

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

**October 28, 2013**

The Special Meeting of the Board of Directors of United Laguna Woods Mutual, a California Non-Profit Mutual Benefit Corporation, was held on Monday, October 28, 2013 at 1:00 P.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Pat English, Jack Bassler, Erna Ferris, Barbara B. Howard, John Beckett, Ming-Lee Chang, Howard Klein, Eva Lydick, Ken Hammer, Anthony Liberatore

Directors Absent: Jan LaBarge

Staff Present: Jerry Storage, Patty Kurzet

Others Present: Jeffrey Beaumont, Esq.

**CALL TO ORDER**

Pat English, President of the Corporation, chaired and opened the meeting, and stated that it was a Special Meeting held pursuant to notice duly given. A quorum was established and the meeting was called to order at 1:00 P.M.

**APPROVAL OF AGENDA**

Without objection, the Board approved the agenda as written.

**UNITED MUTUAL MEMBER COMMENTS AND PUBLIC FORUM**

United Mutual Members were given the opportunity to speak to items not on the agenda and Mr. Beaumont responded to a comment made regarding an alleged unilateral decision made by the Board President.

**CHAIR'S REMARKS**

No comments were made.

**APPOINTMENTS TO FILL VACANCIES**

Candidates Ken Hammer, Anthony Liberatore, Bill Ring, and James Thorpe each gave a brief presentation for their reasons for running for the Board vacancies.

The Board of Directors asked questions of the candidates and voted on prepared ballots.

Ken Hammer and Anthony Liberatore were announced as appointed to the Board of Directors, term ending 2015, and were invited to sit with the Board at the dais.

**CONSENT CALENDAR**

Without objection, the Consent Calendar was approved as amended by removing an appeal request from 719-C and placing it under the Maintenance and Construction Committee Report for discussion, and the Board took the following actions:

**Maintenance and Construction Committee Recommendations:**

**RESOLUTION 01-13-177**

**RESOLVED**, October 28, 2013, that the request of Mr. Darrell Elmquist and Ms. Joanne Burns of 51-A Calle Aragon to perform a patio extension with patio walls at their manor 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.

**RESOLUTION 01-13-178**

**RESOLVED**, October 28, 2013, that the request of Mr. and Mrs. Donald LeBel of 414-A Avenida Castilla to retain a wood fence and gate on the south side of the patio at their manor is hereby approved; and

**RESOLVED FURTHER**, that the top of the wood fence and gate must be modified to be straight rather than dog-eared; and

**RESOLVED FURTHER**, that all costs and maintenance for the alteration, present and future, are the responsibility of the Mutual Member(s) at Manor 414-A; and

**RESOLVED FURTHER**, that a required Mutual permit for the wood fence and gate must be obtained through the Permits and Inspections Office located in 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 01-13-179**

**RESOLVED**, October 28, 2013, that the request of Mr. and Mrs. Donald LeBel of 414-A Avenida Castilla to retain a patio extension, a trellis, and a wooden picket gate at their manor is hereby denied; and

**RESOLVED FURTHER**, that the Board hereby requires removal of the subject patio extension, trellis, gate, and chicken wire fencing within 30 days of the Board's decision on the matter; 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 01-13-180**

**RESOLVED**, October 28, 2013, that the request of Mr. and Mrs. Mark Gatilin of 693-C Avenida Sevilla to perform a room addition, a kitchen and master bedroom expansion and patio extensions in both the front and rear of their 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 Manor 693-C; and

**RESOLVED FURTHER**, that all required Mutual and the City of Laguna Woods permits must be obtained. The relevant City of Laguna Woods permit number(s) and proof of completion, as evidenced by the final inspection signature, must be submitted to the Mutual through the Permits and Inspections Office located in Laguna Woods Village Community Center; and

**RESOLVED FURTHER**, that unit-specific plans depicting the proposed alteration, 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 the alteration patio slab must be installed per United Mutual Alteration Standard Section 22 Patio Slab Extensions; and

**RESOLVED FURTHER**, that the walkway extension must be of concrete construction, installed as per standard construction practices; and

**RESOLVED FURTHER**, that all landscape, irrigation, and drainage modifications associated with the alterations are to be completed by the Landscape Division at the expense of the Mutual member(s) at Manor 693-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.

**Landscape Committee Recommendations:**

None.

**Finance Committee Recommendations:**

**RESOLUTION 01-13-181**

**WHEREAS**, Member ID 947-411-54 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**, October 28, 2013, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-411-54; 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.

**UNFINISHED BUSINESS**

The Secretary of the Corporation, Director Beckett, read a proposed resolution establishing an appeals policy, which was postponed to satisfy the 30-day notification requirement. Director Klein moved to approve the resolution. Director Bassler seconded the motion and discussion ensued.

Members Barbara Copley (410-D), Marilyn Bristol (582-C), Dennis Moran (719-C), and Pamela Grundke (2214-B) spoke to the resolution.

By a vote of 9-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION 01-13-182**

**WHEREAS**, United Mutual's governing documents require a Member to seek approval from the Board of Directors on many matters of Corporate business by way of the committee structure for review of a question that will ultimately be determined by the Board; and

**WHEREAS**, such committees forward recommendations regarding Members' requests to the United Board for consideration, and if the proposed request is disapproved, then such decision is subject to appeal to the United Board by the Mutual Member;

**NOW THEREFORE BE IT RESOLVED**; October 28, 2013, that the Board of Directors of this Corporation hereby establishes the following appeals

policy for alterations and surrounding area improvement requests, and other matters of corporate business, for this Corporation:

1. Within 30 days of the Board's decision, made at an open Board Meeting, a requesting Member may appeal the Board's decision by requesting another review by the appropriate United committee; and
2. The appropriate United committee will perform a review of the appeal; and
3. Upon receipt and review of the recommendation from the committee, the Board of Directors will make a final decision; and
4. No further appeals on the same matter (brought forth by the Member or subsequent Member) will be reconsidered by the Board of Directors.

**RESOLVED FURTHER**, that Resolution 01-09-101 adopted May 12, 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 purpose of this resolution.

Director Beckett read a proposed resolution approving its Lien Enforcement Policy and Procedures for Assessment Delinquencies, which was postponed to satisfy the 30-day notification requirement. Director Bassler moved to approve the resolution. Director Chang seconded the motion and discussion ensued.

Member Barbara Copley (410-D) commented on the proposed policy.

By a vote of 9-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION 01-13-183**

**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**, October 28, 2013, 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, 2014; and

**RESOLVED FURTHER**, that Resolution 01-12-158 adopted September 11, 2012 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.

### **NEW BUSINESS**

Director Beckett read the proposed Mutual committee appointments. Director Beckett moved to approve the resolution. Director Bassler seconded the motion and discussion ensued.

Without objection, the Board assigned the new directors to the committees.

Without objection, Director Ferris was removed from the Laguna Canyon Foundation at her request.

By a vote of 8-1-0 (Director Ferris opposed), the motion carried and the following resolution was adopted as amended:

### **RESOLUTION 01-13-184**

**RESOLVED**, October 28, 2013, that the following persons are hereby appointed to serve the Corporation in the following capacities:

#### **Finance Committee**

Jan LaBarge - Chair  
Barbara B. Howard - Vice Chair  
Pat English  
*Advisors: Florence Kleinfeld, Lou Skogen*

#### **Governing Documents Review Ad Hoc Committee**

Barbara B. Howard, Chair  
John Beckett, Vice Chair  
Howard Klein  
*Advisors: Janey Dorrell*

#### **Landscape Committee**

Jack Bassler – Chair  
Eva Lydick – Vice Chair  
Anthony Liberatore  
Ken Hammer  
*Advisors: Cynthia Chyba, Jerren Auble*

#### **Maintenance and Construction Committee**

Jack Bassler, Chair  
Ming Lee Chang, Vice Chair

Jan LaBarge  
Anthony Liberatore  
*Advisors: Janey Dorrell*

**New Resident Orientation**

Per Rotation List

**Standards Sub-Committee**

Jack Bassler, Chair  
Ming Lee Chang  
Anthony Liberatore

**Traffic Hearing (quarterly)**

John Beckett, Chair  
Erna Ferris  
Ken Hammer

**Walkway Lighting Subcommittee**

Jack Bassler, Chair  
Howard Klein  
Ming Lee Chang  
*Advisors: Doug Rook, Collette Sigman*

**Laguna Canyon Foundation**

TBD

**Joint Task Force to Review GRF Bylaws and Trust**

TBD

TBD

**RESOLVED FURTHER**, that Resolution 01-13-136, adopted July 23, 2013, is hereby superseded and canceled.

Director Beckett read the proposed GRF committee appointments. Director Beckett moved to approve the resolution. Director Hammer seconded the motion and discussion ensued.

Without objection, the Board assigned the new directors to the committees.

By a vote of 8-1-0 (Director Ferris opposed), the motion carried and the following resolution was adopted as amended:

**RESOLUTION 01-13-185**

**RESOLVED**, October 28, 2013, that, in compliance with Article 7, Section 7.3 of the Golden Rain Foundation Bylaws, adopted July 13, 2012, the

following persons are hereby appointed to serve on the committees of the Golden Rain Foundation:

**Business Planning**

Pat English  
Jan LaBarge

**Recreation Master Plan Ad Hoc Committee**

John Beckett  
Jan LaBarge

**Community Activities**

Erna Ferris  
John Beckett

**Finance**

Jan LaBarge  
Pat English

**Landscape Committee**

Jack Bassler  
Eva Lydick

**Maintenance & Construction**

Jack Bassler  
Ming Lee Chang

**Media and Communication Committee**

Eva Lydick  
Ken Hammer

**Mobility and Vehicles Committee**

John Beckett  
Anthony Liberatore

**Security and Community Access**

Howard Klein  
John Beckett

**RESOLVED FURTHER**, that Resolution 01-13-137, adopted July 23, 2013, is hereby superseded and canceled.

Director Bassler moved to establish a Parking Ad Hoc Committee. Director Hammer seconded the motion. By a vote of 9-0-0, the motion carried. Without objection, the Board appointed Director Chang to the committee, and agreed to appoint other members next month.

Director Beckett read a proposed resolution designating locations for the purpose of meeting general notice posting requirements. Director Bassler moved to approve the resolution. Director Hammer seconded the motion and discussion ensued.

By a vote of 9-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION 01-13-186**

**WHEREAS**, the reorganized Davis-Stirling Act takes effect January 1, 2014 and provides for an expanded definition of “general delivery” or “general notice” to members, and

**WHEREAS**, one method of general notice defined under Civil Code §4045(a)(3) allows communication from this Corporation to be posted as a “...printed document in a prominent location that is accessible to all members, if the location has been designated for the posting of general notices by the association in the annual policy statement...”,

**NOW THEREFORE BE IT RESOLVED**, October 28, 2013, that the Board of Directors of this Corporation hereby designates the following locations for the purpose of meeting general notice posting requirements under Civil Code §4045(a)(3):

General Notice Bulletin Boards at Clubhouses 1, 2, 3, 4, 5, 7

General Notice Bulletin Board at Community Center Lobby

Community website at [www.lagunawoodsvillage.com](http://www.lagunawoodsvillage.com) under Resident Links > Boards and Committees > United Board and Committee Agendas

**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.

**MAINTENANCE AND CONSTRUCTION COMMITTEE REPORT**

Director Beckett read the following proposed resolution to repaint the body portions of Laundry Rooms 137, 140, 141 and 143:

**RESOLUTION 01-13-**

**WHEREAS**, Laundry Rooms 137, 140, 141 and 143 were painted as part of the 2013 Exterior Paint Program with colors that were later eliminated by way of Resolution 01-13-154;

**NOW THEREFORE BE IT RESOLVED**, October 28, 2013, that the Board of Directors hereby agrees to repaint the body portions of Laundry Rooms 137, 140, 141 and 143 with the estimated costs of \$2,400 to be an unbudgeted operating expense on the Exterior Paint Program in General Maintenance; 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 Hammer moved to approve the resolution. Director Bassler seconded the motion and discussion ensued.

Members Rhoda Lindner (2013-C), Maxine McIntosh (68-C), and Pamela Grundke (2214-B) commented on the resolution.

By a vote of 0-8-1 (Director Ferris abstained), the motion failed.

Director Beckett read the following proposed resolution establishing a new Mutual Alteration Standard, Section 41–Interior Hard Surface Flooring:

**RESOLUTION 01-13-xx**

**WHEREAS**, the Board of Directors of this Corporation adopted Resolution U-96-62 on May 14, 1996, which approved the United Laguna Woods Mutual Alteration Standards; and

**WHEREAS**, this Corporation recognizes the need to establish a policy to streamline the proper installation and maintenance of interior hard surface flooring;

**NOW THEREFORE BE IT RESOLVED**, December 10, 2013, that the Board of Directors of this Corporation hereby establishes a new Mutual Alteration Standard Section 41–Interior Hard Surface Flooring, as attached to the official minutes of this meeting; and

**RESOLVED FURTHER**, that that Resolution U-96-62, adopted May 14, 1996 is hereby amended and Resolution 01-10-134 adopted July 13, 2010 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 Hammer moved to approve the resolution. Director Beckett seconded the motion and discussion ensued.

Without objection, the Board postponed the resolution to December to conform to the 30-day notification requirement.

Mr. Dennis Moran of 719-C addressed his appeal request that the Mutual rescind the late charges totaling \$400 that resulted from an unpaid golf cart electricity usage fee.

Director Beckett read a proposed resolution denying Mr. Moran's request that the Mutual rescind the late charges totaling \$400 that resulted from an unpaid golf cart electricity usage fee. Director Ferris moved to approve the resolution. The motion failed due to the lack of a second.

Director Ferris moved to approve Mr. Moran's request that the Board waive the \$400 fine. Director Beckett seconded the motion and discussion ensued.

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

**RESOLUTION 01-13-187**

**WHEREAS**, Mr. Dennis Moran of 719-C Avenida Majorca disputed late charges totaling \$400 that resulted from an unpaid golf cart electricity usage fee from 2009 and requests that the Mutual rescind the charges, and by way of Resolution 01-13-107, the Board denied the request; and

**WHEREAS**, Mr. Moran appealed the Board decision;

**NOW THEREFORE BE IT RESOLVED**, October 28, 2013, that the Board of Directors hereby approves the appeal request of Mr. Dennis Moran of 719-C Avenida Majorca that the Mutual rescind the late charges totaling \$400 that resulted from an unpaid golf cart electricity usage fee; and

**RESOLVED FURTHER**, that Resolution 01-13-168 adopted September 10, 2013 is hereby rescinded; 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.

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

During its October 16, 2013 Special Executive Session Meeting, the Board discussed member discipline matters.

**DIRECTOR'S COMMENTS**

The Directors made their final comments.

**ADJOURNMENT**

With no further business before the Board of Directors, the Special meeting was adjourned at 3:08 P.M.

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John Beckett, Secretary

# UNITED LAGUNA WOODS MUTUAL

## YEAR 2014 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 5310(a)(7) and incorporates by reference the disclosure provided by United pursuant to California Civil Code Section 5730.

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

(1<sup>st</sup>) 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 (16<sup>th</sup>) day of the month (or if a special assessment is not received by United on or before the close of business on the fifteenth (15<sup>th</sup>) 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 (16<sup>th</sup>) 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%), consistent with Civil Code Section 5650. 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 (30<sup>th</sup>) 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 5660 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, including an itemized statement of the charges owed by the shareholder, impending collection action and the Shareholder's rights including a statement that the shareholder will not be liable to pay charges, interest and costs of collection if it is determined the assessment was paid on time to United, and the right to request a meeting with the Board of Directors of United pursuant to Civil Code Section 5665, the right to dispute the assessment debt by submitting a written request for dispute resolution pursuant to Civil Code pursuant to Article 2 (commencing with Section 5900) of Chapter 10 ("IDR"), and the right to request alternative dispute resolution pursuant to Article 3 (commencing with Section 5925) of Chapter 10 ("ADR"). 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 or ADR 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 5700).

**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 5715(b). 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,ADR, or both IDR and ADR as requested by the Shareholder.

**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 Civil Code Section 5200, et seq..

**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 5900 *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 5900 *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 5855. 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**

## UNITED LAGUNA WOODS MUTUAL

### NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of the shareholders (as holders of leasehold interests in a Manor located within United Laguna Woods Mutual, a stock cooperative), as shareholders with an entitlement to the exclusive right to occupy a manor, which is property in a common interest development (as defined by California Civil Code), and the association and/or corporation that manages them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

For purposes of this notice, "association" shall refer to "United Laguna Woods Mutual", also referred to as "United" or the "Association".

Any and all references to "shareholders" in this notice refer to holders of membership certificates issued by United, who are also holders of leasehold interests in a Manor, (or "Members", as such term is defined in the Bylaws of United Laguna Woods Mutual).

Any and all references to a "Manor" in this notice shall refer to a dwelling unit owned by United.

Any and all references to "property" and "shareholder's separate interest" in this notice refer to a leasehold interest and the right to exclusively occupy a Manor pursuant to an Occupancy Agreement and a membership certificate.

Any and all references to a "membership certificate" or "stock certificate" refer to a certificate for membership issued by United, which conveys to the holder a leasehold interest in and the right to exclusively occupy a Manor.

### ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay Association (United) assessments may result in the loss of a shareholder's property (leasehold interest in a Manor as evidenced by a stock certificate) through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, the Association (United) may not use judicial or nonjudicial foreclosure to enforce the lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than One Thousand Eight Hundred Dollars (\$1,800). For delinquent assessments or carrying charges in excess of One Thousand Eight Hundred Dollars (\$1,800) or more than 12 months delinquent, the Association (United) may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code.. When using judicial or nonjudicial foreclosure, the Association (United) records a lien against the shareholder's separate interest. The shareholder's separate interest (a leasehold interest in a Manor as evidenced by a stock certificate) may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)If a shareholder defaults under his or her Occupancy Agreement by failing to pay assessments when due, United also has the right but not the obligation to cancel the shareholder's stock certificate, which will allow the shareholder to be evicted.

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

The Association (United) must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the Association (United) fails to follow these requirements, it may not record a lien against the shareholder's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the Association (United). (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on a shareholder's separate interest (the leasehold interest in a Manor as evidenced by a stock certificate), the Association (United) must provide the shareholder with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the shareholder. A shareholder has a right to review the Association's (United's) records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against a shareholder's separate interest (the leasehold interest in a Manor as evidenced by a stock certificate) in error, the person who recorded the lien is

required to record a lien release within 21 days, and to provide a shareholder with certain documents in this regard. (Section 5685 of the Civil Code)

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

## PAYMENTS

When a shareholder makes a payment, he or she may request a receipt, and the Association (United) is required to provide it. On the receipt, the Association (United) must indicate the date of payment and the person who received it. The Association (United) must inform shareholders of a mailing address for overnight payments. (Section 5655 of the Civil Code)

A shareholder may, but is not obligated to, pay under protest any disputed charge or sum levied by the Association (United), including, but not limited to, a monthly carrying charge, 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.

A shareholder may dispute an assessment debt by submitting a written request for dispute resolution to the Association (United) as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an Association (United) may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 42 of the Civil Code, if so requested by the shareholder. Binding arbitration shall not be available if the Association (United) intends to initiate a judicial foreclosure.

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

## MEETINGS AND PAYMENT PLANS

A shareholder of a separate interest (the leasehold interest in a Manor as evidenced by a stock certificate) that is not a timeshare may request the Association (United) to consider a payment plan to satisfy a delinquent assessment. The Association (United) must inform shareholders of the standards for payment plans, if any exist. (Section 5665 of the Civil Code)

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