

A G E N D A
REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL NINE
ADMINISTRATION BUILDING CONFERENCE ROOM
June 12, 2017
(Meeting begins at 9:30 a.m.)

CALL TO ORDER / PLEDGE OF ALLEGIANCE

ROLL CALL

SHAREHOLDER(S) COMMENTS (2-3 minutes per shareholder)

INTRODUCTION OF BOARD OF DIRECTORS:

Debra Schnauffer – Parcel 39, President
Bob Croft – Parcel 40, Vice President
Paula McCown – Parcel 41, Emergency Awareness/Special Projects
Pam Turner – Parcel 42, Chief Financial Officer
Willard Michlin – Parcel 43, Landscaping
Marge Dodero – Parcel 44, Secretary
Beth Mayer – Parcel 45, Director

INTRODUCTION OF STAFF:

Mrs. Dodero, GRF Representative
Ms. Hopkins, Mutual Administration Director
Mr. Van Horn, Building Inspector

APPROVAL OF MINUTES: **Regular Meeting April 10, 2017**
Special Meeting of April 26, 2017 (page 2)
Organizational Meeting of May 26, 2017 (page 3)

BUILDING INSPECTOR'S REPORT (pages 4-5)	Mr. Van Horn
GRF REPRESENTATIVE	
MUTUAL ADMINISTRATION DIRECTOR	Ms. Hopkins
CORRESPONDENCE	Mrs. Dodero
CHIEF FINANCIAL OFFICER'S REPORT	Mrs. Turner
PHYSICAL PROPERTY REPORT	Mr. Croft
COMMITTEE REPORTS	Mr. Croft
DIRECTORS' COMMENTS	Directors
OLD BUSINESS –	
a. Parking signs for carport	Mrs. Schnauffer
b. Ratify adopted/posted Policy 7405.09 – <u>Flooring and Floor Covering Permits (page 6)</u>	Mr. Croft

OLD BUSINESS –

- c. Ratify adopted/posted Policy 7433.09 – Interior Electrical Panel Inspection and Maintenance (page 7) Mr. Croft
- d. Ratify adopted/posted Policies 7507.09 – Electric Cart Pad and 7507.09A – Agreement (pages 8-12) Mr. Croft
- e. Ratify adopted/posted Policy 7572.09 – Flagpole Regulation (pages 13-14) Mr. Croft
- f. Ratify adopted/posted Policy 7575.09 – Laundry Room Use (pages 15-16) Mr. Croft
- g. Ratify amended/posted Policy 7502.09 – Carport Regulations (pages 17-26) Mr. Croft
- h. Ratify adopted/posted Policy 7549 – Lockout Procedures (pages 27-28) Mr. Croft
- i. Discuss Policy 7585.09 – Governing Document Compliance Corrective Measures and Fines (pages 29-30)
- j. Discuss Policy 7531.09 – Inspection of Vacant, Unoccupied or Seasonal-Use Use Units (page 31)

(STAFF BREAK (TIME TO BE DETERMINED BY PRESIDENT – 15 MINUTES))

NEW BUSINESS –

- a. Ratify phone poll of April 27 to cancel May Board Meeting Mrs. Schnauffer
- b. Ratify phone poll of May 30 on Board changes Mrs. Schnauffer
- c. Rescind the following policies:
 - 1. Policy 7301 – Audit Expense (pages 32)
 - 2. Policy 7302 – Capital Accounts (pages 33)
 - 3. Policy 7310 – Mutual Budgets (pages 34-36)
 - 4. Policy 7320 – Patronage Refunds (page 37)
 - 5. Policy 7331 – Impounds (page 38)
 - 6. Policy 7332 – Billings to Mutuals (page 39)
 - 7. Policy 7333 – Income Items and Their Distribution (page 40)
 - 8. Policy 7334 – Investment Records (page 41)
 - 9. Policy 7335.09 – Cash Disbursements (page 42)
 - 10. Policy 7336 – Shareholders' Interest (page 43)
 - 11. Policy 7337 – Financial Reports (page 44)
 - 12. Policy 7340 – Accounts Receivable (page 45)
 - 13. Policy 7341 – Cashier Service (page 46)
- d. Resolution that all communications with GRF go through Mutual President All Mrs. Schnauffer
- e. Resolution to accept resignation of Director Cvikel Ms. McCown
- f. Resolution to transfer funds to Non-Restricted Operating Funds Mrs. Schnauffer
- g. Discuss termite abatement and landscaping improvements Ms. Turner
- h. Discuss Fenn Pest and Termite Proposal (**pages 47-48**) Mr. Michelin

SHAREHOLDER(S) COMMENTS (2-3 minutes per shareholder)

ADJOURNMENT

EXECUTIVE SESSION (legal, member issues)

STAFF WILL LEAVE THE MEETING BY 12:10 P.M.
NEXT BOARD MEETING: Monday, July 10, 2017, at 9:30 a.m.
Administration Building Conference Room A

cd:6/08/17

**MINUTES OF THE SPECIAL (AGENDA WORKSHOP) MEETING OF THE
BOARD OF DIRECTORS
SEAL BEACH MUTUAL NINE**

April 26, 2017

A Special (Agenda Workshop) Meeting of the Board of Directors of Seal Beach Mutual Nine was called to order by President Schnauffer on Wednesday, April 26, 2017, at 9:34 a.m. in Clubhouse Three, Room 9.

Those members present were: President Schnauffer, Secretary McCown, and Directors Doderio and Cvikel. Vice President Croft and Director Wheeler were absent.

The purpose of the meeting was to discuss not having the May 8, 2017, Regular Board Meeting, or the May 24, 2017, Special (Agenda Workshop) Meeting. This is due to the Annual Shareholders' Meeting on Friday, May 26, 2017, at 10:00 a.m. in Clubhouse 4.

The Board members also discussed Policy 7585.09 – Governing Document Compliance Corrective Measures and Fines, Policy 7531.09 – Inspection of Vacant, Unoccupied or Seasonal-Use Units, food for the Annual Meeting, a possible laundry service, and use of private emails and phones by Directors.

The Board also discussed scheduling a Board Meeting after the Annual Shareholders' Meeting has taken place. More information will be forthcoming.

The meeting was adjourned at 10:56 a.m.

Attest:

Paula McCown, Secretary
SEAL BEACH MUTUAL NINE

cd:5/01/17

**MINUTES OF THE ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL NINE**

May 26, 2017

The Organizational Meeting of the newly-elected Board of Directors of Seal Beach Mutual Nine was held following the Annual Shareholders' Meeting in Clubhouse Four, Section B. Ms. Fernandez, acting as Chairperson, called the meeting to order at 11:37 a.m. She stated the purpose of the meeting was to elect the officers for the 2017-2018 term of office and to ascertain the place, date, and time of the Board of Directors' Regular Monthly Meeting.

Those Directors present were: Ms. Schnauffer, Mrs. Dodero, Ms. Cvikel, Mr. Croft, Ms. Mayer, and Mrs. Turner. Mr. Michlin was absent. Also present were Mutual Administration Manager Fernandez, and Recording Secretary Day.

Ms. Fernandez opened the nominations for the office of President. Mrs. Turner nominated Ms. Schnauffer for President. There being no further nominations, Ms. Schnauffer was elected to the office of President for the 2017-2018 term of office.

The Chair was turned over to newly-elected President Schnauffer, who then called for nominations for Vice President. Mrs. Turner nominated Mr. Croft for Vice President. There being no further nominations, Mr. Croft was elected to the office of Vice President for the 2017-2018 term of office.

President Schnauffer called for nominations for the office of Secretary. Mr. Croft nominated Ms. Mayer for Secretary. There being no further nominations, Ms. Mayer was elected to the office of Secretary for the 2017-2018 term of office.

Nominations were opened for the office of Chief Financial Officer. Mr. Croft nominated Mrs. Turner for Chief Financial Officer. There being no further nominations, Mrs. Turner was elected to the office of Chief Financial Officer for the 2017-2018 term of office.

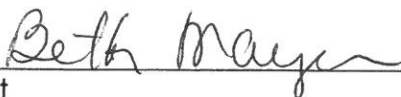
President Schnauffer appointed the following committee chairs: Mr. Croft will be the Physical Property Chair, Mr. Michlin will be Landscape Chair, and Mrs. Dodero will be the Emergency Preparedness Coordinator.

The Board discussed the monthly meeting location, day, and time. Upon a MOTION duly made by Mrs. Dodero and seconded by Mr. Croft, it was

RESOLVED, That Mutual Nine will continue to meet on the second
Monday of the month in the Administration Building Conference Room
A, at 9:30 a.m.

The MOTION passed.

There being no further business, the meeting was adjourned at 11:46 a.m.



Attest

Beth Mayer, Secretary

SEAL BEACH MUTUAL NINE

cd:5/26/17

INSPECTOR MONTHLY MUTUAL REPORT

MUTUAL: **(09) NINE**

INSPECTOR: **Dave Van Horn**

MUTUAL BOARD MEETING DATE: **June 12, 2017**

PERMIT ACTIVITY							
UNIT #	DESCRIPTION OF WORK	GRF/CITY PERMIT	PERMIT ISSUE	COMP. DATE	CHANGE ORDER	RECENT INSPECTION	CONTRACTOR / COMMENTS
218 K	ADA SHOWER CUT DOWN	BOTH			NO	SIGNED OFF	6/1/17 NU-KOTE
211 H	DEN SLIDER	BOTH	11/15/16	12/28/16	NO	RED TAG	L.W. DÉCOR DATE & SIZE WRONG
210 E	CEILING FAN	BOTH	05/16/17	05/17/17	NO	NA	OGAN
236 F	FLOORING, COUNTERTOPS	BOTH	04/02/17	06/30/17	NO	NA	LW DÉCOR
212 G	SHOWER REODEL	BOTH	05/20/17	06/10/17	NO	NA	AC&R
211 B	ADA SHOWER CUT DOWN	BOTH	05/24/17	06/24/17	NO	NA	NU-KOTE
217 A	CART PAD	GRF	05/17/17	05/20/17	NO	NA	FRANKS GARDENING
218 J	ROOM ADDITION	BOTH	06/01/17	07/31/17	NO	NA	BERGKVIST
229 C	KITCHEN REMODEL	BOTH	07/10/17	07/13/17	NO	NA	OGAN

ESCROW ACTIVITY							
UNIT #	NMI	PLI	NBO	FI	FCOEI	ROF	DOCUMENTS/COMMENTS
232 L		06/01/17					
233 D			05/16/17	05/18/17	05/31/17		
211 K				05/09/17	05/23/17		
217 D			5/31/17	6/1/17			
208 F			05/11/17	05/12/17	05/24/17		
221 C		05/11/17					
222 G		04/12/17					
222 A					05/08/17		

NMI = New Member Inspection PLI = Pre-Listing Inspection NBO = New Buyer Orientation
 FI = Final Inspection FCOEI = Final COE Inspection ROF = Release of Funds

CONTRACTS	
CONTRACTOR	PROJECT
PINNACLE	5/15/2016- 5/15/2018
FENN PEST CONTROL	MONTH TO MONTH
HUTTON PAINTING	START DATE 8/21/17 COMPLETE 1/22/18
NELSON PLUMBING (REPIPE)	CONTRACT SIGNED 5/22/17 START DATE 6/5/17

SITE VISITS	
UNIT NUMBER	REASONS
206 RE-PIPE OPEN & CLOSE DOORS 6/5/17	
215 C, CHECKED UNIT FOR WATER DAMAGE	NONE ON THIS DATE 5/26/17
213 C, REGARDING A/C UNIT AT ADDITION	

MUTUAL OPERATIONS

ADOPT DRAFT POLICY

PHYSICAL PROPERTY

Flooring and Floor Covering Permits - Mutual Nine

RESOLVED, Effective immediately that Mutual Nine (9) requires a GRF Building Permit for all floor covering, including carpet, installed at shareholder expense. Both interior and patio/porch floor covering require a GRF Building Permit. All installed flooring must have attached to the permit the flooring manufacturer's specifications.

Reasons for this requirement include:

- Assurance that no asbestos containing material is removed or comprised.
- No Mutual Property is damaged.
- Interior/Exterior Patio/Porch flooring is appropriate (for example, if tile on patio and interior of the unit it must have a nonskid rating (C.O.F. min. 6.0. wet and .65 dry)
- Shareholder understands what is and what is not allowed.
- Shareholder understands that Mutual Nine (9) is not responsible for damage to or failure of flooring purchased and installed at any time by a shareholder.

FURTHER, That this RESOLUTION dated January 01-25-2017 be attached to the permit and signed by the shareholder and installer or contractor.

Shareholder:

Signature: _____ Apt# _____

Print Name: _____ Date: _____

Installer/Contractor:

Company Name: _____ License No. _____

Signature: _____ Date _____

Print Name: _____ Date: _____

MUTUAL ADOPTION:

NINE:

MUTUAL OPERATIONS**ADOPTION DRAFT POLICY**PHYSICAL PROPERTYInterior Electrical Panel Inspection and Maintenance – Mutual NineStandard Electrical Panels

All standard interior electrical panels shall be serviced and maintained for proper use and function at the time of escrow or at fire inspections whichever comes first, and will receive a dated service sticker affixed to the interior electric panel at the time of service.

All standard interior electrical panels will then be serviced and maintained every five (5) years per maintenance schedule providing a dated service sticker affixed to the interior electrical panel at the time of service. All expenses associated with said services will be absorbed by Mutual Nine (9), including necessary repair costs.

Non-Standard Electrical Panels

All non-standard interior electrical panels shall be serviced and maintained for proper use and function at the time of escrow or at fire inspections whichever comes first, and will receive a dated service sticker affixed to the interior electrical panel at the time of service.

All non-standard interior electrical panels will then be serviced and maintained every five (5) years per maintenance schedule providing a dated service sticker affixed to the interior electrical panel at the time of service. All expenses associated with inspection services will be absorbed by Mutual Nine (9). Any necessary repair cost will borne by the shareholder.

Inspection and Maintenance Scope of Services

A qualified electrician will identify that proper hardware equipment is standard mounted to the structure, and that the electrical components are connected and energized correctly and to code, along with proper grounding. Any items not in compliance with city code and/or manufacturing installation specifications will be repaired immediately and noted.

MUTUAL ADOPTION

NINE: *date after 30 day posting period*

MUTUAL OPERATIONS

ADOPT POLICY MUTUAL 9

SHAREHOLDER REGULATIONS

Electric Cart and Pad - Mutual Nine

A temporary parking or charging pad ("pad") may be installed adjacent to the shareholders unit using the following guidelines:

1. All pad requests must be submitted in writing to Mutual Nine (9) Board of Directors ("Board") for approval and be accompanied by a photo of the proposed location.
2. A permit must be obtained from the Golden Rain Foundation ("GRF") Physical Property Department before a pad is installed.
3. The pad shall be constructed of interlocking concrete pavers or similar a product that sits on a bed of sand.
4. The pad must not exceed 5 feet wide.
5. The cost of installing a pad will be at the shareholder's expense.
6. Any modifications to the existing sprinkler system that are required as a result of the approved pad, installation shall be at the shareholder's expense.
7. In no case shall more than one pad per unit be approved.
8. Pads can only be used for parking and charging electric carts. All other uses of the pad are prohibited.
9. All electric carts must have an approved Leisure World decal from the GRF Security Department.
10. For safety reasons, all electric carts MUST have a rear view mirror, directional signals, headlights, taillights, and brake lights in good operating condition. Headlights shall be used when driving in darkness.
11. The Board of Directors recommends that any electric cart owner obtain sufficient insurance to protect themselves in case of personal injury or damage to the Mutual's property or another person's property.
12. The pad shall be removed upon the resale or transfer of the share of stock, at the seller's expense, unless the buyer agrees, in writing, the pad is to remain and to adhere to this electric cart pad policy.

Parking of an electric cart may be permitted on the grass temporarily for recharging only.

MUTUAL OPERATIONS

ADOPT POLICY MUTUAL 9

SHAREHOLDER REGULATIONS

Electric Cart and Pad - Mutual Nine

The shareholder must sign the attached Agreement Policy 7507.9A assuming full responsibility and liability for all maintenance, repair, or removal and restore area, to adjacent area including sprinklers as necessary.

MUTUAL ADOPTION

AMENDEMEMTS

NINE:

MUTUAL OPERATIONS

ADOPT DRAFT POLICY

SHAREHOLDER REGULATIONS

Electric Cart and Pad – Agreement – Mutual Nine

1. I, _____ hereby attest that I am a shareholder in the common interest development governed by Seal Beach Mutual No. NINE, (the "Mutual."). My address is _____, Seal Beach, CA 90740, (the "Property"); the Property is a part of all the real property owned by the Mutual in fee title (the "Development"). Any references to "my" or "I" in the Agreement shall refer to the shareholder.
2. This Agreement to the Electric Cart Pad Regulations (the "Agreement") shall govern any and all legal shareholders with the right to occupy the Property and each will be required to sign below. The Agreement shall hereby be deemed to be incorporated into and by this reference become a part of my Occupancy Agreement, signed on _____.
3. I understand that the Mutual's Board voted on **February 13, 2017** to allow for the construction of an Electric Cart Pad. This Agreement grants permission for me to perform a modification, which will result in an encroachment into the Mutual's common area for my exclusive use.
4. This Agreement sets forth my financial and legal obligations prior to the issuance of the permit granting me authority to install an Electric Cart Pad to the Property and will become a permanent part of my Occupancy Agreement, as described above. It is understood by both shareholder and the Mutual that the explicit purpose and intent of this Agreement is to protect the Mutual and all of its shareholders from any untoward financial or legal obligations that may result from my Electric Cart Pad.
5. I understand and agree that all requests and plans for the new Electric Cart Pad must adhere to Policy 7507.9 – Electric Cart Pad Regulations or will be rejected.
6. I agree to assume all costs and responsibilities in connection with the Electric Cart Pad including, but not limited to the construction, expansion, ongoing maintenance, or resulting issues which arise from the Electric Cart Pad. I accept full financial responsibility for maintenance and repairs of my Electric Cart Pad in accordance with the requirements of the Mutual's Bylaws and my Occupancy Agreement. I authorize the Mutual, in the event of my failure or inability to comply with the terms of this Agreement, the Occupancy Agreement or any other maintenance or repair requirements imposed by the Mutual, to perform and complete necessary maintenance and bill/assess the cost thereof against me in any manner permitted by the Mutual's governing documents and/or applicable law. Further, should the Electric Cart Pad installation result in any damage to the Development or any utilities or other components for which the Mutual is responsible, I agree that the Mutual will hold me responsible for the costs incurred by the Mutual in repairing/remedying same after a noticed hearing before the Board of Directors.

MUTUAL OPERATIONS

ADOPT DRAFT POLICY

SHAREHOLDER REGULATIONS

Electric Cart and Pad – Agreement – Mutual Nine

7. I further hereby agree to indemnify, defend and hold harmless the Mutual, its directors, officers, managing agents, and committee members from and against any claims, liabilities, damages, injuries, causes of actions, demands, costs and expenses brought by any third parties or other Mutual shareholders against the Mutual as a result of or arising from the Electric Car Pad in any manner whatsoever.
8. Further, upon the sale/transfer of my share in the Mutual and transfer/change in the corresponding unit for which I am granted the right to occupy and reside, I agree to remove the Electric Car Pad and restore such area and surrounding areas to their original condition prior to the Electric Car Pad at my own expense unless the prospective buyer/shareholder/occupier of my unit agrees to execute this new Agreement and said Agreement be deemed to be incorporated into and by this reference become part of his/her Occupancy Agreement.
9. Without limiting the foregoing, this Agreement shall be kept on record with the Stock Transfer Office; however, it shall be my sole and full responsibility to notify the buyer/transferee of my share/Property regarding the existence of this Agreement as well as the requirement that the Electric Car Pad be removed and restored to its original condition prior to subsequent transfer/sale unless the prospective buyer/transferee agrees to sign an Agreement reflecting the same or similar obligations as set forth in this Agreement and that said Agreement be deemed to be incorporated into and by this reference become part of his/her Occupancy Agreement.
10. Finally, I agree and acknowledge that if the Mutual is able to record this Agreement and/or the Occupancy Agreement as against the Property or such other real property as may be desired with the Orange County Recorder's Office, the Mutual shall be permitted to do so, and I shall, without prejudice or protest, execute and deliver any and all instruments, liens, agreements, documents, notarizations and other writings and perform all other acts reasonably necessary to effect the terms, conditions and purposes of this Agreement as a recorded document against the Property and to permit the Mutual to record this Agreement. This Agreement shall be deemed effective as of the last date set forth below.

Each Shareholder and person granted the right to occupy my Property is bound by this Agreement and is required to sign below. By my signature, I hereby agree without reservation to all conditions listed herein (agreement must be signed and submitted prior to granting of permit by the Board of Directors).

MUTUAL OPERATIONS

ADOPT DRAFT POLICY

SHAREHOLDER REGULATIONS

Electric Cart and Pad – Agreement – Mutual Nine

Shareholder:

Print Name: _____

Sign: _____ Date: _____

GRF I.D. No. _____

Shareholder:

Print Name: _____

Sign: _____ Date: _____

GRF I.D. No. _____

Witness/GRF Physical Property:

Print Name: _____

Sign: _____ Date: _____

Approved in concept upon issuance of permit by Seal Beach and/or Physical Property.

Denied Date _____

Reason: _____

Mutual President/Director:

Name _____

Sign: _____ Date: _____

Original: Stock Transfer
Copy: Physical Property Department
Copy: Shareholder

MUTUAL ADOPTION

NINE: *date after 30-day posting period*

MUTUAL OPERATIONS

RESIDENT REGULATION

DRAFT

Flagpole Regulation – Mutual 9

Shareholder's Name _____
 (Please print name)

Apt. # _____

As a shareholder in Mutual No. 9, my/our signature(s) below indicate that I/we have read Policy 7572.09, Flagpoles, and agree:

1. To obtain a permit from the Physical Property Department of the Golden Rain Foundation prior to installing a flagpole.
2. To install the flagpole in my authorized garden area only at a maximum height of 20 feet. The minimum height varies, but it must be high enough so that the flag does not touch the building or roof when whipped by wind gusts.
3. That the components of the flagpole will be standard aluminum tubing with proper rope cable, flag clamps and a pulley system. The rope cable assembly must have a means to be stretched and tied down so as to not flap in the wind.
4. That the flagpole will be erected on a concrete base within the shareholder's authorized garden area. The dimensions of the concrete mounting base are:
 - a. 24-inch square or round base with a standard shoe base imbedded with reinforced tie wire/rebar in the concrete to attach the flagpole. The depth of the concrete base must be a minimum of 2 feet thick and embedded in the earth of the authorized garden area.
 - b. The standard shoe base must be installed and leveled to allow the flagpole to be parallel to the building structure and vertical to earth's gravity from the ground.
 - c. The flagpole may NOT be attached to the structure of the building by any method.
5. That the flagpole ~~will~~ shall be maintained in good condition by the shareholder. If it is not maintained in good condition by the shareholder, the flagpole will be removed and at the shareholder's expense.
6. To remove the flagpole ~~upon the sale, lease~~ as a condition of sale or transfer of unit, at my/our expense, unless the buyer signs this same ~~type of~~ Policy 7572.09 agreement

(Mar 17)
 (draft created 3/14/17 ka)

Page 1 of 2

MUTUAL OPERATIONS

RESIDENT REGULATION

DRAFT

Flagpole Regulation – Mutual 9

- 7. To lower the flag at sunset every day it is flown (or observe flag etiquette for Mutuals No. Nine shareholders).

 Shareholder's Signature

 Date

 Mutual President's Approval

 Date

Copy to: Shareholder, Stock Transfer Office, Physical Property Department, Mutual CFO

DRAFT

Mutual Adoption

Amendment

Nine
 (Mar 17)
 (draft created 3/14/17 ka)

MUTUAL OPERATIONS

ADOPT DRAFT POLICY

RESIDENT REGULATIONS

Laundry Room Use - Mutual Nine

1. Laundry room facilities are available for use solely by residents of Mutual Nine.
2. Shareholders are responsible for any damage to the laundry room facilities when they or their full- or part-time caregiver are doing the shareholder's laundry, or when a full-time caregiver is doing their own laundry.
3. Laundry room facilities are available for use between the hours of 7:00 a.m. and 9:00 p.m. only.
4. Washers or dryers must not be overloaded or under-loaded. Improper loading may cause damage to the machines due to being unbalanced. Only two machines may be used at one time per shareholder unit.

If there is uncertainty about the load, stay with the machine to ensure that the load is properly balanced. If necessary, rearrange the load in the machine.

5. Read all labels for laundry products to ensure that the product type is correct and the amount is appropriate.

Front-loading washers generally require about half the amount needed for a top-loading washer.

6. For front-loading washers, wait until the cycle is completed and the light has gone out **before** opening the machine door. Expensive damage can occur to the machine, which will be the responsibility of the shareholder, if the door is forced open before the cycle is completed.
7. Laundry room facilities are to be used for washing and/or drying only. Clothing or fabrics may not be dyed or tinted in the washers or dried in the dryers.
8. Any clothing or fabric that has been cleaned in a flammable liquid may not be washed in the washers or dried in the dryers.
9. The following items may not be washed in the washers or dried in the dryers: rubber- or plastic-backed mats, rugs or runners, sneakers, fiberglass curtains, sleeping bags, heavy blankets, quilts, comforters, or car covers.
10. Hand-washed clothing or other items may not be placed in the dryers due to the excess amount of water contained in them. Use the exterior clothesline for hand-washed items, if desired.

(Draft created 03-27-17 cd)

Page 1 of 2

MUTUAL OPERATIONS**ADOPT DRAFT POLICY****RESIDENT REGULATIONS****Laundry Room Use - Mutual Nine**

11. Clothing or other items with metal buttons, clips, etc., must be placed in a small cloth bag or pinned inside a pillowcase before being placed in the dryer. Clothing or other items may be hung on the laundry room clothesline only.
12. Clothing or other items that have not been removed from a dryer within 30 minutes of completing may be removed from the dryer by the next person waiting to use the machine.
13. When a washer or dryer is "out of order," place an "Out of Order" sign on the machine and notify GRF Service Maintenance at 562-431-3548.
14. The trash containers in the laundry rooms are for lint and dryer sheets only. Detergent containers, bleach or softener bottles, or other trash must be disposed of in another location.
15. Clean the dryer filter after each use, and dispose of lint in the trash containers, and help keep the laundry rooms clean.
16. Bulletin boards are for laundry room instructions and official Mutual Nine business only.

MUTUAL ADOPTION

NINE:

(Draft created 03-27-17 cd)

Page 2 of 2

MUTUAL OPERATIONS

AMENDED POLICY DRAFT

SHAREHOLDER REGULATIONS

Carport Regulations – Mutual Nine

A. Carport Use

1. Carports are to be used for parking of self-propelled land vehicles in operating condition. Any stored items in the carports must be completely contained in the carport cabinets except as noted below. All vehicles must have a current DMV registration and sufficient insurance as mandated by the State of California Vehicle Code (CVC) § 22658 or a SBLW decal issued by the Golden Rain Foundation Security Department affixed and displayed on the lower left windshield, depending on the type of vehicle.
2. Any vehicle that is in non-compliance with these rules may be towed at the owner's expense as specified in CVC § 22658 and in towing Policy 7582.
3. Current fire regulations prohibit the storage of fuel oil or any combustible material in the carport areas.
4. All vehicles, when parked in the carports, must be headed in.
5. In accordance with the Seal Beach Municipal Code 9.20.010, any vehicle leaking oil, anti-freeze, or any other hazardous material is prohibited from parking in a Mutual carport or on a Mutual street or driveway. It is the shareholder's responsibility to clean up any hazardous material. If the Mutual needs to have them cleaned up, the shareholder will be billed for the cleaning. All hazardous waste materials, including kitty litter used for cleanup, must be disposed of at an Orange County-approved hazardous waste site.
6. Carport space may not be rented out to anyone who is not a Mutual Nine shareholder **and a member in good standing of the Golden Rain Foundation.**
7. **One** ~~B~~bicycle or tricycles in operating condition and a folding grocery cart may be placed under the cabinets in the shareholder's assigned or rented space. Other vehicles in operating condition, including motorcycles, mopeds, electric carts, bicycles and tricycles, must not be parked between self-propelled land vehicles because that would infringe upon another shareholder's vehicle space. If the shareholder is not using the carport space for an automobile, the space may be used for bicycles or tricycles, but they must be removed on carport cleaning day. Ladders may be hung or placed beneath the shareholder's storage cabinet.
8. **At each inspection of the carports by the staff of the Physical Property Department, notice will be given to each shareholder found in violation stating that the improperly stored items must be removed within ten (10) days or the items will be removed at the shareholder's expense.**

MUTUAL OPERATIONS**AMENDED POLICY DRAFT**

SHAREHOLDER REGULATIONS

Carport Regulations – Mutual Nine

9. Installation of a power outlet in the carport for charging small (non-highway) electric carts is no longer permitted. A registered, fee paying shareholder who already has a power outlet in their carport space can be “grandfathered in” only for charging one cart that the shareholder already owns or a replacement cart that can be charged at the existing outlet. The outlet shall be removed at the end of that shareholder’s occupancy.
10. Any damages sustained to the carport are the responsibility of the shareholder.

B. Carport Assignments

1. Carport assignments are controlled by the Mutual Corporation and a record of assignments is kept in the Stock Transfer Office of the Golden Rain Foundation.
2. Any vehicle parked in a carport must bear a current vehicle decal issued by the Seal Beach Leisure World Security Department (except as stated in B. 4.).
3. No person shall park any vehicle in any carport not assigned to him/her without permission from the Mutual Board of Directors (procedure stated in B. 4.) or a temporary visitor form on the dash (B. 6.). Mutual Nine shareholders desiring to change carport assignments must obtain approval of the Mutual Board of Directors so that the change can be properly recorded in the Stock Transfer Office.
4. The request for carport re-assignment, if approved, is only temporary and is valid only so long as both participating parties agree to the temporary change. One party determining to withdraw from the agreement may do so as may the successor owner of that party’s unit. The Mutual Corporation retains, at all times, the authority to revoke and cancel this temporary change of carport assignment, at its discretion. The reassignment of carport spaces, herein provided, will automatically become null and void in the event of a sale of the stock representing either unit, with absolutely no exceptions to the rules herein provided.
5. Carport space or storage space may not be rented to or used by anyone who is not a Mutual Nine shareholder and a member in good standing of the Golden Rain Foundation.

MUTUAL OPERATIONS

AMENDED POLICY DRAFT

SHAREHOLDER REGULATIONS

Carport Regulations – Mutual Nine

~~Carport space may not be used by non-residents beyond the 60-day period allowed for visitors and must be removed on carport cleaning day.~~

6. **A shareholder may allow temporary, short-term parking of a vehicle used by a houseguest in their assigned carport during and not to exceed the visitors permitted 60-day stay in any one year period. A form available from a Director or Stock Transfer must contain the beginning and ending dates the vehicle will be parked and the shareholder's name and unit number shall be placed on the driver's side of the vehicle's dashboard to be read outside the vehicle.**
7. Shareholders are permitted to have a secondary carport storage cabinet installed beneath the existing cabinet. Approval must be obtained from the Mutual Board of Directors and the GRF Physical Property Department prior to installation. The dimensions, color, and hardware on the lower cabinet must match the spacing, color, and hardware on the upper cabinet (see attached sketch SK001 and SK002). The cabinet, if attached to the existing structure or not, will require a permit from the GRF Physical Property Department.
8. ALL Plywood for the cabinet must be ¾-inch thick, treated for termite resistance, and have at least one good side which shall be on the exterior of the cabinet. A standard 60-inch concrete or plastic wheel stop shall be installed far enough from the cabinet to protect it from being hit by a parked vehicle's front bumper. Cabinet may not extend beyond the front edge of the concrete slab under the existing cabinet and may enclose all or a portion of the area beneath the existing upper cabinet. Any vehicle parked in a carport with secondary cabinets installed must not extend beyond the carport drip line.
9. The cabinet to be added requires a Licensed contractor if the cost is over \$500. If the cost is under \$500, the shareholder or Handyman registered with the GRF Physical Property Department may install the cabinet and must follow the GRF Physical Properties Contractors Rules & Regulations. Both the Shareholder and Licensed Contractor Requirements for General Liability Insurance, Additional Insured Endorsement(s), and Workers Compensation Insurance if applicable. Unless otherwise authorized by the Mutual Board of Directors no work will be permitted on weekends or holidays according to the GRF Physical Property Contractor Rules & Regulations. **A prefabricated plastic cabinet built and designed for outdoor use may be submitted for approval.**
10. Any shareholder who installs a secondary carport storage cabinet without Board approval and a permit from the Physical Property Department must, upon receipt of a written notice of violation, cure that violation within ten (10) days (the "cured period"). If the violation is not cured within the cure period, the cabinet will be removed and any resulting damage to the carport repaired at the shareholder's expense.

(Draft created 03-27-17 cd)

MUTUAL OPERATIONS**AMENDED POLICY DRAFT****SHAREHOLDER REGULATIONS****Carport Regulations – Mutual Nine**

11. At sale or transfer the new shareholder must accept responsibility for the cabinet or it must be removed and any resulting damage to the carport repaired at seller's expense.
12. Any other construction which involves the Mutual's carports, walls, floors, beams or ceilings is not permitted.

C. Mutual Driveway/Roadway Restrictions

1. The speed limit on all Mutual 9 streets are 10 miles per hour. All vehicles must park in the direction traffic flows. Parking on Mutual 9 driveways is limited to 2 hours, 30 minutes in green zones and is not allowed in the red zones or yellow loading zones.
2. Mutual Nine shareholder RVs may park on driveways up to 48 hours for loading and unloading only. Visitor and vacation RVs may ONLY park on Trust streets and at Clubhouse 4 designated lot as permitted in GRF's Policy 1920.

D. Inoperable or Leaking Vehicles

1. Inoperable, wrecked, unlicensed, or vehicles leaking fluids may not be brought into or parked on Mutual Nine property. Mutual Nine requests that GRF not allow such vehicles to be parked within 10 feet of Mutual Nine property.
2. Mutual Nine shareholders are responsible for prompt and thorough removal of any leaking fluids or spills that they or their visitors have caused.

E. Towing Vehicles

Pursuant to Clause (1) of subparagraph (E) of paragraph (1) of subdivision (1) of Section 22658 of the California Vehicle Code:

The Security Department is hereby authorized by the Board of Directors of Mutual Nine to cause the REMOVAL AND TOWING OF A VEHICLE WHICH IS PARKED ON ANY MUTUAL NINE PROPERTY LOCATED WITHIN 15 FEET OF A FIRE HYDRANT OR IN A FIRE LANE, OR IN A MANNER WHICH INTERFERES WITH AN ENTRANCE OR EXIT FROM THE PRIVATE PROPERTY, so long as such towing conforms to the other provisions of said Section 22658.

(Draft created 03-27-17 cd)

MUTUAL OPERATIONS**AMENDED POLICY DRAFT****SHAREHOLDER REGULATIONS****Carport Regulations – Mutual Nine**

The Security Department is further authorized to cause the removal and towing of a vehicle that is in violation of Seal Beach Mutual No. Nine policies on Mutual No. Nine property when authorized by a majority vote of a Board quorum in compliance with CA Civil Code §4910-4925 of the Davis-Stirling Open Meeting Act and signed by the Mutual President and one other Officer.

Mutual Nine relies on the assurance of the Golden Rain Foundation that appropriate signage is and will continue to be posted at all shareholder entrances to the Seal Beach Leisure World community and that all vehicle code reporting and notice requirements will be met.

Any towing that results from this authorization will be at the vehicle owner's expense in conformity with the provisions of Section 22658.

F. Sidewalk Traffic

1. **Gasoline-powered vehicles are prohibited from using sidewalks in this Mutual. Exceptions shall be limited to the following:**
 - a. **Emergency medical vehicles belonging to the Health Care Center**
 - b. **Service vehicles designated for sidewalk use belonging to the GRF**
 - c. **Service vehicles designated for sidewalk use belonging to contractors or vendors doing business with shareholders or the Mutual Nine Corporation**
2. **Due to potential safety hazards, Mutual Nine shareholders and their visitors may not use roller skates, roller blades, or skateboards on Mutual Nine property.**
3. **Except for employees working in Leisure World, visitors residing outside Leisure World may ride bicycles or tricycles on Mutual Nine sidewalks or streets only if accompanied by a shareholder.**
4. **No vehicle may be parked on any Mutual Nine walkway. (Exceptions for vehicles listed in F. 1. when necessary.)**
5. **Mutual Nine shareholders parking their electric carts at their unit must park on the charging pad. (Policy 7425.09 – Garden Areas, Trees, Shrubs, Turf Areas, Item 5.**

(Draft created 03-27-17 cd)

MUTUAL OPERATIONS**AMENDED POLICY DRAFT**

SHAREHOLDER REGULATIONS

Carport Regulations – Mutual NineG. Enforcement

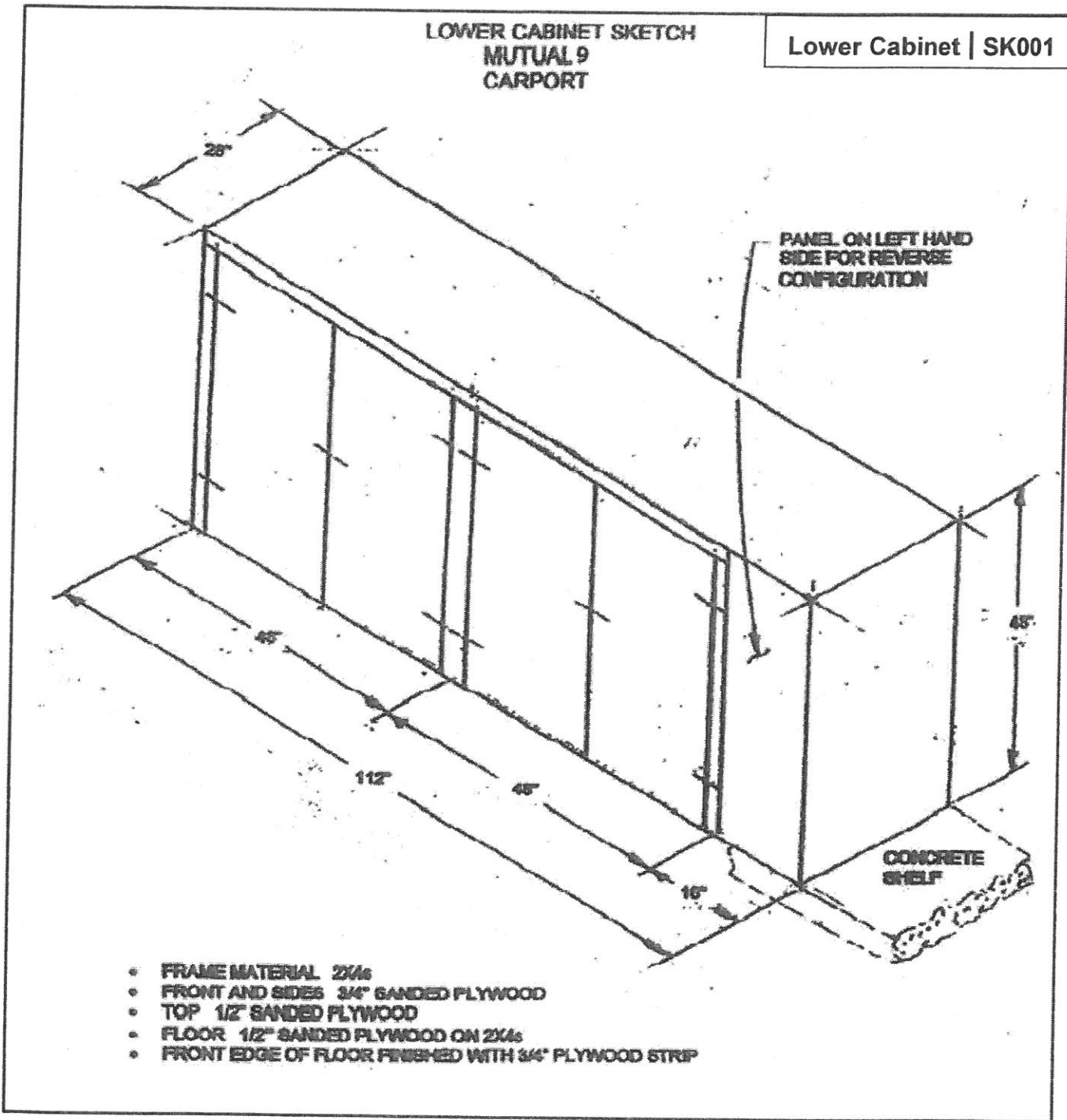
1. Remedies to cure violations of this policy will be determined by the Mutual Nine Board of Directors as permitted by the governing documents and applicable law and may include fines.
2. The Mutual Nine Board of Directors, Mutual Administration, Physical Property, and Security will provide warnings or citations and follow through as needed when approved by the Mutual Nine Board.
3. Security may remove a parking decal from a Mutual Nine vehicle on Mutual Nine property when the shareholder is in violation of GRF Policy 1920 or 1920.1 but only after informing the shareholder and the Mutual Nine President in person, by phone, e-mail or certified letter and providing the shareholder, when possible, an opportunity to cure the violation.
4. Inclusions and exclusions of GRF Policy 4090 noted in Policy 7581.12 – Enforcement of Traffic Regulations are reflected in this policy. To the extent of any conflict between GRF Policy 1920 or 1920.1 and this policy, Mutual Nine Policy 7502.9 – Carport Regulations and Common Area Traffic Policy shall prevail on Mutual Nine Corporation property.

MUTUAL OPERATIONS

AMENDED POLICY DRAFT

SHAREHOLDER REGULATIONS

Carport Regulations – Mutual Nine



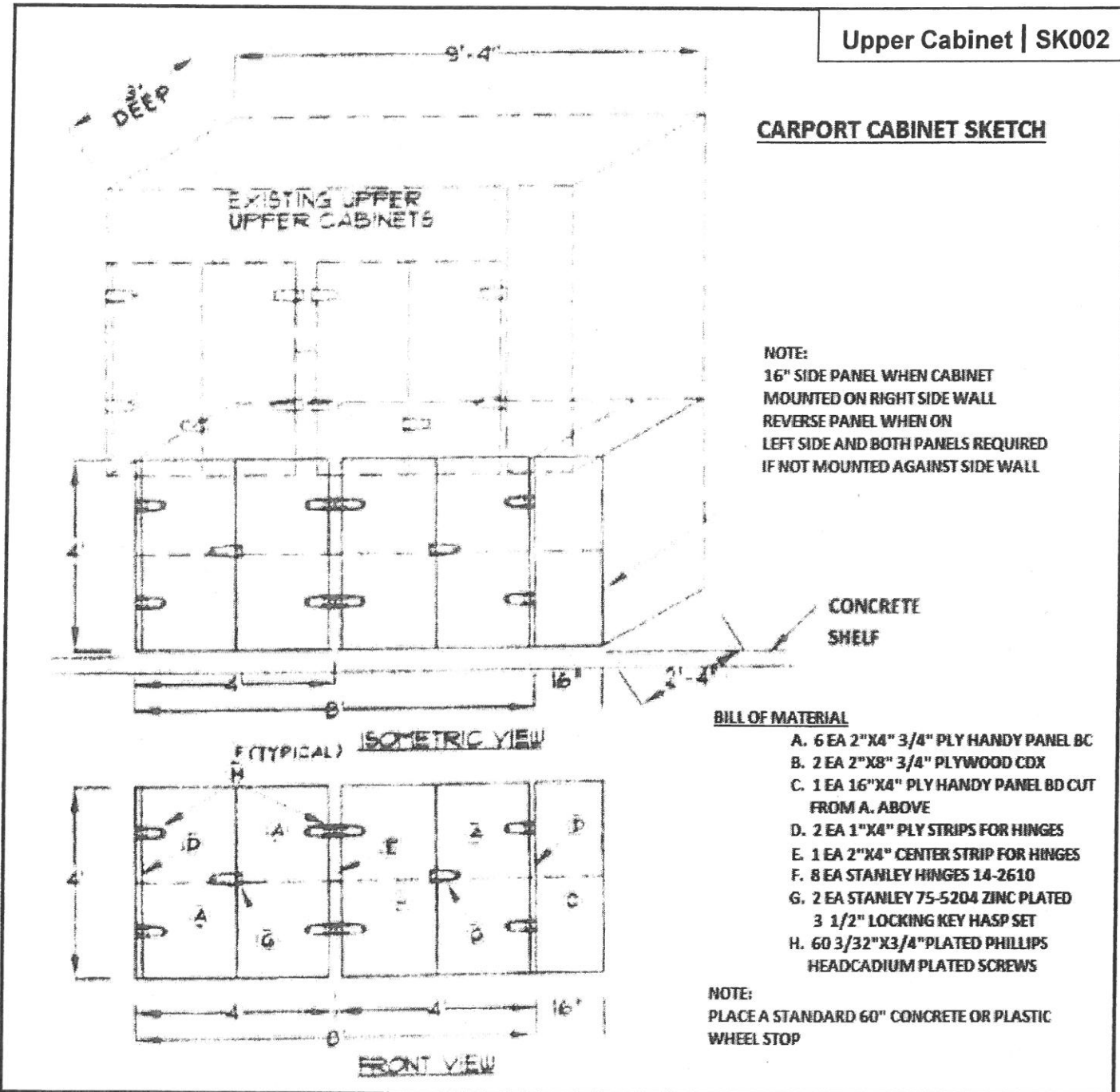
(Draft created 03-27-17 cd)

MUTUAL OPERATIONS

AMENDED POLICY DRAFT

SHAREHOLDER REGULATIONS

Carport Regulations – Mutual Nine



(Draft created 03-27-17 cd)

MUTUAL OPERATIONS

AMENDED POLICY DRAFT

SHAREHOLDER REGULATIONS

Carport Regulations – Mutual Nine

CONTRACTOR REQUIREMENTS

(CONTRACTORS EARNING \$5,000 OR MORE FOR ANY SINGLE PROJECT)

Contractor shall submit (and keep current) the following documentation to the Physical Property Department:

- 1. Business card
- 2. Photocopy of Contractor's License (wallet size)
- 3. Photocopy of City of Seal Beach Business License (May be obtained when pulling 1st City Permit)
- 4. Federal Tax ID Number: _____ or W-9
- 5. Certificate of Insurance noting a thirty (30) day Notice of Cancellation.

A) Insurance Carrier Rating
Insurance Carriers shall be "A RATED or BETTER" by AM Best Insurance Rating standards

B) General Liability Insurance
\$1,000,000 combined single limits
Bodily Injury & Property Damage

Inclusive of:
Premises/Operations
Owners & Contractors Protective
Products/Completed Operations
Personal Injury

C) Additional Insured Endorsement(s)
Separate endorsement(s) shall name both entities listed below as Additional Insured. Additional Insured status coverage shall include Ongoing and Completed Operations.
Golden Rain Foundation
Seal Beach Mutuals 1 - 17

D) Workers Compensation Insurance
Statutory (Employers Liability) - \$1,000,000 minimum limits, or as required by the State of California

E) Workers' Compensation Waiver of Subrogation Endorsement applicable in California
A separate endorsement waiving subrogation against Golden Rain Foundation and Mutuals 1-17 for losses arising from work performed by or on behalf of the named insured.

F) Auto Liability Insurance
\$1,000,000 combined single limits, Bodily injury & Property Damage.
Inclusive of: Scheduled and/or, non-owned/hired Auto's (minimally)

- 6. EPA Lead Renovation, Repair and Painting Certificate.
- 7. Asbestos - Contractors are responsible for any and all testing and abatement necessary to comply with code.
- 8. An Orientation Meeting must be scheduled with the Physical Property Supervisor prior to final approval.

9. Invoices Mail:
Golden Rain Foundation or Seal Beach Mutual 1-17
Attn: Accounts Payable
PO Box 3518
Seal Beach, CA 90740
Email: grfao@hwsb.com

10. Are Sub contractors going to be utilized? Yes No

If yes, contractor hereby confirms that all sub-contractor(s) utilized by said contractor shall comply with the insurance requirements set herein prior to commencement of work. Contractor shall be responsible to ensure that its authorized representatives, employees, agents and any parties doing work on contractor's behalf, are in compliance with listed requirements.

11. Confirmation of acceptance of terms:
I hereby agree to comply with and maintain all requirements as stated above.

Company _____

Signature _____ Date _____
Contractor

Signature _____ Date _____
GRF Representative

The Certificate of Insurance shall be mailed, e-mailed and/or faxed to:
Golden Rain Foundation and Mutuals 1-17
Physical Property Department
P.O. Box 2069
Seal Beach, CA 90740-4344

562-431-8586, Ext. 352
562-431-5318-Fax
sharonh@hwsb.com

**IF YOUR INSURANCE BROKER/CARRIER REQUIRES CLARIFICATION OF THESE REQUIREMENTS, PLEASE
HAVE THEM CONTACT DLD INSURANCE AT 949-553-5696
MARIA SANDUCCI AT MSANDUCCI@OLDINS.COM**

rev. 10/23/2014

MUTUAL OPERATIONS

AMENDED POLICY DRAFT

SHAREHOLDER REGULATIONS

Carport Regulations – Mutual Nine

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 20 10 07 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – OWNERS, LESSEES OR
CONTRACTORS – SCHEDULED PERSON OR
ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location(s) Of Covered Operations
<p style="text-align: center; opacity: 0.5; font-size: 48px; transform: rotate(-45deg);">SAMPLE</p>	<p style="text-align: center; opacity: 0.5; font-size: 48px; transform: rotate(-45deg);">SAMPLE</p>

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf,

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

MUTUAL ADOPTION

AMENDMENT(S)

NINE: 01-13-97

04-14-14, 09-14-15, 01-09-17

(Draft created 03-27-17 cd)

MUTUAL OPERATIONS**DRAFT 2-25-17**RESIDENT REGULATIONSLockout Procedures

The following will be in effect for units after the death of a shareholder/owner:

1. Death with Surviving Shareholder/Owner Living in the Unit

If the death of the shareholder/owner occurred at the unit and a surviving shareholder/owner is living in the unit at the time, a Bereavement Book will be left at the unit by Security.

If the death of the shareholder/owner occurred outside the unit and a surviving shareholder/owner is living in the unit at the time, a Bereavement Book will be provided by Foundation personnel at the time the death is reported.

2. Death of Sole Owner

a. Unattended Death

If death is unattended and the unit is sealed per law enforcement or coroner's order, then no one may access the unit until official next-of-kin determination is made by the coroner's office. Security will leave a Bereavement Book at the unit and place a knoblock on the door. If the door cannot accommodate a knoblock, a plywood sheet shall be affixed over the door. If someone comes forward as Trustee, non-resident co-owner or with other legal authority, Foundation personnel must check with the coroner's office before permitting access to the unit.

b. Attended Death

Security will identify on the DOA report those present at the time of death, including family members, hospice workers, caregivers, and other individuals. A Bereavement Book will be left at the unit. If someone present is identified as legal authority of the unit and can provide evidence of same, Security will instruct them to visit the Stock Transfer Office as soon as possible. Security will inform all persons present that no one may stay in the unit overnight without Mutual permission, unless they are a registered caregiver or co-occupant.

If legal authority is not established at the unit via documentary evidence, all persons present will be asked to leave the unit until legal authority is established at the Stock Transfer Office. From there, the unit will be knoblocked or a plywood sheet shall be affixed to the door. The exception to this is if a registered co-occupant or caregiver lives at the unit, or if Mutual permission is obtained.

MUTUAL OPERATIONS**DRAFT 2-25-17****RESIDENT REGULATIONS****Lockout Procedures**3. Reporting of Death to Mutual President

Shareholder/owner deaths shall be reported to the Mutual President within one (1) to two (2) business days with the following information:

- a. Name of decedent
- b. Date and location of death
- c. Identification of persons present at unit (if any)
- d. Name, relationship and contact information of surviving shareholder/owner (if any)
- e. Name, relationship and contact information of decedent's emergency contacts (if no surviving shareholder/owner is present at the unit)
- f. If legal authority has been established
- g. If/how the unit was secured
- h. If there are any registered co-occupants, caregivers or pets at the unit

MUTUAL ADOPTION**Mutual: date**

MUTUAL OPERATIONS**ADOPT DRAFT POLICY****RESIDENT REGULATIONS****GOVERNING DOCUMENT COMPLIANCE CORRECTIVE MEASURES AND FINES –
MUTUAL NINE**

The objective of this Compliance Policy shall be to promote and seek voluntary compliance of shareholders for themselves, those qualified to reside with them and the shareholders' visitors including, but not limited to guests, employees and delivery personnel with the Seal Beach Mutual No. Nine Occupancy Agreement, Bylaws, 7000 Series Policies, and Rules and Regulations, all as amended and supplemented (collectively, "Governing Documents").

Reporting Violations:

Any resident shareholder, including any shareholder serving on the Board, may report violations. Contact Security, Community Administration, or the Board of Directors.

Such reports shall constitute a complaint and will be documented in writing to include the time, date, nature of violation, circumstances, and location and address of person or persons responsible. The complaint will be provided to the Mutual for review and, if necessary, enforcement action.

Enforcement Procedures:

The Mutual may, in the Board's discretion, enforce any violation of the "Governing Documents" by pursuing, without limitation any one, or combination of, the remedies described below in paragraphs, One, Two, or Three (1, 2, or 3). Notices described in One and Two below shall include a statement inviting the shareholder to a hearing or their right to request a hearing.

1. Send an initial notice of violation letter to the resident shareholder stating the nature of the alleged violation. In the event that the shareholder does not take corrective action and continues to be non-compliant, the notice will include a reasonable date within which to voluntarily comply.
2. Send a notice of violation and intent to impose a fine. Fines will be imposed in accordance with the Mutual's Violation Fine Schedule.
3. An action in law or in equity to recover the sums due for damages injunctive relief or any other appropriate legal or equitable relief that may be available to the Mutual.

MUTUAL OPERATIONS

ADOPT DRAFT POLICY

RESIDENT REGULATIONS

GOVERNING DOCUMENT COMPLIANCE CORRECTIVE MEASURES AND FINES –
MUTUAL NINE

FINE SCHEDULE:

The Fine Schedule may be imposed after or concurrent with notice and opportunity for hearing, and the Board of Directors, or committee appointed by the Board, in its discretion, has determined that a resident shareholder is non-compliant with or has violated the "Governing Documents."

FINE SCHEDULE

Notice of Violation: Warning or Fine of \$25.00 for each day the violation continues.

Invoices for fines are due and payable immediately.

MUTUAL ADOPTION
NINE:

AMENDMENTS

(Draft created 03-27-17 cd)

MUTUAL OPERATIONS**ADOPT DRAFT POLICY****RESIDENT REGULATIONS****Inspection of Vacant, Unoccupied or Seasonal-Use Units – Mutual Nine**

Any vacant, unoccupied or seasonal-use unit in Mutual Nine shall be inspected every three months by a Physical Property Inspector and the Mutual Director assigned to the respective building. Inspections shall be conducted during the months of January, April, July, and October. The inspection in April may be waived during the years that fire/safety inspections are conducted.

The Mutual Director shall provide a list of vacant, unoccupied or seasonal-use units to the Physical Property Inspector and set an appointment with the Inspector for the inspection. Mutual Directors are encouraged to talk to Building Captains to update the list of units to be inspected.

The inspection of vacant units for sale will not be posted. The inspection for unoccupied and seasonal-use units will be posted at least 24 hours prior to the inspection. Letters for posting are available through the Physical Property Office.

During the inspection, if any violations are found that are the responsibility of the shareholder, the shareholder must affect the repairs, maintenance or replacements as needed within the timeframe specified. In accordance with the Occupancy Agreement, Section 11(c), Repairs, if the shareholder fails to effect the repairs, maintenance or replacements in a manner satisfactory to the Mutual, the Mutual may do so and add the cost thereof to the shareholder's next monthly carrying charge payment.

"Unless there is an emergency, the shareholder should never shut off the electricity or water. The hard wired smoke detector, toilet, refrigerator or water heater should not be unplugged or have electrical power or water shut off. This may cause safety hazards to other units, damage to the toilet and appliances. If the power or water is found to be shut off when an inspection is conducted the shareholder will be fined \$200.

The Shareholder will be charged for each inspection of vacant, unoccupied or seasonal-use units at the current hourly rate of maintenance."

MUTUAL ADOPTION

NINE:

(Draft created 03-27-17 cd)

MUTUAL OPERATIONS**RESCIND MUTUAL NINE****ACCOUNTING AND FISCAL****Audit Expense – All Mutuals Except Five, Fifteen, Sixteen and Seventeen**

WHEREAS, in the past the audit expense has been charged to the year when the expense was billed and not for the year for which the audit was made

THEREFORE, BE IT RESOLVED that the audit expense be hereafter charged to the expenses for the year for which the audit was made. The audit expense for 1969 shall be charged to 1969 expenses.

MUTUAL ADOPTION:**RESCIND**

ONE	04-30-70	
TWO	04-16-70	
THREE	04-20-70	
FOUR	04-06-70	
FIVE	04-03-70	Rescinded 10-19-16
SIX	04-24-70	
SEVEN	05-15-70	
EIGHT	04-09-70	
NINE	05-20-70	
TEN	03-30-70	
ELEVEN	04-02-70	
TWELVE	03-30-70	
FOURTEEN	03-26-70	
FIFTEEN:	04-02-70	Rescinded 07-21-14
SIXTEEN	04-09-70	Rescinded 02-07-2017
SEVENTEEN	N/A	

(Mar 17)

Page 1 of 1

MUTUAL OPERATIONS

ACCOUNTING AND FISCAL

Capital Accounts

Legal opinion from Attorney W. A. Williams in letter dated 28 Oct 70 to the Controller:

"One of the unfortunate aspects of each Mutual at Leisure World is the fact that it was set up as a general corporation in its inception. This, of course, requires it to be controlled by the general corporation laws for the State of California.

With respect first to dividends, it would be unlawful for the declaration of any kind of dividend out of these funds as, in my opinion, they constitute a paid-in surplus. Paid-in surpluses cannot be used for the payment of dividends except to shares entitled to preferential dividends. None of the shares in the Mutual Corporations qualify as shares entitled to preferential dividends. I would disagree with the position that the funds are available for patronage dividends. The only funds that I would view as available for patronage dividends are those funds paid in by the members as payments in excess of the budget and remaining at the end of the year. A liability can attach to the director and the shareholder receiving those payments if they are not authorized by law. California Corporation Code holds a liability of shareholders for receipt of an unauthorized dividend in Corporation Code 1510. Illegal declaration of dividends can constitute a misdemeanor in the State as set forth in the Penal Code for the State of California.

The only source of dividends that can be made is from earned surplus or out of net profits earned during the preceding accounting period which is not to be less than six months or more than one year. In this latter instance, such dividends can be declared despite the fact that the next assets of the corporation may be less than the stated capital unless there are liquidation preferences on some share, a problem which we do not have.

The fact that these funds, however, cannot be used for dividends does not prevent their use for proper corporate purposes, particularly the establishment of reserve accounts, and I see no reason why the funds cannot be used for reserve account needs or as you have indicated, by transfer within the capital accounts. However, these funds must be clearly designated in that the original stated capital must be set forth and the paid-in surplus must be also clearly identified. It cannot be shown as an earned surplus at any time. Actually, an earned surplus could occur if the payments of the resident exceed the budget requirement set forth at the beginning of the year.

The Board of Directors will have the power to take the necessary steps for transfer of capital funds so long as those steps are within the framework of the restrictions I have indicated."

(Oct 70)

MUTUAL OPERATIONS**ACCOUNTING AND FISCAL****Mutual Budgets – All Mutuals Except Five, Nine and Sixteen****I. LEGAL BASIS**

The Regulatory Agreement between the Mortgager (Mutual) and the Department of Housing and Urban Development (HUD) requires, under Section 4, that an Operating Budget shall be prepared and submitted to HUD sixty (60) days prior to the beginning of each fiscal year.

Civil Code 1365 requires distribution of the Operating Budget to the all members/stockholders annually 45 to 60 days before the beginning of the fiscal year. In addition, a summary of the association's reserves, whether special assessments will be needed for repairs or to replenish reserves, and a statement of the procedures used for the calculation of the reserves must be included.

The Management Agreement between the Mutuals and the Golden Rain Foundation requires, under paragraph Fourth, subparagraph (k), that the Foundation shall prepare a budget for adoption by the Mutuals for those items covered by the Agreement.

II. METHOD OF PREPARATION

Since the Management Agreement between the Mutual and the Foundation requires the Foundation to prepare a budget with respect to the items contained in the Agreement, and since these items become a portion of the budget of the Mutual Corporations, the following procedure is used in preparing and presenting budgets for adoption:

- A. The Golden Rain portion of the budget is prepared and adopted by the Board of Directors during July and August for the fiscal year following.

The portions of the budget covered by this adoption are:

Administration	Property Management
Recreation	Grounds Maintenance (Community Facilities)
Transportation	Community Facilities Maintenance
Security	Service Maintenance (all phases except Mutual Other
Janitorial Services	Improvements)

- B. After the adoption of the Golden Rain Foundation budget, the costs of this budget are allocated to the Mutual for use in their budget preparation.
- C. The Golden Rain Foundation is responsible for furnishing information to the Mutual Corporations regarding those budget items which are not covered by the Foundation

(Mar 17)

MUTUAL OPERATIONS**ACCOUNTING AND FISCAL****Mutual Budgets – All Mutuals Except Five, Nine and Sixteen**

budget. These costs fall into two groups:

1. The items that are either required by contract or set up by governmental agencies are:

Real Estate Taxes	Hazard Insurance
State Franchise Tax	Mortgage Insurance
FHA Mortgage Insurance Premium	Mortgage Principal
Replacement Reserve	General Operating Reserve
Water and Sewer	

2. The items which must be determined by the Mutual Board individually are:

Audit Fee	Vacancy and Collection Losses
Electricity	Rubbish Removal*
Grounds Maintenance – other improvements	Service Maintenance – other improvements
Misc. Maintenance and Repairs	Painting Reserve
Supplemental Replacement Reserve	Special Contingency Funds

*Arranged cooperatively through the Golden Rain Foundation

- D. Recommendations by the Golden Rain Foundation concerning the Mutual budget, together with estimates of income, expenses, and monthly carrying charges, should be available to the Mutual Corporations four (4) working days period to their September Board Meeting. This will enable the Mutual Corporations to have a period of time for study, evaluation, adjustment, and adoption of their budget prior to October 1.

Approximately three (3) weeks are needed after Mutual adoption to complete the clerical work in the Controller's Office for preparing the documentation and required reports for submission to HUD by November 1, and the required distribution to the members/stockholders between November 1 and November 15.

III. OTHER INFORMATION

- A. The administrative staff is always ready and available to discuss proposed budget actions, and to make budget presentations when requested by the Mutual Board.
- B. The action by the Mutual Board is the final action on the budget subject to HUD

(Mar 17)

MUTUAL OPERATIONS**ACCOUNTING AND FISCAL****Mutual Budgets – All Mutuals Except Five, Nine and Sixteen**

- approval, and is the determining factor in the monthly carrying charge for all residents.
- C. In order to keep all Directors informed of the procedures on the budget, the following other information is furnished:
1. The Presidents and Chief Financial Officers of the Mutual Boards are furnished pertinent budget information at the same time as the Golden Rain Board.
 - a) All Mutual Directors are furnished complete information on the Golden Rain budget when it is adopted, together with complete information on the Mutual budget recommendations.
- D. Normally, the first or second week in September is used for study meetings between the Mutual President and CFO/Treasurer and the staff so that complete information is available for determining budget factors.

Procedure

Amended: Jul 88, Aug 00

**Executive Director
Golden Rain Foundation**

RESCIND

FIVE: 11-18-16

NINE: Rescinded Feb 09

SIXTEEN: 03-07-17 Rescinded

(Mar 17)

MUTUAL OPERATIONS

ACCOUNTING AND FISCAL

Patronage RefundsI. Legal Basis

The Articles of Incorporation provide, under Article II for Mutuals 1 through 5, and Article III for Mutuals 6 through 16, that the Board of Directions may make refunds to stockholders as provided by the Bylaws and Occupancy Agreement. The Occupancy Agreement, under Article 3, provides that the corporation agrees that it will refund or credit to the member at the end of each fiscal year his proportionate share of such sums as have been collected in anticipation of expenses which are in excess of the amount needed for expense of all kinds, including reserves, in the discretion of the Board of Directors. The procedure recommended by FHA for such refund is stated in Section 2.

II. Refund Procedure

1. Mutual Boards should consider patronage refunds only at the close of a fiscal year.
2. A standard form of the resolution to be adopted by the Board is available for use.
3. The payment of any refund should be subject to two contingencies:
 - a. Completion of the audit, showing that the funds are available for payment.
 - b. The resolution, together with the statement of the auditors that the funds are available, should be submitted to FHA for approval prior to the payment of the refund.

III. Suggestions

Questions concerning the form to be used and the processing for FHA approval should be directed to the Executive Director.

Revised: 20 July 77

RESCIND

FIVE: 11-18-16

SIXTEEN: 02-07-17

(Jul 77)

MUTUAL OPERATIONS

ACCOUNTING AND FISCAL

Impounds

Budget for impounds is based on advice from mortgagee, and equal monthly payments made to the mortgagee are based on the budget. The mortgagee makes disbursements to payee and advises Mutuals the amounts disbursed. Types of impounds are as follows:

a. Hazard Insurance

Fire and lightning, windstorm, hail, explosions, smoke, riot, aircraft and motor vehicles, vandalism and malicious mischief.

b. Tax Reserve

Assessments by county assessor's office based on parcel or loan area within Mutual.

c. Mortgage Insurance

Based on one-half of 1% unpaid principal balance at the beginning of each year.

RESCIND

FIVE: 11-18-16

MUTUAL OPERATIONS**ACCOUNTING AND FISCAL****Billings to Mutuals**

1. Billings to the Mutuals are generated by the Golden Rain Foundation. Any profit or loss is allocated back to the Mutuals at the year's end. There are basically three types of billings:

- A. SROs or service repair orders issued by the Service Maintenance Department for the Mutuals' maintenance needs and all community facility-related service costs.

Maintenance persons bill their work time to a corresponding area. Rates per hour charged by these departments are computed on a basis intended to recover wages, employer's taxes, depreciation of equipment, supplies, and other expenses. These rates are subject to periodic studies. Changes in rates result when increased costs exceed budgeted income.

- B. Administration, recreation, and maintenance of common areas and facilities not charged in item 1, warehouse facilities, property management, transportation, security, and shop repair, are billed to the Mutuals on a pro-rata basis according to the number of apartments. Each month, the Mutual receives a billing covering one-twelfth (1/12) of its budgeted expense.

- C. Billings for expenses paid by Golden Rain Foundation on behalf of the Mutuals and shared expenses:

- a. If it is a bill from an outside vendor specifying more than one Mutual, the Golden Rain Foundation pays it and bills the Mutuals.
- b. Shared expense, such as water charges and street lighting.

2. Mutuals are billed directly by outside vendors for their individual expenses.

Amended: Jul 87

Amended: Aug 00

Aug 00)

MUTUAL OPERATIONS**RESCIND MUTUAL NINE****ACCOUNTING AND FISCAL****Income Items and Their Distribution – All Mutuals Except Five & Nine**

Income is derived from the monthly apartment payments, plus other miscellaneous income received from laundry facilities, interest on reserves, inspection fees on apartment resales, late charges, and carport rentals.

A substantial part of the income is used for retirement of principal and interest on the mortgage. The remainder is divided between impounds, reserves, Golden Rain Foundation operations and individual Mutual maintenance and operation expenses.

See Policy 7333.5 for Mutual Five (Feb 16)

See Policy 7333.9 for Mutual Nine (Oct 06)

Revised: Sep 88

Revised: Aug 00

Revised: Feb 09

(Feb 16)

MUTUAL OPERATIONS

ACCOUNTING AND FISCAL

Investment Records

Records of investments, time certificates of deposit and bank pass books and/or reconciliations are available for inspection at any time by the Mutual Directors. Mutual Directors desiring general information should call the Mutual Accountant for an appointment. No appointment is necessary, of course, if an unannounced audit is made.

Reissued Jul 87

RESCIND

FIVE: 11-18-16

(Nov 16)

Page 1 of 1

MUTUAL OPERATIONS**ACCOUNTING AND FISCAL****Cash Disbursements - Mutual Nine Only**

Cash disbursements are made from a checking account referred to as the General Account.

General Account

1. Outside Contractors and Services
2. Electricity and Lights
3. Trash Collection
4. Golden Rain Foundation (Paid by GRF and Invoiced to Mutuals)
 - a. Administration, Recreation, Physical Property
 - b. Service Maintenance (Service Repair Orders)
 - c. Water Charges
 - d. Rubbish Hauling
 - e. Street Lighting
 - f. Third Party Charges
5. Funding
 - a. Operating Reserve, if applicable
 - b. Appliance Replacement Reserve
 - c. Repair and Replacement Reserve (Infrastructure, Painting and Roofing)
 - d. Emergency Reserve, if applicable
6. Federal and State Income Taxes
7. Property Taxes
8. Refund to Residents Related to Monthly Fees, etc.
9. Extraordinary Expenses

Revised: 08/00, 08/06, 10-09-06

MUTUAL OPERATIONS**RESCIND MUTUAL FOUR****ACCOUNTING AND FISCAL****Shareholders' Interest – All Mutuals Except Five and Nine**

The Internal Revenue Service regulations provide for inclusion of mortgage interest and property tax as an itemized deduction on an individual tax return. This provision extends to shareholders of a cooperative housing corporation.

At the end of each calendar year, a letter will be sent to each shareholder informing them of the amount of their pro-rated mortgage interest and property tax amount paid during the year just ended.

<u>MUTUAL ADOPTION</u>		<u>AMENDED</u>	<u>AMENDED</u>	<u>AMENDED</u>
ONE	08-01-88	08-01-00	02-28-02	
TWO	08-01-88	08-01-00	03-21-02	
THREE	08-01-88	08-01-00	04-12-02	
FOUR	08-01-88	08-01-00	03-04-02	
FIVE	08-01-88	08-01-00	02-20-02	See Policy 7336.5 – Feb 11
SIX	08-01-88	08-01-00	03-26-02	
SEVEN	08-01-88	08-01-00	05-15-02	
EIGHT	08-01-88	08-01-00	02-25-02	
NINE	See Policy 7336.9 for Mutual Nine Information			
TEN	08-01-88	08-01-00	02-27-02	
ELEVEN	08-01-88	08-01-00	02-21-02	
TWELVE	08-01-88	08-01-00	01-10-02	
FOURTEEN	08-01-88	08-01-00	03-13-02	
FIFTEEN	08-01-88	08-01-00	02-19-02	
SIXTEEN	08-01-88	08-01-00	02-19-02	
SEVENTEEN	08-01-88	08-01-00	02-05-02	

(Feb 16)

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MUTUAL OPERATIONS

ACCOUNTING AND FISCAL

Financial Reports

I. Monthly Reports

The Accounting Department, under the direction of the Golden Rain Foundation Controller, prepares and distributes monthly financial reports to each Mutual Director. These reports consist of a balance sheet, an operating statement, which compares income and expenses to budget, detailed balances of the various reserve accounts, reconciliations of bank accounts, and the statements of cash receipts and disbursements of both the agency and the general accounts.

2. Annual Financial Statement

The Controller's Department prepares and distributes a preliminary year-end statement. Any necessary adjustments to this statement are made on completion of the audit. A copy of the annual statement is sent to each Mutual Director.

3. Inquiries About Financial Statements

The Controller is very willing to answer all questions pertaining to either the monthly financial statements or the published annual financial statements. However, it should be realized that the Controller's schedule is heavy, and that the established regulatory procedure is to request an appointment through the Chief Financial Officer or Treasurer of each individual Mutual corporation.

Reissued Jul 87

(Jul 87)

MUTUAL OPERATIONS

ACCOUNTING AND FISCAL

Accounts Receivable

This position is responsible for maintaining tenant Accounts Receivable records, including Golden Rain Foundation annual dues, on a current basis. All inquiries regarding tenant delinquencies should be referred to this office.

RESCIND

FIVE: 11-18-16

SIXTEEN: 02-07-17

MUTUAL OPERATIONS

ACCOUNTING AND FISCAL

Cashier Service

The position of Cashier has been established to facilitate all cash payments made by those members not maintaining a commercial (checking) account who wish to transact all their business on a cash basis.

RESCIND

SIXTEEN: 02-07-17



Golden Rain Foundation

Golden Rain Foundation

Leisure World, Seal Beach

MUTUAL ACTION REQUEST

TO: ALL MUTUALS
FROM: MARK WEAVER FACILITIES DIRECTOR
SUBJECT: PEST/TERMITE PROPOSAL
DATE: APRIL 25, 2017
CC: FILE

Fenn Termite and Pest Control has submitted a proposal for a new three-year contract (see information exhibit A attached) that includes an annual termite inspection and report, along with the localized treatment of all accessible areas. The first column represents the cost of the previous three-year term with Fenn. The second column is the proposed cost for 2017-2019, and represents an increase of approximately 17% over the three-year period. The information below the proposed cost are the bids received during the last term. One contractor's cost was 4% more three years ago, and the other two contractors' cost shows increase of over 60%. The costs were also requested for repetitious areas of treatment (see exhibit B), and compared to the previous term. Most of the costs have not changed, however, residential, laundry room, outside building, and attic treatments have a slight increase. These costs are extra, or as needed, outside the contract.

It is staff's recommendation to approve a three-year contract with Fenn Termite and Pest Control for an annual termite inspection and report, along with the localized treatment of all accessible areas, and approve the as needed cost, when authorized by the Mutual, as called out in exhibit B

ANNUAL TERMITE INSPECTION 3 YEAR TOTALS

MUTUAL	FENN (2013-2016)	FENN 2017	FENN 2018	FENN 2019	FENN 2017-2019 3 YEAR TOTAL
1	\$10,776.47	\$12,941.00	\$13,588.05	\$14,267.45	\$40,796.50
2	\$11,031.86	\$13,250.00	\$13,912.50	\$14,608.13	\$41,770.63
3	\$5,515.92	\$6,624.00	\$6,955.20	\$7,302.96	\$20,882.16
4	\$5,056.26	\$6,072.00	\$6,375.60	\$6,694.38	\$19,141.98
5	\$6,282.02	\$7,544.00	\$7,921.20	\$8,317.26	\$23,782.46
6	\$5,209.48	\$6,256.00	\$6,568.80	\$6,897.24	\$19,722.04
7	\$4,903.04	\$5,888.00	\$6,182.40	\$6,491.52	\$18,561.92
8	\$4,443.38	\$5,336.00	\$5,602.80	\$5,882.94	\$16,821.74
9	\$4,903.04	\$5,888.00	\$6,182.40	\$6,491.52	\$18,561.92
10	\$3,524.06	\$4,232.00	\$4,443.60	\$4,665.78	\$13,341.38
11	\$3,983.72	\$4,784.00	\$5,023.20	\$5,274.36	\$15,081.56
12	\$5,771.26	\$6,937.00	\$7,283.85	\$7,648.04	\$21,868.89
14	\$4,187.96	\$5,036.00	\$5,287.80	\$5,552.19	\$15,875.99
15	\$6,409.78	\$7,703.00	\$8,088.15	\$8,492.56	\$24,283.71
16	\$766.10	\$920.00	\$966.00	\$1,014.30	\$2,900.30
17	\$1,608.81	\$1,935.00	\$2,031.75	\$2,133.34	\$6,100.09

PEST CONTROL PER CALL

LOCATION	FENN 2013-2016	FENN 2017	FENN 2018	FENN 2019
Per Unit	\$13.00	\$15.00	\$15.00	\$15.00
Laundry	\$6.00	\$6.00	\$6.00	\$6.00
Building Perimeter	\$37.00	\$37.00	\$37.00	\$37.00
Dusting Attic	\$35.00	\$35.00	\$35.00	\$35.00
Carport	\$40.00	\$40.00	\$40.00	\$40.00