

**MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF  
LAGUNA WOODS MUTUAL NO. FIFTY  
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

**September 20, 2012**

The Board of Directors of Laguna Woods Mutual Fifty, a California non-profit mutual benefit corporation, met at 2:00 P.M. on Thursday, September 20, 2012 at 24055 Paseo del Lago West, Laguna Woods, California.

**Directors Present:** Ryna Rothberg, Chair; Marilyn Ruekberg; Inesa Nord-Leth; Erwin Levy

**Directors Absent:** Joyce Bender

**Others Present:** Judie Zoerhof, Jerry Storage, Patty Kurzet

**1. Call to Order**

President Rothberg chaired the meeting and stated that it was a regular meeting of the Corporation and that a quorum was present. The meeting was called to order at 2:00 P.M.

**2. Pledge of Allegiance to the Flag**

Director Ruekberg led the membership in the Pledge of Allegiance to the Flag.

**3. Approval of the Minutes**

The Board reviewed and approved without objection the minutes of the Regular Meeting of August 16, 2012.

**4. President's Comments**

President Rothberg introduced Ruth May, a candidate running for GRF, who spoke to the Board on her candidacy. President Rothberg spoke to the elimination of the dual-hub bus system.

**5. Members' Comments**

No comments were made.

**6. Consent Calendar**

No Consent Calendar items came before the Board.

**7. Old Business**

**a. Revised Pet Policy**

Ms. Zoerhof provided a summary of the proposed resolution approving the revised pet policy which was postponed from the August meeting to satisfy the 30-day notification requirement. Director Ruekberg moved to approve the resolution. Director Levy seconded the motion.

Members Lou Parker (1206) and Olive Guggenmos (455) commented on the proposed policy.

By a vote of 3-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION M50-12-57**

**WHEREAS**, Mutual Fifty has an existing Pet Policy with regard to pets permitted in the Towers; and

**WHEREAS**, the Board has recently considered requests from individuals who wish to be allowed two small pets;

**NOW THEREFORE BE IT RESOLVED**, September 20, 2012, that the Board of Directors of this Corporation hereby approves the following Pet Policy:

**Policy Statement**

A pet must be licensed, with current inoculation records, and spayed or neutered. A copy of the license and a veterinarian's certificate verifying the aforementioned must be presented when applying for a permit.

All dogs, cats or other household pets authorized to be kept within a dwelling unit are required to have a permit issued by the Mutual.

The pet owner is required to appoint a pet guardian who will be responsible for the care of the pet in case of an emergency or when the owner is not available. If the guardian is not available within 24 hours of the emergency, or owner's absence, the animal shelter will be notified.

An identity collar must be on the animal at all times, identifying the owner, unit, and pet's name.

The pet owner must submit a current Certificate of Insurance with their application, which provides homeowner's insurance coverage for any damage done by the pet to persons or Mutual property with a minimum coverage of \$250,000 per occurrence.

**Rules for two dogs or two cats – The Pet Policy shall apply to those requesting to purchase or move-in with two pets.**

**Rules and Regulations**

The ability of a resident to keep a pet is, as set forth above, subject to the following rules and regulations which are founded on health and safety considerations of all Mutual residents, visitors and guests.

1. No pet shall be permitted within the common area outside and/or inside the buildings unless restrained by a leash, **not to exceed six (6) feet**, and in the charge of a person competent to restrain and control the pet. Owners with two pets shall use the elevator to the tunnel exit exclusively and avoid the common area lounges. This request is made so that the control of multiple dogs on a leash does not cause a trip hazard.
2. Pets are only permitted in interior common areas when leaving their residence to the elevator and from the elevator to the nearest exit and must be on a leash at all times.
3. No pet shall be permitted to urinate or defecate within the common area except within the grass areas north of Tower I and west of Tower II. Fecal waste shall be removed forthwith and placed in a sealed double plastic bag by the owner or person in charge of the pet before placing in the trash chute.
4. Pet owners shall not allow their pets to obstruct or interfere with the right of other residents, guests or visitors, or annoy them by unreasonable noises at any time.
5. Small dogs may be carried while in the elevators to avoid leash tangles or accidents with the automatic doors.
6. Pets must be kept free of fleas at all times.
7. The Mutual's staff is not responsible for the cleanup or disposal of pet refuse.
8. During housekeeping services, the pet must be restrained or out of the manor.
9. Pet litter is never to be disposed of in toilets. Pet owners will receive a service charge if toilets become clogged because of the above.
10. A \$35 Pet Fee will be due annually at the time that the immunizations are updated. This fee is for all pets in the Towers.
11. Visitors with pets must comply with all rules pertaining to pets in Common Area.

12. Pet owners must comply with all pet related requirements of Laguna Woods Mutual Fifty and the City of Laguna Woods.

**Disciplinary Procedures:**

All pet related complaints will be investigated. After due notice of hearing, and opportunity for the resident to present his or her case, the matter will be considered by the Mutual's Board of Directors. The Board may take all disciplinary action authorized by the Mutual's bylaws including, but not limited to, 1) a fine; 2) payment of the corporation's attorney fees incurred in enforcing the pet regulations; 3) removal of the pet; or 4) termination of the occupancy of the resident in Mutual Fifty; and

**RESOLVED FURTHER**, that Resolution M50-11-65 dated October 20, 2011 and Resolution M50-12-39 adopted July 19, 2012 are hereby superseded and canceled; and

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

**b. Dress Code for Crystal Dining Room**

President Rothberg provided a summary of the following proposed resolution approving the revised dress code policy which was postponed from the August meeting to satisfy the 30-day notification requirement:

**RESOLUTION M50-12-**

**DINING ROOM DRESS CODE POLICY**

**WHEREAS**, Mutual Fifty has maintained a dress code for each dining room since the inception of the Towers; and

**WHEREAS**, good grooming (clothing, hair, face and hands) is expected at all times in the dining rooms and common areas; the following dress codes for the Towers dining rooms apply to both residents and their guests (for whom residents are responsible); and

**NOW THEREFORE BE IT RESOLVED**, September 20, 2012, that the Board of Directors of this Corporation on behalf of the Corporation hereby states the Mutual Fifty Dress Code Policy as follows;

In order to maintain the high standards of the Towers at Laguna Woods Village, the Board of Directors requests residents to read and adhere to the following Dress Code Policy:

Collarless tee shirts, tee shirts with printed offensive language, or tee shirts with logos are not allowed at any time; No shorts or sleeveless muscle shirts are to be worn at any time; foot wear such as flip-flops, or thong sandals are not allowed in either dining room; No torn or patched jeans are to be worn at any time.

### **CRYSTAL DINING ROOM**

Men are required to wear dress slacks, dressy sport clothing, professional attire, which may include a suit coat or sports coat, collared shirts or turtleneck shirts as appropriate for gentlemen;

Ladies are required to wear dressy pant suits, dresses, or other dressy separates;

No caps or visors are to be worn in the Crystal dining room at any time;

### **CALIFORNIA DINING ROOM**

Men are required to wear dressy casual slacks and collared shirts or sweaters, men are not allowed to wear shorts or shirts without collars;

Women are required to wear dressy casual or resort wear separates, denim or jeans are allowed in the California Room only; shorts are not allowed at any time;

No caps are to be worn in the California dining room at any time.

**RESOLVED FURTHER**, that in an instance where a possible violation of the Dress Code is observed, two members of the Board must agree that there is a violation; at that time the information regarding the violation will be communicated to the Administration Office Staff who will advise the resident by a polite, positive letter acknowledging the possibility of the alleged specific offense; and

**RESOLVED FURTHER**, that no sleep attire, bathrobes, bed clothing, or spa attire is allowed in the common area at any time; and

**RESOLVED FURTHER**, that Resolution M50-11-64 dated October 20, 2011 is hereby canceled and superseded; 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 Ruekberg moved to not approve the proposed revised policy. Director Nord-Leth seconded the motion and discussion ensued.

Member Vicky Kasselheim (1056) commented on the policy.

The motion carried by a vote of 3-0-0.

## **8. Items for Discussion and Consideration**

### **a. 2013 Business Plan**

Director Ruekberg read a proposed resolution approving the 2013 Business Plan. Director Ruekberg moved to approve the resolution. Director Levy seconded the motion and discussion ensued.

By a vote of 3-0-0, the motion carried and the Board of Directors adopted the following resolution:

### **RESOLUTION M50-12-58**

#### **2013 BUSINESS PLAN RESOLUTION**

**RESOLVED**, September 20, 2012, that the Business Plan of this Corporation for the year 2013 is hereby adopted and approved; and

**RESOLVED FURTHER**, that pursuant to said Business Plan, the Board of Directors of this Corporation hereby estimates that the sum of \$6,417,987 is required by the Corporation to meet the Laguna Woods Mutual No. Fifty operating expenses and reserve requirements for the year 2013 from which will be deducted \$872,753 expected from various sources of revenue. In addition, the sum of \$777,785 is required by the Corporation to meet the Golden Rain Foundation and the Golden Rain Foundation Trust operating expenses and reserve contributions for the year 2013. The Board of Directors hereby estimates that the net sum of \$6,323,019 is required to be collected from and paid by members of the Corporation as monthly assessments; and

**RESOLVED FURTHER**, that the Board of Directors of this Corporation hereby approves expenditures from reserves in the sum of \$860,400, of which \$798,900 is planned from the Replacement Funds and \$61,500 from the Contingency Funds; and

**RESOLVED FURTHER**, that all sums paid into the replacement reserves shall be used for capital expenditures only and shall be credited on the books of account of the Corporation to Paid-In Surplus as a capital contribution; and

**RESOLVED FURTHER**, that the Board of Directors of this Corporation hereby determines and establishes monthly assessments of the Corporation as shown on each member's breakdown of monthly assessments for the year 2013 and as filed in the records of the Corporation; said assessments to be due and payable by the members of this Corporation on the first day of each month for the year 2013; and

**RESOLVED FURTHER**, that the Board of Directors of this Corporation hereby determines and establishes monthly assessments required to be paid by members of the Corporation effective January 1, 2013 as follows:

Unit Model	Monthly Assessment
A	\$1,739.18
B	\$1,761.63
C	\$1,930.97
D	\$1,903.49
F	\$2,069.43
G	\$1,876.55
H	\$2,031.35

**RESOLVED FURTHER**, that the second occupant charge will be \$609.52, of which \$510.09 is for food service and \$99.43 is for maintenance; and

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

**b. 2013 Replacement Reserves**

Director Ruekberg read a proposed resolution approving the 2013 Replacement Reserves. Director Ruekberg moved to approve the resolution. Director Levy seconded the motion.

Member Vicky Kasselheim (1056) commented on reserves.

By a vote of 3-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION M50-12-59**

**2013 REPLACEMENT RESERVES RESOLUTION**

**WHEREAS**, Civil Code §1365.2.5 requires specific reserve funding disclosure statements for homeowner associations; and

**WHEREAS**, planned assessments or other contributions to replacement reserves must be projected to ensure balances will be sufficient at the end of each year to meet the association's obligations for repair and/or replacement of major components during the next 30 years;

**NOW THEREFORE BE IT RESOLVED**, September 20, 2012, that the Board has developed and hereby adopts the Replacement Reserves 30-Year Funding Plan (attached) with the objective of maintaining replacement reserve balances at or above a threshold of \$1,170,000 (indexed for projected inflation), while meeting its obligations to repair and/or replace major components; and

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

**c. Schedule of Patio Enclosure Fees**

Director Ruekberg read a proposed resolution approving the schedule of patio enclosure fees. Director Ruekberg moved to approve the resolution. Director Levy seconded the motion.

By a vote of 3-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION M50-12-60**

**WHEREAS**, eight units have an enclosed patio area and pay a fee for the incremental operating costs, such as utilities, that arise from the increased square footage of interior space; and

**NOW THEREFORE BE IT RESOLVED**, September 20, 2012, that the Board of Directors of this Corporation hereby approves the following schedule of patio enclosure fees:

<b>Manor</b>	<b>Monthly Fee</b>
1305	\$10.47
1306	\$10.47
1356	\$9.42
1357	\$16.14
1403	\$10.44
1404	\$10.24
1405	\$10.81
1406	\$12.59



**RESOLVED FURTHER**, the new rates will be effective January 1, 2013 and included in the monthly assessment; and

**RESOLVED FURTHER**, resolution M50-11-57 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.

**d. Collection and Lien Enforcement Policy**

Director Ruekberg read a proposed resolution approving the Collection and Lien Enforcement Policy and Procedures for Assessment Delinquencies. Director Ruekberg moved to approve the resolution. Director Levy seconded the motion.

By a vote of 3-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION M50-12-61**

**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; and

**NOW THEREFORE BE IT RESOLVED**, September 20, 2012, that the Board of Directors of this Corporation hereby approves the attached Collection and Lien Enforcement Policy and Procedures for Assessment Delinquencies, effective January 1, 2013; and

**RESOLVED FURTHER**, that Resolution M50-11-62, adopted October 20, 2011 is hereby superseded and cancelled; and

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

**e. Appointments to Orientation Committee**

Director Ruekberg read a proposed resolution approving the appointments to the Information and Orientation Committee. Director Ruekberg moved to approve the resolution. Director Levy seconded the motion.

By a vote of 3-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION M50-12-62**

**RESOLVED**, September 20, 2012, that the Board of Directors of this Corporation hereby appoints the following members to serve on the Information and Orientation Committee:

Marilyn Ruekberg, Chair  
Bea Gross  
Morton Bender  
Roslyn Kreeger  
Inesa Nord-Leth  
Renee Merer  
Erma Savage  
Katie Holgate  
Louise Carlstrand  
Claire Weisberg

**RESOLVED FURTHER**, that Resolution M50-10-76 adopted November 18, 2010 is hereby superseded and cancelled; and

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

**f. Send Letter to GRF re Gate Access**

Ms. Zoerhof reported that GRF has tightened the gate access policy, which has affected Mutual Fifty regarding identification of drivers for band members and for those who attend Open House events; and the Board has reviewed a draft letter to GRF asking for specific consideration for Mutual Fifty. Without objection, the Board directed the President to execute the letter on behalf of the Board.

Member Vicky Kasselheim (1056) commented on gate access policy.

**g. Send Letter to GRF re Subsidizing Golf Café**

President Rothberg reported that there is a line item in GRF's budget to subsidize the Village Greens Café; and the Board is reviewing a letter to be sent to GRF asking that the Village Greens Café be self-sustaining and thus should not be subsidized. Director Ruekberg moved to approve the letter. Director Levy seconded the motion and discussion ensued. By a vote of 1-2-0 (Director Levy voted in favor), the motion failed.

Director Levy moved to table the discussion on the letter for 60 days. Director Nord-leth seconded the motion and discussion ensued. By a vote of 2-1-0 (Director Nord-Leth opposed), the motion carried.

Members Rhoda Brody (760) and Olive Guggenmos (455) commented on the Café.

**h. Coffee Service for Emeritus Classes**

Ms. Zoerhof stated that Staff was asked to investigate providing coffee service for the Emeritus Classes. Ms. Zoerhof stated that the expense for such service would be about \$1,000 a month for Mutual Fifty. Should the classes desire coffee service, then the participants would be provided coffee at \$1 per person paid in advance.

Members Vicky Kasselheim (1056), Lou Parker (1206), Norman Mclean (563), Pat Casey (501), and Henry Tornell (912) commented on the service.

Director Levy moved directing Staff to draft a letter to the Emeritus Class Instructors advising them if the classes want coffee made available, then it will be provided at \$1 per cup. Director Nord-Leth seconded the motion and the motion carried unanimously.

**i. Mutual Fifty Curb Cuts**

Ms. Zoerhof stated that since the dual-hub system has been eliminated, GRF will not consider paying for Mutual Fifty's curb cuts between the front entrance of the Towers and the lower parking lot. Ms. Zoerhof asked direction from the Board if it wants Staff to draft a report on the cost of installing curb cuts at the Mutual's expense.

Members Ilse Stern (355), Olive Guggenmos (455), and Henry Tornell (912) commented on the curb cuts.

Without objection, the Board directed Staff to draft a subject report on the cost of installing the curb cuts at Mutual Fifty's expense.

**j. Report of Tunnel Mural Painting Ad Hoc Committee**

Ms. Zoerhof reported that it was agreed to do the following for the Tunnel:

- Use color block graphics on the left side wall;
- Use a tree theme if additional work is needed on the left wall;
- Use Staff's drawing;
- Mural painting would continue up to the glass partitions; and
- The storage room doors will be painted to look like barn doors.

**9. Financial and Budget Report**

Director Levy gave the Financial and Budget Report.

**10. Standing Committee Reports:**

- **Resident Entertainment Committee:** President Rothberg announced that JoAnn Cramer will be retiring and her replacement will start October 1, 2012.
- **Business Planning Committee:** Director Levy reported on behalf of the Business Planning Committee.
- **Orientation Committee:** No report was given.
- **Architectural Control Committee:** No report was given.

**11. GRF Committees:**

- **Community Activities Committee:** President Rothberg reported on behalf of the Community Activities Committee.
- **Media and Communications Committee:** President Rothberg reported on behalf of the Media and Communications Committee.
- **Mobility and Vehicles Committee:** No report was given.
- **Finance:** Director Levy reported on behalf of the Finance Committee.
- **Security Committee:** No report was given.

**12. Golden Rain Foundation**

Mr. Jerry Storage reported on the on the September 4, 2012 Golden Rain Foundation Board Meeting.

**13. Resale and Leasing Reports**

Mr. Storage reported on the resale and leasing activity at the Towers.

**14. Administrator's Report**

Ms. Zoerhof reported that the City of Laguna Woods provided an Award of Excellence to Guckenheimer for their food service at the Towers.

**15. Directors' Forum**

Director Nord-Leth asked that Mr. Storage's report be made earlier in the meeting.

**Recess**

The meeting recessed at 3:36 P.M. and reconvened into Executive Session at 3:42 P.M.

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

During its Regular Executive Session of August 16, 2012 the Board of Directors reviewed and approved the minutes from the July 19, 2012 Regular Executive Session; approved easements for ETWD; approved the recording of a Notice of Default for Member ID 932-962-08; accepted a deed in lieu of foreclosure; and discussed contractual and litigation issues.

During its August 21, 2012 Special Executive Session, the Board discussed contractual issues.

During its August 31, 2012 Special Executive Session, the Board discussed contractual issues.

There being no further business to come before the Board, the meeting was adjourned at 4:30 P.M.

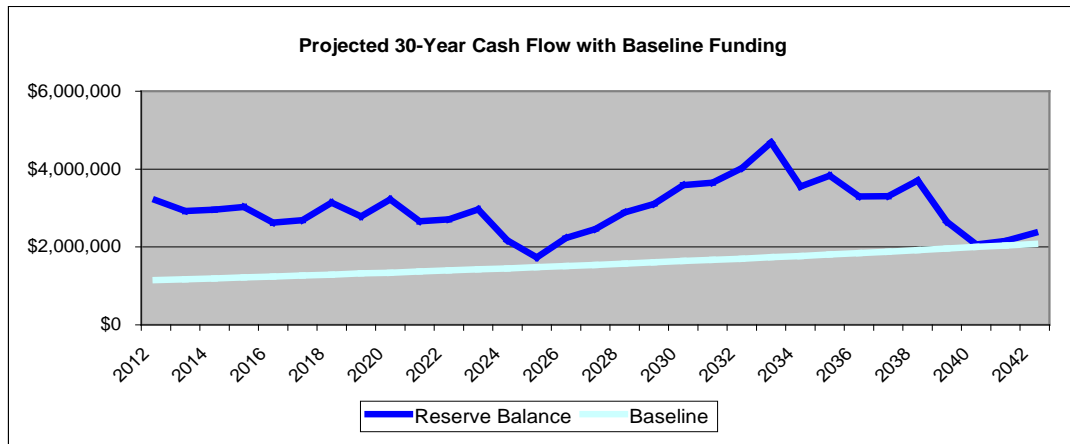
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Ryna Rothberg, President

**LAGUNA WOODS MUTUAL NO. FIFTY  
 2013 RESERVES PLAN  
 Replacement Reserves 30 Year Funding Plan**

**Baseline (Threshold):**                   **\$ 1,170,000**  
 Indexed for projected inflation

Year	Assessment		Interest Earnings	Planned Expenditures*	Reserve Balance
	Per Unit Per Month	Total Contribution			
2012	\$ 123.00	\$ 459,036	\$ 55,273	\$ 239,548	\$ 3,200,319
2013	\$ 126.00	\$ 470,232	\$ 55,285	\$ 798,900	\$ 2,926,936
2014	\$ 129.00	\$ 481,428	\$ 44,322	\$ 493,842	\$ 2,958,844
2015	\$ 132.00	\$ 492,624	\$ 45,062	\$ 471,363	\$ 3,025,167
2016	\$ 135.00	\$ 503,820	\$ 42,557	\$ 945,336	\$ 2,626,208
2017	\$ 138.00	\$ 515,016	\$ 40,020	\$ 492,945	\$ 2,688,299
2018	\$ 141.00	\$ 526,212	\$ 43,863	\$ 121,896	\$ 3,136,478
2019	\$ 144.00	\$ 537,408	\$ 44,570	\$ 936,281	\$ 2,782,175
2020	\$ 147.00	\$ 548,604	\$ 45,235	\$ 151,179	\$ 3,224,835
2021	\$ 150.00	\$ 559,800	\$ 44,345	\$ 1,165,017	\$ 2,663,963
2022	\$ 152.00	\$ 567,264	\$ 40,443	\$ 565,029	\$ 2,706,641
2023	\$ 154.00	\$ 574,728	\$ 42,719	\$ 357,820	\$ 2,966,268
2024	\$ 156.00	\$ 582,192	\$ 38,689	\$ 1,415,621	\$ 2,171,528
2025	\$ 158.00	\$ 589,656	\$ 29,403	\$ 1,057,485	\$ 1,733,102
2026	\$ 160.00	\$ 597,120	\$ 29,873	\$ 126,135	\$ 2,233,960
2027	\$ 162.00	\$ 604,584	\$ 35,360	\$ 412,191	\$ 2,461,713
2028	\$ 164.00	\$ 612,048	\$ 40,294	\$ 224,875	\$ 2,889,180
2029	\$ 166.00	\$ 619,512	\$ 45,142	\$ 448,299	\$ 3,105,535
2030	\$ 168.00	\$ 626,976	\$ 50,411	\$ 194,090	\$ 3,588,832
2031	\$ 170.00	\$ 634,440	\$ 54,544	\$ 623,429	\$ 3,654,387
2032	\$ 172.00	\$ 641,904	\$ 57,840	\$ 327,656	\$ 4,026,475
2033	\$ 174.00	\$ 649,368	\$ 65,591	\$ 57,763	\$ 4,683,671
2034	\$ 176.00	\$ 656,832	\$ 62,010	\$ 1,851,583	\$ 3,550,930
2035	\$ 178.00	\$ 664,296	\$ 55,608	\$ 437,319	\$ 3,833,515
2036	\$ 180.00	\$ 671,760	\$ 53,704	\$ 1,260,808	\$ 3,298,171
2037	\$ 182.00	\$ 679,224	\$ 49,709	\$ 724,137	\$ 3,302,967
2038	\$ 184.00	\$ 686,688	\$ 52,803	\$ 333,443	\$ 3,709,015
2039	\$ 186.00	\$ 694,152	\$ 47,869	\$ 1,803,272	\$ 2,647,764
2040	\$ 188.00	\$ 701,616	\$ 35,462	\$ 1,323,376	\$ 2,061,466
2041	\$ 190.00	\$ 709,080	\$ 31,759	\$ 646,322	\$ 2,155,983
2042	\$ 192.00	\$ 716,544	\$ 34,024	\$ 544,257	\$ 2,362,294



\*Planned Expenditures include Reserves Expenditures Plan and carryover items from prior years.



Laguna Woods, California 92637

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

### **PURPOSE STATEMENT**

The following is a statement of the specific procedures, policies and practices (“Policy Statement”) employed by Laguna Woods Mutual No. Fifty, a California nonprofit mutual benefit corporation (the “Mutual”) in enforcing lien rights or other legal remedies for default in payment of its assessments against its owners (“Members”). This Policy Statement is provided pursuant to the requirements of California Civil Code Section 1365(e).

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 Members who make timely payment of their assessments to bear a disproportionate share of the community’s financial obligations. Special assessments must be received in a timely fashion in order to finance the needs for which said special assessments are imposed.

Accordingly, in order to reduce the amount and duration of delinquencies and to encourage the prompt and full payment of all assessments, the Mutual has been vested with certain enforcement rights and remedies which are in addition to those which exist generally for creditors. These rights and remedies are described in this Policy Statement.

**WE SINCERELY TRUST THAT ALL MEMBERS, IN THE SPIRIT OF COOPERATION AND RECOGNIZING THEIR LEGAL OBLIGATIONS, WILL MAKE TIMELY PAYMENTS AND AVOID THE IMPOSITION OF LATE CHARGES, POSSIBLE RESULTANT LEGAL ACTION, AND THE LEGAL OBLIGATION TO REIMBURSE THE MUTUAL FOR THE COSTS OF SUCH 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 MUTUAL RECORDS A LIEN ON YOUR PROPERTY DURING THE COLLECTION OF PAST-DUE ASSESSMENTS, ALL MEMBERS HAVE A PERSONAL AND ONGOING OBLIGATION TO PAY ASSESSMENTS AND CHARGES.**

### **BASIC POLICIES AND PROCEDURES**

Delinquency reports are made monthly by the Mutual’s managing agent to the Board of the Mutual, identifying the delinquent Member, amount and the length of time the assessments have been in arrears. The policies and practices outlined in this Policy Statement shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Mutual’s Board of Directors, or unless the applicable statutory scheme changes, in which event, this Policy Statement shall be construed so as to be consistent with any newly

adopted statutes or court decisions. In accordance with the Mutual's governing documents (including, without limitation, the Articles of Incorporation, the Bylaws, the recorded CC&R's, and the California Civil Code), to ensure the prompt payment of monthly assessments, the Mutual employs the following collection and lien enforcement procedures:

**Assessment Due Date**

Regular assessments are due and payable to the Mutual, in advance, in equal monthly installments, on the first day of each month. It is each Member'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 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.

**Reminder Notice**

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.

**Administrative Collection Fee**

It is the policy of the Mutual 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 include, without limitation, an administrative collection fee, currently in the amount of Five Hundred Dollars (\$500) (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.

**Late Charge**

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 may 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.

#### **Demand Letter (aka Pre-Lien Letter)**

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 (also known as a Pre-Lien Letter under California Civil Code section 1367.1(a)) will be sent to the Member by Certified Mail. The Mutual, through its managing agent, will also 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.

#### **Alternate Means to Collect Delinquent Sums**

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) suspending a Member's right to use Mutual or GRF facilities; (2) termination of the delinquent Member's Membership in the Mutual as a result of any foreclosure, (3) legal actions, discussed further below, or (4) other appropriate means.

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 as to which the Member would otherwise be entitled to vote (based on applicable law and/or the Mutual's governing documents), or to use facilities or receive services provided by the Mutual, or both, until the delinquency is paid in full, including interest, a late charge, and/or the Administrative Collection Fee, as may have been imposed or incurred in a particular instance. Failure to pay the assessments or failure to pay interest, a late fee, and/or the Administrative Collection Fee may also result in suspension of Membership in and the ability to use the facilities or services provided by the Golden Rain Foundation of Laguna Woods or by this Mutual.

The Mutual may also take various legal actions to enforce the collection of delinquencies. **THESE ACTIONS MAY BE TAKEN SEPARATELY OR CONCURRENTLY.**



### **Small Claims Court**

A civil action in small claims court may be filed (and/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 not yet more than twelve (12) months delinquent), with a management company representative or bookkeeper appearing and participating on behalf of the Mutual. PLEASE NOTE THAT A SMALL CLAIMS COURT ACTION MAY BE PURSUED BASED ON A BOARD RESOLUTION EITHER BEFORE OR AFTER RECORDING A NOTICE OF DELINQUENT ASSESSMENT, AND/OR AFTER A WRITE-OFF.

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.

Successive small claims court actions may be pursued, consistently with applicable laws, until the entire amount of the delinquency is recovered.

### **Foreclosure/ADR**

Additionally, or 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, the Mutual 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.

### **Board Decision to Initiate 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 delinquent Member shall be maintained

by identifying the matter in the minutes only by the Parcel Number, and not by the name of the delinquent Member or Members. 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.

### **Non-Judicial Foreclosure/Right of Redemption**

A non-judicial foreclosure by the Mutual 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, per California Civil Code Section 1367.4.

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 Covenants, Conditions and Restrictions (CC&R's), 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 (such as the Administrative Collection Fee), recording costs 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 Member**

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 Member, and if so requested by the Member, the Mutual 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 Civil Code.

Any choice by a Member to pursue any kind of ADR must be made by the Member's delivery of written notice of such choice to the Mutual's managing agent within thirty (30) days of any event which triggers a Member's right to pursue ADR, whether it is before a Notice of Delinquent Assessment can be recorded (i.e., upon receipt of the certified Pre-Lien Notice), or prior to initiating a foreclosure action, or in any other situation for which the Davis-Stirling Common Interest Development Act or the Mutual's governing documents authorize or allow a Member to choose ADR.

THE DECISION TO PURSUE DISPUTE RESOLUTION OR A PARTICULAR TYPE OF ADR SHALL BE THE CHOICE OF THE OWNER. However, binding arbitration is not available if the Mutual intends to initiate a judicial foreclosure.

### **Pre-Lien Notice**

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 Policy Statement 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.

**Member's Right to Request a Meeting with the Board, or Dispute Resolution or ADR.**

Upon 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 Sections 1363.810-1363.850;
- (b) The noticed Member may exercise his or her right to participate in alternative dispute resolution with a neutral third party under Civil Code Sections 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 may designate a committee of one or more directors 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 Plan Requests**

Any Member who is unable to timely pay regular or special assessments is entitled to make a written request for a payment plan to the Mutual's Board. A Member 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 Demand Letter (i.e., the Pre-Lien Letter). The Mutual's Board will consider payment plan requests on a case-by-case basis, and is under no obligation to grant payment plan requests. 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 his or her Manor.

#### **Application of Payments**

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(e).

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, and pay all costs related to any dispute resolution or ADR that has been pursued.

#### **Secondary Address**

Members have a right to identify in writing to the Mutual a secondary address for purposes of collection notices delivered pursuant to this Policy Statement, and upon receipt of a written request from a Member identifying a secondary address, the Mutual must send additional notices to this secondary address.

#### **No Right of Offset**

There is no right of offset. This means that a Member may not withhold assessments owed to the Mutual on the alleged grounds that the Member would be entitled to recover money or damages from the Mutual based on some other obligation or some claim of another obligation.

#### **Returned Checks**

The Mutual may charge the Member a twenty-five dollar (\$25.00) fee for the first check tendered to the Mutual that is returned unpaid by the Member’s bank, and thereafter, the Mutual may

charge a thirty-five dollar (\$35.00) fee for any subsequent check that is returned based on insufficient funds. If a Member's check cannot be negotiated for any reason, then the Mutual may also seek to recover damages of the greater of (a) one hundred dollars (\$100.00); or (b) three (3) times the amount of the check up to fifteen hundred dollars (\$1,500.00) in accordance with California Civil Code section 1719.

**Charges and Fees Subject to Change**

All charges and fees set forth in this Policy Statement are subject to change upon thirty (30) days prior written notice.

**Overnight Payments**

The mailing address for overnight payment of assessments is: Laguna Woods Mutual No. Fifty, Attn: Assessment Payments, 24351 El Toro Road, Laguna Woods, CA 92637.

**Rights Reserved by Mutual**

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  
LAGUNA WOODS MUTUAL NO. FIFTY**