

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF UNITED LAGUNA WOODS MUTUAL
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

September 11, 2012

The Regular Meeting of the Board of Directors of United Laguna Woods Mutual, a California Non-Profit Mutual Benefit Corporation, was held on Tuesday, September 11, 2012 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Ron Beldner, Catherine Brians, Paul Vogel, John Dalis, Barbara Copley, Heather Gerson, Jack Bassler, Mary Stone, Barbara B. Howard

Directors Absent: Roger Turner and Charles Hammer

Staff Present: Jerry Storage, Patty Kurzet; Executive Session only: Cris Robinson, Sandy Meyer

Others Present: Sandra Gottlieb of Swedelson & Gottlieb

CALL TO ORDER

Ron Beldner, 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 Catherine Brians led the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

A representative of the Laguna Woods Globe was present, and the Channel 6 Camera Crew, by way of remote cameras, was acknowledged as present.

APPROVAL OF AGENDA

Without objection, the Board approved the agenda as submitted.

CHAIR'S REMARKS

President Beldner postponed his comments to after Members' Comments.

UNITED MUTUAL MEMBER COMMENTS AND PUBLIC FORUM

United Mutual Members were given the opportunity to speak and the Directors briefly responded to the comments.

President Beldner provided his Chair's remarks.

APPROVAL OF MINUTES

The Board reviewed and approved without objection the minutes of the Special Meeting of August 10, 2012, the Regular Meeting of August 14, 2012 and the Special Meeting of August 17, 2012.

UNFINISHED BUSINESS

Director Brians moved to ratify its motion to designate 2 Board Members to attend GRF Executive Session Meetings, on a rotating basis, at the Board's discretion, both as to the designation of the Directors and as to whether the Members shall attend the meeting. Director Gerson seconded the motion and discussion ensued.

Members Maxine McIntosh (68-C), Pamela Grundke (2214-B), Roberta Berk (933-B), and Charlene Sydow (646-A) commented on the motion.

By the following roll call vote of 3-5-0, the motion failed:

Favor: Brians, Gerson, Vogel

Opposed: Copley, Stone, Howard, Bassler, Dalis

Director Gerson moved to rescind the motion made during the August closed session to designate 2 Board Members to attend GRF Executive Session Meetings. Director Copley seconded the motion and the motion carried by a vote of 8-2-0 (Director Gerson and Brians opposed).

NEW BUSINESS

The Secretary of the Corporation, Director Barbara Copley, read a proposed resolution revising the thresholds for referral of Member disciplinary matters to the GRF Board. Director Copley moved to approve the resolution. Director Gerson seconded the motion and discussion ensued.

By a vote of 8-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-12-148

WHEREAS, United Mutual holds monthly closed session hearings during which Member disciplinary matters are addressed; and pursuant to United's Bylaws, the Board has the authority to impose monetary fines and take other disciplinary action upon Members who have been found to violate the rules and regulations; and

WHEREAS, there are Members who do not pay the imposed fines, and the Mutual has limited options to collect such fines; and

WHEREAS, GRF, by way of Resolution 90-06-110, agrees to assist the Mutual in the enforcement of Member disciplinary decisions made by the Mutual Board by suspending Mutual Members' rights to use certain GRF facilities;

NOW THEREFORE BE IT RESOLVED, September 11, 2012, that in order to maintain a manageable number of referrals per month to GRF,

the Board of Directors of this Corporation hereby establishes the following thresholds for referral of Member disciplinary matters to the GRF Board:

- Refer no more than two (2) Member disciplinary matters to GRF each month
- Refer only matters where the assessed fine is at least \$300 and has been unpaid for a period of ninety (90) days or longer
- Refer only matters where the member is 3 months in arrears in assessments
- Refer only matters where the member is 60 days delinquent in payment of a chargeable service
- If there are more than two matters that meet the above criteria, the Board shall weigh the seriousness of the violation and prioritize them accordingly before referring the matters to the GRF Board;

RESOLVED FURTHER, that Resolution 01-08-202 adopted November 14, 2008 is hereby superseded and cancelled; and

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

GENERAL MANAGER'S REPORT

Mr. Storage updated the membership on the ongoing projects in United Mutual and GRF.

CONSENT CALENDAR

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

Maintenance and Construction Committee Recommendations:

RESOLUTION 01-12-149

RESOLVED, September 11, 2012, that the request of Mr. and Mrs. William Margolis of 34-C Calle Aragon to install solar panels on the roof of their manor is hereby approved; and

RESOLVED FURTHER, that the solar panel installation shall be performed in accordance with Mutual Alteration Standard Section 35 – Solar Panels, 1 Story Buildings, and Buildings with Unshared Roof Space; 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 01-12-150

RESOLVED, September 11, 2012, that the request of Mr. William McFadden Jr. of 178-C Avenida Majorca for a patio extension with block wall and to perform window and door additions/modification at his manor is hereby approved; and

RESOLVED FURTHER, that all future costs and maintenance associated with the subject alterations are the responsibility of the Mutual member at Manor 178-C; and

RESOLVED FURTHER, that unit-specific plans depicting the proposed Sliding Glass Door installation in the Bedroom Two extension and the French door and Window conversion in Bedroom One, signed and wet-stamped by a California-licensed architect or engineer must be submitted to the Permits and Inspections office located in the Laguna Woods Village Community Center for approval. These plans must include structural details and calculations required to insure the structural integrity of the building is maintained upon completion of the proposed alterations; and

RESOLVED FURTHER, that all required Mutual and City of Laguna Woods permits must be obtained and the appropriate City of Laguna Woods permit numbers must be submitted to the Mutual through the Permits and Inspections Office located in the Laguna Woods Community Center; and

RESOLVED FURTHER, that the patio slab must be installed as per United Mutual Alteration Standard Section 22 - *Patio Slab Extensions*. The block wall installed as per Section 8 - *Patio Block Walls*, and the window to sliding glass door modifications must be installed as per Section 31 - *Windows and Window Attachments*, paragraph 7.0, *Sliding Glass Doors*. The wrought iron on the patio wall must be installed as per Section 16 - *Fences, Wrought Iron*; and

RESOLVED FURTHER, that any required landscape, irrigation, and drainage revisions are to be performed by the Landscape Division at the expense of the requesting Mutual member at Manor 178-C; 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 01-12-151

RESOLVED, September 11, 2012, that the request of Ms. Patricia Posey of 209-A Avenida Majorca to retain PEX tubing for the water heater relocation in her manor is hereby approved; and

RESOLVED FURTHER, that all future costs and maintenance associated with the subject alteration are the responsibility of the Mutual Member(s) at 209-A; and

RESOLVED FURTHER, that all required Mutual and City of Laguna Woods permits must be obtained and the appropriate City of Laguna Woods building permit number must be submitted to the Mutual through the Permits and Inspections Office located in the Laguna Woods Village Community Center; 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 01-12-152

RESOLVED, September 11, 2012, that the request of Mrs. Lisa Ladner of 764-D Calle Aragon to install a wood patio gate, concrete walkway, and perform door and window modification at her manor is hereby approved; and

RESOLVED FURTHER, all costs for installation, repair, and maintenance associated with the subject alterations are the responsibility of the Mutual Member(s) at 764-D; and

RESOLVED FURTHER, that a required Mutual permit must be obtained through the Permits and Inspections Office located in the Laguna Woods Village Community Center; and

RESOLVED FURTHER, that the walkway must be of concrete construction, installed as per standard construction practices. The wood gate must be installed as per United Mutual Alteration Standard Section 17 - *Patio Gates & Courtyard Doors*. The entry door and window conversion to a sliding glass door or French doors must be installed as per Section 31, paragraph 7.0 - *Windows and Window Attachments*; and

RESOLVED FURTHER, that all landscape, irrigation and draining modifications associated with the alteration, if any, are to be completed by the Landscape Division at the expense of the Mutual Member(s) at 764-D; 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 01-12-153

RESOLVED, September 11, 2012, that the request of Ms. Virginia LeBeau of 2190-B Via Mariposa East to retain the breezeway storage cabinet at her manor is hereby denied; and

RESOLVED FURTHER, that the Board requires removal of the subject cabinet within 30 days of the Board's decision on the matter; and

RESOLVED FURTHER, that the Member shall be noticed for a hearing in accordance with the Board's directive in May 2010 at which time the Board determined that if members fail to obtain alteration permits they would automatically be noticed for a hearing; 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 01-12-154

RESOLVED, September 11, 2012, that the appeal request of Mr. Arthur Moss of 2130-C Ronda Granada that the Board adjust the charges billed to him in the amount of \$1,113.84 for the re-roofing of his alteration atrium enclosure roof is hereby denied; 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:

- | | |
|--------|--|
| 567-D | Approval of request for tree removal, at the Mutual's expense |
| 841-P | Denial of request for two (2) tree removals |
| 2058-A | Approval of request for permission to install arbor in common area, at the Mutual Member's expense |

Finance Committee Recommendations:

RESOLUTION 01-12-155

WHEREAS, Member ID 947-368-50 is currently delinquent to United Laguna Woods 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 11, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-368-50; and

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

COMMITTEE REPORTS and SERVICES

FINANCE REPORT

Director Mary Stone reported from the Finance Committee, gave the Treasurer's Report, Delinquency Report, and commented on the Resale & Lease Activities.

Director Copley read a proposed resolution approving the 2013 Business Plan. Director Brians moved to approve the resolution. Director Stone seconded the motion and discussion ensued.

By a vote of 8-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-12-156

UNITED LAGUNA WOODS MUTUAL 2013 BUSINESS PLAN RESOLUTION

RESOLVED, September 11, 2012, that the Business Plan of this Corporation for the year 2013 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 \$32,595,667 is required by the Corporation to meet the United Laguna Woods Mutual operating expenses and reserve contributions for the year 2013, from which will be deducted \$379,380 derived from prior years' surplus. In addition, the sum of \$15,813,299 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 2013. Therefore, a total of \$48,029,586 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 \$9,095,545, of

which \$7,900,715 is planned from the Replacement Fund and \$1,194,830 from the Contingency Fund; and

RESOLVED FURTHER, that all sums paid into the Replacement Reserve 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 2013 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 2013; 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 Copley read a proposed resolution approving the 2013 Replacement Reserves Plan. Director Copley moved to approve the resolution. Director Stone seconded the motion.

By a vote of 8-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-12-157

**UNITED LAGUNA WOODS MUTUAL
2013 REPLACEMENT RESERVES RESOLUTION**

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

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;

NOW THEREFORE BE IT RESOLVED, September 11, 2012, that the Board has developed and hereby adopts the Replacement Reserves 30-Year Funding Plan (attached) with the objective of maintaining replacement reserve balances at or above a threshold of \$5,700,000, 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 purpose of this resolution.

Director Copley read a proposed resolution approving the Collection and Lien Enforcement Policy. Director Copley moved to approve the resolution. Director Stone seconded the motion.

By a vote of 8-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-12-158

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;

NOW THEREFORE BE IT RESOLVED, September 11, 2012, 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, 2013; and

RESOLVED FURTHER, that Resolution 01-11-175 adopted September 13, 2011 is hereby superseded and cancelled; and

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

Director Bassler reported from the Maintenance and Construction Committee.

Director Copley read a proposed resolution authorizing the continuation of Maintenance programs, which are expected to exceed the budget. Director Copley moved to approve the resolution. Director Brians seconded the motion and discussion ensued.

Director Vogel left the meeting at 11:32 A.M.

By a vote of 7-0-0 (Director Vogel was absent from the meeting), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-12-159

WHEREAS, an unfavorable year-end variance of approximately

\$409,485 is currently anticipated for the overall General Maintenance section of the 2012 Business Plan;

NOW THEREFORE BE IT RESOLVED, September 11, 2012, that the Board of Directors of this Corporation hereby authorizes the continuation of Maintenance programs, which are expected to exceed the budget in the General Maintenance section of the 2012 Business Plan by \$409,485; 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 Copley moved to continue the use of the 18 cubic foot refrigerator as the Mutual Standard. Director Gerson seconded the motion and the motion carried unanimously.

Without objection, the Board agreed to continue using the 16.5 cubic feet refrigerator on an as-needed emergency basis.

Director Copley read a proposed resolution approving the color palettes selected by the Paint Color Selection Sub-Committee for cul-de-sac 206. Director Copley moved to approve the resolution. Director Gerson seconded the motion.

By a vote of 7-0-0 (Director Vogel was absent from the meeting), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-12-160

WHEREAS, the United Paint Color Selection Sub-Committee recommended that the Board extend the Pilot Program for exterior paint colors to include CDS 206;

NOW THEREFORE BE IT RESOLVED, September 11, 2012, that the Board of Directors hereby approves Pilot Program primary and alternate manor body and trim paint colors, carport body and trim paint colors, and laundry room body and trim paint colors for CDS 206 as follows:

CDS 206 PRIMARY Exterior Paint Color Selections for Manors *

Facility	Manor Color	Color Code	Trim Color	Color Code
Manor 2191	Berkshire Beige	AC-2	Indian White	OC-88
Manor 2190	Indian White	OC-88	Yorkshire Tan	HC-23
Manor 2189	Monticello Rose	HC-63	Grege Avenue	991
Manor 2188	Coastal Fog	AC-1	Texas Leather	AC-3
Manor 2187	Springfield Tan	AC-5	Lancaster	HC-174

			Whitewash	
Manor 2186	Glacial Till	AF-390	Smokey Mountain	AC-18
Manor 2185	Pittsfield Buff	HC-24	Somerville Red	HC-62
Manor 2184	Hush	AF-95	Dry Sage	2142-40
Manor 2183	Monticello Rose	HC-63	Edgecomb Gray	HC-173
Manor 2219	Handmade	AF-325	Turmeric	AF-350
Manor 2218	Grege Avenue	991	Fallen Timber	994
Manor 2217	Lancaster Whitewash	HC-174	Yorkshire Tan	HC-23
Manor 2216	Hush	AF-95	Dry Sage	2142-40
Manor 2213	Handmade	AF-325	Turmeric	AF-350
Manor 2211	Pittsfield Buff	HC-24	Smokey Mountain	AC-18
Manor 2210	Springfield Tan	AC-5	Lancaster Whitewash	HC-174
Manor 2220	Dry Sage	2142-20	Hush	AF-95
Manor 2215	Handmade	AF-325	Somerville Red	HC-62
Manor 2214	Hush	AF-95	Texas Leather	AC-3
Manor 2212	Lancaster Whitewash	HC-174	Dorset Gold	HC-8
Manor 2209	Yorkshire Tan	HC-23	Fallen Timber	994

CDS 206 ALTERNATE Exterior Paint Color Selections for Manors *

Facility	Manor Color	Color Code	Trim Color	Color Code
Manor 2191	Indian White	OC-88	Berkshire Beige	AC-2
Manor 2190	Yorkshire Tan	HC-23	Indian White	OC-88
Manor 2189	Grege Avenue	991	Monticello Rose	HC-63
Manor 2188	Texas Leather	AC-3	Coastal Fog	AC-1
Manor 2187	Lancaster Whitewash	HC-174	Springfield Tan	AC-5
Manor 2186	Smokey Mountain	AC-18	Glacial Till	AF-390
Manor 2185	Grege Avenue	991	Edgecomb Gray	HC-173
Manor 2184	Dry Sage	2142-40	Hush	AF-95
Manor 2183	Edgecomb Gray	HC-173	Monticello Rose	HC-63
Manor 2219	Hush	AF-95	Berkshire Beige	AC-2
Manor 2218	Fallen Timber	994	Grege Avenue	991
Manor 2217	Yorkshire Tan	HC-23	Lancaster Whitewash	HC-174
Manor 2216	Dry Sage	2142-40	Hush	AF-95
Manor 2213	Coastal Fog	AC-1	Texas Leather	AC-3
Manor 2211	Smokey	AC-18	Pittsfield Buff	HC-24

	Mountain			
Manor 2210	Lancaster Whitewash	HC-174	Springfield Tan	AC-5
Manor 2220	Hush	AF-95	Dry Sage	2142-40
Manor 2215	Edgecomb Gray	HC-173	Yorkshire Tan	HC-23
Manor 2214	Texas Leather	AC-3	Hush	AF-95
Manor 2212	Dorset Gold	HC-8	Lancaster Whitewash	HC-174
Manor 2209	Fallen Timber	994	Yorkshire Tan	HC-23

CDS 206 Exterior Paint Color Selections for Laundry Rooms*

Facility	Body Color	Color Code	Trim Color	Color Code
L-223	Hush	AF-95	Somerville Red	HC-62
L-225	Hush	AF-95	Polo Blue	2062-10
L-226	Hush	AF-95	Polo Blue	2062-10

CDS 206 Exterior Paint Color Selections for the Carports*:

Body Color	Color Code	Trim Color	Color Code
Monticello Rose	HC-63	Edgecomb Gray	HC-173

* All color names and codes are Benjamin Moore Colors

RESOLVED FURTHER, that the Board hereby grants the Paint Color Selection Subcommittee the authority to determine which building components will receive the body and trim colors where the recommended paint colors are as stated above; and

RESOLVED FURTHER, that the Board hereby grants authority to the United Laguna Woods Mutual Maintenance and Construction Committee to select alternate colors from the Master Plan of Renovation paint color palette when the Committee determines a change to the selected Pilot Program colors is appropriate, in lieu of requiring Board review and adoption of such changes; and

RESOLVED FURTHER, that Resolution 01-07-133 adopted October 24, 2007 (Exterior Paint Program Paint Color Selection Procedure) and Resolution 01-07-161 adopted December 11, 2007 (Exterior Paint Colors and Guidelines) are hereby amended; and

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

Director Copley moved to begin tracking moisture intrusion events and costs by cause. Director Gerson seconded the motion and the motion carried by a vote of 7-0-0 (Director Vogel was absent from the meeting).

Director Vogel returned to the meeting at 11:40 A.M.

Director Brians reported from the United Paint Color Selection Sub-Committee.

Director Bassler reported from the Walkway Lighting Sub-Committee.

Director Copley reported from the Landscape Committee.

Director Gerson provided a summary of the number of disciplinary cases that have come before the Board.

GRF HIGHLIGHTS

- No reports were given.

DIRECTORS' FORUM

- The Directors provided final comments.

MEETING RECESS

The Regular Open Session Meeting recessed at 11:57 A.M. and reconvened into the Regular Executive Session at 12:58 P.M.

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

During its August 14, 2012 Regular Executive Session meeting, the Board reviewed and approved, without objection, the minutes of the Regular Executive Session meeting of July 10, 2012, the Special Emergency Executive Session meeting of July 30, 2012, and the Special Joint Executive meeting of August 1, 2012. The Board authorized the write-off of monthly late charges related to delinquent assessments. The Board heard two disciplinary hearings and imposed fines totaling \$500 for violations of the Mutual's rules and regulations; and discussed litigation, contractual, and other member disciplinary matters.

During its August 20, 2012 Executive meeting, the Eligibility to Vote Executive Disciplinary Committee of the United Laguna Woods Mutual Board of Directors, held disciplinary matters to determine eligibility to vote.

During its August 4, 2012 Special Executive Session meeting, the Board discussed contractual matters and potential litigation.

During its September 7, 2012 Special Executive Session meeting, the Board discussed contractual matters and potential litigation.

ADJOURNMENT

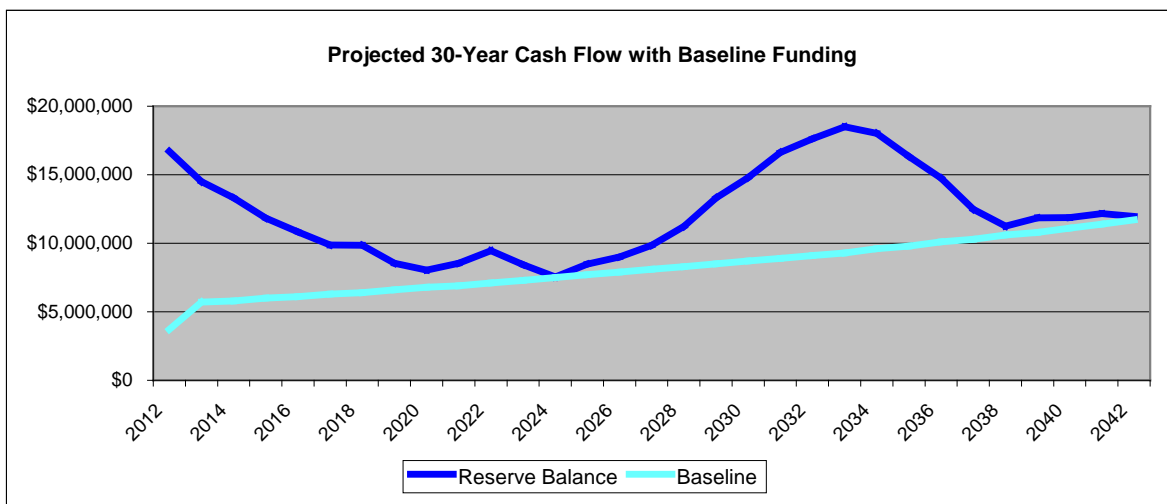
With no further business before the Board of Directors, the meeting was adjourned at 5:27 P.M.

Barbara Copley, Secretary

**United Laguna Woods Mutual
 2013 RESERVES PLAN
 Replacement Reserve 30-Year Funding Plan**

Baseline (Threshold): \$ 5,700,000
 Indexed for projected inflation

Year	Assessment		Interest Earnings	Other Additions	Planned Expenditures	Reserve Balance
	Per Manor Per Month	Total Contribution				
2012	\$ 72.00	\$ 5,463,072	\$ 239,962		\$ 6,794,163	\$ 16,714,580
2013	\$ 72.00	\$ 5,463,072	\$ 216,941		\$ 7,900,715	\$ 14,493,878
2014	\$ 77.00	\$ 5,842,452	\$ 241,235		\$ 7,260,539	\$ 13,317,026
2015	\$ 82.00	\$ 6,221,832	\$ 218,108		\$ 7,929,202	\$ 11,827,765
2016	\$ 87.00	\$ 6,601,212	\$ 196,478		\$ 7,802,159	\$ 10,823,296
2017	\$ 92.00	\$ 6,980,592	\$ 179,560		\$ 8,106,014	\$ 9,877,435
2018	\$ 97.00	\$ 7,359,972	\$ 171,163		\$ 7,553,383	\$ 9,855,186
2019	\$ 102.00	\$ 7,739,352	\$ 159,523		\$ 9,218,491	\$ 8,535,571
2020	\$ 107.00	\$ 8,118,732	\$ 143,711		\$ 8,765,813	\$ 8,032,201
2021	\$ 111.00	\$ 8,422,236	\$ 143,692		\$ 8,064,671	\$ 8,533,457
2022	\$ 115.00	\$ 8,725,740	\$ 156,021		\$ 7,961,658	\$ 9,453,561
2023	\$ 119.00	\$ 9,029,244	\$ 155,111		\$ 10,209,381	\$ 8,428,534
2024	\$ 123.00	\$ 9,332,748	\$ 138,564		\$ 10,353,879	\$ 7,545,967
2025	\$ 127.00	\$ 9,636,252	\$ 139,002		\$ 8,842,209	\$ 8,479,012
2026	\$ 127.00	\$ 9,636,252	\$ 151,530		\$ 9,276,520	\$ 8,990,274
2027	\$ 127.00	\$ 9,636,252	\$ 163,492		\$ 8,931,946	\$ 9,858,072
2028	\$ 127.00	\$ 9,636,252	\$ 182,891		\$ 8,450,520	\$ 11,226,695
2029	\$ 127.00	\$ 9,636,252	\$ 212,836		\$ 7,765,525	\$ 13,310,257
2030	\$ 131.00	\$ 9,939,756	\$ 243,782		\$ 8,699,462	\$ 14,794,333
2031	\$ 135.00	\$ 10,243,260	\$ 272,450		\$ 8,694,748	\$ 16,615,296
2032	\$ 139.00	\$ 10,546,764	\$ 296,929		\$ 9,842,661	\$ 17,616,328
2033	\$ 143.00	\$ 10,850,268	\$ 313,188		\$ 10,289,982	\$ 18,489,802
2034	\$ 147.00	\$ 11,153,772	\$ 316,724		\$ 11,936,339	\$ 18,023,959
2035	\$ 151.00	\$ 11,457,276	\$ 298,064		\$ 13,440,736	\$ 16,338,563
2036	\$ 155.00	\$ 11,760,780	\$ 269,641		\$ 13,621,808	\$ 14,747,175
2037	\$ 159.00	\$ 12,064,284	\$ 236,158		\$ 14,569,149	\$ 12,478,468
2038	\$ 163.00	\$ 12,367,788	\$ 205,802		\$ 13,804,504	\$ 11,247,554
2039	\$ 167.00	\$ 12,671,292	\$ 200,305		\$ 12,274,382	\$ 11,844,769
2040	\$ 167.00	\$ 12,671,292	\$ 205,795		\$ 12,841,421	\$ 11,880,435
2041	\$ 167.00	\$ 12,671,292	\$ 208,640		\$ 12,587,647	\$ 12,172,720
2042	\$ 167.00	\$ 12,671,292	\$ 209,261		\$ 13,101,227	\$ 11,952,046



YEAR 2013 COLLECTION AND LIEN ENFORCEMENT POLICY AND PROCEDURES FOR ASSESSMENT DELINQUENCIES

The following is a statement (the "Policy Statement") of the specific procedures, policies and practices employed by United Laguna Woods Mutual, a California nonprofit mutual benefit corporation ("United") in enforcing lien rights or other legal remedies for default in payment of its assessments against its members ("Shareholders"). This Policy Statement is provided pursuant to the requirements of California Civil Code Section 1365(e), and incorporates by reference the disclosure provided by United pursuant to California Civil Code Section 1365.1.

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

WE SINCERELY TRUST THAT ALL SHAREHOLDERS, IN THE SPIRIT OF COOPERATION AND IN RECOGNITION OF THEIR LEGAL OBLIGATIONS, WILL MAKE TIMELY PAYMENTS AND AVOID THE IMPOSITION OF LATE CHARGES AND POSSIBLE RESULTANT LEGAL ACTION, AND REIMBURSEMENT FOR THE COSTS OF SUCH LEGAL ACTION. IT IS IN THE BEST INTEREST OF YOU AND EVERY OTHER SHAREHOLDER OF UNITED FOR EACH OF YOU TO MAKE YOUR MONTHLY PAYMENTS ON TIME.

REGARDLESS OF WHETHER UNITED RECORDS A LIEN AGAINST YOUR LEASEHOLD INTEREST DURING THE COLLECTION OF PAST-DUE ASSESSMENTS, ALL SHAREHOLDERS HAVE A PERSONAL AND ONGOING OBLIGATION TO PAY ASSESSMENTS AND CHARGES.

Delinquency reports are made available monthly by United's managing agent to the Board of United, identifying the delinquent Shareholder, amount and the length of time the assessments have been in arrears. Additionally, to ensure the prompt payment of monthly assessments United employs the following collection and lien enforcement procedures. The policies and practices outlined herein shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of United's Board of Directors.

Pursuant to United's governing documents, which include, without limitation, the Articles of Incorporation, each Shareholder's Occupancy Agreement, the Bylaws, and California Civil Code, the following are United's collection and lien enforcement policies and procedures for assessment delinquencies:

1. Assessments; Assessments Due Date. "Carrying Charges" as defined by United's Occupancy Agreement, also referred to as "fees" in United's Bylaws, are referred to in this paragraph and throughout this Policy Statement as "assessments." Assessments are due and payable to United, in advance, in equal monthly installments, on the first (1st) day of each month. **It is each Shareholder'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. In no event shall a special assessment be due and payable earlier than thirty (30) days after the special assessment is duly imposed. If a special assessment is payable in installment payments and an installment payment of that special assessment is delinquent for more than 30 days, all remaining installments will be accelerated and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to late charges and interest as provided herein.

2. Reminder Notice; Administrative Collection Fee. If Assessments are not received by United on or before the close of business on the sixteenth (16th) day of the month (or if a special assessment is not received by United on or before the close of business on the fifteenth (15th) day after it is due), a Reminder Notice is sent to the Shareholder. PLEASE NOTE THAT TO BE CONSIDERED TIMELY, THE PAYMENT MUST BE RECEIVED BY UNITED WITHIN THIS FIFTEEN (15) DAY GRACE PERIOD. SIMPLY PLACING THE PAYMENT IN THE MAIL BEFORE THE GRACE PERIOD EXPIRES IS NOT SUFFICIENT. It is the policy of United not to waive any duly imposed late charges, interest, or collection fees and costs. Each delinquent account shall incur an administrative collection fee, in the amount of Two Hundred Dollars (\$200) (the "Administrative Collection Fee"), which is charged by United's managing agent to cover staff's costs to prepare the files for delivery to United's collection agent in order to carry out collection activities authorized hereunder, as well as direct costs incurred in recording and/or forwarding documents in connection with the collection process. This Administrative Collection Fee may be increased by majority vote of United's Board, and may be collected by United's collection agent on United's behalf, and remitted to United's managing agent, or may be directly collected by United's managing agent. IT IS THE SHAREHOLDER'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 Shareholders by first-class mail addressed to the Shareholder or the Shareholder's designee at his or her address as shown on the books and records of United. However, it is the Shareholder's responsibility to be aware of the assessment payment due dates and to advise United of any changes in the Shareholder's mailing address.

3. Late Charges; Interest. Assessments not received by the sixteenth (16th) day of the month will incur a late fee in the amount of Twenty Dollars (\$20.00), which amount is consistent with statutory authority. Further, both state law and United's governing documents provide for interest on the delinquent assessment, late charges and collection fees and costs. Accordingly, interest may be imposed thirty (30) days after the assessment is due, at an annual percentage rate not to exceed Twelve Percent (12%). Such interest may be imposed and collected per the foregoing sentence regardless of whether the Shareholder's delinquent account is referred to United's collection agent for collections.

4. Thirty-Day Pre-Lien Letter Notice to Delinquent Shareholder. 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 Reminder Notice, United's managing agent will send a pre-lien letter (also referred to as a final demand for payment letter) to the Shareholder as required by Civil Code Section 1367.1(a) by certified and regular first class mail, to the

Shareholder's mailing address of record in United's books and records advising of the delinquent status of the account, impending collection action and the Shareholder's rights including the right to request that the Board of Directors of United participate in some form of internal dispute resolution ("IDR"). Notwithstanding the provisions of this paragraph, United may cause a pre-lien letter to be sent to a delinquent Shareholder at any time when there is an open escrow involving the Shareholder's leasehold interest, may cause a pre-lien letter to be sent to a delinquent Shareholder if any special assessment becomes delinquent, and or may turn the delinquent account over to United's collection agent to send a pre-lien letter to a delinquent Shareholder.

5. Recordation of a Lien Against a Delinquent Shareholder's Leasehold Interest. If a Shareholder does not pay the amounts set forth in the pre-lien letter and does not request IDR within thirty (30) days of the date of the pre-lien letter, the delinquent account will be turned over to United's collection agent for collections. The Board shall decide, by majority vote in an open meeting, whether to authorize United's collection agent to record a lien for the amount of any delinquent assessments, late charges, interest, and collection fees and costs, including attorneys' fees against the Shareholder's leasehold interest. If United authorizes United's collection agent to record a lien against the Shareholder's leasehold interest, the Shareholder will incur additional fees and costs for preparing and recording the lien. The lien may be enforced in any manner permitted by law, including without limitation, judicial or non-judicial foreclosure (Civil Code Section 1367.1(g)).

6. Enforcement of a Lien. United's collection agent may be authorized to enforce the lien thirty (30) days after recordation of the lien, by recording a Notice of Default and may be authorized to foreclose the lien by non-judicial foreclosure when either (a) the delinquent assessment amount totals One Thousand Eight Hundred Dollars (\$1,800.00) or more, excluding accelerated assessments, late charges, interest, and collection fees and costs or (b) the assessments are delinquent for more than twelve (12) months. **YOU COULD LOSE YOUR LEASEHOLD INTEREST AT UNITED IF A FORECLOSURE ACTION IS COMPLETED.** A non-judicial foreclosure sale by United to collect upon a debt for delinquent assessments is subject to a statutory right of redemption. The redemption period within which your leasehold interest may be redeemed ends ninety (90) days after United's foreclosure sale, per California Civil Code Section 1367.4. The Shareholder will incur significant additional fees and costs if a Notice of Default is recorded and a foreclosure action is commenced against the Shareholder's leasehold interest. The decision to foreclose on a lien must be made by a majority of the Board of Directors in an Executive Session meeting and the Board of Directors must record their votes in the minutes of the next open meeting of the Board. The Board must maintain the confidentiality of the delinquent Shareholder(s) by identifying the matter in the minutes by only the parcel number of the property in which the Shareholder has a leasehold interest. Prior to initiating any foreclosure sale on a recorded lien, United shall offer delinquent Shareholders the option of participating in IDR or Alternative Dispute Resolution ("ADR").

7. Inspection of Books and Records. A Shareholder is entitled to inspect United's accounting books and records to verify the amounts owed pursuant to Corporations Code Section 8333.

8. Application of Payments. Any payments made shall be first applied to assessments owed and only after the assessments owed are paid in full, shall such payment be applied to late charges, interest, and collection fees and costs, including attorneys' fees, unless the Shareholder and United enter into a written payment plan agreement executed by both parties, providing for payments to be applied in a different manner.

9. Account Sent to United's Collection Agent In Error. In the event it is determined that the Shareholder has paid the assessments on time, the Shareholder will not be liable to pay the charges, interests, and fees and costs of collection associated with collection of those assessments.

10. Payment Under Protest. A Shareholder may but is not obligated to, pay under protest any disputed charge or sum levied by United, 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.

11. Right to Dispute the Debt. A Shareholder has the right to dispute the assessment debt by submitting a written request for dispute resolution to the collection agent for delivery to United pursuant to Civil Code Section 1363.810 *et seq.* A dispute, by itself, will not impede United's ability to record a lien.

12. Right to Request Alternative Dispute Resolution ("ADR"). A Shareholder has the right to request alternative dispute resolution with a neutral third party pursuant to Civil Code Section 1369.510 *et seq.* before United may initiate foreclosure against the Shareholder's leasehold interest, except that binding arbitration shall not be available if United intends to initiate a judicial foreclosure.

13. Payment Plan Requests. Any Shareholder who is unable to pay assessments will be entitled to make a written request for a payment plan to United, or United's collection agent, as applicable, to be considered by the Board of Directors. A Shareholder 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 pre-lien letter. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests. Payment plans shall not interfere with United's ability to record a lien on a Shareholder's separate interest to secure payment for the Shareholder's delinquent assessments. If the Board authorizes a payment plan, it may incorporate payment of ongoing assessments that accrue during the payment plan period. If a payment plan is approved, additional late charges from the Shareholder will not accrue while the Shareholder remains current under the terms of the payment plan. If the Shareholder breaches an approved payment plan, United may resume its collection action from the time the payment plan was approved.

14. Termination of Shareholder's Rights under Occupancy Agreement. Nothing herein limits or otherwise affects United's right to proceed in any lawful manner to collect any delinquent sums owed to United, or to pursue any other discipline set forth in United's governing documents, including but not limited to a termination of the Shareholder's rights under the Occupancy Agreement pursuant to Article 14 therein and filing and completion of an unlawful detainer action.

15. Release of Lien. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and fees and costs of collection, including attorneys' fees, must be paid in full to United.

16. No Right of Offset. There is no right of offset. A Shareholder may not withhold assessments owed to United on the alleged grounds that the Shareholder is entitled to recover money or damages from United for some other obligation.

17. Returned Checks. United may charge the Shareholder a Twenty-Five Dollar (\$25.00) fee for the first check tendered to United that is returned unpaid by the Shareholder's bank and Thirty-Five Dollars (\$35.00) for each subsequent check passed on insufficient funds. If the check cannot be negotiated, United may also seek to recover damages of at least One Hundred Dollars (\$100.00), or, if higher, three (3) times the amount of the check up to One Thousand, Five Hundred Dollars (\$1,500.00) pursuant to Civil Code Section 1719.

18. Additional Mailing Addresses. Shareholders have the right to provide a secondary address for mailing for purposes of collection to United. The Shareholder's request shall be in writing and shall be mailed to United in a way that shall indicate that United has received it. A Shareholder may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, United shall only be required to send notices to the indicated secondary address from the point United receives the request.

19. Charges Subject to Change. All charges listed herein are subject to change upon thirty (30) days prior written notice. After a delinquent account has been turned over to United's collection agent, United's collection agent's charges may vary from United's and are subject to change without prior written notice. Shareholders in collections should rely on United collection agent's charges and statement of account.

20. Notice and Hearing Prior to Suspension of Shareholder Privileges. Until the Shareholder has paid all amounts due, including delinquent assessments, late charges, interest and fees and costs of collection, including attorneys' fees, the Board of Directors may suspend the Shareholder's right to vote, and suspend the Shareholder's right to use United's recreational facilities and/or the facilities or services provided by the Golden Rain Foundation of Laguna Woods after providing the Shareholder with a duly noticed hearing pursuant to Civil Code Section 1363(g). However, any suspension imposed shall not prevent the delinquent Shareholder from the use, benefit and pleasure of the Shareholder's leasehold interest.

21. Overnight Payments. The mailing address for overnight payment of assessments is: United Laguna Woods Mutual, Attn: Assessments, 24351 El Toro Road, Laguna Woods, CA 92637.

**BOARD OF DIRECTORS
UNITED LAGUNA WOODS MUTUAL**