

**A G E N D A**  
**REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS**  
**SEAL BEACH MUTUAL FIVE**  
**October 19, 2016**  
**9:00 a.m., Building 5, Room B**

1. CALL TO ORDER Dr. Coven
2. PLEDGE OF ALLEGIANCE Ms. Trembly
3. ROLL CALL
4. INTRODUCTION OF GRF REPRESENTATIVE, GUEST(S), AND STAFF: Dr. Coven
  - Mr. Hood, GRF Representative
  - Ms. Hopkins, Mutual Administration Director
  - Ms. Miller, Finance Director
  - Mr. Guerrero, Security Chief
  - Mr. Kranda, Building Inspector
  - Ms. Day, Recording Secretary
  - Mutual Five shareholders and all guests from other Mutuals
5. SHAREHOLDERS' COMMENTS (on agenda items only)
6. APPROVAL OF MINUTES: **Regular Monthly Meeting of September 21, 2016** Dr. Coven
7. PRESIDENT'S ANNOUNCEMENTS Dr. Coven
  - a. Accept resignation of Gladys Sumner
8. BUILDING INSPECTOR'S REPORT (**pages 3-5**) Mr. Kranda
9. GRF REPRESENTATIVE Mr. Hood
10. CORRESPONDENCE Ms. Boryta
11. GUEST SPEAKER – Presentation of 2017 Budget Ms. Miller
12. CHIEF FINANCIAL OFFICER'S REPORT
13. UNFINISHED BUSINESS –
  - a. Ratify Policy 7491.5 – Roof Access (**pages 6-7**) Board
  - b. Further amend Policy 7403.G – Skylights & Sola Tubes, and rescind Policies 7403.4 – Skylights for Bathrooms or Kitchens and 7403.5 – Skylights in Permanent Roof Extension (**pages 8-16**)
  - c. Project updates: SmartBurners Dr. Coven
    - Roofing
    - Laundry Room signs
14. NEW BUSINESS –
  - a. Approval of Andre Landscape Services 2017 Pruning Maintenance proposal
  - b. Discuss Policy 7731.5 – Internal Dispute Resolution (**pages 17**)
  - c. Rescind Policy 7331.1 – Interest on Impound Accounts (**page 18**)
  - d. Rescind Policy 7331.2 – Impound Account Agreement (**pages 19-22**)
  - e. Rescind Policy 7334 – Investment Records (**page 23**)

- f. Amend Policy 7020 – Approval of Escrows (pages 24-25)
- g. Amend Policy 7304 – Financing Capital Projects (pages 26-27)
- h. Rescind Policy 7340 – Accounts Receivable (page 28)
- i. Amend Policy 7582 – Towing Vehicles (pages 29-32)
- j. Discuss Policy 7301 – Audit Expense (page 33)
- k. Discuss Policy 7310 – Mutual Budgets (34-36)
- l. Rescind Policy 7320 – Patronage Refunds (page 37)
- m. Rescind Policy 7331 – Impounds (page 38)
- n. Adopt Policy 7335.5 – Cash Disbursements and rescind Policy 7335 – Cash Disbursements (pages 39-40)

**STAFF SECRETARY BREAK (TIME TO BE DETERMINED BY PRESIDENT)**

- 15. APPOINTMENTS – Dr. Coven
  - a. Debbie Tran as Chief Financial Officer
  - b. Debbie Tran to Finance Committee
  - c. Wayne Gould and Joan Boryta to Co-Chair EPPS
  - d. Wayne Gould to Chair Building Captains Committee
  - e. Remove Debbie Tran form EPPS
  
- 16. COMMITTEES –
 

Carports	
Emergency Preparedness	Ms. Boryta
Landscape	Ms. Trembly
Laundry Rooms	Mr. Powell
Physical Properties	Mr. Gould
  
- 17. MUTUAL ADMINISTRATION DIRECTOR Ms. Hopkins
  
- 18. DIRECTOR(S) COMMENTS
  
- 19. SHAREHOLDER(S) COMMENTS
  
- 20. ADJOURNMENT
  
- 21. EXECUTIVE SESSION (member, legal issues)

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

**NEXT MEETING: NOVEMBER 16, 2016, at 9:00 a.m.  
Building 5, Room B**







MUTUAL OPERATIONS

## ADOPTION DRAFT POLICY

## PHYSICAL PROPERTY

Roof Access – Mutual Five

Purpose: To protect the Mutual Five roofs from damage and premature wear by limiting the number of workmen and others on the roofs.

No person shall access the roof of any Mutual Five building without the express permission and approval of the GRF Physical Property Department or the Mutual Five President and Physical Property chair or in the absence of either of these Directors, one other Director for a total of two Directors.

Emergency circumstances to protect persons or property, of course, preempt any and all such restrictions and limitations.

Access to the roofs for the following should be performed by authorized personnel only and may, in addition, require a GRF permit:

- Skylight repair, upgrade, and cleaning.
- TV antennas: satellite installation for DIRECTV shall be connected to the master multi-family dish. All others shall be pole mounted per Mutual Five standard. This includes garden poles of the type required based on satellite line of sight. (See exhibit A, pg. 2)
- Gutter cleaning: shall not be done from the roof.
- Gutter guards: shall be installed, where necessary, by Mutual Five only.
- Holiday lights and decorations shall not be installed from or on the roof but may be attached to the gutters with plastic clips or to the fascia.
- Any foreign object landing on the roofs shall be removed by authorized personnel or Service Maintenance only, at the shareholder's expense.
- Roof access shall be at the ends of the building, not at any point covered by a gutter, except on high sloped buildings.
- Antennas or other objects placed on any Mutual Five roof without a permit shall be removed at the shareholder's expense.

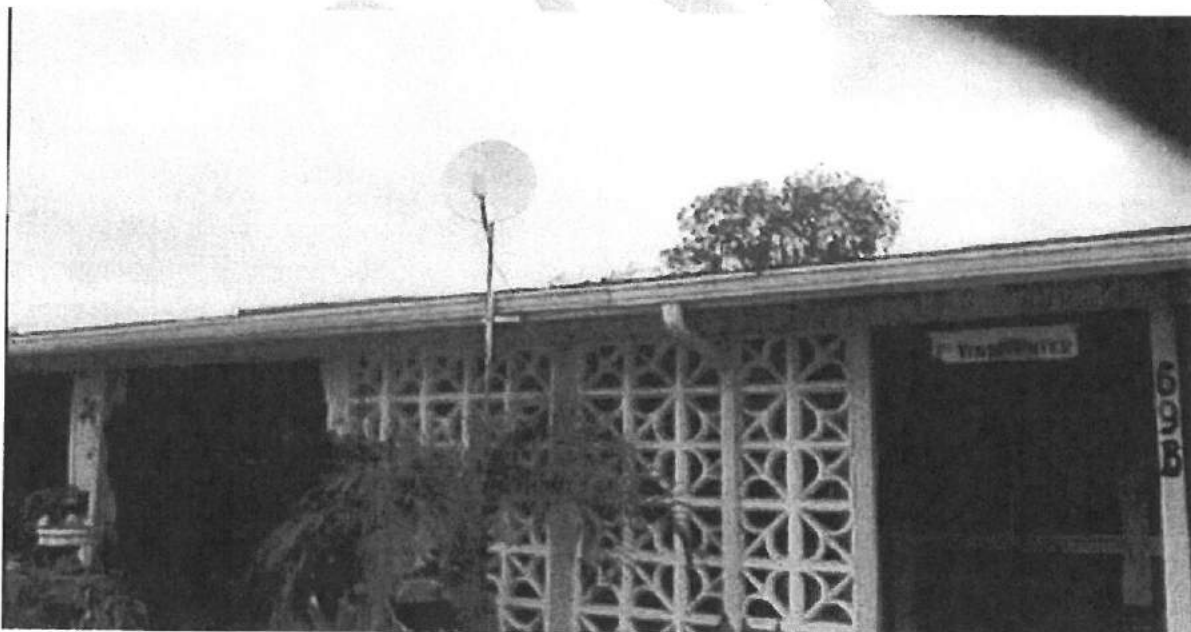
MUTUAL OPERATIONS

**ADOPTION DRAFT POLICY**

PHICAL PROPERTY

Roof Access – Mutual Five

Exhibit A: Pole Mounts



MUTUAL ADOPTION

FIVE: \*Ratified date\*

MUTUAL OPERATIONS**ADOPTION DRAFT POLICY****PHYSICAL PROPERTY****Skylights & Sola Tubes – Mutual Five**

Maintenance of the roofs of residential buildings is defined by Article 11 of the Occupancy Agreement which states that maintenance of the roofs is the responsibility of the Mutual. Skylights may be installed through a contract between the resident **shareholder** and a contractor under inspection of the Physical Property Department. The responsibility for maintenance of skylight installations requires definition and agreement.

The diagram shows a typical skylight installation, consisting of a dome to admit light **and/or air**, a wood shaft that extends from the dome down to the interior ceiling in the room, wood curbing for mounting the dome and steel flashing to make the installation watertight.

Responsibilities are as follows:

During the warranty period, the contractor is responsible for the entire skylight installation. After the warranty period, the following responsibilities apply:

- a) Mutual: The Mutual is responsible for the curbing and flashing since this will normally be changed when the building is re-roofed.
- b) Resident **shareholder**: The resident **shareholder** is responsible for the skylight dome, the skylight operating mechanism, the shaft (including painting), and the ceiling grid **(See Diagram 1), and the curb.**

Mutual Five has defined the following specifications with regard to skylight installations:

- 1) The skylight curbing shall consist of 2" x 6" framing with a minimum 4" rise above **the** roof sheathing **and flashing (See Diagram 2).**
- 2) All flashing material shall be at least 26-gauge and consist of galvanized sheet metal.
- 3) The top flashing shall consist of a 4" x 14" saddle **as per diagram 2, top view.**
- 4) Flashing on the sides shall be 4" x 6" and stepped to match the layers of shingles.
- 5) The bottom flashing shall be a minimum of 4" x 6".
- 6) One-half-inch x 5" **4"** flashing shall be placed on top of the curb, lapped over step flashing, all the way around the skylight.

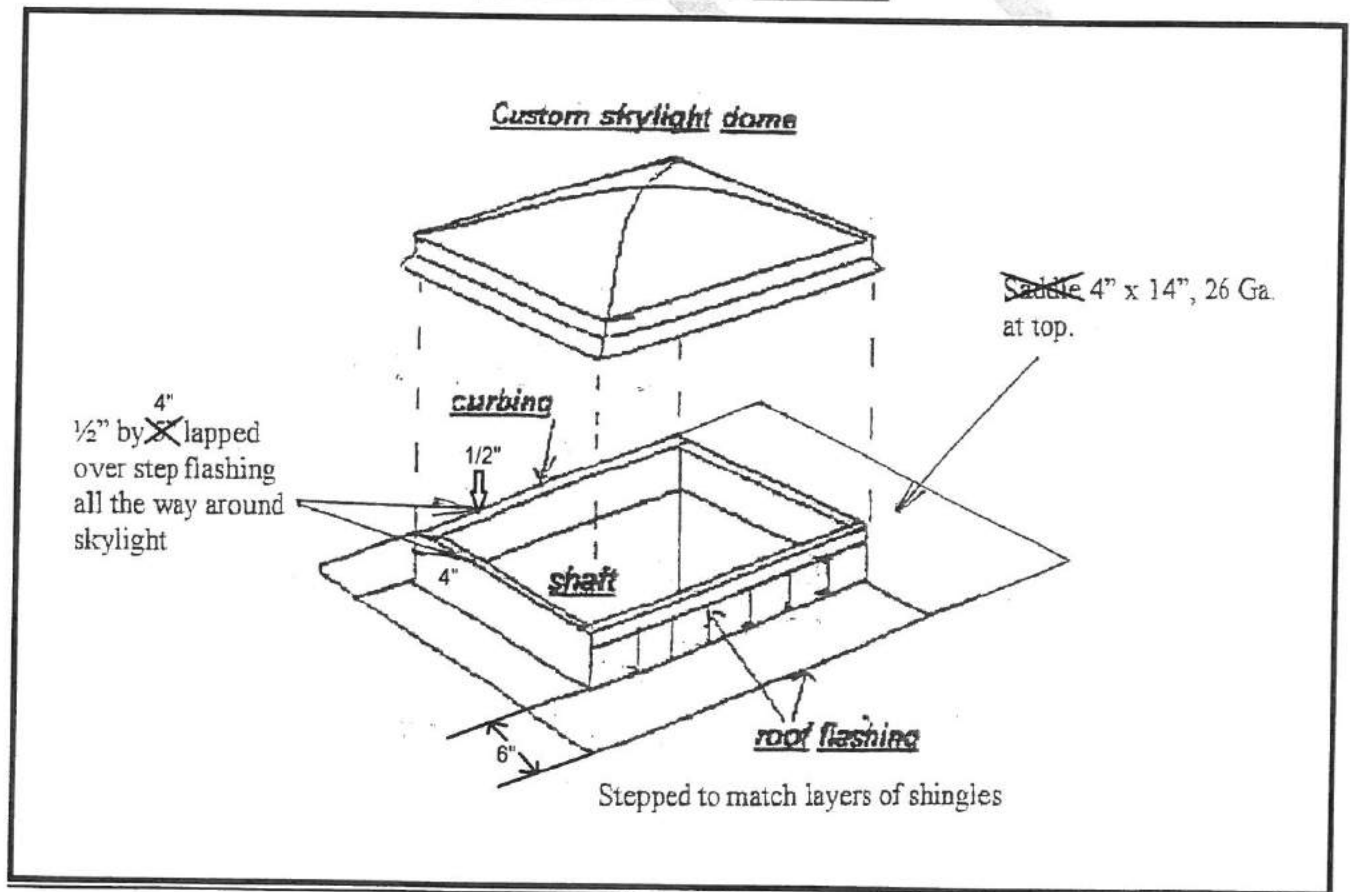


MUTUAL OPERATIONS**ADOPTION DRAFT POLICY**

## PHYSICAL PROPERTY

Skylights & Sola Tubes – Mutual Five

- 7) Only curb-mounted skylights shall be allowed in the Mutual. Self-flashing skylights are prohibited.
- 8) Sola Tubes shall be installed in accordance with manufacture specification and responsibility of domes and shaft is the shareholder.

**Diagram 1**

(Draft created on 10-11-16 jl)

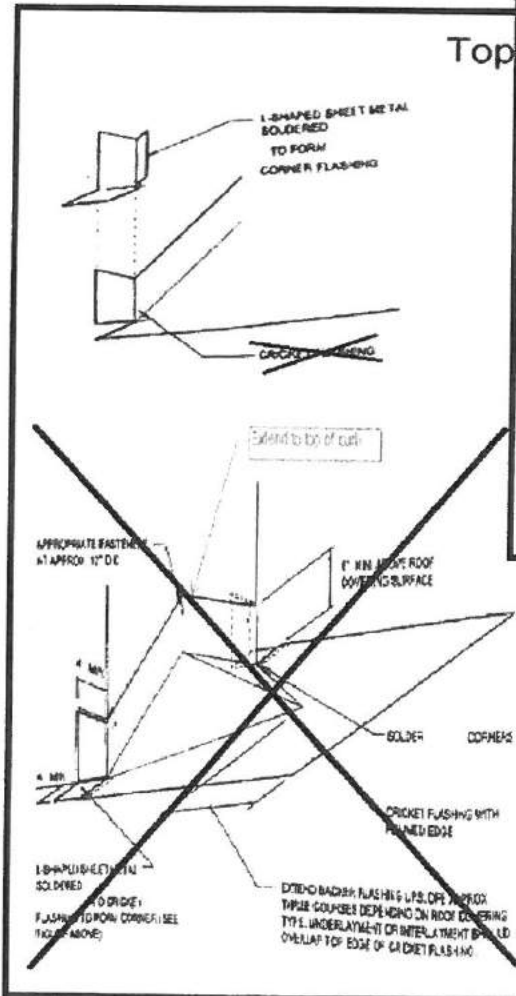
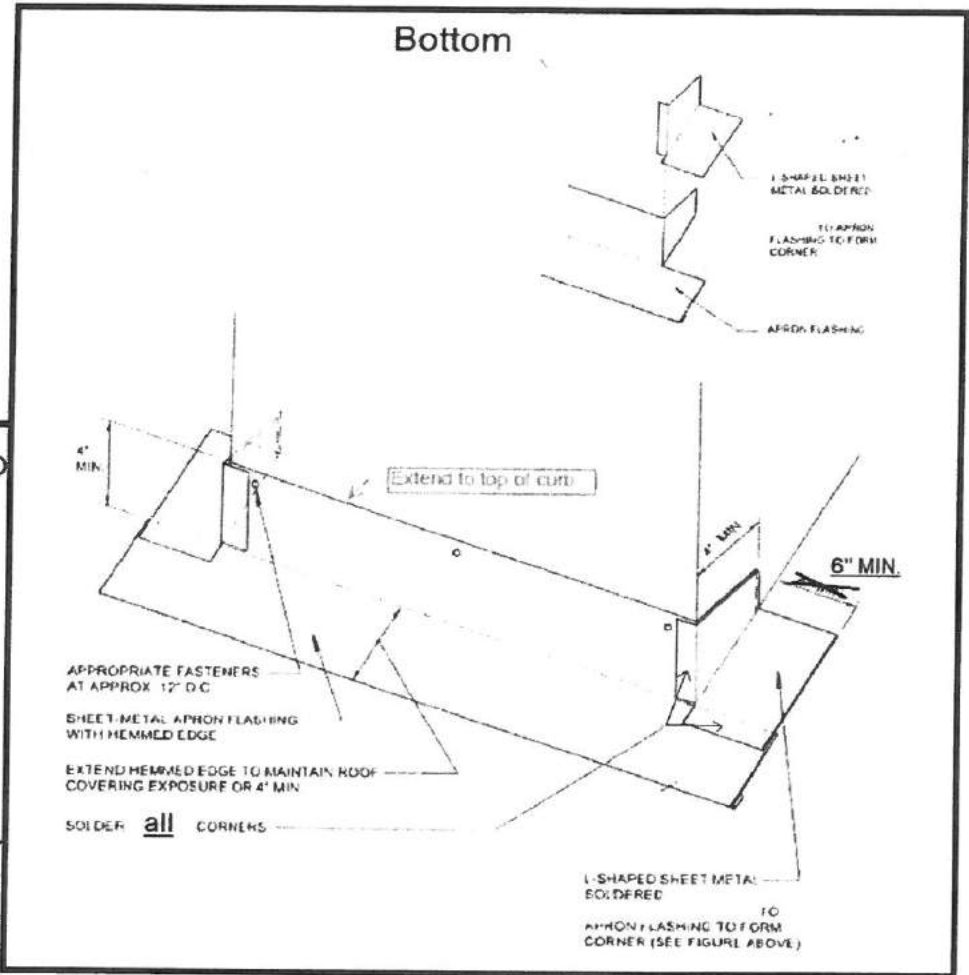
MUTUAL OPERATIONS

ADOPTION DRAFT POLICY

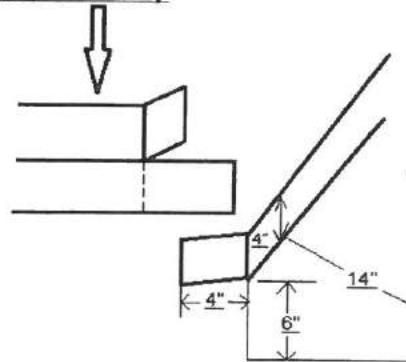
PHYSICAL PROPERTY

Skylights & Sola Tubes – Mutual Five

Diagram 2



Side step flashing cut & bent to lap



(Draft created on 10-11-16 jl)

**MUTUAL OPERATIONS****ADOPTION DRAFT POLICY****PHYSICAL PROPERTY****Skylights & Sola Tubes – Mutual Five****Sola Tube Installation**

- 1) All ~~Solatube~~ **Sola tube** installations require a permit from the City of Seal Beach and the Physical Property of the Golden Rain Foundation, and all ~~Solatubes~~ **Sola tubes** shall be installed using the manufacturer's specifications and conform to all applicable building codes.

During the warranty period, the contractor is responsible for the entire ~~Solatube~~ **Sola tube** installation. After the warranty period, the resident shareholder is responsible for the ~~Solatube~~ **Sola tube** and all related flashing. In the event of a roof leak as a result of the ~~Solatube~~ **Sola tube** installation, the resident shareholder shall be responsible for all associated costs to repair and maintain the system, including labor and material costs, if ~~Service Maintenance is called to cover the problematic area.~~

- 2) Preventative maintenance: Each year at the time of fire inspections, the Physical Property Inspector shall identify and provide Service Maintenance with a list of units that have ~~Solatubes~~ **Sola tubes**. Each ~~Solatube~~ **Sola tube** will be checked and maintained by Service Maintenance or other, at the expense of the resident shareholder.
- 3) All fasteners at the roof flashing shall be self-sealing screws by use of a rubber grommet and shall have roof mastic **sealant** applied over the top of the fastener.

**Skylights in Permanent Roof Extension****RESOLUTION**

**THAT Mutual Five (5) authorizes the Physical Property Department to issue permits for the installation of skylights in patio permanent roof extensions, as approved by HUD Physical Property and according to the following Mutual specifications:**

**1. Size**

- a. **32" x 64"**

MUTUAL OPERATIONS**ADOPTION DRAFT POLICY****PHYSICAL PROPERTY**Skylights & Sola Tubes – Mutual Five

- 2. Number**
  - a. One only per apartment**
  - b. Two per apartment**
  - c. Three per apartment**
- 3. Location**
  - a. Over entry way**
  - b. Over front patio**
  - 4. In front of bedroom**
  - 5. In front of living room**
- 6. Position**
  - a. Thirty inches in front of building stucco wall**
  - b. Long side of skylight parallel with rafters**
  - c. Long side of skylight across the rafters**
- 7. Middle rafter may be cut and headered in**

(The number and location of skylights vary in each Mutual; please refer to the Mutual minutes that corresponds to the adoption dates listed below).

MUTUAL ADOPTIONAMENDMENT(S)INSIDE & PATIO  
MAXIMUM NO.  
OF SKYLIGHTSFOURTEEN: \*Ratified date\*\*# of skylights will be determined by Board\*

**MUTUAL OPERATIONS****PHYSICAL PROPERTY****RESCIND – MUTUAL FIVE****Skylights for Bathrooms or Kitchens****RESOLUTION:**

WHEREAS, some residents of this Mutual have requested permission to remodel the building in which they reside by installing skylights over the kitchen or bathroom in the existing roof structures, and

WHEREAS, permission has been received from HUD and the mortgagee to permit such remodeling,

NOW THEREFORE BE IT RESOLVED, that the Physical Property Department of the Golden Rain Foundation is hereby authorized to approve individual requests by residents for this remodeling and to issue a building permit in the regular form for this work, subject to the following conditions:

1. The contractor performing the work must be a contractor licensed in the State of California as a General Contractor, and the work to be performed at the expense of the requesting resident.
2. The contract form to be used will be the standard contract form as developed by the Physical Property Department.
3. The construction will conform to the plans and specifications approved by the Mutual Board.
4. A building permit will be obtained from the City of Seal Beach, California.
5. Resident agrees that title to the remodeling and addition shall vest in the Mutual Corporation.

**Mutual Five (effective 7-19-00)**

- ~~6. NOTWITHSTANDING PREVIOUS ACTION by the Mutual No. Five Board, a skylight may be placed in any room of an apartment when the Mutual Board determines that the attic space at the place of choice does not inhibit a particular installation. In the kitchen and original bathroom area, a skylight shall not exceed 24" by 24" in either length or width, but the "tunnel" may be flared. In other approved locations, a skylight shall not exceed 36" by 60" and the tunnel may not be flared unless the Mutual Board allows an exception.~~

(Created on 10/13/16 jl)

Page 1 of 2

**MUTUAL OPERATIONS****PHYSICAL PROPERTY****RESCIND – MUTUAL FIVE****Skylights for Bathrooms or Kitchens****Mutual Nine (effective 10-11-04)**

6. At the time of installation or replacement of skylights or skylight domes, single-sided foam tape must be applied between the frame and skylight dome.

**Mutual Fifteen (effective 07-16-90)**

6. Skylights are allowed in the two-story buildings in the second story apartments.

**Mutual Fifteen (effective 04-29-04)**

7. THAT Mutual No. Fifteen will maintain the skylights in the atrium room only unless the damage is caused by a resident's negligence and,

FURTHER, a resident who has a skylight with an electric motor is responsible for maintaining the motor.

**MUTUAL ADOPTION****AMENDMENT(S)****RESCINDED**

ONE	07-25-85		
TWO	08-15-85		
THREE	09-14-84		(See Policy 7403.3) Aug 2016
FOUR	07-02-84		(See Policy 7403.4.4) Dec 2006
FIVE	10-16-85	11-11-91, 07-19-00	<b><u>(See Policy 7403.G.5)*date*</u></b>
SIX	10-25-85		(See Policy 7403.4.6) Sept 2009
SEVEN	<del>08-15-86</del>		(See Policy 7403.4.7) Jul 2008
EIGHT	<del>06-25-84</del>		(See Policy 7403.4.8)
NINE	06-10-85	10-11-04	
TEN	10-23-85		
ELEVEN	08-24-83		
TWELVE	12-13-84		(See Policy 7403.4.12) May 2009
FOURTEEN	09-23-83		
FIFTEEN	12-16-85	07-16-90, 03-19-01, 04-19-04	
SIXTEEN	06-16-86		
SEVENTEEN	N/A		

(Created on 10/13/16 jl)

**MUTUAL OPERATIONS****PHYSICAL PROPERTY****RESCIND – MUTUAL FIVE****Skylights in Permanent Roof Extension****RESOLUTION**

THAT Mutual \_\_\_\_\_ authorizes the Physical Property Department to issue permits for the installation of skylights in patio permanent roof extensions, as approved by HUD and according to the following Mutual specifications:

1. Size
  - a. 32" x 64"
2. Number
  - a. One only per apartment
  - b. Two per apartment
  - c. Three per apartment
3. Location
  - a. Over entry way
  - b. Over front patio
    1. In front of bedroom
    2. In front of living room
4. Position
  - a. Thirty inches in front of building stucco wall
  - b. Long side of skylight parallel with rafters
  - c. Long side of skylight across the rafters
    1. Middle rafter may be cut and headered in

(The number and location of skylights vary in each Mutual; please refer to the Mutual minutes that corresponds to the adoption dates listed below).

**MUTUAL OPERATIONS**

**PHYSICAL PROPERTY**

**RESCIND – MUTUAL FIVE**

**Skylights in Permanent Roof Extension**

**Mutual Five - Effective 9-20-00**

~~NOTWITHSTANDING PREVIOUS ACTIONS by the Mutual No. Five Board, a skylight may be placed in any room of an apartment when the Mutual Board determines attic space at the place of choice does not inhibit a particular installation. In the kitchen and original bathroom area, a skylight shall not exceed 24" X 24" in either length or width, but the "tunnel" may be flared. In other approved locations, skylights may be up to 36" X 60" but not flared unless the Mutual Board allows an exception.~~

**Mutual Nine - Effective October 11, 2004**

At the time of installation or replacement of skylights or skylight domes, single-sided foam tape must be applied between the frame and skylight dome. Further, that a maximum of five (5) skylights be allowed in a unit (includes any bathroom, kitchen, bedroom, or living room).

<b><u>MUTUAL ADOPTION</u></b>		<b><u>AMENDMENT(S)</u></b>	<b><u>MAXIMUM NO. OF SKYLIGHTS</u></b>
ONE	07-25-85		3
TWO	07-19-79		2
<del>THREE</del>	<del>08-18-80</del>		<del>3/2*(See 7403.3-Aug 16)</del>
FOUR	04-03-78		1
FIVE	04-19-78	11-11-91, 09-20-00	3 <b><u>(See 7403.G.5-date)</u></b>
SIX	04-28-78		2
SEVEN	04-21-78		2
EIGHT	01-23-84		2
NINE	05-08-78	10-11-04	5
TEN	10-26-78		3
ELEVEN	08-19-82		2
TWELVE	04-13-78		3
FOURTEEN	10-28-77		3
FIFTEEN	N/A		N/A
SIXTEEN	11-19-84		3/2**
SEVENTEEN	N/A		N/A

\*Maximum three skylights in a two-bedroom or corner unit; maximum two skylights in a one-bedroom unit.

\*\*Maximum three skylights in a two-bedroom unit, maximum two skylights in a one-bedroom unit.

(Created on 10/13/16 jl)



**MUTUAL OPERATIONS****ADOPTION DRAFT POLICY****MUTUAL ADMINISTRATION****Internal Dispute Resolution – IDR – Mutual Five**

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

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

**MUTUAL ADOPTION**

FIVE: \*date after 30 day posting period\*

(Draft created on 10/10/16 jl)

Page 1 of 1

**MUTUAL OPERATIONS**

**ACCOUNTING AND FISCAL**

**RESCIND – MUTUAL FIVE**

**Interest on Impound Accounts - Mutuals One through Eight and Ten and Eleven**

WHEREAS, It is the desire of the Mutuals to earn interest on funds required to be deposited into Impound Accounts with the Mortgagee, and

WHEREAS, A proposed contract which would accomplish this aim has been negotiated by the Foundation attorney and the Mortgagee for use by Mutuals One through Eleven as a group,

NOW, THEREFORE, BE RESOLVED, That Golden Rain Foundation, as agent for this Mutual, is authorized and directed to sign the aforementioned contract with Metmore Financial, Incorporated, said contract to provide for a schedule of payment of interest to the Mutual on its Impound Account, and a schedule of fees on transactions for its Replacement Reserve Account.

**Mutual No. 7 Only (Effective 11-21-00) Replaces Paragraph Three**

NOW, THEREFORE, BE RESOLVED, That Golden Rain Foundation, as agent for this Mutual, is authorized and directed to sign the aforementioned contract with Mortgagor, said contract to provide for a schedule of payment of interest to the Mutual on its Impound Account, and a schedule of fees on transactions for its Replacement Reserve Account.

**MUTUAL ADOPTION**

**AMENDED**

**RESCINDED**

ONE	03-22-73
TWO	03-15-73
THREE	03-19-73
FOUR	03-05-73
FIVE	02-21-73
SIX	03-23-73
SEVEN	03-16-73
EIGHT	03-26-73
NINE	03-12-73
TEN	03-22-73
ELEVEN	03-15-73

11-21-00

**\*date approved\***

07-10-06

(Created on 10/13/16 jl)

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

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

**WITNESSETH:**

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

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

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

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

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

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

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

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

(Created on 10/13/16 jl)

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

- year. Another portion of such regular monthly payments shall be held by Servicer in said reserve und for replacements in amounts as required by the FHA and provided for in the Agreement for the Reserve Fund on such FHA loans.
2. On or before the 30<sup>th</sup> day of each month, Servicer agrees to deposit the monthly impound collections received through the 20<sup>th</sup> day of that month into regular savings accounts in an institution insured by an agency of the Federal Government yielding the highest available interest rate with out the requirement of any fixed time period. Such savings accounts for the impounds shall be maintained as Trust or Custodial accounts in the name of Western Mortgage Corporation, as custodian for the Beneficiary. Servicer shall make withdrawals on such impound accounts as required for payments of taxes, insurance and M. I.
  3. Servicer agrees to provide monthly accounting reports to Trustors and the Beneficiary on or before the fifth day of each month that will reflect all savings account transactions under this Agreement as of the 20<sup>th</sup> day of the preceding month. These reports will include a Cash Flow Statement reflecting for each loan account total impound collections for the month, deposits of impound funds into the custodial savings account, any authorized disbursement, and a reconciliation to the balance outstanding in such savings accounts as of the 20<sup>th</sup> day of each month.
  4. Payments to the Trustors of interest earned on the savings accounts shall be made on a calendar quarterly basis, less 1/5<sup>th</sup> of the earned interest on such savings accounts. The parties hereto agree that such 1/5<sup>th</sup> of the earned interest to be retained by Servicer is a reasonable charge for the services performed by Servicer in the investment of the impound funds and payment of earnings to Trustors.
  5. Servicer agrees to assume the duties and responsibilities of the Beneficiary in the administration of the portfolio of United States Government Bonds in which the Reserve Fund has been invested under certain agreements between Trustors and Beneficiary. Provided the loan is not in default, at the end of each calendar quarter, the Servicer agrees to accept United States Government Bearer Bonds in substitution for the amounts accumulated in the Reserve Fund from collections during the preceding quarter, provided the accumulated

(Created on 10/13/16 jl)

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

amounts are not needed for repairs of payment or other items required under the Agreement for the Reserve Fund. It is understood that if, at any time, the market value of the Bonds falls below the equivalent amount of cash for which they were exchanged, the Servicer, at its option, may require the Trustors to make up the deficiency. It is understood that the Servicer and/or Beneficiary assumes no liability resulting from the fluctuation in the market value of the Bonds.

6. It is understood that the Trustors, after ascertaining the dollar amount for which Bonds may be substituted, will purchase the Bonds and deliver them to the Servicer. The Servicer will then refund to the Trustors an amount equal to the actual cost of the Bonds excluding commissions or the par value of the Bonds, whichever is less, but in no event in excess of the amount of the cash on hand. At the Trustors request, Servicer or its agent will detach the interest coupons for redemption and forward the proceeds to the Trustors.
7. Servicer will provide a calendar quarterly report to Trustors and the Beneficiary on or before the 20<sup>th</sup> day of the month following each quarter which will reflect any changes in the status of the Reserve Fund and the portfolio of United States Government Bonds being administered by Servicer for each Mutual corporation.
8. The Trustors agree to pay Servicer \$25.00 per transaction affecting the portfolio of United States Government Bonds in which the Reserve fund has been invested. "Transaction" for the purpose of such compensation to Servicer includes the sale, purchase, maturity or redemption of Bonds in the portfolio being maintained for coupons on such Bonds. In addition, Trustors agree to pay Servicer \$25.00 per calendar quarter for each Mutual corporation which has investments included in the portfolio being administered by Servicer. The calendar quarterly report on changes in the Bond portfolio submitted by Servicer to Trustees and Beneficiary in accordance with the provisions of paragraph 7 will be accompanied by a quarterly billing summarizing the number of transactions and the amounts owing to Servicer which shall be paid by Trustors within fifteen days of receipt; provided, however, that the compensation payable by Trustors to Servicer for the services provided in the administration of the bond portfolio shall not, in the aggregate in any one year, be less than \$4,000, nor more than \$10,000. The parties hereto agree that the compensation provided for in this paragraph for the administration of the

(Created on 10/13/16 jl)

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

Reserve Fund and the portfolio of United States Government Bonds in which the Reserve Fun has been invested, is a reasonable charge for the services performed by Servicer in connection therewith.

9. Servicer agrees to use due diligence in the performance of its duties and the exercise of its fiduciary responsibilities under this Agreement, and Trustors agree that Servicer and the Beneficiary shall not be responsible for any loss or damage suffered by Trustors in the execution of this Agreement that may be caused by circumstances beyond Servicer's control.
10. The parties agree that this Agreement shall be for a term of three years from the date of execution and will be automatically renewed on a year-to-year basis except upon 90 days advance written notice of termination given by either party prior to the expiration of the original term or any renewal period. The parties further understand and agree that the execution and implementation of this Agreement will be subject to the approval of the Beneficiary and the FHA; that this Agreement to pay interest on impound accounts to Trustors on Seal Beach Leisure World FHA loans is entered into on a voluntary basis by the Beneficiary and Servicer, and is not presently required by any law or governmental regulation; and further that any subsequent agreement between the parties to modify, amend or replace this Agreement shall be subject to the approval of the Beneficiary and the FHA.

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

**MUTUAL ADOPTION****RESCINDED**

ALL MUTUALS: Feb 1974

TWO:

02-17-11

NINE:

07-10-06

**FIVE:**

**\*date approved\***

(Created on 10/13/16 jl)

Page 4 of 4

**MUTUAL OPERATIONS****ACCOUNTING AND FISCAL****RESCIND – MUTUAL FIVE****Investment Records – All Mutuals**

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

(Created on 10/13/16 jl)

Page 1 of 1

**MUTUAL OPERATIONS****AMENDMENT DRAFT POLICY****Approval of Escrows – All Mutuals Except Mutual Two, Nine, and Ten****RESOLUTION:**

WHEREAS, Article V, Section 2, of the bylaws vests power in the Board of Directors to accept or reject all applications for membership and admission to occupancy of a dwelling unit in the cooperative housing project, and

WHEREAS, a system utilizing questionnaires and a medical examination has been instituted to expedite determination that the potential buyer meets all established criteria, with the responsibility for operation of said system resting on paid employees of the Foundation and Health Care Center, and

WHEREAS, it is necessary that escrow papers be signed in a timely manner but calling special meetings of the Board to accept or reject each application in escrow would prove cumbersome,

NOW, THEREFORE BE IT RESOLVED, THAT

1. The President of this Corporation is appointed and empowered to act in behalf of the Board in signing various document in escrow that are necessary to accept or reject potential members of the Corporations.
2. Should the President be absent or otherwise unable to perform, then any officer of this Corporation shall be empowered to sign such papers on behalf of the Board.

**Mutual Five Only, 2<sup>nd</sup> Paragraph(Effective \*date\*):**

**WHEREAS, a system utilizing questionnaires and a medical examination has been instituted to expedite determination that the potential buyer meets all established criteria, with the responsibility for operation of said system resting on paid employees of the Foundation, ~~and Health Care Center,~~ and**

**MUTUAL ADOPTIONS****AMENDMENT(S)****RESCINDED**

ONE: 12-07-72  
TWO:  
THREE: 11-20-72

See Policy 7020.2

(Draft created on 10/13/16 jl)

Page 1 of 2



MUTUAL OPERATIONS

**AMENDMENT DRAFT POLICY**

Approval of Escrows – All Mutuals Except Mutual Two, Nine, and Ten

MUTUAL ADOPTIONS

AMENDMENT(S)

RESCINDED

FOUR: 12-04-72  
 FIVE: 11-15-72  
 SIX: 12-08-72  
 SEVEN: 11-17-72  
 EIGHT: 11-27-72  
 NINE:  
 TEN:  
 ELEVEN: 11-16-72  
 TWELVE: 11-09-72  
 FOURTEEN: 11-10-72  
 SIXTEEN: 12-14-72  
 FIFTEEN: 11-20-72

\*date ratified\*

See Policy 7020.9  
 11-30-72 (See Policy 7020.2)

DRAFT

(Draft created on 10/13/16 jl)

**MUTUAL OPERATIONS****ACCOUNTING AND FISCAL****AMENDMENT DRAFT POLICY****Financing Capital Projects**

WHEREAS, Seal Beach Mutual No. \_\_\_\_\_ (all except Mutual No. Nine) 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 (Effective \*date\*) & 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 OPERATIONS****ACCOUNTING AND FISCAL****AMENDMENT DRAFT POLICY****Financing Capital Projects****Mutual No.5 (Effective \*date\*) & Mutual No. 7 Only (Effective 11-21-00) (Cont'd.):**

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.

<b><u>MUTUAL ADOPTION</u></b>	<b><u>AMENDED</u></b>	<b><u>RESCINDED</u></b>
ONE		
TWO	11-16-72	
THREE	11-20-72	
FOUR	01-08-73	
FIVE	12-20-72	<b><u>*date ratified*</u></b>
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	
FOURTEEN	11-09-72	
FIFTEEN	11-10-72	
SIXTEEN	12-14-72	

MUTUAL OPERATIONS

ACCOUNTING AND FISCAL

**AMENDMENT DRAFT POLICY**

Accounts Receivable

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



MUTUAL ADOPTIONS:

AMENDMENT(S)

RESCINDED

ALL MUTUALS  
FIVE:

\*ratified date\*

(Created on 10/13/16 jl)  
(This policy has no recorded date)

MUTUAL OPERATIONS**AMENDMENT DRAFT POLICY****RESIDENT SHAREHOLDER REGULATIONS****Towing Vehicles – All Mutuals Except Twelve**

A towing program is hereby established which permits the Security Department **Mutual** to remove and store vehicles parked on Mutual property that are inoperable, abandoned, blocking a fire lane or are parked in such a manner as to constitute a hazard **that are in violation of Mutual Policy**. The authority for this action is contained in Section 22658(a) of the California Vehicle Code (CVC) – **Authority to Remove Vehicles**.

In conformance with the CVC **Vehicle Code**, an appropriate sign **signage** will be posted at both entrance gates warning all **community entrance gates advising all** who enter Leisure World that it is private property and unauthorized or illegally parked vehicles will be towed away at the vehicle owner's expense. **per California Vehicle Code Section 22658(a)**. **The phone numbers to the Seal Beach Police Department and towing company are also listed on the signage.**

**A. Abandoned or Inoperable Vehicles**

Prior to removing an abandoned or inoperable vehicle, the Security Department will:

1. Attach a 72-hour warning notice to the vehicle advising of the violation and intent to tow.
2. After a 72-hour follow-up is made, a registered letter will be sent advising the registered and legal owner of the intent to tow the vehicle away in 10 days if not moved. (See attached form letter.)
3. Before any vehicle is towed, Security personnel will contact the Seal Beach Police Department advising them of intention to tow. They will describe the circumstances and the vehicle, including license plate number, the towing company and at which location the vehicle will be stored.
4. A California Highway Patrol Form 180, Storage Report, will be completed by Security personnel at that time.
5. A tow truck will be called to remove the vehicle and store it at the designated tow storage facility.
6. The Security Department will maintain a current log of all towing transactions in order to provide registered owners information concerning stored vehicles.

(Draft created 09-12-16 Jaime)  
(Updated on 9/29/16 Jaime/jl)

MUTUAL OPERATIONS**AMENDMENT DRAFT POLICY**RESIDENT SHAREHOLDER REGULATIONSTowing Vehicles – All Mutuals Except TwelveA. Tow Procedure – Immediate Action

Security Department will advise the Mutual Board when vehicles are in violation and may require immediate action/removal:

1. Violation of Mutual Policy related to safety/access/flammable materials
2. Violation of the Fire Lane Regulation CVC 22953(b).
3. Violation of the Fire Hydrant Regulation (Mutual Policy).

If approval is received from the Mutual, the Security Department will notify the tow towing company to respond and meet the designated Mutual representatives. A private property towing form will need to be signed by a Mutual representative authorizing the tow towing company to remove and store the vehicle.

B. Other Vehicles

(Mutual Six only—Vehicles not belonging to Mutual Six residents or Mutual Six visitors will get a Notice to Tow in 96 hours when parked on Mutual Six property.)

Immediate action will be taken to tow vehicles when they are:

1. Parked in such a manner as to constitute a hazard.
2. Blocking a fire lane.

The Golden Rain Foundation and Mutual No. \_\_\_\_\_ liability ceases when the towing service removes the vehicle from Leisure World property.

(Draft created 09-12-16 Jaime)  
(Updated on 9/29/16 Jaime/jl)

MUTUAL OPERATIONS**AMENDMENT DRAFT POLICY**RESIDENT SHAREHOLDER REGULATIONSTowing Vehicles – All Mutuals Except Twelve**B. Tow Procedure:**

1. Attach a 96-hour warning notice to the vehicle, informing the vehicle owner of the violation and intent to tow upon non-compliance. A copy of the 96-hour warning notice will be provided to the Mutual Administration Department for processing.
2. If required by Mutual Policy, a registered letter will be sent advising informing the registered owner (per GRF Records) of the intent to tow the vehicle away after receipt of the letter if is not moved. The registered letter signed receipt will be returned to the Mutual Administration Department by mail. It serves as confirmation of the vehicle owner' receipt of the letter and initiates the period to comply. The Mutual Policy will determine how many days after receipt of the letter the violator has to comply.
3. After the 96-hour period, the Security Department will check for compliance and report their findings back to the Mutual Administration Department.
4. If the Mutual approval to remove the vehicle is received after upon confirming non-compliance to the 96-hour tow notice and/or receipt of the registered letter, a tow truck will be called appointed to remove and store the vehicle.
5. The Security Department will maintain a current log of all towing transactions in order to direct vehicle owners to the appropriate tow towing company.

MUTUAL OPERATIONS

**AMENDMENT DRAFT POLICY**

RESIDENT SHAREHOLDER REGULATIONS

Towing Vehicles – All Mutuals Except Twelve

MUTUAL ADOPTION

AMENDED

RESCINDED

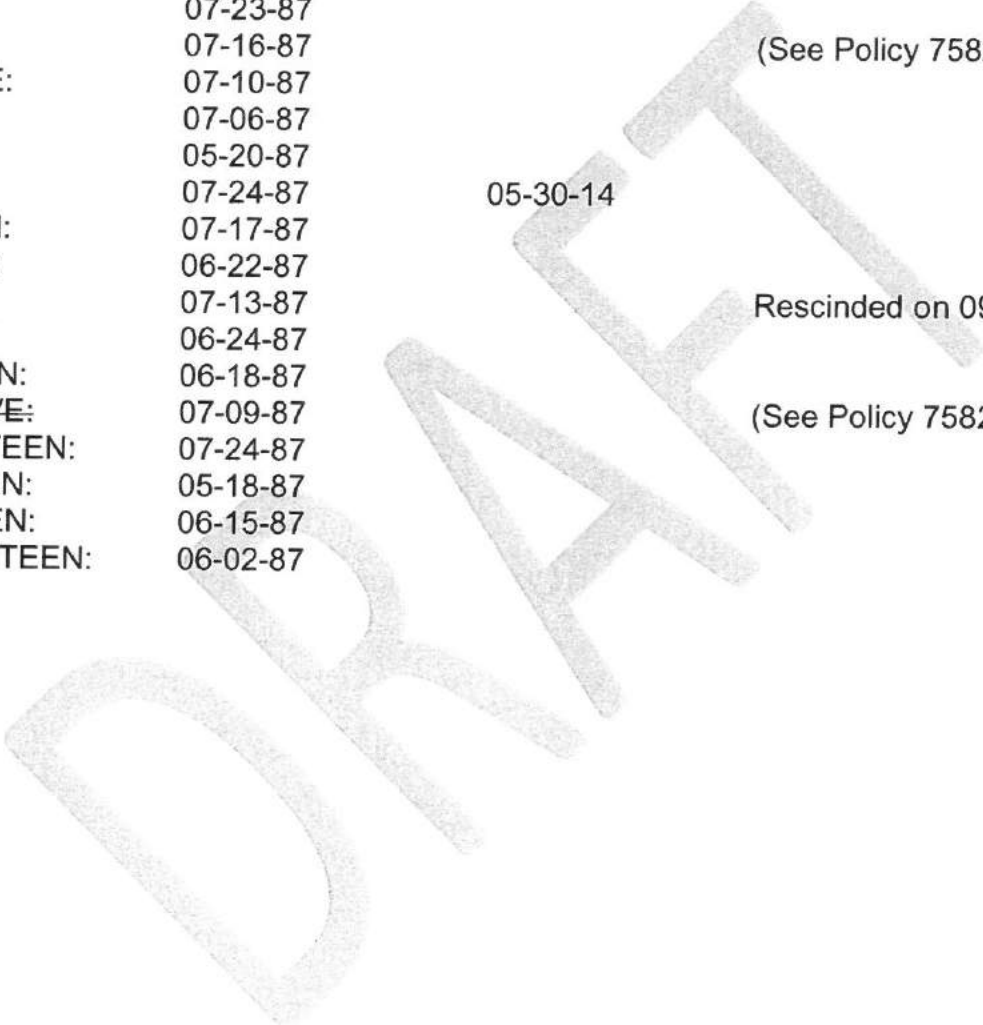
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SEVEN: 07-17-87  
EIGHT: 06-22-87  
NINE: 07-13-87  
TEN: 06-24-87  
ELEVEN: 06-18-87  
TWELVE: 07-09-87  
FOURTEEN: 07-24-87  
FIFTEEN: 05-18-87  
SIXTEEN: 06-15-87  
SEVENTEEN: 06-02-87

(See Policy 7582.2)-Feb 2016

05-30-14

Rescinded on 09-12-16

(See Policy 7582.12)-May 2016



(Draft created 09-12-16 Jaime)  
(Updated on 9/29/16 Jaime/jl)



**MUTUAL OPERATIONS****ACCOUNTING AND FISCAL****Audit Expense**

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:**

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

(Jul 14)

Page 1 of 1

MUTUAL OPERATIONS

## ACCOUNTING AND FISCAL

REVIEW TO RESCIND – MUTUAL FIVEMutual Budgets – All Mutuals Except Nine(Policy may go to attorney upon reviewing)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 00)

MUTUAL OPERATIONS

## ACCOUNTING AND FISCAL

REVIEW TO RESCIND – MUTUAL FIVEMutual Budgets – All Mutuals Except Nine

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

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.

(Aug 00)

**MUTUAL OPERATIONS****ACCOUNTING AND FISCAL****REVIEW TO RESCIND – MUTUAL FIVE****Mutual Budgets – All Mutuals Except Nine**

- 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**

(Aug 00)

MUTUAL OPERATIONS**RESCIND-MUTUAL FIVE**

## ACCOUNTING AND FISCAL

Patronage RefundsI. Legal Basis

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

II. Refund Procedure

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

III. Suggestions

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

Revised: 20 July 77

(Jul 77)

MUTUAL OPERATIONS

ACCOUNTING AND FISCAL

**AMENDMENT/REVIEW DRAFT POLICY**

Impounds – All Mutuals

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  
**(Need to check with GRF whether this goes into separate impound account)**

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

- b. Tax Reserve (Will be separated – Tax & operating expense)

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.~~

(No date)

**MUTUAL OPERATIONS****ACCOUNTING AND FISCAL****REVIEWING TO ADOPT – MUTUAL 9 CURRENT/ACTIVE POLICY****Cash Disbursements - Mutual Nine Five**

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

**General Account**

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

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

**MUTUAL ADOPTION:**

FIVE: \*date after 30 day posting period\*

**MUTUAL OPERATIONS****ACCOUNTING AND FISCAL****REVIEW TO RESCIND – MUTUAL FIVE****Cash Disbursements – All Mutuals Except Nos. Nine and Twelve (10-10-13)**

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 Nine-Aug 00

Mutual Twelve-Oct 13 (See 7335.12)

**Mutual Five-\*date approved\*(See Policy 7335.5)**