

A G E N D A
REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL SEVENTEEN
September 5, 2017
1:30 p.m.

1. CALL TO ORDER / PLEDGE OF ALLEGIANCE
2. ROLL CALL
3. INTRODUCTION OF GRF REPRESENTATIVE, STAFF, GUEST(S):
 Mr. Moore, GRF Representative
 Ms. Hopkins, Mutual Administration Director
 Mr. Harper, Building Inspector
 Ms. Day, Recording Secretary
4. APPROVAL OF MINUTES: **Board Meeting of August 1, 2017**
5. BUILDING INSPECTOR'S REPORT Mr. Harper
 Permit Activity; Escrow Activity; Contracts & Projects; Resident and Mutual Requests (page 3)
6. RESIDENT(S)' COMMENTS (limited to 2 to 3 minutes on agenda items only)
7. GRF REPRESENTATIVE Mr. Moore
8. OLD BUSINESS
 - a. Ratify amended/posted Policy 7502.17 – Parking Regulations (pages 4-7) Mr. Hayes
9. NEW BUSINESS –
 - a. Paint balconies Mr. Hayes
 - b. Fire lane violations Mrs. Poe
 - c. 2018 Budget – discussion only
 - d. Discuss draft Policy 7510 – Eligibility Requirements from Presidents' Council (pages 8-11) Mr. Massetti
 - e. Discuss Commitment Pledge and Code of Ethics Mrs. Poe
 - f. Rescind Policies 7302 – Capital Accounts, 7307 – Signature Requirements in Checks, 7310 – Mutual Budgets, 7331 – Interest on Impounds, 7332 – Billings to Mutuels, 7333 – Income Items and Their Distribution, 7334 – Investment Records, 7336 – Shareholder's Interest, 7337 – Financial Reports, 7340 – Accounts Receivable, 7341 – Cashier Service (pages 12-24)
 - g. Rescind Policy 7401 – Contractor License (page 25)
 - h. Rescind Policy 7409 – Rabbit Control Resolution (page 26)
 - i. Rescind Policy 7430 – Purchasing Service (page 27)
 - j. Rescind Policy 7431 – Service Maintenance Requests (pages 28-29)
 - k. Rescind Policy 7440 – Communications (page 30)
 - l. Rescind Policy 7451 – Standardization Committee (page 31)

STAFF SECRETARY BREAK TO BE DETERMINED BY PRESIDENT
10. PRESIDENT'S REPORT Mr. Hayes
11. VICE PRESIDENT'S REPORT Ms. Gassman
12. TREASURER'S REPORT Mr. Massetti

- | | |
|--|----------------|
| 13. SECRETARY REPORT/CORRESPONDENCE | Ms. Schumacher |
| 14. PHYSICAL PROPERTY REPORT | Mr. Hayes |
| 15. LANDSCAPING REPORT | Ms. Schumacher |
| 16. SOCIAL ACTIVITIES REPORT | Ms. Gassman |
| 17. MUTUAL ADMINISTRATION DIRECTOR'S REPORT | Ms. Hopkins |
| 18. RESIDENT(S)' COMMENTS (limited to 2 to 3 minutes per resident) | |
| 19. ADJOURNMENT | |
| 20. EXECUTIVE SESSION – (legal, member issues, if required) | |

STAFF SECRETARY WILL LEAVE THE MEETING BY 4:10 p.m.
NEXT MEETING: TUESDAY, October 3, 2017, 1:30 p.m., Admin. Bldg. Conf. Rm. A

cd:8/30/17

INSPECTOR MONTHLY MUTUAL REPORT

MUTUAL: **17**

INSPECTOR: **Mark Harper**

MUTUAL BOARD MEETING DATE: **September 5, 2017**

Print Date: **8/31/2017**

PERMIT ACTIVITY

UNIT #	DESCRIPTION OF WORK	GRF/CITY PERMIT	START DATE	COMP. DATE	CHANGE ORDER	FINAL INSPECTION	CONTRACTOR / COMMENTS
100B	Balcony Tile Install	GRF	07/10/17	08/04/17	NO		Bergkvist
100B	Bathroom Upgrade	CITY	08/01/17	10/27/17	NO		Bergkvist
21B	HVAC Replacement	CITY	05/25/17	06/25/17	YES		Complete Comfort

Notice Posted

CONTRACTS

CONTRACTOR	PROJECT
HSG	Window Cleaning

Completed

MUTUAL & RESIDENT SITE VISITS

UNIT	PURPOSE
47A	Pipe Inspection
18B	Shower Inspection
NA	Special Inspection
100B	Water Damage Inspection 08/30/17
73-C	New Tub No Permit 08/30/17

MUTUAL OPERATIONS**AMEND POLICY****RESIDENT REGULATIONS****Parking Regulations – Mutual Seventeen****Garage Area Parking**

1. Homeowners/lessees may use their own parking space in the garage area and, upon approval of the Board of Directors, may rent a maximum of one other parking space within one of the three buildings in the Mutual.
2. Parking spaces may be rented, used or exchanged by verified homeowners/lessees in Mutual Seventeen only.
3. Homeowners/lessees who wish to rent another parking space within the Mutual must obtain a form entitled, "Carport Space/Storage Rental Agreement" ("Agreement") from the Stock Transfer Office. The Agreement must be submitted to the Board of Directors ~~no later than the 15th day of the month~~ **in time** for consideration at the next regular monthly Board Meeting. Once approved, ~~the Board of Directors will cause~~ a copy of the Agreement to **will** be placed in the appropriate files in the Stock Transfer Office.
4. The **Permission to** use of a parking space belonging to an unoccupied unit shall be determined by the **President or Vice President of the** Board of Directors. ~~Permission to use this parking space may be made by the President or Vice President of the Board of Directors prior to the regular monthly Board meeting.~~
5. At all times, the Board of Directors of Mutual Seventeen retains the authority to revoke and cancel any parking rental/use at its discretion.
6. Absentee owners may not rent/use another homeowner's/lessee's parking space until absentee owner(s) occupies his/her unit.
7. Only self-propelled land vehicles in operating condition may occupy a parking space .
8. Current fire regulations prohibit the storage of fuel, oil or any other combustible material in the garage area.
9. All vehicles must be parked head in when parked in a parking space **and the vehicle must be parked completely within the appropriate parking space limit lines.**
10. **Unless special permission has been granted by a Director, all vehicles parked in the garage area must display a current state issued vehicle registration, together with a valid Seal Beach Leisure World decal affixed to the windshield. The decal can be obtained from the Security Department after showing proof of residency, a current driver's license, vehicle registration and insurance. Vehicles not displaying both items, or a temporary parking permit signed by a Director, will have a "Notice of Vehicle Removal from Private Property" placed thereon, and may subsequently be towed in accordance with the Mutual's "Private Property Tow Services Agreement" in effect at the time.**

(Draft created 07-21-17 cd)

MUTUAL OPERATIONS**AMEND POLICY****RESIDENT REGULATIONS**Parking Regulations – Mutual Seventeen

11. Vehicles not owned or leased by a Mutual Seventeen resident may not be parked in the garage areas unless special permission has been granted by one of the Mutual Board members **Directors**. Vehicles not in compliance will be issued a warning citation and, if not removed within 24 hours thereafter, will be subject to a fine of \$50. If the vehicle is not removed within **a further 24 hours thereafter a “Notice of Vehicle Removal from Private Property” will be placed on the vehicle and a reasonable effort will be made to locate the owner. If the owner cannot be located and the vehicle is not removed it may subsequently be towed in accordance with the Mutual’s “Private Property Tow Services Agreement” in effect at the time.** ~~7 days thereafter,~~ an additional fine of \$25 per day will be assessed until it is removed.

Electric and Other Vehicles – Parking and Charging

1. All electric and other vehicles, including golf carts, scooters, motorcycles, tricycles, bicycles, etc. must be owned by a bona fide Mutual Seventeen resident and be parked in the owner's/lessee's individual parking space, or in front of their parking space, **or in the striped areas designated for that purpose adjacent to parking spaces 1, 19, 44, 61, 86 and 103.**
2. For safety purposes, any charging circuit which is installed to supply power to an electric vehicle shall be installed in an electrical conduit between the common electrical supply connection and the charging point, and a Ground Fault Interrupter circuit breaker receptacle must be provided at the charging point. The entire installation shall be at the vehicle owner's expense and shall be performed in strict compliance within all applicable codes and regulations, including Southern California Edison Company's requirements.
3. Before an electrical charging circuit may be installed a GRF permit must be obtained from the Physical Property Office and approved by the President, Vice President or any other Mutual Seventeen Board member **Director** acting on their behalf. An electric usage fee of \$15 per month per vehicle will be levied and billed to the owner at six- or twelve-month intervals by mutual agreement with the GRF Accounting Office.
4. Street-operated vehicles shall not be allowed within the homeowner's unit or within the lobbies, elevators, or residential floors of Mutual Seventeen's buildings. This includes bicycles and tricycles as well as electric ~~cars~~ **cars**. Electric wheelchairs and electric scooters, when being used by a **certified** disabled person, are exempt from this requirement.

Street Parking

All previous rules and regulations notwithstanding, henceforth the following rules and regulations will apply to all street parking areas on Del Monte Drive and Burning Tree Lane which are situated within the property boundaries of Mutual Seventeen.

(Draft created 07-21-17 cd)

MUTUAL OPERATIONS**AMEND POLICY****RESIDENT REGULATIONS****Parking Regulations – Mutual Seventeen**

Unless other arrangements have been made, with the approval of one of the Mutual Board members **Directors** only the following vehicles are allowed to park in the above mentioned areas:

- Vehicles owned by residents of Mutual Seventeen
- Vehicles owned by guests or visitors of Mutual Seventeen residents when displaying **on the driver's side dashboard or windshield, a guest pass,** a temporary parking permit (blue slip) ~~if staying overnight~~ **signed by a Mutual 17 Director, a parking permit issued by Security, a caregiver parking permit, a circular "17" decal or a Leisure World decal identifying the vehicle as being properly registered in any other Mutual.**
- Moving vans **or trucks.**
- Vehicles delivering merchandise of any kind to a unit/resident of Mutual Seventeen
- Vehicles owned by a **repair service or a** contractor, or the Leisure World Service Maintenance Department, working in any unit of Mutual Seventeen or in any of the Mutual's common areas
- Emergency vehicles of any kind, including those operated by the Leisure World Security Department
- All other Leisure World official vehicles
- Official vehicles owned by any governmental agency (City, County, State, Armed Forces, U.S. Government, etc.)
- U.S. Post Office vehicles

All vehicles must be parked either headed in or backed in, in such a manner that no part of the vehicle overhangs the sidewalk.

Trailers not connected to a vehicle may not be parked on the streets.

All vehicles must display a current state-issued vehicle registration.

Mutual Seventeen residents/lessees and their guests may park their RV in front of their condo, or as near to their condo as is safely possible, for up to 72 hours for the purpose of loading and unloading. RVs may not be parked on any curb or walk, or any place that any other vehicle may not legally park. Hoses or electric cords may not be passed to such vehicle across any walkway or roadway, nor can anything be discharged from an RV onto the ground, pavement or into any open container. Exterior protruding items, such as steps or louvered windows, are not allowed. **Small RV's being used by a resident as daily transportation must comply with the foregoing "Street Parking" regulations.**

MUTUAL OPERATIONS

AMEND POLICY

RESIDENT REGULATIONS

Parking Regulations – Mutual Seventeen

Parking in any of Mutual Seventeen’s street parking areas by vehicles other than those listed above without special permission may result in the issuance of a citation. **Whether or not a citation is issued,** if the vehicle remains **parked on any Mutual Seventeen property longer than twelve hours** a “Notice of Vehicle Removal from Private Property” **may** be placed on the vehicle and reasonable efforts **may** be made to locate the vehicle’s owner. **Whether or not the owner is located,** if the owner cannot be located and the vehicle is not removed **by the time indicated on the Notice of Vehicle Removal from Private Property,** it may subsequently be towed at any time in accordance with the Mutual’s “Private Property Tow Services Agreement” in effect at that time.

Attachments:

- 7502.17A Parking Regulations Form

DRAFT

Mutual Adoption

SEVENTEEN: 03-04-03

Amendments

10-05-04, 02-04-14, 04-01-14, 04-05-16, 10-04-16,
02-07-17

(Draft created 07-21-17 cd)

MUTUAL OPERATIONS

RESIDENT REGULATIONS

Eligibility Requirements – Mutual

~~All persons~~ Any person or persons jointly seeking approval of the Board of Directors of Seal Beach Mutual No 17 to purchase a condominium in the Mutual, and to reside in the Mutual, shall meet the following income eligibility criteria:

A. Apply for and be accepted as a member of the Golden Rain Foundation, Seal Beach, California.

B. Meet the Mutual eligibility criteria as follows:

1. Age

Minimum of 55 years, as confirmed by a birth certificate or passport. A driver's license is not acceptable as proof of age.

2. Financial Ability

a. Verified monthly income that is at least ~~(4)~~ times 4.5 times or greater than the monthly carrying charge (Regular GRF and Mutual Assessment plus Property Taxes and Fees) at the time of application and have liquid assets of at least ~~\$25,000~~. \$50,000 over the purchase price. Verified monthly income/assets can be verified by any combination of the following and may be in the form of:

1. Tax returns for the past two years.

2. 1099s for interest and dividends for the past two years. *(assets used to purchase unit will not be included in income calculations)*

3. 1099-Rs for retirement income from qualified plans and annuities for the past two years.

4. SSA-1099 Social Security Benefit Statements for the past two years.

5. Brokerage statements and current interim statement for the past two years. *(assets used to purchase unit will not be included in income calculations)*

6. At least the most recent ~~six to twelve~~ month's worth of checking/savings account statements *(assets used to purchase unit will not be included in income calculations)*.

b. Adjusted Gross Income per 1040, 1040A, or 1040EZ; plus that portion of Social Security, IRA distributions, and pensions and annuities not included in adjusted gross income; plus tax exempt interest; (*assets used to purchase unit will not be included in income calculations*) minus income tax, Social Security, Medicare, and self-employment taxes paid; and minus Medicare, medical insurance and prescription drug premiums; all divided by twelve (12) will equal net monthly income to be used in Paragraph 2.a. above.

c. Projected assessments will be the previous year's assessment (total of carrying charge less any cable charge, less Orange County Property Taxes and Fees), and the addition of the new property tax at 1.2% of the sales price plus Orange County District fees divided by twelve (12) for the new projected monthly assessment. This new figure (Regular Assessment plus Orange County Property Taxes and District Fees) times ~~four (4)~~ 4.5 will be the monthly income required. This will be verified by the escrow company and the Stock Transfer Office. Stock Transfer shall have the final say in establishing verifiable income/assets.)

Verification shall be done by the Escrow Company and the Stock Transfer Office for each proposed shareholder(s) prior to the new buyer interview orientation and prior to the close of escrow (the above verification will not be done by the individual Mutual Directors; Directors will not be required to study or understand the financial requirements).

d. Only the resident owner's income shall be considered for qualifying.

e. If moving within Leisure World, or if there are any additions/changes to the title, the proposed owner's (s') must meet these eligibility requirements.

3. Health

Have reasonably good health for a person of his/her age, as evidenced by a letter from his/her physician, so that shareholder can take care of normal living needs without calling on other members of the cooperative for an undue amount of assistance (*see individual Mutual requirements*). Leisure World is not a skilled nursing home facility or an assisted living facility.

C. Assume, in writing, the obligations of the Bylaws and CC&Rs of Mutual 17.

Officers or Committees of the Board of Directors designated to approve new applicants are responsible that the eligibility criteria of this corporation is equitably applied to all applicants. Approval or disapproval of buyer(s) must be received by the Stock Transfer Office at least ten (10) working days prior to the close of escrow.

MUTUAL ADOPTION

MUTUAL OPERATIONS

RESIDENT REGULATIONS

Eligibility Requirements – Mutual

~~All persons~~ Any person or persons jointly seeking approval of the Board of Directors of Seal Beach Mutual No 17 to purchase a condominium in the Mutual, and to reside in the Mutual, shall meet the following income eligibility criteria:

A. Apply for and be accepted as a member of the Golden Rain Foundation, Seal Beach, California.

B. Meet the Mutual eligibility criteria as follows:

1. Age

Minimum of 55 years, as confirmed by a birth certificate or passport. A driver's license is not acceptable as proof of age.

2. Financial Ability

a. Verified monthly income that is at least ~~(4) times~~ 4.5 times or greater than the monthly carrying charge (Regular GRF and Mutual Assessment plus Property Taxes and Fees) at the time of application and have liquid assets of at least \$25,000. \$50,000 over the purchase price. Verified monthly income/assets can be verified by any combination of the following and may be in the form of:

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5. Brokerage statements and current interim statement for the past two years. *(assets used to purchase unit will not be included in income calculations)*

6. At least the most recent six ~~to twelve~~ month's worth of checking/savings account statements *(assets used to purchase unit will not be included in income calculations)*.

b. Adjusted Gross Income per 1040, 1040A, or 1040EZ; plus that portion of Social Security, IRA distributions, and pensions and annuities not included in adjusted gross income; plus tax exempt interest; (*assets used to purchase unit will not be included in income calculations*) minus income tax, Social Security, Medicare, and self-employment taxes paid; and minus Medicare, medical insurance and prescription drug premiums; all divided by twelve (12) will equal net monthly income to be used in Paragraph 2.a. above.

c. Projected assessments will be the previous year's assessment (total of carrying charge less any cable charge, less Orange County Property Taxes and Fees), and the addition of the new property tax at 1.2% of the sales price plus Orange County District fees divided by twelve (12) for the new projected monthly assessment. This new figure (Regular Assessment plus Orange County Property Taxes and District Fees) times ~~four (4)~~ 4.5 will be the monthly income required. This will be verified by the escrow company and the Stock Transfer Office. Stock Transfer shall have the final say in establishing verifiable income/assets.)

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e. If moving within Leisure World, or if there are any additions/changes to the title, the proposed owner's (s') must meet these eligibility requirements.

3. Health

Have reasonably good health for a person of his/her age, as evidenced by a letter from his/her physician, so that shareholder can take care of normal living needs without calling on other members of the cooperative for an undue amount of assistance (*see individual Mutual requirements*). Leisure World is not a skilled nursing home facility or an assisted living facility.

C. Assume, in writing, the obligations of the Bylaws and CC&Rs of Mutual 17.

Officers or Committees of the Board of Directors designated to approve new applicants are responsible that the eligibility criteria of this corporation is equitably applied to all applicants. Approval or disapproval of buyer(s) must be received by the Stock Transfer Office at least ten (10) working days prior to the close of escrow.

MUTUAL ADOPTION

MUTUAL OPERATIONS**RESCIND MUTUAL SEVENTEEN****ACCOUNTING AND FISCAL****Capital Accounts – Except Mutual Two, Nine, Twelve, Fourteen and Sixteen**

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

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

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

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

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

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

<u>Mutual</u>	<u>Amend</u>	<u>Rescind</u>
Two		07-20-17
Nine		08-14-17
Twelve		07-13-17
Fourteen		06-20-17
Sixteen		07-07-17

(Aug 17)

MUTUAL OPERATIONS

RESCIND MUTUAL SEVENTEEN

Signature Requirements on Checks

RESOLVED:

Two signatures (the CFO and the President or Vice President) shall be required on all checks in the amount of \$5,000 or more.

The Mutual's complete ledger shall be approved by the President or Vice President each month.

MUTUAL ADOPTION

ONE: 08-27-09

(Aug 09)

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

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

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

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

II. METHOD OF PREPARATION

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

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

The portions of the budget covered by this adoption are:

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

- B. After the adoption of the Golden Rain Foundation budget, the costs of this budget are allocated to the Mutual for use in their budget preparation.

- C. The Golden Rain Foundation is responsible for furnishing information to the Mutual Corporations regarding those budget items which are not covered by the Foundation

(Mar 17)

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

budget. These costs fall into two groups:

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

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

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

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

*Arranged cooperatively through the Golden Rain Foundation

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

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

III. OTHER INFORMATION

- A. The administrative staff is always ready and available to discuss proposed budget actions, and to make budget presentations when requested by the Mutual Board.
- B. The action by the Mutual Board is the final action on the budget subject to HUD (Mar 17)

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

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

Procedure

Amended: Jul 88, Aug 00

**Executive Director
Golden Rain Foundation**

RESCIND

FIVE: 11-18-16

NINE: Rescinded Feb 09

SIXTEEN: 03-07-17 Rescinded

(Mar 17)

Page 3 of 3

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

1. Billings to the Mutuals are generated by the Golden Rain Foundation. Any profit or loss is allocated back to the Mutuals at the year's end. There are basically three types of billings:
 - A. SROs or service repair orders issued by the Service Maintenance Department for the Mutuals' maintenance needs and all community facility-related service costs.

Maintenance persons bill their work time to a corresponding area. Rates per hour charged by these departments are computed on a basis intended to recover wages, employer's taxes, depreciation of equipment, supplies, and other expenses. These rates are subject to periodic studies. Changes in rates result when increased costs exceed budgeted income.
 - B. Administration, recreation, and maintenance of common areas and facilities not charged in item 1, warehouse facilities, property management, transportation, security, and shop repair, are billed to the Mutuals on a pro-rata basis according to the number of apartments. Each month, the Mutual receives a billing covering one-twelfth (1/12) of its budgeted expense.
 - C. Billings for expenses paid by Golden Rain Foundation on behalf of the Mutuals and shared expenses:
 - a. If it is a bill from an outside vendor specifying more than one Mutual, the Golden Rain Foundation pays it and bills the Mutuals.
 - b. Shared expense, such as water charges and street lighting.
2. Mutuals are billed directly by outside vendors for their individual expenses.

Amended: Jul 87
Amended: Aug 00

Aug 00)

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

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

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

See Policy 7333.5 for Mutual Five (Feb 16)
See Policy 7333.9 for Mutual Nine (Oct 06)

Revised: Sep 88

Revised: Aug 00

Revised: Feb 09

(Feb 16)

MUTUAL OPERATIONS**RESCIND MUTUAL SEVENTEEN****ACCOUNTING AND FISCAL****Investment Records**

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

Reissued Jul 87

RESCIND

FIVE: 11-18-16

(Nov 16)

Page 1 of 1

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

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

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

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

(Feb 16)

Page 1 of 1

MUTUAL OPERATIONS**RESCIND MUTUAL SEVENTEEN****ACCOUNTING AND FISCAL****Financial Reports****I. Monthly Reports**

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

2. Annual Financial Statement

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

3. Inquiries About Financial Statements

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

Reissued Jul 87

(Jul 87)

MUTUAL OPERATIONS**RESCIND MUTUAL SEVENTEEN**

ACCOUNTING AND FISCAL

Accounts Receivable

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

RESCIND

FIVE: 11-18-16

SIXTEEN: 02-07-17

MUTUAL OPERATIONS**RESCIND MUTUAL SEVENTEEN****ACCOUNTING AND FISCAL****Cashier Service**

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

RESCIND

SIXTEEN: 02-07-17

MUTUAL OPERATIONS**RESCIND MUTUAL SEVENTEEN****PHYSICAL PROPERTY**Contractor License

WHEREAS, the California State Contractor License law, as interpreted by the Contractors State License Board, requires that electrical, plumbing construction and other forms of building repair work which will cost more than \$500 be performed by a State-licensed contractor, and

WHEREAS, this Corporation desires to comply with the statute and gain the advantages of the licensing regulations and insurance protection that is included within the regulation for the protection of the Corporation and the residents,

NOW, THEREFORE, BE IT RESOLVED that this Mutual Corporation will not permit the employment of unlicensed individuals to make repairs, alterations and other such work which will cost more than \$500, and the Physical Property Department is instructed to assist in enforcing this regulation.

MUTUAL ADOPTION:AMENDMENTAMENDMENT

ONE: 01-25-79	09-27-90	08-24-06
TWO: 02-19-70	09-20-90	11-16-06
THREE: 02-16-70	09-14-90	09-08-06
FOUR: 02-23-70	11-05-90	09-13-06
FIVE: 02-19-70	09-27-90	08-16-06
SIX: 07-28-78	10-23-90	08-22-06
SEVEN: 03-20-70	09-21-90	08-18-06
EIGHT: 05-28-74	09-23-90	08-28-06
NINE: 03-18-70	09-10-90	09-11-06
TEN: 02-25-70	09-26-90	09-27-06
ELEVEN: 02-17-77	10-18-90	08-17-06
TWELVE: 05-07-70	09-13-90	09-14-06 (08-29-16 See 7401.12)
FOURTEEN: 03-26-70	09-28-90	08-22-06
FIFTEEN: 03-16-70	09-17-90	08-21-06
SIXTEEN: 03-12-70	09-17-90	09-18-06
SEVENTEEN: 08-24-06		

(Aug 16)

MUTUAL OPERATIONS

RESCIND MUTUAL SEVENTEEN

PHYSICAL PROPERTY

Rabbit Control Resolution – Except Mutual 09

RESOLUTION

RESOLVED, That Mutual _____ endorses a Rabbit Control Program and control methods managed by the Physical Property Department in accordance with the Orange County Department of Agriculture and Animal Control of the City of Seal Beach, as presented at the Physical Property Council on July 2, 1987.

MUTUAL ADOPTION

- ONE 07-23-87
- TWO 07-16-87
- THREE 07-10-87
- FOUR 11-06-00
- FIVE 07-15-87
- SIX 07-24-87
- SEVEN 07-21-87
- EIGHT 07-27-87
- ~~NINE 07-13-87~~ (Rescinded 02-13-17)
- TEN 07-22-87
- ELEVEN 07-16-87
- TWELVE 07-09-87
- FOURTEEN 07-24-87
- FIFTEEN 07-20-87
- SIXTEEN 07-23-87
- SEVENTEEN 08-04-87

(Feb 17)

MUTUAL OPERATIONS**RESCIND MUTUAL SEVENTEEN****SERVICE MAINTENANCE****Purchasing Service**

In accordance with Golden Rain Foundation Procurement Policy 5506, and related Policies 5512 and 5518, the staff is available to all Mutual Boards.

Mutual Board requests for service should specify any variations from the policy in the request for procurement services. Examples of such variations would be in the area of:

- a. Selection of bids
- b. Qualification of bidders
- c. Approval of specifications
- d. Award of bids

The Board minute record needs to designate any changes from the established policy if such changes are to be implemented.

Approved: 09 Dec 71
Amended: 10 Jul 87

MUTUAL ADOPTION/RESCIND

NINE: Rescinded 06-13-16

(Jun 16)

MUTUAL OPERATIONS**RESCIND MUTUAL SEVENTEEN****SERVICE MAINTENANCE****Service Maintenance Requests**

1. Any service listed as a standard service in the Welcome to Leisure World brochure is performed without cost to the resident, if such services do not result from negligence on the part of the resident. Any resident can arrange for this service by telephoning the Service Desk. Requests for other than standard services should also go through the Service Desk.
2. Servicemen are normally dispatched the day following the request by the resident for standard services. A maximum of five (5) days should be allowed for performance of this type of service, and if the work is not done within this period, the resident may wish to contact the Service Desk again to determine if the work has been scheduled. Plumbing stoppages, water line breaks and electrical outages are emergency items requiring priority over other requests. This is why it could take up to five (5) days for action on a normal request.
3. Requests for service called in over the weekend may not be received by the Dispatcher until Monday morning; consequently, it may be Friday or Monday morning before the work is performed.
4. Servicemen are all bonded, and entry to an apartment with a passkey can often mean quicker and less costly service. Residents must always authorize passkey entry into their apartments for maximum service.
5. Mutual Board members contacted by residents with requests for service should first determine whether the resident has previously reported the problem to the Service Desk to avoid duplication of two servicemen going out on the same job, resulting in a charge made for the time of both men.
6. Board members and other residents are asked not to make any arrangements directly with the individual servicemen with whom they come in contact.
7. Board members and residents are requested not to contact the Service Maintenance Supervisor unless it is absolutely necessary. This can result in delay instead of the fast, desired action. It should be kept in mind that emergencies take priority in the scheduling of work and that other work orders are filled according to the date of the call for service. For the Service Maintenance Supervisor to arbitrarily place any request at the top of the list would be unfair and costly.

(Jun 16)

MUTUAL OPERATIONS

RESCIND MUTUAL SEVENTEEN

SERVICE MAINTENANCE

Service Maintenance Requests

MUTUAL ADOPTION/RESCIND

EIGHT: Rescinded on February 23, 2015 (See Policy 7505.8)

NINE: Rescinded on June 13, 2016

FOURTEEN: Rescinded on October 11, 2000 (See Policy 7431.14)

(Jun 16)

MUTUAL OPERATIONS**RESCIND MUTUAL SEVENTEEN****SERVICE MAINTENANCE****Communications**

1. The Service Maintenance Supervisor will determine if a matter needs to be called to the attention of the Physical Property representative of the Mutual involved or if it can be routinely handled. If the matter is one that needs to be taken up with the Service Maintenance Supervisor, an advance appointment should be arranged.
2. When a department head or supervisor is invited to attend a Mutual Board meeting, delays will be eliminated if advance information on the subject to be discussed is provided. Necessary materials and information relating to the subject under discussion can then be brought to the meeting by the department head or supervisor.
3. Questions pertaining to overcharges or other matters pertaining to Accounting should be taken up by telephone with the office of the Controller. If further explanation is necessary following the telephone call, an appointment will be arranged with the appropriate person.

Mutual Nine – rescinded on 03-14-16

(Jun 87)

MUTUAL OPERATIONS**RESCIND MUTUAL SEVENTEEN****ACCOUNTING DEPARTMENT****Standardization Committee**

On December 8, 1971, the Presidents' Council appointed three members of a joint committee to work with representatives of the Physical Property Council and the Purchasing Agent with the assignment of making recommendations of standardization for replacement equipment.

On December 2, 1971, the Physical Property Council appointed three members to the joint committee.

Recommendations of the committee will be found in Sections 7452 et seq. The first recommendations were made to the Presidents' Council in March 1972 and to the Physical Property Council in May 1972.

Both councils recommended the continuance of the joint committee.

(Dec 71)