

**A G E N D A**  
**REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS**  
**SEAL BEACH MUTUAL ELEVEN**  
**January 18, 2018**  
**Meeting begins at 1:30 p.m.**  
**Clubhouse Three Room 9**

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE
2. SHAREHOLDER COMMENTS (2-3 minutes per shareholder agenda items only)
3. ROLL CALL
4. INTRODUCTION OF GRF REPRESENTATIVE, STAFF, AND GUEST(S):  

Ms. Heinrichs, GRF Representative  
Ms. Hopkins, Mutual Administration Director  
Mr. Harper, Building Inspector  
Mrs. Aquino, Recording Secretary
5. APPROVAL OF MINUTES:  
**Regular Meeting Minutes of November 16, 2017**  
**Special Board Meeting Minutes of January 9, 2018 (p.3)**
6. BUILDING INSPECTOR'S REPORT Mr. Harper  
Permit Activity; Escrow Activity; Contracts & Projects; Shareholder and Mutual Requests (p. 5-7)
7. GRF Representative Ms. Heinrichs
8. **UNFINISHED BUSINESS**
  - a. Ratify amended/posted Policy 7510.11 – Eligibility Requirements (p. 9-11)
  - b. Ratify amended/posted Policy 7502.11 – Carport Regulations (p. 13-15)
  - c. Ratify amended/posted Policy 7586.11 – Personal Property and Liability Insurance (p. 17-20)
  - d. Ratify adopted/posted Policy 7426.11 – SmartBurners (p. 21-22)
  - e. Ratify rescinded/posted Policies:  
7301 – Audit Expense, 7302 – Capital Accounts, 7304 – Financing Capital Projects, 7305 – Depreciation-Straight Line Method, 7306.11 – Banking Resolution, 7310 – Mutual Budgets, 7320 – Patronage Refunds, 7331 – Interest on Impound Accounts, 7332 – Billings to Mutuals, 7333 – Income Items and Their Distribution, 7334 – Investment Records, 7335 – Cash Disbursements, 7336 – Shareholders' Interest, 7337 – Financial Reports, 7340 – Accounts Receivable, and 7341 – Cashier Service (p. 23-46)
  - f. Post amended Policy 7525 – Withdrawal Inspection Process Fee (p.47-48)

(Friday, January 12, 2018 ka)

**UNFINISHED BUSINESS (continued)**

- g. Approve the renewal of the GCARP with Roseman & Associates (p. 49)
- h. Ratify the phone poll vote taken on November 11, 2017 (p. 51)
- i. Ratify the phone poll vote taken on November 20, 2017 (p. 53)

9. **NEW BUSINESS**

- a. Discuss approving Total Landscaping tree trimming (p. 55)
- b. Discuss the purchase of 2 more yard signs (p. 57)
- c. Approve the stabilizing of washers and dryers in laundry (p. 59)
- d. Resolution for Orange County Fire Authority – Master Lock Box Keys (p. 61)
- e. Resolution for Incident Report handling (p.63)
- f. Resolution for Assembly Bill 634, Senate Bill 407 and Proposition 64 (p. 65)

**STAFF SECRETARY BREAK 3:00 p.m.**

- 10. SECRETARY / CORRESPONDENCE Ms. French
- 11. CHIEF FINANCIAL OFFICERS REPORT Mrs. Baker
- 12. MUTUAL ADMINISTRATION DIRECTOR Ms. Hopkins
- 13. ANNOUNCEMENTS
- 14. COMMITTEE REPORTS
- 15. DIRECTORS' COMMENTS
- 16. SHAREHOLDER(S)' COMMENTS (2-3 MINUTES)
- 17. ADJOURNMENT
- 18. EXECUTIVE SESSION

**STAFF SECRETARY WILL LEAVE THE MEETING BY 4:10 p.m.**

**NEXT MEETING February --- at 1:30 p.m. in Clubhouse 3 Room 9**

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

**January 9, 2018**

A Special Meeting of the Board of Directors of Seal Beach Mutual Eleven was called to order by President Mandeville at 9:30 a.m. on Tuesday, January 12, 2018, in the Physical Property Department Conference Room 2<sup>nd</sup> floor.

Those members present were: President Mandeville, Secretary French, CFO P. Baker, and Directors Henry and R. Baker. Vice President Newport was absent.

The purpose of the meeting was to discuss items for the January 12, 2018, Board Meeting agenda.

President Mandeville adjourned the meeting at 11:30 a.m.

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Attest

Shirley French, Secretary  
SEAL BEACH MUTUAL ELEVEN

ka: 1/12/18

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# INSPECTOR MONTHLY MUTUAL REPORT

MUTUAL: **11**

INSPECTOR: **Mark Harper**

MUTUAL BOARD MEETING DATE: **January 18, 2017**

Print Date: **1/9/2018**

UNIT #	DESCRIPTION OF WORK	GRF/CITY PERMIT	START DATE	COMP. DATE	CHANGE ORDER	INSPECTION	CONTRACTOR / COMMENTS
261-L	REMODEL	BOTH	01/15/18	03/30/18	NO		MP CONSTRUCTION
262-C	COUNTERS, FLOORING	BOTH	11/20/17	02/20/18	NO		CAL CUSTOM INTERIORS
262-I	REMODEL	BOTH	12/04/17	01/29/18	NO		HADI CONSTRUCTION
262-I	REMODEL	BOTH	12/04/17	01/29/18	NO	12/14/17 LATH	HADI CONSTRUCTION
262-I	REMODEL	BOTH	12/04/17	01/29/18	NO	12/14/17 DWALL	HADI CONSTRUCTION
262-I	REMODEL	BOTH	12/04/17	01/29/18	NO	12/12/17 FRAMING	HADI CONSTRUCTION
262-I	REMODEL	BOTH	12/04/17	01/29/18	NO	12/12/17 ELECT R	HADI CONSTRUCTION
262-I	REMODEL	BOTH	12/04/17	01/29/18	NO	12/12/17 PLUMB R	HADI CONSTRUCTION
262-J	FLOORING	GRF	11/25/17	12/30/17	YES	12/26/17 FINAL	NATIONWIDE PAINTING CONCEPT
262-J	SLIDING DOORS	BOTH	11/25/17	12/30/17	YES	12/26/17 FINAL	NATIONWIDE PAINTING CONCEPT
263-G	PATIO TILE	GRF	01/08/18	03/09/18	NO		MP CONSTRUCTION
266-H	WINDOWS	BOTH	11/30/17	01/30/18	NO	12/22/17 FINAL	SWENMAN
268-H	3 SKYLIGHTS	BOTH	12/04/17	01/29/18	NO	12/05/17 FINAL	M&M CONSTRUCTION
268-H	3 SKYLIGHTS	BOTH	12/04/17	01/29/18	NO	10/27/17 FRAMING	M&M CONSTRUCTION
268-H	MICROWAVE WINDOWS	BOTH	10/20/17	11/20/17	NO	12/5/2017 FINAL	SWENMAN
268-H	COUNTERS, WINDOWS	BOTH	10/20/17	11/20/17	NO	12/5/2017 FINAL	SWENMAN COMPANY
270-C	REMODEL	BOTH	01/09/18	02/23/18	NO		CAL CUSTOM INTERIORS
270-L	HEAT PUMP	BOTH	01/12/18	03/16/18	NO		GREENWOOD
272-D	REMODEL	BOTH	11/30/17	03/09/18	NO	12/28/17 FRAMING	RP VITOW CONSTRUCT
272-D	REMODEL	BOTH	11/30/17	03/09/18	NO	12/28/17 R WIRE	RP VITOW CONSTRUCT
272-D	REMODEL	BOTH	11/30/17	03/09/18	NO	12/28/17 R PLUMB	RP VITOW CONSTRUCT
272-D	REMODEL	BOTH	11/30/17	03/09/18	NO		RP VITOW CONSTRUCT
272-D	REMODEL	BOTH	11/30/17	03/09/18	NO	CNP	RP VITOW CONSTRUCT
272-G	PATIO SLAB	GRF	10/30/17	12/01/17	NO	12/04/17 FINAL	FRANKS GARDENING SERVICE
273-H	COUNTERS CABINETS	BOTH	10/20/17	12/20/17	NO	12/26/17 FINAL	REBORN CABINETS
276-F	SKYLIGHTS	GRF	01/15/18	03/16/18	NO		SKYLIGHTS PLUS
281-E	TILE ON PATIO	GRF	10/20/17	03/27/18	NO	12/22/17 FINAL	LOS AL BUILDERS
281-F	TILE ON PATIO	GRF	12/11/17	12/31/17	NO	12/26/17 FINAL	M&M CONSTRUCTION
281-L	REMODEL	BOTH	11/14/17	03/27/18	NO		PEEK CONSTRUCTION
281-L	REMODEL	BOTH	11/14/17	03/27/18	NO		PEEK CONSTRUCTION
281-L	REMODEL	BOTH	11/14/17	03/27/18	NO		PEEK CONSTRUCTION
281-L	REMODEL	BOTH	11/14/17	03/27/18	NO		PEEK CONSTRUCTION
281-L	REMODEL	BOTH	11/14/17	03/27/18	NO	12/14/17 UG PLUM	PEEK CONSTRUCTION
281-L	REMODEL	BOTH	11/14/17	03/27/18	NO	12/14/17 FOUNDA	PEEK CONSTRUCTION
283-C	WINDOWS	BOTH	12/18/17	01/22/18	NO	01/05/18 FINAL	BODIES GLASS
283-C	FLOORING	GRF	12/11/17	01/26/18	NO	12/14/17 FINAL	KARYS CARPET
283-C	HEAT PUMP	BOTH	11/13/17	02/13/18	NO	12/06/17 FINAL	GREENWOOD
284-K	FLOORING	GRF	12/01/17	01/15/18	NO	12/08/17 FINAL	KARYS CARPET
285-I	REMODEL	BOTH	01/02/18	06/04/18	YES		KC CONSTRUCTION
285-J	DECO BLOCKS	GRF	12/11/17	01/30/18	NO	12/18/17 FINAL	BERGKVIST
286-H	TILE ON PATIO	GRF	12/01/17	12/22/17	NO	12/22/17 FINAL	HANDYMAN





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# *Mutual Corporation No. Eleven*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** RATIFY AMENDED/POSTED POLICY 7510.11 – ELIGIBILITY REQUIREMENTS (UNFINISHED BUSINESS ITEM A)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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I move to ratify amended/posted Policy 7510.11 – Eligibility Requirements.

MUTUAL OPERATIONS**AMENDED POLICY****RESIDENT REGULATIONS****Eligibility Requirements – Mutual Eleven**

All persons seeking approval of the Board of Directors of Seal Beach Mutual No. Eleven to purchase a share of stock in the Mutual, and to reside in the Mutual, shall meet the following 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. driver's license, or ID card.**

2. Financial Ability

- a. Verified monthly income or sufficient assets that is/are four (4) times or greater than the monthly carrying charge (Regular Assessment plus Property Tax and Fees) at the time of application, and have liquid assets of at least \$25,000.

1) Verified monthly income will be in the form of the past two years of:

- a) Tax returns;
- b) 1099s for interest and dividends;
- c) 1099-Rs for retirement income from qualified plans and annuities;
- d) SSA-1099 Social Security Benefit Statement;
- e) Brokerage statements and current interim statement.
- f) Six to 12 months of checking account statements.
- g) A credit check will be performed by the escrow company, with the results included in the financial package.**

- b. Adjusted Gross Income per 1040, 1040A, or 1040EZ, minus income and self-employment taxes paid will equal net income able to be spent.

- 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 12 for the new projected monthly assessment. This new figure (Regular Assessment plus Orange County Property Taxes and District Fees)

(Draft created 09-25-17 cd)

(draft created 10-11-17 ka)

MUTUAL OPERATIONS**AMENDED POLICY****RESIDENT REGULATIONS****Eligibility Requirements – Mutual Eleven**

times four (4) 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.

- 1) Verification shall be done by the Escrow Company and the Stock Transfer Office prior to the new buyer interview 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 residential shareholder's income shall be considered for qualifying.

3. Health

Have reasonably good health for a person of his/her age, as evidenced by a letter from his/her physician, so that resident can take care of normal living needs without calling on other members of the cooperative for an undue amount of assistance.

4. Character

Have a reputation for good character in his/her present community.

C. Assume, in writing, the obligations of the "Occupancy Agreement" in use by the Mutual Corporation.

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

ELEVEN: 06-18-71

AMENDMENTS

09-16-93, 08-21-08

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1 If major remodeling, expansion, or addition of a bathroom is being considered, the increase in taxes over the 1.2% of the purchase price must be taken into consideration.

(Draft created 09-25-17 cd)

(draft created 10-11-17 ka)

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# *Mutual Corporation No. Eleven*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** RATIFY AMENDED/POSTED POLICY 7502.11 – CARPORT REGULATIONS  
(UNFINISHED BUSINESS ITEM B)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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I move to ratify amended/posted Policy 7502.11 – Carport Regulations.

MUTUAL OPERATIONS

## RESIDENT REGULATIONS

Carport Regulations – Mutual ElevenA. Carport Use

1. Carports are to be used for parking of self-propelled land vehicles in operating condition. Any stored items in the carports must be completely contained in the carport cabinets **(except 5.a)**.
2. Current fire regulations prohibit the storage of fuel oil or any combustible material in the carport areas.
3. All vehicles, when parked in the carports, must be headed in, except motorcycles and golf carts may face out.
4. At each semi-annual **fire safety/door hinge** inspection of the carports by the staff of the Physical Property Department, notice will also be given to each resident found in violation that the improperly stored material must be removed within ten (10) days or the material will be removed at the resident's expense.
5. Residents are permitted to build a downward extension to the existing carport cabinet, but the specifications shall be held at the Physical Property Department, and approval shall be obtained from the Board of Directors and the Physical Property Department.
  - a. ~~Bicycles, ladders, folding shopping carts, Motorized or electric carts or chairs, or other items shall not be stored in front of the downward extension carport cabinet when the resident owns and/or parks a motor vehicle in the carport space. Due to insurance issues, only one motorized vehicle per carport space is permitted. Size permitting, bicycles, ladders or folding carts may be stored~~ **INSIDE** the carport cabinet.

B. Carport Assignments

1. Carport assignments are controlled by the Mutual Corporation and a record of assignments is kept in the Stock Transfer Office of the Golden Rain Foundation.
  - a. Any vehicle parked in a carport must bear a current vehicle decal issued by the Seal Beach Leisure World Security Department (except as stated in Section 4, a.).
  - b. Vehicles shall not be parked in an unassigned carport without permission from the Mutual Board of Directors.
2. Residents desiring to change carport assignments must obtain approval of the Mutual Board of Directors so that the change can be properly recorded in the Stock

(draft created on 10-11-17 ka)

**MUTUAL OPERATIONS****RESIDENT REGULATIONS****Carport Regulations – Mutual Eleven**

Transfer Office.

3. The request for carport re-assignment, if approved, is only temporary and is valid only so long as both participating parties agree to the temporary change. One party determining to withdraw from the agreement may do so as may the successor owner of that party's apartment. The Mutual Corporation retains, at all times, the authority to revoke and cancel this temporary change of carport assignment, at its discretion. The re-assignment of carport spaces, herein provided, will automatically become null and void in the event of a sale of the stock representing either apartment, with absolutely no exceptions to the rules herein provided.
4. Carport space may not be rented to or used by anyone who is not a resident Leisure World Shareholder of Mutual Eleven, except:
  - a. The carport assignee may allow temporary, short-term parking of a vehicle used by a house guest.

<u>Date</u>	<u>Action</u>	<u>Policy</u>	<u>Policy Amendment Dates</u>
02-21-80	Adopted	7502	
01-21-93	Assigned	7502.3	02-15-01
09-20-01	Assigned	7502.11	02-19-04
	Amended	7502.11	10-15-09
	Amended	7502.11	09-15-16

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# *Mutual Corporation No. Eleven*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** RATIFY AMENDED/POSTED POLICY 7586.11 – PERSONAL PROPERTY AND LIABILITY INSURANCE (UNFINISHED BUSINESS ITEM C)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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I move to ratify amended/posted Policy 7586.11 – Personal Property and Liability Insurance.

MUTUAL OPERATIONS**AMENDED DRAFT****SHAREHOLDER/RESIDENT REGULATIONS**Personal Property and Liability Insurance**Definitions:**

The Seal Beach Mutual Corporation shall be referred to as the "Mutual."

The Mutual's shareholders shall be referred to as "shareholders."

Shareholder's apartments shall be referred to as "units."

**Shareholder's Responsibility:**

Shareholders, whether residing in their unit or not, shall carry general liability insurance – sometimes referred to as homeowner's insurance HO6 – with proper liability coverage. The general liability insurance policy shall cover the contents of their unit, any damage to their unit, any damage to the property owned by third-parties, and any personal injury occurring in the shareholder's unit or adjacent property, for which the shareholder is responsible. The general liability insurance policy requirements are set out below.

The shareholder shall:

- Obtain and maintain a general liability insurance policy, at his/her/its sole expense.
- Be liable for the cost of any deductible their policy has with respect to any claim for which a shareholder is insured and is liable.
- Obtain general liability insurance in an amount sufficient to cover personal injury to other persons who may be injured in their unit or on other property they are required to cover but in no event less than \$300,000.00.
- ~~• Name the Mutual as an additional named insured, loss payee, or person of interest requiring a 30-day notification of non-payment of premium or 10-day notice of cancellation.~~
- ~~• Ensure that the broker and/or carrier, as a condition of the coverage, shall notify the Mutual within 10 days if the policy is canceled to the Golden Rain Foundation, Stock Transfer Office, P.O. Box 2069, Seal Beach, CA 90740.~~
- ~~• Provide the Mutual with a copy of the general liability insurance policy as proof of insurance; a certificate of insurance will not suffice as a substitute for the policy.~~

**MUTUAL OPERATIONS****AMENDED DRAFT****SHAREHOLDER/RESIDENT REGULATIONS****Personal Property and Liability Insurance**

- Ensure that the general liability insurance policy covers personal property stored or parked on the street or in the carport, such as property stored in or under the storage cabinets. With respect to a vehicle, a shareholder's automobile insurance policy may cover this risk. Please consult with your insurance agent.
- If a pet owner, policy must cover the shareholder in the event shareholder's animal causes bodily injury or property damage to a third party.

The shareholder should:

- Obtain coverage for additional living expenses, for no less than twelve months, should the shareholder be unable to occupy the unit for any period of time while repairs are made to their apartment.
- Obtain coverage to insure the value of any high value personal property that would not normally be covered by a general liability policy. For example, artwork, jewelry, antiques, or other items that would not normally be covered by a general liability policy for full replacement value. This is sometimes referred to as scheduling coverage for replacement value. This coverage is usually at an additional cost.

If the shareholder is a current shareholder at the time this policy comes into effect, the shareholder must provide to the Mutual proof of insurance within 60 days of the posting of this policy. If a person becomes a shareholder or changes units after this policy is effective, the shareholder must provide to the Mutual proof of insurance within 30 days from the date the shareholder enters into the Occupancy Agreement.

The shareholder is not relieved of any liability due to the shareholder's failure to insure their property.

**Property Damage:**

Notwithstanding any other provision in the governing documents, each shareholder shall be liable for his/her/its own negligent or intentional actions resulting in damage to property or personal injury, including the cost of any Mutual insurance deductible that shareholder causes the Mutual to incur. The shareholder is solely responsible for the cost of any damage caused by his/her/its own negligent or intentional actions, including repairing or replacing any damage he/she/it causes to any personal property in the unit, such as furnishings, interior improvements, floor and wall coverings, appliances, fixtures and any damage to the unit, any other unit, or the building caused by water intrusion from whatever source, fire, or any other cause.

(draft created on 10-11-17 ka)

**MUTUAL OPERATIONS****AMENDED DRAFT****SHAREHOLDER/RESIDENT REGULATIONS****Personal Property and Liability Insurance**

The Mutual shall only be responsible for the routine maintenance, repair, or replacement of any common areas or facilities such as the unit roof system and for its own or its agents' and employees' negligent or intentional acts. The Mutual reserves shareholder's money to maintain, repair, and replace shareholder's standard fixtures, appliances, and plumbing systems but shareholder is responsible for any damage caused by the failure of these fixtures, appliances, or plumbing systems.

Although a shareholder may be unable to occupy the unit while repairs are being made, the shareholder shall, nonetheless, be responsible for any living expenses incurred during repairs and the monthly assessment on the shareholder's unit regardless of who caused the damage. The shareholder, may, however, be indemnified by another person who is liable for the damage making the unit uninhabitable.

**MUTUAL / ADOPTION****AMENDMENTS**

ELEVEN: 02-18-16

(draft created on 10-11-17 ka)

# *Mutual Corporation No. Eleven*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** RATIFY ADOPTED/POSTED POLICY 7426.11 – SMARTBURNERS  
(UNFINISHED BUSINESS ITEM D)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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I move to ratify amended/posted Policy 7426.11 – SmartBurners.

**MUTUAL OPERATIONS****ADOPT DRAFT****SERVICE MAINTENANCE****SmartBurners**

Under Article 5 of the Occupancy Agreement, "the Member shall not permit or suffer anything to be kept upon said premises which will increase the rate of insurance on the building..." Therefore, in the interest of fire safety, SmartBurners made by Pioneer Technology, shall be installed on all standard Mutual Eleven cooktops. Said SmartBurners are replacements for spiral burners. (According to testing done by The Caring Home, a project of Weill Cornell Medical College, while the maximum temperature of the SmartBurner is 662°F, the ignition temperatures for oil, metals, and most common fibers start at 728°F.) <http://www.thiscaringhome.org/products/low-temp-safety-burners.php>>

Under Article 11 of the standard Occupancy Agreement, the Corporation shall provide and pay for all necessary repairs, maintenance and replacements... of the Member's dwelling unit, including repairs for maintenance of standard improvements within the interior of the unit. Furthermore, under this Article, the employees of the Corporation shall have the right to enter the dwelling unit of the Member in order to effectuate "necessary repairs, maintenance and replacements..."

If, for any reason, such as remodeling, the shareholder replaces the standard cooktop with a non-standard cooktop, such as a glass top, the full set of four SmartBurners must be returned to Mutual Eleven. The shareholder shall be responsible for replacement costs if any of the four SmartBurners are missing. (Under Article 12 of the standard Occupancy Agreement, "the Member shall not, without the written consent of the Corporation, make any structural alterations in the premises or other fixtures connected therewith, or remove any improvements, or fixtures from the premises.")

Under Article 12, "the Member shall not, without the prior written consent of the Corporation, install or use in or about Member's dwelling unit any air conditioning equipment, washing machine, or other item which, when installed, would be considered a fixture under California law."

Shareholders owning or installing a freestanding stove or glass top stove, shall be provided the SmartBurners or another fire safety option to replace the high heat electric burners or a stop out like equipment or device

**MUTUAL ADOPTION**

ELEVEN:

(draft created on 10-11-17 ka)

# Mutual Corporation No. Eleven

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** RATIFY RESCINDED/POSTED POLICIES: 7301 – AUDIT EXPENSE, 7302 – CAPITAL ACCOUNTS, 7304 – FINANCING CAPITAL, PROJECTS, 7305 – DEPRECIATION-STRAIGHT LINE METHOD, 7306.11 – BANKING RESOLUTION, 7310 – MUTUAL BUDGETS, 7320 – PATRONAGE REFUNDS, 7331 – INTEREST ON IMPOUND ACCOUNTS, 7332 – BILLINGS TO MUTUALS, 7333 – INCOME ITEMS AND THEIR DISTRIBUTION, 7334 – INVESTMENT RECORDS, 7335 – CASH DISBURSEMENTS, 7336 – SHAREHOLDERS' INTEREST, 7337 – FINANCIAL REPORTS, 7340 – ACCOUNTS RECEIVABLE, AND 7341 – CASHIER SERVICE  
(UNFINISHED BUSINESS ITEM E)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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I move to ratify rescinded/posted 7301 – Audit Expense, 7302 – Capital Accounts, 7304 – Financing Capital, Projects, 7305 – Depreciation-Straight Line Method, 7306.11 – Banking Resolution, 7310 – Mutual Budgets, 7320 – Patronage Refunds, 7331 – Interest on Impound Accounts, 7332 – Billings to Mutuals, 7333 – Income Items and Their Distribution, 7334 – Investment Records, 7335 – Cash Disbursements, 7336 – Shareholders' Interest, 7337 – Financial Reports, 7340 – Accounts Receivable, and 7341 – Cashier Service

MUTUAL OPERATIONS**RESCIND MUTUAL ELEVEN****ACCOUNTING AND FISCAL****Audit Expense – All Mutuals Except Two, Four, Five, Eight, Nine, Twelve, Fourteen, Fifteen, Sixteen and Seventeen**

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

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

**MUTUAL ADOPTION:****RESCIND**

ONE	04-30-70	
TWO	04-16-70	07-20-17
THREE	04-20-70	
FOUR	04-06-70	06-04-17
FIVE	04-03-70	10-19-16
SIX	04-24-70	
SEVEN	05-15-70	
EIGHT	04-09-70	08-28-17
NINE	05-20-70	08-14-17
TEN	03-30-70	
ELEVEN	04-02-70	
TWELVE	03-30-70	07-13-17
FOURTEEN	03-26-70	06-20-17
FIFTEEN:	04-02-70	07-21-14
SIXTEEN	04-09-70	02-07-17
SEVENTEEN	N/A	

(Aug 17)



MUTUAL OPERATIONS

**RESCIND MUTUAL ELEVEN**

**ACCOUNTING AND FISCAL**

**Capital Accounts – Except Mutual Two, Five, Eight, 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."

Mutual

Amend

Rescind

Two

07-20-17

Five:

06-21-17

(Aug 17)

MUTUAL OPERATIONS

**RESCIND MUTUAL ELEVEN**

ACCOUNTING AND FISCAL

Capital Accounts – Except Mutual Two, Five, Eight, Nine, Twelve, Fourteen and Sixteen

Eight:		08-28-17
Nine		08-14-17
Twelve		07-13-17
<b><u>Mutual</u></b>	<b><u>Amend</u></b>	<b><u>Rescind</u></b>
Fourteen		06-20-17
Sixteen		07-07-17

MUTUAL OPERATIONS**RESCIND MUTUAL ELEVEN****ACCOUNTING AND FISCAL****Financing Capital Projects – Except Mutual Nine, Twelve, Fourteen, Sixteen**

WHEREAS, Seal Beach Mutual No. \_\_\_\_\_ (all except Mutual No. Nine, Fourteen, Sixteen) recognizes the need for continuing development and improvement of the trust property of Seal Beach Leisure World for the benefit of all stockowners, and

WHEREAS, it is the desire of the Mutual Corporation to assist in the financing of capital improvements to the trust,

NOW, THEREFORE, BE IT RESOLVED that for any refund owing to the Mutual Corporation from the Golden Rain Foundation for the fiscal year 1972, this Corporation does hereby instruct the Golden Rain Foundation as their agent to:

1. Deposit to the credit of the trust fund of Seal Beach Leisure World which is held by the Golden Rain Foundation as trustee for the benefit of the Seal Beach Mutual Corporations any portion of the refund due this Corporation from the Golden Rain Foundation that is the proceeds in excess of the first \$50,000 of refund derived from the operation of the Golden Rain Foundation.
2. It is the intent of this resolution that the Golden Rain Foundation shall refund in the normal manner the first \$50,000 for the fiscal year 1972 and apply any refund in excess of \$50,000 to the capital funds of the trust in the same proportion that the original contributions were made to the trust.

BE IT FURTHER RESOLVED, that this resolution will become effective only in the event that all other Seal Beach Mutuals adopt a similar resolution.

**Mutual No.5 (11-18-16) & Mutual No. 7 Only (Effective 11-21-00):**

WHEREAS, Seal Beach Mutual No. \_\_\_\_\_ recognizes the need for continuing development and improvement of the trust property of Seal Beach Leisure World for the benefit of all stockowners, and

WHEREAS, it is the desire of the Mutual Corporation to assist in the financing of capital improvements to the trust,

NOW, THEREFORE, IT BE RESOLVED, that for any refund owing to the Mutual

**Mutual No.5 (Effective 11-18-16) & Mutual No. 7 Only (Effective 11-21-00) (Cont'd.):**

(Aug 17)

MUTUAL OPERATIONS**RESCIND MUTUAL ELEVEN****ACCOUNTING AND FISCAL****Financing Capital Projects – Except Mutual Nine, Twelve, Fourteen, Sixteen**

Corporation from the Golden Rain Foundation for the fiscal year 1972 and following fiscal years, this Corporation does hereby instruct the Golden Rain Foundation as their agent to:

1. Deposit to the credit of the trust fund of Seal Beach Leisure World which is held by the Golden Rain Foundation as trustee for the benefit of the Seal Beach Mutual Corporations any portion of the refund due this Corporation from the Golden Rain Foundation that is the proceeds in excess of the first \$50,000 of refund derived from the operation of the Golden Rain Foundation.
2. It is the intent of this resolution that the Golden Rain Foundation shall refund in the normal manner the first \$50,000 for the fiscal year 1972 and the following fiscal years and apply any refund in excess of \$50,000 to the capital funds of the trust in the same proportion that the original contributions were made to the trust.

BE IT FURTHER RESOLVED, that this resolution will become effective only in the event that all other Seal Beach Mutuals adopt a similar resolution.

<u>MUTUAL ADOPTION</u>	<u>AMENDED</u>	<u>RESCINDED</u>
ONE		
TWO	11-16-72	
THREE	11-20-72	
FOUR	01-08-73	
FIVE	12-20-72	11-18-16
SIX	12-08-72	
SEVEN	01-19-73	11-21-00
EIGHT		
NINE	11-13-72	07-11-11
TEN	11-30-72	
ELEVEN	12-21-72	
TWELVE	11-09-72	07-13-17
FOURTEEN	11-09-72	06-20-17

(Aug 17)

MUTUAL OPERATIONS

**RESCIND MUTUAL ELEVEN**

ACCOUNTING AND FISCAL

Financing Capital Projects – Except Mutual Nine, Twelve, Fourteen, Sixteen

FIFTEEN      11-10-72

SIXTEEN      12-14-72

07-07-17

MUTUAL OPERATIONS

**RESCIND MUTUAL ELEVEN**

**ACCOUNTING AND FISCAL**

**Depreciation - Straight Line Method – Except Mutual Fourteen**

RESOLUTION:

WHEREAS, the official books of this Corporation are being kept using the Sinking Fund method of depreciation, and income tax returns are submitted using the Straight Line method of depreciation, and

WHEREAS, it is desirable to use the same method on the books as is used on the tax returns, and

WHEREAS, the Internal Revenue Service will not recognize the Sinking Fund method as a generally accepted method of depreciation and give their approval for its use on the income tax returns;

THEREFORE, BE IT RESOLVED, to adopt the Straight Line method of depreciation for the official books of this Corporation.

BE IT FURTHER RESOLVED, THAT this resolution will become effective only in the event that all other Seal Beach Mutuals adopt a similar resolution.

<u>MUTUAL</u>	<u>ADOPTION</u>	<u>RESCINDED</u>
ONE	03-27-75	
TWO	03-20-75	
THREE	03-17-75	
FOUR	04-07-75	
FIVE	06-18-75	
SIX	06-27-75	
SEVEN	03-21-75	
EIGHT	03-24-75	
NINE	03-10-75	
TEN	04-24-75	
ELEVEN	04-17-75	
TWELVE	03-13-75	
FOURTEEN	06-27-75	06-20-17
FIFTEEN	03-03-75	
SIXTEEN	06-18-75	

(Aug 17)

MUTUAL OPERATIONS

**RESCIND MUTUAL ELEVEN**

ACCOUNTING AND FISCAL

Depreciation - Straight Line Method – Except Mutual Fourteen

(Aug 17)

**MUTUAL OPERATIONS****RESCIND MUTUAL ELEVEN****ACCOUNTING AND FISCAL****Banking Resolution – Mutual Eleven Only**

WHEREAS, Mutual Eleven maintains certain Restricted and Non-Restricted accounts; and

WHEREAS, it is desirable that these accounts be maintained in approved interest-bearing instruments and are prudently invested, taking into consideration both risk and return on investment; and

WHEREAS, Withdrawals and other transactions of funds from the financial institutions shall be authorized by two signatures;

THEREFORE, BE IT RESOLVED that all cash and money market accounts will be deposited with financial institutions that are insured by the F.D.I.C. and that these deposits will be restricted to the maximum amount insured by the F.D.I.C. Furthermore, other funds may be invested in any of the following securities:

- Financial instruments that are guaranteed by the Federal government;
- Financial instruments that are insured;
- Financial instruments that are given priority by the State Constitution;
- Financial instruments that are guaranteed by a special tax approved by the electorate;
- Financial instruments that are pre-refunded/escrow to maturity;
- Financial instruments that are issued by a utility with full rate setting autonomy;
- Financial instruments that have a dedicated and guaranteed revenue source.

BE IT RESOLVED that any two of the following officers or any one of the officers and one Golden Rain Foundation (GRF) administrative staff member are authorized as signatory on the financial institutions for the Mutual Corporations:

PRESIDENT, VICE PRESIDENT, SECRETARY, OR CHIEF FINANCIAL OFFICER, AND/OR GRF ADMINISTRATOR OR GRF CONTROLLER.

**MUTUAL ADOPTION****AMENDED****AMENDED**

ELEVEN: 10-15-92 01-20-11



MUTUAL OPERATIONS**RESCIND MUTUAL ELEVEN****ACCOUNTING AND FISCAL****Mutual Budgets – All Mutuals Except Five, Nine, Twelve, Fourteen 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.

(Aug 17)

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

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 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

(Aug 17)

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

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

**Procedure**

Amended: Jul 88, Aug 00

**Executive Director  
Golden Rain Foundation****RESCIND**

FIVE: 11-18-16

NINE: Rescinded Feb 09

(Aug 17)

MUTUAL OPERATIONS

**RESCIND MUTUAL ELEVEN**

**ACCOUNTING AND FISCAL**

**Mutual Budgets – All Mutuals Except Five, Nine, Twelve, Fourteen and Sixteen**

TWELVE: Rescinded 07-19-17

FOURTEEN: Rescinded 06-20-17

SIXTEEN: 03-07-17 Rescinded

**MUTUAL OPERATIONS****RESCIND MUTUAL ELEVEN****ACCOUNTING AND FISCAL****Patronage Refunds –Except Mutual Two, Five, Six, Eight, Nine, Twelve, Fourteen, Sixteen****I. Legal Basis**

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

**II. Refund Procedure**

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

**III. Suggestions**

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

Revised: 20 July 77

<b><u>MUTUAL</u></b>	<b><u>RESCINDED</u></b>	<b><u>MUTUAL</u></b>	<b><u>RESCINDED</u></b>
ONE:		NINE:	08-14-17
TWO:	07-20-17	TEN:	
THREE:		ELEVEN:	
FOUR:		TWELVE:	07-13-17
FIVE:	11-18-16	FOURTEEN:	06-20-17
SIX:	09-22-17	FIFTEEN:	
SEVEN:		SIXTEEN:	02-07-17
EIGHT:	08-28-17	SEVENTEEN:	

(Sep 17)

MUTUAL OPERATIONS

**RESCIND MUTUAL ELEVEN**

**ACCOUNTING AND FISCAL**

**Impounds – Except Mutuals Two, Five, Six, Nine, Twelve, Fourteen**

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.

<u>MUTUAL</u>	<u>RESCINDED</u>	<u>MUTUAL</u>	<u>RESCINDED</u>
ONE:		NINE:	08-14-17
TWO:	07-20-17	TEN:	
THREE:		ELEVEN:	
FOUR:		TWELVE:	07-13-17
FIVE:	11-18-16	FOURTEEN:	06-20-17
SIX:	09-22-17	FIFTEEN:	
SEVEN:		SIXTEEN:	
EIGHT:		SEVENTEEN:	

MUTUAL OPERATIONS

**RESCIND MUTUAL ELEVEN**

**ACCOUNTING AND FISCAL**

**Billings to Mutuals – All Mutuals Except Mutuals Two, Five, Eight, Nine, Fourteen, Sixteen**

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, Aug 00

<u>MUTUAL</u>	<u>RESCIND</u>
TWO:	07-20-17
FIVE	06-21-17
EIGHT	08-28-17
NINE:	08-14-17
FOURTEEN:	06-20-17
SIXTEEN:	07-07-17

(Aug 17)

MUTUAL OPERATIONS**RESCIND MUTUAL ELEVEN****ACCOUNTING AND FISCAL****Income Items and Their Distribution – All Mutuals Except Two, Five, Nine, Fourteen, Sixteen**

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.

<u>MUTUAL</u>	<u>RESCIND</u>
TWO:	07-20-17
FOURTEEN:	06-20-17
SIXTEEN:	07-07-17

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

(Aug 17)



MUTUAL OPERATIONS

**RESCIND MUTUAL ELEVEN**

**ACCOUNTING AND FISCAL**

**Investment Records – Except Mutuals Two, Five, Eight, Nine, Fourteen, Sixteen**

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

<u>MUTUAL</u>	<u>RESCIND</u>
TWO:	07-20-17
FIVE:	11-18-16
EIGHT:	08-28-17
NINE:	08-14-17
FOURTEEN:	06-20-17
SIXTEEN:	07-07-17

(Aug 17)

**MUTUAL OPERATIONS****RESCIND MUTUAL ELEVEN****ACCOUNTING AND FISCAL****Cash Disbursements – All Mutuals Except Nos. Five, Nine, and Twelve**

Cash disbursements are made from one of two checking accounts referred to as the Agency Account and General Account (except Mutuals Nos. 16 & 17 who have only an Agency Account.)

**A. Agency Account**

1. Mortgage Payments
2. Power and Lights
3. Trash Hauling
4. GRF (paid by GRF and invoiced to Mutuals)
  - a. Admin., Recreation, Physical Property
  - b. Service Maintenance (SROs)
  - c. Water Charges
  - d. Rubbish Hauling
  - e. Street Lighting
  - d. Third Party Charges
5. Funding
  - a. Operating Reserve
  - b. Replacement Reserve
  - c. Supplemental Replacement Reserve
  - d. Painting Reserve
  - e. Special Contingency Fund (if applicable)
  - f. Emergency Reserve (if applicable)
6. Federal and State Income Taxes.
7. Property Taxes
8. Refund to Residents Related to Monthly Fees

**B. General Account**

1. Extraordinary Expenses
2. Outside Contractors and Services

**Amendments****RESCIND**

Mutual Five-Jan 17

Mutual Nine-Aug 17

Mutual Twelve-Oct 13 (See 7335.12)

MUTUAL OPERATIONS**RESCIND MUTUAL ELEVEN****ACCOUNTING AND FISCAL****Shareholders' Interest – All Mutuals Except Five, Nine, Fourteen**

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>RESCINDED</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
SIX	08-01-88	01-20-16 (see policy 7336.5)
SEVEN	08-01-88	08-01-00, 03-26-02
EIGHT	08-01-88	08-01-00, 05-15-02
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 06-20-17
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

(Aug 17)

MUTUAL OPERATIONS**RESCIND MUTUAL ELEVEN**

## ACCOUNTING AND FISCAL

Financial Reports – All Mutuals Except Two, Five, Eight, Nine, Fourteen, Sixteen1. 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

<u>MUTUAL</u>	<u>RESCIND</u>
TWO:	07-20-17
FIVE	06-21-17
EIGHT	08-28-17
NINE:	08-14-17
FOURTEEN:	06-20-17
SIXTEEN:	07-07-17

(Aug 17)

**MUTUAL OPERATIONS****RESCIND MUTUAL ELEVEN****ACCOUNTING AND FISCAL****Accounts Receivable – All Mutuals Except Two, Five, Eight, Nine, Fourteen and Sixteen**

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.

<b><u>MUTUAL</u></b>	<b><u>RESCIND</u></b>
TWO:	07-20-17
FIVE:	11-18-16
EIGHT	08-28-17
NINE:	08-14-17
FOURTEEN:	06-20-17
SIXTEEN:	02-07-17

MUTUAL OPERATIONS

**RESCIND MUTUAL ELEVEN**

**ACCOUNTING AND FISCAL**

**Cashier Service – All Mutuals Except Two, Flve, Nine, Fourteen, Sixteen**

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.

<u>MUTUAL</u>	<u>RESCIND</u>
TWO:	07-20-17
FIVE:	06-21-17
NINE:	08-14-17
FOURTEEN:	06-20-17
SIXTEEN:	02-07-17

# *Mutual Corporation No. Eleven*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** POST AMENDED POLICY 7525 – WITHDRAWAL INSPECTION PROCESS FEE  
(UNFINISHED BUSINESS ITEM F)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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I move to post amended Policy 7525 – Withdrawal Inspection Process Fee, amended on 09/07/15, never ratified and/or posted, on a preliminary basis until the 30-day posting period is completed.

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

## RESOLUTION:

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

<b><u>MUTUAL AND ADOPTION</u></b>	<b><u>AMENDED/AMT</u></b>	<b><u>EFFECTIVE DATE</u></b>
ONE:	01 Aug 89/\$500	
TWO:	01 Aug 89	
THREE:	01 Aug 89	04-12-13/\$1,000
FOUR:	01 Aug 89	09-14-16/\$1,000
FIVE:	01 Aug 89	08-19-15/\$1,000
SIX:	01 Aug 89	
SEVEN:	01 Aug 89	11-16-16/\$1,200
EIGHT:	01 Aug 89	07-22-13/\$1,000
NINE:	01 Aug 89	03-13-13/\$1,000
TEN:	01 Aug 89	08-27-14/\$1,000
ELEVEN:	01 Aug 89	09-17-15/\$1,000
TWELVE:	01 Aug 89	11-12-15/\$1,000
FOURTEEN:	01 Aug 89	11-17-15/\$1,200
FIFTEEN:	01 Aug 89	04-15-13/\$1,000
		08-22-17 \$1,500
SIXTEEN:	01 Aug 89	03-18-13/\$1,000
SEVENTEEN:	Not Applicable	



# *Mutual Corporation No. Eleven*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** APPROVE THE RENEWAL OF THE GCARP WITH ROSEMAN & ASSOCIATES  
(UNFINISHED BUSINESS ITEM G)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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I move to approve the renewal of the GCARP (General Council Attorney Retainer Program) with Roseman & Associates, at a cost not to exceed \$500, and authorize the President to sign the contract.

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# *Mutual Corporation No. Eleven*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** RATIFY THE PHONE POLL VOTE TAKEN ON NOVEMBER 11, 2017  
(UNFINISHED BUSINESS ITEM H)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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I move to approve the phone poll vote taken on November 11, 2017, regarding RP Vittow Construction Corporation.

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# *Mutual Corporation No. Eleven*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** RATIFY THE PHONE POLL VOTE TAKEN ON NOVEMBER 20, 2017  
(UNFINISHED BUSINESS ITEM I)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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I move to approve the phone poll vote taken on November 20, 2017, the approval of the abatement contract with Environmental Remediation Contractors (ERC), and the approval of the painting contract with Kress Constuction.

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# *Mutual Corporation No. Eleven*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** DISCUSS APPROVING TOTAL LANDSCAPING TREE TRIMMING  
(NEW BUSINESS ITEM A)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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I move to approve / deny the trimming of trees by Total Landscaping, at a cost not to exceed \$10,000.

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# *Mutual Corporation No. Eleven*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** DISCUSS THE PURCHASE OF 2 MORE YARD SIGNS  
(NEW BUSINESS ITEM B)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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I move to approve / deny the purchase of two (2) more yard signs at a cost not to exceed \$500.

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# *Mutual Corporation No. Eleven*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** APPROVE THE STABILIZING OF WASHERS AND DRYERS IN THE LAUNDRY ROOMS  
(NEW BUSINESS ITEM C)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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I move to approve / deny the stabilization of the washers and dryers in the laundry rooms by \_\_\_\_\_, at a cost not to exceed \$\_\_\_\_\_.

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# *Mutual Corporation No. Eleven*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** RESOLUTION FOR ORANGE COUNTY FIRE AUTHORITY – MASTER LOCK BOX KEYS (NEW BUSINESS ITEM D)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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At the January 4, 2018, Presidents' Council, Executive Director Ankeny has respectfully requested the directive of each Mutual Board to provide the Orange County Fire Authority with Master Lock Box Keys.

I move to authorize GRF (Golden Rain Foundation) to provide Orange County Fire authority with **four (4)** master lock box keys to be used in any and all emergency situations that may arise within the Mutual.

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# *Mutual Corporation No. Eleven*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** RESOLUTION FOR INCIDENT REPORT HANDLING (NEW BUSINESS ITEM E)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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At the January 4, 2018, Presidents' Council, Executive Director Ankeny has respectfully requested the directive of each Mutual Board to provide the Orange County Fire Authority with Master Lock Box Keys.

I move to authorize GRF (Golden Rain Foundation) to provide Orange County Fire authority with **four (4)** master lock box keys to be used in any and all emergency situations that may arise within the Mutual.

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# *Mutual Corporation No. Eleven*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** RESOLUTION FOR ASSEMBLY BILL (AB) 634, SENATE BILL (SB) 407, AND PROPOSITION 64 (NEW BUSINESS ITEM E)  
**DATE:** JANUARY 18, 2018  
**CC:** MUTUAL FILE

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At the January 4, 2018, Presidents' Council, Executive Director Ankeny has respectfully requested and recommended that each Mutual Board contact respective legal counsel to protect the best interests of the Mutual in this important matter for possible drafting of Policy.

I move to request legal counsel opinion regarding AB (Assembly Bill ) 634, SB (Senate Bill) 407, and Proposition 64.