

**A G E N D A**  
**REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS**  
**SEAL BEACH MUTUAL SIXTEEN**  
**March 7, 2017**  
**9:30 a.m.**

CALL TO ORDER, *PLEDGE ALLEGIANCE*

Al Grenrock

**“WELCOME TO THE REGULARLY SCHEDULED MONTHLY MEETING OF THE  
BOARD OF DIRECTORS OF MUTUAL SIXTEEN.”**

ROLL CALL

Laura Whitlock

INTRODUCTION OF SHAREHOLDER(S'), GUEST(S'), AND STAFF:

Jodi Hopkins, Mutual Administration Director  
Jerry Antisdell, Building Inspector  
Laura Whitlock, Recording Secretary

APPROVAL OF MINUTES – **Regular Meeting of February 7, 2017**

BUILDING INSPECTOR'S REPORT (page 2)

Jerry Antisdell

SECRETARY / CORRESPONDENCE

Marcia Clawson

GRF REPRESENTATIVE'S REPORT

Suzanne Fekjar

CHIEF FINANCIAL OFFICER'S REPORT

Al Grenrock

MUTUAL ADMINISTRATION DIRECTOR'S REPORT

Jodi Hopkins

OLD BUSINESS –

NEW BUSINESS –

- a. Rescind Policy 7205.16 – Monthly Meeting Procedures (page 3)
- b. Rescind Policy 7512 – Guarantor Agreement Form (page 4-5)
- c. Amend Policy 7525 – Withdrawal Inspection Process Fee (page 6)
- d. Recovering Late Charges, Article 23, Occupancy Agreement
- e. Rescind the following non-valid Mutual Sixteen policies:
  1. Policy 7310 – Accounting and Fiscal Patronage Mutual Budgets (page 7-9)
  2. Policy 7331 – Accounting and Fiscal Patronage Impound (page 10)
  3. Policy 7331.2 – Accounting and Fiscal Impound Accounts Agreement (page 11-14)
  4. Policy 7334 – Accounting and Fiscal Investment Records (page 15)

DIRECTOR(S') REPORTS

ANNOUNCEMENTS

SHAREHOLDER(S') COMMENTS

ADJOURNMENT

EXECUTIVE SESSION (legal, contract, and member issues)

**STAFF WILL LEAVE THE MEETING BY 12:10 P.M.**

**NEXT MEETING: TUESDAY, APRIL 4, at 9:30 a.m.**

## INSPECTORS MUTUAL REPORT

MUTUAL: (16) SIXTEEN

INSPECTOR: Jerry Antisdal

MUTUAL BOARD MEETING DATE: MARCH 7 2017

PERMIT ACTIVITY							
UNIT #	DESCRIPTION OF WORK	GRF/CITY PERMIT	PERMIT ISSUE	COMP. DATE	CHANGE ORDER	RECENT INSPECTION	CONTRACTOR / COMMENTS
50-B	REMODEL	BOTH	03/07/16	04/20/16	NO	04/18/16 FINAL	BERGKVIST
50-A	CARPORT CABINET	GRF	01/16/17	01/16/17	NO	FINALED	MIKE HANDYMAN
50-B	CARPORT CABINET	GRF	01/16/17	01/16/17	NO	FINALED	MIKE HANDYMAN
51-D	HEAT PUMP	BOTH	12/28/16	01/28/16	NO	01/03/17 FINAL	GREENWOOD
51-D	SHOWER CUTDOWN	BOTH	01/16/17	02/19/17	NO	FINALED	NU KOTE
51-G	ROOM ADDITION	BOTH	04/22/16	09/30/16	NO	NONE	KRESS
51-G	ROOM ADDITION	BOTH	04/22/16	09/30/16	NO	06/28/16 UNDERGROUND	KRESS
51-G	ROOM ADDITION	BOTH	04/22/16	09/30/16	NO	08/10/16 FRAM/ELE/PLU	KRESS
51-G	ROOM ADDITION	BOTH	04/22/16	09/30/16	YES	08/15/16 INSULAT/LATH	KRESS
51-G	ROOM ADDITION	BOTH	04/22/16	09/30/16	YES	08/18/16 DRYWALL	KRESS
51-G	ROOM ADDITION	BOTH	04/22/16	09/30/16	YES	FINALED	KRESS
51-H	ENTRY DOOR/WINDOWS	BOTH	03/07/17	04/30/17	NO	NONE	SWENMAN
51-I	SHOWER CUTDOWN	BOTH	10/24/16	11/24/16	NO	10/31/16 FINAL	NU KOTE
52-A	RESURFACE PATIO	GRF	08/16/16	11/15/16	NO	08/24/16 FINAL	STOREWAYS
53-E	HEAT PUMP	BOTH	06/23/16	09/02/16	NO	09/02/16 FINAL	GREENWOOD
53-H	HEAT PUMP	BOTH	08/25/16	12/25/16	NO	09/02/16 FINAL	GREENWOOD

ESCROW ACTIVITY							
UNIT #	NMI	PLI	NBO	FI	FCOEI	ROF	DOCUMENTS/COMMENTS
54-D		08/30/16	09/30/16	09/30/16	10/31/16	10/31/16	
51-C		09/13/16	12/06/16	12/07/16	12/21/16		
51-D		11/14/16	11/18/16	11/25/16	12/09/16	12/23/16	
54-K		10/04/16	12/20/16	12/20/16	12/28/16	02/22/17	
52-I		10/25/16	11/04/16	11/04/16	11/21/16	01/31/17	

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

CONTRACTOR		PROJECT	
52 & 54	JOHN NELSON	COMPLETE REPIPE	
52 & 54	ERC	ABATEMENT FOR REPIPE	

MUTUAL AND SHAREHOLDER REQUEST	
CALLS AND VISITS TO UNITS	
17	

**MUTUAL OPERATIONS****RESCIND POLICY****STOCKHOLDERS MEETINGS****Monthly Meeting Procedures - Mutual Sixteen Only****1. Agenda**

- a. The president or vice-president will develop the agenda and post it five business days prior to the meeting.
  - 1) In the case of an emergency meeting, the agenda will be posted three business days prior to the meeting.
- b. Back-up documents for each agenda item for action shall be attached to the agenda and submitted to each director.
- c. An item may be added to the agenda at the meeting with a majority vote of the directors present.

**2. Committee Reports**

- a. Director and Committee reports shall be typed and given to the secretary at the meeting.
- b. Director and Committee reports shall be attached to the minutes for distribution purposes.

**3. Minutes**

When action items or motions are recorded in the minutes of the meeting, the minutes shall show which directors voted yes, no or abstain by name.

**MUTUAL ADOPTION**

SIXTEEN: 17 Mar 08

**AMENDED**

19 Sept 11

(Sept 11)

## RESIDENT REGULATIONS

## Page 1 of 2

**MUTUAL OPERATIONS****RESIDENT REGULATIONS****Guarantor Agreement Form****RESCIND ALL MUTUALS**

GOLDEN RAIN FOUNDATION  
a corporation

By \_\_\_\_\_

\_\_\_\_\_  
GUARANTOR

SEAL BEACH MUTUAL NO. \_\_\_\_\_  
a corporation

\_\_\_\_\_  
GUARANTOR

By \_\_\_\_\_

Dated \_\_\_\_\_

**GRB**

Approved: 18 Dec 73

(Draft created 02-28-17 cd))

**MUTUAL OPERATIONS****SHAREHOLDER REGULATIONS****Withdrawal Inspection Process Fee****RESOLUTION:**

That Mutual No. \_\_\_\_\_ will charge a fee (**refer to table below**) for the inspection process when a share of stock is listed for sale, effective \_\_\_\_\_ (**see below**).

<b><u>MUTUAL AND ADOPTION</u></b>		<b><u>AMENDED/AMT</u></b>	<b><u>EFFECTIVE DATE</u></b>
ONE:	01 Aug 89	09-22-16/\$1,000	09-22-16
TWO:	01 Aug 89		
THREE:	01 Aug 89	04-12-13/\$1,000	05-01-13
FOUR:	01 Aug 89	09-14-16/\$1,000	09-14-16
FIVE:	01 Aug 89	08-19-15/\$1,000	08-19-15
SIX:	01 Aug 89		
SEVEN:	01 Aug 89	11-16-16/\$1,200	11-16-16
EIGHT:	01 Aug 89	07-22-13/\$1,000	07-23-13
NINE:	01 Aug 89	03-13-13/\$1,000	04-01-13
TEN:	01 Aug 89	08-27-14/\$1,000	08-27-14
ELEVEN:	01 Aug 89	09-17-15/\$1,000	09-17-15
TWELVE:	01 Aug 89	11-12-15/\$1,000	11-12-15
FOURTEEN:	01 Aug 89	11-17-15/\$1,200	11-17-15
FIFTEEN:	01 Aug 89	04-15-13/\$1,000	05-01-13
SIXTEEN:	01 Aug 89	03-18-13/\$1,000	04-01-13
SEVENTEEN:	Not Applicable		

**MUTUAL OPERATIONS****RESCIND MUTUAL 16****ACCOUNTING AND FISCAL****Mutual Budgets – All Mutuals Except Nine****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

(Aug 00)



**MUTUAL OPERATIONS****RESCIND MUTUAL 16****ACCOUNTING AND FISCAL****Mutual Budgets – All Mutuals Except Nine**

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 (Aug 00)



**MUTUAL OPERATIONS****RESCIND MUTUAL 16****ACCOUNTING AND FISCAL****Mutual Budgets – All Mutuals Except Nine**

- 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

(Aug 00)

**MUTUAL OPERATIONS****RESCIND MUTUAL 16****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****RESCIND MUTUAL 16****ACCOUNTING AND FISCAL****Impound Account Agreement – All Mutuals Except Two and Nine**

THIS AGREEMENT entered into this 21<sup>st</sup> day of February 1974 between Seal Beach Mutual Corporations Nos. One through Eleven, (except Mutual No. Nine, effective 07-10-06) hereinafter called Trustors, and Western Mortgage Corporation, a division of Unionamerica, Inc., a Delaware corporation, hereinafter called Servicer.

**WITNESSETH:**

WHEREAS, Metropolitan Life Insurance Company, a New York corporation, hereinafter called the Beneficiary, now holds deed of trust notes secured by deeds of trust on properties in Seal Beach Leisure World owned by Trustors, which notes represent loans insured by the Federal Housing Administration, hereinafter called FHA, and

WHEREAS, the Beneficiary has appointed Servicer as its correspondent and servicing agent to make collections and to fulfill the obligations of the Beneficiary in the servicing of FHA loans in accordance with the requirements of FHA, and

WHEREAS, the Beneficiary has directed Servicer as its agent to pay interest to Trustors on impound accounts held on the subject FHA loans, and

WHEREAS, the Beneficiary has directed Servicer as its agent to assume the administration of the Reserve Fund for Replacements to the mortgage properties, hereinafter called the Reserve Fund, which Reserve Fund is required by FHA to be maintained under the control of the Beneficiary, and

WHEREAS, the Beneficiary has further directed Servicer to invest such Reserve Fund and pay earnings to the Trustors, and

WHEREAS, the Beneficiary and FHA have agreed that Servicer may collect a reasonable fee from Trustors for the services to be provided under this Agreement, and

NOW, THEREFORE, it is mutually agreed by and between the parties hereto as follows:

1. The Trustors shall continue to make regular monthly payments in cash to the Servicer in accordance with the terms of the deed of trust notes. A portion of such regular monthly payments shall be held by Servicer in impound accounts in amounts as required for the payment of taxes, insurance and M.M.I., as set forth in the impound analysis delivered to Trustors during the first month of each year. Another portion of such regular monthly

(Nov 16)

**MUTUAL OPERATIONS****RESCIND MUTUAL 16****ACCOUNTING AND FISCAL****Impound Account Agreement – All Mutuals Except Two and Nine**

payments shall be held by Servicer in said reserve und for replacements in amounts as required by the FHA and provided for in the Agreement for the Reserve Fund on such FHA loans.

2. On or before the 30<sup>th</sup> day of each month, Servicer agrees to deposit the monthly impound collections received through the 20<sup>th</sup> day of that month into regular savings accounts in an institution insured by an agency of the Federal Government yielding the highest available interest rate with out the requirement of any fixed time period. Such savings accounts for the impounds shall be maintained as Trust or Custodial accounts in the name of Western Mortgage Corporation, as custodian for the Beneficiary. Servicer shall make withdrawals on such impound accounts as required for payments of taxes, insurance and M. I.

3. Servicer agrees to provide monthly accounting reports to Trustors and the Beneficiary on or before the fifth day of each month that will reflect all savings account transactions under this Agreement as of the 20<sup>th</sup> day of the preceding month. These reports will include a Cash Flow Statement reflecting for each loan account total impound collections for the month, deposits of impound funds into the custodial savings account, any authorized disbursement, and a reconciliation to the balance outstanding in such savings accounts as of the 20<sup>th</sup> day of each month.

4. Payments to the Trustors of interest earned on the savings accounts shall be made on a calendar quarterly basis, less 1/5<sup>th</sup> of the earned interest on such savings accounts. The parties hereto agree that such 1/5<sup>th</sup> of the earned interest to be retained by Servicer is a reasonable charge for the services performed by Servicer in the investment of the impound funds and payment of earnings to Trustors.

5. Servicer agrees to assume the duties and responsibilities of the Beneficiary in the administration of the portfolio of United States Government Bonds in which the Reserve Fund has been invested under certain agreements between Trustors and Beneficiary. Provided the loan is not in default, at the end of each calendar quarter, the Servicer agrees to accept United States Government Bearer Bonds in substitution for the amounts accumulated in the Reserve Fund from collections during the preceding quarter, provided the accumulated amounts are not needed for repairs of payment or other items required under the Agreement for the Reserve Fund. It is understood that if, at any time, the market value of the Bonds falls below the equivalent amount of cash for which they were exchanged, the Servicer, at its option, may require the Trustors to make up the deficiency. It is understood that the Servicer and/or Beneficiary assumes no liability resulting from the fluctuation in the market value of the

(Nov 16)

**MUTUAL OPERATIONS****RESCIND MUTUAL 16****ACCOUNTING AND FISCAL****Impound Account Agreement – All Mutuals Except Two and Nine**

Bonds.

6. It is understood that the Trustors, after ascertaining the dollar amount for which Bonds may be substituted, will purchase the Bonds and deliver them to the Servicer. The Servicer will then refund to the Trustors an amount equal to the actual cost of the Bonds excluding commissions or the par value of the Bonds, whichever is less, but in no event in excess of the amount of the cash on hand. At the Trustors request, Servicer or its agent will detach the interest coupons for redemption and forward the proceeds to the Trustors.

7. Servicer will provide a calendar quarterly report to Trustors and the Beneficiary on or before the 20<sup>th</sup> day of the month following each quarter which will reflect any changes in the status of the Reserve Fund and the portfolio of United States Government Bonds being administered by Servicer for each Mutual corporation.

8. The Trustors agree to pay Servicer \$25.00 per transaction affecting the portfolio of United States Government Bonds in which the Reserve fund has been invested. "Transaction" for the purpose of such compensation to Servicer includes the sale, purchase, maturity or redemption of Bonds in the portfolio being maintained for coupons on such Bonds. In addition, Trustors agree to pay Servicer \$25.00 per calendar quarter for each Mutual corporation which has investments included in the portfolio being administered by Servicer. The calendar quarterly report on changes in the Bond portfolio submitted by Servicer to Trustees and Beneficiary in accordance with the provisions of paragraph 7 will be accompanied by a quarterly billing summarizing the number of transactions and the amounts owing to Servicer which shall be paid by Trustors within fifteen days of receipt; provided, however, that the compensation payable by Trustors to Servicer for the services provided in the administration of the bond portfolio shall not, in the aggregate in any one year, be less than \$4,000, nor more than \$10,000. The parties hereto agree that the compensation provided for in this paragraph for the administration of the Reserve Fund and the portfolio of United States Government Bonds in which the Reserve Fund has been invested, is a reasonable charge for the services performed by Servicer in connection therewith.

9. Servicer agrees to use due diligence in the performance of its duties and the exercise of its fiduciary responsibilities under this Agreement, and Trustors agree that Servicer and the Beneficiary shall not be responsible for any loss or damage suffered by Trustors in the execution of this Agreement that may be caused by circumstances beyond Servicer's control.

10. The parties agree that this Agreement shall be for a term of three years from (Nov 16)

**MUTUAL OPERATIONS****RESCIND MUTUAL 16****ACCOUNTING AND FISCAL****Impound Account Agreement – All Mutuals Except Two and Nine**

the date of execution and will be automatically renewed on a year-to-year basis except upon 90 days advance written notice of termination given by either party prior to the expiration of the original term or any renewal period. The parties further understand and agree that the execution and implementation of this Agreement will be subject to the approval of the Beneficiary and the FHA; that this Agreement to pay interest on impound accounts to Trustors on Seal Beach Leisure World FHA loans is entered into on a voluntary basis by the Beneficiary and Servicer, and is not presently required by any law or governmental regulation; and further that any subsequent agreement between the parties to modify, amend or replace this Agreement shall be subject to the approval of the Beneficiary and the FHA.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers, duly authorized the day and year first above written.

**MUTUAL ADOPTION****RESCINDED**

ALL MUTUALS: Feb 1974

TWO:

02-17-11

FIVE:

11-18-16

NINE:

07-10-06

(Nov 16)

**MUTUAL OPERATIONS****RESCIND MUTUAL 16****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)