Mutual CC&Rs authorizes non-emergency entry, "*An Owner shall grant entry to the Board or any other person authorized by the Board when necessary in connection with any maintenance or repair which is the responsibility of the Mutual to perform.*" Since the CC&Rs require an Owner to grant entry, a return response authorizing inspection is redundant. The proposed notification gives the Owner an avenue in which to object to access, which would be reviewed by Staff and, if necessary, be referred to the Board for resolution. As in the previous Resolution, failure to provide access will be subject to referral to the Board for disciplinary action.

Access to unoccupied manors has been problematic for both emergencies and non-emergencies. The Mutual's current Key File Program is voluntary; since access to unoccupied manors in an emergency is critical and entry for maintenance using a locksmith is expensive and time consuming, Staff proposes to make the Key File Program for unoccupied manors mandatory. When a manor is identified as unoccupied and no key is on file, the Owner will be notified to provide one. Failure to provide a key will be subject to referral to the Board for disciplinary action.

The current policy dictates that an inspection and administrative fee of \$100 be charged to the owner for each inspection. The proposed emergency policy will charge actual costs for performing inspections, including the cost of gaining access to the unit.

As in the current policy, non-emergency inspections will be conducted with Security personnel in attendance to ensure there is no adverse impact upon the manor interior due to the Mutual's inspection. The remainder of the existing policy will remain unchanged.

Due to the increased Staff time necessary to carry out this policy, an additional staff position will be necessary. Currently there is sufficient field staff to carry out the purpose of the policy; an additional administrative position is required to complete the tasks related to implementing the policy.

### **FINANCIAL ANALYSIS**

An unbudgeted administrative position will be added in the Alterations Division to perform the coordination and administration relevant to this policy.

**Prepared By:** Brett Crane, Alterations Supervisor  
**Reviewed By:** Kurt Wiemann, P.I.R. Manager  
Eve Morton, Alterations Coordinator

### **Attachments:**

Attachment 1: Resolution 03-14-25, March 18, 2014 (Existing Policy)  
Attachment 2: Proposed Emergency Unoccupied Manor Inspection Policy

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## RESOLUTION 03-18-XX

### **EMERGENCY RESOLUTION TO ADOPT A POLICY FOR INTERIOR INSPECTION OF UNOCCUPIED MANORS**

**WHEREAS**, unoccupied Manors present a number of concerns to Third Mutual and its residents, including without limitation, potential damage to the Mutual's Common Areas, and those concerns increase the longer the Manor is unoccupied;

**WHEREAS**, the fiduciary responsibility of the Board is to protect the Mutual's assets and it is to the benefit of the Mutual and its residents to inspect the condition of Manors which have been unoccupied for a period of six (6) months or more, or which are reasonably believed to pose potential maintenance concerns; and,

**WHEREAS**, based on the advice of the Mutual's legal counsel and consistent with the Mutual's governing documents, the Mutual has the right to access an owners Manor at any time in the event of an emergency and the right to access an owner's Manor at a reasonable hour in non-emergency situations for the purpose of inspection;

**NOW THEREFORE BE IT RESOLVED**, May 4, 2018, that the Board of Directors hereby enacts the Emergency Unoccupied Manor Inspection Policy ("Policy");

**RESOLVED FURTHER**, that except in case of an emergency inspection, in which case the Mutual or a representative thereof may enter without prior notice to the Manor owner, the Mutual must provide a minimum of fifteen (15) days' prior written notice to the owner of record of each Manor that is unoccupied or presumed to be unoccupied before any inspection is carried out in a Manor in accordance with this Policy;

**RESOLVED FURTHER**, the Mutual will conduct non-emergency inspections in accordance with said notice of inspection and charge administrative costs/fees as set by the Mutual for each such inspection, including the cost of gaining entrance into the Manor, as may be applicable;

**RESOLVED FURTHER**, if the Owner of record of an unoccupied Manor objects in writing to the inspection of such Manor or specifically denies entry, the matter may be referred to the Board for member disciplinary action;

**RESOLVED FURTHER**, non-emergency inspections will be conducted with premises patrol personnel in attendance to document and ensure there is no adverse impact upon the Manor interior by the Mutual's inspection; such inspection with patrol personnel is subject to a fee(s) for the cost to the Mutual to provide such persons to witness the inspection;

**RESOLVED FURTHER**, the inspector must identify and note conditions within each inspected Manor in a written report, which shall be provided to the Manor Owner by mailing the report to the Owner's mailing address in the Mutual's records, and facilitate the maintenance or remediation of adverse conditions identified to protect against damage to Mutual property, Common Area damage, or nuisance to neighboring Manors and residents;

**RESOLVED FURTHER**, that any necessary emergency maintenance or repairs (meaning those that are required to prevent damage imminent damage or injury to

persons or property) identified in the inspection and carried out by the Mutual, that are the responsibility of the member will be charged to the owner of record after a noticed hearing before the Board in accordance with the Mutual's governing documents;

**RESOLVED FURTHER**, that necessary emergency maintenance and repairs that are the responsibility of the Mutual will be carried out at the Mutual's expense;

**RESOLVED FURTHER**, that Resolution 03-14-25 adopted March 18, 2014 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 the purpose of this Resolution.