



OPEN MEETING

**REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL
RESIDENT POLICIES AND COMPLIANCE TASK FORCE**

**Monday, December 2, 2019 – 1:30 P.M.
Laguna Woods Village Community Center Board Room
24351 El Toro Road**

AGENDA

- | | |
|--|--------------|
| 1. Call to Order | Lynn Jarrett |
| 2. Acknowledgment of Media | Lynn Jarrett |
| 3. Approval of the Agenda | Lynn Jarrett |
| 4. Approval of Meeting Report for October 31, 2019 | Lynn Jarrett |
| 5. Chair's Remarks | Lynn Jarrett |
| 6. Member Comments (Items Not on the Agenda) | Lynn Jarrett |

Reports:

- | | |
|----------------------------------|------------------|
| 7. Disciplinary Report | Blessilda Wright |
| 8. Expired Lease – 15 Day Letter | Pamela Bashline |

Items for Discussion and Consideration:

- | | |
|--|------------------|
| 9. Good Standing Policy | Blessilda Wright |
| 10. Resident Policy and Compliance Task Force to Committee Charter | Blessilda Wright |
| 11. Nuisance & Harassment Policy | Blessilda Wright |
| 12. Internal Dispute Resolution | Blessilda Wright |
| 13. Election Rules | Blessilda Wright |
| 14. Designate Smoke Free Building Policy & Procedure | Blessilda Wright |

Items for Future Agendas:

- | | |
|----------------------|--|
| 15. To Be Determined | |
|----------------------|--|

Concluding Business:

- | | |
|---|--|
| 16. Committee Member Comments | |
| 17. Date of Next Meeting – To Be Determined | |
| 18. Adjournment | |

Lynn Jarrett, Chair
Blessilda Wright, Staff Officer
Telephone: 597-4254



OPEN MEETING

**REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL
RESIDENT POLICY AND COMPLIANCE TASK FORCE**

Thursday, October 31, 2019 – 1:30 p.m.
Laguna Woods Village Community Center, Board Room – 24351 El Toro Road

MEMBERS PRESENT: Lynn Jarrett, Chair, Reza Karimi, Bunny Carpenter, Annie McCary, and Steve Parsons

MEMBERS ABSENT: None

ADVISORS PRESENT: Stuart Hack

ADVISORS ABSENT: Cindy Baker

STAFF PRESENT: Pamela Bashline, Blessilda Wright, Francis Gomez, and Debbie Ballesteros

CALL TO ORDER

Lynn Jarrett, Chair, called the meeting to order at 1:32 p.m.

ACKNOWLEDGEMENT OF PRESS

The Media was not present.

APPROVAL OF AGENDA

Director Parsons made a motion to approve the agenda as presented. Director Karimi seconded the motion.

By unanimous vote the motion carried.

APPROVAL OF MEETING REPORTS

Director Karimi made a motion to approve the August 29, 2019 meeting report as presented. Director McCary seconded the motion.

By unanimous vote the motion carried.

CHAIRMAN'S REMARKS

Chair Jarrett stated that there are a lot of things going on. Today, she would like to look at Non-Smoking buildings since there is a three-story building that is interested in being designated as a non-smoking building. She further stated that Co-Occupancy is another topic she would like to discuss.

Chair Jarrett updated the Task Force on the Good Standing Policy which will be reviewed by the Board in November, however, legal made some changes that should be discussed.

Chair Jarrett informed the Task Force that she has items to add to Items for Future Agendas.

MEMBER COMMENTS ON NON-AGENDA ITEMS

None

REPORTS

Disciplinary Report

Blessilda Wright, Compliance Supervisor, presented the Disciplinary Report. The Task Force members commented and asked questions.

Expired Lease – 15 Day Letter

Pamela Bashline, Community Services Manager, presented the Expired Lease – 15 Day Letter report and stated that it continues to be effective.

She explained that in September, 30 letters were sent out and only nine (9) cases remain open. 21 cases were resolved. The Task Force members commented and asked questions.

Francis Gomez, Operations Manager, entered the meeting at 1:49 p.m.

ITEMS FOR DISCUSSION AND CONSIDERATION

Non-Smoking Policy

Ms. Wright presented the Non-Smoking Policy. She explained per Third's legal counsel in order for a building to be designated as smoke-free there must be a 100% buy-in by all the owners of the building. It would be a recordation of covenants to run with the land on each of the units in the building to bind all future owners to a smoke-free building. The cost associated is estimated at \$7,500- \$10,000 for the Third's attorney to create a procedure for a building to be designated as smoke-free. This would be a one-time cost to be covered by the Third mutual. The cost for owners to designate their building as smoke-free is an estimated cost of \$225 per unit which includes preparation of the actual covenant for each unit and filing cost with the state.

Director Karimi made a motion to approve the creation of a procedure to designate a building "smoke free". Director Parsons seconded the motion.

By unanimous vote, the motion carried.

Co-Occupancy

The Task Force discussed the Co-Occupancy Policy. They commented and asked questions.

Director Karimi made a motion approve the Co-Occupancy Policy with the removal of roommate in the policy. Director Hack seconded the motion.

By unanimous vote, the motion carried.
Director Karimi left the meeting at 2:46 p.m.

ITEMS FOR FUTURE AGENDAS

- IDR policy
- Business / Taking – purchase title through the use of proxy
- Harassment and Nuisance Policy
- Election
- GRF Recreation Signs

CONCLUDING BUSINESS

Task Force Member Comments

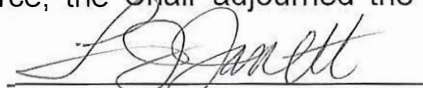
None

Date of Next Meeting

To be determined

Adjournment

With no further business before the Task Force, the Chair adjourned the meeting at 3:09 p.m.



Lynn Jarrett, Chair
Third Laguna Hills Mutual



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MEMORANDUM

To: Third Laguna Hills Mutual Board of Directors
From: Blessilda Wright, Compliance Supervisor
Date: November 19, 2019
Re: Disciplinary Hearing Update

Below is a breakdown of the disciplinary cases:

	Aug	Sep	Oct
Total Number of Cases:	373	397	413
Average Case Load per Coordinator:	124	132	138
Allegations:			
Abandoned Vehicle:	11	9	7
Alteration - Failure to Maintain:	11	8	9
Animal Nuisance:	28	37	47
Alteration Standards:	23	28	19
Business in Manor:	0	0	0
Clutter:	108	124	127
<i>Balcony Clutter:</i>	15	19	17
<i>Breezeway Clutter:</i>	17	27	27
<i>Carport Clutter:</i>	25	27	32
<i>Common Area Clutter:</i>	24	32	29
<i>Interior Clutter:</i>	15	8	10
<i>Patio Clutter:</i>	12	11	12
Care Provider Policy:	13	11	9
Delinquent Accounts:	79	62	55
Illegal Occupancy	25	21	39
Landscape:	12	9	12
Maintenance:	9	10	9
Nuisance:	32	41	36
Real Estate Signs:	13	21	26
Short-Term Rentals:	0	0	0
Smoking Policy:	5	6	9
Traffic Rules:	4	6	5
Vehicle Oil:	0	4	4



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MEMORANDUM

To: Resident Policies and Compliance Task Force
From: Pamela Bashline, Community Services Manager
Date: December 2, 2019
Re: Expired Lease – 15 Day Letter

Distribution of the 15 day letter at the time of lease expiration has significantly decreased the number of holdover leases occurring in Third Mutual. During October 2019, 45 letters were mailed, resulting in 31 cases being resolved immediately and 14 cases remaining open.

These positive results mitigate the number of active investigations that are pursued by the Compliance and/or Security departments.



STAFF REPORT

DATE: December 2, 2019
FOR: Resident Policy and Compliance Task Force
SUBJECT: Good Standing Policy

RECOMMENDATION

Entertain a motion to approve a Good Standing Policy that provides the definition of good standing and implications of a lack of the same.

BACKGROUND

The board is obligated to enforce the provisions set forth in the mutual's governing documents, including, without limitation, the declaration of covenants, conditions and restrictions (CC&Rs); bylaws and operating rules (collectively governing documents). Mutual members/owners, or the units they own, as may be applicable, that have engaged in or are actively and currently in violation of the governing documents may be subject to certain disciplinary action and/or limitation in their rights and privileges, including, without limitation, suspension of voting rights and ineligibility for serving on the board, as described in the governing documents.

The term "good standing" has been used colloquially by the mutual and the board in reference to members who are not in violation of the governing documents. The lack of good standing has been used to denote that such members have committed a violation or are currently in violation of the governing documents and thus limited in their membership privileges. Despite the general use of this term and references made to same in the governing documents, there is no formal, comprehensive definition of good standing or accompanying description of the consequences of a lack of good standing by a member.

On September 17, 2019, the Board introduced a resolution for a Good Standing Policy and placed the resolution on 28-day review. Subsequently on October 12, 2019, Governor Newsome signed SB 323 pertaining to common interest developments elections into law. SB 323, which goes into effect on January 1, 2020, imposes new burdens on the election process both with regard to qualifications of candidates and the procedures to be followed when electing directors. As a result, the proposed Good Standing Policy has been updated to reflect the new legislation.

DISCUSSION

The board has determined that it would be in the best interests of the mutual to adopt a formal definition of good standing to be added to the operating rules to provide clear guidance on the term and the implications for members identified as not in good standing.

The proposed Good Standing Policy provides the definition of good standing and the implications of a lack of same, and would incorporate such definition into the operating rules as a part of the governing documents. The term good standing shall mean that a member is:

- Not delinquent in payment of any assessment of related charge to the mutual (including regular monthly assessments, special assessments or reimbursement assessments);
- Not currently in violation of the provisions of the governing documents; and
- Not currently subject to disciplinary action imposed by the board of directors (or a committee thereof) after a duly noticed hearing in accordance with disciplinary procedures for a violation of the governing documents including any suspension of membership privileges as may be permitted by law (such as amenity use), or ongoing unpaid fines.

A member who is not in good standing due to a failure to meet any of the above-described criteria may be subject to certain restrictions, such as without limitation, in the use of the common area amenities, limits on the authority to rent his/her manor and/or refusal to approve architectural requests, in accordance with the provisions of the governing documents.

In accordance with SB 323, the mutual may not suspend a member's voting rights for any election/vote subject to Civil Code Section 5100 and the mutual's Election Rules (a "Subject Election"), as a disciplinary measure or otherwise restrict a member from voting in any Subject Election unless the member was not a member at the time the voting ballots were distributed. Matters that must be considered in a Subject Election include the election and removal of directors, special assessments over 5% or regular assessments over 20%, amendments to the governing documents, and grant of exclusive use of common area property.

A member more than 30 days delinquent on the payment of any sums due to the mutual including assessments, late fees or cost of collection relating to the same, chargeable service or other required fee, or fine imposed by the mutual in excess of \$100 as of the date of the distribution of ballots for voting on any matter involved in a Non-Subject Election shall be ineligible to vote in such an election. According to Section 4.5.3 of the Bylaws, any suspension period shall not exceed one year for any individual violation. A member delinquent in payment may also be subject to collection, legal action or other disciplinary action.

Further, no member who is more than 30 days delinquent on the payment of any sums due to the mutual including assessments, late fees or cost of collection relating to the same, chargeable service or other required fee, or fine imposed by the mutual will not be eligible to be a candidate for election to the Board of Directors or to serve as a director on the Board of Directors. Notwithstanding the foregoing, a candidate or Board Member shall not be disqualified to serve for failure to remain current in the payment of regular or special assessments if the member has paid the amounts under protest or entered into a payment plan with the mutual.

A member who is ineligible to serve as a candidate for election to the Board will have his/her nomination rejected by the Mutual, and the member's name and candidate information will not appear in the election ballot package. If it is determined that the candidate is not eligible after the distribution of the ballots, any votes for such candidate will not be counted. Any currently serving Board Member who becomes ineligible to serve pursuant to this Policy, other

Governing Documents, or applicable statute may be removed by the remainder of the Board from such director position.

FINANCIAL ANALYSIS

None.

Prepared By: Siobhan Foster, COO

Reviewed By: Francis Gomez, Operations Manager

ATTACHMENT(S)

Attachment 1: Good Standing Policy

Attachment 2: Resolution 03-19-xx



Good Standing Policy
Resolution 03-20-XX; Adopted January 21, 2019

I. Definition

For the purposes of the enforcement of the Mutual's Governing Documents, and the exercise by Mutual members of the rights and privileges appurtenant to such membership as further described in the Governing Documents, including without limitation, the Mutual's CC&Rs, Bylaws, and Operating Rules and other rules or policies that may be adopted by the Mutual from time to time, the term "**good standing**" shall mean that the member (or the member's unit(s), as may be applicable) is:

- Not delinquent in the payment of any assessment or related charge to the Mutual (including regular monthly assessments, special assessments, or reimbursement assessments) or other any other amounts owed to the Association, including, without limitation, payment of chargeable services, fees or costs required to be paid, or fines imposed against the member as a disciplinary measure for violation of the Governing Documents.
- Not currently in violation of the provisions of the Mutual's Governing Documents, including without limitation, in violation of any architectural or landscaping rules, policies or procedures, leasing or occupancy rules and requirements, vehicle registration requirements, or other similar ongoing-type obligations of members and their units.
- Not currently subject to disciplinary action imposed by the Mutual's Board of Directors (or a committee thereof) after a duly noticed hearing in accordance with the Mutual's hearing enforcement procedures for a violation of the Mutual's Governing Documents, including any suspension of membership privileges as may be permitted by law (such as amenity use), or ongoing or unpaid fines.
 - If a one-time fine is levied against a Mutual member for one or more violations without additional ongoing disciplinary action such as suspension of membership privileges, the member shall be restored to good standing upon receipt of payment of the fines by the Mutual.

II. Effect of Lack of Good Standing

A member who is not in good standing, due to a failure to meet any of the above-described criteria may be subject to certain restrictions, such as without limitation, in the use of the common area amenities, restrictions in the authority to rent their manor

and/or refusal to approve architectural requests, in accordance with the provisions of the Governing Documents.

a. Eligibility to Vote

In accordance with a new statute adopted pursuant to California Senate Bill 323, effective January 1, 2020, notwithstanding any provisions to the contrary within the Mutual's Governing Documents, including without limitation any provisions in the CC&Rs, the Bylaws and the Rules and Regulations, the Mutual may not suspend a member's voting rights for any election/vote subject to Civil Code Section 5100 et seq. and subject to the Mutual's Election Rules (a "**Subject Election**") as a disciplinary measure or otherwise restrict a member from voting in any such election for any reason other than that such member was not a member at the time the voting ballots were distributed.

Notwithstanding the foregoing, in accordance with the Mutual's Bylaws, any member who is more than thirty (30) days delinquent on the payment of any sums due to the Mutual (including, without limitation, any assessment, late fee, or cost of collection relating to same; chargeable service or other required fee, or fine imposed by the Mutual against the member) in excess of one hundred dollars (\$100) as of the date of the distribution of ballots for voting on any matter that is not a Subject Election, shall be ineligible to vote in such election.

In addition, any member who has had his/her/its voting privileges for non-Subject Elections suspended as a disciplinary measure for violation of the Governing Documents after a noticed hearing before the Board in accordance with the Mutual's hearing and enforcement procedures as of the prescribed record date for voting on the matter before the membership or Board election, as may be applicable, shall be ineligible to vote in such election; *provided, however, that such voting rights suspension shall only apply to any non-Subject Election.* According to Section 4.5.3 of the Mutual's Bylaws, any such suspension period shall not exceed one (1) year for any individual violation.

Any vote cast by an ineligible member in a non-Subject Election due to either the lack of good standing from unpaid sums owed to the Association or due to such member having his/her/its voting rights suspended as a disciplinary measure, shall be deemed void and shall not be tabulated or counted toward quorum.

b. Collection and Legal Action

A member who is delinquent in the payment of any sums owed to the Mutual, in addition to being ineligible to vote in non-Subject Elections and subject to other disciplinary measures that may be imposed by the Mutual after a noticed disciplinary hearing before the Board (or a committee thereof), shall also be subject to the Mutual's procedures for the collection of delinquent sums owed as described in the Governing Documents, including without limitation the Collection and Lien Enforcement Policy, which may include the exercise by the Association

of its lien rights, foreclosure action, and/or other legal action against the member to collect the amounts owed to the Mutual.

c. Other Disciplinary Measures

In addition to the foregoing disciplinary and enforcement procedures, a Mutual member (or such member's unit(s)) determined to be in violation or to have committed a violation of the Mutual's Governing Documents after a duly noticed disciplinary hearing before the Board (or a committee thereof) may also be subject to other disciplinary measures in accordance with the Mutual's enforcement procedures, including, without limitation the imposition of fines in accordance with the Mutual's Schedule of Monetary Penalties, the suspension of the member's (or the member's guests, residents, and invitees) privilege to use amenities controlled by the Mutual for a period not to exceed ninety (90) days for each violation, a referral to GRF for potential suspension of the use of GRF operated facilities, and the suspension of the member's right to lease his/her/its unit for a specified period.

III. Good Standing and Eligibility to Serve on the Board

In addition to the foregoing actions and disciplinary measures to which a member not in good standing is subject, due to violations by a member, the member's unit, or the member's guests, residents, and invitees, a member's lack of good standing may also impact such member's eligibility to be a candidate for election to the Board.

In accordance with Section 6.2.4 of the Mutual's Bylaws and Civil Code Section 5105, no Mutual member will be eligible to be a candidate for election to the Board of Directors or to serve as a director on the Board of Directors who is more than thirty (30) days delinquent in the payment of any regular or special assessment sums due to the Mutual (this does **not** apply for any late fees, interest or costs of collection relating to same; chargeable service or other required fee, fines, or reimbursement assessment which was recharacterized as a fine, imposed by the Mutual against the member) as of the prescribed record date for voting for the election of the Board. Notwithstanding the foregoing, a candidate or Board Members shall not be disqualified to serve for failure to remain current in the payment of regular or special assessments if such member has paid said amounts under protest or entered into a payment plan with the Mutual for the repayment of such amounts.

Any member who is ineligible to serve as a candidate for election to the Board will have their nomination rejected by the Mutual, and such member's name and candidate information will not appear in the election ballot package. In the event it is determined that a candidate is not eligible after the distribution of the ballots, any votes for such candidate will not be counted thereby invalidating a member's ability to be seated for same. Any currently serving Board Member who becomes ineligible to serve pursuant to this Policy, the Mutual's other Governing Documents, or applicable statute may be removed by the remainder of the Board from such director position.

Any member who is ineligible to serve as a candidate for election to the Board will have their nomination rejected by the Mutual, and such member's name and candidate information will not appear in the election ballot package. In the event it is determined that a candidate is not eligible after the distribution of the ballots, any votes for such candidate will not be counted thereby invalidating a member's ability to be seated for same. Any currently serving Board Member who becomes ineligible to serve pursuant to this Policy, the Mutual's other Governing Documents, or applicable statute may be removed by the remainder of the Board from such director position.

DRAFT



RESOLUTION 03-20-XX

Good Standing Policy

WHEREAS, the Board of Directors (the “Board”) of Third Laguna Hills Mutual (“Mutual”) held a meeting on December 17, 2019, at which a quorum of the Board was present;

WHEREAS, the Board is obligated to enforce the provisions set forth in the Mutual’s governing documents, including without limitation, the Declaration of Covenants, Conditions, and Restrictions (CC&Rs), Bylaws, and Operating Rules (collectively, the “Governing Documents”); and

WHEREAS, the Board must comply with SB 323 pertaining to common interest developments elections that goes into effect on January 1, 2020; and

WHEREAS, Mutual members/owners, or the units they own, as may be applicable, that have engaged in or are actively and currently in violation of the Governing Documents may be subject to certain disciplinary action and/or limitation in their rights and privileges, including, without limitation, in the use of the common area amenities, limits on the authority to rent his/her manor and/or refusal to approve architectural requests as described in the Governing Documents; and

WHEREAS, a member more than 30 days delinquent on the payment of any sums due to the mutual including assessments, late fees or cost of collection relating to the same, chargeable service or other required fee, or fine imposed by the mutual in excess of \$100 as of the date of the distribution of ballots for voting on any matter involved in a Non-Subject Election shall be ineligible to vote in such an election and may be subject to collection, legal action or other disciplinary action. This member will also not be eligible to be a candidate for election to the Board of Directors or to serve as a director on the Board of Directors; and

WHEREAS, any currently serving Board Member who becomes ineligible to serve pursuant to this Policy, other Governing Documents, or applicable statute may be removed by the remainder of the Board from such director position; and

WHEREAS, the term *good standing* has been used colloquially by the Mutual and the Board in reference to Mutual members who are not in violation of the Governing Documents, and the lack of *good standing* to denote that such members have committed a violation or are currently in

Agenda Item 9

violation of the Governing Documents and thus limited in their membership privileges; and

WHEREAS, despite the general use of the term *good standing*, and references made to same in various rules, policies, and elsewhere in the Governing Documents, there is no formal, comprehensive definition of *good standing* or accompanying description of the consequences of a lack of good standing by a Mutual member; and

WHEREAS, the Board has determined that it would be in the best interests of the Mutual to adopt a formal definition of the term *good standing* to be added to the Mutual's Operating Rules, which will provide clear guidance on the term and the implications for Mutual Members identified as not being in *good standing*;

NOW, THEREFORE BE IT RESOLVED, _____, 2020, that the Board of the Mutual hereby approves and adopts the below Good Standing Policy, which provides the definition of *good standing* and the implications of a lack of same, and incorporates such definition into the Mutual's Operating Rules as a part of the Mutual's Governing Documents; and

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



STAFF REPORT

DATE: December 2, 2019
FOR: Resident Policy and Compliance Task Force
SUBJECT: Resident Policy and Compliance Committee Charter

RECOMMENDATION

Staff recommends that the Resident Policy and Compliance Task Force be established as a Committee and adoption of a charter outlining the roles and responsibility.

BACKGROUND

In August 2016, a Resident Policy and Compliance Ad Hoc Committee was established in conjunction with United Laguna Woods Mutual to address aligning governing documents when possible to create a streamline process. Later in the year, Third Laguna Hills Mutual broke off from the joint Ad Hoc Committee and established a Resident Policy and Compliance Task Force to review policies and process for consistency. On August 15, 2017, the Board of Directors approved members for the Resident Policy and Compliance Task Force (Resolution 03-17-87).

DISCUSSION

The charter includes limit on directors and advisors that may be assigned to the committee and specifies if the advisors have voting privileges.

FINANCIAL ANALYSIS

There is no financial impact.

Prepared By: Blessilda Wright, Compliance Supervisor

Reviewed By: Francis Gomez, Operations Manager
Tim Moy, Chief of Security

ATTACHMENT(S)

Attachment 1: Proposed Resident Policy and Compliance Committee Charter



RESOLUTION 03-XX-XX

RESIDENT POLICY AND COMPLIANCE COMMITTEE CHARTER

WHEREAS, pursuant to Bylaws, Article VII, Section 1, the Resident Policy and Compliance Committee is established as a standing committee of this Corporation for the purpose of reviewing the governing documents for clarity, legality and current applicability; and

WHEREAS, pursuant to Bylaws, Article VII, Section 7.1.3.1, Committee Advisors shall have voting rights;

NOW THEREFORE BE IT RESOLVED, January XX, 2020 that the Board of Directors of this Corporation hereby assigns the following procedures for this Committee as follows:

I. Committee Members

1. The Board of Directors shall appoint the Resident and Compliance Committee Chair;
2. The Committee shall consist of no more than 5 directors and 3 advisors, all will be voting members appointed by the Board of Directors upon recommendation of the Committee Chair;
3. A Committee Member absent from three consecutive, regularly scheduled meetings shall no longer qualify for the Committee, unless excused by the Chair.

II. Responsibilities

This Committee shall serve at the direction of and at the pleasure of the Board of Directors. The primary responsibility of the Committee is to recommend general and specific actions related to the governing documents for the Boards approval and implementation.

1. The Committee's scope includes assuring that the governing documents are consistent with the Bylaws, CC&Rs and other governing documents, as well as current federal, state and local laws;
2. Review all governing documents and make recommendations to the Board of Directors regarding proposed revisions to the governing documents;
3. Consult, as appropriate and upon Committee approval, with Corporate Counsel;
4. Perform such additional functions as may be assigned or referred to this Committee by the President as well as those

that are necessary and prudent to fulfill the Committee's duties and responsibilities;

5. Function as an advisory and liaison body to the managing agent in matters pertaining to governing document changes/implementation and coordinate these matters with other standing committee having related concerns.

RESOLVED FURTHER, the Resident Policy and Compliance Task Force will now be known as the Resident Policy and Compliance Committee from henceforth;

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



STAFF REPORT

DATE: December 2, 2019
FOR: Resident Policy and Compliance Task Force
SUBJECT: Nuisance and Harassment Policy

RECOMMENDATION

Staff recommends adoption of the Nuisance and Harassment Policy.

BACKGROUND

The member-discipline process is coordinated by the Compliance Division. Upon notice of an alleged violation, staff investigates and should staff identify objective evidence of a violation by a member or their guests, staff will send a courtesy notice to the offending party describing the allegation(s) and the disciplinary action that may ensue if not corrected. Staff then monitors the situation and if compliance is not achieved, staff will send a final notice requesting compliance. Additionally, the matter is scheduled for a disciplinary hearing with the Board of Directors to determine if member-discipline is merited. If the alleged violation has been resolved, no further action is required.

If a disciplinary hearing is necessary, staff will notice the member for a hearing before the Board of Directors in Executive Session. If the Board finds the member to be in violation of the governing documents, the Board may impose a fine based on the Monetary Fee Schedule, suspend member privileges, and/or consider legal action.

Violations include but not limited to: behavior/disturbance, noise, odors and neighbor disputes.

DISCUSSION

The purpose of the Nuisance and Harassment Policy (attachment 1 & 2) is to set forth guidelines to address alleged violations of nuisance and/or harassments that occurs in Third Mutual.

FINANCIAL ANALYSIS

None.

Prepared By: Blessilda Wright, Compliance Supervisor

Reviewed By: Francis Gomez, Operations Manager
Tim Moy, Chief of Security

ATTACHMENT(S)

Attachment 1: Nuisance Policy
Attachment 2: Harassment Policy



Nuisance Policy

I. Purpose

The purpose of this policy is to set forth guidelines for nuisance complaints received by Third Laguna Hills Mutual (Third).

II. Definitions

- a. Community – Laguna Woods Village.
- b. Golden Rain Foundation (GRF) – the Golden Rain Foundation of Laguna Hills, a California nonprofit mutual benefit corporation.
- c. Governing Documents – all of the following, collectively, the Articles of Incorporation; the Bylaws; CC&Rs; the Rules and Regulations; and any Resolutions or Policies of the Board; all the same may be lawfully amended or modified from time to time.
- d. Member – is defined as any person who is an owner of a Unit in Third’s development who has been approved for membership in Third.
- e. Nuisance – see details under Conditions.
- f. Resident - is defined as any person who has been approved by the Board of Directors for occupancy.
- g. Staff - Employees of Village Management Services, Inc. authorized to act on behalf of United.
- h. Third - the corporate homeowners association that was formed in 1970 and by 1984 had acquired the assets and liabilities by vote of each of the 59 individual mutuels within the larger Leisure World (now Laguna Woods Village), a common interest development, with full authority to “manage, operate, and maintain” them. Also known as Corporation. Also known as the Mutual.

III. Conditions

Nuisance in General: Anything which is injurious to health, indecent or offensive to the senses, causes an unreasonable disturbance or annoyance, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property, is a nuisance. (Civ. Code § 3479.)

Public Nuisance: A public nuisance is a condition or activity that interferes with the health or well-being of the entire community or a considerable number of persons in the neighborhood. (Civ. Code §§3479-3480.)

Private Nuisance: A private nuisance is a condition or activity that interferes with an individual's use or enjoyment of their property. (Civ. Code §§3479, 3481.)

Governing Documents: “No Owner or Resident shall permit or suffer anything to be done or kept within the Project which will increase insurance rates on any Building or contents thereof, or which will obstruct or interfere with the rights of other persons in the Project or annoy them by unreasonable noises or otherwise, nor shall any Owner or Resident commit or permit any nuisance or commit or permit any illegal act within the Project. An Owner and each Resident shall comply with the requirements of all governmental authorities. If by reason of any act of any Owner insurance rates should be increased, the Owner shall be personally liable for the additional premium” (CC&Rs Article III, Section 6, Use Restrictions.)

Below are examples of activities that fall into a nuisance category:

1. **Noise:** Things that interfere with quiet enjoyment such as improperly installed hardwood floors, neighbors playing their music or TV too loud, loud conversation, barking dogs, etc.
2. **Odors:** This includes second-hand smoke (cigarettes, cigars and marijuana), strong cooking odors, smoke from a BBQ grill entering other units, etc.
3. **Visual:** Draping articles over balcony rails, storing inoperable vehicles in parking spaces, etc.
4. **Health/Safety:** Hoarders who allow unsanitary conditions to exist that attract insects and rodents, or residents who wash dog feces and urine off their balcony onto the property below them.
5. **Violation of Laws:** A violation of federal or state laws or local ordinances. An example would be public nudity or a resident engaged in drug dealing or prostitution.

IV. Enforcement

Third is authorized to take disciplinary action against a Member(s) whose dwelling may be found in violation of the Governing Documents. When a complaint is lodged regarding the occurrence of a violation, the Board of Directors has a fiduciary duty to investigate and impose, if appropriate, discipline as set forth in the Governing Documents.

The Board has the authority to impose monetary fines, suspend Member(s) privileges, and/or bring forth legal action. The Member(s) are entirely responsible for ensuring that the Governing Documents are followed by anyone they allow into the Community. This includes any Co-occupant, Lessee, Guest, Care Provider, Vendor, invitee or contractor.

A complaint may be registered by calling the Security Department at 949-580-1400 or the Compliance Division by calling 949-268-CALL or email to compliance@vmsinc.org.

Investigating Nuisance: To determine if nuisance is taking place, Staff evaluates the behavior and determines if the behavior or noise transferring to other units is

deemed reasonable or unreasonable to an average reasonable person. Staff will inform the reporting parties to call the Security Department for documentation.

For hard surface flooring complaints: Staff will perform informal sound tests that include two Staff members in the downstairs unit at the same time that two Staff members are in the upstairs unit, with an attempt to replicate the alleged noise.

For odor complaints: Staff will perform an informal odor test that includes two Staff members in the suspects' unit at the same time that two Staff members are in the reporting parties unit, with an attempt to replicate the alleged odors. Staff also seeks assistance from the Maintenance Department to determine if the building structure is a factor that can be remedied.

For neighbor-to-neighbor disputes: Staff will offer informal mediation performed by the Compliance and Social Services Division. Staff will also recommend professional mediation services offered by the County of Orange.



Harassment Policy

I. Purpose

The purpose of this policy is to set forth guidelines for harassment complaints received by Third Laguna Hills Mutual (Third).

II. Definitions

- a. Community – Laguna Woods Village.
- b. Golden Rain Foundation (GRF) – the Golden Rain Foundation of Laguna Hills, a California nonprofit mutual benefit corporation.
- c. Governing Documents – all of the following, collectively, the Articles of Incorporation; the Bylaws; the CC&Rs; the Rules and Regulations; and any Resolutions or Policies of the Board; all the same may be lawfully amended or modified from time to time.
- d. Harassment – see details under Conditions.
- e. Member – is defined as any person who is an owner of a Unit in Third's development who has been approved for membership in Third.
- f. Resident - is defined as any person who has been approved by the Board of Directors for occupancy.
- g. Staff - Employees of Village Management Services, Inc. authorized to act on behalf of United.
- h. Third - the corporate homeowners association that was formed in 1970 and by 1984 had acquired the assets and liabilities by vote of each of the 59 individual mutuels within the larger Leisure World (now Laguna Woods Village), a common interest development, with full authority to "manage, operate, and maintain" them. Also known as Corporation. Also known as the Mutual.

III. Conditions

Federal Law: Under federal law, "harassment" is defined to mean "a serious act or a course of conduct directed at a specific person that causes substantial emotional distress in such person and serves no legitimate purpose." (18 U.S.C.A. §1514(d)(1)(B).)

California Law: California defines "harassment" as unlawful violence; a credible threat of violence; or a knowing and willful course of conduct directed at a specific person that seriously alarms, annoys, or harasses the person, and that serves no legitimate purpose. The course of conduct must be such as would cause a reasonable person to suffer substantial emotional distress, and must actually cause substantial emotional distress to the petitioner. (Code Civ. §527.6(b)(3).)

"Course of Conduct" is defined as a pattern of conduct composed of a series of acts over a period of time, however short, evidencing a continuity of purpose, including following or stalking an individual, making harassing telephone calls to an individual, or sending harassing correspondence to an individual by any means, including, but not limited to, the use of public or private mails, interoffice mail, facsimile, or computer email. (Code Civ. §527.6(b)(1).)

"Credible threat of violence" is a knowing and willful statement or course of conduct that would place a reasonable person in fear for his or her safety, or the safety of his or her immediate family, and that serves no legitimate purpose. (Code Civ. §527.6(b)(2).)

Department of Housing and Urban Development (HUD) "Final Rule": New guidelines were enacted in an effort to further define housing discrimination in the form of harassment. In that regard HUD's new guideline, adopted in August 2016 and referred to as the Final Rule, now deem harassment in housing a form of illegal discrimination. Based on HUD's guidelines the Board must now evaluate alleged harassment from a perspective of a housing provider, which HUD deems homeowners association Boards as just that, and to investigate whether a resident is being subjected to harassment to the extent that it, under the Final Rule, amounts to illegal housing discrimination. (24 CFR 100.600.)

Governing Documents: The Member shall not permit or suffer anything to be done or kept in or about the dwelling unit or other premises of the Corporation which will increase the rate of insurance on any building or other property of the Corporation or on the contents thereof or which will obstruct or interfere with the rights of other members of the Corporation or annoy them by unreasonable noises or otherwise nor will it commit or permit any nuisance in or about the dwelling unit or other premises of the Corporation or commit or suffer any immoral or illegal act to be committed thereon. The Member shall comply with all of the requirements of governmental authorities with respect to the dwelling unit and all other premises of the Corporation. The Member shall not permit or suffer anything to be done or kept in or about the dwelling unit or other premises of the Corporation which will increase the rate of insurance on any building or other property of the Corporation or annoy them by unreasonable noises or otherwise nor will it commit or permit any nuisance in or about the dwelling unit or other premises of the Corporation (CC&Rs Article III, Section 6, Use Restrictions.)

IV. Enforcement

United is authorized to take disciplinary action against a Member(s) whose dwelling may be found in violation of the Governing Documents. When a complaint is lodged regarding the occurrence of a violation, the Board of Directors has a fiduciary duty to investigate and impose, if appropriate, discipline as set forth in the Governing Documents.

The Board has the authority to impose monetary fines, suspend Member(s) privileges, and/or bring forth legal action. The Member(s) are entirely responsible for ensuring that the Governing Documents are followed by anyone they allow into the Community. This includes any Co-occupant, Lessee, Guest, Care Provider, Vendor, invitee or contractor. (Amended and Restated Bylaws, Article IV, Dispute Resolution)

A complaint may be registered by calling the Security Department at 949-580-1400 or the Compliance Division by calling 949-268-CALL or email to compliance@vmsinc.org.

Investigating Harassment: to determine if harassment is taking place, Staff evaluates the nature of the unwelcome conduct, the context in which the incidents occur, the severity, scope, frequency, duration, and location of the conduct, and the relationships of the people involved. Staff will inform the reporting parties to call the Orange County Sherriff's Department if and when the behavior occurs and the persons subjected to this type of harassment and threats of violence can seek a restraining order.

The Board will address if the harassment is of the type that will require Third to intervene versus deem the matter a neighbor to neighbor dispute that must be resolved between the two residents.

Any reports of harassment will be evaluated by Staff and Legal Counsel to ensure that the Board complies with the Final Rule.



STAFF REPORT

DATE: December 2, 2019
FOR: Resident Policies and Compliance Task Force
SUBJECT: Internal Dispute Resolution

RECOMMENDATION

Staff recommends revising the Internal Dispute Resolution to include a time frame to complete the matter.

BACKGROUND

On September 8, 2015, the Board adopted an Internal Dispute Resolution to meet requirements that align with Civil Code §4360 (Resolution 03-15-86).

DISCUSSION

The current policy provides a process and procedure for addressing Internal Dispute Resolution requests from owners. However, there is no timeline set in the current policy. The proposed revision includes a time frame of two (2) months for a resolution.

FINANCIAL ANALYSIS

There is no financial impact.

Prepared By: Blessilda Wright, Compliance Supervisor

Reviewed By: Francis Gomez, Operations Manager
Tim Moy, Chief of Security

ATTACHMENT(S)

Attachment 1: Proposed Amended Internal Dispute Resolution
Attachment 2: Resolution



Internal Dispute Resolution Policy
RESOLUTION Resolution 03-2015-119XX; Internal Dispute Resolution Policy
-Adopted at the June 16, 2015[Date]
Revised XXXX, 2019 RESOLUTION 03-XX-XXX

Internal Dispute Resolution Policy

4. The Internal Dispute Resolution ("IDR") process provides the Mutual Third Laguna Hills Mutual ("Third") as well as all Owners an alternative to the filing of any litigation related to a dispute involving their respective rights, duties or liabilities under the Mutual governing documents, the Davis-Stirling Common Interest Development Act; and/or the nonprofit mutual benefit corporation law; or any other state or federal law (a "CID Dispute"). An owner should be permitted to request IDR for a disputed assessment or charge (not a delinquency or a request for a payment plan.) The IDR process is available not only to disputes between the Mutual Third and an Owner, but can also be used to help resolve disputes between Owners. It does not relate to any collection of assessments unless the Mutual Third determines it needs to pursue litigation to collect same.

1. 2. Either party (Mutual Third or an Owner) to a CID Dispute may invoke the following procedure:

- a. a- The party may request the other party to meet and confer, in an effort to resolve the CID Dispute. The request shall be in writing.
b. b- An Owner may refuse a request to meet and confer. The Mutual Third may not refuse an Owner's request to meet and confer.
c. e- In response to a CID Dispute involving the Mutual Third, the Board will designate two Directors ("Mutual Board Designees") to represent the Mutual Third and meet and confer with the Owner. The Mutual Board Designees shall also have the right to request the Chairperson of any applicable Committee involved in the CID Dispute to assist the Mutual Third and attend the meet and confer session with the Owner.
d. d- IDR meetings between Owners and not involving the Mutual Third should be held at a "neutral" location. To the extent conference rooms are available, and if the requesting Owners provide a minimum of ten (10) business days' advance written notice, the Mutual Third will provide a conference room in the Laguna Woods Village Community Center for the purpose of the IDR meeting. IDR meetings involving the Mutual Third will be held in the Laguna Woods Village Community Center.
e. e- IDR meetings will be one hour in length. By requesting or agreeing to participate in IDR, the parties agree to commit one hour to the effort to resolve the dispute.

2. 3- An Owner participating in IDR may be assisted by an attorney or another person in explaining their positions at the Owner's cost, as also the Mutual Third may be so

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assisted at ~~Mutual-Third's~~ cost. Although an Owner is permitted to bring Owner's attorney or other representative to the IDR meeting, ~~the MutualThird~~ encourages direct discussions between ~~the Third Mutual~~ representative and the Owner, without legal counsel, to further the goal of resolution through an amicable, no cost, and expeditious process.

~~3.~~ ~~4.~~ If an Owner desires to bring Owner's attorney to the IDR meeting, the Owner shall give ten (10) business days' advance written notice to the other parties, including ~~Thirdthe Mutual~~, so that the other parties may determine if they wish their respective legal counsel to attend. Failure of Owner to advise if Owner is bringing legal counsel will require a postponement of the IDR meeting to a date at which ~~Mutual-Third~~ counsel or the counsel of any other party is able to participate. If an Owner appears at the IDR meeting with previously unannounced counsel, the IDR will be rescheduled and will not proceed.

~~4.~~ ~~5.~~ In an IDR meeting, the parties will meet promptly at a mutually convenient time and place, explain their positions to each other and confer in good faith in an effort to resolve the CID Dispute. If all parties to the IDR are not present, and no one has called to indicate a problem with arrival, the IDR will be cancelled after 15 minutes of waiting.

~~5.~~ ~~6.~~ A resolution of the CID Dispute agreed to by the parties shall be memorialized in writing and signed by all participating parties, including, if ~~the MutualThird~~ is involved, the Board Designees on behalf of ~~the MutualThird~~.

~~6.~~ ~~7.~~ The Agreement reached by the Owners or the Owners and the Board Designees will bind the parties and be judicially enforceable if the following conditions are satisfied.

- ~~a.~~ ~~a.~~ The Agreement is in writing and signed by all parties to the IDR process;
- ~~b.~~ ~~b.~~ The Agreement is not in conflict with law or ~~the Mutualthe~~ governing documents; and
- ~~c.~~ ~~c.~~ If the IDR involves ~~the MutualThird~~ as a participant, the Agreement is consistent with the authority granted in advance to the ~~MutualBoard Designees, representatives~~ by the Board or is ratified by the Board of Directors within thirty (30) days of the date that the Agreement is executed by the Owner and the ~~Mutual-Board~~ Designees.

~~7.~~ ~~8.~~ The Owner participating in the IDR Process shall not be charged a fee to participate in the IDR Process.

~~8.~~ ~~9.~~ All parties participating in the IDR process should note that the goal of the meeting is not to determine who is right or who is wrong, nor does IDR determine a "winner." The purpose of the IDR meeting is to try to find a compromise between the disputing parties, and thereby enhance neighborliness and harmony, ~~at Third Laguna Hills Mutual~~. Therefore, parties participating should come to the IDR meeting with an open mind and prepared to be flexible in dealing with other parties to the IDR.

~~9.~~ ~~10.~~ ~~IDR r~~Resolution must be reached within two (2) months from the IDR request of scheduled meeting between the Mutual and Owner.

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RESOLUTION 03-20-XXX

Internal Dispute Resolution

WHEREAS, Civil Code §5910 establishes requirements for Internal Dispute Resolution meetings; and

WHEREAS, the Board recognizes the need to revise the Internal Dispute Resolution to include a time frame for reaching a resolution; and

NOW THEREFORE BE IT RESOLVED; XXX XX, 2020, that the Board of Directors of this Corporation hereby approves the revised Internal Dispute Resolution, as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-15-85 adopted June 16, 2015 is hereby superseded in its entirety and cancelled;

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.



STAFF REPORT

DATE: December 2, 2019
FOR: Resident Policy and Compliance Task Force
SUBJECT: Election Rules

RECOMMENDATION

Approve revised Election Rules to align with Senate Bill 323.

BACKGROUND

On May 16, 2006, the Board established Election Rules to align with changes in California Civil Code. The new Civil Code required procedures for appointment of inspectors of elections; voting by secret ballot and proxy; ballot instructions; publication of election results; retention of ballots; and deadline for mailing of ballots (Resolution 03-06-25).

Since the adoption, the Election Rules has been revised and approved by the Board one other occasion to comport with the current Civil Code requirements at the time (Resolutions 03-14-03).

DISCUSSION

In October 2019, new California State Legislation changes to election requirements for common interest developments passed. The legislation bill known as Senate Bill 323 will become effective on January 1, 2020 and require changes to the current election procedures.

These updates include, but not limited to: allowing all members the opportunity to vote even if they have a delinquent account, allowing a general power of attorney to vote; and inspector of election must send follow notice requirements and include specific language to the notices sent to the membership.

FINANCIAL ANALYSIS

None.

Prepared By: Blessilda Wright, Compliance Supervisor

Reviewed By: Francis Gomez, Operations Manager

ATTACHMENT(S)

Attachment 1: Redline – Election Rules

Attachment 2: Resolution

Election Rules
Resolution 03-20-XX; [Date]
ELECTION RULES OF THIRD LAGUNA HILLS MUTUAL

I. Purpose

These Rules are intended to comply with California statutes as well as the Mutual Bylaws. In addition, these rules are intended to enhance the fairness and professionalism of Mutual membership voting. Where applicable, Bylaw authority is shown in (parentheses).

II. Definitions

1. Definitions

- a. Ballot Materials - Ballot, Secret Ballot Envelopes, Pre-addressed Return Envelopes, and any other material sent to all Members with the Ballots.
- b. Election Records - tabulated ballots, voided ballots, voided Pre-addressed Return Envelopes, Eligible Voter List(s), tally sheets, ballot packages returned from post office as undelivered, ballots received after the election deadline, and any other used ballots.
- c. Inspector - the one or three persons or entity appointed by the Board of Directors to serve as Inspector(s) of Election. No 3rd parties who are under contact with the association can to act as an inspector of election.
- d. Inspection Firm - business hired by Mutual to conduct the election and assist the Inspector. If there is no Inspection Firm hired by the Mutual, those duties will be fulfilled by the Inspector. The Inspection Firm may also act as the Inspector, if so approved by the Board.
- e. Member - Member of Third Laguna Hills Mutual
- f. Record Date - The date for determining Member voting eligibility
- g. Rules - These Elections Rules of Third Laguna Hills Mutual.
- h. Secretary - an elected member of the Board of Directors who has been appointed as Secretary by the Board.
- i. Assistant Secretary -- Staff member of the Managing Agent who has been appointed by the Board of Directors.

II. Nomination Process

III.

a. A candidate seeking to run in any election of Directors shall:

a.—

Nomination Process

A candidate seeking to run in any election of Directors shall:

- i. Be a Member of record as defined by the Corporation's governing documents (6.2)**
- ii. Be a Member of the association for more than one year**
- iii. Be a resident Member of the community (6.2)**
- iv. Not serve concurrently as a GRF Director (6.2.1)**

- iv-v. Not be a director, stockholder, officer, employee, or ppartner of any other organization whether private, public, or governmental, where such dual status would create a material and adverse conflict of interest and adversely impact said Member's ability to serve on Third's Board of Directors (6.2.2)
 - v-vi. Not concurrently serve on the Laguna Woods City Council (6.2.3)
 - vi-vii. Not be, as shown on the books of account of this Corporation as of the Record Date, to be more than thirty (30) days delinquent in payment of any sums due to this Corporation (6.2.4)
 - vii-viii. Neither the Member, nor the Member's spouse, co-owner, or co-resident may be an employee of the Corporation's managing agent (6.2.5) or the Mutual. Additional, cannot serve at the same time as another person who holds joint ownership in the same separated interest who is either already nominated or an incumbent director
 - viii-ix. Not serve that hashave a past criminal conviction that would prevent the association from purchasing or maintaining a fidelity bond have been convicted of a felony.
 - ix-x. Not have an unresolved disciplinary or architectural violation which remained unresolved for more than 60 days at any time within a period of 150 days prior to the election.
- III.**—
- a-b. Any Member is eligible as a candidate under these Rules and who also ssatisfies the qualifications of Directors under the Mutual's Bylaws (6.2) and State Bill 323 may apply or self- nominate at least fifty (50) days bbefore each annual meeting of the Members by signing an application and submitting it to the Secretary or Assistant Secretary of the Corporation stating an intention to run for the Board of Directors. (8.3.5). Incomplete applications will not be accepted. The application shall include the signed Candidate's Pledge as attached to these Rules.
 - b-c. Every candidate shall submit a statement of background and qualifications, not to exceed 300 words, to the Inspection Firm, not later than the time of close of nominations. It is specifically understood by each candidate that the statement will be published. The Mutual shall not edit or redact any content from the candidate's statement. Any candidate statement published shall be accompanied by the following statement:
— **"These statements are from the candidates- and not the Mutual. Neither the Mutual nor the Board of Directors is responsible for or necessarily endorses any of the views expressed in these statements."**
— A candidate statement exceeding 300 words in length will be cut off at the 300th word before publishing the statement.
 - e.—The Secretary or Assistant Secretary- shall ninety (90) days before the date of the election send notice to all Members of the election date and the last date to submit candidate applications.

~~d.~~
~~IV.~~

e. The Inspection Firm shall send to each Member entitled to vote a ballot package, including candidate statements, no later than 30 days prior to the date of election. (8.3.6)

~~V.~~IV. **Eligibility to Vote**

~~Eligibility to Vote~~

~~a. No Member shall be eligible to vote who is shown on the books of account of the Mutual, on the Record Date for voting, to be more than thirty (30) days delinquent in payment of any sums due to this Corporation in excess of \$100. (5.8.1.1).~~

a. Only the Member of Record or general power of attorney (POA) for a member of the Manor on the Record Date may cast a vote in the election. An owner which acquires a Membership after the Record Date but before the election may not vote.

b. Memberships in which two or more Mutual Members have joint or undivided interest shall have only one (1) vote. (5.8.1.2)

~~I.~~

~~VI.~~V. **Candidate Equal Access to Media**

~~b.~~ All candidates will be afforded the same opportunity as any other candidate to Laguna Woods Village and/or any Third media.

a.

~~e.~~b. PP Prior to each election for the Board of Directors, the Mutual shall hold a forum ("Meet the Candidates") for the nominees within a Golden Rain Foundation (GRF) facility prior to the date that the ballot materials are sent to the Membership. The forum will be administered by the Candidates Information Committee. If no Candidates Information Committee is formed, the Board may designate a chairperson to preside over the forum. In the absence of Board action to designate a chairperson, the President may designate a chairperson. The forum is intended to allow the Membership to meet and ask questions of nominees. All nominees standing for election shall be invited to attend the forum and should appear in person so that all candidates participating in "Meet the Candidates" are on an equal footing. However, a candidate shall not be disqualified if they fail to attend the "Meet the Candidates" event.

~~VII.~~VI. **Appointment of Inspector**

a. ~~A~~ At an open meeting, as soon as possible after the annual meeting of the Mutual, the Board of Directors shall appoint one (1) or three (3) Inspector(s) of Election. The Board may appoint individuals to serve as Inspector(s), or it may hire an independent third party which specializes in the administration of elections (hereafter, "Inspection Firm"). The Board

- may also hire an Inspection Firm to assist the individual(s) serving as Inspectors. An individual Inspector must be a member of the Mutual in good standing as defined in the Bylaws.
- b. An Inspector shall not be a Director on either the Third or GRF Board of Directors, a candidate for either Board of Directors, or related by blood or marriage to a candidate for either Board of Directors.
 - c. An Inspector shall not be an employee of the managing agent; however, employees of the managing agent may assist the Inspector(s) with their duties except for the counting and tabulation of the votes.
 - d. An Inspector shall be impartial and shall not advocate, recommend or even disclose any personal voting preference.
 - e. The Inspection Firm shall be instructed to communicate only with the Inspector(s), with management staff, or as otherwise directed by majority vote of the Board.

~~VIII~~-VII. **Duties of Inspector**

- a. ~~A~~—If three individuals are the Inspector they shall act by majority vote, and the decision or act of a majority shall be effective in all respects as the decision or act of all. The Inspector may rely upon information and assistance from management staff as well as legal counsel.
- b. Determine the number of memberships entitled to vote. The Inspector may rely upon management staff for this information.
 - i. Eligible Voter List: Thirty days prior to the mailing of ballots the Inspectors of Election shall approve an Eligible Voter List that identifies all Members who are eligible to vote.
 - ii. Record Date: The Record Date for determining voter eligibility shall be sixty (60) days prior to the date the ballots are mailed.(Corp. Code 7611(c)).
- c. Closing of polls. The Inspector, with the assistance of the Managing Agent, shall determine the date and time the polls shall close ("Closing of the Polls"), notification of which shall be provided to the eligible Members no later than the date the ballots are distributed. Ballots received after Closing of the Polls will not be counted, but shall be logged only for purposes of achieving quorum. The Inspector or Inspection Firm shall remove the ballots from the locked ballot box in the Community Center as soon after Closing of the Polls as is possible, and will not accept any ballots for counting after that time. All ballots must be received by the Inspector or Inspection Firm on or before the date and time of the Closing of the Polls.

d. Oversee the Mailing of the Ballot Package

- i. The Inspector(s) shall ensure that Ballot Package Mailing Envelopes are sent by first class mail to ensure that all eligible voting members receive ballots in a timely manner.
 - ii. It must include a statement that the inspector of election must deliver, or cause to be individually delivered to each member, at least 30 days before an election, both the ballots and either a copy of the election rules or a statement in 12-point font that reads, "the rules governing this election may be found here {insert web address}."
- d.e. Receive ballots, either directly or through the Inspection Firm
- i. Ballot Return Instructions
 - a. The ballot itself is not signed by the voter, but is inserted into the Secret Ballot Envelope, which is sealed. The Secret Ballot Envelope is then inserted into the Pre-Addressed Return Envelope, which is also sealed. In the upper left hand corner of the Pre-Addressed Return Envelope, the voter shall both print and sign his or her name, address, and the unit number that entitles him or her to vote.
 - b. The Pre-Addressed Return envelope is addressed to the Inspector(s), who will be tallying the votes. The envelope may be mailed to the address designated by the Inspector or delivered by hand to the locked ballot box in the Community Center.
 - 1) Return by Mail
 - a) (a).—The Pre-addressed Return Envelope shall be addressed to a restricted-access post office box used solely for the receipt and storage of voted ballots. Ballots shall be released only at a specified time on the ballot return deadline date and only to the Inspectors of Election.
 - a) (b).—A second post office box may be used for ballot packages returned as undeliverable.
 - b)
 - b)c) (c).—Members who desire a receipt for delivery of a mailed ballot shall mail the ballot by Certified Delivery - Return Receipt Requested at the Member's expense.
 - 2) Return by Hand Delivery
 - a)—Ballots returned by hand shall be deposited by the Member into a locked and secure ballot box located in the lobby of the Community Center, 24351 El Toro Road, Laguna Woods.
 - b) At the request of the voting Member, management staff shall provide a receipt for the hand delivered ballot.
 - b)c) (c).—The Inspector(s) or Inspection Firm shall retrieve Pre-addressed Envelopes from the locked ballot box

and record their receipt, at periodic intervals of their selection, until the close of balloting.

- c. All Pre-addressed Return Envelopes received shall remain sealed and in the possession of the Inspection Firm until they are opened and the ballots tabulated in public.

e-f. Verify voter eligibility.

- i. Validate and record the number of Pre-addressed Return Envelopes received from the post office and by hand delivery.
- ii. Void any Secret Ballot which is not sealed inside a Secret Ballot Envelope.
- iii. Void (but do not open) any Secret Ballot envelope which is not enclosed in a Pre-addressed Return Envelope.
- iv. ~~V~~Void (but do not open) any Pre-addressed Return Envelope, which does not contain information that identifies the member as an eligible voter.
- v. Void (but do not open) any Pre-addressed Return Envelope that is a duplicate vote.
 - a. Revocation. No written ballot may be revoked after delivery to this Corporation or deposit in the mails, whichever first occurs. (5.9.5)
 - b. If a voter returns two Pre-addressed Return Envelopes, the ballot received in the first Pre-addressed Return Envelope received will be counted (assuming there is no other defect in that ballot). If two ballots are received simultaneously on behalf of the same member, or if it is otherwise not possible to ascertain which ballot was cast first, then both ballots will be void and not counted.
- vi. Resolve any challenged ballots. If possible, this should be done before any ballot envelopes are opened and counting begins.
- vii. Record and explain the reason for each voter eligibility decision made.
- viii. The sealed ballot packages at all times shall be in the custody of the Inspector at a location designated by the Inspector until the tabulation of the votes.

f-g. Count and tabulate the votes.

- i. All votes shall be counted and tabulated by the Inspector in public at a properly noticed open meeting of the Board of Directors ("Counting Meeting").
- ii. At the Counting Meeting, the seals of the Secret Ballot Envelopes shall be broken, and the Inspector or Inspection Firm shall prepare the ballots for electronic tabulation scanning.
- iii. A ballot shall be voided if it contains information identifying the voter.
- iv. The counting and tabulation of the ballots may be observed by Members, who may not interrogate, talk to, or otherwise interfere with the Inspector or Inspection Firm during the performance of the

Inspector's and/or Inspection Firm's duties.

- v. Any ballot not counted shall be kept separately from counted ballots, and the reason for not counting the ballot will be noted on the ballot or its envelope.
 - vi. Envelopes and/or ballots which have been determined by the Inspection Firm to be invalid shall not be mixed with the ballots to be counted, but shall be segregated by the Inspection Firm and presented separately to the Inspector, with explanation of the reasons for rejecting the ballots in the Inspection Firm's final report to the Inspector.
 - vii. Ballots which are determined by the Inspector during the counting process to be invalid shall not be counted but shall be segregated from the counted ballots.
- g-h. Determine the result of the election
- i. Once the ballots are tabulated, the Inspector shall certify the election in writing.
 - ii. Within fifteen days of the election, the Board of Directors shall publicize the results of the election.
 - iii. After the tabulation of ballots, the Inspection Firm shall return to the post office to pick up any ballots received after the deadline. These ballots shall not be opened and shall be marked "Void - received after deadline".
 - iv. Upon written request, the Inspector must make ballot materials available to a Member or Member's representative for inspection and review.
 - v. Election Records shall be packed and sealed, and stored by the Inspection Firm for one year. If there is no Inspection Firm, the Inspector shall store the counted and voided ballots and the roster of members participating in a secure location supervised by Management staff.
 - vi. Custody of the Election Records shall be transferred by the Inspector or the Inspection Firm to the Mutual or its management agent twelve (12) months after the ballots are tabulated. After that time, the ballot materials will be destroyed and discarded.

-end-

CANDIDATES PLEDGE

Candidates for the Third Laguna Hills Mutual Board of Directors shall confirm their commitment to the following:

I promise that:

1. I will review the CC&Rs, Bylaws, and meeting rules of Third Laguna Hills Mutual before beginning service as a Director, if I am elected.
2. I will attend Board and Committee meetings except when illness or travel prevents it, and will review Board or Committee packets before the meeting. I will come prepared.
3. I will familiarize myself with the basics of Roberts Rules of Order.
4. I will, during the first year of my term, undertake a minimum of three hours of homeowner association education from a qualified HOA education provider.
5. I have reviewed the Board's Conduct Policy, and agree to follow it.
6. If elected, I will honor the confidentiality of information I receive regarding closed sessions of the board, or during closed sessions, as well as information I receive from Mutual legal counsel.
7. I will attend the Directors' Institute if I am elected; and
8. I will disclose any conflict of interest which arises during my term on the Board, and will recuse myself from voting on matters in which I have a personal interest.



RESOLUTION 03-20-XXX

Election Rules

WHEREAS, Senate Bill 323 also known as the new election laws has amended sections of California Civil Code § 5100, 5110, 515, 5125, 5145 and 5200 and added section 5910.1 relating to common interest developments; and

WHEREAS, the Board recognized that need to amend the Election Rules to align with the current California Civil Code;

NOW THEREFORE BE IT RESOLVED; January XX, 2020, that the Board of Directors of this Corporation hereby approves the amended Election Rules, as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-14-03 adopted January 21, 2014 is hereby superseded in its entirety and cancelled;

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.

