

**MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF  
LAGUNA WOODS MUTUAL NO. FIFTY  
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

**October 29, 2009**

The Board of Directors of Laguna Woods Mutual Fifty, a California non-profit mutual benefit corporation, met at 2:00 P.M. on Thursday, October 29, 2009 at 24055 Paseo del Lago West, Laguna Woods, California.

**Directors Present:** Richard Wurzel, Acting Chair; Keith Wallace; Herb Harris

**Directors Absent:** Dick Gray, Ruth Mervis

**Others Present:** Judie Zoerhof, Milt Johns, Patty Kurzet

**1. Call to Order**

In Dick Gray's absence, Director Wurzel chaired the meeting and stated that it was a regular meeting of the Corporation, and that a quorum was present. The meeting was called to order at 2:04 P.M.

**2. Pledge of Allegiance to the Flag**

Director Wallace led the membership in the Pledge of Allegiance to the Flag.

Chair Wurzel acknowledged Ms. Clair Webb of the Laguna Woods Globe as present.

**3. Approval of the Minutes**

Without objection, the minutes of the Regular Meeting of September 17, 2009 were approved as submitted.

**4. President's Comments**

Chair Wurzel announced the success of the recent Open House.

**5. Old Business**

No old business came before the Board.

**6. New Business**

**a. Approval of Collection and Lien Enforcement Policy and Procedures for Assessment Delinquencies**

Director Wallace read a proposed resolution on approving the Collection and Lien Enforcement Policy and Procedures for Assessment Delinquencies. Director Wallace moved to approve the resolution. Director Harris seconded the motion.

Member Vicky Kasselheim (1056) commented on the policy.

By a vote of 3-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION M50-09-68**

**WHEREAS**, Section 1365 of the California Civil Code requires that homeowner associations have a specific policy relating to collection of delinquent assessment accounts and enforcement of liens placed upon such delinquent properties; and

**NOW THEREFORE BE IT RESOLVED**, October 29, 2009, that the Board of Directors of this Corporation hereby approves the attached Collection and Lien Enforcement Policy and Procedures for Assessment Delinquencies, effective January 1, 2010; and

**RESOLVED FURTHER**, that Resolution M50-08-64, adopted November 20, 2008 is hereby superseded and cancelled; and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.

b. **Approval of Ad Hoc Carpet Committee**

Director Wallace read a proposed resolution on approving an Ad Hoc Carpet Committee. Director Wallace moved to approve the resolution. Director Harris seconded the motion.

By a vote of 3-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION M50-09-69**

**RESOLVED**, October 29, 2009 that the Board of Directors of this Corporation on behalf of the Corporation hereby appoints an Ad Hoc Carpet Committee for the purpose of selecting a carpet for the California Room; and

**RESOLVED FURTHER** that the members of this committee are:

Richard Wurzel, Chair

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**RESOLVED FURTHER**, that the sole purpose of this committee shall be to select colors and carpet for the California Dining room.

c. **Approve a Caregiver Fee Addition to Monthly Assessment**

Director Wallace read a proposed resolution approving a caregiver fee addition to the monthly assessment. Director Wallace moved to approve the resolution. Director Harris seconded the motion.

By a vote of 3-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION M50-09-70**

**WHEREAS**, on June 18, 2009 the Board of Directors of this Corporation established a fee for members with a live-in caregiver (or equivalent occupant) to cover incremental costs incurred by the association, set at \$90 per unit per month in 2009; and

**WHEREAS**, the caregiver fee will be updated with each annual business plan to coincide with any changes in the maintenance portion of the second occupant fee, which has been set at \$92.79 for 2010; and

**NOW THEREFORE BE IT RESOLVED**, October 29, 2009, that the Board of Directors of this Corporation hereby approves a \$92.79 per unit per month fee for those members with a live-in caregiver (or equivalent occupant); and

**RESOLVED FURTHER**, the new rate will be effective January 1, 2010 and included in the monthly assessment; and

**RESOLVED FURTHER**, resolution M50-09-45 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.

d. **Approve Patio Enclosure Fees with Monthly Assessments**

Director Wallace read a proposed resolution approving patio enclosure fees. Director Wallace moved to approve the resolution. Director Harris seconded the motion.

By a vote of 3-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION M50-09-71**

**WHEREAS**, eight units have an enclosed patio area and pay a fee each year for the incremental operating costs, such as utilities, that arise from the increased square footage of interior space; and

**WHEREAS**, beginning in 2010, the manual billing system will be replaced by including the enclosed patio fee in the monthly assessment for the eight units; and

**NOW THEREFORE BE IT RESOLVED**, October 29, 2009, that the Board of Directors of this Corporation hereby approves the following schedule of patio enclosure fees:

<b>Manor</b>	<b>Monthly Fee</b>
1305	\$15.87
1306	\$15.87
1356	\$15.27
1357	\$24.69
1403	\$16.74
1404	\$16.54
1405	\$17.67
1406	\$19.12

**RESOLVED FURTHER**, the new rates will be effective January 1, 2010 and included in the monthly assessment; 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.

e. **Approve Supplemental Appropriation for Insulated Window Film for Units 451 and 853**

Director Wallace read a proposed resolution approving a supplemental appropriation for installing insulated window film on Units 451 and 853. Director Wallace moved to approve the resolution. Director Harris seconded the motion.

Member Vicky Kasselheim (1056) commented on the resolution.

By a vote of 3-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION M50-09-72**

**WHEREAS**, Unit 451 and Unit 853 are located on the west side of Tower II; and

**WHEREAS**, the representative of Unit 451 has deeded Unit 451 back to Mutual Fifty; and

**WHEREAS**, Unit 853 is in Foreclosure and may revert back to Mutual Fifty;

**WHEREAS**, Resolution M50-09-50 dated July 16, 2009 made provision for all Mutual owned units except those on the North side of Tower I to have Ceramic30 Insulated Window Film installed;

**NOW THEREFORE BE IT RESOLVED**, October 29, 2009 that the Board of Directors of this Corporation on behalf of the Corporation hereby approves a Supplementary Appropriation from the Renovation Fund in the amount of \$2,600 for the purpose of installing insulated window film on these units; 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.

f. **Approve Recording of Lien for Member ID 932-960-50**

Director Wallace read a proposed resolution to record a Lien for Member ID 932-960-50. Director Wallace moved to approve the resolution. Director Harris seconded the motion.

Member Morris Kliegman (1010) commented on the resolution.

By a vote of 3-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION M50-09-73**

**WHEREAS**, Member ID 932-960-50 is currently delinquent to Laguna Woods Mutual Fifty with regard to the monthly assessment; and

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

**NOW THEREFORE BE IT RESOLVED**, October 29, 2009, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-960-50; 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.

## **7. Discussion Items**

Ms. Zoerhof provided a summary of a proposed policy for the Board to hold disciplinary hearings for Members who violate the Mutual's rules and regulations.

Member Vicky Kasselheim (1056) commented on the proposed policy.

Ms. Zoerhof stated that the Board will be establishing a Resident Entertainment Committee and will be creating an activities charter.

Director Harris commented on establishing a Marketing Committee.

Ms. Zoerhof announced the success of the California Shake Out Drill.

Members Jack Hammen (662) commented on resident checks during emergencies; Pat Casey (501) inquired on staff's and residents' duty during emergencies; and Evelyn Swerdlow (807) commented on mail keys.

Ms. Zoerhof reported on the website as a marketing tool for the Towers and staff following up on sale/rental inquiries.

Members Mary Wayman (860) and Vicky Kasselheim (1056) commented on advertising units for sale.

The Board discussed installing computers in the Library.

Members Jack Badiner (902) and Vicky Kasselheim (1056) commented on computers.

The Board discussed installing Celotex on the Lortscher Hall wall(s) and directed staff to draft a Subject Report.

The Board discussed resuming showing movies in the Key Club and encouraged the residents to provide input on their sentiments.

## **8. Members' Comments**

- Morris Kliegman (1010) commented on delinquencies

## **9. Financial and Budget Report:**

Director Wallace reported on the Financial and Budget Report.

## **10. Standing Committee Reports:**

- Activities Committee:** In Lorna Ingram's absence, Joann Cramer reported on behalf of the Activities Committee.
- Business Planning Committee:** No one reported on behalf of the Business Planning Committee.
- Information and Orientation Committee:** No one reported on behalf of the Information and Orientation Committee.

- d. **Architectural Control Committee:** No one reported on behalf of the Architectural Control Committee.

**11. GRF Committees:**

- a. **Community Activities Committee:** No report was given.
- b. **Broadband Services Committee:** Director Wallace reported on behalf of the Broadband Service Committee.
- c. **Government and Public Relations Committee:** No report was given.
- d. **Bus Services Committee:** Director Harris reported on behalf of the Bus Services Committee.
- e. **Select Audit Committee:** No report was given.
- f. **Finance:** No report was given.
- g. **Security Committee:** No report was given.

**12. Golden Rain Foundation**

Mr. Milt Johns announced the November 29, 2009 roll-out of the Dial-A-Ride bus program and reported on the October 6, 2009 Golden Rain Foundation Board Meeting.

**13. Resale and Leasing Reports**

Mr. Johns reported on the year-to-date resale and leasing activity.

**14. Administrator's Report**

No report was given.

**Directors' Forum**

- Director Harris wished President Gray a get well and thanked staff for all their hard work.

**Recess**

The meeting recessed at 3:28 P.M. and reconvened into Executive Session at 3:31 P.M.

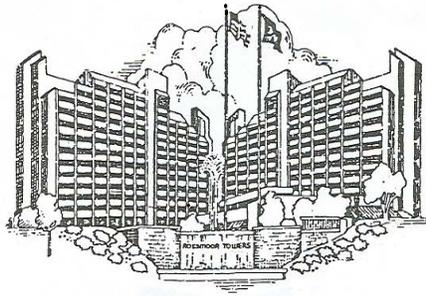
**Summary of Previous Closed Session Meetings per Civil Code Section §1363.05**

During its September 17, 2009 Regular Executive Session Board Meeting, the Board approved the Minutes from the August 20, 2009 Regular Executive Session; discussed holding a member disciplinary hearing; considered setting foreclosure sale dates; authorized one delinquency write-off; and discussed other delinquency matters.

There being no further business to come before the Board, the meeting was adjourned at 4:02 P.M.

---

Herb Harris, Assistant Secretary



*The Towers*

Laguna Woods, California 92637

## **YEAR 2010 COLLECTION AND LIEN ENFORCEMENT POLICY AND PROCEDURES FOR ASSESSMENT DELINQUENCIES**

The following is a statement of the specific procedures, policies and practices employed by Laguna Woods Mutual No. Fifty, a California nonprofit mutual benefit corporation (the "Mutual") in enforcing lien rights or other legal remedies for default in payment of its assessments against its members (the "Policy Statement"). This Policy Statement is provided pursuant to the requirements of California Civil Code Section 1365(e).

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

WE SINCERELY TRUST THAT ALL MEMBERS, IN THE SPIRIT OF COOPERATION, WILL MAKE TIMELY PAYMENTS AND AVOID THE IMPOSITION OF LATE CHARGES AND POSSIBLE RESULTANT LEGAL ACTION. IT IS IN THE BEST INTEREST OF YOU AND EVERY OTHER MEMBER OF THE MUTUAL FOR EACH OF YOU TO MAKE YOUR MONTHLY PAYMENTS ON TIME.

REGARDLESS OF WHETHER THE MUTUAL RECORDS A LIEN ON YOUR PROPERTY DURING THE COLLECTION OF PAST-DUE ASSESSMENTS, ALL MEMBERS HAVE A PERSONAL AND ONGOING OBLIGATION TO PAY ASSESSMENTS AND CHARGES.

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

1. Regular assessments are due and payable to the Mutual, in advance, in equal monthly installments, on the first day of each month. Special assessments shall be due and payable on the due date specified by the Board of Directors in the notice imposing the special assessment or in the ballot presenting the special assessment to the members for approval. In no

event shall a special assessment be due and payable earlier than thirty (30) days after the special assessment is duly imposed. If the current monthly assessment is not received by the Mutual on or before the close of business on the sixteenth (16th) day of the month (or if a special assessment is not received by the Mutual on or before the close of business on the fifteenth (15th) day after it is due), a Reminder Notice is sent to the member. PLEASE NOTE THAT TO BE CONSIDERED TIMELY, THE PAYMENT MUST BE RECEIVED BY THE MUTUAL 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 the Mutual not to routinely waive any duly imposed late charges, interest, or actually incurred "Costs of Collection." "Costs of Collection" as used in this Policy Statement include, without limitation, an administrative collection fee, currently in the amount of Two Hundred Dollars (\$200) (the "Administrative Collection Fee"), which is charged by the Mutual's managing agent to cover staff's costs to prepare the files for delivery to the Mutual's legal counsel in order to carry out legal actions authorized hereunder, as well as direct costs incurred in recording and/or mailing documents attendant to this legal process. This Administrative Collection Fee may be increased by majority vote of the Mutual's Board, and may be collected by the Mutual's legal counsel on its behalf, and remitted to the Mutual's managing agent, or may be directly collected by the Mutual's managing agent. IT IS THE MEMBER'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 members by first-class mail addressed to the member at his or her address as shown on the books and records of the Mutual. However, it is the member's responsibility to be aware of the assessment payment due dates and to advise the Mutual of any changes in the member's mailing address.

A late payment charge for a delinquent assessment will be assessed in the amount of Twenty Dollars (\$20.00) and will be imposed on any assessment payment that is more than fifteen (15) days in arrears. Further, both state law and the Mutual's governing documents provide for interest on the delinquent assessment and the late charge, and accordingly interest may be imposed thirty (30) days after the assessment is due, at an annual percentage rate not to exceed twelve percent (12%) or the maximum interest rate allowed by law, whichever is less. Such interest may be imposed and collected per the foregoing sentence regardless of whether the member's delinquent account is referred to the Mutual's legal counsel for further handling.

2. If full payment of the delinquent amount is not received by the close of business on the day which is fifteen (15) days after the date of the Reminder Notice, a Demand Letter will be sent to the member by Certified Mail. Additionally, the Mutual will attempt to contact the member by telephone to remind the member of the delinquency and determine when payment will be made. However, no assurances can be given that the Mutual will in fact

reach the member by telephone, and the member is responsible to pay off the delinquency whether or not a telephone reminder is actually received by the member.

3. 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 Demand Letter, the Mutual may, at its option, and based on the circumstances of the delinquency, including but not limited to, the total delinquent amount owing and the member's payment history, undertake to collect the delinquency by: (1) legal actions, discussed further below, (2) termination of the delinquent member's membership in the Mutual as a result of any foreclosure, or (3) other appropriate means.
4. The failure to pay each assessment payment on a timely basis imposes financial pressure and burdens on the Mutual's budget. The monthly assessments are the Mutual's principal and only regular source of revenue to meet current operating and reserve expenses incurred on behalf of the members of the Mutual. Special assessments must be received in a timely fashion in order to finance the special projects for which said special assessments are imposed. Accordingly, in order to reduce the amount and duration of delinquencies and to encourage the prompt and full payment of all assessments, the Mutual has been vested with certain enforcement rights and remedies which are in addition to those which exist generally for creditors. For example, the Mutual may, after following appropriate procedures prescribed by law and the Mutual's governing documents, suspend a delinquent member's right to vote on matters as to which the member would otherwise be entitled to vote (based on applicable law and/or the Mutual's governing documents), or to use facilities or receive services provided by the Mutual, or both, until the delinquency is paid in full, including interest, a late charge, and/or the Administrative Collection Fee, as may have been imposed or incurred in a particular instance. Failure to pay the assessments or failure to pay interest, a late fee, and/or the Administrative Collection Fee may also result in suspension of membership in and the ability to use the facilities or services provided by the Golden Rain Foundation of Laguna Woods or by this Mutual.

The Mutual may also take various legal actions to enforce the collection of delinquencies. These actions may be taken separately or concurrently.

First, a civil action in small claims court may be filed (or a lien recorded as to which the Mutual is prohibited from foreclosing while the amount of the delinquent assessments, exclusive of any late charges, fees, attorney's fees, interest, and Costs of Collection is less than One Thousand Eight Hundred Dollars (\$1,800), or the delinquent assessments are not yet more than twelve (12) months delinquent), with a management company representative or bookkeeper appearing and participating on behalf of the Mutual.

The amount that may be recovered in small claims court may not exceed the jurisdictional limits of the small claims court, and shall be the sum of the following: (a) the amount owed as of the date of filing of the complaint in the small claims court proceeding; and (b) in the discretion of the court, an additional amount equal to the amount owed for the period from the date the complaint is filed until satisfaction of the judgment, which total amount may include accruing unpaid assessments and any reasonable late charges, fees and Costs of Collection (which costs shall, as stated above, include, without limitation, the Administrative Collection Fee), attorney's fees and interest, all up to the jurisdictional limits of the small claims court.

Alternatively, if the amount of delinquent assessments (again, not including any late charges, fees, attorney's fees, interest, or Costs of Collection), exceeds One Thousand Eight Hundred Dollars (\$1,800), or any unpaid assessments are more than twelve (12) months delinquent, then, subject to specified conditions, the Mutual may initiate foreclosure proceedings to collect the amounts owed.

These conditions include that, prior to initiating a foreclosure, the Mutual shall offer the member, and if so requested by the member, the Mutual must participate in dispute resolution pursuant to the Mutual's "meet and confer" program, or alternative dispute resolution ("ADR"). THE DECISION TO PURSUE DISPUTE RESOLUTION OR A PARTICULAR TYPE OF ADR SHALL BE THE CHOICE OF THE MEMBER, EXCEPT THAT BINDING ARBITRATION SHALL NOT BE AVAILABLE IF THE MUTUAL INTENDS TO INITIATE A JUDICIAL FORECLOSURE.

Another condition is that the decision to initiate foreclosure of a lien for delinquent assessments that has been validly recorded shall be made only by the Board, and may not be delegated to an agent of the Mutual. The Board shall approve the decision by a majority vote of the Board in an executive session. The vote must be recorded in the minutes of the next meeting of the Board open to all members; however, the confidentiality of the member shall be maintained by identifying the matter in the minutes only by the Parcel Number, and not by the name of the member or members. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale.

The Board must provide notice by personal service to a member of a separate interest or their legal representative, if the Board votes to foreclose. For a non-occupying member, the Board must provide written notice by first-class mail, postage prepaid, at the most current address shown on the books of the Mutual. In the absence of written notification by a non-occupying member to the Mutual, the address of the member's separate interest may be treated as the member's mailing address.

A non-judicial foreclosure by the Mutual to collect upon a debt for delinquent assessments is subject to a statutory right of redemption. The redemption period within which the separate interest may be redeemed from a foreclosure sale ends ninety (90) days after the sale, per California Civil Code Section 1367.4.

If a foreclosure action is prosecuted to judgment and the judgment is in favor of the Mutual, assets of the member may be seized or a lien may be placed on such assets to satisfy the judgment.

Pursuant to the provisions of the Davis-Stirling Common Interest Development Act, applicable regulations, and the Covenants, Conditions and Restrictions (CC&R's), the delinquent amount, as well as late payment penalties for the delinquent assessments and/or interest charges and/or charges for Costs of Collection that are incurred by the Mutual or its managing agent acting on behalf of the Mutual in its efforts to collect delinquent assessments (including, but not limited to, attorney's fees, title company and foreclosure service company charges, charges imposed to defray the cost of preparing and mailing demand letters (such as the Administrative Collection Fee), recording costs and costs associated with small claims court actions) may be enforced as a lien against the member's Manor.

Moreover, pursuant to the Davis-Stirling Common Interest Development Act, monetary penalties that have been imposed by the Mutual as a means of reimbursing the Mutual for costs incurred by the Mutual in the repair of damage to common areas and/or community facilities for which a member or a member's guests or tenants were responsible may also be enforced as a lien against the member's Manor.

**Prerequisites to Recording a Lien: Offer of ADR and Thirty (30) Day Pre-Lien Notice to the Delinquent Member.** Before a Notice of Delinquent Assessment can be recorded in the chain of title to the manor of a delinquent member, the Mutual must offer the member, and if so requested by the member, the Mutual must participate in dispute resolution pursuant to the Mutual's "meet and confer" program (per the requirements set forth in Article 5 commencing with Section 1363.810 of Chapter 4) or ADR as set forth in Article 2 (commencing with Section 1369.510 of Chapter 7), both in the California Civil Code.

THE DECISION TO PURSUE DISPUTE RESOLUTION OR A PARTICULAR TYPE OF ADR SHALL BE THE CHOICE OF THE MEMBER. However, binding arbitration is not available if the Mutual intends to initiate a judicial foreclosure. If the member elects not to proceed with dispute resolution or any type of ADR, then the mutual must send the member a certified notice providing information regarding the sums claimed as being delinquent ("Pre-Lien Notice"). No lien can be recorded until thirty (30) days after this Pre-Lien Notice has been given. This certified Pre-Lien Notice from the Mutual must include the following information:

- (a) A general description of the collection and lien enforcement procedures of the Mutual and the method of calculation of the amount that is claimed to be owed (this Policy Statement is intended to satisfy that disclosure requirement);
- (b) A statement that the notified member has the right to inspect the Mutual's records pursuant to Section 8333 of the Corporations Code;

- (c) A statement in 14-point capital letters (or boldface type): "IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION";
- (d) An itemized statement of the charges owed by the member, including items on the statement that indicate the amount of any delinquent assessments, the fees and Costs of Collection, reasonable attorney's fees, and late charges, and interest, if any;
- (e) A statement that the member shall not be liable to pay the charges, interests and Costs of Collection if it is determined that the assessment was paid on time to the Mutual;
- (f) A statement that the notified member has a right to meet with the Board to discuss a payment plan (further discussed below);
- (g) A statement that the member has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Board pursuant to the Mutual's "meet and confer" program; and
- (h) A statement that the member has the right to request ADR with a neutral third party before the Mutual may initiate foreclosure against the member's separate interest, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure.

**Member's Right to Request a Meeting with the Board, or Dispute Resolution or ADR.** Upon receipt of the certified Pre-Lien Notice described above, the noticed member has several possible courses of action that can be taken at this point in the collection process, such as:

- (a) The member has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Mutual pursuant to the Mutual's "meet and confer" program, which is required by Civil Code Sections 1363.810-1363.850;
- (b) The noticed member may exercise his or her right to participate in alternative dispute resolution with a neutral third party under Civil Code Sections 1369.510-1369.590 before the Mutual may initiate foreclosure against the member's separate interest, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure.
- (c) The noticed member has a right to submit a written request to meet with the Board of Directors to discuss a payment plan for the delinquent assessment, as long as the request for a meeting is made within fifteen (15) days following the postmark on the Mutual's Pre-Lien Notice to the member. That meeting must take place within forty-five

(45) days (calculated from the postmark on the member's request) and must be conducted in executive session. When a member has made a timely request for a meeting to discuss a payment plan, the Mutual must provide the requesting member with the Mutual's standards for payment plans, if any standards have been adopted. There is no statutory authorization for the Board to delegate this meeting obligation to a property manager, but the Board may designate a committee of one or more members to meet with the member if there is no regularly scheduled Board meeting that will occur within forty-five (45) days of the member's request.

Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans may not impede the Mutual's ability to record a lien on the member's separate interest to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the member is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Mutual may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan.

Also, Civil Code Section 1369.590 requires the Mutual to include the following statement in this Policy Statement:

"Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 1369.520 of the Civil Code may result in the loss of your right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law."

If any "meet and confer" session or ADR is engaged in by and between the member and the Mutual (or any neutral third parties, as the case may be), and these efforts do not result in a payment plan, then, assuming the new statutory minimum as to the delinquent amount or duration of the delinquency had been met, a proceeding may be commenced to foreclose the lien against the member's Manor and sell the member's Manor at a private sale or by a judicial sale. If this occurs, the member may lose his or her Manor.

Additionally, in accordance with state law, payments received on delinquent assessments shall be applied to the member's account in the following order of priority: first, to the principal owed; then to accrued interest and late charges; then to attorney's fees; then to title company and foreclosure service company charges and other Costs of Collection. Payments on account of principal shall be applied in reverse order so that the oldest arrearages are retired first. Interest shall continue to accrue on unpaid balances of principal, and other costs and charges imposed in accordance with Civil Code section 1366(e).

The Mutual is prohibited from recording a lien or initiating a foreclosure action without participating in dispute resolution or ADR procedures if so requested by the member. If it

is determined through dispute resolution or ADR that the Mutual has filed a lien for delinquent assessments in error, the Mutual is required to promptly reverse all late charges, fees, interest, attorney's fees, Costs of Collection, costs imposed for the Pre-Lien Notice, and costs of recordation and release of the lien, and pay all costs related to any dispute resolution or ADR that has been pursued.

Members have a right to identify in writing to the Mutual a secondary address for purposes of collection notices delivered pursuant to this Policy Statement, and upon receipt of a written request from a member identifying a secondary address, the Mutual must send additional notices to this secondary address.

Although the matters set forth above summarize the policies and practices ordinarily employed to collect delinquent monthly assessments, the Mutual reserves the right to employ other or additional policies and practices as may be necessary or appropriate when the uniqueness of the circumstances or habitualness of the delinquency so requires.

**BOARD OF DIRECTORS**  
**LAGUNA WOODS MUTUAL NO. FIFTY**