

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

**September 21, 2010**

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, September 21, 2010 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Carol Moore, John Paulus, Kathryn Freshley, Carol Skydell, Dominic Burrasca, Lucy Shimon, Pat Feeney, Don Lippert, Noel Hatch, Stanley Feldstein, Dick Palmer

Directors Absent: None

Others Present: Cris Robinson, Patty Kurzet, Janet Price (10:08 A.M. - 12:32 P.M.)  
Executive Session: Cris Robinson, Patty Kurzet, Sandy Meyer

**CALL TO ORDER**

Director Carol Moore, President of the Corporation, chaired the meeting and stated that it was a regular meeting held pursuant to notice duly given and that a quorum was present. The meeting was called to order at 9:30 A.M.

A moment of silence was held to honor the US Troops serving our country and those placed in harm's way.

**PLEDGE OF ALLEGIANCE**

Director Pat Feeney led the Membership in the Pledge of Allegiance to the Flag.

**ACKNOWLEDGEMENT OF PRESS**

Ms. Claire Webb from the Laguna Woods Globe was not present, and the Channel 6 Camera Crew, by way of remote cameras, was acknowledged as present.

**APPROVAL OF AGENDA**

Director Freshley made a motion to approve the agenda as written. Director Skydell seconded the motion. Director Lippert amended the motion to move agenda item 19 *Member Comments and Public Forum* to the beginning of the meeting after approval of the Minutes. Director Feldstein seconded the motion and discussion ensued. By a vote of 2-8-0 (Directors Lippert and Feldstein voted in favor), the amendment failed.

Director Shimon amended the motion to move *Member Comments and Public Forum* to after the General Manager's Report. Director Lippert seconded the motion and discussion ensued. By a vote of 6-4-0 (Directors Lippert Feldstein, Burrasca, Paulus, Palmer and Shimon voted in favor), the amendment carried.

The motion to approve the agenda as amended carried without objection.

### **CHAIR'S REPORT—Carol Moore**

President Moore commented on various issues that lead the Board to seek legal counsel for resolution; announced that the Board will hold 2 informational meetings on September 27 at 1:00 P.M. in Clubhouse 5 and at 3:00 P.M. in the Recreation Room at Building 2399 to discuss the lawsuit and the 2011 Budget. President Moore commented on assessments and the need for adequate reserves, and thanked the outgoing Directors Lippert, Feeney, Feldstein and Hatch for their contributions to the Community.

### **APPROVAL OF THE MINUTES**

Director Freshley made a motion to approve the minutes of the Regular Meeting of August 17, 2010. Director Skydell seconded the motion and discussion ensued.

Due to questions regarding the City Manager's presentation on its zoning modification plan, the Board postponed approval of the minutes to next month.

Director Shimon made a motion to approve the minutes of the Special Meeting of August 19, 2010. Director Skydell seconded the motion and the motion carried by a vote of 9-0-1 (Director Lippert abstained).

Director Freshley made a motion to approve the minutes of the Special Meeting of September 9, 2010. Director Shimon seconded the motion and discussion ensued. By a vote of 9-0-1 (Director Hatch abstained), the motion carried.

### **CONSENT CALENDAR**

The Board approved the Consent Calendar, with Director Feldstein abstaining, and the Board took the following actions:

#### Maintenance & Construction Committee Recommendations:

- |           |   |
|-----------|---|
| 2370 Bldg | Denial of request for Mutual to install two walkway lights on step to landing at entry to lobby entrance to building  |
| 2395-3F   | Approval of request to install additional living room window, with contingencies  |
| 2395-3G   | Approval of request to install additional living room window, with contingencies  |
| 3162-C    | Approval of request for patio extension with interlocking pavers and planter wall, with contingencies   |
| 3172-A    | Denial of request to retrofit bedroom one, bedroom two, living room, and kitchen windows with double-hung white vinyl windows   |
| 3267-B    | Approval of request to retain satellite dish attached to wood fascia at rear of garage, with contingencies  |
| 3408-A    | Approval of request to extend and enclose a 32'-0" X 12'-0" section of the rear patio, install an open 11'-0" X 12'-0" open patio with 1'-4" high stucco covered block wall, enlarge the Dining Room window to measure 5'-0" X 4'-0", install a 5'-0" X 4'-0" window in the Living Room, install a 2'-0" X 5'-0" casement window in Bedroom One and install a 5'-0" X 3'-6" window in Bedroom Two, with contingencies |

- 3526-B Approval of request to perform a rear concrete patio extension, with contingencies
- 4008-3E Approval of request to retain an XO living room window, with contingencies
- 5097 Approval of request to retain original bathroom window not retrofitted at the same time as remaining windows, with contingencies
- 5161 Approval of request for a room addition, re-size window at entry hallway and window additions in bedroom two, with contingencies

Landscape Committee Recommendations

- 2384-1E Uphold previous decision to deny request for plant replacements
- 2360-C Denial of request for plant replacements
- 2403-1H Denial of request for shorter hedge
- 2404-2F Denial of request for pathway to access Clubhouse 4 parking lot
- 3315-D Denial of request for landscape design change to create pathway
- 3343-B Approval of request for plant replacements at the Mutual Member's expense

Finance Committee Recommendations

**RESOLUTION 03-10-133**

**WHEREAS**, Member ID 931-580-31 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**, September 21, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-580-31; 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.

**RESOLUTION 03-10-134**

**WHEREAS**, Member ID 932-720-70 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**, September 21, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-720-70; 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.

**RESOLUTION 03-10-135**

**WHEREAS**, Member ID 932-793-10 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**, September 21, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-793-10; 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.

**RESOLUTION 03-10-136**

**WHEREAS**, Member ID 934-901-99 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**, September 21, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 934-901-99; 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.

### **GENERAL MANAGER'S REPORT**

Mrs. Robinson updated the membership on current ongoing projects affecting Third Mutual; announced that Broadband Services has moved across the street; announced that there is a newsletter on the website for residents to receive by way of email which promotes more communication with the residents and encouraged the membership to sign up; and updated the Board on the Plan-A-Ride Program and the projected savings to the community.

Ms. Janet Price entered the meeting at 10:08 A.M.

President Moore described the Board decorum for Member Comments.

### **THIRD MUTUAL MEMBER COMMENTS and PUBLIC FORUM**

- Lucie Falk (3377-A) commented on the election procedures and candidates spending money on their campaign opposing the lawsuit.
- Isabel Muennichow (5285) commented on moving Member Comments to the beginning of the meeting.
- Irma David (5131) addressed the Board on shrubs growing near her manor.
- Rae Tso (3256-A) expressed her opposition to the lawsuit.
- Karel Brouwer (3189-C) commented on Version 3 of the Budget Planning Meeting.
- Mike Matzenbacher (2401-3D) commented on downspouts on his building.
- Bud Nesvig (2392-3H) commented on the lawsuit.
- Mike Straziuso (4006-2E) announced a charitable seminar to be hosted by the Laguna Woods Foundation on September 30 at CH3 at 2:00 PM.
- Larry Souza (5077) commented on candidates opposing the lawsuit and encouraged residents to vote for candidates running to serve the best of the Community.

### **DIRECTORS' RESPONSES TO MEMBER COMMENTS**

- Director Paulus responded regarding downspouts on Building 2401.
- Director Feldstein responded to comments about the lawsuit.
- Director Hatch commented on the history that led up to the filing of the lawsuit.

### **OLD BUSINESS**

The Secretary of the Corporation, Director Carol Skydell, read a proposed resolution adopting the Payment Plan Standards for Delinquent Assessment Payments. The resolution was postponed from the previous month to satisfy the 30-day notification requirements. Director Skydell moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

The Board made changes and agreed that they were not substantial enough to warrant an additional 30 day notification.

By a vote of 6-2-2 (Directors Lippert and Feldstein opposed and Directors Hatch and Palmer abstained), the motion carried and the Board of Directors adopted the following resolution as amended:

**RESOLUTION 03-10-137**

**WHEREAS**, §1367 of the California Civil Code provides an option for homeowners who are delinquent in their association dues to submit a payment plan to their Board of Directors;

**NOW THEREFORE BE IT RESOLVED**, September 21, 2010, the Board of Directors of this Corporation hereby adopts the attached Payment Plan Standards for Delinquent Assessment Payments; and

**RESOLVED FURTHER**, that Resolution 03-08-33 adopted April 15, 2008 is hereby superseded and cancelled; and

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

Director Freshley left the meeting at 11:01 A.M.

The Secretary of the Corporation read a proposed resolution adopting the revised "Care & Maintenance of Patios, Balconies, Breezeways & Walkways" Policy. The resolution was postponed from the previous month to satisfy the 30-day notification requirements. Director Skydell moved to approve the resolution. Director Paulus seconded the motion.

By a vote of 7-1-1 (Director Lippert opposed, Director Palmer abstained, and Director Freshley was absent from the meeting), the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION 03-10-138**

**WHEREAS**, by way of Resolution M3-94-32, the Board of Directors of this Corporation adopted the "Landscape Maintenance Manual;" and

**WHEREAS**, the Third Laguna Hills Mutual Maintenance and Construction Committee has recommended revising *Care & Maintenance of Patios, Balconies, Breezeways & Walkways*, a section of said Manual, to remove the standard for hanging plants;

**NOW THEREFORE BE IT RESOLVED**, September 21, 2010, 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 M3-94-32 adopted March 15, 1994 is hereby amended, and Resolution 03-10-99 adopted July 20, 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.

### **NEW BUSINESS**

The Secretary of the Corporation read a proposed resolution approving the 2011 Business Plan. Director Skydell moved to approve the resolution. Director Freshley seconded the motion.

Director Freshley returned to the meeting at 11:04 A.M.

By a vote of 8-1-1 (Director Lippert opposed and Director Feldstein abstained), the motion carried and the Board of Directors adopted the following resolution:

### **RESOLUTION 03-10-139**

#### THIRD LAGUNA HILLS MUTUAL 2011 BUSINESS PLAN RESOLUTION

**RESOLVED**, September 21, 2010, that the Business Plan of this Corporation for the year 2011 is hereby adopted and approved; and

**RESOLVED FURTHER**, that pursuant to said business plan, the Board of Directors of this Corporation hereby estimates that the net sum of \$26,418,721 is required by the Corporation to meet the Third Laguna Hills Mutual operating expenses and reserve contributions for the year 2011. In addition, the sum of \$14,624,891 is required by the Corporation to meet the Golden Rain Foundation and the Golden Rain Foundation Trust operating expenses and reserve contributions for the year 2011. Therefore, a total of \$41,043,612 is required to be collected from and paid by members of the Corporation as monthly assessments; and

**RESOLVED FURTHER**, that the Board of Directors of this Corporation hereby approves expenditures from reserves in the sum of \$6,087,679 of which \$4,414,991 is planned from the Replacement Fund, \$333,000 from the Elevator Replacement Fund, \$193,049 from the Laundry Replacement Fund, \$1,070,000 from the Disaster Fund, and \$76,639 from the Garden Villa Recreation Room Fund; and

**RESOLVED FURTHER**, that all sums paid into the Replacement Reserves shall be used for capital expenditures only and shall be credited on the books of account of the Corporation to Paid-In Surplus as a capital contribution; and

**RESOLVED FURTHER**, that the Board of Directors of this Corporation hereby determines and establishes monthly assessments of the Corporation as shown on each member's breakdown of monthly assessments for the year 2011 and

as filed in the records of the Corporation, said assessments to be due and payable by the members of this Corporation on the first day of each month for the year 2011; and

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

The Secretary of the Corporation read a proposed resolution approving the 2011 Replacement Reserves Plan. Director Skydell moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

By a vote of 9-0-1 (Director Feldstein abstained), the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION 03-10-140**

THIRD LAGUNA HILLS MUTUAL  
2011 REPLACEMENT RESERVES

**WHEREAS**, planned assessments or other contributions to replacement reserves must be projected to ensure balances will be sufficient at the end of each year to meet the Corporation's obligations for repair and/or replacement of major components during the next 30 years; and

**WHEREAS**, Civil Code § 1365.2.5 requires specific reserve funding disclosure statements for common interest developments;

**NOW THEREFORE BE IT RESOLVED**, September 21, 2010, that the Board has developed and hereby adopts the Replacement Reserves 30-Year Funding Plans (attached) with the objective of maintaining replacement reserve balances at or above established thresholds totaling \$4,850,000, while meeting its obligations to repair and/or replace major components; and

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

The Secretary of the Corporation read the following proposed resolution approving the Third Mutual Director Code of Conduct:

**RESOLUTION 03-10-**

**RESOLVED**, September 21, 2010 that the Board of Directors hereby adopts the Third Laguna Hills Mutual Director Code of Conduct as follows:



### **Third Laguna Hills Mutual Director Code of Conduct**

As a director serving the interests of my homeowner associations, I agree to:

1. **Act in the Community's Interests.** Directors will strive for the common good of the homeowner association, foregoing personal interests. Personal agendas will be left at home.
2. **Engage in Lawful Acts.** Directors will comply with the governing documents and the law. To accomplish this requires thoughtful deliberation and input of knowledgeable professionals.
3. **Maintain High Standards of Conduct.** Directors' conduct should be above reproach and avoid the appearance of impropriety.
4. **Demonstrate Mutual Respect.** Directors will address each other and homeowners with respect, even when in disagreement.
5. **Attend All Board Meetings.** Effectiveness is based on keeping informed and making informed decisions. This is made possible by attending meetings where decisions are made.
6. **Be Prepared.** Directors will come prepared to meetings by reviewing the agenda and related materials before the meeting.
7. **Keep Focused.** Directors will listen attentively and courteously to demonstrate respect and willingness to learn.
8. **Maintain Confidentiality.** Directors will not share highly sensitive information and will respect the privacy of all owners.
9. **Maintain a Supportive Attitude.** Directors will encourage owners, employees, managers and contractors to promote better performance and teamwork.
10. **Be Loyal.** Directors will respect the authority of the Board by not undermining majority decisions and enacted policy.
11. **Respect the Rules.** Directors will obey the homeowner association rules to set a positive example for others. Directors are not "above the law."
12. **Promote Harmony.** Directors will promote community harmony in act, word and deed.

**RESOLVED FURTHER**, that the Third Laguna Hills Mutual Director Code of Conduct shall be reviewed, understood and agreed to by all members of the

Board, and shall be presented by the outgoing President at each Annual Meeting; and

**RESOLVED FURTHER**, that Resolution 03-05-16 adopted July 19, 2005 is hereby superseded and cancelled; and

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

Director Skydell moved to approve the resolution. Director Feeney seconded the motion and discussion ensued on the need for such a code for Directors to follow and abide by.

Director Feldstein amended the motion so the resolution would read as follows:

**RESOLUTION 03-10-**

**RESOLVED**, September 21, 2010 that the Board of Directors hereby supersedes and cancels Resolution 03-05-16 adopted July 19, 2005; and

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

Director Lippert seconded the motion and discussion ensued. By a vote of 3-5-2 (Directors Lippert, Palmer and Feldstein voted in favor, Directors Hatch, Freshley, Feeney, Paulus and Skydell opposed, and Directors Burrasca and Shimon abstained), the amendment failed.

Members Bud Nesvig (2392-3H), Art Harris (3244-1G), Lucie Falk (3377-A), Isabel Muennichow (5285), Rosemarie Di Lorenzo Dickins (4015-2G), and Mike Straziuso (4006-2E) addressed the Board on the resolution.

By a vote of 2-6-2 (Directors Feeney and Skydell voted in favor, Directors Lippert, Feldstein, Palmer, Paulus, Shimon and Freshley opposed, and Directors Burrasca and Hatch abstained), the main motion failed.

**FINANCE REPORT**

Director Kathryn Freshley gave the Treasurer's and the Finance Committee Reports, and commented on the Resale & Lease Activities.

The Secretary of the Corporation read a proposed resolution approving the Collection and Lien Enforcement Policy and Procedures for Assessment Delinquencies. Director Skydell moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

Without objection, the Board made and approved changes.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution as amended:

**RESOLUTION 03-10-141**

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

**NOW THEREFORE BE IT RESOLVED**, September 21, 2010, that the Board of Directors of this Corporation hereby approves the attached Collection and Lien Enforcement Policy and Procedures for Assessment Delinquencies, effective January 1, 2011; and

**RESOLVED FURTHER**, that Resolution 03-09-104, adopted September 15, 2009 is hereby superseded and cancelled; and

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

Ms. Price left the meeting at 12:32 P.M.

**COMMITTEE REPORTS**

Director Lucy Shimon reported from the Landscape Committee.

Member Lucie Falk (3377-A) commented on gutter cleaning.

Directors Burrasca and Freshley left the meeting at 12:33 P.M.

Director Skydell made a motion to approve the request of 3266-B to retain the patio extensions with pavers, with contingencies as follows:

1. Mutual Member/s at 3266-B must sign and submit to Third Laguna Hills Mutual, c/o PCM, Inc., Attention Pamela Bashline, Community Services Manager, the "Recordable Common Area Agreement" for the subject expansions utilizing Common Area.
2. All costs and maintenance of the alteration, present and future, are the responsibility of the Mutual member(s) at 3266-B.
3. A required Mutual permit must be obtained from the Permits and Inspections office located in the Laguna Woods Community Center.
4. All sprinkler heads and risers in the subject area must be removed and the pipes capped off by the Landscape Division at the expense of the Mutual members.

5. All additional landscape, irrigation, and drainage modifications associated with the alteration are to be completed by the Landscape Division at the expense of the Mutual member(s) at 3266-B.
6. The pavers must be professionally installed utilizing a compact base of sand as per standard landscape practices.

Director Paulus seconded the motion. By a vote of 6-0-2 (Directors Lippert and Feldstein abstained, and Directors Burrasca and Freshley were absent from meeting), the motion carried.

Director John Paulus reported from the Maintenance and Construction Committee.

Directors Burrasca and Freshley returned to the meeting at 12:38 P.M.

The Secretary of the Corporation read a proposed resolution approving the request of 969-3D for the Mutual to reverse a chargeable service charge associated with toilet repairs. Director Skydell moved to approve the resolution. Director Paulus seconded the motion and discussion ensued.

By a vote of 9-1-0 (Director Shimon opposed), the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION 03-10-142**

**WHEREAS**, Ms. Jane Martinson of 969-3D Calle Aragon disputes the charges for repairs performed on her guest bathroom toilet on August 8, 2008 in accordance with the Mutual's Chargeable Services Policy; and

**WHEREAS**, Ms. Martinson is requesting that the Board reverses the \$49.35 chargeable service to repair a toilet leak in the guest bathroom, and waives the \$180 late fee charges; and

**NOW THEREFORE BE IT RESOLVED**, September 21, 2010, that the Board of Directors of this Corporation hereby approves the request of Ms. Jane Martinson of 969-3D Calle Aragon for the Board to reverse the \$49.35 chargeable service to repair a toilet leak in her guest bathroom, and waives the \$180 late fee charges; and

**RESOLVED FURTHER**, that the charges shall be paid from the Mutual's Operating Budget; 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.

The Secretary of the Corporation read a proposed resolution approving the request of 3267-B for the Mutual to reverse a chargeable service charge for the installation of decomposed granite walkway at the rear of her manor. Director Skydell moved to approve the resolution. Director Paulus seconded the motion.

By a vote of 8-1-1 (Director Shimon opposed and Director Lippert abstained), the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION 03-10-143**

**WHEREAS**, Ms. Margy Greenhill of 3267-B San Amadeo disputes the chargeable service of \$720.52 for the installation of the decomposed granite walkway at the rear of her manor, and requests that the Mutual reverses the charge;

**NOW THEREFORE BE IT RESOLVED**, September 21, 2010, that the Board of Directors of this Corporation hereby approves the request to reverse the charge for the installation of the decomposed granite walkway at 3267-B, and authorizes a supplemental appropriation in the amount of \$720.52 funded from the Unappropriated Expenditures Fund; 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 Paulus made a motion to replace Garden Villa Recreation Room Ad Hoc Committee Advisor Iris Gilboard with Jean Barnett. Director Skydell seconded the motion and discussion ensued. The motion carried unanimously.

Director Skydell reported from the Board Operating Rules Ad Hoc Committee.

Director Palmer reported from the Water Conservation Ad Hoc Committee.

- A Public Service Announcement was played on TV 6 on clean water.

Member Mike Matzenbacher (2401-3D) commented on water conservation.

Director Paulus reported from Resident Problem Resolution Services.

Director Burrasca reported from the Traffic Committee.

**GRF COMMITTEE REPORTS HIGHLIGHTS**

- Director Skydell reported on the City's Goods Exchange Program.

**DIRECTORS' COMMENTS**

- President Moore reminded the membership to attend the two informational meetings regarding the lawsuit and the 2011 budget on September 27.

The Board recessed at 1:36 P.M. and reconvened into Executive Session at 2:24 P.M.

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

During its August 17, 2010 Regular Executive Session Board Meeting, the Board reviewed and approved the Minutes of the Regular Executive Session Meeting of July 20, 2010; heard three (3) disciplinary hearings; approved recording Notices of Default for Member ID 930-764-36, Member ID 931-460-29, Member ID 931-710-39, and Member ID 932-200-16, and approved a delinquency write-off in the amount of \$6,493.48; approved filing nine separate Small Claims Cases of \$2,500 (or less); discussed the legal matters of Ellen Moss v. Third Mutual; Victoria Pullman v. Third Mutual; Third Mutual v. PCM, Inc., and Dolores Fruchtman v. Third Mutual; and discussed other member disciplinary matters.

The Traffic Committee of the Board met in Executive Session on September 22, 2010 to discuss member disciplinary issues.

With no further business before the Board of Directors, the meeting was adjourned at 5:55 P.M.

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Carol Skydell, Secretary

## *Third Laguna Hills Mutual*

24351 El Toro Road  
Laguna Woods, California 92637

### **PAYMENT PLAN STANDARDS FOR DELINQUENT ASSESSMENT PAYMENTS**

Regular assessments are due and payable to the Third Laguna Hills Mutual (Mutual), in advance, in equal monthly installments, on the first of each month. The Board of Directors has adopted a Collection and Lien Enforcement Policy and Procedure for Assessment Delinquencies, and a copy is mailed annually to each member. Members who fail to pay assessments timely are subject to the terms of that Policy and Procedure, which includes various charges and penalties, including foreclosure and other legal actions.

In accordance with §1367.1 of the California Civil Code, members owing delinquent assessments may make a written request to discuss with the Board a payment plan to retire the delinquency. The Member must notify the Board of Directors of his/her request for a Payment Plan within fifteen (15) days of the postmark date of the HOMEOWNER'S ASSESSMENT DELINQUENCY/FINAL DEMAND FOR PAYMENT letter, in accordance with the notice requirements of Civil Code §1367.1. For a Payment Plan to be acceptable the following standards have been established by the Board and a Plan shall contain one or more of the following provisions as applicable:

#### Monthly Installments

1. A series of specified monthly payments, commencing on the first day of the month following the execution of the Plan and continuing until the entire indebtedness is paid. All monthly assessments due after the date of the Plan must be made timely. Payments made under the terms of the Plan will be in addition to the regular monthly assessment payments, which will be timely made. Prior to and as a condition of execution of the Plan, the Member shall provide the Mutual with a list of assets and liabilities, together with the Member's most recent two (2) federal income tax returns (the "financial statements") certified by the Member to be true and correct. If the Plan provides for monthly payments for a period longer than six (6) months it shall also require the Member thereafter to furnish updated financial statements to the Mutual every six (6) months (or annually for tax returns) thereafter during the existence of the Plan, or

#### Lump Sum Payment

2. A payment in full of the entire delinquent amount as a lump sum within the agreed-upon number of days from the date of the agreed Plan. Payment(s) made under the terms of the Plan will be in addition to the regular monthly assessment payments, which shall be made timely, or

Payment Upon Sale

3. Payment in full of the delinquent amount to be made from the proceeds of sale of the Member's manor through escrow provided the sale closes and payment made within ninety (90) days from the date of the Plan. The Member will present a copy of the executed listing agreement with a licensed real estate broker in conjunction with the signing of the Payment Plan.

If the Member is renting the manor at the time the delinquency occurs or if the manor is subsequently rented, the Member upon demand shall execute and deliver to the Mutual a duly notarized assignment of rents in favor of the Mutual. That assignment of rents shall remain in effect during the period when there is an unpaid balance owed under the Plan.

In all cases the Plan may provide for the unpaid balance of delinquent amounts to bear interest in accordance with the Collection and Lien Enforcement Policy of the Mutual, until the delinquency is paid in full. Late charges, however, will not accrue if the Member is in compliance with the terms of the Plan.

If the Member fails to perform any of the terms and conditions of the Plan, including a default in a payment required under the Plan, the entire unpaid balance due under the Plan shall become immediately due and payable and in accordance with the provisions of Civil Code Section 1367.1 the Mutual may resume efforts to collect all delinquent assessments using all available legal means to accomplish this.



CARE & MAINTENANCE OF PATIOS, BALCONIES, BREEZEWAYS & WALKWAYS  
*Resolution 03-10-138 revised September 21, 2010*

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 Mutual Board.

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. Residents 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. 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).
3. 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.
4. Potted plants are not to be placed on railings in common or limited common areas.
5. 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.
6. 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.

7. Landscape crews will not care for a resident's personal items placed in common areas unless arranged through Property Services 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 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.

**KEEP THE AREAS CLEAN, ATTRACTIVE AND SAFE  
THESE BUILDINGS ARE YOUR HOMES**

## *Third Laguna Hills Mutual*

### **YEAR 2011 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 1365(e).

The collection of delinquent assessments is of vital concern to all members of the Mutual. Such efforts ensure that all members pay their fair share of the costs of services and facilities provided and maintained by the Mutual. Members' failure to pay assessments when due creates a cash-flow problem for the Mutual and causes those members who make timely payment of their assessments to bear a disproportionate share of the community's financial obligations. 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, WILL MAKE TIMELY PAYMENTS AND AVOID THE IMPOSITION OF LATE CHARGES AND POSSIBLE RESULTANT LEGAL ACTION. IT IS IN THE BEST INTEREST OF YOU AND EVERY OTHER MEMBER OF THE MUTUAL FOR EACH OF YOU TO MAKE YOUR MONTHLY PAYMENTS ON TIME.

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

#### **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, amount and the length of time the assessments have been in arrears. Additionally, to ensure the prompt payment of monthly assessments the Mutual employs the following collection and lien enforcement procedures:

### **Due Dates**

Regular assessments are due and payable to the Mutual, in advance, in equal monthly installments, on the first day of each month. Special assessments shall be due and payable on the due date specified by the Board of Directors in the notice imposing the special assessment or in the ballot presenting the special assessment to the members for approval. In no event shall a special assessment be due and payable earlier than thirty (30) days after the special assessment is duly imposed. If the current monthly assessment is not received by the Mutual on or before the close of business on the sixteenth (16th) day of the month (or if a special assessment is not received by the Mutual on or before the close of business on the fifteenth (15th) day after it is due), a Reminder Notice is sent to the member.

PLEASE NOTE THAT TO BE CONSIDERED TIMELY, THE PAYMENT MUST BE RECEIVED BY THE MUTUAL WITHIN THIS FIFTEEN (15) DAY GRACE PERIOD. SIMPLY PLACING THE PAYMENT IN THE MAIL BEFORE THE GRACE PERIOD EXPIRES IS NOT SUFFICIENT.

### **Costs of Collection**

It is the policy of the Mutual not to routinely waive any duly imposed late charges, interest, or actually incurred "Costs of Collection." "Costs of Collection" as used in this Policy Statement include, without limitation, an administrative collection fee, currently in the amount of Two Hundred Dollars (\$200) (the "Administrative Collection Fee"), which is charged by the Mutual's managing agent to cover staff's costs to prepare the files for delivery to the Mutual's legal counsel in order to carry out legal actions authorized hereunder, as well as direct costs incurred in recording and/or mailing documents attendant to this legal process.

This Administrative Collection Fee may be increased by majority vote of the Mutual's Board, and may be collected by the Mutual's legal counsel on its behalf, and remitted to the Mutual's managing agent, or may be directly collected by the Mutual's managing agent.

IT IS THE MEMBER'S RESPONSIBILITY TO ALLOW AMPLE TIME TO DROP OFF OR MAIL ALL PAYMENTS SO THAT THEY ARE RECEIVED BEFORE THE DELINQUENCY DATE. All notices or invoices for assessments will be sent to members by first-class mail addressed to the member at his or her address as shown on the books and records of the Mutual. However, it is the member's responsibility to be aware of the assessment payment due dates and to advise the Mutual of any changes in the member's mailing address.

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

Such interest may be imposed and collected pursuant to the foregoing sentence regardless of whether the member's delinquent account is referred to the Mutual's legal counsel for further handling.

### **Demand 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 will be sent to the member by Certified Mail. Additionally, the Mutual will attempt to contact the member by telephone to remind the member of the delinquency and determine when payment will be made. However, no assurances can be given that the Mutual will in fact reach the member by telephone, and the member is responsible to pay off the delinquency whether or not a telephone reminder is actually received by the member.

### **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 appropriate means.

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 right 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.

### **Lien and Foreclosure/ADR**

Alternatively or additionally, a lien may be recorded against the property. If 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. 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.

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.

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

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

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

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

**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:

- (a) A general description of the collection and lien enforcement procedures of the Mutual and the method of calculation of the amount that is claimed to be owed (this Policy Statement is intended to satisfy that disclosure requirement);
- (b) A statement that the notified member has the right to inspect the Mutual's records pursuant to Section 8333 of the Corporations Code;
- (c) A statement in 14-point capital letters (or boldface type): "IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION";
- (d) An itemized statement of the charges owed by the member, including items on the statement that indicate the amount of any delinquent assessments, the fees and Costs of Collection, reasonable attorney's fees, and late charges, and interest, if any;
- (e) A statement that the member shall not be liable to pay the charges, interests and Costs of Collection if it is determined that the assessment was paid on time to the Mutual;
- (f) A statement that the notified member has a right to meet with the Board to discuss a payment plan (further discussed below);
- (g) A statement that the member has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Board pursuant to the Mutual's "meet and confer" program; and
- (h) A statement that the member has the right to request ADR with a neutral third party before the Mutual may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure.

**Member's Right to Request a Meeting with the Board, or Dispute Resolution or ADR.**

Upon receipt of the certified Pre-Lien Notice described above, the noticed member has several possible courses of action that can be taken at this point in the collection process, such as:

- (a) The member has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Mutual pursuant to the Mutual's "meet and confer" program, which is required by Civil Code Sections 1363.810-1363.850;



- (b) The noticed member may exercise his or her right to participate in alternative dispute resolution with a neutral third party under Civil Code Sections 1369.510-1369.590 before the Mutual may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure.
- (c) The noticed member has a right to submit a written request to meet with the Board of Directors to discuss a payment plan for the delinquent assessment, as long as the request for a meeting is made within fifteen (15) days following the postmark on the Mutual's Pre-Lien Notice to the member. That meeting must take place within forty-five (45) days (calculated from the postmark on the member's request) and must be conducted in executive session. When a member has made a timely request for a meeting to discuss a payment plan, the Mutual must provide the requesting member with the Mutual's standards for payment plans, if any standards have been adopted. There is no statutory authorization for the Board to delegate this meeting obligation to a property manager, but the Board may designate a committee of one or more 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 plans may incorporate any assessments that accrue during the payment plan period. Payment plans may not impede the Mutual's ability to record a lien on the member's separate interest to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the member is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Mutual may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan.

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

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

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

### **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 1366(e).

The Mutual is prohibited from recording a lien or initiating a foreclosure action without participating in dispute resolution or ADR procedures if so requested by the member. If it is determined through dispute resolution or ADR that the Mutual has filed a lien for delinquent assessments in error, the Mutual is required to promptly reverse all late charges, fees, interest, attorney's fees, Costs of Collection, costs imposed for the Pre-Lien Notice, and costs of recordation and release of the lien, and pay all costs related to any dispute resolution or ADR that has been pursued.

### **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.

### **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.

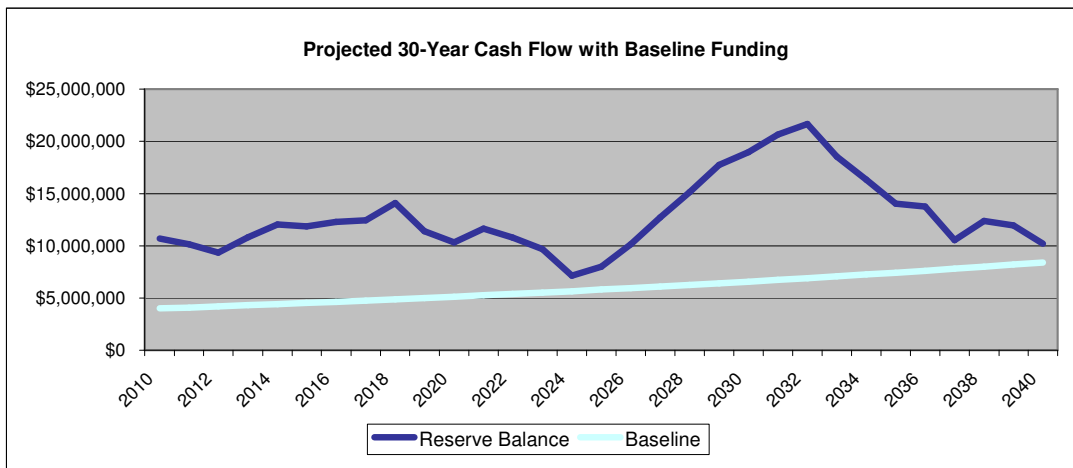
**BOARD OF DIRECTORS**

**THIRD LAGUNA HILLS MUTUAL**

**THIRD LAGUNA HILLS MUTUAL  
 2011 RESERVES PLAN  
 Replacement Reserve 30-Year Funding Plan**

**Baseline (Threshold): \$ 4,100,000**  
 Indexed for projected inflation

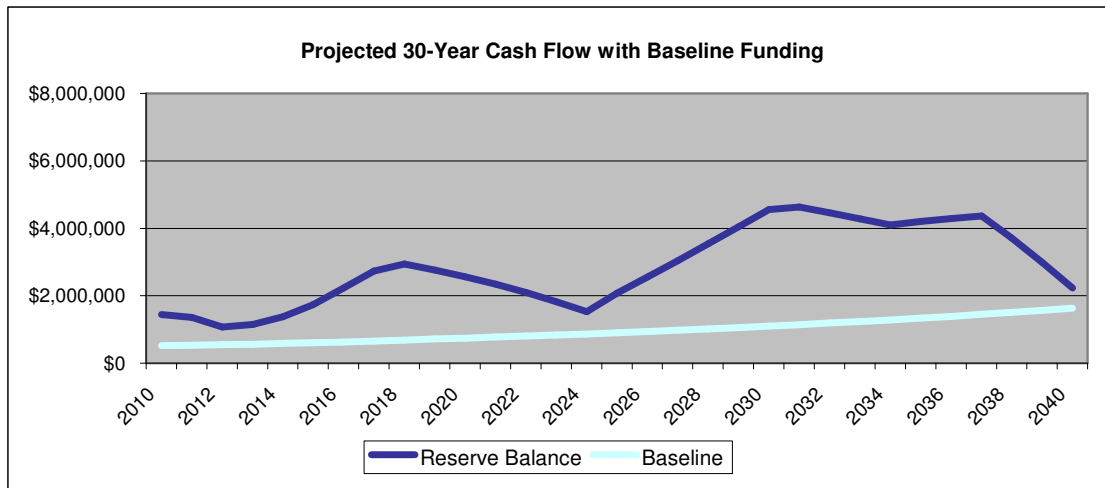
Year	Assessment		Interest Earnings	Other Additions	Planned Expenditures	Reserve Balance
	Per Manor Per Month	Total Contribution				
2010	\$ 50.00	\$ 3,661,200	\$ 174,258	\$ 400,000	\$ 2,931,623	\$ 10,696,633
2011	\$ 50.00	\$ 3,661,200	\$ 180,595		\$ 4,414,991	\$ 10,123,437
2012	\$ 50.00	\$ 3,661,200	\$ 169,105		\$ 4,581,734	\$ 9,372,009
2013	\$ 50.00	\$ 3,661,200	\$ 175,108		\$ 2,392,929	\$ 10,815,388
2014	\$ 50.00	\$ 3,661,200	\$ 198,327		\$ 2,626,056	\$ 12,048,858
2015	\$ 50.00	\$ 3,661,200	\$ 207,432		\$ 4,052,423	\$ 11,865,067
2016	\$ 51.00	\$ 3,734,424	\$ 209,459		\$ 3,526,422	\$ 12,282,529
2017	\$ 52.00	\$ 3,807,648	\$ 214,571		\$ 3,850,340	\$ 12,454,408
2018	\$ 53.00	\$ 3,880,872	\$ 230,239		\$ 2,476,665	\$ 14,088,853
2019	\$ 54.00	\$ 3,954,096	\$ 221,095		\$ 6,863,784	\$ 11,400,260
2020	\$ 55.00	\$ 4,027,320	\$ 188,443		\$ 5,291,542	\$ 10,324,482
2021	\$ 56.00	\$ 4,100,544	\$ 190,717		\$ 2,953,297	\$ 11,662,445
2022	\$ 57.00	\$ 4,173,768	\$ 194,949		\$ 5,218,748	\$ 10,812,415
2023	\$ 58.00	\$ 4,246,992	\$ 177,645		\$ 5,569,586	\$ 9,667,465
2024	\$ 59.00	\$ 4,320,216	\$ 145,876		\$ 6,983,590	\$ 7,149,967
2025	\$ 60.00	\$ 4,393,440	\$ 131,350		\$ 3,681,921	\$ 7,992,837
2026	\$ 61.00	\$ 4,466,664	\$ 157,474		\$ 2,455,272	\$ 10,161,703
2027	\$ 62.00	\$ 4,539,888	\$ 198,255		\$ 2,205,534	\$ 12,694,312
2028	\$ 62.00	\$ 4,539,888	\$ 241,591		\$ 2,318,109	\$ 15,157,682
2029	\$ 62.00	\$ 4,539,888	\$ 285,314		\$ 2,247,967	\$ 17,734,917
2030	\$ 62.00	\$ 4,539,888	\$ 318,250		\$ 3,638,294	\$ 18,954,761
2031	\$ 62.00	\$ 4,539,888	\$ 343,480		\$ 3,194,516	\$ 20,643,614
2032	\$ 62.00	\$ 4,539,888	\$ 366,844		\$ 3,902,062	\$ 21,648,283
2033	\$ 62.00	\$ 4,539,888	\$ 348,559		\$ 8,001,170	\$ 18,535,560
2034	\$ 62.00	\$ 4,539,888	\$ 302,390		\$ 7,052,155	\$ 16,325,684
2035	\$ 62.00	\$ 4,539,888	\$ 263,445		\$ 7,083,284	\$ 14,045,733
2036	\$ 62.00	\$ 4,539,888	\$ 241,117		\$ 5,075,094	\$ 13,751,644
2037	\$ 62.00	\$ 4,539,888	\$ 210,671		\$ 7,966,483	\$ 10,535,720
2038	\$ 62.00	\$ 4,539,888	\$ 198,681		\$ 2,904,944	\$ 12,369,345
2039	\$ 62.00	\$ 4,539,888	\$ 211,015		\$ 5,162,549	\$ 11,957,699
2040	\$ 62.00	\$ 4,539,888	\$ 192,284		\$ 6,479,918	\$ 10,209,953



**THIRD LAGUNA HILLS MUTUAL  
 2011 RESERVES PLAN  
 Elevator Reserve 30-Year Funding Plan**

**Baseline (Threshold): \$ 530,000**  
 Indexed for projected inflation

Year	Assessment		Interest Earnings	Planned Expenditures	Reserve Balance
	Per Manor Per Month	Total Contribution			
2010	\$ 3.00	\$ 219,672	\$ 24,278	\$ 160,000	\$ 1,441,420
2011	\$ 3.00	\$ 219,672	\$ 24,233	\$ 333,000	\$ 1,352,325
2012	\$ 5.00	\$ 366,120	\$ 21,031	\$ 667,275	\$ 1,072,201
2013	\$ 7.00	\$ 512,568	\$ 19,305	\$ 450,718	\$ 1,153,356
2014	\$ 9.00	\$ 659,016	\$ 21,908	\$ 461,986	\$ 1,372,294
2015	\$ 11.00	\$ 805,464	\$ 26,920	\$ 473,536	\$ 1,731,142
2016	\$ 13.00	\$ 951,912	\$ 34,377	\$ 485,374	\$ 2,232,057
2017	\$ 13.00	\$ 951,912	\$ 43,037	\$ 497,508	\$ 2,729,497
2018	\$ 13.00	\$ 951,912	\$ 49,181	\$ 790,179	\$ 2,940,412
2019	\$ 7.00	\$ 512,568	\$ 49,469	\$ 739,814	\$ 2,762,634
2020	\$ 7.00	\$ 512,568	\$ 46,196	\$ 758,310	\$ 2,563,089
2021	\$ 7.00	\$ 512,568	\$ 42,538	\$ 777,267	\$ 2,340,927
2022	\$ 7.00	\$ 512,568	\$ 38,480	\$ 796,699	\$ 2,095,276
2023	\$ 7.00	\$ 512,568	\$ 34,007	\$ 816,616	\$ 1,825,235
2024	\$ 7.00	\$ 512,568	\$ 29,103	\$ 837,032	\$ 1,529,874
2025	\$ 7.00	\$ 512,568	\$ 31,258	\$ -	\$ 2,073,700
2026	\$ 6.00	\$ 439,344	\$ 40,134	\$ -	\$ 2,553,178
2027	\$ 6.00	\$ 439,344	\$ 48,525	\$ -	\$ 3,041,047
2028	\$ 6.00	\$ 439,344	\$ 57,063	\$ -	\$ 3,537,454
2029	\$ 6.00	\$ 439,344	\$ 65,750	\$ -	\$ 4,042,548
2030	\$ 6.00	\$ 439,344	\$ 74,589	\$ -	\$ 4,556,481
2031	\$ 6.00	\$ 439,344	\$ 79,681	\$ 445,949	\$ 4,629,557
2032	\$ 6.00	\$ 439,344	\$ 78,892	\$ 682,246	\$ 4,465,546
2033	\$ 6.00	\$ 439,344	\$ 75,872	\$ 699,302	\$ 4,281,460
2034	\$ 6.00	\$ 439,344	\$ 72,757	\$ 687,139	\$ 4,106,422
2035	\$ 6.00	\$ 439,344	\$ 72,070	\$ 415,645	\$ 4,202,190
2036	\$ 6.00	\$ 439,344	\$ 73,655	\$ 426,036	\$ 4,289,153
2037	\$ 6.00	\$ 439,344	\$ 75,083	\$ 436,687	\$ 4,366,893
2038	\$ 6.00	\$ 439,344	\$ 70,009	\$ 1,172,089	\$ 3,704,157
2039	\$ 6.00	\$ 439,344	\$ 58,060	\$ 1,212,272	\$ 2,989,289
2040	\$ 6.00	\$ 439,344	\$ 45,284	\$ 1,242,579	\$ 2,231,339



**THIRD LAGUNA HILLS MUTUAL  
 2011 RESERVES PLAN  
 Laundry Reserve 30-Year Funding Plan**

**Baseline (Threshold):**                   \$       **220,000**  
 Indexed for projected inflation

Year	Assessment		Interest Earnings	Planned Expenditures	Reserve Balance
	Per Manor Per Month	Total Contribution			
2010	\$ 3.00	\$ 124,344	\$ 5,197	\$ 198,274	\$ 265,226
2011	\$ 3.50	\$ 145,068	\$ 4,222	\$ 193,049	\$ 221,467
2012	\$ 4.00	\$ 165,792	\$ 4,014	\$ 149,966	\$ 241,307
2013	\$ 4.50	\$ 186,516	\$ 4,510	\$ 153,715	\$ 278,619
2014	\$ 5.00	\$ 207,240	\$ 5,311	\$ 157,558	\$ 333,612
2015	\$ 5.00	\$ 207,240	\$ 6,238	\$ 161,497	\$ 385,593
2016	\$ 5.00	\$ 207,240	\$ 7,113	\$ 165,534	\$ 434,413
2017	\$ 5.00	\$ 207,240	\$ 7,931	\$ 169,672	\$ 479,911
2018	\$ 5.00	\$ 207,240	\$ 8,690	\$ 173,914	\$ 521,927
2019	\$ 5.00	\$ 207,240	\$ 9,387	\$ 178,262	\$ 560,292
2020	\$ 5.00	\$ 207,240	\$ 10,014	\$ 183,412	\$ 594,134
2021	\$ 5.00	\$ 207,240	\$ 10,656	\$ 177,694	\$ 634,336
2022	\$ 5.00	\$ 207,240	\$ 11,321	\$ 182,137	\$ 670,760
2023	\$ 5.00	\$ 207,240	\$ 11,918	\$ 186,690	\$ 703,228
2024	\$ 5.00	\$ 207,240	\$ 12,536	\$ 181,047	\$ 741,957
2025	\$ 5.00	\$ 207,240	\$ 13,266	\$ 175,006	\$ 787,457
2026	\$ 5.00	\$ 207,240	\$ 14,024	\$ 179,381	\$ 829,340
2027	\$ 5.00	\$ 207,240	\$ 14,718	\$ 183,866	\$ 867,432
2028	\$ 5.00	\$ 207,240	\$ 15,344	\$ 188,462	\$ 901,554
2029	\$ 5.00	\$ 207,240	\$ 15,843	\$ 199,667	\$ 924,970
2030	\$ 5.00	\$ 207,240	\$ 16,210	\$ 204,658	\$ 943,762
2031	\$ 5.00	\$ 207,240	\$ 16,231	\$ 239,743	\$ 927,490
2032	\$ 5.00	\$ 207,240	\$ 15,894	\$ 245,736	\$ 904,888
2033	\$ 5.00	\$ 207,240	\$ 15,445	\$ 251,879	\$ 875,694
2034	\$ 5.00	\$ 207,240	\$ 14,879	\$ 258,176	\$ 839,636
2035	\$ 5.00	\$ 207,240	\$ 14,191	\$ 264,631	\$ 796,436
2036	\$ 5.00	\$ 207,240	\$ 13,378	\$ 271,247	\$ 745,808
2037	\$ 5.50	\$ 227,964	\$ 12,614	\$ 278,028	\$ 708,358
2038	\$ 6.00	\$ 248,688	\$ 12,079	\$ 284,979	\$ 684,146
2039	\$ 6.50	\$ 269,412	\$ 11,774	\$ 292,103	\$ 673,229
2040	\$ 7.00	\$ 290,136	\$ 11,690	\$ 300,541	\$ 674,514

