

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

August 9, 2016

The Regular Meeting of the Board of Directors of United Laguna Woods Mutual, a California Non-Profit Mutual Benefit Corporation, was held on Tuesday, August 9, 2016 at 9:30 AM at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Lenny Ross, Juanita Skillman, Jack Bassler, Ming-Lee Chang, Don Tibbetts, Jan LaBarge, Barbara Copley, Tom Sirkel, and Janey Dorrell (via phone)

Directors Absent: Pat English, Eva Lydick

Staff Present: Open Session: Brad Hudson, Lori Moss, Kim Taylor, Francis Rangel, and Pamela Bashline
Executive Session: Brad Hudson, Lori Moss, Kim Taylor, Pamela Bashline, Francis Rangel and Jacob Huanosto

Others Present: Jeffrey Beaumont Esq. of Beaumont Gitlin Tashjian

(1) CALL TO ORDER

Lenny Ross, 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 AM.

Mr. Brad Hudson, CEO/General Manager, commented on the loss of fellow VMS employee, Rodolfo Alvarez Velazco, he provided a brief overview of Mr. Velasco's accomplishments and shared his heart felt feelings of this loss. Mr. Hudson thanked everyone for their thoughts and prayers for Rodolfo and his family. He announced that grief counseling is available in the Redwood Room of the Community Center today through Friday from 8 AM to 5 PM.

(2) PLEDGE OF ALLEGIANCE

Director Jan LaBarge led the Pledge of Allegiance to the Flag.

(3) ACKNOWLEDGEMENT OF MEDIA

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

(4) APPROVAL OF AGENDA

Director Tibbetts moved to approve the agenda as written. Director LaBarge seconded the motion. By a vote of 8-0-0 (Director Dorrell did not vote) the motion carried.

(5) UNITED MUTUAL MEMBER COMMENTS AND PUBLIC FORUM

United Mutual Members were given the opportunity to speak to items within the jurisdiction of the Board of Directors.

- Nazi Mehdizadeh (481-B) commented on a client not qualifying due his age and not meeting the financial requirements and asked for an exception to the policy.
- Bob Hatch (5064) spoke on behalf of the Foundation of Laguna Woods, gave a brief overview of what the Foundation does for residents in the Community and asked for donations on behalf of the Foundation.

(6) RESPONSE TO MEMBER COMMENTS

United Mutual President Ross briefly responded to Member Comments.

(7) REPORT OF THE CHAIR

President Lenny Ross welcomed the newest Board Director, Janey Dorrell, who took the place of Ken Hammer and wished Ken Hammer well. President Ross announced that Meet the Candidates is scheduled on August 30th at 10:00 AM. President Ross briefly commented on some of the items on the agenda today and commented on the budget process currently underway.

(8) REPORT OF CEO

Mr. Bradley Hudson, stated that Resident Services continues to answer calls at near 100%. Mr. Hudson commented on the pilot remodel work at Gate 3 currently underway. The implementation of current programs to enhance customer service, and stated that the projects team is performing really well. Mr. Hudson stated that improvements are on schedule and asked Chuck Holland IT Director, to provide an overview of the current projects at the September United Board meeting.

(9) Update from VMS Director – Director Joe Rainey

Director Joe Rainey, of Village Management Services, Inc., commented on the employee response yesterday, and offered support to the staff. Director Rainey stated that HUB International was chosen as the new Insurance Broker and finalists have been selected for the Controller position. The Strategic Plan is complete and has been distributed to all Directors. Director Rainey announced that the Human Resources Policy manual is finalized and gave a brief overview of the Gate 5 project which begins on August 15, 2016. The next VMS Board meeting is August 17, 2016 beginning at 9:30 AM and answered questions from the Board.

(10) APPROVAL OF MINUTES

Director Copley moved to approve the regular open session minutes of July 12, 2016, as written. Director Tibbetts seconded the motion. By a vote of 8-0-0 (Director Dorrell did not vote) the motion carried.

(11) CONSENT CALENDAR

Director LaBarge moved to approve the Consent Calendar as written. Director Tibbetts seconded the motion. By a vote of 8-0-0 (Director Dorrell did not vote) the motion carried.

11a Maintenance and Construction Committee Recommendations:

RESOLUTION 01-16-74

Variance Request

RESOLVED, August 9, 2016, that the variance request of Elliot Feldman and Stephanie Sugar, to install additional windows at Manor 23-D, is hereby denied; and

RESOLVED FURTHER, the denial is due to the finding that the proposed alterations are not consistent with the Mutual's Rules & Regulations related to architectural modifications to manors; 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 01-16-75

Variance Request

RESOLVED, August 9, 2016, that the variance request of Debra Quam, to install window in living room at Manor 209-B, is hereby approved; and

RESOLVED FURTHER, all costs and maintenance of the alteration, present and future, are the responsibility of the Mutual member(s) at 209-B; and

RESOLVED FURTHER, all required Mutual and City of Laguna Woods permits must be obtained and the appropriate City of Laguna Woods permit number(s) must be submitted to the Permits and Inspections office located in the Laguna Woods Community Center; and

RESOLVED FURTHER, detailed site specific plans, wet-stamped and signed by a California licensed architect or engineer, must be submitted to the Permits and Inspections office located in the Laguna Woods Village Community Center prior to issuance of a permit. These plans must detail the required structural modifications necessary to ensure that the structural integrity of the building is maintained upon completion of the window additions; and

RESOLVED FURTHER, the windows must be installed in accordance with United Laguna Woods Mutual Standard Section 31: Window and Window Attachments; 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 01-16-76

Variance Request

RESOLVED, August 9, 2016, that the variance request of Delores Heacock, to install handicap ramp at Manor 317-D, is hereby approved; and

RESOLVED FURTHER, all costs for installation, repair, and maintenance associated with the proposed alterations are the responsibility of the Mutual Member(s) at 317-D; and

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

RESOLVED FURTHER, all landscape, irrigation, and drainage modifications associated with the alteration are to be completed by the Landscape Division at the expense of the Mutual Members(s) at 317-D; and

RESOLVED FURTHER, the concrete walkway must be installed as per standard construction practices and follow American Disability Act (ADA) for ramp installation; 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 01-16-77

Variance Request

RESOLVED, August 9, 2016, that the variance request of Larry Traylor and Laural Traylor, to install Pet-Safe Panel Door at Manor 499-A, is hereby approved; and

RESOLVED FURTHER, all future costs and maintenance associated with the subject alteration are the responsibility of the Mutual member(s) at Manor 499-A; and

RESOLVED FURTHER, the Members are responsible to return the wall to Mutual Standard in the event the manor is sold and the new Members do not want to retain pet-safe door; and

RESOLVED FURTHER, a required Mutual permit for the entry door alteration must be obtained from 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 01-16-78

Variance Request

RESOLVED, August 9, 2016, that the variance request of Adele Warner, to convert the existing patio enclosure to a room addition at Manor 786-B, is hereby approved; and

RESOLVED FURTHER, all future costs and maintenance associated with the subject alterations are the responsibility of the Mutual member(s) at 786-B; and

RESOLVED FURTHER, a required Mutual Consent for Manor Alterations and a City of Laguna Woods permit must be obtained and the appropriate City of Laguna Woods permit number(s) must be submitted to the Manor Alterations Department office located in the Laguna Woods Community Center; and

RESOLVED FURTHER, unit-specific plans depicting the proposed alterations, signed and wet-stamped by a California-licensed architect or engineer must be submitted to the Manor Alterations Department 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 front room addition; 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 01-16-79

Variance Request

RESOLVED, August 9, 2016, that the variance request of Fumio Ogura and Mauricette Ogura, to retain security cameras at Manor 452-B, is hereby denied; and

RESOLVED FURTHER, the denial is due to the finding that the security cameras do not meet the architectural guidelines with respect to aesthetic conformity in the community; and

RESOLVED FURTHER, the Mutual Members must remove the security cameras and patch holes within 15 days of the Board's decision; 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 01-16-80

Variance Request

RESOLVED, August 9, 2016, that the variance request of Willard and Stephanie Lang and Carol Wilmington, to remove entry walls and co-join manors, at Manors 480-A and 480-D, is hereby denied; and

RESOLVED FURTHER, the denial is due to the finding that the proposed alterations would create a negative visual aesthetic to the manor or surrounding area and is not consistent with the Mutual's Rules & Regulations related to architectural modifications to manors; 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 01-16-81

Variance Request

RESOLVED, August 9, 2016, that the appeal request of Marjorie Rivingston, to install a handrail at the entry walkway of Manor 948-D, at United Mutual's expense, is hereby denied; and

RESOLVED FURTHER, all costs and maintenance of the alteration, present and future, are the responsibility of the Mutual member(s) at 948-D; and

RESOLVED FURTHER, all required Mutual permits must be obtained through the Manor Alterations Department located in the Laguna Woods 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 01-16-82

Variance Request

RESOLVED, August 9, 2016, that the appeal request from Member Parween Yunus to retain the A/C unit in the Bedroom window, at Manor 2077-C, is hereby denied; and

RESOLVED FURTHER, the window must be returned to its original configuration at the member's expense within 30 days of the Board's decision on the matter; and

RESOLVED FURTHER, the Member will be noticed for a hearing due to the rules violation; 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.

11b Landscape Committee Recommendations:
None

11c Finance Committee Recommendations:

RESOLUTION 01-16-83

Recording of a Lien

WHEREAS, Member ID 947-426-04 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, August 9 2016, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-426-04; 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 01-16-84

Recording of a Lien

WHEREAS, Member ID 947-394-39 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, August 9 2016, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-394-39; 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 01-16-85

Recording of a Lien

WHEREAS, Member ID 947-420-78 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, August 9, 2016, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-420-78; 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 01-16-86

Recording of a Lien

WHEREAS, Member ID 947-358-45 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, August 9, 2016, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-358-45; 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

(12) Finance Report

In Director Pat English's absence, Director Juanita Skillman reported from the Finance Committee, gave a United Mutual financial update, and commented on the Resale Activities Report.

(13) Maintenance and Construction Committee

Director Tibbetts reported from the Maintenance and Construction Committee.

13a Entertain Motion to Approve Revisions to the United Appliance Policy - (initial notification - must postpone to September to conform to the 30-day notification requirement)

Secretary of the Board, Director Juanita Skillman, read the following proposed resolution approving revisions to the United Mutual Appliance Policy:

RESOLUTION 01-16-XX

Appliance Policy

WHEREAS, the United Laguna Woods Mutual has a policy for the repair and replacement of specific major appliances maintained within the Mutual's dwelling units; and

WHEREAS, staff has investigated and analyzed the level of effort required to replace the various appliances and the impact this activity has on the overall performance of the corporation;

NOW THEREFORE BE IT RESOLVED, September 13, 2016, the Board of Directors of this Corporation hereby approves the revised Appliance Policy to shift non-standard appliances to the Member; and

RESOLVED FURTHER, that Resolution 01-03-43, adopted February 13, 2003, is hereby superseded and cancelled.

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

Director Skillman moved to approve resolution as written. Director Tibbetts seconded the motion. Discussion ensued.

Members Andre Torng (389-Q), Cindy Statsmann (910-Q), Roberta Berk (933-B), Maxine McIntosh (68-C) and Maggie Blackwell (71-D) commented on the resolution.

Francis Rangel, Compliance Supervisor, answered questions from the Board and residents.

By a vote of 7-1-0 (Director Chang opposed) the motion carried and the resolution was postponed to the September meeting to satisfy the 30-day notification requirement, to comply with Civil Code §4360.

(14) Energy Committee

No report was given from the Energy Committee as no meeting was held.

(15) Landscape Committee

No report was given from the Landscape Committee as no meeting was held.

(16) Governing Documents Review Committee

Director Skillman reported from the Governing Documents Review Committee stating that no meeting was held.

(17) Laguna Woods Village Traffic Hearings

Director Skillman reported from the Laguna Woods Village Traffic Hearings.

(18) Report on Disciplinary Cases

Director Sirkel reported on the Disciplinary cases.

(19) UNFINISHED BUSINESS

19a Entertain Motion to Ratify Approval of the Water Heater Replacement – Floodsafe Device Supplemental with an Appropriation of \$292,200, Funded from the 2016 Reserve Fund.

Director Skillman moved to ratify approval of the Water Heater Replacement – Floodsafe Device with an appropriation of \$292,200, funded from the 2016 Reserve Fund. Director Copley seconded the motion. By a vote of 7-0-0 (Director LaBarge was absent for the vote; Director Dorrell did not vote) the motion carried and the resolution was ratified.

RESOLUTION 01-16-73

Approve a Supplemental Appropriation to Purchase the Watts Floodsafe device for the Water Heater Replacement Program

WHEREAS, *United Laguna Woods Mutual is scheduled to replace 1,197 water heaters in 2016; and*

WHEREAS, *the City of Laguna Woods has approved the Watts Floodsafe device as an alternate to installing water heater TP valve drain lines;*

NOW THEREFORE BE IT RESOLVED, *July 12, 2016, the Board of Directors of this Corporation hereby authorizes a supplemental appropriation not to exceed \$294,000 funded from the Reserve Fund, to purchase the Floodsafe device as an alternate to installing water heater TP valve drain lines for the Water Heater Replacement Program; 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.*

19b Entertain Motion to Approve Restricting Sub-Letting for One Year After Purchase to New Shareholders in United Mutual not Including Those Who Inherit – Resolution (the 30-day notification requirement has been satisfied)

Secretary of the Board, Director Juanita Skillman, read the following resolution approving restricting sub-letting for one year after purchase to new shareholders in United Mutual not including those who inherit, which was postponed in June to satisfy the 30-day notification requirement, Civil Code §4360:

Resolution 01-16-87

Resolution to Restrict Sub-Letting for One Year After Purchase

WHEREAS, the United Occupancy Agreement, Article 5, Use of Premises, states that the Member agrees to reside in, occupy and use the dwelling unit in conformity with California Civil Code 51.3; and

WHEREAS, the United Board believes that owner occupancy contributes to the stability and vitality of the community; and

WHEREAS, the United Board wishes to uphold the owner occupancy requirements in the Occupancy Agreement by limiting the number of dwelling units that are not owner-occupied.

NOW THEREFORE BE IT RESOLVED, August 9, 2016, Members (i.e., persons obtaining membership on and after the date of this resolution) are restricted from sub-leasing their unit for one year after purchase of the unit; and

RESOLVED FURTHER, the one-year prohibition against sub-leasing rule does not apply to successor trustees who become Members after the death of the trustor, provided the unit was already in the rental pool prior to the death of the trustor; such individuals can sub-lease their units immediately upon becoming a Member; and

RESOLVED FURTHER, that the managing agent is hereby directed to disseminate this information to the realty community serving Laguna Woods Village; and

RESOLVED FURTHER, that this policy shall be put into effect August 9, 2016; and

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

Director Skillman moved to approve resolution as written. Director Copley seconded the motion. Discussion ensued.

Members Cindy Statsmann (910-Q), Roberta Berk (933-B), Patricia Ladrie (482-B), and Andre Torng (389-Q) commented on the resolution.

Pamela Bashline answered questions from the Board and Members.

By a vote of 7-0-0 (Director Dorrell did not vote) the motion carried.

19c Entertain Motion to Approve the Following: When Children Purchase a Unit for their Parent(s) in United, the Children Must have the Same Qualifications as a Guarantor, an Annual Income of at Least \$90,000 and \$250,000 in Financial Assets; and the Occupying Parent(s) Must have an Annual Income of at Least \$24,000 and \$75,000 in Financial Assets – Resolution (the 30-day notification requirement has been satisfied)

Secretary of the Board, Director Juanita Skillman, read the following resolution approving the following: when children purchase a unit for their parent(s) in United, the children must have the same qualifications as a Guarantor, an annual income of at least \$90,000 and \$250,000 in financial assets; and the occupying parent(s) must have an annual income of at least \$24,000 and \$75,000 in financial assets, which was postponed in June to satisfy the 30-day notification requirement, Civil Code §4360:

Resolution 01-16-88

Financial Requirements When Children Purchase for Parents

WHEREAS, when children purchase a unit for their parents in United (i.e., a share, membership and right to occupy), there is concern that parents may not have the means to support the parent's ongoing expenses, such as monthly assessments, food, utilities, property insurance or medical expenses; and

WHEREAS, the Board of Directors believes that it is in the best interests of United and the Community as a whole to require both the parents and the children to qualify under the current rules and regulations for Guarantors of shareholders/members.

NOW THEREFORE BE IT RESOLVED, August 9, 2016, when children purchase a unit for their parents in United, the children must have an annual income of at least \$90,000 and \$250,000 in financial assets; and the occupying parents must have an annual income of at least \$24,000 and \$75,000 in financial assets; and

RESOLVED FURTHER, that the managing agent is hereby directed to disseminate this information to the realty community serving Laguna Woods Village; and

RESOLVED FURTHER, that this policy shall be put into effect on or after August 9, 2016; and

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

Director Skillman moved to approve the resolution as written. Director Bassler seconded the motion. Discussion ensued.

By a vote of 8-0-0 the motion carried.

19d Entertain Motion to Approve Revisions to the Land Use Policy – Resolution (initial notification - must postpone to September to conform to the 30-day notification requirement)

Secretary of the Board, Director Juanita Skillman, read the following proposed resolution approving revisions to the Land Use Policy:

LAND USE ALTERATION POLICY

**ADOPTED APRIL 2002, RESOLUTION U-02-46
REVISED NOVEMBER 2002, RESOLUTION U-02-155
REVISED APRIL 2004, RESOLUTION 01-04-54
REVISED MAY 2007, RESOLUTION 01-07-45
REVISED MAY 2008, RESOLUTION 01-08-73**

REVISED _____, 2016, RESOLUTION XX-XX-XX

WHEREAS, members have expressed a desire to perform alterations to improve their manors; and

WHEAREAS, the Maintenance and Construction committee recommends that the Board of Directors of United Laguna Woods Mutual (“Board”) establish policies and procedures for the construction of any alterations, additions and expansions; and

WHEREAS, the Board has been advised by corporate legal counsel of its fiduciary duty to preserve open common area owned by the Corporation for the benefit of all its members, as well as its fiduciary duty to protect and preserve the value, desirability and attractiveness of the Corporation’s property; and

WHEREAS, the Board has been further advised by corporate legal counsel that the law limits its authority to grant to any member the exclusive use of any portion of the common area, i.e., property outside a manor, without a vote of at least sixty-seven percent (67%) of all members, unless the grant is to, among other things, transfer the burden of management and maintenance of any common area that is generally inaccessible and not of general use to the membership at large (Civil Code Section 4600(b)(3)(E)); and

WHEREAS, the Board wishes to adopt a Land Use Alteration Policy that complies with Civil Code Section 4600; and

WHEREAS, the original manor footprint shall be defined in this policy as the original construction, including atriums, balconies, and patios, and all property outside the furthest point of any such areas is common area; and

WHEREAS, the Board finds that allowing members in certain manors to expand their manor beyond the original construction onto open common area owned by the Corporation could impact property values of the Corporation; and

WHEREAS, the Board desires to provide direction and guidance to current and future Board members and members of United with respect to Land Use, and this resolution contemplates land owned by the Corporation;

NOW THEREFORE BE IT RESOLVED, September 13, 2016, that Resolution 01-08-73 is hereby superseded and cancelled; and

BE IT FURTHER RESOLVED, that the following resolution, 01-16-XX is adopted by the Board:

1. Alterations within the manor footprint, based on original architectural plans, to enclose patios, atriums and balconies may be constructed with prior written approval of the Board and the City of Laguna Woods, where required.
2. Alterations, additions and expansions ("Modifications") beyond the manor footprint, not exceeding ten percent (10%) of the total square feet of the manor or 100 square feet (whichever is greater), both lifetime total, which require the grant of exclusive use common area, may be constructed with prior written approval of the Board, as set forth herein.
3. Members requesting approval of a Modification requiring a grant of exclusive use common area must present reasonably detailed plans and elevations of the proposed Modification to the United Maintenance and Constructions Committee. Such Modifications may be denied for, among other things, inadequate plans or elevations, architectural and/or aesthetic incompatibility, or proximity of sidewalks, landscaping, trees or other constraints.

4. The requesting Member shall pay for all costs associated with the Modification, including, without limitation, the cost of permits and all exterior modifications, as well as a one-time fee of \$1,000 paid to United Mutual to defray the costs of processing the application and reviewing the plans and elevations of proposed Modifications.

5. The requesting Member shall notify neighbors adjacent to, or who may be affected by, the Modification, in writing, prior to any approval by the Maintenance and Construction Committee. In the event a manor is vacant, the requesting Member must make a reasonable attempt to communicate with the neighbor and/or affected Member.

6. The requesting Member shall agree, pursuant to a written agreement, provided in a form by United, to bear the burden of the installation, maintenance and management of the Modification, including insuring same, as well as the burden of maintenance and repair of the area unto which the Modification is installed, referred to as the exclusive use common area, and to agree, among other things, to defend and indemnify United and its officers, directors, members and agents from any claims, demands, costs, judgments or the like in any way arising from the Modification.

7. Alterations made to manors before the effective date of this new policy shall be grandfathered in and, therefore, may be permitted to remain, irrespective of the terms and conditions of this policy.

8. This policy has been reviewed and approved by legal counsel, prior to adoption by the Board.

9. The Board of Directors shall approve or deny usage of open common area when considering a proposed Modification for patio extensions, enclosures on extended patios, room additions, and any other usage of open common area utilizing the following Criteria for Consideration of Land Use ("Land Use Criteria"):

a. The proposed Modification must comply with all United and City architectural and building guidelines and requirements, whether the proposed alteration is wholly or partially on open area.

b. The Board may consider, in its reasonable discretion, whether such request is to transfer to a member the burden of management and maintenance of any open common area that is generally inaccessible and is not of general use to the other members of United Mutual. With respect to determining whether the open common area is "generally inaccessible and is not of general use to the other members" the Board may consider, among other things, whether the

proposed area of alteration can only be reasonably accessed through or benefit the subject manor.

c. The location of the proposed Modification should be such that it would not prevent a resident of a neighboring manor from also performing such an alteration.

10. Based on the Board's findings, it may consider the following factors are present, among others, prior to approving any Modification that will include an enclosure or will otherwise encroach onto open common area:

a. The Modification is consistent with the architectural aesthetics and integrity of the community.

b. The Modification does not unreasonably obstruct a neighboring manor's view, as determined by the Board, in its sole discretion.

c. The Modification does not impede ingress or egress of other members onto adjacent open common area or impede maintenance staff from going into or across the open area.

RESOLVED FURTHER, the Board, when reviewing applications for approval or disapproval of Modifications, shall consider the specific facts and circumstances unique for each application; 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 moved to approve postponement of resolution for 30 days to comply with Civil Code §4360. Director Tibbetts seconded the motion. Discussion ensued.

Members John Beckett (364-Q), Dick Rader (270-D) presented a petition to the Board, Cindy Statsmann (910-Q), Maxine McIntosh (68-C), Mark Gatlin (693-C), Roberta Berk (933-B), Andre Torng (389-Q) and Maggie Blackwell (71-D) commented on the resolution.

By a vote of 4-4-0 (Directors LaBarge, Copley, Chang, Dorrell, opposed; President Ross recused himself from the vote) the motion tied.

Director Skillman moved to rescind and suspend resolution 01-08-73 and not allow the use of common area. Director LaBarge seconded the motion. The motion was called out of order as it was not on the agenda.

(20) NEW BUSINESS

20a Entertain Motion to Approve Revisions to the Record Date for Voting Resolution

Secretary of the Board, Director Juanita Skillman, read the following proposed resolution approving revisions to the Record Date for Voting:

UNITED LAGUNA WOODS MUTUAL

RESOLUTION 01-16-89

Record Date for Voting Resolution

WHEREAS, the Board of Directors (the "Board") of United Laguna Woods Mutual ("United") is required by law and by the duly enacted By-Laws of United ("By-Laws") to provide the members/shareholders (each, a "Member") notice of meetings of the Members and to distribute written ballots and/or secret ballots, as applicable, to the Members in order for the Members to vote on certain issues; and

WHEREAS, the Board is required to observe a record date, upon which the persons who are Members of United as of said record date, and whose membership/voting privileges are not suspended as of said record date, are entitled to receive notice of the meeting of the Members, written ballot, and/or a secret ballot, as applicable; and

WHEREAS, with respect to notice of Member meetings, Article V, Section 4(a) of the By-Laws requires that all notices of meetings of Members be sent not less than twelve (12) nor more than fifteen (15) days before the date of the meeting, except for special meetings called by Members; and

WHEREAS, with respect to notice of Member meetings, Article V, Section 10(b) of the By-Laws provides that the record date for determining which Members are entitled to receive notice of a meeting of the Members is fifteen (15) days before the date of the meeting, or thirty (30) days before the date of the meeting if the meeting is a special meeting called by the Members; and

WHEREAS, with respect to eligibility for voting at Member meetings, Article V, Section 10(c) of the By-Laws provides that the record date for determining which Members are entitled to vote at a meeting of the Members is fifteen (15) days before the date of that meeting; and

WHEREAS, with respect to eligibility for voting without a meeting, Article V, Section 10(d) of the By-Laws provides that the record date for determining which Members are entitled to vote by ballot without a meeting is twenty (20) days before the day on which the first written ballot is mailed or solicited; and

WHEREAS, with respect to voting suspensions, Article V, Section 8 of the By-Laws provides that no Member shall be eligible to vote who is shown on the books of account of United to be more than thirty (30) days delinquent in payment of any regular or special assessments and who has been given

notice thereof and the opportunity for a hearing concerning the delinquency and loss of voting rights;

WHEREAS, Corporations Code §7511 provides that written notice of a meeting of Members must be given not less than ten (10) [or, if the notice is provided by mail that is not first-class, certified, or registered mail, not less than twenty (20)] nor more than ninety (90) days before the date of the meeting to each Member who is a Member as of the applicable record date, which is inconsistent with the meeting notice requirements set forth in the By-Laws; and

WHEREAS, Civil Code §5100 et seq. requires that certain matters be voted on by the Members by secret ballot, and sets forth the procedure that is required for a secret ballot vote, which includes distributing the secret ballots to all Members no less than thirty (30) days prior to the meeting of the Members or Board at which the secret ballots will be counted, several provisions of which are inconsistent with the voting procedures set forth in the By-Laws; and

WHEREAS, the Board has determined that in practice, it is impossible or impracticable to comply with all requirements of the Corporations Code and Civil Code (collectively, the "Code"), while at the same time complying with all requirements of the By-laws; and

WHEREAS, the Board has been advised by United's legal counsel that United is obligated to comply with the Code, even when doing so is in conflict with the By-Laws and/or United's other governing documents; and

WHEREAS, the Board has determined that it is necessary to decide upon a policy that sets forth record dates that are in compliance with the Code, and in the Board's judgment, conform to the By-Laws as closely as possible.

NOW THEREFORE BE IT RESOLVED, on August 9, 2016, that the following policy pertaining to record dates is to take effect immediately upon adoption by the Board:

**UNITED LAGUNA WOODS
MUTUAL**

RECORD DATE POLICY

A. Record Date for Notice

1. Notice of a meeting of the Members shall be given not less than ten (10) nor more than ninety (90) days before the date of the meeting, with the following qualification:

- a. If the notice is given by mail that is not first-class, registered, or certified mail, in which case the notice shall be given no less than twenty (20) nor more than ninety (90) days before the date of the meeting.
 - b. Pursuant to United Bylaws, Members entitled to vote shall be entitled to cast one vote per Membership. (Bylaws: Article V, Section 8 (b) (ii)).
2. Notice of a meeting of the Members shall be distributed to Members of record as of fifteen (15) days prior to the day that the notice of the meeting is mailed (the "Record Date for Notice").

B. Record Date for Secret Ballots

1. Secret ballots shall be distributed to the Members of record not less than thirty (30) days before the ballots are due, which will typically be the date of the meeting (Member or Board) at which they will be tabulated.
2. Secret ballots shall be distributed to eligible Members of record as of fifteen (15) days prior to the day that the secret ballots are mailed (the "Record Date for Secret Ballots").
3. Any Member whose voting privileges are suspended as of the Record Date for Secret Ballots will not be given a secret ballot and will not be permitted to vote on the item(s) of business addressed under the particular secret ballot.

C. Record Date for Written Ballots

1. Written ballots (that are *not* secret ballots) shall be given to the members twenty (20) days prior to the date that they are due.
2. Any written ballots shall be distributed to eligible Members of record as of fifteen (15) days prior to the day that the written ballots are mailed (the "Record Date for Written Ballots").
3. Any Member whose voting privileges are suspended as of the Record Date for Written Ballots will not be given a written ballot and will not be permitted to vote on the item(s) of business addressed under the particular written ballot.

In Summary:

- The original mailings must be:
 - o For meeting notices, 10-90 days before the meeting;
 - o For secret ballots, at least 30 days before the ballots are due;
 - o For written ballots, 20 days before the date they are due.
- The record dates for the mailings of notice of meetings, written ballots, and secret ballots shall be fifteen (15) days before the mailing.
 - o If a Member's voting rights are suspended as of said record dates, the Member shall be given notice of the meeting, but shall not be given secret ballots or written ballots.

	Original Mailing	Original Record Date	Owners Shareholders whose voting rights are suspended as of original record date...		
Member Meeting Notice	10-90 days before the meeting [or 20-90 days pursuant to exception; see above]	Fifteen (15) days before mailing	Still receive notice of the meeting		
Secret Ballot	At least 30 days before the ballot due date	Fifteen (15) days before mailing	Do not receive secret ballot; are not permitted to vote.		
Written Ballot	20 days before the ballot due date	Fifteen (15) days before mailing	Do not receive written ballot; are not permitted to vote.		

RESOLVED FURTHER, that Resolution 01-15-34 adopted March 10, 2015, is hereby superseded and cancelled; and

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

Director Skillman moved to approve resolution as written. Director Copley seconded the motion. Discussion ensued.

Member Maxine McIntosh (68-C) commented on the motion.

By a vote of 8-0-0 the motion carried.

20b Entertain Motion to Approve Revisions to the United Membership Elections Standard Operating Procedure

Secretary of the Board, Director Juanita Skillman, read the following proposed resolution approving revisions to the United Membership Elections Standard Operating Procedure:

RESOLUTION 01-16-XX

United Membership Elections Standard Operating Procedure

WHEREAS, United Laguna Woods Mutual Board of Directors desires to update its election procedures to comport with current Civil Code;

NOW, THEREFORE, BE IT RESOLVED, on September 13, 2016, the Board of Directors of this Corporation hereby adopts the revised United Membership Elections Standard Operating Procedure as attached to the official Minutes of the meeting; and

RESOLVED FURTHER, that Resolution 01-15-33 adopted March 10, 2015, is hereby superseded and cancelled; and

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

Director Skillman moved to approve postponement of resolution for 30 days to comply with Civil Code §4360. Director Copley seconded the motion. Discussion ensued.

Member Maggie Blackwell (71-D) commented on the resolution.

By a vote of 7-0-0 (Director Dorrell did not vote) the motion carried.

20c Entertain Motion to Approve Revisions to the United Laguna Woods Mutual Financial Requirements and Administrative Guidelines

Secretary of the Board, Director Juanita Skillman, read the following proposed resolution approving revisions to the United Laguna Woods Mutual Financial Requirements and Administrative Guidelines:

RESOLUTION 01-16-90

Administrative Guidelines for Financial Qualifications

WHEREAS, prospective buyers of manors in United Laguna Woods Mutual are required to meet minimum financial requirements for membership;

NOW THEREFORE BE IT RESOLVED, August 9, 2016, that the Board of Directors of this Corporation approves the Administrative Guidelines for Financial Qualifications as attached to the minutes of this meeting; and

RESOLVED FURTHER, that Resolution 01-15-90, adopted July 14, 2015, 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 Skillman moved to approve resolution as written. Director Copley seconded the motion. Discussion ensued.

By a vote of 8-0-0 the motion carried.

20d Discuss and Consider United Board Participating in the Residency Policies and Compliance Ad Hoc Committee and the Contracts and Procedures Task Force

Director Skillman moved to approve United Board Participating in the Residency Policies and Compliance Ad Hoc Committee and the Contracts and Procedures Task Force. Director Tibbetts seconded the motion. By a vote of 8-0-0 the motion carried.

(21) GRF COMMITTEE HIGHLIGHTS

Directors provided brief highlights from GRF Committees.

(22) DIRECTORS' FORUM

The Directors made final comments.

(23) MEETING RECESS

The Regular Open Session Meeting recessed for lunch at 12:35 PM and reconvened into the Regular Executive Session at 1:15 PM.

ADJOURNMENT

With no further business before the Board of Directors, the meeting was adjourned at 4:30 PM.

Juanita Skillman, Secretary
United Laguna Woods Mutual

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

During the July 19, 2016 Regular Executive Session meeting, the Board reviewed and approved the Regular Executive Session minutes of June 14, 2016, the Special Executive Emergency Session minutes of June 23, 2016, and the Special Executive Session minutes of June 30, 2016 as written; approved three (3) hearing requests; held four (4) Disciplinary Hearings and imposed \$150 in fines for violations of the Mutual's rules and regulations; discussed the Delinquency Report; discussed and considered numerous Member Disciplinary matters; discussed Roles and Responsibilities of Board Members with Counsel; discussed and considered Member Requests; discussed Status of Pending Legislation - Assembly Bill 1799 with Counsel; discussed Board Directors responsibilities on Committees; Approved one (1) write-off; Discussed and Considered Water Heater Replacement Floodsafe Device supplemental appropriation and contract; discussed Personnel matters; discussed and considered Membership and Occupancy matters; discussed and considered Contractual matters; and discussed and considered Litigation matters.

During the July 26, 2016, special Executive Hearing Committee Board meeting, the Board discussed and considered Suspension of Voting Privilege for Members who are shown on the books of account of United Mutual Corporation on August 11, 2016, the record date for voting, to be more than thirty (30) days delinquent in the payment of any Carrying Charges or Special Assessments in an amount greater than \$100.00 due to the Corporation.

During the July 28, 2016, Special Executive Hearing Committee Board meeting, the Board held six (6) member Disciplinary Hearings; approved three (3) Hearing Recommendations; and held one (1) Common Area Damage Reimbursement hearing.

During the August 3, 2016, Special Executive Board meeting, the Board discussed and considered Litigation matters.

Appliance Policy
Adopted September 13, 2016
Resolution 01-16-XX

1.0 Purpose & Scope

- 1.1 **Purpose:** The purpose of this document is to define the policies of United Laguna Woods Mutual regarding the repair and replacement of specific major appliances maintained within the Mutual's dwelling units.
- 1.2 **Scope:** Major appliances maintained within the Mutual's dwelling units incorporated within this policy include refrigerators, cook tops, hoods, ranges and ovens. The Mutual will maintain and replace dishwashers in the dwelling units following the guidelines set forth in this policy.

2.0 Definitions

- 2.1 **Standard:** a specific model and brand manufacturer of appliances to be installed by the Mutual within the dwelling unit as established by the Board.
- 2.2 **Non-Standard:** any model and brand manufacturer of appliances to be installed by the Member other than the standard. The new appliance is considered to be an alteration and subject to the Mutual's alteration policies. A standard appliance with upgraded features, i.e., those that are of the same brand name as the Mutual standard brand appliances, but is a model whose features exceed those of the Mutual standard issue appliance, shall also be considered non-standard.
- 2.3 **Grandfathered:** any appliance owned by the Mutual prior to September 13, 2016. The Mutual will continue to be responsible for service and repairs to standard appliances and operating features for these appliances unless and until the Member opts for a non-standard appliance.
- 2.4 **Serviceable Life:**
 - 2.4.1 The Board establishes the serviceable life of an appliance. The Mutual's replacement reserves are based upon the established serviceable life for each appliance.
 - 2.4.2 The serviceable life established by the Board for each appliance category is as follows:

Appliance	Serviceable Life
Cooktops	20 years
Hoods	20 years
Ovens	20 years
Refrigerators	20 years
Dishwashers	12 years

Ranges	20 years
--------	----------

2.4.3 The serviceable life of a standard appliance begins on the date of installation.

2.4.4 The serviceable life of a standard dishwasher not installed by the Mutual begins on the date of permit issuance, the date of purchase or installation as indicated by verifiable documentation, or as indicated by the manufacturer based upon the serial number and model number.

3.0 Standard Appliances

3.1 Mutual appliances are replaced at Mutual cost upon failure, non-reparability, excessive cost to repair as compared to value of the appliance's remaining serviceable life, or upon request at the end of the serviceable life.

3.2 Appliances replaced by the Mutual will be standard issue appliances.

3.3 All Mutual owned appliances are required to be returned to the Mutual upon replacement.

3.4 Appliances installed within the dwelling units by the Mutual remain the sole property of the Mutual.

3.5 Mutual members are responsible for ensuring the appliances owned by the Mutual are present in the manor at the time of resale inspection and resale escrow closure.

3.6 The Mutual will pick up any Mutual-owned appliance, at the Mutual's expense and at no charge to the Member, from the manor to which it is assigned.

3.7 Procurement:

3.7.1 The Member is required to contact the Resident Services Department to report the condition of the appliance and request eligibility for replacement.

3.7.2 If the Member qualifies for replacement the Member is required to sign an "Application for Appliance Changes" form to order the new appliance.

3.7.3 If the Member does not qualify for replacement the Member may opt for a non-standard appliance.

3.8 Installation:

3.8.1 The Mutual is responsible for all costs associated with installation of standard appliances, including any costs for cabinet modification, excluding Member altered cabinets, required for accommodating changes in the dimensions of the Mutual standard issue appliance.

3.8.2 The Mutual will not install standard appliances when altered countertops or cabinets are present. The Mutual will be responsible for “delivery only” and the Member shall be responsible for installation.

3.9 Maintenance:

3.9.1 The Mutual is responsible for repair for standard appliances.

3.9.2 The Mutual's agent will not perform repairs to or service any appliances during the period in which the appliance is under warranty by the manufacturer, as servicing a unit while under warranty would void the manufacturer's warranty.

3.9.2.1 Arranging for repairs with the warranting manufacturer during the warranty period is handled directly by the Mutual Member. The Mutual does not provide coordination of warranty service.

3.9.3 Any necessary repairs determined by the Mutual's agent resulting from user negligence and/or misuse will be charged to the Member.

3.9.4 The Mutual will provide removal of an existing appliance at the time of replacement by the Mutual.

3.10 Rental Units: The Mutual Member is responsible for ensuring that his/her tenants take proper care of all Standard Appliances installed in the unit. Any and all repair or maintenance issues for Standard Appliances in a rental unit must first be reported directly to the Mutual Member for handling. If the repair or maintenance is due to ordinary wear and tear or otherwise not attributable to the conduct of the user, the Mutual Member may contact the Mutual to perform the necessary repairs or maintenance. The Mutual Member shall be solely responsible for any negligent use or willful misuse of Standard Appliances, and any resultant damage, caused by his/her tenants and guests. The Mutual Member shall notify his/her tenants and guests of the requirements and protocol in this Policy.

4.0 Non-Standard Appliances

4.1 The Mutual Member may select an appliance other than the standard.

4.2 Non-standard appliances are considered to be an alteration and subject to the Mutual's alteration policies.

4.3 The Mutual Member may opt to replace any of the Mutual's appliances within the dwelling units at any time during the applicable serviceable life, at the Mutual Member's sole cost and expense.

- 4.4 At no time will a transfer of ownership to the Mutual of the Mutual Member's appliance be made.
- 4.5 All appliances installed by the Mutual Member are the property of the Mutual Member.
- 4.6 All Mutual owned appliances are required to be returned to the Mutual upon replacement. The Mutual will pick up a standard appliance upon request.
- 4.7 A one-time disbursement amount per appliance may be provided to the Member for associated costs shared by both the Mutual and Mutual Member.
 - 4.7.1 The disbursement amount will be prorated based upon remaining serviceable life and allowance would be based upon pricing for the standard options.
 - 4.7.2 The methodology for calculation of the prorated cost participation is explained in Appendix 1.
- 4.8 Procurement:
 - 4.8.1 The Member is required to contact the Resident Services Department to request a one-time disbursement amount.
 - 4.8.2 The Member is required to sign an "Application for Non-Standard Appliance" form to receive the disbursement amount.
 - 4.8.3 The Mutual Member is responsible for purchasing of the non-standard appliance.
- 4.9 Installation:
 - 4.9.1 The Mutual Member is responsible for scheduling delivery, installation, and any cabinet modifications.
 - 4.9.2 The Mutual's agent will not install any appliances considered non-standard.
- 4.10 Maintenance:
 - 4.10.1 The Mutual Member is responsible for any and all maintenance, repair, replacement and removal of non-standard appliances.
 - 4.10.2 The Mutual may service non-standard General Electric appliances as a chargeable service.
- 4.11 Rental Units: The Mutual Member is responsible for all Non-Standard Appliances in the unit, including but not limited to, any repair or maintenance necessitated by his/her tenants and guests. Any and all

repair or maintenance issues for Non-Standard Appliances in a rental unit must be reported directly to the Mutual Member for handling and not to the Mutual. The Mutual Member shall be solely responsible for any misuse or negligent use of Non-Standard Appliances, and any resultant damage, caused by his/her tenants and guests. The Mutual Member shall notify his/her tenants and guests of the requirements and protocol in this Policy.

5.0 Notification

5.1 By way of a written statement signed at the close of escrow, each Mutual Member shall be notified of the Mutual's appliance policies.

5.2 Prior to the close of escrow, all non-standard appliances in the dwelling unit for which the Mutual Member is responsible will be disclosed in writing.

5.3 Copies of all policies will be available to all Mutual Members.

APPENDIX 1

Prorated Cost Calculations

The age of an appliance is determined by the difference between the installation date and the estimated replacement date.

For example, if an appliance was installed September 28, 1999 and the Mutual Member requested replacement on July 11, 2016 the age of the appliance would be 16 years and 8 months.

The prorated cost calculation is applied to the material cost of the replacement unit to determine the prorated material cost.

The prorated cost calculation is applied to the labor portion of a standard installation (based on standard hours and the current annual billing rate for the electrical/appliance work center) to determine the prorated installation cost.

A service charge is applied to each prorated replacement request.

The estimation of prorated costs is done through a computerized system that calculates the costs; no manual calculations are provided. This system was devised to minimize errors and afford all Mutual Members equal and unbiased information.

UNITED LAGUNA WOODS MUTUAL

Manor No: 0
 Date: January 0, 1900

UNITED LAGUNA WOODS MUTUAL APPLICATION FOR APPLIANCE CHANGE S

NAME: 0 PHONE: -
 ("Mutual Member")
 ADDRESS: 0
 APPLIANCE CHANGE(S) REQUESTED: Hood (w/rewire) 0 0

STATEMENT OF LIABILITY

The undersigned Mutual Member agrees to the following Mutual Policy regarding appliance replacements: (1) Any new appliances installed in response to this request are the property of United Laguna Woods Mutual; (2) the new appliance will be installed in lieu of the appliance replaced, the appliance removed will be returned to the property inventory (warehouse) and remuneration of this item will be credited to the inventory account; and (3) the new appliance will remain within the manor regardless of any change of occupancy or of sale of interest in the manor, except as expressly authorized by United Laguna Woods Mutual.

Fluctuations in appliance prices may result in price variations. Any electrical cords, receptacles, etc. that may be necessary for mounting and/or hookup of the new appliance will be added to the final cost. The undersigned be responsible for all prorated costs as shown below. Upon receipt of the appliance in the warehouse, an installation appointment will be scheduled with the undersigned. A billing statement for the appliance and all applicable charges will be mailed to the undersigned following the installation of the appliance.

Hood Requested:	\$	-	Appliance Cost
	\$	-	Prorated Material Credit
	\$	-	Prorated Material Charge
	\$	-	Prorated Labor Charge
	\$	-	Service Charge
	<u>\$</u>	<u>-</u>	<u>Total to be Charged to Member</u>

Special Note: If the requested item is an UPGRADE, the Mutual member is responsible for any required cabinetry modification work. Applicable costs for parts, repair and maintenance of non-standard items are also the responsibility of the Mutual Member.

Special Note: Cancellation of this contract will only be accepted within 30 days of the date noted above. General Electric charges a restocking fee on items returned to the warehouse; this fee is the sole responsibility of the Mutual member upon Mutual Member's cancellation of this order. Failure to cancel within 30 days will result in the full cost of the appliance being posted to the Member's account.

 Signature of Mutual Member _____
 Date

Please sign one original of this application/agreement and return to:

**PCM Property Services Department
 P.O. Box 2220
 Laguna Woods, CA 92654**

The duplicate original is for your records
 If you have any questions, please call the Service Desk at (949) 597-4600

**UNITED MEMBERSHIP ELECTIONS
STANDARD OPERATING PROCEDURE
Adopted May 14, 2013 RESOLUTION 01-13-90
Revised March 10, 2015 RESOLUTION 01-15-33**

1. **Definitions**

- a. "Corporation" shall refer to the United Laguna Woods Mutual Corporation.
- b. "Election Records" shall include tabulated ballots, voided ballots, voided Pre-addressed Return Envelopes, Eligible Voter List(s), tally sheets, returned ballot packages, ballots received after the election deadline, and any other used and unused ballots.
- b. "Secretary" shall mean an elected member of the Board of Directors who has been elected as a Corporate officer as Secretary.
- c. "Authorized Agent" shall refer to a Staff member appointed by the Board of Directors.
- d. "Inspector(s) of Elections" shall refer to an independent third party appointed by the Board of Directors to perform duties and acts to facilitate voting and elections as set forth herein.
- e. "SOP" shall mean and refer to this policy, known as the United Membership Elections Standard Operating Procedure.
- f. "Submit" shall refer to delivery of a document to the Authorized Agent at the Corporate address: **24351 El Toro Road, Laguna Woods, California.**
- g. "Qualified Member" shall mean a member qualified to nominate himself or herself as a candidate for the Board of Directors as set forth herein.

2. **Nominating Committee** – The law is clear in that a Member must be able to nominate himself or herself for election to the Board. (California Civil Code § 5105(a)(3).) Accordingly, United does not utilize a Nominating Committee to limit candidates to run for a position on the Board; that practice has been superseded by state statute. That said, the Board reserves the right to establish committees as permitted by law and pursuant to the governing documents to assist with nominations and/or director candidacy. Therefore, the provisions regarding nominating procedures set forth in this SOP shall control over the nomination procedures set forth in the Bylaws, which may be contrary to relevant law. (See, Bylaws, Article VIII.)

3. **Nomination Process**

- a. **Qualifications.** Only “Qualified Members” are eligible for candidacy to the Board. All candidates seeking to run in any Election of Directors shall meet the following criteria in order to be considered a Qualified Member for purposes of this SOP:
- i. Shall be Members of record as defined under Article II, Section 4(h) of the United Laguna Woods Mutual Bylaws
 - ii. Shall not be shown on the books of account of the Corporation to be more than thirty (30) days delinquent in payment of any sums due to the Corporation under his or her Occupancy Agreement or otherwise, and who has been given notice thereof and the opportunity for a hearing concerning the delinquency (Bylaws: Art. VI Sec. 2(b)).
 - iii. Shall not be an employee of the Corporation (Bylaws: Art. VI, Sec. 2(b)).
 - iv. While a candidate for the Board and during their term as a Director, if elected, the Candidate shall be obligated to be a current member of United having resided in his/her unit, as their primary residence, for a minimum of six months..
 - v. Further, the Board may disqualify any candidate where the candidate or the candidate’s spouse has a conflict of interest with the Corporation, financial or otherwise, which engages in business transactions with the Corporation, if such candidate does not immediately disclose such relationship to the Board of Directors upon its occurrence pursuant to United’s Bylaws (Bylaws: Art. VI, Sec. 2(c)), and applicable provisions of the Davis-Stirling Act.
 - vi. A convicted felon may not serve as a Director.
 - vii. Related persons, by blood, may not serve as a Director at the same time.
- b. Any Member may nominate any Qualified Member as a candidate, including himself or herself, by submitting a written application and candidate statement to the Secretary or Authorized Agent of the Corporation that states his or her intention to run for the Board of Directors at least sixty (60) days prior to the annual meeting of the Members at which the election will be held. (Bylaws: Art. VI, Sec. 2, California Civil Code § 5105(a)(3).). Nominations for the Board shall close sixty (60) days before the date of the annual election. No nominations for the Board can be made after the closing date.

****EXCEPTION:** Should California Civil Code Section 5105 be amended at any time in such a way that nomination by petition as provided for in California Corporations Code Section 7521 (b) is allowed, the previous statement shall be replaced by the following: “Any Member who satisfies the qualification of directors (Bylaws: Art. VI, Sec. 2) may nominate himself or herself by submitting

a petition signed by Members representing one hundred (100) current memberships to the Secretary of the Corporation at least sixty (60) days before the annual meeting.”

- c. Any committee established by the Board to assist the Board shall submit a final report of all candidates to the Board upon the close of nominations.
- d. Each candidate shall submit to the Secretary or Authorized Agent a statement of background and qualifications not to exceed two hundred fifty (250) words in length not less than sixty (60) days prior to the annual meeting.
 - i. The following are guidelines for the preparation of the statement of candidate’s background and qualifications:
 - 1. The statement may include: education, business background, civic, social, and community activities;
 - 2. “Activities” may include organized events, clubs, hobbies or any unique activity;
 - 3. Date and place of birth shall be considered optional information Length of residency in United; and
 - 4. Statement of personal philosophy (optional).
- e. Each candidate for a Director position is responsible to directly forward their candidate statement, electronically, to the Inspector of Election and Corporate Secretary and is solely responsible to ensure the accuracy of the information and transmission of the candidate’s statement. Once the candidate’s statement is submitted, as set forth herein, it is irrevocable and cannot be changed or modified. **United is not responsible for the content of any candidacy statement**
- f. Any candidate or spouse of a candidate who has a direct or indirect financial interest in any business organization or who is a director, officer or employee of any business, or agency of any county, state or federal government (other than a charitable organization), incorporated or otherwise, which engages in business transactions with the Corporation, shall disclose such relationship to the Board of Directors at the time of their self-nomination.
 - i. Failing to disclose such relationship, termination or cessation of membership in United, or failure to reside full-time in the candidate’s Manor, shall, when ascertained, immediately disqualify the candidate, or if ascertained after the candidate is elected as a Director to the Board of Directors of the Corporation, shall immediately disqualify the Director from further service on the Board thereby creating a vacancy to be filled by the Board of Directors as provided in Section 4(e) of Article VI (Bylaws, Art. VIII Sec. 3(d)).

- g. Candidates must disclose the fact that they have significant outside, time-consuming commitments such as: (a) full time or significant employment responsibilities; (b) full time or significant time commitments to care for others; or (c) extensive travel plans which could impact the time available to conduct Board Business (Bylaws, Art. VIII Sec. 3(e)).
- h. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected as directors and shall take office immediately following their election. Any tie vote shall be broken by lot, which may include any method of randomly deciding the issue as agreed by the candidates or adopted by the Board, including without limitation drawing names or straws, or use of a coin, die or other object, or a lottery, or any other random selection process.

4. **Eligibility to Vote**

- a. Only persons approved for Membership by the Board of Directors and to whom a membership certificate has been issued (or the Member's successor trustee) shall be entitled to vote (see Bylaws, Art. II Sec. 4(h)-(i)).
- b. No Member shall be eligible to vote who is shown on the books of account of the Corporation to be more than thirty (30) days delinquent in payment of any sums due to the Corporation under his or her Occupancy Agreement or otherwise, and who has been given notice thereof and the opportunity for a hearing concerning the delinquency and loss of voting rights (Bylaws: Art. V Sec. 8(a)(i)).
- c. Single Memberships in which two or more Members have a joint or undivided interest shall have only one (1) vote (Bylaws: Art. V Sec. 8(a)(ii)) and only one such Member may run for, and serve on, the Board at any one time.
- d. Record Date:
 - i. The record date for determining those Members entitled to receive Notice of a meeting of the Members shall be fifteen (15) days prior to the day that the notice of the meeting is mailed (the "Record Date for Notice");
 - ii. The record date for determining those Members entitled to vote by secret ballot shall be fifteen (15) days prior to the day that the secret ballots are mailed (the "Record Date for Secret Ballots");
 - iii. The record date for determining the Members entitled to vote by ballot on corporate action **without a meeting** shall be twenty (20) days before the day on which the first written ballot is mailed or solicited (Bylaws: Art. V Sec. 10(d)).

- e. a vote is being taken in connection with an annual meeting of the Members, the Inspector(s) of Election shall tabulate the ballots for the vote to approve assessments, amendments to the Articles of Incorporation, Bylaws or Occupancy Agreement, removal of directors and/or granting the exclusive use of common area to a member shall be tabulated at a duly noticed (regular or special) meeting of the Board of Directors. The Board of Directors shall determine the date, time and place of said Board meeting.

5. **Candidate Equal Access to Corporation Media**

- a. All candidates for a Director position shall have equal access to Corporation media for the purpose of campaigning for an election. . For purposes of this paragraph, "Corporation media" means the Corporation's cable channel. No candidate may utilize Corporation media for the thirty (30) day period following the date the first election ballot material is sent to the membership for the election of the Board of Directors through the election date, even if for a period longer than thirty (30) days.
- b. In each election for the Board of Directors, the Corporation shall hold a forum ("Meet the Candidates") for the nominees within a Golden Rain Foundation (GRF) facility prior to the date that the ballot materials are sent to the Membership. Meet the Candidates will be for the purpose of allowing the Membership to meet and ask questions of all nominees. All nominees standing for election shall be invited to attend the forum and should appear in person.
- c. Golden Rain Foundation (GRF) meeting rooms shall be available to candidates free of charge for campaign purposes (California Civil Code Section § 5105(a)(2).).
- d. Any time a ballot measure is required to be sent to the Membership for approval which is unrelated to the election of directors, such as amending the Bylaws or the Occupancy Agreement, the Corporation may hold a town hall meeting – rather than a formal membership meeting – which is an informal gathering of members in which members can express their points of view. Further, if Corporation media is used in connection with such ballot measures, any Member advocating a point of view shall be permitted use of Corporation media, provided the Member's purposes reasonably relate to the ballot measure. The Corporation shall not edit any such communications made by Members, but may include a statement specifying that the Member, and not United, is responsible for that content.

6. **Appointment of Inspectors of Election**

- a. The Board of Directors shall appoint one (1) or three (3) Inspectors of Election. An Inspector of Election shall, at the Board's discretion, be a member of the

Corporation as defined under Section 1.b of this SOP, an independent third party that specializes in the administration of elections with whom the Board executes a contract, or a combination of the two (see California Civil Code Section § 5110(b).).

- b. Inspectors of Election shall not be employees of the managing agent; however, employees of the managing agent may assist the Inspector(s) of Election with their duties except for the counting and tabulation of the votes.
- c. Inspectors of Election who are members of the Corporation must be prepared to commit to a substantial workload during preparation of the ballots for mailing and between the time the returned ballots are received and the time when they are counted and tabulated at an open meeting.
- d. If the Board contracts with an independent third party as an Inspector of Election pursuant to Section 6.a of this SOP, the provisions for verifying voter eligibility and for formatting of election materials contained in Section 7 of this SOP may be adapted to meet the requirements of an electronic processing system used by the contractor.
- e. An Inspector or Inspectors may appoint and oversee additional persons to assist as the Inspector or Inspectors deem appropriate.

7. **Duties of Inspectors of Election**

- a. Determine the number of memberships entitled to vote and the voting power of each membership. (California Civil Code § 5110(c)(1).)
 - i. Eligible Voter List:

Pursuant to Section 4 of this SOP, the Inspectors will create or cause to be created an Eligible Voter List that identifies all Members who are eligible to vote. This list will be used to mail ballots only to those Members entitled to vote by ballot on corporate action without a meeting as of the Record Date specified herein.
- b. Determine when the polls shall close. (California Civil Code § 5110(c)(6).)
 - i. The Inspectors of Election shall determine the date that ballots must be received in accordance with California Civil Code § 5115(a.), which states “Ballots...shall be mailed not less than 30 days prior to the deadline for voting.” The deadline shall be incorporated into the voter instructions and adopted by the Board of Directors in the form of a resolution.
- c. Oversee the Mailing of the Ballot Package

- i. Obtain certification from the preparer of the ballot packages that all necessary items were enclosed in each Ballot Package Mailing Envelope and that the envelopes were properly addressed to all members on the Eligible Voter list.
 - ii. Ensure that Ballot Package Mailing Envelopes are sent by first class mail to help ensure that all members receive ballots in a timely manner.
 - iii. Obtain a statement from the post office indicating the number of ballot packages mailed.
- d. Receive ballots. (California Civil Code § 5110(c)(3).)
- i. Secret Ballot Return Instructions – If authorized by the California Legislature, the Corporation may utilize electronic “Secret Ballots.” Such procedure will be consistent with what is required in the California Civil Code. For paper Secret Ballots, the following shall apply:
 1. The Secret Ballot itself is not signed by the voter, but is inserted into the Secret Ballot Envelope, which is sealed. The Secret Ballot Envelope shall not have any identifiable markings and is then inserted into the Pre-Addressed Return Envelope, which is also sealed. In the upper left hand corner of the Pre-Addressed Return Envelope, the voter shall both print and sign his or her name, address, and the unit number that entitles him or her to vote (California Civil Code § 5115(a)(1).).
 2. The Pre-Addressed Return Envelope is addressed to the Inspector or Inspectors of Election, who will tally the votes. The envelope may be mailed or delivered by hand to a location specified by the Inspector or Inspectors of Election. The member may request a receipt for delivery (California Civil Code § 5115(a)(2).).
 - a. Return by Mail
 - i. The Pre-Addressed Return Envelope shall be returned on or before the deadline date by mail to the address of the Inspector of Election c/o Ballot Collector as set forth in the voting or ballot return instructions or on the secret ballot.
 - ii. A second post office box may be used for Secret Ballot packages returned as undeliverable.
 - iii. Members who desire a receipt for delivery of a mailed Secret Ballot shall mail the Secret Ballot by

Certified Delivery – Return Receipt Requested at the Member's expense.

b. Return by Hand Delivery

- i. Secret Ballots returned by hand shall be deposited by the Member into a locked and secure ballot box located in the lobby of the **Community Center, 24351 El Toro Road, Laguna Woods.**
- ii. At the request of the voting Member, the management staff shall provide a receipt for the hand delivered Secret Ballot.
- iii. Inspectors shall retrieve Pre-Addressed Envelopes from the locked ballot box daily and date stamp them.
- iv. Secret Ballots may also be hand delivered to the Inspector of Elections at the meeting to tabulate the ballots prior to the close of polls.

3. All Pre-addressed Return Envelopes received shall remain sealed until they are opened and tabulated in public. The Corporation shall reserve a secure room at the **Community Center (24351 El Toro Road, Laguna Woods)** for use by the Inspector(s) of Election. Notwithstanding, the Inspector(s) of Election may establish a physical boundary or buffer around them during the tabulation of ballots.

- ii. Ballot Return Instructions – The Ballot Return Instructions will be the same as the Secret Ballot Instructions, detailed herein above, with the exception that the Ballot will be inserted into the Pre-Addressed Return Envelope only inasmuch as non-Secret Ballots do not require the use of a double envelope system so the Secret Ballot Envelope will not be utilized.

e. Determine the authenticity, validity, and effect of proxies, if any.

f. Verify voter eligibility.

- i. Count and record the number of Pre-addressed Return Envelopes received from the post office.
- ii. Count and record the number of Pre-addressed Return Envelopes received by hand delivery.

- iii. Place the Pre-addressed Return Envelopes in order by address, which corresponds with the Eligible Voter List. This process may be automated (i.e., barcodes).
 - iv. Void (but do not open) any Pre-addressed Return Envelopes, which does not contain information that identifies the member as an eligible voter (see Section 7.d.i.1 above).
 - v. Void (but do not open) any Pre-addressed Return Envelope that is a duplicate vote.
 - 1. Revocation. No written ballot may be revoked after deposit in the mails or delivery to the Corporation. (Bylaws, Art. V Sec. 9(e))
 - 2. If a voter returns two Pre-addressed Return Envelopes, the Inspectors of Election shall determine which ballot to count. If it can be determined which is the first Pre-addressed Return Envelope sent or received, then it shall be deemed the original ballot, which shall be counted and the other Pre-addressed Return Envelope should be voided.
 - vi. Resolve any challenged ballots. If possible, this should be done before any Pre-Addressed Return Envelope is opened and counting begins.
 - vii. Explain the reason for each voter eligibility decision made.
 - viii. The sealed ballots at all times shall be in the custody of the Inspector or Inspectors of Election or at a location designated by the Inspector or Inspectors of Election until after the tabulation of the vote, at which time the Inspector of Election can maintain custody of the Election Record pursuant to statute, or transfer custody shall be transferred to the Corporation (California Civil Code § 5125(a)).
- g. Count and tabulate the votes.
- i. All votes shall be counted and tabulated by the Inspector or Inspectors of Election in public at a properly noticed open meeting of the Board of Directors (Civil Code § 5120(a)).
 - ii. At a properly noticed open meeting of the Board of Directors, the seals of the Secret Ballot Envelopes shall be broken, and the Inspector(s) of Election shall prepare the ballots for tabulation, which may include electronic tabulation scanning. A third-party election services contractor who is not an inspector of election may be deputized by the Inspectors of Election to assist with the preparation and scanning of the ballots.
 - iii. A ballot shall be voided if it contains information identifying the voter (California Civil Code § 5115(a)).

- h. Determine the result of the election
 - i. Once the ballots are scanned and tabulated, the Inspector(s) of Election shall certify the election by signing an official form. The tabulated results of the election shall be promptly reported to the Board and shall be recorded in the minutes of the next meeting of the Board and shall be available for review by members of the Corporation.
 - ii. Within fifteen days of the election, the Board of Directors shall publicize the results of the election.
 - iii. Tabulated ballots shall be packed and sealed, and the Inspectors of Election shall initial the seal to ensure that there is no tampering with the tabulated ballots.
 - iv. The custody of the tabulated ballots and other Election Records as listed in Section 1.a of this SOP shall remain in the custody of the Inspector(s) of Election for not less than one (1) year after the tabulation of ballots, or until the time allowed by Civil Code Section 5145 for challenging the election has otherwise expired. Upon written request, ballots shall be made available for inspection and review by Members or their authorized representatives. Any recount shall be conducted in a manner that shall preserve the confidentiality of the vote.
 - v. After the tabulation of ballots, the Board of Directors or its management agent shall return to the post office to pick up any ballots received after the deadline. These ballots shall not be opened and shall be marked "Void – received after deadline".
 - vi. All written ballots and other Election Records as defined in Section 1.a of this SOP shall be filed with the Secretary of the Corporation and maintained in the corporate records at a secure location for a minimum period of one (1) year (see Bylaws, Art. V Sec. 9(f)).

8. **Election Mailing Materials**

- a. The Corporation shall conduct its election consistent with its Bylaws and state statutes (see Bylaws, Art. V Sec. 9(b)). The official election materials are to be prepared by the Inspector(s) of Election.
- b. As prescribed by law, secret ballot procedures shall be used when voting on the following issues: assessment increases; election and removal of directors; amendments to the Governing Documents (i.e., Articles of Incorporation, Bylaws and Occupancy Agreement); and the grant of exclusive use of Common Area property.

- i. A “secret ballot” is a ballot which does not identify the voter by name, address, lot, unit or parcel number. The term “secret ballot” does not include a ballot for purposes of voting on any matter other than assessments, election or removal of directors, amendments to the Governing Documents or the grant of exclusive use of Common Area property. All secret ballots, including for election of directors, must conform to the requirements of applicable law. Any Bylaws provision inconsistent with the law shall be void.
- ii. All secret ballots shall provide a reasonable time within which to return the ballot to the Corporation, which may be set at the discretion of the Board unless otherwise required by law. The time for the return of secret ballots may be extended for reasonable intervals at the discretion of the Board.
- iii. Any action requiring Member approval, other than those requiring a secret ballot, may be submitted for vote by written ballot without calling a meeting of the Members. The written ballot shall describe the proposed action(s), provide an opportunity to specify approval or disapproval of each proposal, and provide a reasonable time within which to return the ballot to the Corporation as set forth in Article V, Section 9 of the Bylaws.
 1. The determination to conduct a vote by written ballot shall be made by the Board or by members having 20% of the eligible voting power signing a written request and delivering same to any Corporation officer Per Bylaws, Section 9(c).
 2. The officer shall thereupon distribute a written ballot to every Member eligible to vote on the matter. A written ballot may not be revoked.
 3. All solicitations shall indicate the number of responses needed to meet the quorum requirement and the percentage of approvals needed to approve each proposal. The solicitation must specify the time by which the ballot must be received in order to be counted.
 4. Written ballots and solicitations shall be distributed in the same manner as notice of Member meetings. Approval by written ballot shall be valid only when the number of eligible ballots received meets the quorum required at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Upon tabulation of the ballots, the Board shall

promptly notify the Members of the outcome of the vote or failure to meet quorum.

- c. Should state statute allow for electronic voting for those votes which previously required paper Secret Ballots, as referenced herein and in the state statute, then the Corporation may utilize such electronic system consistent with those Rules and Regulations, so long as the electronic voting is consistent with the terms of the applicable and statutory requirements.

9. **Secret Ballots: Removal of Directors by the Membership**

- a. The Members may remove directors by a vote of the majority of the eligible voting power of the Corporation, in accordance with the following procedures:
 - i. A petition must be presented, in person, to the President or Secretary of the Corporation, bearing the signatures of Members in good standing who represent at least five percent (5%) of the eligible voting power of the Corporation. The petition must state the reason(s) justifying the director's removal; the signature and address or Unit number of each petitioner in his or her own handwriting; the name(s) of the sponsor(s) of the petition; and fulfill all other legal requirements.
 - ii. Within twenty (20) days after receipt of such petition, the President, Secretary, or Board shall either call a special meeting or distribute secret ballots to the Members to vote upon the requested recall. Such meeting or vote by secret ballot shall be conducted not less than thirty-five (35) nor more than ninety (90) days after the petition is presented.
 - iii. The director(s) whose removal is being sought shall have the right to rebut the allegations contained in the petition orally, in writing or both. Any written rebuttal shall be mailed by the Corporation or otherwise provided to all Members, together with the recall ballot.
 - iv. If the quorum requirement for a valid membership action is not satisfied or if the recall vote results in a tie, the removal action will have failed.
 - v. In the event the recall vote is successful, any vacancy must be filled by a vote of the Members following the nomination and election procedures set forth in this SOP, except that nominations to fill a vacancy shall close thirty (30) days before the date of special meeting to elect a director(s) to fill a vacancy(ies). Notice of the special meeting and secret ballots to elect directors to fill any vacancy created by the removal of one or more

directors must be sent to Members not less than thirty (30) days before the deadline for voting. The successor director shall serve for the unexpired term of his or her predecessor.

10. **Secret Ballots: Amendments to Governing Documents.**

- a. Votes to amend the Articles of Incorporation, Bylaws, Occupancy Agreement or any other governing documents of the Corporation ("Governing Documents") shall be done by secret ballot pursuant to the SOP. Secret ballots enclosing the text of the proposed amendment must be delivered to every Member not less than thirty (30) days prior to the deadline for voting.

11. **Secret Ballots: Grant of Exclusive Use of Common Area.**

- a. The affirmative vote of at least sixty-seven present (67%) of Members secret ballot pursuant to the procedures set forth herein is required before the Board may grant exclusive use of any portion of the Common Area to a Member, unless the grant of exclusive use of Common Area meets an exception provided by Civil Code Section 4600(b), or any superseding statute, which includes, but is not limited to any grant of exclusive use that is for any of the following reasons:
 - i. To eliminate or correct engineering errors in documents recorded with the county recorder or on file with a public agency or utility company;
 - ii. To eliminate or correct encroachments due to errors in construction of any improvements;
 - iii. To permit changes in the plan of development submitted to the Real Estate Commissioner in circumstances where the changes are the result of topography, obstruction, hardship, aesthetic considerations, or environmental conditions;
 - iv. To fulfill the requirement of a public agency;
 - v. To transfer the burden of management and maintenance of any Common Area that is generally inaccessible and not of general use to the membership at large;
 - vi. To accommodate a disability;

- vii. To install and use an electric vehicle charging station in a garage or a designated parking space that meets the requirements of Civil Code Section 4745, where the installation or use of the charging station requires reasonable access through, or across, the common area for utility lines or meters;
 - viii. To install and use an electric vehicle charging station through a license granted by an association under Civil Code Section 4745; or
 - ix. To comply with governing law.
- b. Any measure placed before the members requesting that the Board grant exclusive use of any portion of the Common Area shall specify whether the Corporation will receive any monetary consideration for the grant and whether the Corporation or the transferee will be responsible for providing any insurance coverage for exclusive use of the Common Area.

ADMINISTRATIVE GUIDELINES FOR FINANCIAL QUALIFICATIONS
UNITED LAGUNA WOODS MUTUAL
Revised August 9, 2016

Adopted by Resolution 01-15-89

Prospective shareholders/transferees of manors in United Laguna Woods Mutual are required to meet minimum financial requirements for membership as set forth below. All income and assets claimed must be verified by presenting documentation acceptable to the Mutual Board of Directors.

All applicants shall submit the most recent year's Federal income tax return, signed and dated, including Schedules A and B, in addition to other verification documents. If income is derived from an owned business, the appropriate business tax schedules and a profit and loss statement is also required.

Where there is more than one perspective shareholder/transferee, income and assets can be calculated collectively.

If a shareholder/transferee is presently a member in United Laguna Woods Mutual, he/she will not be required to provide verification of financial qualifications for a new purchase in the same mutual provided:

- a. The shareholder is selling his present manor and is in escrow; and
- b. The person(s) in whose name(s) title will be held for the manor being purchased is (are) identical to the person(s) in whose name(s) the certificate is held for the present manor.

Guarantor's assurances cannot be transferred. A shareholder/transferee will be required to obtain a new guarantor's qualification, if needed.

Membership applicants to United Laguna Woods Mutual are required to submit a completed Financial Statement / Credit Information form, together with satisfactory verification of identity, income and assets, except under the following condition:

Once a shareholder has qualified within United Mutual, said shareholder need not re-qualify for purchase of a replacement manor as long as the person or persons in whose name the Membership Certificate is held remain the same.

ASSET REQUIREMENT

The prospective transferee of a manor shall submit satisfactory verification of assets equal to the purchase price of the manor plus \$125,000. Prospective transferees are required to demonstrate a minimum asset base of \$125,000 only.

Acceptable assets will be those that are considered to be liquid, marketable or income producing. Examples of acceptable assets include:

- Equity in U.S. residential property
- Savings accounts in U.S. financial institutions
- Cash value life insurance
- Certificates of deposit, money market accounts in U.S. financial institutions.

- IRA, SEP, 401(k) and Keogh accounts
- US, state or municipal government bonds - valued at current market prices
- American traded investments, (NYSE, Amex, OTC, NASDAQ, etc.) valued at current market prices
- Mortgages and promissory notes, provided that interest is reported on the applicant's tax return
- Equity in U.S. income producing real estate

ASSET REQUIREMENT (continued)

Excluded from consideration are the following:

- Mobile Homes
- Recreational vehicles, boats and trailers
- Vacant land
- Automobiles
- Artwork, jewelry, furs and collections such as coins, dolls, stamps and other similar items
- Term life insurance
- Annuity funds, which cannot be withdrawn in lump sum
- Anticipated bequests or inheritances
- Promissory Notes whose income is not reported on the perspective transferee tax return

INCOME REQUIREMENTS

Prospective shareholders must provide satisfactory verification of income of at least \$36,000 per year at the time of purchase.

1. Acceptable verifications include:

- The most recent Federal Tax returns
- W - 2 Forms or paycheck stubs
- Bank, credit union or investment account statements
- Letters from bankers
- Notices of annuities and Social Security payments
- Pensions
- Trust income
- Disability income
- Residential / commercial property rental income

2. Unacceptable income verifications include:

- Letters from employers, accountants, bookkeepers and attorneys

- Income not reported on Federal income tax returns
- Funds held outside US borders

GUARANTORS

The Mutual will permit the prospective shareholder who does not meet the financial requirements to have a Guarantor. The Guarantor in United Mutual shall provide satisfactory verification of annual income of at least \$90,000 and marketable or income producing assets of at least \$250,000 plus the manor purchase price.

Shareholder Financial Requirements for the occupying shareholder(s) when they have a Guarantor:

- Minimum Annual Income - \$24,000
- Minimum Verifiable Liquid, Marketable
and/or Income Producing Assets - \$75,000 **at the close of escrow**

The income and assets of the Guarantor are not a substitute for the minimum income and assets needed by the prospective shareholder(s) occupant(s).

FINANCIAL QUALIFICATION WAIVERS AND RECIPROCITY

Shareholders who purchase a **replacement** manor do not have to re-qualify financially for membership, if there is no change to the membership vesting and the previous manor is already in escrow.

Current members of one Mutual who wish to purchase in another Mutual are required to meet the financial requirements of the Mutual in which they are purchasing.

A former member may obtain a waiver of financial qualifications if the replacement manor is purchased within 90 days of the closing of the sale of the previously owned manor, and vesting in the new manor is exactly the same as the vesting in the manor previously owned.

The Board may *consider* waiving financial requirements if the applicant obtains secondary financing from a financial institution of at least 50% and no more than 70% of the purchase price. It is recommended that any applicant who does not meet the minimum financial requirement consider submitting the application with a financial guarantor.

SPECIAL CIRCUMSTANCES

The United Mutual Board of Directors will give appropriate, special consideration to prospective shareholders whose financial qualifications have special merit, e.g., minimal assets but large income, or vice versa.

OWNERSHIP OF MULTIPLE MEMBERSHIPS

United Laguna Woods Mutual does not permit ownership of more than one (1) cooperative membership, except under very limited and specific circumstances.