

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

November 13, 2007

The Regular Meeting of the Board of Directors of United Laguna Hills Mutual, a California Non-Profit Mutual Benefit Corporation, met on Tuesday November 13, 2007, at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Beth O'Brien, Jan McLaughlin, Linda Wilson, Bevan Strom, John Dalis, Marty Rubin, Mary Stone, Maxine McIntosh, Jim McNulty, Lloyd Foster

Directors Absent: Burns Nugent

Others Present: Cris Trapp, Patty Fox, Janet Price (10:11 A.M. -10:23 A.M.)
Executive Session: Patty Fox, Cris Trapp

CALL TO ORDER

Beth O'Brien, President of the Corporation, chaired the meeting, and stated that it was a Regular Meeting held pursuant to notice duly given. A quorum was established and the meeting was called to order at 9:30 A.M.

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

PLEDGE OF ALLEGIANCE

Director Maxine McIntosh led the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

No one was present from the Laguna Woods Globe, and the Channel 6 Camera Crew, by way of remote cameras, was acknowledged as present.

MEMBER COMMENTS

- Helen Ensweiler (2121-S) commented on tree removals
- Roy McLain (2087-E) addressed the Board on land sales
- Ken Hammer (797-B) thanked the Board for voting him in as a GRF Board Member
- Jerry Sheinblum (3488-C) announced the next CCA Townhall Meeting
- Kay Margason (510-C) commented on speeding in the Community and the Traffic Committee

APPROVAL OF AGENDA

The agenda was approved as submitted.

APPROVAL OF MINUTES

The minutes of the Regular Meeting of September 11, 2007 were approved as amended by correcting the following statement on page 2, under Member Comments, "Leslie Keane, City Manager, presented a memento in appreciation of Director Jan McLaughlin's assistance with the City's Transportation Services." The minutes of the Special Meeting of

October 3, 2007, the Action By Way of Written Unanimous Consent of October 5, 2007, and the minutes of the Organizational meeting of October 9, 2007 were approved as written. The minutes of the Special Meeting of October 24, 2007 were approved as amended by adding under Member Comments: "Ken Hammer (797-B) expressed his appreciation of the Board's service."

OLD BUSINESS

The Board reviewed their Code of Ethics Policy.

Director Mary Stone made a motion to reaffirm the Board's commitment to its Code of Ethics. Director Linda Wilson seconded the motion, and the motion carried unanimously.

NEW BUSINESS

The Secretary of the Corporation, Director Linda Wilson, read a proposed resolution approving the Mutual Committee Appointments. Director Wilson moved to approve the resolution. Director Stone seconded the motion.

Without objection the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-07-135

RESOLVED, November 13, 2007, that the following persons are hereby appointed to serve the corporation in the following capacities:

Officers

Beth O'Brien, President
Bevan Strom, 1st Vice Pres.
Lloyd Foster, 2nd Vice Pres.
Linda Wilson, Secretary
Jim McNulty, Treasurer

Architectural Standards & Variances Committee

Lloyd Foster, Chair
Jan McLaughlin, Vice Chair
Maxine McIntosh
Mary Stone
Bevan Strom
Advisors: To Be Announced

Finance Committee

Jim McNulty, Chair
Linda Wilson, Vice Chair
John Dalis
Burns Nugent
Marty Rubin
Advisors: Paul Vogel

Landscape Committee

Linda Wilson, Chair
Maxine McIntosh, Vice Chair
John Dalis
Lloyd Foster
Jim McNulty
Advisors: Mary Kay Tibbetts, Polly Spahr

Planning & Project Development

Bevan Strom, Chair
Burns Nugent, Vice Chair
Lloyd Foster
Jan McLaughlin
Mary Stone
Advisors: Bill Cleveland

Resident Relations (Ombudsman)

Linda Wilson, Chair
Marty Rubin, Vice Chair

Traffic Court

Mary Stone, Chair
Maxine McIntosh, Vice Chair
Per rotation list

New Resident Orientation

Per Rotation List

Select Audit

Jim McNulty
Linda Wilson

RESOLVED FURTHER, that Resolution 01-06-126, adopted December 12, 2006 is hereby superseded and canceled.

The Secretary of the Corporation read a proposed resolution approving the GRF Committee Appointments. Director Wilson moved to approve the resolution. Director Lloyd Foster seconded the motion and discussion ensued.

Without objection the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-07-136

RESOLVED, November 13, 2007, that, in compliance with Article 7, Section 7.3 of the Golden Rain Foundation Bylaws, adopted May, 2006, the

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

Broadband Services

Lloyd Foster
Marty Rubin

Business Planning

Jim McNulty, Treasurer
Beth O'Brien, President

Bus Services

John Dalis
Mary Stone

Community Activities

Jan McLaughlin
Jim McNulty, (Equestrian Advisory)

Finance

Jim McNulty
Burns Nugent

Government & Public Relations

Burns Nugent
Mary Stone

GRF Landscape Committee

Maxine McIntosh
Linda Wilson

GRF Maintenance & Construction

Lloyd Foster
Bevan Strom

Laguna Canyon Foundation

Jan McLaughlin

Security

Lloyd Foster
Linda Wilson

Transportation Sub-Committee

Mary Stone

RESOLVED FURTHER, that Resolution 01-06-102, adopted October 20, 2006 is hereby superseded and cancelled.

CHAIR'S REMARKS

President O'Brien commented on the term CC&Rs and explained why United, as a stock co-operative, does not have CC&Rs.

Without objection, the Board agreed to allow Mr. Roy McLain of 2087-E to address the Board who commented on voting requirements.

GENERAL MANAGER'S REPORT

In Mr. Johns' absence, Ms. Cris Trapp updated the Board on the Recreation Needs Assessment Plan.

Ms. Janet Price entered the meeting at 10:11 A.M.

CONSENT CALENDAR

Without objection the Consent Calendar was approved and the following actions were taken:

Architectural Standards and Variances Committee:

RESOLUTION 01-07-137

RESOLVED, November 13, 2007 that the request of Mr. and Mrs. Thomas Braim of 186-C Avenida Majorca to convert the living room window to a sliding glass door and install a concrete slab is hereby denied.

RESOLUTION 01-07-138

RESOLVED, November 13, 2007 that the request of Mr. and Mrs. Lonnie Painter of 630-B Avenida Sevilla to extend the front patio and install an enclosure is hereby denied.

RESOLUTION 01-07-139

RESOLVED, November 13, 2007 that the request of Mr. Irvin McDaniel of 798-G Via Los Altos for the bedroom window reduction 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 798-G; and

RESOLVED FURTHER, all required Mutual and City of Laguna Woods permits must be obtained and the appropriate City of Laguna Woods permit

numbers must be submitted to the Mutual through the Permits and Inspections Office located in the Laguna Woods Village Community Center.

RESOLUTION 01-07-140

RESOLVED, November 13, 2007 that the request of Mrs. Annie Summers of 933-O Avenida Majorca to replace the sliding glass door with two French doors in bedroom two is hereby approved; and

RESOLVED FURTHER, all future costs and maintenance associated with the subject alteration are the responsibility of the Mutual member at 933-O; and

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

RESOLUTION 01-07-141

RESOLVED, November 13, 2007 that the request of Ms. Suzann Skinner of 2210-F Via Mariposa East to install a new construction 4'-0" X 4'-0" XO dual pane white vinyl window in bedroom one is hereby approved; and

RESOLVED FURTHER, all future costs and maintenance associated with the subject alteration are the responsibility of the Mutual member at 2210-F; and

RESOLVED FURTHER, prior to issuance of a permit, signed and wet-stamped plans by a California-licensed structural engineer or architect must be submitted to the Permits and Inspections office located in the Laguna Woods Village Community Center. These plans must include structural details and calculations required to insure that the structural integrity of the building will be maintained; and

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

Landscape Committee Recommendation:

No Recommendations. No Meeting was held.

Finance Committee Recommendations:

RESOLUTION 01-07-142

WHEREAS, Member ID 947-417-55 is currently delinquent to United Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, November 13, 2007 that the Board of Directors hereby approves the recording of a Lien for Member ID 947-417-55; 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 01-07-143

WHEREAS, Member ID 947-434-44 is currently delinquent to United Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, November 13, 2007 that the Board of Directors hereby approves the recording of a Lien for Member ID 947-434-44; and

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

COMMITTEE REPORTS and SERVICES

FINANCE REPORT

Director Jim McNulty reported on the Treasurer's Report and the Finance Committee.

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

Without objection the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-07-144

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

NOW THEREFORE BE IT RESOLVED, November 13, 2007 that the Board of Directors of this Corporation hereby approves the attached Collection and Lien Enforcement Policy and Procedures for Assessment Delinquencies, effective January 1, 2008; and

RESOLVED FURTHER, that Resolution 01-06-125 adopted December 12, 2006 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.

Ms. Price left the meeting at 10:23 A.M.

Director Jan McLaughlin reported from the Architectural Standards and Variances Committee.

The Secretary of the Corporation read the following proposed resolution approving revisions to Alteration Standard Section 29 Washer and Dryer Installations:

RESOLUTION 01-08

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

WHEREAS, the Architectural Standards & Variances Committee has recommended that the Board of Directors further amend the United Laguna Hills Mutual Alteration Standards with suggested changes;

NOW THEREFORE BE IT RESOLVED, January 8, 2008, that the Board of Directors of this Corporation hereby approves the revisions of United Mutual

Alteration Standard Section 29 – Washer and Dryer Installations, as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution U-96-62, adopted May 14, 1996 is hereby amended, and Resolution U-99-59 adopted August 10, 1999 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 Wilson moved to approve the resolution. Director Bevan Strom seconded the motion and discussion ensued.

Director Strom made a motion to amend the General Requirements Section 1.7 of the Standard by adding a period (.) after the word “contractor” and striking out the remaining clause, “unless otherwise approved by the Permits and Inspections office.” The motion was seconded and discussion ensued.

Without objection the amendment carried.

Director Stone made a motion to amend Section 2.9 to add the words “without Board approval” at the end of the section. Director Strom seconded the motion and discussion ensued.

Without objection the amendment carried.

President O’Brien entertained a motion to table the resolution.

Director McNulty made a motion to table the resolution as amended to the January Meeting to satisfy the required statutory thirty-day notice requirements. Director McLaughlin seconded the motion, and without objection, the motion carried.

Ms. Trapp, at this time, announced the dates and times of the Needs Assessment workshops available to the Community.

Director Linda Wilson reported from the Landscape Committee.

Director Bevan Strom reported from the Planning and Project Development Committee.

The Secretary of the Corporation read a proposed resolution allowing residents at Building 136 to repaint the building trim at their own expense. Director Wilson moved to approve the resolution. Director Stone seconded the motion and discussion ensued.

By a vote of 8-1-0 (Director Dalis opposed) the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-07-145

WHEREAS, resident members residing at Building 136 requested a change in the Board-approved exterior paint trim color that was applied to the building earlier this year to one that will provide a complimentary contrast to the color used on the body of the building; and

WHEREAS, the cost to repaint the trim on Building 136 is estimated at \$3,500 to \$4,000;

NOW THEREFORE BE IT RESOLVED, November 13, 2007 that the Board of Directors of this Corporation hereby approves the request to repaint the trim on Building 136 to a different color at the expense of the requesting members, and upon 100% written agreement of Building 136 member occupants on the new trim color selection from the Board-approved color palettes; 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 Linda Wilson reported from the Resident Relations Information Services.

The Directors reported from the GRF Committees to which they are assigned.

DIRECTORS' FORUM

- Director McNulty commented on a letter the Board received from a resident thanking staff for job well done
- Director Rubin welcomed the new Board and expressed his sentiments for a good year
- Director Stone commented on the City's permit requirement process
- Director Strom encouraged the residents to call Property Services to get their fireplaces cleaned
- Director Wilson commented on numerous calls from residents who support PCM staff
- Director Dalis commented on his career working with CalTrans
- Director Foster expressed his appreciation for resident support and to call Property Services for any maintenance and landscape work
- Director McIntosh appreciated staff sending the Monday Memo out on Fridays
- Director McLaughlin thanked staff for a job well done and encouraged everyone to get along

- President O'Brien expressed her sentiments and appreciation for working with the Board and staff

MEETING RECESS

The Regular Open Session Meeting recessed for lunch at 11:37 A.M. and reconvened back into the Regular Executive Session at 12:38 P.M.

The Traffic Committee of the Board met in Executive Session on October 17, 2007 to discuss member disciplinary issues.

During its October 24, 2007 Special Executive Session Meeting, the Board of Directors heard three (3) Regular Disciplinary Hearings and imposed fines totaling \$450 for violations of the Mutual's rules and regulations; and discussed other member disciplinary, litigation and contractual issues.

ADJOURNMENT

With no further business before the Board of Directors, the meeting was adjourned at 4:33 P.M.

Linda Wilson, Secretary

UNITED LAGUNA HILLS MUTUAL

YEAR 2008 COLLECTION AND LIEN ENFORCEMENT POLICY AND PROCEDURES FOR ASSESSMENT DELINQUENCIES

The following is a statement of the specific procedures, policies and practices employed by United Laguna Hills Mutual (the "Mutual") in enforcing lien rights or other legal remedies for default in payment of its assessments against its members (the "Policy Statement"). This Policy Statement is provided pursuant to the requirements of California Civil Code Section 1365(d).

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

WE SINCERELY TRUST THAT ALL MEMBERS, IN THE SPIRIT OF COOPERATION, WILL MAKE TIMELY PAYMENTS AND AVOID THE IMPOSITION OF LATE CHARGES AND POSSIBLE RESULTANT LEGAL ACTION. IT IS IN THE BEST INTEREST OF YOU AND EVERY OTHER MEMBER OF THE MUTUAL FOR EACH OF YOU TO MAKE YOUR MONTHLY PAYMENTS ON TIME.

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

Delinquency reports are made monthly by the Mutual's managing agent to the Board of the Mutual, identifying the member, amount and the length of time the assessments have been in arrears. Additionally, to ensure the prompt payment of monthly assessments the Mutual employs the following collection and lien enforcement procedures:

1. Regular assessments are due and payable to the Mutual, in advance, in equal monthly installments, on the first day of each month. Special assessments shall be due and payable on the due date specified by the Board of Directors in the notice imposing the assessment or in the ballot presenting the special assessment to the members for approval. In no event shall a special assessment be due and payable earlier than thirty (30) days after the special assessment is duly imposed. If the current monthly assessment is not received by the Mutual on or before the close of business on the sixteenth (16th) day of the month (or if a special assessment is not received by the Mutual on or before the close of business on the fifteenth (15th) day after it is due), a Reminder Notice is sent to the member. PLEASE NOTE THAT TO BE CONSIDERED TIMELY, THE PAYMENT MUST BE RECEIVED BY THE MUTUAL WITHIN THIS FIFTEEN (15) DAY GRACE PERIOD. SIMPLY PLACING THE PAYMENT IN THE MAIL BEFORE THE

GRACE PERIOD EXPIRES IS NOT SUFFICIENT. It is the policy of the Association not to routinely waive any duly imposed late charges, interest, or actually incurred "Costs of Collection." "Costs of Collection" as used in this Policy Statement shall include, without limitation, an administrative collection fee, currently in the amount of Two Hundred Dollars (\$200) (the "Administrative Collection Fee"), which is charged by the Mutual's managing agent to cover staff's costs to prepare the files for delivery to the Mutual's legal counsel in order to carry out legal actions authorized hereunder, as well as direct costs incurred in recording and/or mailing documents attendant to this legal process. This Administrative Collection Fee may be increased by majority vote of the Mutual's Board, and may be collected by the Mutual's legal counsel on its behalf, and remitted to the Mutual's managing agent, or may be directly collected by the Mutual's managing agent. It is the member's responsibility to allow ample time to drop off or mail all payments so that they are received before the delinquency date. All notices or invoices for assessments will be sent to members by first-class mail addressed to the member at his or her address as shown on the books and records of the Mutual. However, it is the member's responsibility to be aware of the assessment payment due dates and to advise the Mutual of any changes in the member's mailing address.

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

2. If full payment of the delinquent amount is not received by the close of business on the day which is fifteen (15) days after the date of the Reminder Notice, a Demand Letter will be sent to the member by Certified Mail. Additionally, the Mutual will attempt to contact the member by telephone to remind the member of the delinquency and determine when payment will be made. However, no assurances can be given that the Mutual will in fact reach the member by telephone, and the member is responsible to pay off the delinquency whether or not a telephone reminder is actually received by the member.
3. If full payment of the delinquent amount is not received by the close of business on the thirtieth (30th) day after the date of the Demand Letter, the Mutual may, at its option, and based on the circumstances of the delinquency, including but not limited to, the total delinquent amount owing and the member's payment history, undertake to collect the delinquency by: (1) legal actions, discussed further below, (2) termination of the delinquent

member's membership in the Mutual as a result of any foreclosure, or (3) other appropriate means.

4. The failure to pay each assessment payment on a timely basis imposes financial pressure and burdens on the Mutual's budget. The monthly assessments are the Mutual's principal and only regular source of revenue to meet current operating and reserve expenses incurred on behalf of the members of the Mutual. Special assessments must be received in a timely fashion in order to finance the special projects for which said assessments are imposed. Accordingly, in order to reduce the amount and duration of delinquencies and to encourage the prompt and full payment of the assessments, the Mutual has been vested with certain enforcement rights and remedies which are in addition to those which exist generally for creditors. For example, the Mutual may, after following appropriate procedures prescribed by law and the Mutual's governing documents, suspend a delinquent member's right to vote on matters requiring collective action by the Mutual, or to use facilities or receive services provided by the Mutual, or both, until the delinquency is paid in full. Failure to pay the assessments may also result in suspension of membership in and the ability to use the facilities provided by the Golden Rain Foundation of Laguna Woods.

The Mutual may also take various legal actions to enforce the collection of delinquencies. These actions may be taken separately or concurrently.

First, a civil action in small claims court may be filed (or a lien recorded as to which the Mutual is prohibited from foreclosing while the amount of the delinquent assessments, exclusive of any late charges, fees, attorney's fees, interest, and costs of collection is less than One Thousand Eight Hundred Dollars (\$1,800), or the delinquent assessments are less than twelve (12) months delinquent), with a management company representative or bookkeeper appearing and participating on behalf of the Mutual.

The amount that may be recovered in small claims court may not exceed the jurisdictional limits of the small claims court, and shall be the sum of the following: (a) the amount owed as of the date of filing of the complaint in the small claims court proceeding; and (b) in the discretion of the court, an additional amount equal to the amount owed for the period from the date the complaint is filed until satisfaction of the judgment, which total amount may include accruing unpaid assessments and any reasonable late charges, fees and Costs of Collection (which costs shall, as stated above, include, without limitation, the Administrative Collection Fee), attorney's fees and interest, all up to the jurisdictional limits of the small claims court.

Alternatively, if the amount of delinquent assessments (again, not including any late charges, fees, attorney's fees, interest, or costs of

collection), exceeds One Thousand Eight Hundred Dollars (\$1,800), or any unpaid assessments are more than twelve (12) months delinquent, then, subject to specified conditions, the Mutual may initiate foreclosure proceedings to collect the amounts owed.

These conditions include that, prior to initiating a foreclosure, the Mutual shall offer the member, and if so requested by the member, must participate in dispute resolution pursuant to the Mutual's "meet and confer" program, or alternative dispute resolution ("ADR"). The decision to pursue dispute resolution or a particular type of ADR shall be the choice of the member, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure.

Another condition is that the decision to initiate foreclosure of a lien for delinquent assessments that has been validly recorded shall be made only by the Board, and may not be delegated to an agent of the Mutual. The Board shall approve the decision by a majority vote of the Board in an executive session. The vote must be recorded in the minutes of the next meeting of the Board open to all members; however, the confidentiality of the member shall be maintained by identifying the matter in the minutes only by the Parcel Number, and not by the name of the owner or owners. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale.

The Board must provide notice by personal service to an owner of a separate interest or their legal representative, if the Board votes to foreclose. For a non-occupying owner, the Board must provide written notice by first-class mail, postage prepaid, at the most current address shown on the books of the Mutual. In the absence of written notification by a non-occupying owner to the Mutual, the address of the owner's separate interest may be treated as the owner's mailing address.

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

If a foreclosure action is prosecuted to judgment and the judgment is in favor of the Mutual, assets of the member may be seized or a lien may be placed on such assets to satisfy the judgment.

Pursuant to the provisions of the Davis-Stirling Common Interest Development Act, applicable regulations, and the Occupancy Agreement, the delinquent amount, as well as late payment penalties for the delinquent assessments and/or interest charges and/or charges for Costs of Collection that are incurred by the Mutual or its

managing agent acting on behalf of the Mutual in its efforts to collect delinquent assessments (including, but not limited to, attorney's fees, title company and foreclosure service company charges, charges imposed to defray the cost of preparing and mailing demand letters, and recording costs (such as the Administrative Collection Fee), and costs associated with small claims court actions) may be enforced as a lien against the member's Manor.

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

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

The decision to pursue dispute resolution or a particular type of ADR shall be the choice of the owner (except that binding arbitration is not available if the Mutual intends to initiate a judicial foreclosure). If the Member elects not to proceed with dispute resolution or any type of ADR, then the Mutual must send the member a certified notice providing information regarding the sums claimed as being delinquent ("Pre-Lien Notice"). No lien can be recorded until thirty (30) days after this Pre-Lien Notice has been given. This certified Pre-Lien Notice from the Mutual must include the following information:

- (a) A general description of the collection and lien enforcement procedures of the Mutual and the method of calculation of the amount that is claimed to be owed (this summary of assessment collection procedures is intended to satisfy that disclosure requirement);
- (b) A statement that the notified member has the right to inspect the Mutual's records pursuant to Section 8333 of the Corporations Code;
- (c) A statement in 14-point capital letters (or boldface type): "IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION";
- (d) An itemized statement of the charges owed by the member, including items on the statement that indicate the amount of any delinquent

assessments, the fees and Costs of Collection, reasonable attorney's fees, and late charges, and interest, if any;

- (e) A statement that the member shall not be liable to pay the charges, interests and Costs of Collection if it is determined that the assessment was paid on time to the Mutual;
- (f) A statement that the notified member has a right to meet with the Board to discuss a payment plan (further discussed below);
- (g) A statement that the member has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Board pursuant to the Mutual's "meet and confer" program; and
- (h) A statement that the member has the right to request ADR with a neutral third party before the Mutual may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure.

Owner's Right to Request a Meeting with the Board, or Dispute Resolution or ADR. On receipt of the certified Pre-Lien Notice described above, the noticed member has several possible courses of action that can be taken at this point in the collection process, such as:

- (a) The member has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Mutual pursuant to the Mutual's "meet and confer" program, which is required by Civil Code §§1363.810-1363.850;
- (b) The noticed owner may exercise his or her right to participate in alternative dispute resolution with a neutral third party under Civil Code §§1369.510-1369.590 before the Mutual may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure.
- (c) The noticed member has a right to submit a written request to meet with the Board of Directors to discuss a payment plan for the delinquent assessment, as long as the request for a meeting is made within fifteen (15) days following the postmark on the Mutual's Pre-Lien Notice to the member. That meeting must take place within forty-five (45) days (calculated from the postmark on the member's request) and must be conducted in executive session. When a member has made a timely request for a meeting to discuss a payment plan, the Mutual must provide the requesting member with the Mutual's standards for payment plans, if any standards have been adopted. There is no statutory authorization for the Board to delegate this meeting obligation to a property manager, but the Board can designate a

committee of one or more members to meet with the member if there is no regularly scheduled Board meeting that will occur within forty-five (45) days of the member's request.

Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans may not impede the Mutual's ability to record a lien on the member's separate interest to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the member is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Mutual may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan.

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

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

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

Additionally, in accordance with state law, payments received on delinquent assessments shall be applied to the member's account in the following order of priority: first, to the principal owed; then to accrued interest and late charges; then to attorney's fees; then to title company and foreclosure service company charges and other Costs of Collection. Payments on account of principal shall be applied in reverse order so that the oldest arrearages are retired first. Interest shall continue to accrue on unpaid balances of principal, and other costs and charges imposed in accordance with Civil Code section 1366(d).

The Mutual is prohibited from recording a lien or initiating a foreclosure action without participating in dispute resolution or ADR procedures if so requested by the member. If it is determined through dispute resolution or ADR that the Mutual has filed a lien for delinquent assessments in error, the Mutual is required to promptly reverse all late charges, fees, interest, attorney's fees, Costs of Collection, costs imposed for the Pre-Lien Notice, and costs of recordation and release of the lien (per Civil Code Section 1367.4(b)), and pay all costs related to any dispute resolution or ADR that has been pursued.

Members have a right to identify in writing to the Mutual a secondary address for purposes of collection notices delivered pursuant to this collection and lien enforcement policy, and

upon receipt of a written request from a member identifying a secondary address, the Mutual must send additional notices to this secondary address.

Although the matters set forth above summarize the policies and practices ordinarily employed to collect delinquent monthly assessments, the Mutual reserves the right to employ other or additional policies and practices as may be necessary or appropriate when the uniqueness of the circumstances or habitualness of the delinquency so requires.

BOARD OF DIRECTORS

UNITED LAGUNA HILLS MUTUAL