

NOVEMBER 2022

TO ALL MEMBERS OF MUTUAL 16:

Enclosed please find the 2023 Annual Budget Report and Annual Policy Statement for the Mutual 16 a non-profit Mutual Benefit Corporation organized and created pursuant to the California Corporations Code for the fiscal year beginning January 1, 2023.

In the accompanying pages are summaries of the 2023 budgets that were adopted by the GRF Board of Directors and your respective Mutual Board of Directors, and which must be distributed to the members thirty (30) to ninety (90) days before the end of the fiscal year pursuant to California Civil Code Section 5300. I would like to thank the members of all the Boards of Directors for their volunteer services resulting in no board costs to the residents. **Any member of the Mutual may request copies of the full budget from the GRF Accounting Department at no cost.** In addition to the budget summary, this package contains a summary of the Annual Policy Statement, which must be distributed to members in accordance with Civil Code Section 5310 within thirty (30) to ninety (90) days before the end of the fiscal year. **Any member may request a complete copy of the report at no cost to the member by submitting a written request to:**

**Mutual 16
c/o Golden Rain Foundation
P.O. Box 2069
Seal Beach, CA 90740**

Minutes of the Mutual's regular meeting are circulated to each building and posted in the laundry rooms of the Mutual. Copies can be obtained for a nominal fee from the Finance Department in the Administration building.

Please review the foregoing and enclosed documents. Should you have any questions or concerns, please do not hesitate to contact your Board of Directors.

Sincerely,

Mutual 16
Board of Directors

ANNUAL BUDGET REPORT¹
(Civil Code Section 5300)

After thoughtful review and consideration, the Board of Directors has approved a budget for the fiscal year ending December 31, 2023, which it believes is reasonable and prudent to meet the funding needs of the Mutual 16. The assessments will be increased to \$290.10 per unit, per month effective January 1, 2023. A copy of the budget is enclosed for your review.

In accordance with Civil Code Sections 5550(b)(5) and 5560 the Board has adopted the budget along with the reserve funding plan as recommended in the Reserve Study performed by Association Reserves. The reserve study has been performed pursuant to Civil Code Section 5565 for the major capital components. Mutual 16's reserves account will be funded through assessments. A summary of the reserve report is enclosed. Copies of the full reserve study plan are available upon request at the GRF Administration Building.

The Board of Directors does not, at this time, anticipate the need to levy a special assessment for planned expenditures, but reserves the right in accordance with California Civil Code to approve a special assessment for unplanned major expenses, if necessary, in the upcoming fiscal year.

The Board of Directors has not deferred repairs or replacement of any major component with a remaining life of 30 years or less. Or the Board of Directors has deferred the repair or replacement of the following major components:

Component	Reason for Deferment
N/A	

¹ This summary includes a general description of the content of the report. Members may request a complete copy of the report at no cost to the member by submitting a written request to Golden Rain Foundation, P.O. Box 2069, Seal Beach, CA 90740.

**Seal Beach Mutual Sixteen
Operating Budget
Year Ended December 31, 2023**

60

Apartments

	Average Monthly Per Apartment			Operating Budget In Dollars		
	2023	2022	Change	2023	2022	Change
Electricity	5.56	4.81	0.75	4,003	3,463	540
Water	20.39	17.15	3.24	14,681	12,348	2,333
Trash	11.50	9.96	1.54	8,280	7,171	1,109
Total Utilities	37.45	31.92	5.53	26,964	22,982	3,982
Management Fee	0.00	0.56	(0.56)	0	403	(403)
Legal Fees	5.56	9.03	(3.47)	4,003	6,502	(2,499)
Investment Fees	0.03	0.03	0.00	22	22	0
Total Professional Fees	5.59	9.62	(4.03)	4,025	6,927	(2,902)
Landscape - Contract	20.17	20.21	(0.04)	14,522	14,551	(29)
Landscape - Extras	9.72	4.86	4.86	6,998	3,499	3,499
Painting	1.04	1.39	(0.35)	749	1,001	(252)
Pest Control	2.32	2.27	0.05	1,670	1,634	36
Structural Repairs	3.47	5.56	(2.09)	2,498	4,003	(1,505)
Miscellaneous Services	1.81	1.67	0.14	1,303	1,202	101
Escrow Expense	0.00	0.00	0.00	0	0	0
Office Supplies	0.14	0.14	0.00	101	101	0
Standard Service	18.06	12.50	5.56	13,003	9,000	4,003
Total Services	56.73	48.60	8.13	40,844	34,991	5,853
State & Federal Taxes	1.33	1.11	0.22	958	799	159
Property & Liability Insurance	32.96	28.55	4.41	23,731	20,556	3,175
Total Taxes & Insurance	34.29	29.66	4.63	24,689	21,355	3,334
Operating Expenses	134.06	119.80	14.26	96,522	86,255	10,267
Income from Services						
Merchandise Sales	0.00	0.00	0.00	0	0	0
Laundry Machines	1.01	1.18	(0.17)	727	850	(123)
Total Services Income	1.01	1.18	(0.17)	727	850	(123)
Financial Income						
Interest Income	2.21	0.10	2.11	1,591	72	1,519
Interest Income Allocation	(0.07)	(0.07)	0.00	(50)	(50)	0
Late Charges	0.00	0.00	0.00	0	0	0
Inspection Fees	5.56	4.17	1.39	4,003	3,002	1,001
Miscellaneous	0.69	0.00	0.69	497	0	497
Parking Fines	0.00	0.00	0.00	0	0	0
Total Financial Income	8.39	4.20	4.19	6,041	3,024	3,017
Operating Income	9.40	5.38	4.02	6,768	3,874	2,894
Net Operating Cost	124.66	114.42	10.24	89,754	82,381	7,373
Reserve Funding	165.44	155.98	9.45	119,114	112,308	6,806
Total Mutual Costs	290.10	270.40	19.69	208,868	194,689	14,179
Allocated Trust Cost	193.23	172.03	21.20	139,126	123,862	15,264
Regular assessment	483.33	442.43	40.89	347,993	318,551	29,443

Property taxes are assessed to the stockholder's unit and are added to the regular assessment and become part of the monthly payment. Accordingly, they are excluded from the operating budget.

Assessment and Reserve Funding Disclosure Summary

Leisure World Seal Beach - Mutual 16, Seal Beach

For Fiscal Year Beginning: 1/1/2023

of units: 60

1) Budgeted Amounts:	Total	Average Per Unit*
Reserve Contributions:	\$8,752.80	\$145.88
Total Assessment Income:	\$28,999.80	\$483.33

per: Month

- 2) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Year	Total Amount Per Unit*	Purpose
Total: \$0.00		

- 3) Based on the most recent Reserve Study and other information available to the Board of Directors, at this point in time does it appear that currently projected Reserve account balances will be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? **Yes**
- 4) If the answer to #3 is no, what additional assessments or other contributions/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment Will Be Due	Average Total Amount Per Unit*

Total: \$0.00

- 5) All major components appropriate for Reserve Funding (components that are a common area maintenance responsibility with a limited life expectancy and predictable remaining useful life, above a minimum threshold cost of significance) are included in this Reserve Funding Plan: **Yes**

6) All computations/disclosures are based on the fiscal year start date of:	1/1/2023
Fully Funded Balance (based on formula defined in 5570(b)4):	\$641,519
Projected Reserve Fund Balance:	\$259,670
Percent Funded:	40.5 %
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$6,364

From the 10/24/2022 Reserve Study by Association Reserves and any minor changes since that date.

* If assessments vary by the size or type of unit, allocate as noted within your Governing Documents.

- 7) See attached 30-yr Summary Table, showing the projected Reserve Funding Plan, Reserve Balance, Percent Funded, and assumptions for interest and inflation.

Prepared by: Sean Andersen

Date: 11/17/2022

The financial representations at the time of preparation are based on the Reserve Study for the fiscal year shown at the top of this page and the best estimates of the preparer. These estimates should be expected to change from year to year. Some information on this form has been provided to Association Reserves, and has not been independently verified.

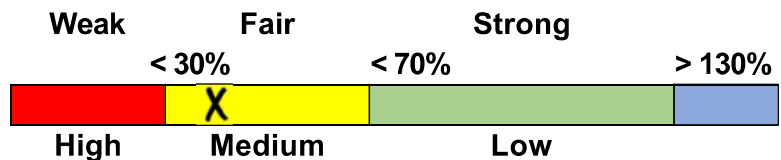
**Leisure World Seal Beach - Mutual 16**Report #: **33326-3**

Seal Beach, CA

of Units: 60

Level of Service: **Update "No-Site-Visit"****January 1, 2023 through December 31, 2023****Findings & Recommendations****as of January 1, 2023**

Projected Starting Reserve Balance	\$259,670
Current Full Funding Reserve Balance	\$641,519
Average Reserve Deficit (Surplus) Per Unit	\$6,364
Percent Funded	40.5 %
Recommended 2023 "Monthly Full Funding Contributions"	\$8,900
Alternate minimum contributions to keep Reserve above \$0	\$7,700
Most Recent Reserve Contribution Rate	\$8,753
Annual Deterioration Rate	\$50,558

Reserve Fund Strength: 40.5%**Risk of Special Assessment:****Economic Assumptions:**Net Annual "After Tax" Interest Earnings Accruing to Reserves **0.50 %**Annual Inflation Rate **3.00 %**

This is an Update "No-Site-Visit", and is based on a prior Report prepared by Association Reserves. No site inspection was performed as part of this Reserve Study.

This Reserve Study was prepared by a credentialed Reserve Specialist, Sean Erik Andersen, PRA, RS #68.

The Association is a Mutual association.

The Reserve Fund is between the 30% funded level and the 70% funded level at 40.5 % Funded, which is a fair position for the fund to be in. This means that the association's special assessment & deferred maintenance risk is currently medium. The objective of your multi-year Funding Plan is to Fully Fund Reserves and ultimately achieve a position of strength in the fund, where associations enjoy a low risk of Reserve cash flow problems.

The Annual Deterioration rate for your Reserve Components is \$50,558.

Based on this starting point, your annual deterioration rate, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions to \$8,900.

*The Alternative Contribution rate, also called Baseline Funding will keep the Reserve Funds above \$0. This figure for your association is \$7,700.

To receive a copy of the full Reserve Study, contact the Association.

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
Painting Projects				
1110	Interior Surfaces - Repaint	10	1	\$2,950
1113	Pole Lights - Repaint	3	0	\$2,400
1115	Stucco - Repaint	10	1	\$27,000
1116	Wood Surfaces - Repaint	8	0	\$45,000
Infrastructure				
103	Concrete Deck/Walk - Repair	1	0	\$2,000
321	Pole Lights - Replace	30	8	\$39,000
328	Sewer Lines - Replace	50	15	\$175,000
332	Water Heater (Laundry) - Replace	10	1	\$1,100
332	Water Heaters (Bldg. 50) - Replace	10	3	\$10,650
332	Water Heaters (Bldg. 51) - Replace	10	4	\$10,650
332	Water Heaters (Bldg. 52) - Replace	10	5	\$10,650
332	Water Heaters (Bldg. 53) - Replace	10	6	\$10,650
332	Water Heaters (Bldg. 54) - Replace	10	7	\$10,650
370	Wall Lights - Replace	20	11	\$1,950
720	Meter Cabinet Doors - Replace	24	7	\$2,600
1003	Irr. Timeclocks - Replace	12	5	\$1,000
1010	Landscape - Refurbish	10	2	\$2,000
1140	Attic Screens - Replace	24	7	\$1,000
1150	Wood Surfaces - Repair	8	0	\$15,500
1808	Trees - Trim/Removal	1	0	\$2,150
Roofing				
1308	Carport Roofs - Replace	30	1	\$175,000
1308	Laundry Room Roof - Replace	30	27	\$3,800
1308	Unit Shingle Roof (2022) - Replace	30	1	\$160,000
1308	Unit Shingle Roof (2050) - Replace	30	27	\$378,000
1330	Gutter System - Repair/Replace	30	27	\$11,750

25 Total Funded Components

Note 1: Yellow highlighted line items are expected to require attention in this initial year.



30-Year Reserve Plan Starting with Board of Directors 2023 Rate

33326-3

Fiscal Year Start: 1/1/2023					Interest: 0.50 %		Inflation: 3.00 %	
Reserve Fund Strength: as-of Fiscal Year Start Date					Projected Reserve Balance Changes			
Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2023	\$259,670	\$641,519	40.5 %	Medium	\$105,034	\$0	\$1,397	\$67,050
2024	\$299,050	\$643,778	46.5 %	Medium	\$105,034	\$0	\$806	\$381,306
2025	\$23,584	\$323,984	7.3 %	High	\$105,034	\$0	\$365	\$6,525
2026	\$122,458	\$382,230	32.0 %	Medium	\$105,034	\$0	\$830	\$18,795
2027	\$209,527	\$431,242	48.6 %	Medium	\$105,034	\$0	\$1,271	\$16,658
2028	\$299,174	\$485,632	61.6 %	Medium	\$105,034	\$0	\$1,717	\$18,317
2029	\$387,608	\$541,705	71.6 %	Low	\$105,034	\$0	\$2,154	\$20,538
2030	\$474,258	\$598,982	79.2 %	Low	\$105,034	\$0	\$2,583	\$22,630
2031	\$559,245	\$657,689	85.0 %	Low	\$105,034	\$0	\$2,737	\$131,301
2032	\$535,715	\$608,147	88.1 %	Low	\$105,034	\$0	\$2,926	\$8,546
2033	\$635,129	\$685,535	92.6 %	Low	\$105,034	\$0	\$3,432	\$5,577
2034	\$738,017	\$770,341	95.8 %	Low	\$105,034	\$0	\$3,833	\$51,424
2035	\$795,459	\$812,568	97.9 %	Low	\$105,034	\$0	\$4,219	\$12,190
2036	\$892,522	\$898,636	99.3 %	Low	\$105,034	\$0	\$4,682	\$21,734
2037	\$980,503	\$979,683	100.1 %	Low	\$107,134	\$0	\$5,126	\$22,386
2038	\$1,070,377	\$1,064,784	100.5 %	Low	\$109,277	\$0	\$4,888	\$299,441
2039	\$885,100	\$869,434	101.8 %	Low	\$111,462	\$0	\$4,412	\$120,834
2040	\$880,140	\$854,623	103.0 %	Low	\$113,692	\$0	\$4,630	\$26,115
2041	\$972,347	\$939,435	103.5 %	Low	\$115,966	\$0	\$5,136	\$11,151
2042	\$1,082,297	\$1,044,787	103.6 %	Low	\$118,285	\$0	\$5,702	\$7,277
2043	\$1,199,007	\$1,159,949	103.4 %	Low	\$120,651	\$0	\$6,292	\$7,495
2044	\$1,318,455	\$1,281,081	102.9 %	Low	\$123,064	\$0	\$6,740	\$69,947
2045	\$1,378,312	\$1,344,343	102.5 %	Low	\$125,525	\$0	\$7,192	\$11,784
2046	\$1,499,245	\$1,472,317	101.8 %	Low	\$128,035	\$0	\$7,761	\$29,209
2047	\$1,605,833	\$1,589,176	101.0 %	Low	\$130,596	\$0	\$7,979	\$157,948
2048	\$1,586,460	\$1,580,022	100.4 %	Low	\$133,208	\$0	\$8,207	\$30,988
2049	\$1,696,886	\$1,704,539	99.6 %	Low	\$135,872	\$0	\$8,764	\$31,918
2050	\$1,809,605	\$1,835,105	98.6 %	Low	\$138,590	\$0	\$7,130	\$912,394
2051	\$1,042,930	\$1,066,066	97.8 %	Low	\$141,361	\$0	\$5,557	\$9,495
2052	\$1,180,354	\$1,207,412	97.8 %	Low	\$144,189	\$0	\$6,246	\$12,136

30-Year Income/Expense Detail

Report # 33326-3
No-Site-Visit

Fiscal Year	2023	2024	2025	2026	2027
Starting Reserve Balance	\$259,670	\$300,821	\$27,135	\$127,797	\$216,663
Annual Reserve Funding	\$106,800	\$106,800	\$106,800	\$106,800	\$106,800
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,401	\$820	\$387	\$861	\$1,312
Total Income	\$367,871	\$408,441	\$134,322	\$235,458	\$324,775
# Component					
Painting Projects					
1110 Interior Surfaces - Repaint	\$0	\$3,039	\$0	\$0	\$0
1113 Pole Lights - Repaint	\$2,400	\$0	\$0	\$2,623	\$0
1115 Stucco - Repaint	\$0	\$27,810	\$0	\$0	\$0
1116 Wood Surfaces - Repaint	\$45,000	\$0	\$0	\$0	\$0
Infrastructure					
103 Concrete Deck/Walk - Repair	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251
321 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
328 Sewer Lines - Replace	\$0	\$0	\$0	\$0	\$0
332 Water Heater (Laundry) - Replace	\$0	\$1,133	\$0	\$0	\$0
332 Water Heaters (Bldg. 50) - Replace	\$0	\$0	\$0	\$11,638	\$0
332 Water Heaters (Bldg. 51) - Replace	\$0	\$0	\$0	\$0	\$11,987
332 Water Heaters (Bldg. 52) - Replace	\$0	\$0	\$0	\$0	\$0
332 Water Heaters (Bldg. 53) - Replace	\$0	\$0	\$0	\$0	\$0
332 Water Heaters (Bldg. 54) - Replace	\$0	\$0	\$0	\$0	\$0
370 Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
720 Meter Cabinet Doors - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irr. Timedocks - Replace	\$0	\$0	\$0	\$0	\$0
1010 Landscape - Refurbish	\$0	\$0	\$2,122	\$0	\$0
1140 Attic Screens - Replace	\$0	\$0	\$0	\$0	\$0
1150 Wood Surfaces - Repair	\$15,500	\$0	\$0	\$0	\$0
1808 Trees - Trim/Removal	\$2,150	\$2,215	\$2,281	\$2,349	\$2,420
Roofing					
1308 Carport Roofs - Replace	\$0	\$180,250	\$0	\$0	\$0
1308 Laundry Room Roof - Replace	\$0	\$0	\$0	\$0	\$0
1308 Unit Shingle Roof (2022) - Replace	\$0	\$164,800	\$0	\$0	\$0
1308 Unit Shingle Roof (2050) - Replace	\$0	\$0	\$0	\$0	\$0
1330 Gutter System - Repair/Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$67,050	\$381,306	\$6,525	\$18,795	\$16,658
Ending Reserve Balance	\$300,821	\$27,135	\$127,797	\$216,663	\$308,118

The following information (notice of insurance coverage, billing and collection procedures, assessments and foreclosure, payments, meetings and payment plans, information re CA Civil Code Sections 5920 and 5965, internal dispute resolution procedures, alternative dispute resolution, right to receive copies of minutes, and procedures for remodeling) is distributed to members of the Golden Rain Foundation and shareholders/homeowners of the Mutual Corporations. Throughout these notices, there are references to an “association.” The Mutual has been determined to be an association by the courts of this state.

NOTICE OF INSURANCE COVERAGE FOR THE MUTUAL CORPORATIONS AND THE GOLDEN RAIN FOUNDATION

This summary of the policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual insurance policies. Any GRF member may, upon written request and provision of reasonable notice, review the GRF’s insurance policies and, upon written request and payment of reasonable duplication charges, obtain copies of those policies. Although the GRF maintains the insurance policies specified in this summary, the GRF’s insurance policies may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. GRF members should consult their individual insurance broker or agent for appropriate additional coverage.

Insurer	Coverage	Limit	Deductible
Philadelphia Ins. Co.	Property	\$ 200,000,000	\$50,000
Chubb	Boiler & Machinery	\$ 100,000,000	\$ 1,000
Philadelphia Ins. Co.	Auto Liability	\$ 1,000,000	\$ 1,000
Philadelphia Ins. Co.	General Liability	\$ 2,000,000	\$10,000
Great American Ins.	Umbrella Liability	\$ 30,000,000	N/A
Allied World Assurance	Excess Umbrella	\$ 10,000,000	N/A
Chubb	Excess Umbrella	\$ 25,000,000	N/A
Great American Ins.	Pollution Legal Liability	\$ 5,000,000	\$25,000
Chubb	Crime	\$ 1,500,000	\$100,000
Chubb	Fiduciary	\$ 3,000,000	N/A
Chubb	Kidnap/Ransom/Extortion	\$ 1,500,000	N/A
Chubb	Workplace Violence	\$ 1,000,000	N/A
RSUI	Dir. & Officers (Mutuals)	\$ 5,000,000	\$50,000
AWAC/ARGO	Excess Dir. & Officers (Mutuals)	\$ 5,000,000	N/A
NAS/Lloyd’s of London	Cyber (Mutuals)	\$ 2,000,000	\$5,000
NAS/Lloyd’s of London	Cyber (GRF)	\$ 2,000,000	\$5,000
RSUI	Dir. & Officers (GRF)	\$ 5,000,000	\$100,000
AWAC/ARGO	Excess Dir. & Officers (GRF)	\$ 5,000,000	N/A
STARR	Errors & Omissions	\$ 2,000,000	\$50,000

The above insurance policies were in effect at the time the budget was prepared. The effective date of these policies is December 1st. We anticipate that the above policies may be renewed with some changes in limits and deductibles. In the event that any of the above policies are cancelled and not immediately replaced, or if there is a material change in coverage or deductible, you will be notified of that change or cancellation.

The coverage provided by these policies exceeds the levels required by law. Claims in excess of this coverage will not result in any direct individual liability by any member. However, there could be a proportionate assessment levied to pay the amount of any judgment in excess of the corporate coverage limits. Earthquake insurance is not provided due to cost and coverage prohibitions.

The property and general liability insurance policies provide coverage for the Golden Rain Foundation and Mutual Corporations. The Directors and Officers Liability policies provide separate coverage for the Mutual Corporations and the Golden Rain Foundation.

ANNUAL POLICY STATEMENT²
(Civil Code Section 5310)

1. CONTACT PERSON. The name and address of the person designated to receive official communications Mutual 16, pursuant to Civil Code Section 4035 shall be:

Golden Rain Foundation
P.O. Box 2069
Seal Beach, CA 90740
Attn: President, Mutual Sixteen

2. MULTIPLE ADDRESSES. Members may submit a written request to Mutual 16's Contact Person identified in Section 1 above to add or remove a second address for delivery of the following notices according to subdivision (b) of Section 4040 of the Civil Code:
- a. Annual Budget Report and Annual Policy Statement, as well as the Year-End Report (Article 7 of the Civil Code, commencing with Section 5300 of Chapter 6);
 - b. Notices regarding assessment payments and delinquencies (Article 2 of the Civil Code, commencing with Section 5650 of Chapter 8); and
 - c. Notices regarding a trustee's sale pursuant to Civil Code Section 5710.
3. NOTICE LOCATION. The location designated for posting of a general notice for the Mutual 16, pursuant to paragraph (3) of subdivision (a) of Section 4045 of the Civil Code shall be:

Laundry rooms of Mutual 16

4. NOTICE BY INDIVIDUAL DELIVERY. A member may submit a written request to the Association Contact Person to receive general notices by individual delivery, pursuant to subdivision (b) of Section 4045 of the Civil Code.
5. RIGHT TO RECEIVE COPIES OF MINUTES. Members have the right to obtain copies of board meeting minutes, pursuant to subdivision (b) of Section 4950 of the Civil Code, by contacting the Mutual's Contact Person and/or stopping by the GRF Administration offices during posted business hours. Minutes of the Mutual's regular meeting of the Board of Directors are posted in the laundry rooms of the Mutual. Copies of all minutes (except minutes of meetings in executive session), proposed minutes or summary minutes, as well as agendas for all open or executive session meetings can be obtained for a nominal fee from the Accounting Department in the Administration building.
6. RULES ENFORCEMENT POLICY: (pursuant to Section 5850 of the Civic Code)
All current Rules and Regulations can be located at the established website www.lwsb.com, click on Mutual 16 under Mutual section to access.
- a. If the Mutual adopts or has adopted a policy imposing any monetary penalty, including any fee, on any association member for a violation of the governing documents, including any monetary penalty relating to the activities of a guest or

² This summary includes a general description of the content of the report. Members may request a complete copy of the report at no cost to the member by submitting a written request to Golden Rain Foundation, P.O. Box 2069, Seal Beach, CA 90740.

tenant of the member, the board shall adopt and distribute to each member, in the annual policy statement prepared pursuant to Section 5310, a schedule of the monetary penalties that may be assessed for those violations, which shall be in accordance with authorization for member discipline contained in the governing documents.

- b. Any new or revised monetary penalty that is adopted after complying with subdivision (a) may be included in a supplement that is delivered to the members individually, pursuant to Section 4040.
 - c. A monetary penalty for a violation of the governing documents shall not exceed the monetary penalty stated in the schedule of monetary penalties or supplement that is in effect at the time of the violation.
 - d. The Mutual shall provide a copy of the most recently distributed schedule of monetary penalties, along with any applicable supplements to that schedule, to any member upon request.
7. FINE SCHEDULE: A schedule for fines relating to rule violations is included in the governing document Rule 16-7585-1 – Governing Document Compliance Corrective Measures and Fines.

Fine Schedule

If a member does not oppose the alleged violation or if the result of the hearing is a decision that a violation of the governing documents existed, a fine of \$100.00 may be imposed for each separate violation of the governing documents, subject to the following:

If the violation is of a continuous nature and necessitates remedial action, the failure of the member to remedy the underlying situation or circumstance within 60 days of the imposition of the first monetary fine, will constitute a new and separate violation, subject to an additional fine of \$200.00. The failure of the member to correct the violation within 120 days of the imposition of the first monetary fine will constitute a third separate violation, subject to an additional fine of \$400.00.

If a member violates the same provision of the governing document on two separate occasions within any 12-month period of time, the fine for the second offense will be \$200.00. If the member violates the same provision three or more times within any 12-month time period, the fine for the third and subsequent violations will be \$400.00 each.

At any point, the Board may choose to use the legal system or cause a correction of a violation to effect a remedy or cure, and the member may be assessed the costs and expenses incurred by the Mutual, including attorney's fees.

Should a violation occur which causes the Mutual to incur a financial obligation or expense, then the member responsible for the violation shall be assessed the amount of the obligation or expense incurred by the Mutual. For example, if a member damages any common property, the repair and replacement costs will be assessed to the member.

The Mutual may also, under appropriate circumstances, suspend voting privileges.

- 8. Pursuant to Civil Code Section 5850, additional documents will be distributed if and when other fine schedules may be prepared and duly adopted by the Board.
- 9. PROCEDURES FOR REMODELING: The following is a summary of requirements for Mutual 16 approval of a physical change to property, pursuant to Section 4765 of the Civil Code:

- a. Mutual residents are permitted to remodel their apartment within the parameters of their Occupancy Agreement and applicable Mutual policy. Remodeling common areas or apartments is permitted only with respective Mutual Board approval. Plans for remodeling and selected contractor names must be submitted to, and approved by, the respective Mutual Board of Directors prior to commencement of work.
- b. Rule 7490.3 – Inspection Service – Building Alterations.

MUTUAL OPERATIONS**PHYSICAL PROPERTY****Inspection Service – Building Alterations – Mutuals 2, 3, 5, 7, 9, 10, and 16**

Any resident of the Corporation desiring to make any works of improvement by way of construction, either by way of change or addition to the apartment occupied by such resident, shall comply with all prior regulations and requirements adopted by this Corporation as to such works of improvement, and all state, county or municipal laws.

This Corporation hereby requests the Golden Rain Foundation to provide inspection services for said works of improvement while said work is in progress and when completed, assuring compliance with the regulations and requirements of this Corporation relating to such work.

The Golden Rain Foundation shall use a staff member for such inspection services or at its discretion may employ an independent outside inspecting firm.

No works of improvement shall commence prior to the procurement of a permit from the Golden Rain Foundation on behalf of this Corporation. The Golden Rain Foundation shall issue a permit for said work, and such work shall not commence without said permit having been issued.

<u>MUTUAL</u>	<u>ADOPTION</u>	<u>RESCINDED</u>	
1	02-22-90	09-24-20	
2	02-15-90		
3	02-09-90		
4	03-05-90	12-08-21	(See Procedure 04-7490.3-3)
5	02-14-90		
6	02-23-90	05-22-20	
7	02-16-90		
8	02-26-90	02-24-20	
9	02-12-90		
10	02-28-90		
11	02-15-90	05-21-20	
12	02-08-90	01-14-21	(See Procedure 12-7490.3-3)
14	02-23-90	01-16-18	
15	02-20-90	06-22-20	
16	02-20-90		
17	N/A		

(Dec 2021)

BILLING AND COLLECTION PROCEDURES FOR THE MUTUAL 16 CORPORATION OF SEAL BEACH LEISURE WORLD

Prompt payment of your Regular Assessment and Property tax is essential to the financial health of your Mutual and enhances the value of your ownership in the corporation. In addition to the monthly regular assessment, you may have other charges, i.e. cable service or Service Repair Orders, charged to your account. Upon rare occasions, a special assessment may be levied by your Mutual. Your respective Board of Directors takes seriously its obligation to enforce the collection procedures set forth below. The presentation of this procedure is intended to fulfill your Board of Director's obligation to notify you under Section 5310(a)(7) of the California Civil Code.

16-7531-1 – Collection and Lien Enforcement Policy and Procedure for Assessment Delinquencies

Mutual Sixteen Rules and Regulations

- 1. Purpose Statement.** The following is a statement (the "Policy Statement") of the specific procedures, policies and practices employed by Seal Beach Mutual Number Sixteen, a California nonprofit mutual benefit corporation ("Mutual 16") in enforcing lien rights or other legal remedies for default in payment of assessments against its members ("Shareholders"). This Policy Statement is provided pursuant to the requirements of California Civil Code Section 5310(a)(7) and incorporates by reference the disclosure provided by Mutual 16 pursuant to California Civil Code Section 5730.

The collection of delinquent assessments is of vital concern to all Shareholders of Mutual 16. Such efforts ensure that all Shareholders pay their fair share of the costs of services and facilities provided and maintained by Mutual 16. Shareholders' failure to pay assessments when due creates a cash-flow problem for Mutual 16 and causes those Shareholders who make timely payment of their assessments to bear a disproportionate share of the community's financial obligations.

Assessments are the separate debt of shareholders. Mutual 16 may employ single collection recourses or combinations thereof as allowed by law. In addition to any other rights provided for by law or described in the governing documents, including, but not limited to the Articles of Incorporation, Bylaws, and each Shareholder's Occupancy Agreement ("Governing Documents"), the Board has the right to collect delinquent assessments as stated herein.

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

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

- 2. Basic Policies and Procedures.** Delinquency reports are made available monthly by Mutual 16's managing agent to the Board of Mutual 16, identifying the delinquent Shareholder, the delinquent amount and the length of time the assessments have been in

arrears. Additionally, to ensure the prompt payment of monthly assessments Mutual 16 employs the following collection and lien enforcement procedures. The policies and practices outlined herein shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of Mutual 16's Board of Directors.

Pursuant to Mutual 16's Governing Documents, as well as the California Civil Code, the following are Mutual 16's collection and lien enforcement policies and procedures for assessment delinquencies. Also following, pursuant to Paragraphs 3, 16 and 22, are Mutual 16's collection policies and procedures for the collection of fines, fees, and chargeable services charged against Shareholders pursuant to the Governing Documents and current law.

- a. **Assessments; Assessments Due Date.** "Carrying Charges" as defined by Mutual 16's Occupancy Agreement, also referred to as "assessments" in Mutual 16's Bylaws, are referred to throughout this Policy Statement as "assessments." Assessments are due and payable to Mutual 16, in advance, in equal monthly installments, on the first (1st) day of each month. It is each Shareholder's responsibility to pay assessments in full each month regardless of whether a billing statement is received. Special assessments shall be due and payable on the due date specified by the Board of Directors in the notice imposing the special assessment. In no event shall a special assessment be due and payable earlier than thirty (30) days after the special assessment is duly imposed. If a special assessment is payable in installment payments and an installment payment of that special assessment is delinquent for more than 30 days, all remaining installments will be accelerated, and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to late charges and interest as provided herein. Note that the obligation to pay assessments shall not be relieved or modified by the temporary closure and/or modified availability of common area facilities and amenities, absent a moratorium or mandate from state officials, or as otherwise determined at the discretion of the Board of Directors.
- b. **Reminder Notice; Administrative Collection Fee.** If Assessments are not received by Mutual 16 on or before the close of business on the first (1st) day of the month (or if a special assessment is not received by Mutual 16 on or before the close of business on the fifteenth (15th) day after it is due), a Reminder Notice is sent to the Shareholder. PLEASE NOTE THAT TO BE CONSIDERED TIMELY, THE PAYMENT MUST BE RECEIVED BY MUTUAL 16 WITHIN THIS GRACE PERIOD. SIMPLY PLACING THE PAYMENT IN THE MAIL BEFORE THE GRACE PERIOD EXPIRES IS NOT SUFFICIENT. It is the policy of Mutual 16 not to waive any duly imposed late charges, interest, or collection fees and costs. Each delinquent account shall incur an administrative collection fee, in the amount of Ten Percent or Ten Dollars (10% or \$10.00) (the "Administrative Collection Fee"), which is charged by Mutual 16's managing agent to reasonably cover staff's costs to prepare the files for delivery to Mutual 16's collection agent in order to carry out collection activities authorized hereunder, as well as direct costs incurred in recording and/or forwarding documents in connection with the collection process. (See *Brown v. Professional Community Management, Inc.* [2005] 127 Cal.App.4th 532.) This Administrative Collection Fee may be increased by majority vote of Mutual 16's Board and may be collected by Mutual 16's collection agent on Mutual 16's behalf, and remitted to Mutual 16's managing agent, or may be directly collected by Mutual 16's managing agent. IT IS THE SHAREHOLDER'S RESPONSIBILITY TO ALLOW AMPLE TIME

TO DROP OFF OR MAIL ALL PAYMENTS SO THAT THEY ARE RECEIVED BEFORE THE DELINQUENCY DATE. All notices or invoices for assessments will be sent to Shareholders by first-class mail addressed to the Shareholder or the Shareholder's designee at his or her address as shown on the books and records of Mutual 16 unless otherwise required by law. However, it is the Shareholder's responsibility to be aware of the assessment payment due dates and to advise Mutual 16 of any changes in the Shareholder's mailing address.

- c. **Late Charges; Interest.** Assessments not received by the first (1st day of the month will incur a late fee in the amount of Ten Percent of Ten Dollars (10% or \$10.00), which amount is consistent with statutory authority. Further, both state law and Mutual 16's governing documents provide for interest on the delinquent assessment, late charges and collection fees and costs. Accordingly, interest may be imposed thirty (30) days after the assessment is due, at an annual percentage rate not to exceed Ten Percent (10%), consistent with Civil Code Section 5650. Such interest may be imposed and collected per the foregoing sentence regardless of whether the Shareholder's delinquent account is referred to Mutual 16's collection agent for collections. Non-assessment fines, fees and chargeable services are also subject to late charges and interest.
- d. **Thirty-Day Pre-Lien Letter Notice to Delinquent Shareholder.** If full payment of the delinquent amount is not received by the close of business on the thirtieth (30th) day after the date of the Reminder Notice, Mutual 16's managing agent will send a pre-lien letter (also referred to as a final demand for payment letter) to the Shareholder as required by Civil Code Section 5660 by certified and regular first class mail, to the Shareholder's mailing address of record in Mutual 16's books and records advising of, among other things required by law, the delinquent status of the account, including an itemized statement of the charges owed by the shareholder, impending collection action and the Shareholder's rights including a statement that the shareholder will not be liable to pay charges, interest and costs of collection if it is determined the assessment was paid on time to Mutual 16, and the right to request a meeting with the Board of Directors of Mutual 16 pursuant to Civil Code Section 5665, the right to dispute the assessment debt by submitting a written request for dispute resolution pursuant to Civil Code pursuant to Article 2 (commencing with Section 5900) of Chapter 10 ("IDR"), the right to request alternative dispute resolution pursuant to Article 3 (commencing with Section 5925) of Chapter 10 ("ADR") and the right to request debt validation. Notwithstanding the provisions of this paragraph, Mutual 16 may cause a pre-lien letter to be sent to a delinquent Shareholder at any time when there is an open escrow involving the Shareholder's leasehold interest, may cause a pre-lien letter to be sent to a delinquent Shareholder if any special assessment becomes delinquent, and/or may turn the delinquent account over to Mutual 16's collection agent to send a pre-lien letter to a delinquent Shareholder.
- e. **Recordation of a Lien Against a Delinquent Shareholder's Leasehold Interest.** If a Shareholder does not pay the amounts set forth in the pre-lien letter and does not request IDR or ADR within thirty (30) days of the date of the pre-lien letter, or, otherwise, requests to validate the debt in which case the collection process will be placed on hold in order to validate the debt, the delinquent account will be turned over to Mutual 16's collection agent for collections. The Board shall decide, by majority vote in an open meeting, whether to authorize Mutual 16's collection agent to record a lien for the amount of any delinquent assessments, late charges, interest,

and collection fees and costs, including attorneys' fees against the Shareholder's leasehold interest. If Mutual 16 authorizes Mutual 16's collection agent to record a lien against the Shareholder's leasehold interest, the Shareholder will incur additional fees and costs for preparing and recording the lien. The lien may be enforced in any manner permitted by law, including without limitation, judicial or non-judicial foreclosure (Civil Code Section 5700). A copy of the lien will be sent to the Shareholder, via certified mail, within ten (10) days of recordation of the lien.

- f. **Enforcement of a Lien.** Mutual 16's collection agent may be authorized to enforce the lien thirty (30) days after recordation of the lien, in any manner permitted by law, which may include recording a Notice of Default. Mutual 16 may foreclose the lien by judicial or non-judicial foreclosure when either (a) the delinquent assessment amount totals One Thousand Eight Hundred Dollars (\$1,800.00) or more, excluding accelerated assessments, late charges, interest, and collection fees and costs or (b) the assessments are delinquent for more than twelve (12) months. **YOU COULD LOSE YOUR LEASEHOLD INTEREST AT MUTUAL 16 IF A FORECLOSURE ACTION IS COMPLETED.** A non-judicial foreclosure sale by Mutual 16 to collect upon a debt for delinquent assessments is subject to a statutory right of redemption. The redemption period within which your leasehold interest may be redeemed ends ninety (90) days after Mutual 16's foreclosure sale, per California Civil Code Section 5715(b). The Shareholder will incur significant additional fees and costs if a Notice of Default is recorded and a foreclosure action is commenced against the Shareholder's leasehold interest. The decision to foreclose on a lien must be made by a majority of the Board of Directors in an Executive Session meeting and the Board of Directors must record their votes in the minutes of the next open meeting of the Board. The Board must maintain the confidentiality of the delinquent Shareholder(s) by identifying the matter in the minutes by only the parcel number of the property in which the Shareholder has a leasehold interest. Prior to initiating any foreclosure sale on a recorded lien, Mutual 16 shall offer delinquent Shareholders the option of participating in IDR, ADR, or both IDR and ADR as requested by the Shareholder.

Mutual 16 may commence and maintain a lawsuit directly on the debt without waiving its right to establish a lien and initiate foreclosure against the owner's separate interest for the delinquent assessment. In any action to collect delinquent assessments, late charges, or interest, the prevailing party will be entitled to costs and reasonable attorney's fees.

- g. **Inspection of Books and Records.** A Shareholder is entitled to inspect Mutual 16's accounting books and records to verify the amounts owed pursuant to Civil Code Section 5200, et seq.
- h. **Application of Payments.** Any payments made shall be first applied to assessments owed and only after the assessments owed are paid in full, shall such payment be applied to late charges, interest, and collection fees and costs, including attorneys' fees.
- i. **Account Sent to Mutual 16's Collection Agent In Error.** In the event it is determined that the Shareholder has paid the assessments on time, the Shareholder will not be liable to pay the charges, interests, and fees and costs of collection associated with collection of those assessments. If it is determined that a lien was recorded in error, a release of lien shall be recorded within twenty-one (21)

calendar days and the owner of the separate interest will be provided with a copy of the release of lien. If the lien was recorded in error, Mutual 16 shall promptly reverse all late charges, fees, interest, attorney's fees, and costs of collection.

- j. **Payment Under Protest.** A Shareholder may but is not obligated to, pay under protest any disputed charge or sum levied by Mutual 16, including but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.
- k. **Right to Dispute the Debt.** A Shareholder has the right to dispute the assessment debt by submitting a written request for dispute resolution to the collection agent for delivery to Mutual 16 pursuant to Civil Code Section 5900 et seq. A dispute, by itself, will not impede Mutual 16's ability to record a lien.
- l. **Right to Request Internal Dispute Resolution ("IDR").** Pursuant to Civil Code Section 5670, prior to recording a lien, Mutual 16 offers to Shareholders, and if so requested by a Shareholder, participation in internal dispute resolution ("IDR") pursuant to Mutual 16's "meet and confer" program.
- m. **Right to Request Alternative Dispute Resolution ("ADR").** A Shareholder has the right to request alternative dispute resolution with a neutral third party pursuant to Civil Code Section 5925 et seq. before Mutual 16 may initiate foreclosure against the Shareholder's leasehold interest, except that binding arbitration shall not be available if Mutual 16 intends to initiate a judicial foreclosure.
- n. **Right to Request Debt Validation.** Under the Fair Debt Collection Practices Act ("FDCPA"), a Shareholder may request that Mutual 16 and/or its collection agent send the Shareholder proof that the debt sought to be recovered is valid, that the Shareholder lawfully owes the debt, and that Mutual 16 and/or its collection agent has the right to collect the debt.
- o. **Payment Plan Requests.** Any Shareholder who is unable to pay assessments will be entitled to make a written request for a payment plan to Mutual 16, or Mutual 16's collection agent, as applicable, to be considered by the Board of Directors. A Shareholder may also request to meet with the Board in executive session to discuss a payment plan if the payment plan request is mailed within fifteen (15) days of the postmark date of the pre-lien letter. If such request is mailed within fifteen (15) days of the postmark of the pre-lien letter, the Board will meet with the Shareholder, in executive session, within forty-five (45) days of the postmark of such request, unless there is no regularly scheduled meeting of the Board within that time period, in which case the Board may designate a committee of one or more directors to meet with the Shareholder. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests. Payment plans shall not interfere with Mutual 16's ability to record a lien on a Shareholder's separate interest to secure payment for the Shareholder's delinquent assessments. If the Board authorizes a payment plan, it may incorporate payment of ongoing assessments that accrue during the payment plan period in addition to a one-time setup fee. If a payment plan is approved by the Board, additional late charges from the Shareholder will not accrue while the Shareholder remains current under the terms of the payment plan. If the Shareholder breaches an approved payment plan, Mutual 16 may resume its collection action from the time the payment

plan was approved. Generally speaking, no payment plan may exceed six (6) months in duration. Any payment plan which exceeds six (6) months in duration must be accompanied by a written explanation of the reason for the request, which includes documentation of the Shareholder's special circumstances, financial hardship and ability to make the payments requested.

- p. **Termination of Shareholder's Rights under Occupancy Agreement.** Nothing herein limits or otherwise affects Mutual 16's right to proceed in any lawful manner to collect any delinquent sums owed to Mutual 16 (such as duly levied and imposed assessments, fines, fees and chargeable services, and any associated late charges and interest), or to pursue any other discipline set forth in Mutual 16's governing documents, including but not limited to a termination of the Shareholder's rights under the Occupancy Agreement and pursuant to the procedures set forth the Bylaws and pursuing an unlawful detainer action or other proceeding which may apply to the eviction of tenants.
- q. **Release of Lien.** Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and fees and costs of collection, including attorneys' fees, must be paid in full to Mutual 16.
- r. **No Right of Offset.** There is no right of offset. Shareholder may not withhold assessments owed to Mutual 16 on the alleged grounds that the Shareholder is entitled to recover money or damages from Mutual 16 for some other obligation. Additionally, the obligation to pay assessments shall not be relieved or modified by the temporary closure and/or modified availability of common area facilities and amenities, absent a moratorium or mandate from state officials or as otherwise determined at the discretion of the Board.
- s. **Returned Checks.** Mutual 16 may charge the Shareholder a Twenty-Five Dollar (\$25.00) fee for the first check tendered to Mutual 16 that is returned unpaid by the Shareholder's bank and Thirty-Five Dollars (\$35.00) for each subsequent check passed on insufficient funds. If the check cannot be negotiated, Mutual 16 may also seek to recover damages of at least One Hundred Dollars (\$100.00), or, if higher, three (3) times the amount of the check up to One Thousand, Five Hundred Dollars (\$1,500.00) pursuant to Civil Code Section 1719.
- t. **Additional Mailing Addresses.** Shareholders have the right to provide a secondary address to Mutual 16 for mailing of an additional copy of notices and other correspondence related to collection of delinquent assessments. The Shareholder's request shall be in writing and shall be mailed to Mutual 16 in a way that shall indicate that Mutual 16 has received it. A Shareholder may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, Mutual 16 shall only be required to send notices to the indicated secondary address from the point Mutual 16 receives the request.
- u. **Charges Subject to Change.** All charges listed herein are subject to change upon thirty (30) days prior written notice. After a delinquent account has been turned over to Mutual 16's collection agent, Mutual 16's collection agent's charges may vary from Mutual 16's and are subject to change without prior written notice. Shareholders in collections should rely on Mutual 16 collection agent's charges and statement of account.

- v. **Notice and Hearing Prior to Suspension of Shareholder Privileges.** Until the Shareholder has paid all amounts due, including delinquent assessments, late charges, interest and costs of collection, including attorneys' fees, and duly imposed fines, fees and chargeable services, and associated late charges and interest, the Board of Directors may suspend the Shareholder's right to vote, and suspend the Shareholder's right to use Mutual 16's recreational facilities and/or the facilities or services provided by the Golden Rain Foundation of Laguna Woods after providing the Shareholder with a duly noticed hearing pursuant to Civil Code Section 5855. However, any suspension imposed shall not prevent the delinquent Shareholder from the use, benefit and pleasure of the Shareholder's leasehold interest (i.e., the manor).

When the Board is to meet in executive session to consider or impose a monetary charge as a means of reimbursing Mutual 16 for costs incurred by it in the repair of damage to common area and facilities caused by a member or the member's guest or tenant, the Board shall notify the member in writing, by either personal delivery or individual delivery pursuant to Section 4040, at least 10 days prior to the meeting. (Civil Code Section 5855(a).) The notice shall contain, at a minimum, the date, time, and place of the meeting, the nature of the alleged violation for which a member may be disciplined or the nature of the damage to the common area and facilities for which a monetary charge may be imposed, and a statement that the member has a right to attend and may address the board at the meeting.

- w. **Overnight Payments.** The mailing address for overnight payment of assessments is: Leisure World Seal Beach Mutual Sixteen, Attn: Assessments, Cashiers, Finance Office, P.O. Box 2069, Seal Beach, CA 90740.
- x. **Annual Notice to Members.** Mutual 16 shall distribute its collection policy to each member during the 60-day period immediately preceding the beginning of Mutual 16's fiscal year.
- y. **No limitations.** Nothing herein limits or otherwise affects Mutual 16's right to proceed in any lawful manner to collect any delinquent sums owed to Mutual 16.

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as non-judicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or non-judicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or non-judicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or non-judicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or non-judicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use non-judicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The mailing address for overnight payments is listed below. (Section 5655 of the Civil Code)

Seal Beach Mutual 16
P.O. Box 60017
City of Industry, CA 91716-0041

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

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform to the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)

**INFORMATION REGARDING CALIFORNIA CIVIL CODE SECTIONS 5920 and 5965
CONCERNING INTERNAL DISPUTE RESOLUTION PROCEDURE
AND ALTERNATIVE DISPUTE RESOLUTION**

California Civil Code Section 5965 requires that the association furnish you with the following information concerning the provisions of the code section related to Alternative Dispute Resolution (ADR). Civil Code Section 5920 requires that you be notified concerning Internal Dispute Resolution Procedure (IDR) and that we furnish you with the following information concerning the provisions of the Code Section, usually at the time that the budget is delivered, or some other convenient time as specified by the Civil Code. The provisions, in summary form, are as follows:

INTERNAL DISPUTE RESOLUTION PROCEDURE

1. The Internal Dispute Resolution Procedure (IDR) is set forth commencing with Civil Code Section 5915 and requires the association to provide an expeditious procedure for the determination of disputes between the association and any resident. The sections therein require the following: (a) any party may submit a written request to “meet and confer” in an effort to resolve the dispute, (b) a member of an association may refuse a request to meet and confer; the association may not refuse a request to meet and confer, (c) the board shall designate a member of the board to meet and confer, (d) the parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute, and (e) a resolution of the dispute agreed to by the parties shall be put in writing and signed by the parties, including the board designee on behalf of the association.
2. An agreement reached under this procedure binds the parties and is judicially enforceable if both of the following conditions are satisfied: a) The agreement is not in conflict with law or the governing documents of the common interest development or the association, and b) the agreement is consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors. A member of the association may not be charged a fee to participate in the process.
3. As required by Civil Code Section 5920, Mutuals that have adopted their own IDR process pursuant to California Civil Code Section 5910 shall include a description of said IDR process in their individual budget reports.

MUTUAL OPERATIONS**MUTUAL ADMINISTRATION****Internal Dispute Resolution – IDR – Except Mutual Twelve**

California Civil Code §5910 and §5915 provides that the Mutual Boards shall provide a “fair, reasonable and expeditious” procedure for resolving disputes between the Mutual and its members without charging a fee to the member participating in the process. The process is referred to as “Internal Dispute Resolution” (IDR) or “Meet and Confer.”

- (1) The member may request the Mutual Board to meet and confer in an effort to resolve a dispute. The request shall be in writing.
- (2) A member may refuse a request to meet and confer with the Board of Directors. The Board of Directors may not refuse a request to meet and confer with the members.
- (3) The Board of Directors shall designate a minimum of two (2) Board Directors to meet and confer with the member. The member may bring another person and/or legal representative to the meet and confer.
- (4) The parties shall meet promptly at a mutually convenient time and place to explain their positions to each other in an effort to resolve and dispute.
- (5) Any proposed resolution of the dispute shall be memorialized in writing and brought to the next Mutual Monthly Meeting for the Board’s consideration and final approval.
- (6) All such IDRs are considered to be confidential and may only be discussed in Executive Session.
- (7) Any final agreement between the Board of Directors and the member shall be in writing and signed by all parties.

MUTUAL ADOPTION

ONE:	SIX:	TWELVE: (See Policy 7731.12)-July 2015
TWO:	SEVEN:	FOURTEEN:
THREE:	EIGHT:	FIFTEEN:
FOUR:	TEN:	SIXTEEN:
FIVE: <u>(See Policy 7731.5)</u>	ELEVEN:	SEVENTEEN: 05-13-15

ALTERNATIVE DISPUTE RESOLUTION

1. Prior to filing a civil action either by Golden Rain Foundation, a Mutual or by an owner of a Mutual share, which action is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure, Civil Code Section 5930 requires that the parties shall endeavor to submit their dispute to Alternative Dispute Resolution (ADR), such as mediation, arbitration, conciliation, or other non-judicial procedure that involves a neutral party in the decision-making process. This section does not apply to a small claims action or, except as otherwise provided by law, to an assessment dispute.
2. The form of alternative dispute resolution may be binding or non-binding at the option of the parties. Any party to such dispute may initiate the process by serving upon all other parties to the dispute a "REQUEST FOR RESOLUTION." The Request for Resolution shall include all of the following: (a) A brief description of the dispute between the parties; (b) A Request for Alternative Dispute Resolution; (c) A notice that the party receiving the Request for Resolution is required to respond thereto within thirty (30) days of receipt or the request will be deemed rejected; and (d) If the party on whom the request is served is the owner of a separate interest, a copy of Civil Code 5925 et seq. shall be provided.
3. The service of the Request for Resolution shall be either by personal delivery, first class mail, express mail, facsimile transmission, or other means reasonably calculated to provide actual notice to the party on whom the request is served.
4. The party receiving the Request for Resolution shall have thirty (30) days to accept or reject the request. In the event no such response is received, the Request is deemed "rejected."
5. If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within ninety (90) days after receipt of the acceptance by the party initiating the request, unless this period is extended by written stipulation signed by both parties.
6. The costs of the alternative dispute resolution shall be borne by the parties.
7. If a Request for Resolution is served before the end of the applicable time limitation for commencing an enforcement action (as defined by Civil Code §5925(b) the time limitation is tolled during the following periods: (a) The period provided in Section 5935 for response to a Request for Resolution, (b) If the Request for Resolution is accepted, the period provided by Section 5940 for completion of alternative dispute resolution, including any extension of time stipulated by the parties pursuant to Section 5940.
8. At the time of commencement of an enforcement action (as defined in Civil Code §5925(b)), the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions is satisfied: (1) Alternative dispute resolution has been completed in compliance with this article; (2) One of the other parties to the dispute did not accept the terms offered for alternative dispute resolution; (3) Preliminary or temporary injunctive relief is necessary.

Failure to file a certificate pursuant to Civil Code §5950 is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result in substantial prejudice to one of the parties.

9. After an enforcement action (as defined in Civil Code §5925) is commenced, on written stipulation of the parties, the matter may be referred to alternative dispute resolution. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the Government Code. The costs of the alternative dispute resolution shall be borne by the parties.
10. In an enforcement action (as defined by Civil Code 5925(b)) in which fees and costs may be awarded, the court, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.
11. Except on agreement by the parties to the contrary, anything said, or admissions made in the course of alternative dispute resolution shall not be admissible into evidence in a trial. Documents prepared in preparation for or during the course of alternative dispute resolution shall not be admissible into evidence and disclosure of those documents may not be compelled in a civil action.
12. Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of your right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.

CHARGES FOR DOCUMENTS PROVIDED AS REQUIRED BY CALIFORNIA CIVIL CODE SECTION 4525* **

Mutuals 1-12 and 14-17 contract with Golden Rain Foundation to provide administrative assistance, including, but not limited to, addressing Civil Code Section 4525 requirements (i.e., this Document Disclosure Summary Form), and oversight of the Mutuals' finances, periodic disclosures to the membership, rule violation notices, and maintenance and repair issues, all at the ultimate direction of the Mutuals' Board of Directors.

The seller (Shareholder) may, in accordance with Section 4530 of the Civil Code, provide to the prospective purchaser (Member), at no cost, current copies of any documents specified by Section 4525 that are in the possession of the seller (Shareholder).

A seller (Shareholder) may request to purchase some or all of these documents, but shall not be required to purchase ALL of the documents listed on this form.

Property Address: _____

Owner (Shareholder) of Property: _____

Owner's (Shareholder's) Mailing Address (If known or different from property address.): _____

Provider of the Section 4525 Items:

Print Name: _____ Position or Title: _____ Association or Agent: Golden Rain Foundation

Date Form Completed: _____, 20____

Check or Complete Applicable Column or Columns Below:

<u>Document</u>	<u>Civil Code Section</u>	<u>Included</u>	<u>Fee</u>	Not Available(N/A) or Not Applicable (N/App), or directly provided by seller and confirmed in writing by seller as a current document (DP)
Articles of Incorporation or statement that not incorporated	Section 4525(a)(1)	X	\$10.00	
Trust Agreement	Section 4525(a)(1)	X	\$15.00	
**CC&Rs	Section 4525(a)(1)	X	\$15.00	
Bylaws	Section 4525(a)(1)	X	\$15.00	
Operating Rules	Section 4525(a)(1)	X	\$15.00	
Age restrictions	Section 4525(a)(2)	X	\$8.00	
Rental restrictions	Section 4525(a)(9)		\$8.00	
Annual budget report or summary, including reserve study	Section 5300 and 4525(a)(4)	X	\$25.00	
Assessment and reserve funding disclosure summary	Sections 5300 and 4525(a)(4)	X	\$20.00	
Financial statement review	Sections 5305 and 4525(a)(3)	X	\$25.00	
Assessment enforcement policy	Sections 5310 and 4525(a)(4)	X	\$10.00	
Insurance summary	Sections 5300 and 4525(a)(3)	X	\$10.00	
Regular assessment	Section 4525(a)(4)	X	Included w/required statement of fees	
Special assessment	Section 4525(a)(4)		Included w/required statement of fees	

Emergency assessment	Section 4525(a)(4)		Included w/required statement of fees
Other unpaid obligations of seller	Section 5675 and 4525(a)(4)		Included w/required statement of fees
Approved changed to assessments	Sections 5300 and 4525(a)(4),(8)	X	\$25.00
Settlement notice regarding Common Area defects	Sections 4525(a)(6), (7) and 6100		\$8.00
Preliminary list of defects	Sections 4525(a)(6), 6000 and 6100		\$8.00
Notice(s) of violations	Section 5855 and 4525(a)(5)		\$8.00
Required statement of fees	Section 4525	X	\$150.00
Minutes of regular meetings of the Board of Directors conducted over the previous 12 months, if requested	Section 4525(a)(10)		\$35.00
Total fees for these documents:			<u>\$395.00</u>

*The information provided by this form may not include all fees that may be imposed before the close of escrow. Additional fees that are not related to the requirements of Section 4525 may be charged separately. Note, Golden Rain Foundation

**This document is applicable to Mutual Seventeen, only.

Request for Annual Notice of Address, Representative and Rental Status

Civil Code, Section 4041 requires each owner of a separate interest to provide written notice to the Association of all the following information annually. Please provide the information in the form below and return the completed form to the Association within 30 days. If the requested information is not provided, the property address of the Owner's separate interest will be used for notices.

1. The address or addresses to which notices from the Association are to be delivered.

2. An alternate or secondary address to which notices from the Association are to be delivered.

3. The name and address of your legal representative, if any, including any person with power of attorney, or other person who can be contacted in the event of your extended absence from the separate interest.

4. Is the separate interest --

- ☐ Owner-occupied? ☐ Rented out? ☐ Developed, but vacant?
☐ Undeveloped?

5. Member Name

Property Address

6. Return form to:

GOLDEN RAIN FOUNDATION

Seal Beach, California

Consent to Receive Notices by Electronic Communication

This form ("Consent") is to authorize Golden Rain Foundation, on behalf of itself and the 16 Mutuals, ("GRF") to communicate with the undersigned via Electronic Communication in lieu of first-class mail or other methods. The phrase "Electronic Communication" includes communication by electronic mail (facsimile and e-mail); televised meetings; conference calling; webcams; electronic message board, network and website; and any other similar means of electronic communication.

The undersigned is a member of GRF and the below referenced Mutual and consents to receive from GRF the following documents by Electronic Communication:

1. Notices of meetings of members and/or of the board and committees of GRF/Mutual.

2. Documents concerning GRF/Mutual operations required to be mailed pursuant to their Governing Documents (Articles of Incorporation, Bylaws and/or CC&Rs (Mutual 17) and/or the *Davis-Stirling Common Interest Development Act*.

The undersigned bears the responsibility to provide notice to the GRF should his/her information change, so as to have a current email address on file with the GRF. This form or the undersigned's consent to receive notice by Electronic Communication may be submitted by electronic communication. The undersigned understands that this authorization will remain in effect until consent to receive notice by Electronic Communication is revoked, in writing (including by Electronic Communication).

Execution of the Consent waives rights to receipt of information by first class mail. The undersigned is authorized to execute this Consent on behalf of all record owners of the property whose address is below. The undersigned authorizes GRF to communicate to the following electronic addresses:

DATED: _____, 202__

Member's name (signature)

Member's name (print)

Email(s): _____

Member's Mutual

Member's address