

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

April 11, 2017

The Regular Meeting of the Board of Directors of United Laguna Woods Mutual, a California Non-Profit Mutual Benefit Corporation, was held on Tuesday, April 11, 2017 at 9:30 AM at 24264 El Toro Road, Laguna Woods, California.

Directors Present: Janey Dorrell, Juanita Skillman, Don Tibbetts, Pat English, Steve Leonard, Maggie Blackwell, Andre Torng, Gary Morrison, and Prakash (Cash) Achrekar

Directors Absent: None

Staff Present: Open Session: Lori Moss and Leslie Cameron,
Executive Session: Lori Moss, Leslie Cameron, and Francis Rangel

Others Present: VMS Director Mary Stone, VMS Director Mary Stone, and Jeffrey Beaumont Esq. of Beaumont Gitlin Tashjian

(1) CALL TO ORDER

Janey Dorrell, 2nd VP 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.

(2) PLEDGE OF ALLEGIANCE

Director Juanita Skillman led the Pledge of Allegiance to the Flag.

(3) ACKNOWLEDGEMENT OF MEDIA

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

(4) APPROVAL OF AGENDA

Without objection the agenda was approved as presented.

(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.

- Maxine McIntosh (69-C) recognized the service of former 1st VP Jan LaBrage and President Lenny Ross.
- Michael Statsmann (910-Q) commented on the proposed limitations of the parking decal.
- Mary Walters (239-D) inquired about the amount of units for sale and an update of the manors that are renovated.
- Michael Landry (693-B) Inquired if current cars will be grandfathered in for the parking decal.

- Jack Arnold (404-D) Commented on the lack of driving visibility at Gate 2. He also stated that 74.6% of drivers do not stop at the signs and what can be done to enforce it.
- Katherine La Paglia (818-Q) spoke in favor of the new parking restrictions.
- Elizabeth Sehi (541-H) commented that two items were stolen from her carport and that landscaping does not clean up the mess they leave after they are finished mowing.
- Roberta Berk (933-B) Commented on the variance fee for the parking decal and asked for clarification.
- Parinaz Azarnia (400-N) concerned about her realtor agent that helped her purchase her share and that she received no information about the alterations she is responsible for in the manor.
- Debbie Byrne (498-B) concerned about future golfers that may not get golf carts due to the new parking restrictions.
- Pamela Grundke (2214-B) Thanked and recognized Jan LaBarge and Lenny Ross for their service and commitment to the community. She complimented Armando for the framing of her window, William for the bathroom heater, and the young man that took care of her dishwasher and that VMS is doing a great job.
- Norma Benner (2051-D) Thanked the Board for the work that they do on the community's behalf and was opposed to the resolution for land use.

(6) RESPONSE TO MEMBER COMMENTS

United Mutual Directors Morrison, Torng, Leonard, Tibbetts, Skillman, Blackwell and Achrekar, briefly responded to Member Comments.

(7) REPORT OF THE CHAIR

Chair Janey Dorrell commented on the following:

- Chair Dorrell thanked Lenny Ross for his 2 ½ years of service.
- Chair Dorrell thanked previous and present Board Members for their work with the Land Use issues.

(8) Update from VMS Director – Director Stone

Director Stone, VMS Director,

- An initial benefits study was performed and our benefits and pay are in line with surrounding communities. The Health Benefits Study has not yet been done.
- Bartenders will not be tipped and their hourly wage not reduced as VMS expects equal service to every member.
- There was a special closed meeting on 3/29 to review union agreement with legal counsel and any changes will have to be submitted from the union 60 days before the contract expires.
- Mr. Rahn, Landscape Director, updated the VMS Board on the landscape department. This update is the first of the ongoing updates that will be heard by VMS from all department heads.

- VMS thanked Ms. Parker, Financial Services Director, and Ms. Backes, Controller, for their work on the 2016 audit.
- If you have a bulky item to be picked up please call waste management.
- The General Manager's office has recently received emails from residents expressing appreciation of Maintenance and Construction staff.
- The Resident at 736-B sent kudos to management about the landscape staff who fixed the sprinklers issue, adding that staff did a great job and deserves recognition.
- Shower rooms, particularly at CH4, are tired and in need of repair. Maintenance staff was working at CH 4 locker rooms last week and this week. Staff has re-grouted the shower floors and walls as well as the dry down area in the showers. Shower heads, shower flanges, shower arms were all being replaced. CH1 is next in line.
- Resident at 847 O took the time to write and compliment Edgar Romero for the fabulous job he did cleaning the breezeway. She reported that it was full of yellow powder from the pine trees and he swept and washed the whole area.
- Kudos to Michael Partain and Michael Carre in HR because to date VMS has offered 17 CPR/AED and First Aid classes with 378 employees (40 percent) receiving their certification, with 565 employees remaining.
- The VMS Board wants to pass on kudos to the Alternations Division who has been short on staff but the remaining crew has stepped up and is working on templates for standard letters and conditions of approval for variances.

(9) REPORT OF CEO

Lori Moss, Community Manager, spoke about the following;

- As reported in the VMS Update we are receiving many positive comments from United's residents on the improvements with landscaping and Ms. Moss thanked the audience for their positive feedback.
- United will hold their first evening orientation all residents are invited to attend on May 10, at 6 PM. All residents are also invited to Thursday Docent tours or on one Saturday a month and for more details call 268-2337.
- Residents were reminded to anonymously call Compliance if they see violations or nuisances at 268-CALL (2255)
- We have requested letters of interest from lobbying firms to help the Village with state legislation, opening doors to state agencies such as the PUC and Fish and Wildlife, and to look for potential funding/grants. Interviews will be conducted in the next few weeks.
- Life Magazine was mailed out. This is a quarterly publication of Recreation and Special Events.
- Tune into TV-6 to hear Brad Hudson's State of the Village.
- If you provided an e-mail for RFID you are more than likely registered and if you don't get an e-mail it may be in your spam box.
- The updated Village Disaster Plan will be presented to the GRF Security Committee and the next phase will be training Block and Building Captains trained to pass information down to residents.
- Please download the Dwelling Live app. This app will allow residents to register guests on line or from a mobile phone for admittance into the community.

(10) APPROVAL OF MINUTES

Without objection the minutes of March 21, 2017 were approved as written.

(11) CONSENT CALENDAR

Director Leonard moved, seconded by Director English, to approve the consent calendar. By a vote of 8-0-0 the motion carried.

(a) Maintenance & Construction Committee Recommendations:
None

(b) Landscape Committee Recommendations:
None

(c) Finance Committee Recommendations:
Approval of Resolution to Record Lien against Members ID; 947-369-46

RESOLUTION 01-17-40

Recording of a Lien

WHEREAS, Member ID 947-369-46; 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, April 11, 2017, that the Board of Directors hereby approves the recording of a Lien for Member 947-369-46 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.

12) COMMITTEE REPORTS

(a, al, all, all) Finance Report

Director English reported from the Finance Committee, gave a United Mutual financial update, gave a brief update on delinquencies and commented on the Resale Activities Report.

(b) Maintenance and Construction Committee

Director Tibbetts reported from the Maintenance and Construction Committee.

- Directors Tibbetts and Leonard met with Mr. Munoz, Operations and Maintenance Director, and discussed implementing an Architectural Standards and Control Committee.

(c) Landscape Committee

Director Blackwell reported from the Landscape Committee.

(d) Governing Documents Review Committee

Director Skillman reported from the Governing Documents Review Committee.

- The 90 Day Lease Recognition Program is intended to be on the Board agenda in May.

(e) Report of the Communications Committee

Director Blackwell reported from the Communications Committee.

- Don't forget to sign up for the Village Breeze as it is a great tool for Village information.
- Use the Search Engine on the Village website as it will help you to find the information you may be looking for.
- If you use the YouTube app you can find Director reports on the Committees and Board reports

(f) Laguna Woods Village Traffic Hearings

There was no report from the Laguna Woods Village Traffic Hearings.

(g) Report of the Preparedness Disaster Ad-Hoc Committee

Director Torng reported from the Report of the Preparedness Disaster Committee.

(h) Report on Disciplinary Cases

Director Tibbetts provided an update on the Disciplinary cases.

(13) UNFINISHED BUSINESS

(a) Entertain Motion (the 30 day notification requirement has been satisfied)

Secretary of the Board, Director Skillman, deferred the reading of the resolution to Director Blackwell and read the following resolution approving revisions to the Collection and Lien Enforcement Policy:

RESOLUTION 01-17-41

2017 Collection & Lien Enforcement Policy

WHEREAS, in accordance with California Civil Code, the United Laguna Woods Mutual maintains a collection and lien enforcement policy that outlines the procedures, policies and practices employed by United Laguna Woods Mutual in enforcing lien rights or other legal remedies for default in payment of assessments; and

WHEREAS, the Mutual would like to formalize certain practices and procedures used for the collection of non-assessment delinquencies such as fines, fees, and chargeable services pursuant to the Governing Documents and current law;

NOW THEREFORE BE IT RESOLVED, April 11, 2017, that the Board of Directors hereby adopts a revised 2017 United Laguna Woods Mutual Collection and Lien Enforcement Policy as attached to the official minutes of this meeting; 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.

The 30 day notification requirement has been satisfied in accordance with Civil Code §4360.

Director Blackwell moved, seconded by Director English, to approve the resolution as written.

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

(b) Entertain a Motion to Approve Limiting the Use of Common Area – Resolution (initial notification – must postpone to June to conform to the 30-day requirement)

Secretary of the Board, Director Skillman, deferred the reading of the resolution to Director Blackwell and read the following resolution approving revisions to the Land Use Alteration 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 APRIL 11, 2017, RESOLUTION 01-17-XX

WHEREAS, the Board of Directors of United Laguna Woods Mutual (“Board”) established policies and procedures for the construction of any alterations, additions and expansions; and

WHEREAS, the Board, through Resolutions U-02-46, U-02-155, 01-04-54, 01-07-45 and 01-08-73 (collectively referred to as the “Land Use Policy”) adopted and implemented the Land Use Policy to allow members, in limited circumstances, to make exclusive use of certain portions of the common area to expand the footprint of their manor; and

WHEREAS, members have expressed concern over the Land Use Policy and, in general, the Board’s policy to allow members to use common area for their

exclusive use by making alterations to manors that expand the structure beyond the original footprint; and

WHEREAS, the Board has consulted with staff, legal counsel and heard from the members (including in a town hall meeting on February 28, 2017, in Clubhouse 3) and has decided to terminate the Land Use Policy and not allow members to make exclusive use of common area through such alterations; and

NOW THEREFORE BE IT RESOLVED, June 13, 2017, that the Land Use Policy be rescinded; and

BE IT FURTHER RESOLVED, that the Board of Directors shall not approve any alterations expanding the original footprint of manors, but that all such alterations currently in place, which have already been approved under the Land Use Policy, are grandfathered; 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.

Initial notification- must postpone until June to conform to the 30-day notification requirement Civil Code §4360.

Director Blackwell moved, seconded by Director Skillman, to approve the resolution as written. Discussion Ensued.

- Director English spoke in opposition of the Common Land Use Resolution
- Roberta Berk (933-B), Norma Benner (2051-D), Jack Bassler (327-A) and Manuel Armendarez (917-D) spoke in opposition Common Land Use.
- Connie Barton (514-D), Mary Stone (356-C), Pamela Grundke (2214-B) and Dick Rader (270-D) spoke in favor of the Common Land Use Resolution.
- Barbara Copley (410-D) explained that the resolution has nothing to do with the foot print of the manor and has not affected prices and sales.

By a vote of 7-1-0 (Director English opposed) the motion carried.

(14) NEW BUSINESS

(a) Entertain a Motion to Approve Amendments to the Qualifiers Attached to Resolution 01-13-50 for Subleasing Manors

Secretary of the Board, Director Juanita Skillman, reviewed the amended redlined No. 3 Qualifier as attached to Resolution 01-13-50 for Subleasing Manors:

~~A prohibition on any membershareholder owning more than one membershareholdership/manor in United, and/or being identified as the "membershareholder" under more than one Occupancy Agreement, at any one time, except as provided for and subject to certain conditions.~~ Under United's Interim Dual Ownership Agreement (as provided in Resolutions U-02-164, 01-10-222 and 01-03-147), including but not limited to the requirements that (i) a membershareholder may not sublease a manor listed for sale during any permitted period of dual ownership, (ii) the membershareholder must reasonably proceed to sell the manor listed for sale within six (6) months from the membershareholder's signing of the Interim Dual Ownership Agreement, (iii) the Board is prohibited from approving any individual membershareholder's request for an Interim Dual Ownership Agreement more frequently than one (1) time in any two (2) year period and (iv) with respect to dual ownership, both trustees and beneficiaries under any trust having any ownership interest in a manor/membershareholdership shall be considered a membershareholder with respect to such manor/membershareholdership; and

Director Skillman made a motion, seconded by Director English, to approve amendments to the Qualifiers Attached to Resolution 01-13-50 for Subleasing Manors. Discussion ensued.

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

(b) Entertain a Motion to Approve Amendments to the Policy Schedule of Monetary Penalties

Director Skillman gave the following reasons for the amendments; GRF penalties were removed and that the Board wants to move from a slap on the hand to a more severe penalty.

Director Skillman made a motion, seconded by Director Morrison, to approve amendments to the Policy Schedule of Monetary Penalties. Discussion Ensued.

- Director Achrekar commented on creating more clarification on the schedule
- Director Tibbetts commented on the verbiage of any illegal acts that there should be examples. The Board agreed to add examples and to change the word "example" to i.e.
- Dick Rader (270-D) commented on being more specific and adding a modifier stating that the fees can be doubled and tripled
- Director Leonard stated that there is no need to state the doubling and tripling on the schedule as there can be a daily fine applied and does not feel it needs to go back to the committee for re-consideration.
- Manuel Armendariz (917-D) commented on adding more language to the schedule.

- Barbara Copley (410-D) stated that it does not need to be sent back as it was deliberated over and there was staff involvement

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

(c) Approve Hosting Laguna Hills Memorial Day Half-Marathon, 10K and 5K

Director Achrekar made a motion, seconded by Director Skillman, to approve hosting the Laguna Hills Memorial Day half-marathon, 10K and 5K.

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

(d) Introduction of Candidates for Appointment to United Board to Fill Two Vacancies (Terms ending 2017)

Chair Dorrell made an announcement that Ronald Beldner has pulled his application for the Board appointment.

- i-v. Each of the four candidates, Manuel Armendarez, Jack Bassler, Reza Bastani and Maxine McIntosh, addressed the Board with a two minute statement. Directors asked question of all the candidates.
- vi. Ballots were distributed to the United Board of Directors.
- vii. The Ballots were collected and counted. Jack Bassler and Maxine McIntosh received the majority of votes.

(e) Announce United Board Directors to Fill Two Vacancies (Term Ending 2017)

Maxine McIntosh and Jack Bassler were appointed as the new Directors to fill the two vacancies with a term ending in 2017. Both Directors were asked to be seated with the Board.

(f) Election of Officers by Opening Nominations

i-ii. Director Leonard moved, seconded by Director Achrekar to open nominations for election of Officers. Officers nominations were made, ballots issued, collected and counted.

The following Directors were elected:

President – Juanita Skillman
First Vice President – Janey Dorrell
Second Vice President – Cash Achrekar and Don Tibbetts
Secretary – Maggie Blackwell
Treasurer – Pat English

- ii. The Ballots were collected and counted.
- iii. Entertain Motion to Approve Election of Officers – **Resolution**

RESOLUTION 01-17-42

Appointment of Officers

RESOLVED, on April 11, 2017, pursuant to United Laguna Woods Mutual Bylaws Article IX which sets guidelines, terms and responsibilities for the election of Officers to this Corporation the following persons are hereby elected to the office indicated next to their names to serve:

Juanita Skillman	President
Janey Dorrell	1st Vice President
Don Tibbetts	2nd Vice President
Maggie Blackwell	Secretary
Pat English	Treasurer

RESOLVED FURTHER, that the following Staff persons are hereby appointed as a non-voting ex Officio officers of this Corporation:

<i>Bradley Hudson</i>	<i>Vice President ex Officio</i>
<i>Lori Moss</i>	<i>Vice President ex Officio</i>

RESOLVED FURTHER, that Resolution 01-16-108, adopted November 8, 2016, is hereby amended to the extent that it differs; and

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

Director Achrekar moved, seconded by Director Torng to approve the resolution for Appointment of Officers.

By way of a unanimous vote the motion.

(15) GRF COMMITTEE HIGHLIGHTS

- There were no highlight reports

(16) DIRECTOR'S FORUM

- The Directors welcomed Directors McIntosh and Bassler to the Board of Directors.

(17) MEETING RECESS

The Regular Open Session Meeting recessed for lunch at 12:31 PM and reconvened into the Regular Executive Session at 1:29 PM.

ADJOURNMENT

With no further business before the Board of Directors, the meeting was adjourned at 3:21 PM.

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

During the March 14, 2017, Regular Executive Session meeting the Board reviewed and approved the following minutes; March 29, 2017, Special Executive Session; March 30, 2017, Special Executive Committee Hearing. The Board held zero Disciplinary Hearings; discussed and considered numerous Member Disciplinary matters; discussed and considered numerous Member matters; discussed and considered Contractual matters; and discussed and considered Litigation matters.

Juanita Skillman, Secretary
United Laguna Woods Mutual

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

The following is a statement (the "Policy Statement") of the specific procedures, policies and practices employed by United Laguna Woods Mutual, a California nonprofit mutual benefit corporation ("United") in enforcing lien rights or other legal remedies for default in payment of assessments against its members ("Shareholders"). This Policy Statement is provided pursuant to the requirements of California Civil Code Section 5310(a)(7) and incorporates by reference the disclosure provided by United pursuant to California Civil Code Section 5730.

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

Assessments are the separate debt of shareholders. United may employ single collection recourses or combinations thereof as allowed by law. In addition to any other rights provided for by law or described in the governing documents, including, but not limited to the Articles of Incorporation, Bylaws and each Shareholder's Occupancy Agreement ("Governing Documents"), the Board has the right to collect delinquent assessments as stated herein.

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

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

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

Pursuant to United's Governing Documents, as well as the California Civil Code, the following are United's collection and lien enforcement policies and procedures for assessment delinquencies. Also following, pursuant to Paragraphs 3, 14 and 20, are United's collection policies and procedures for the collection of fines, fees and chargeable services charged against Shareholders pursuant to the Governing Documents and current law:

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

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

3. Late Charges; Interest. Assessments not received by the sixteenth (16th) day of the month will incur a late fee in the amount of Twenty Dollars (\$20.00), which amount is consistent with statutory authority. Further, both state law and United’s governing documents provide for interest on the delinquent assessment, late charges and collection fees and costs. Accordingly, interest may be imposed thirty (30) days after the assessment is due, at an annual percentage rate not to exceed Twelve Percent (12%), consistent with Civil Code Section 5650. Such interest may be imposed and collected per the foregoing sentence regardless of whether the Shareholder’s delinquent account is referred to United’s collection agent for collections. Non-assessment fines, fees and chargeable services are subject to the same late charges and interest.

4. Thirty-Day Pre-Lien Letter Notice to Delinquent Shareholder. If full payment of the delinquent amount is not received by the close of business on the thirtieth (30th) day after the date of the Reminder Notice, United's managing agent will send a pre-lien letter (also referred to as a final demand for payment letter) to the Shareholder as required by Civil Code Section 5660 by certified and regular first class mail, to the Shareholder's mailing address of record in United's books and records advising of, among other things required by law, the delinquent status of the account, including an itemized statement of the charges owed by the shareholder, impending collection action and the Shareholder's rights including a statement that the shareholder will not be liable to pay charges, interest and costs of collection if it is determined the assessment was paid on time to United, and the right to request a meeting with the Board of Directors of United pursuant to Civil Code Section 5665, the right to dispute the assessment debt by submitting a written request for dispute resolution pursuant to Civil Code pursuant to Article 2 (commencing with Section 5900) of Chapter 10 ("IDR"), and the right to request alternative dispute resolution pursuant to Article 3 (commencing with Section 5925) of Chapter 10 ("ADR"). Notwithstanding the provisions of this paragraph, United may cause a pre-lien letter to be sent to a delinquent Shareholder at any time when there is an open escrow involving the Shareholder's leasehold interest, may cause a pre-lien letter to be sent to a delinquent Shareholder if any special assessment becomes delinquent, and/or may turn the delinquent account over to United's collection agent to send a pre-lien letter to a delinquent Shareholder.

5. Recordation of a Lien Against a Delinquent Shareholder's Leasehold Interest. If a Shareholder does not pay the amounts set forth in the pre-lien letter and does not request IDR or ADR within thirty (30) days of the date of the pre-lien letter, the delinquent account will be turned over to United's collection agent for collections. The Board shall decide, by majority vote in an open meeting, whether to authorize United's collection agent to record a lien for the amount of any delinquent assessments, late charges, interest, and collection fees and costs, including attorneys' fees against the Shareholder's leasehold interest. If United authorizes United's collection agent to record a lien against the Shareholder's leasehold interest, the Shareholder will incur additional fees and costs for preparing and recording the lien. The lien may be enforced in any manner permitted by law, including without limitation, judicial or non-judicial foreclosure (Civil Code Section 5700).

6. Enforcement of a Lien. United's collection agent may be authorized to enforce the lien thirty (30) days after recordation of the lien, in any manner permitted by law, which may include recording a Notice of Default. United may foreclose the lien by judicial or non-judicial foreclosure when either (a) the delinquent assessment amount totals One Thousand Eight Hundred Dollars (\$1,800.00) or more, excluding accelerated assessments, late charges, interest, and collection fees and costs or (b) the assessments are delinquent for more than twelve (12) months. **YOU COULD LOSE YOUR LEASEHOLD INTEREST AT UNITED IF A FORECLOSURE ACTION IS COMPLETED.** A non-judicial foreclosure sale by United to collect upon a debt for delinquent assessments is subject to a statutory right of redemption. The redemption period within which your leasehold interest may be redeemed ends ninety (90) days after United's foreclosure sale, per California Civil Code Section 5715(b). The Shareholder will incur significant additional fees and costs if a Notice of Default is recorded and a foreclosure action is commenced against the Shareholder's leasehold interest. The decision to foreclose on a lien must be made by a majority of the Board of Directors in an Executive Session meeting and the Board of Directors must record their votes in the minutes of the next open meeting of the Board. The Board must maintain the confidentiality of the delinquent Shareholder(s) by identifying the matter in the minutes by only the parcel number of the property in which the

Shareholder has a leasehold interest. Prior to initiating any foreclosure sale on a recorded lien, United shall offer delinquent Shareholders the option of participating in IDR, ADR, or both IDR and ADR as requested by the Shareholder.

United may commence and maintain a lawsuit directly on the debt without waiving its right to establish a lien and initiate foreclosure against the owner's separate interest for the delinquent assessment. In any action to collect delinquent assessments, late charges, or interest, the prevailing party will be entitled to costs and reasonable attorney's fees.

7. Inspection of Books and Records. A Shareholder is entitled to inspect United's accounting books and records to verify the amounts owed pursuant to Civil Code Section 5200, *et seq.*

8. Application of Payments. Any payments made shall be first applied to assessments owed and only after the assessments owed are paid in full, shall such payment be applied to late charges, interest, and collection fees and costs, including attorneys' fees.

9. Account Sent to United's Collection Agent In Error. In the event it is determined that the Shareholder has paid the assessments on time, the Shareholder will not be liable to pay the charges, interests, and fees and costs of collection associated with collection of those assessments. If it is determined that a lien was recorded in error, a release of lien shall be recorded within twenty-one (21) calendar days and the owner of the separate interest will be provided with a copy of the release of lien. If the lien was recorded in error, United shall promptly reverse all late charges, fees, interest, attorney's fees, and costs of collection.

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

11. Right to Dispute the Debt. A Shareholder has the right to dispute the assessment debt by submitting a written request for dispute resolution to the collection agent for delivery to United pursuant to Civil Code Section 5900 *et seq.* A dispute, by itself, will not impede United's ability to record a lien.

12. Right to Request Alternative Dispute Resolution ("ADR"). A Shareholder has the right to request alternative dispute resolution with a neutral third party pursuant to Civil Code Section 5925 *et seq.* before United may initiate foreclosure against the Shareholder's leasehold interest, except that binding arbitration shall not be available if United intends to initiate a judicial foreclosure.

13. Payment Plan Requests. Any Shareholder who is unable to pay assessments will be entitled to make a written request for a payment plan to United, or United's collection agent, as applicable, to be considered by the Board of Directors. A Shareholder may also request to meet with the Board in executive session to discuss a payment plan if the payment plan request is mailed within fifteen (15) days of the postmark date of the pre-lien letter. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests. Payment plans shall not interfere with United's ability to record a lien on a Shareholder's separate interest to secure payment for the Shareholder's delinquent assessments. If the Board authorizes a payment plan, it may

incorporate payment of ongoing assessments that accrue during the payment plan period. If a payment plan is approved by the Board, additional late charges from the Shareholder will not accrue while the Shareholder remains current under the terms of the payment plan. If the Shareholder breaches an approved payment plan, United may resume its collection action from the time the payment plan was approved.

14. Termination of Shareholder's Rights under Occupancy Agreement. Nothing herein limits or otherwise affects United's right to proceed in any lawful manner to collect any delinquent sums owed to United (such as duly levied and imposed assessments, fines, fees and chargeable services, and any associated late fees and interest), or to pursue any other discipline set forth in United's governing documents, including but not limited to a termination of the Shareholder's rights under the Occupancy Agreement pursuant to Article 14 therein and pursuant to the procedures set forth in Article IV, Section 3 of the Bylaws and pursuing an unlawful detainer action or other proceeding which may apply to the eviction of tenants.

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

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

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

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

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

20. Notice and Hearing Prior to Suspension of Shareholder Privileges. Until the Shareholder has paid all amounts due, including delinquent assessments, late charges, interest and costs of collection, including attorneys' fees, and duly imposed fines, fees and chargeable services, and associated late fees

and interest, the Board of Directors may suspend the Shareholder's right to vote, and suspend the Shareholder's right to use United's recreational facilities and/or the facilities or services provided by the Golden Rain Foundation of Laguna Woods after providing the Shareholder with a duly noticed hearing pursuant to Civil Code Section 5855. However, any suspension imposed shall not prevent the delinquent Shareholder from the use, benefit and pleasure of the Shareholder's leasehold interest (i.e., the manor).

When the Board is to meet in executive session to consider or impose a monetary charge as a means of reimbursing United for costs incurred by it in the repair of damage to common area and facilities caused by a member or the member's guest or tenant, the Board shall notify the member in writing, by either personal delivery or individual delivery pursuant to Section 4040, at least 10 days prior to the meeting. (Civil Code Section 5855(a).) The notice shall contain, at a minimum, the date, time, and place of the meeting, the nature of the alleged violation for which a member may be disciplined or the nature of the damage to the common area and facilities for which a monetary charge may be imposed, and a statement that the member has a right to attend and may address the board at the meeting.

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

22. Annual Notice to Members. United shall distribute its collection policy to each member during the 60-day period immediately preceding the beginning of United's fiscal year.

23. No limitations. Nothing herein limits or otherwise affects United's right to proceed in any lawful manner to collect any delinquent sums owed to United.

**BOARD OF DIRECTORS
UNITED LAGUNA WOODS MUTUAL**