

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THIRD LAGUNA HILLS MUTUAL
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION

October 18, 2016

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, October 18, 2016, at 9:30 AM, at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Rosemarie diLorenzo Dickins, Burt Baum, Bill Walsh, Steve Parsons, James Tung, John Frankel, David Finley, Bert Moldow, Bunny Carpenter, Joe Camera

Directors Absent: None

Staff Present: Open Session: Brad Hudson, Lori Moss, Pamela Bashline, and Kim Taylor
Executive Session: Lori Moss, Kim Taylor, Blessilda Fernandez

Others Present: VMS Directors Dennis O'Connor and Donna Dwaileebe and Denver Andrews Jr. Esq., Law Offices of Denver R. Andrews, Jr.

CALL TO ORDER

Rosemarie diLorenzo Dickins, President of the Corporation, chaired and opened the meeting, and stated that it was a Regular Meeting held pursuant to notice duly given. A quorum was established, and the meeting was called to order at 9:30 A.M.

PLEDGE OF ALLEGIANCE

Director John Frankel led the Membership in the Pledge of Allegiance.

ACKNOWLEDGEMENT OF MEDIA

The Globe was not present and the Channel 6 Camera Crew, by way of remote cameras, was acknowledged as present.

APPROVAL OF AGENDA

Director Moldow moved to approve the agenda as written. Director Walsh seconded the motion. By a vote of 9-0-0 the motion carried.

CHAIR'S REMARKS

President diLorenzo Dickins welcomed Directors Joe Camera and Steve Parsons to the Board and acknowledged the continuing Directors on Third Mutual. President diLorenzo Dickins announced the resignation of Director Jim Matson effective 10/17/16, announced that the Board is accepting applications for the open Board position and will close accepting of applications at noon on November 4, 2016, with a Special Board meeting to fill the open position at the regular Board meeting of November 15, 2016. President diLorenzo Dickins thanked the Members for attending the meeting and stated that the Board is looking forward to the coming year.

APPROVAL OF THE MINUTES

Director Parsons moved to approve the September 20, 2016, Regular Open Board meeting minutes; the September 29, 2016, Special Open Meeting Counting of the Ballots minutes; and the October 6, 2015, Organizational Meeting minutes as written. Director Moldow seconded the motion. By a vote of 9-0-0 the motion carried.

CONSENT CALENDAR

Without objection, the Board approved the Consent Calendar as written, and the Board took the following actions:

Maintenance and Construction Committee Recommendations:

- | | |
|--------|---|
| 2231-P | Approve request to replace living room window with bi-fold window, with contingencies |
| 5269 | Deny appeal request to retain garage door |

Maintenance and Construction Common Area - Variance Request Resolutions:

RESOLUTION 03-16-102

Common Area - Variance Request

WHEREAS, Betty Grissom of Manor 3161-B Alta Vista, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by the Board via Resolution 03-15-155 as revised in accordance with California Civil Code § 4600 on October 20, 2015;

NOW THEREFORE BE IT RESOLVED, on October 18, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

1. Compliance with Community Standards.
2. Neighbor Awareness Forms were submitted from affected neighbors.
3. The area of the proposed alteration is located at least partially in Common Area.
4. The alteration would relieve the Mutual of the burden of management and maintenance of an area which is generally inaccessible and not of general use to the other members of Third.
5. The member is required to complete the Agreement Regarding Permitted Alteration of Common Area (the "Common Area Agreement").

RESOLVED FURTHER, the member is required to comply with all of the contingencies as presented in the report and approved by the Board; and

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

RESOLUTION 03-16-103

Common Area - Variance Request

WHEREAS, Zahra Saremi of Manor 3219-A Via Carrizo, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by the Board via Resolution 03-15-155 as revised in accordance with California Civil Code § 4600 on October 20, 2015;

NOW THEREFORE BE IT RESOLVED, on October 18, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

1. Compliance with Community Standards.
2. Neighbor Awareness Forms were submitted from affected neighbors.
3. The area of the proposed alteration is located at least partially in Common Area.
4. The alteration would relieve the Mutual of the burden of management and maintenance of an area which is generally inaccessible and not of general use to the other members of Third.
5. The member is required to complete the Agreement Regarding Permitted Alteration of Common Area (the "Common Area Agreement").

RESOLVED FURTHER, the member is required to comply with all of the contingencies as presented in the report and approved by the Board; and

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

RESOLUTION 03-16-104

Common Area - Variance Request

WHEREAS, Daniel and Janell Campbell of Manor 3344-A Bahia Blanca, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by the Board via Resolution 03-15-155 as revised in accordance with California Civil Code § 4600 on October 20, 2015;

NOW THEREFORE BE IT RESOLVED, on October 18, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

1. Compliance with Community Standards.
2. Neighbor Awareness Forms were submitted from affected neighbors.
3. The area of the proposed alteration is located at least partially in Common Area.
4. The alteration would relieve the Mutual of the burden of management and maintenance of an area which is generally inaccessible and not of general use to the other members of Third.
5. The member is required to complete the Agreement Regarding Permitted Alteration of Common Area (the "Common Area Agreement").

RESOLVED FURTHER, the member is required to comply with all of the contingencies as presented in the report and approved by the Board; and

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

RESOLUTION 03-16-105

Common Area - Variance Request

WHEREAS, Craig Pardoe of Manor 5036 Avenida del Sol, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by

the Board via Resolution 03-15-155 as revised in accordance with California Civil Code § 4600 on October 20, 2015;

NOW THEREFORE BE IT RESOLVED, on October 18, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

1. Compliance with Community Standards.
2. Neighbor Awareness Forms were submitted from affected neighbors.
3. The area of the proposed alteration is located at least partially in Common Area.
4. The alteration would relieve the Mutual of the burden of management and maintenance of an area which is generally inaccessible and not of general use to the other members of Third.
5. The member is required to complete the Agreement Regarding Permitted Alteration of Common Area (the "Common Area Agreement").

RESOLVED FURTHER, the member is required to comply with all of the contingencies as presented in the report and approved by the Board; and

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

RESOLUTION 03-16-106

Common Area - Variance Request

WHEREAS, Nadine Asner of Manor 5076 Tero, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by the Board via Resolution 03-15-155 as revised in accordance with California Civil Code § 4600 on October 20, 2015;

NOW THEREFORE BE IT RESOLVED, on October 18, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

1. Compliance with Community Standards.
2. Neighbor Awareness Forms were submitted from affected neighbors.
3. The area of the proposed alteration is located at least partially in Common Area.
4. The alteration would relieve the Mutual of the burden of management and maintenance of an area which is generally inaccessible and not of general use to the other members of Third.
5. The member is required to complete the Agreement Regarding Permitted Alteration of Common Area (the "Common Area Agreement").

RESOLVED FURTHER, the member is required to comply with all of the contingencies as presented in the report and approved by the Board; and

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

Purchasing Task Force :

Approve revisions to the Board Operation Procedures Contracts Matrix, Change Order Policy and Purchasing Policy

RESOLUTION 03-16-107

Board Operation Purchasing and Contracts Policies

WHEREAS, the Purchasing Task Force was formed to ensure that adequate purchasing controls are in place; to streamline the internal purchasing and contracting process; and to ensure transparency and that a professional and competitive process is used for the procurement of high quality products and services for the community; and

NOW THEREFORE BE IT RESOLVED, October 18, 2016, that the Board of Directors of this Corporation hereby approves revisions to the Board Operation Procedures Contracts Matrix, Change Order Policy and Purchasing Policy as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-16-100, adopted September 20, 2016 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 this resolution.

Finance Committee Recommendations:

RESOLUTION 03-16-108

Recording of a Lien

WHEREAS, Member ID 931-470-69 is currently delinquent to Third Laguna Hills Mutual 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 18, 2016, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-470-69; 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.

RESOLUTION 03-16-109

Recording of a Lien

WHEREAS, Member ID 931-460-03 is currently delinquent to Third Laguna Hills Mutual 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 18, 2016, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-460-03; 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.

RESOLUTION 03-16-110

Filing of Separate Small Claims Court Case

WHEREAS, the Finance Committee recommends filing separate Small Claims Court cases of \$2,500 (or less) in an attempt to collect delinquent

assessments by way of a judgment or stipulation against members/owners in Third Laguna Hills Mutual; and

NOW THEREFORE BE IT RESOLVED, October 18, 2016, that the Board of Directors hereby approves the filing of a separate Small Claims Court case for Member ID 933-050-84; 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.

Landscape Committee Recommendations:

5541-A Approve request for removal of 2 trees, one at Mutual expense, and one at Mutual Member's expense

UPDATE FROM VMS – DIRECTOR DENNIS O’CONNOR

President diLorenzo Dickins introduced Director Dennis O’Connor, Village Management Services, Inc. (VMS). Director O’Connor provided an update on the progress of the VMS Board stating that the VMS Board merged out of chaos to become a strong Board. The Board has been meeting bimonthly working on Strategic planning, five goals were implemented: 1. Provide exemplary customer service; 2. Facilitate efficient operations; 3. Provide a safe Community; 4. Provide transparent communications; and 5. Become an employer of choice. The Board will be looking at alternative Health Plans for Staff. Director O’Connor spoke to the role of the Board and the role of the CEO. Director O’Connor congratulated the Board and wished them success in the upcoming year. Director O’Connor answered questions from the Board.

REPORT OF THE CEO – BRAD HUDSON

Mr. Brad Hudson, CEO/General Manager, stated that work is in progress at Gate 5. The RFID Rollout has been very smooth, the Gate Ambassadors are being trained behind the scenes, and training sessions will be offered to residents in the near future. Mr. Hudson stated that staff is currently working on a number of services to enhance the service levels for the Community, including streamlining the Compliance Department. The Dry Rot program is being restructured and staff is taking a look at creating a sidewalk program for each mutual. Mr. Hudson stated that the TV6 survey was sent out last week, 1,200 responses were received and the outcome will provide the tools to improve the channel. Mr. Hudson commented on the Community Bus System, and announced that staff is looking at different ways to simplify the system for the residents.

Mr. Hudson announced that an Elvis sighting will happen in the Community on November 5, 2016, at the Performing Arts Center.

MEMBER COMMENTS

Third Mutual Members were given the opportunity to speak to items that are not on the agenda.

- David Kessinger (2296-D) read the Globe Police Blotter and asked that Staff send out warnings in conjunction with the Globe.
- Diane Phelps (5587-A) commented on the Pickle Ball Courts and cracks at the Tennis Courts and invited the Board to the Tennis Courts to see the issues.
- Marcy Sheinwold (5155) spoke on behalf of the Foundation of Laguna Woods, gave a brief overview of how the Foundation helps the residents in the Community, and asked for donations on behalf of the Foundation.
- Denny Walsh (5517-1C) commented on the Medicare Marketplace and invited everyone to pick up an informative pamphlet. The pamphlet includes who to call, where to get information, and how to inform the residents on their rights.
- Zahra Saremi (3219-A) asked questions about her variance request approved during the Consent Calendar.
- Kathleen Baum (3276-A) commented on the VMS Report given by Director O'Connor earlier in the meeting and stated that she is interested in Governance.
- Lynn Jarrett (4010-1C) asked about a Garden Villa Building being worked on by staff and commented on an issue at building 5372 and 5519.

DIRECTORS' RESPONSES TO MEMBER COMMENTS

Directors Moldow, Parsons, and Carpenter briefly responded to Member Comments.

UNFINISHED BUSINESS

Ms. Lori Moss updated the Board on the Contractors list Task Force.

Per the Task Force, Staff sent a letter to all of the contractors on the list and informed them that the document has been updated and now requires those on the list to submit two referrals from current Laguna Woods Residents within 30 days or the contractors will be dropped from the list. Contractors will also be made aware of the new gate system and the requirement to purchase a worker gate access permit. Ms. Moss stated that she will continue to update the Board on the progress and answered questions from the Board.

NEW BUSINESS

Director Moldow moved to establish October 31, 2016, at 12:00 PM, as the end date for accepting applications for VMS Board vacancy. Director Tung seconded the motion. By a vote of 9-0-0 the motion carried.

The Board briefly discussed the re-appointment request of Donna Dwaileebe to the VMS Board. No action was taken.

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving revisions to the Mutual Committee Appointments. Director Baum moved to approve the resolution. Director Parsons seconded the motion. Discussion ensued.

By a vote of 9-0-0 the motion carried and the Board approved the following resolution:

RESOLUTION 03-16-111

Mutual Committee Appointments

RESOLVED, October 18, 2016, that the following persons are hereby appointed to serve on the committees and services of this Corporation; and

RESOLVED FURTHER, that each committee chair in consultation with the vice chair may appoint additional members and advisors with interim approval by the President subject to the approval of the Board of Directors:

Architectural Standards and Control Committee

Bert Moldow, Chair

Joe Camera

John Frankel

Bill Walsh

Rosemarie diLorenzo Dickins, Alternate

Governance Committee

Board Operating Rules Committee

~~Jim Matson, Chair~~

Rosemarie diLorenzo Dickins, Chair

James Tung

Burt Baum

Bert Moldow

Non-Voting Advisor: Kathleen Baum

City Council Representative

Per Rotation List

Communications Committee

~~Rosemarie diLorenzo Dickins, Chair~~

Burt Baum, Chair

Bert Moldow

Bill Walsh

Bunny Carpenter

Non-Voting Advisors: Carol St. Hillaire

Electrical Vehicle Charging Ad Hoc Committee

~~Ray Gros~~

~~David Finley~~

~~Non-Voting Advisors: Steven Leonard~~

Energy and Technology Committee

Bill Walsh, Chair

Bert Moldow, Co-Chair

~~James Tung~~

Joe Camera

Burt Baum

Wei-Ming Tao

John Frankel

Non-Voting Advisors: Steven Leonard, Leon St. Hilaire

Executive Hearing Committee

Rosemarie diLorenzo Dickins, Chair

James Tung, **Co-Chair**

~~Ray Gros~~

David Finley

Bunny Carpenter

John Frankel

Steve Parsons, Alternate

Finance (Committee of the Whole)

~~Wei-Ming Tao, Chair~~

Steve Parsons, Chair

Rosemarie diLorenzo Dickins, Vice Chair

Non-Voting Advisors: Colin Johnston, John Hess, Wei-Ming Tao

Garden Villa Recreation Room Subcommittee

~~Rosemarie diLorenzo Dickins, Chair~~

~~David Finley~~

Bert Moldow, **Chair**

Joe Camera

Voting Advisors: Lenta Jarrett, Sharon Molineri, Stewart Hack

Laguna Woods Village Traffic Hearings

~~Ray Gros~~

John Frankel

~~**Jim Matson, Alternate**~~

Landscape

James Tung, Chair

Bunny Carpenter – Vice Chair

John Frankel

Joe Camera

Non-Voting Advisors: John Dudley, Bob Figeira

Maintenance and Construction (Committee of the Whole)

Bert Moldow, Chair

Joe Camera, Vice Chair

~~David Finley, Vice Chair~~

John Frankel, 2nd Vice Chair

Non-Voting Advisors: Robert Sherinian

Meet and Confer

~~Jim Matson~~

Rosemarie diLorenzo Dickins

James Tung

~~Ray Gros~~
~~**Burt Baum**~~

New Resident Orientation

Per Rotation List

~~**Paint Color Subcommittee**~~

~~Jim Matson, Chair~~
~~Rosemarie diLorenzo Dickins~~
~~Non-Voting Advisor: Ruth Matson~~

Resident Problem Resolution Services

~~Ray Gros, Chair~~
~~**Burt Baum, Chair**~~
~~**Jim Matson**~~
~~**Joe Camera**~~

~~**Slope Renovation/Turf Conversion Sub-Committee**~~

~~Jim Matson, Chair~~
~~James Tung~~
~~Non-Voting Advisor: TBD~~

~~**Standards Subcommittee**~~

~~James Tung~~
~~Ray Gros~~
~~David Finley~~
~~Non-Voting Advisor: TBD~~

Water Conservation Committee

James Tung, Chair
Jim Matson
Joe Camera

~~**Laguna Canyon Foundation**~~

~~Ray Gros~~

RESOLVED FURTHER, that Resolution 03-16-62, adopted June 21, 2016 is hereby superseded and canceled; 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.

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving revisions to the GRF Committee Appointments. Director Baum moved to approve the resolution. Director Parsons seconded the motion. Discussion ensued.

By a vote of 9-0-0 the motion carried and the Board approved the following resolution:

RESOLUTION 03-16-112

GRF Committee Appointments

RESOLVED, October 18, 2016, that in compliance with Article 7, Section 7.3 of the Golden Rain Foundation Bylaws, the following persons are hereby appointed to serve on the committees of the Golden Rain Foundation:

Business Planning Committee

Rosemarie diLorenzo Dickins

Steve Parsons

~~Jim Matson~~

~~Wei-Ming Tao~~

Clubhouse 2 Renovation Ad Hoc Committee

~~Bill Walsh~~

~~Bert Moldow~~

Energy Committee

Bert Moldow

Bill Walsh

Community Activities Committee

~~Rosemarie di Lorenzo Dickins~~

Burt Baum

Joe Camera

Finance Committee

~~Wei-Ming Tao~~

Steve Parsons

Rosemarie di Lorenzo Dickins

Landscape Committee

James Tung

Bunny Carpenter

~~Bill Walsh, Alternate~~

John Frankel, Alternate

Maintenance and Construction Committee

Joe Camera

Bert Moldow

David Finley, Alternate

John Frankel, Alternate

Media and Communication Committee

~~Rosemarie diLorenzo-Dickins~~

Bill Walsh, *Alternate*

Bunny Carpenter

Burt Baum, Alternate

Mobility and Vehicles Committee

~~Ray Gros~~

~~David Finley~~

Steve Parsons

John Frankel

Jim Matson, Alternate

Security and Community Access Committee

~~Ray Gros~~

~~Burt Baum~~

Jim Matson

Steve Parsons

James Tung, Alternate

RESOLVED FURTHER, that Resolution 03-16-11, adopted January 19, 2016, is hereby superseded and canceled.

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.

COMMITTEE REPORTS

Director Steve Parsons reported from the Finance Committee, gave the Third Mutual Financial Report, and commented on the Resale Activities Report.

Director Parsons moved to Approve 2017 Collection and Lien Enforcement Policy and Procedures for Assessment Delinquencies contingent upon the advice of Corporate Counsel regarding adding "Resident" along with Member in the document. Director Moldow seconded the motion. Discussion ensued.

By a vote of 9-0-0 the motion carried.

Director James Tung reported from the Landscape Committee.

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving revisions to the Care & Maintenance of Patios, Balconies, Breezeways & Walkways Policy:

RESOLUTION 03-16-XX

WHEREAS, the Third Laguna Hills Mutual Landscape Committee has recommended revising the *Care & Maintenance of Patios, Balconies, Breezeways & Walkways Policy*, to include specific language regarding plantings and growing of vegetables and other crops, and type of furniture allowed;

NOW THEREFORE BE IT RESOLVED, November 18, 2016, that the Board of Directors of this Corporation hereby amends the "Care & Maintenance of Patios, Balconies, Breezeways & Walkways Policy," as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-10-138 adopted September 21, 2010 is hereby superseded and canceled; and

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

Director Baum moved to approve postponement of the resolution for no less than 30 days to comply with Civil Code §4360, to have staff address minor edits to bring back on November 18, 2016. Director Tung seconded the motion. Discussion ensued.

By a vote of 9-0-0 the motion carried and the Board postponed the revisions to the November 18, 2016, meeting to comply with Civil Code §4360.

Director James Tung reported from the Water Committee.

Director Bert Moldow reported from the Maintenance and Construction Committee.

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving revisions to Mutual Alteration Standard Section 45 Solar Panels, 2 Story Buildings:

RESOLUTION 03-16-XX

Alteration Standard Section 45 Solar Panels, 2 Story Buildings

WHEREAS, the Board of Directors of this Corporation adopted Resolution M3-96-28 on May 21, 1996, which approved the Third Laguna Hills Mutual Standards; and

WHEREAS, the Maintenance & Construction Committee of this Corporation recognizes the need to amend a portion of the Mutual Alteration Standards with regard to Section 45 Solar Panels, 2 Story Buildings;

NOW THEREFORE BE IT RESOLVED, November 18, 2016, that Mutual Alteration Standard Section 45 Solar Panels, 2 Story Buildings is hereby amended as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-16-09, adopted January 19, 2016 is hereby superseded and cancelled; and

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

Director Baum moved to approve postponement of the resolution for no less than 30 days to comply with Civil Code §4360. Director Walsh seconded the motion. Discussion ensued.

Without objection the Board agreed to amend the policy to reinstate 3.1 on page 6 of 13.

By a vote of 9-0-0 the motion carried and the Board postponed the revisions to the November 18, 2016, meeting to comply with Civil Code §4360.

Director Bill Walsh reported from the Energy Committee.

Director Joe Camera reported from Resident Problem Resolution Services.

No report was given from the Laguna Woods Village Traffic Hearings.

The Board recessed open session at 12:43 PM for lunch and reconvened back into open session at 1:25 PM and the Board discussed the following:

Director Rosemarie diLorenzo Dickins reported from the Communications Committee.

Director Burt Baum reported from the Residency Policy and Compliance Committee.

Director Bunny Carpenter reported from the Purchasing Task Force.

GRF COMMITTEE HIGHLIGHTS

The Directors provided brief overviews of GRF Committee highlights.

DIRECTORS' COMMENTS

The Directors made their final comments.

ADDITIONAL MEMBER COMMENTS

No additional Member Comments were made.

The Board recessed at 1:58 PM and reconvened into Executive Session at 2:05 PM.

ADJOURNMENT

With no further business before the Board of Directors, the meeting was adjourned at 4:05 PM.

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

During the September 20, 2016, Regular Executive Session Board Meeting, the Board approved the minutes of the August 16, 2016, – Regular Executive Session, the August 23, 2016, – Special Executive Hearing Committee Session, the September 1, 2016, – Special Executive Session, and the September 6, 2016; the Board approved four (4) Hearing requests; heard four (4) Disciplinary Hearings and imposed \$2,250 in Fines for Violations of the Mutual's Rules and Regulations; discussed other Member Disciplinary matters; discussed Occupancy matters; discussed Member Delinquency matters; discussed Personnel matters; discussed the Santa Maria Matter; discussed the Probate Petition matter; discussed and considered Contractual matters; and discussed Litigation matters.

During the September 26, 2016, Special Executive Hearing Committee Board meeting the Board held three (3) member Disciplinary Hearings; and held three (3) Common Area Damage Reimbursement Hearings and approved four (4) recommendations for Hearings.

During the October 5, 2016, Special Executive Session meeting the Board discussed and considered Contractual matters.

Burt Baum, Secretary
Third Laguna Hills Mutual

PURCHASING POLICY

1. PURPOSE

The Purchasing Department's goal is to obtain the product or service that best meets the needs of the corporation at the best possible value and to protect the corporation from litigation resulting from these services.

2. CODE OF CONDUCT

No employee, officer, or agent shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the Corporation shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub agreements except for where the financial interest is not substantial or the gift is an unsolicited item of nominal value. Members of the Corporation Board of directors shall comply with all relevant fiduciary duties, including those governing conflicts of interest, when they vote upon matters related to procurement contracts in which they have a direct or indirect financial or personal interest. Officers, employees, directors, and agents of the Corporation shall be subject to disciplinary actions for violations of these standards.

3. FUNDS

Funding for all procurement is approved by the Corporation Board of Directors through the capital plan, a supplemental appropriation or the operating budgets of each department, prior to procurement of goods or services.

4. COMPETITIVE BIDDING PROCESS

The Purchasing Department carries out a bidding process whether the request is for an item, a service or a project. The following steps are taken:

- a. A Purchase Requisition (PR) and a detailed Scope of Work (SOW) are submitted by the requesting department. The Purchasing Department reviews the SOW and if it requires more detail, it is returned to the requesting department with questions and comments.

- b. The Purchasing Department will incorporate the final SOW into a request for proposal (RFP) for professional services or bid solicitation for constructions services , together with brief information about the community, insurance requirements, a pre-bid meeting date and the deadline for submitting proposals/bids. The RFP/bid solicitation is normally sent to at least three (3) vendors/contractors to obtain bids, or may be widely advertised.
- c. When the proposal/bids are received, the Purchasing Department will evaluate them to ensure that each bidder meets the SOW and will recommend the best qualified bid and competitive proposal/bid. If a proposal is submitted late, the Purchasing & Supply Manager will determine if the proposal should be accepted or rejected.

Exceptions to carrying out the bidding process are when:

- The Board of Directors passes a resolution to single source the work.
- The item or project is under \$2,500, unless required by the Purchasing & Supply Manager.
- A specialized item or project is required and vendors/contractors are limited or the vendor/contractor has previously proven their expertise in this field. (Sole Source)
- Work is required immediately (e.g. a broken water main).
- A current material purchase agreement or annual service contract is expiring using a proven vendor/contractor and their pricing does not increase.
- A contractor is currently working under a service contract and the same work is required for a one time project.
- Having received no complaints from a contractor currently working if no price increase.
- Blanket purchase orders are used. Items are supplied without agreed prices on an emergency basis only.
- Change Order to an existing contract, as per the Board-adopted Contract Change Order Policy.

5. AWARD PROCESS

- a. After proposal/bids are received, opened, and analyzed by staff, a detailed Contract Award report will be prepared for the appropriate Committee or Board as outlined in the Board-adopted Delegation of Action and Commitments Matrix. The Contract Award report will be prepared by the Division overseeing the services to be contracted for, and shall include a comparison spreadsheet listing all the proposals/bidders; a description of the services to be contracted for; and staff's recommendations.

6. CONTRACTS

7. Following the competitive bidding process the parties enter into an agreement. The process and document differs between product and services:

- a. Supply item:

The Buyer uses the Purchase Requisition (PR) to create a Purchase Order (PO) and then forwards it to the vendor.

- b. Stock item:

A material purchase agreement is written and after execution the Warehouse Department creates purchase requisitions when the stock items are required. The requisitions are approved by the Purchasing & Supply Manager and the items ordered by the Buyers.

- c. Annual service:

A contract is written for the service and when executed a Purchase Order from the requisition is generated to enable payment through the accounting system.

- d. Minor project (Less than \$1,000):

The Purchasing Department obtains approval of the contractor and value from the requesting division. The Contract Administrator adds conditions to the purchase requisition, prepares a Purchase Requisition and the Purchasing Department generates a Purchase Order after all requirements are met, and forwards it to the contractor.

- e. Small Project (\$1,000 - \$25,000):

- f. Medium Project (\$25,000 - \$100,000):

The Purchasing Department obtains approval of the contractor and value

from the requesting division and a contract is written for the work. The contract SOW is copied from the RFP with any changes that occurred during the bidding process. The completed contract is signed by the contractor then by the VMSI CEO or designated Division Director.

The Purchasing Department obtains approval of the contractor and value from the appropriate Committee via the requesting division and a contract is written for the work. The contract SOW is copied from the RFP with any changes that occurred during the proposal/bidding process. The completed contract is signed by the contractor then by two Officers of the Board.

g. Large Project (>\$100,000):

The Purchasing Department obtains approval of the contractor and value from the appropriate Board via the requesting division and a contract is written for the work. The contract SOW is copied from the RFP with any changes that occurred during the proposal / bidding process. The completed contract is signed by the contractor then by two Officers of the Board.

h. Very Large and Special Projects (>\$500,000)

Additional process and specific procedures required for Very Large Projects with direct Board involvement not covered here.

i. Leasing;

Leasing agreement will be forwarded to the appropriate Board for signature. Examples are Copier Equipment, Golf Carts and other agreements that the leasing agent require on their forms.

j. The Purchasing Department will assist the requesting department to cancel a contract or produce written warnings to a contractor.

8. CHANGE ORDER TO CONTRACTS

a. Per the Board-adopted Change Order Policy.

9. AX PAYMENT PROCESSING

a. When an executed contract is completed, the Contract Administrators will process the PR and a PO will be generated for work approval and payment.

Third Mutual Board Operation Procedures – Contracts

1. Request for Analysis-Determination of Objectives (Project Request Form)

The decision to commission an Analysis Request primarily resides with the Board of Directors however; a committee chair with committee approval may also request an analysis from the Managing Agent. There may be situations where a committee will request an analysis from other professional organizations and/or vendors. Certain contracts are processed based upon board-approved service levels and appropriations, and are not a result of an Analysis Review.

2. Analysis Review

The Division Director having jurisdiction over this activity will cause an Analysis to be prepared for the project and preparation for the subject report.

3. Approval of Appropriation by Resolution of Board

Approval of project funding through Budget adoption. With Board approval, a consultant may be engaged to develop preliminary cost estimates for budgeting purposes.

3.1 GRF Capital Improvements Greater than \$500,000

This activity is reserved for All Corporate Members with the Board of Directors. The preparation shall be by the managing agent.

4.1 Scope of Work/Specifications

The managing agent has the responsibility to create the scope of work/specification and the Committee may elect to review it before it is advertised for bids, or requests for proposals are issued.

5.1 Request for Proposal (RFP)/Bid Solicitation with Scope of Work/Specifications

The Managing agent will prepare the RFP or Bid Solicitation

6.1 Consultant/Bidders List Preparation

The bidders list will be created by the managing agent.

7.1 Consultant Interviews / Pre-Bid meeting

The managing agent has the responsibility to organize and manage consultant interviews and/or pre-bid meetings. The Committee may elect to participate in the interviews/meetings.

7.2 Bid Opening

The Board does not have to participate in this activity; Bid openings will be conducted by the managing agent.

8. Bid Review (Price and Cost Analysis)

The Managing Agent will prepare the Price and Cost Analysis which will be presented to the Board upon recommendation for contract award.

10.1 Contract Award - \$25,000 to \$100,000

The appropriate committee will review staff's recommendation and approve to award the contract to the vendor best fulfilling the requirements of the RFP/Bid Solicitation. The Board will have final approval of the contract award within the Governing Documents.

10.2 Contract Award – Amounts Greater than \$100,000

The appropriate committee will review and recommend approval for contract award to the Board for the vendor best fulfilling the requirements of the RFP/Bid Solicitations. The Board will have final approval of the contract award within the Governing Documents.

11. Change Orders

Process per the Board-adopted Contract Change Order Policy

12. Administration of Contract and/or Work

The Managing Agent performs this activity with reporting, when requested, to the appropriate committee of progress and discussion of any issues which may have a substantial impact on cost or completion date for the project.

13. Project Acceptance

Division Directors overseeing projects in excess of \$100,000 in value will present to the Board a comprehensive report at project completion. The report will outline the project progression and timeline; the final accounting of the contract amounts, including all change orders issued for the project. Staff will recommend the project be accepted by the appropriate Board. Once the Board accepts the project as complete, all retention, bonds, and other moneys due will be released.

1 CONTRACTS - RESPONSIBILITY MATRIX					
2					
3		Organization			
4	Delegation of the Initiation, Authorization and Performance of Actions and Comments that are Within the Responsibility Scope of the Organization	Board of Directors	Committee Chair	VMS	All Corporate Members
5	1. Request for Analysis - Determination of Objectives-Project Request Form	I	I(1)		
6	2. Analysis Review			P	
7	3. Approval to fund Analysis	A			
8	3.1 GRF Capital Improvements Greater than \$500,000	A		P	A
9	4.1 Scope of Work /Specifications		O	P	
10	5.1 Request For Proposals (RFP)/Bid Solicitation-Preparation/Delivery			P	
11	6.1 Consultant/Bidders List- Preparation			P	
12	7.1 Consultant Interviews/Pre-Bid Meeting		O	P	
13	7.2 Bid Opening			P	
14	8. Bid Review & Price & Cost Analysis			P	
15	10.1 Contract Award- \$25,000 to \$100,000	A	R	P	
16	10.2 Contract Award- Approval Greater than \$100,000	A	O	P	
17	11. Change Orders- Per Adopted Contract Change Order Policy			P	
18	12. Administration of Contract and/or Work			P	
19	13. Project Acceptance (Projects over \$100,000)			P	
20	Key				
21	I= Initiate an Activity, directive may come from either, but the directive is requires				
22	I(1)= Initiate activity within Committee charter and with objective parameters				
23	A= Authorize an activity that is within the Governing Documents				
24	O= The Committee or Board may choose to exercise participation at this level; if not, the Agent will perform the task				
25	R= Review reports and/or for Approval, where necessary and appropriate				
26	P= Performed by managing agent				

**YEAR 2017 COLLECTION AND LIEN ENFORCEMENT POLICY AND
PROCEDURES FOR ASSESSMENT DELINQUENCIES**

PURPOSE STATEMENT

The following is a statement of the specific procedures, policies and practices (“Policy Statement”) employed by Third Laguna Hills Mutual, 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 owners (“Members”). This Policy Statement is provided pursuant to the requirements of California Civil Code section 5310(a)(7).

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. Special assessments must be received in a timely fashion in order to finance the needs 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. These rights and remedies are described in this Policy Statement.

WE SINCERELY TRUST THAT ALL MEMBERS, IN THE SPIRIT OF COOPERATION AND RECOGNIZING THEIR LEGAL OBLIGATIONS, WILL MAKE TIMELY PAYMENTS AND AVOID THE IMPOSITION OF LATE CHARGES, POSSIBLE RESULTANT LEGAL ACTION, AND THE LEGAL OBLIGATION TO REIMBURSE THE MUTUAL FOR THE COSTS OF SUCH 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.

BASIC POLICIES AND PROCEDURES

Delinquency reports are made monthly by the Mutual’s managing agent to the Board of the Mutual, identifying the delinquent Member, and the amount and length of time the assessments have been in arrears. The policies and practices outlined in this Policy Statement shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Mutual’s Board of Directors, or unless the applicable statutory scheme changes, in which event, this Policy Statement shall be construed so as to be consistent with any newly adopted statutes or court decisions. In accordance with the Mutual’s governing documents (including, without limitation, the

Articles of Incorporation, the Bylaws, the recorded CC&Rs, rules and regulations and the California Civil Code), to ensure the prompt payment of monthly assessments, the Mutual employs the following collection and lien enforcement procedures:

Assessment Due Date

Regular assessments (“Carrying Charges” as defined in Article 1, Section 8 of the CC&Rs) are due and payable to the Mutual, in advance, in equal monthly installments, on the first day of each month. It is each Member’s responsibility to pay assessments in full each month regardless of whether a billing statement is received. Special assessments shall be due and payable on the due date specified by the Board of Directors in the notice imposing the special assessment 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.

Reminder Notice

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.

Administrative Collection Fee

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 Five Hundred Dollars (\$500) (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.

Late Charge

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 of ten percent (10%) as allowed by Civil Code section 5650. 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.

Demand Letter (aka Pre-Lien Letter)

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 (also known as a Pre-Lien Letter under California Civil Code sections 5650-5660) will be sent to the Member by Certified Mail. The Mutual, through its managing agent, will also 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.

Alternate Means to Collect Delinquent Sums

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) suspending a Member's right to use Mutual or GRF facilities; (2) termination of the delinquent Member's Membership in the Mutual as a result of any foreclosure, (3) legal actions, discussed further below, or (4) other means permitted by law.

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.**

Small Claims Court

A civil action in small claims court may be filed, with a management company representative or bookkeeper appearing and participating on behalf of the Mutual.

PLEASE NOTE THAT A SMALL CLAIMS COURT ACTION MAY BE PURSUED BASED ON A BOARD RESOLUTION EITHER BEFORE OR AFTER RECORDING A NOTICE OF DELINQUENT ASSESSMENT, AND/OR AFTER A WRITE-OFF.

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.

Successive small claims court actions may be pursued, consistently with applicable laws, until the entire amount of the delinquency is recovered.

Lien

The Mutual may secure the delinquency by recording a lien on the owner's separate interest with the county recorder of the county in which the separate interest is located . The debt shall be a lien on the owner's separate interest in the development from and after the time the Mutual records a notice of delinquent assessment, which shall state: the amount of the assessment and other sums imposed in accordance with subdivision (b) of Section 5650; a legal description of the owner's separate interest in the common interest development against which the assessment and other sums are levied; and the name of the record owner of the separate interest in the common interest development against which the lien is imposed.

The itemized statement of the charges owed by the owner described in subdivision (b) of Section 5660 shall be recorded together with the notice of delinquent assessment. In order for the lien to be enforced by nonjudicial foreclosure as provided in Sections 5700 to 5710, inclusive, the notice of delinquent assessment shall state the name and address of the trustee authorized by the association to enforce the lien by sale. The notice of delinquent assessment shall be signed by the person designated in the declaration or by the association for that purpose, or if no one is designated, by the president of the association. A copy of the recorded notice of delinquent assessment shall be mailed by certified mail to every person whose name is shown as an owner of the separate interest in the association's records, and the notice shall be mailed no later than ten (10) calendar days after recordation.

Foreclosure/ADR

After the expiration of thirty (30) days following the recording of a lien created pursuant to Section 5675, the lien may be enforced in any manner permitted by law. Once the amount of delinquent assessments (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.

Board Decision to Initiate 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 delinquent Member shall be maintained by identifying the matter in the minutes only by the Parcel Number, and not by the name of the delinquent 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 or judicial foreclosure.

The Board must provide notice by personal service to an owner of a separate interest or their legal representative, if the Board votes to foreclose. For a non-occupying owner, 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 owner to the Mutual, the address of the owner's separate interest may be treated as the owner's mailing address.

Non-Judicial Foreclosure/Right of Redemption

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 5715.

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&Rs), 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 2 commencing with section 5900 of Chapter 10) or ADR as set forth in Article 3 (commencing with Section 5925 of Chapter 10), both in the California Civil Code.

Any choice by a Member to pursue any kind of ADR must be made by the Member's delivery of written notice of such choice to the Mutual's managing agent within thirty (30) days of any event which triggers a Member's right to pursue ADR, whether it is before a Notice of Delinquent Assessment can be recorded (i.e., upon receipt of the certified Pre-Lien Notice), or prior to initiating a foreclosure action, or in any other situation for which the Davis-Stirling Common Interest Development Act or the Mutual's governing documents authorize or allow a Member to choose ADR.

THE DECISION TO PURSUE DISPUTE RESOLUTION OR A PARTICULAR TYPE OF ADR SHALL BE THE CHOICE OF THE OWNER. However, binding arbitration is not available if the Mutual intends to initiate a judicial foreclosure.

Pre-Lien Notice

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 (per California Civil Code Section 5660):

- (a) A general description of the collection and lien enforcement procedures of the association and the method of calculation of the amount, a statement that the owner of the separate interest has the right to inspect the association records pursuant to Section 5205, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed;

“IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION”

- (b) An itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney’s fees, any late charges, and interest, if any ;
- (c) A statement that the owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the association;
- (d) The right to request a meeting with the board as provided in Section 5665;
- (e) The right to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association’s “meet and confer” program required in Article 2 (commencing with Section 5900) of Chapter 10;
- (f) The right to request alternative dispute resolution with a neutral third party pursuant to Article 3 (commencing with Section 5925) of Chapter 10 before the association may initiate foreclosure against the owner’s separate interest, except that binding arbitration shall not be available if the association 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 5900-5920;
- (b) The Member may exercise his or her right to participate in alternative dispute resolution with a neutral third party under Civil Code sections 5925-5965 before the Mutual may initiate foreclosure against the owner’s separate interest, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure;

- (c) The 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 directors 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 Plan Requests

Any Member who is unable to timely pay regular or special assessments is entitled to make a written request for a payment plan to the Mutual's Board. A Member may also request to meet with the Board in executive session to discuss a payment plan if the payment plan request is mailed within fifteen (15) days of the postmark date of the Demand Letter (i.e., the Pre-Lien Letter). The Mutual's Board will consider payment plan requests on a case-by-case basis, and is under no obligation to grant payment plan requests. 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 5965 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 5930 of the Civil Code may result in the loss of the member's 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.

Application of Payments

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 5655.

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 that an association has recorded a lien for a delinquent assessment in error, the association shall promptly reverse all late charges, fees, interest, attorney's fees, costs of collection, costs imposed for the notice prescribed in Section 5660, and costs of recordation and release of the lien authorized under subdivision (b) of Section 5720, and pay all costs related to any related dispute resolution or alternative dispute resolution.

Secondary Address

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.

No Right of Offset

There is no right of offset. This means that a Member may not withhold assessments owed to the Mutual on the alleged grounds that the Member would be entitled to recover money or damages from the Mutual based on some other obligation or some claim of another obligation.

Returned Checks

The Mutual may charge the Member a twenty-five dollar (\$25.00) fee for the first check tendered to the Mutual that is returned unpaid by the Member's bank, and thereafter, the Mutual may charge a thirty-five dollar (\$35.00) fee for any subsequent check that is returned based on insufficient funds. If a Member's check cannot be negotiated for any reason, then the Mutual may also seek to recover damages of the greater of (a) one hundred dollars (\$100.00); or (b) three (3) times the amount of the check up to fifteen hundred dollars (\$1,500.00) in accordance with California Civil Code section 1719.

Charges and Fees Subject to Change

All charges and fees set forth in this Policy Statement are subject to change upon thirty (30) days prior written notice.

Overnight Payments

The mailing address for overnight payment of assessments is: Third Laguna Hills Mutual, Attn: Assessment Payments, 24351 El Toro Road, Laguna Woods, CA 92637.

Rights Reserved by Mutual

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.

Attachments

The Notice of Assessments and Foreclosure required by Civil Code Section 5730 is contained in Attachment "A" to this Policy.

The disclosures required by the State Rosenthal Fair Debt Collection Practices Act and the Federal Fair Debt Collection Practices Act are contained in Attachment "B" to this Policy.

BOARD OF DIRECTORS

THIRD LAGUNA HILLS MUTUAL

**ATTACHMENT "A"
NOTICE OF
ASSESSMENTS AND FORECLOSURE**

The following notice is provided pursuant to Civil Code Section 5730

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until

it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)

ATTACHMENT "B"

The following Disclosure is made pursuant to Civil Code Section 1812.700-1812.703

“The State Rosenthal Fair Debt Collection Practices Act and the Federal Fair Debt Collection Practices Act require that, except under unusual circumstances, collectors may not contact you before 8 a.m. or after 9 p.m. They may not harass you by using threats of violence or arrest or by using obscene language. Collectors may not use false or misleading statements or call you at work if they know or have reason to know that you may not receive personal calls at work. For the most part, collectors may not tell another person, other than your attorney or spouse, about your debt. Collectors may contact another person to confirm your location or enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission at 1-877-FTC-HELP or www.ftc.gov.”

CARE & MAINTENANCE OF PATIOS, BALCONIES, BREEZEWAYS & WALKWAYS
Resolution 03-16-XXX – Revised November 18, 2016

The walkway, breezeway, patio and balcony areas are “common areas” or “limited common areas” with by-laws and CC&R provisions for their management and care under the direction of the Third Laguna Hills Mutual Board (TLHM).

Common areas are for the use and enjoyment of all residents and while limited common areas permit exclusive use of the area, it is essential that all residents be aware of the need for the safety, attractiveness and the prevention of damage to the building by items placed by the residents in or on the common or limited common areas of the Mutual’s multistory buildings and where applicable to other residential buildings.

The following rules for residents address the safety, attractiveness and prevention of damage issues. Residents should take whatever corrective action is necessary to manage those items they have placed outside their manor. The TLHM Board of Directors is authorized to take disciplinary action against a Member found to be in violation of this policy. The Board of Directors has the authority to impose monetary fines, suspend Member privileges, and/or bring forth legal action. Refer to the Member Disciplinary Process for further information. Resident who disregard these guidelines will be given a citation to correct the problem, possibly followed with disciplinary action.

1. All plants must be suitably potted with adequately sized saucers to collect excess water and elevated by substantial caster or sturdy platforms with casters. Care must be used to control the amount of water given to these plants so as not to run over the saucer and collect on the floor surface or fall to a lower level of the building on people, windows, or other objects belonging to neighbors.
2. Plantings and growing of herbs, tomatoes, vegetables, or any other crops in the patios, balconies, breezeways, and walkways is prohibited; whether in pots or plated in the ground.
3. Fruit trees must be of a dwarf variety and adhere to the “Yellow Stake” program.
4. Items, including plants, statues, furniture, etc., may be placed outside a manor’s front door on the floor and shall be limited. Adequate clearance is required to allow for easy walkway access along the area (at least in number and size to allow for a 48-inch clearance as required by law).
5. Items, including plants, statues, furniture, etc., are prohibited from being attached to Mutual wood and stucco walls. Certain plants are allowed on block walls and must adhere to the “Plants and Limited Common Area Walls Policy”
6. Furniture and items designed for indoor use are not allowed.

7. All plants shall be attractive and shall be maintained by the resident in a healthy, well cared for condition, properly watered and pruned. Non-plant items shall be maintained clean and in good repair.
8. Potted plants are not to be placed on railings in common or limited common areas.
9. Items that constitute a nuisance to one's neighbors should not be placed in common areas or limited common areas. Examples are intrusive wind chimes, food or water, which will attract birds, insects, or other animals. Residents are encouraged to resolve amicably differences or disputes involving such items.
10. A resident's balcony and patio area adjoining a manor is limited common area. This area needs the same care and protection as our walkways and breezeways to prevent dry rot, decay and mold of surfaces. Therefore only a limited number of potted plants on the balconies of multistory buildings is allowed, without the prior approval of the Third Mutual Board. No more than 15% of the total floor area of a balcony may be used for potted plants.
11. Landscape crews will not care for a resident's personal items placed in common areas unless arranged through ~~Property Services~~ the Resident Services Department as a chargeable service.

Any building, by majority decision, may establish additional rules for its own use, providing the rules are not in conflict with the above guidelines. The ~~Third Mutual~~ TLHM Board of Directors shall resolve any disputes or misunderstandings relating to common areas and limited common areas.

We ask each resident to read these guidelines and take whatever corrective action is necessary for the care and protection of property where plants and items have been placed outside manors.

~~The Third Mutual Board shall have full authority to recommend remedial action or a hearing for disciplinary action.~~

Third Laguna Hills Mutual

Section 45 - Solar Panels, 2 Story Buildings with Flat Roofs

ADOPTED OCTOBER 2014, RESOLUTION 03-14-108
REVISED JANUARY 2016, RESOLUTION 03-16-09

1.0 GENERAL REQUIREMENTS

- 1.1 **PERMITS AND FEES:** A Mutual Consent for Manor Alteration(s) is required for all alterations to the building. A City of Laguna Woods permit may be required. All fees for both Mutual Consents and City permits shall be paid for by the Member and/or his or her contractor. Member and/or his or her contractor must provide the Manor Alterations Department with City permit number(s) prior to beginning work.
- 1.2 **MEMBERS' RESPONSIBILITY:** The Member is solely responsible for the maintenance, repair, and/or removal of all alterations to the building.
- 1.3 **CODES AND REGULATIONS:** All work shall comply with all applicable local, state, and federal requirements including, but not limited to, the current edition of the National Electric Code (NEC), and all state, county and local building and safety regulations, statutes and ordinances.
- 1.4 **WORK HOURS:** No work shall commence prior to 7:00a.m. and no work shall be permitted after 6:00p.m. Monday through Friday. Work on Saturday shall be permitted from 9:00a.m – 2:00p.m. for work which results in construction-related noise (e.g. cutting tile, hammering, and use of power tools). For work that does not result in excessive noise, such as painting and carpet installation, permitted hours are 7:00a.m. – 6:00p.m. No work whatsoever shall be permitted on Sunday.
- 1.5 **PLANS:** The Member applying for a Consent shall provide to the Manor Alterations Department a detailed plan(s) for approval indicating all work to be done, i.e., size, location, description and specifications.
- 1.6 **DUMPSITES:** The premises shall be kept free of accumulation of waste materials and/or rubbish caused by construction work. The Member and/or his or her contractor are responsible for removal of debris and excess material and must leave work areas "**BROOM CLEAN**" daily. **USE OF COMMUNITY DUMPSITES FOR CONSTRUCTION RELATED DUMPING IS NOT PERMITTED.** Contractor's or Member's dumpsters, if required, must have location approved by the Manor Alterations Department.

- 1.7 **CONTRACTOR:** Installation must be performed by a contractor properly licensed in California for the work being performed.
- 1.8 **CONTRACTOR'S CONDUCT:** Member's contractor's, their personnel, and sub-contractors shall refrain at all times from using profanity, abusive or loud language, and must wear shirts at all times. Radio, MP3, CD or cassette players are not permitted on the project site. Contractor personnel will, at all times, extend and exhibit a courteous demeanor to residents.

2.0 **APPLICATIONS**

- 2.1 In this section, "Solar Panel" refers to roof mounted panels that use solar energy to generate electricity using photo-voltaic cells (Solar Electric System).
- 2.2 This section refers to two story dwellings with shared flat roof space. The system shall be designed so the panel array does not encroach outside of the area allocated on the roof for each owner of a manor. Refer to Pages 6, 7, 8, 9 and 10 for roof allocation on the flat roofs of 6-, 8-, and 12-unit buildings. Assigned spaces that have had a previous alteration installed such as, but not limited to, skylights and solar tubes, not allowing a down stairs member to install solar panels in their space will be assigned a new space by staff.
- 2.4 Detailed, site-specific plans, including for all electrical lines for the solar panel installation, including penetrations, shall be submitted to the Manor Alterations Department for approval.
- 2.5 Detailed plans of the installation of roof jacks should be submitted to the Manor Alterations Department for approval, and installation of roof jacks, including hot mopping and flashing, is required to be completed during the original installation.
- 2.6 All roof tie-ins must be performed by a C-39 Licensed Contractor. The Member may hire a C-39 Licensed Contractor of their own choice to perform roof tie-ins for the installation of solar panels on all roof types except PVC Cool Roofs. For PVC Cool Roofs, For all installations, all tie-ins must be performed by the Mutual's roofing contractor at the Member's expense.
- 2.7 Mounting systems must be installed with ten inch risers to allow the Mutual's Contractor to properly install the new PVC roof.
- ~~2.6 — For all installations, all tie-ins must be performed by the Mutual's roofing contractor at the Member's expense.~~
- 2.8 Electric lines must be set on blocking above the surface to facilitate re-roofing.

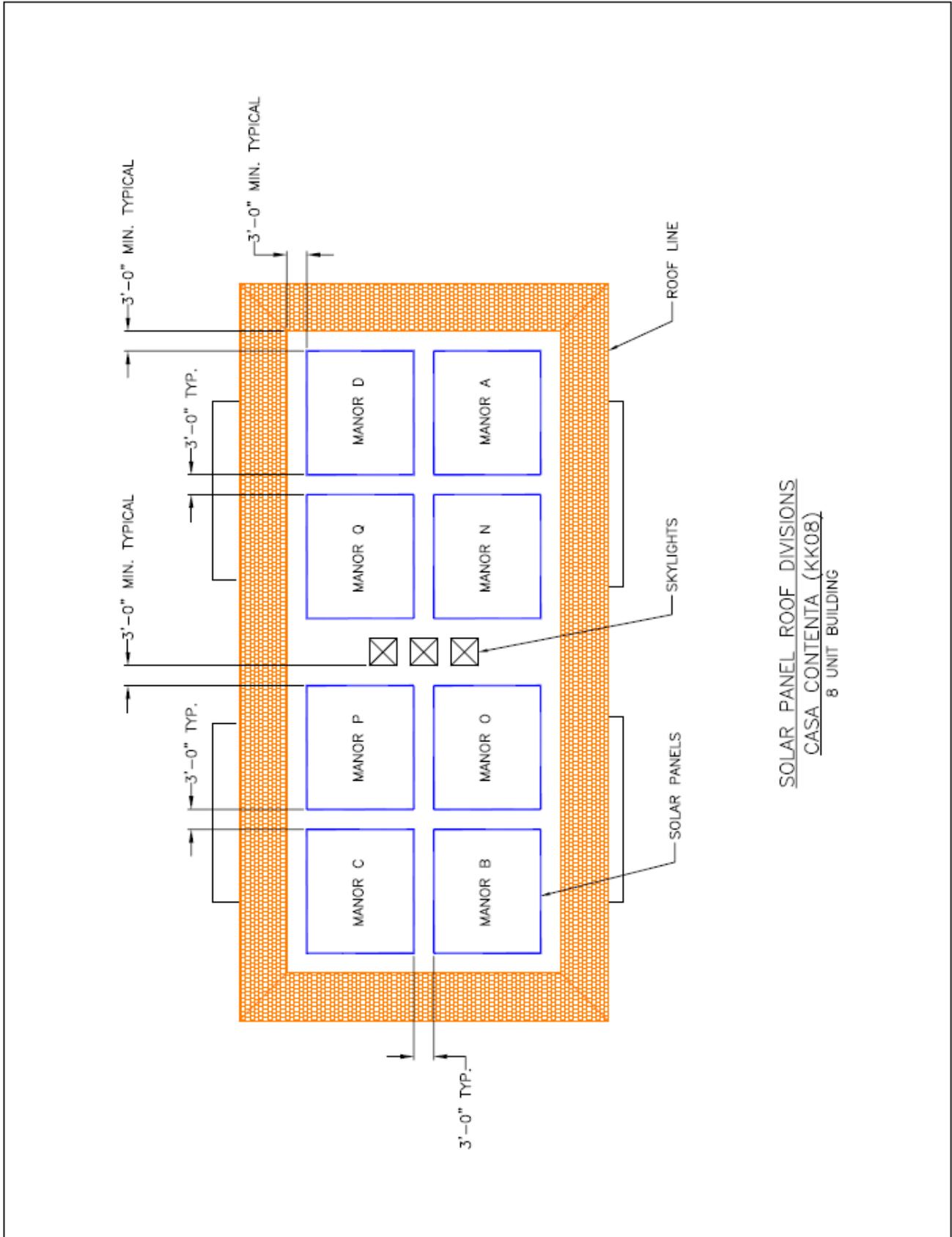
- Structural calculations for the existing roof structure, signed and wet-stamped by a California-licensed structural engineer are required to ensure the solar panel system does not compromise the existing roof structure and that the roof is adequate to accept attachments and to support all applied loadings, per the California Building Code and any other applicable laws or ordinances.
- 10** The mounting system must have a current Engineering Certification that certifies the system will be structurally adequate and satisfy building codes when installed per the instructions.
 - 2.11** The solar panel array must be located a minimum of 3 feet from the edge of the roof; and a minimum of 3 feet shall be maintained between rows of solar panels, and between any architectural features such as, but not limited to skylights, mechanical equipment, and vent pipes in order to enable proper access for maintenance.
 - 2.12** The solar panel array cannot be installed over any existing Mutual component or Member alteration.
 - 2.13** Flat roof mounting shall be set with the highest point flush with the top of the parapet wall so as to be hidden from the ground or surrounding properties.
 - 2.14** Lag screws must have adequate pullout strength and shear capacities.
 - 2.15** The waterproof integrity of the roof, including the selection and use of appropriate flashing and sealers, must be maintained.
 - 2.16** Solar Electric Panels, and their associated electrical components, must be UL listed, or comply with equivalent international standards.
 - 2.17** The use of solar micro-inverter or power optimizer technology is required due to the potential number of separate systems that could be installed on one building.
 - 2.18** A solar panel system may only serve a single Manor.
 - 2.19** Leasing of Solar Panels is permitted only under the following conditions:
 - a. Only pre-paid leases are permitted, and Member must provide the Mutual a copy of the pre-paid lease contract together with proof of payment before any work on the construction or installation of the solar panel system begins; and
 - b. The pre-paid lease contract must be assignable by the Member.
 - 2.20** Panels for water solar heating systems are not permitted.

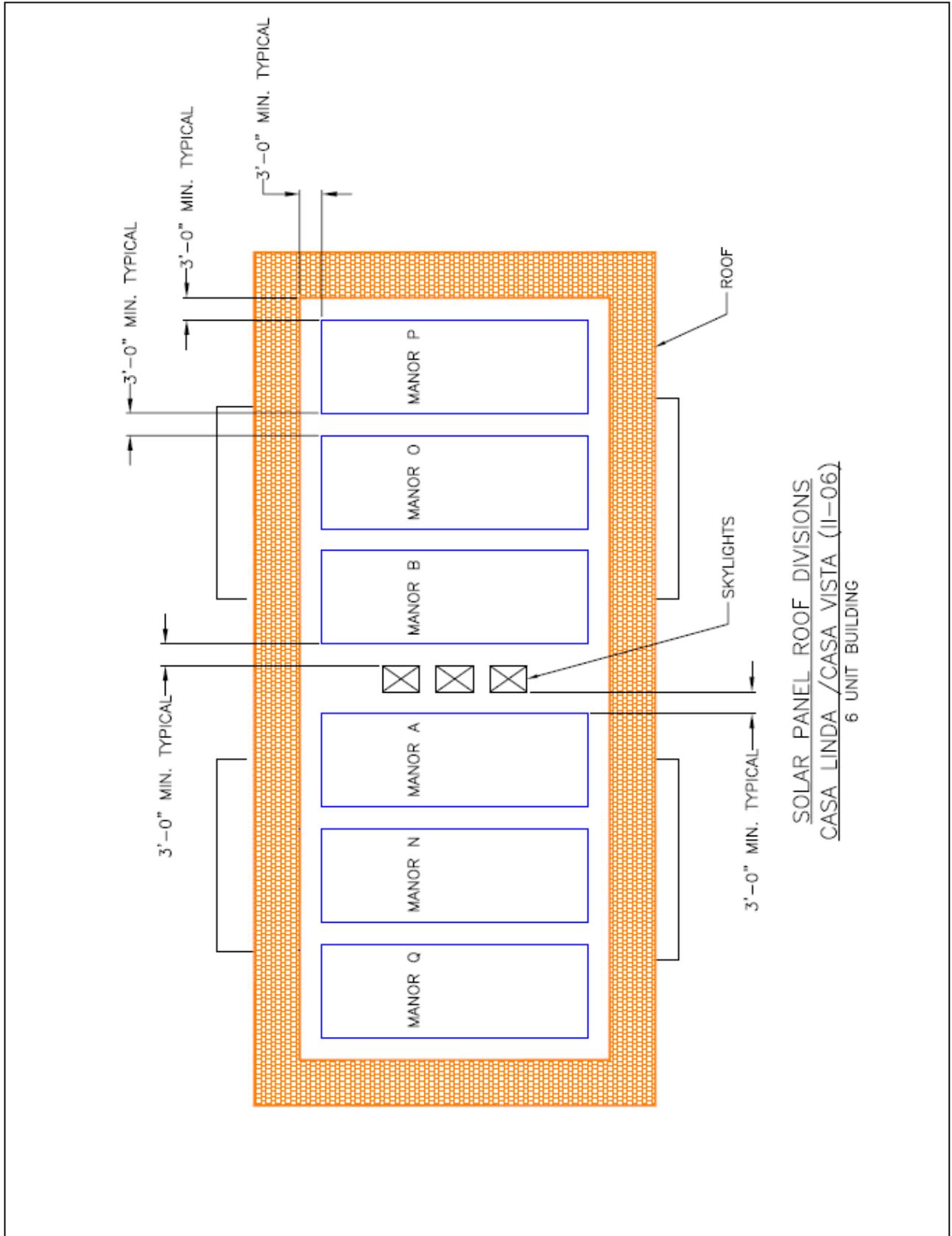
3.0 OBLIGATIONS

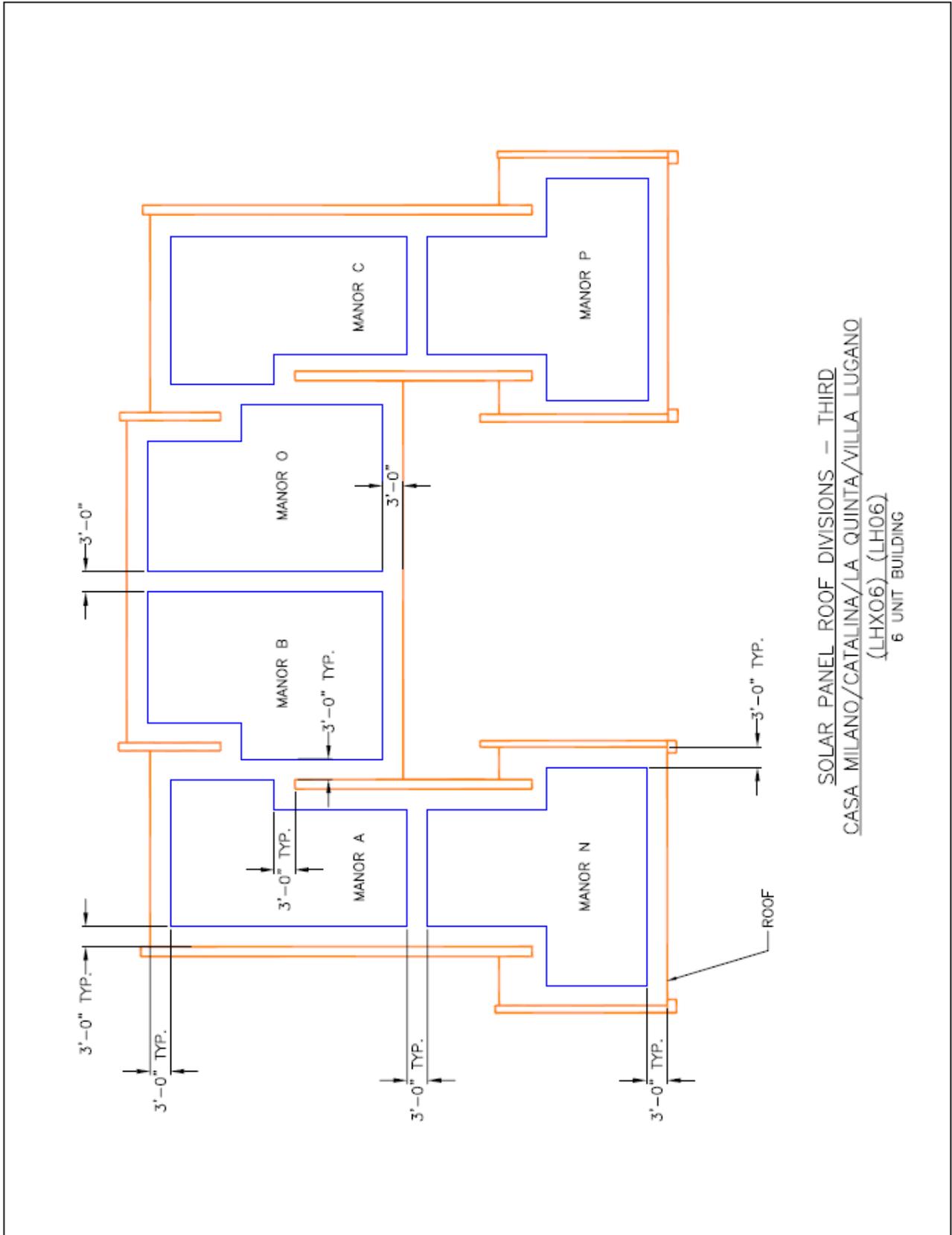
- 3.1** *The Mutual Member must sign and submit to Third Laguna Hills Mutual, c/o VMS, Inc., Community Services, the “Recordable Common Area Agreement” for the subject solar panel installation utilizing Common Area.*
- 3.2** Member accepts responsibility and agrees to pay for repairs to common areas, including but not limited to roofing, framing, wiring and drywall caused, in whole or in part, by Member’s solar panels or their installation, operation, maintenance or removal, and Member accepts all responsibility for damage to Member’s Manor or other Manors or to personal property caused or contributed to by the installation, operation, maintenance or removal of the solar panels.
- 3.3** The Member is responsible for, and will bear all costs associated with removing, altering, covering or reinstalling the alteration as may be necessary or appropriate to allow the Mutual to conduct maintenance or repairs of common area. If the Mutual gives a minimum of thirty (30) days advance written notice of the need to remove, alter, cover or replace the solar panel and the Member does not accomplish this within five calendar days before the removal, alteration, or covering is necessary, then the Mutual will accomplish the removal, alteration or covering at the Member’s cost, which will be billed as a Chargeable Service to the Member.
- 3.4** The Member is responsible for, and will bear all costs associated with, clean-up or repair of Mutual owned or controlled property made necessary by or resulting from the alteration.
- 3.5** All costs associated with roof replacement above and beyond the typical cost for roof replacement due to the solar panel installation shall be borne by the Member(s).
- 3.6** The roof area for possible solar panel installation is allocated to Manors within a given building as in the attached diagrams. It is Member’s responsibility to ascertain and adapt to any roof interference by vents or other roof installations already in place.
- 3.7** Upon sale of Member’s Manor, all obligations herein shall apply to all subsequent owners of the Manor.
- 3.8** If Member discontinues use of the solar panels, Member will remove panels, all associated parts, connections and wiring associated with the solar panels after giving notice to the Mutual through the Permit and Inspections office.

- 3.9** Regardless of the roof type, the restoration of the roof must be performed by the Mutual's roofing contractor at the Member's expense.

- 3.10** Member must present to the Mutual a vendor/installer agreement that requires vendor to hold harmless and indemnify the Mutual for any and all claims, damages, costs and expenses, including attorney fees related to or arising from the installation, use, maintenance, repair or removal of the solar panel system.







SOLAR PANEL ROOF DIVISIONS – THIRD
CASA MILANO/CATALINA/LA QUINTA/VILLA LUGANO
(LHX06) (LH06)
6 UNIT BUILDING

