

AGENDA
REGULAR MONTHLY CONFERENCE CALL MEETING OF THE
BOARD OF DIRECTORS
SEAL BEACH MUTUAL FIVE
November 16, 2022
Meeting begins at 9:00 a.m.
Building 5, Conference Room B / Zoom Video and Conference Call

TO ATTEND: The Shareholder will be provided with instructions on how to access the call via telephone upon the Shareholder contacting Mutual Administration and requesting the call-in information. Please submit your information, including your name, Unit number, and telephone number, via e-mail at mutualsecretaries@lwsb.com, by no later than 3:00 p.m., the business day before the date of the meeting.

TO PROVIDE COMMENTS DURING MEETING: In order to make a comment during the open Shareholder forum, the Shareholder must (i) notify their parcel director of their intent to speak during Shareholder open forum, or (ii) submit their information, including their name, Unit number, and telephone number, via e-mail at mutualsecretaries@lwsb.com, by no later than 3:00 p.m., the business day before the date of the meeting.

1. CALL TO ORDER/ PLEDGE OF ALLEGIANCE
2. ROLL CALL
3. SHAREHOLDERS' COMMENTS (limited to 2-3 minutes per shareholder)
4. INTRODUCTION OF GRF REPRESENTATIVE, STAFF, AND GUEST(S):

Mr. Thompson, GRF Representative
Mr. Meza, Building Inspector
Ms. Barua, Portfolio Specialist
Ms. Vasquez, Acting Portfolio Specialist
Ms. Equite, Assistant Portfolio Specialist

5. APPROVAL OF MINUTES:
 - a. **Regular Meeting Minutes of October 19, 2022.**
6. **GRF REPRESENTATIVE** Mr. Thompson
7. **BUILDING INSPECTOR'S REPORT** Mr. Meza
Permit Activity; Escrow Activity; Contracts & Projects; Shareholder and Mutual Requests (handout)
 - a. Discuss and vote to approve patio proposal for Unit 05-070F (handout) (p.3)
8. **UNFINISHED BUSINESS**
 - a. Discuss and vote to ratify proposed amendments to Rule 05-7510-1 – Eligibility Requirements (pp. 4-10)
 - b. Discuss and vote to adopt Rule 05-7701-1 – Personal Property Liability (pp. 11-14)
 - c. Discuss and vote to rescind Policy 7701.05 – Personal Property Liability (pp. 15-17)

9. **NEW BUSINESS**

- a. Approval of Monthly Finances (p. 18)
- b. Discuss and vote to adopt Rule 05-7496-1– Electrical Vehicle Charging Station and EV-Dedicated Time of Use Meter Installation (p. 19-27)
- c. Discuss and vote to adopt Rule 05-7414-1 – Solar Panel Installation (p. 28-37)
- d. Discuss and vote to rescind Policy 7414.05 – Solar Panel Installation (p. 38-40)

STAFF BREAK BY 11:00 A.M.

- 10. SECRETARY / CORRESPONDENCE Ms. Gardner
- 11. CHIEF FINANCIAL OFFICER’S REPORT Mr. Cude
- 12. PRESIDENT’S REPORT Ms. DeRungs
- 13. PORTFOLIO SPECIALIST REPORT Ms. Vasquez
- 14. ANNOUNCEMENTS

a. **DECEMBER MEETING CANCELLED**

- b. **NEXT REGULAR MEETING:** Wednesday, January 18, 2022, at 9:00 a.m., Building 5, Conference Rm B and Zoom Video/ Conference Call.

- 15. COMMITTEE REPORTS
- 16. DIRECTORS’ COMMENTS
- 17. ADJOURNMENT
- 18. EXECUTIVE SESSION

STAFF WILL LEAVE THE MEETING BY 12:00 P.M.

Mutual Corporation No. Five

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE PATIO PROPOSAL FOR UNIT 05-070F
(BUILDING INSPECTOR REPORT, ITEM A)
DATE: NOVEMBER 16, 2022
CC: MUTUAL FILE

I move to approve the patio proposal for Unit 05-070F. Work to be done at the shareholder's expense.

Mutual Corporation No. Five

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO RATIFY PROPOSED AMENDMENTS TO RULE 05-7510-1 – ELIGIBILITY REQUIREMENTS (UNFINISHED BUSINESS, ITEM A)
DATE: NOVEMBER 16, 2022
CC: MUTUAL FILE

I move to ratify the proposed rule change by amending Rule 05-7510-1 – Eligibility Requirements; the 28-day posting requirement has been met.

SEAL BEACH MUTUAL NUMBER FIVE

RESIDENT REGULATIONS

AMEND

Eligibility Requirements

1 **1.** All persons seeking approval of the Board of Directors of Seal Beach Mutual No. Five
2 to purchase a share of stock in the Mutual, and to reside in the Mutual, shall meet the
3 following eligibility criteria:
4

5 **1.1.** Apply for and be accepted as a member of the Golden Rain Foundation, Seal
6 Beach, California.
7

8 **2.** Meet the Mutual eligibility criteria as follows:
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10 **2.1.** AGE
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12 **2.1.1** Minimum of 55 years, as confirmed by a birth certificate, California
13 Driver’s license or passport.
14

15 **3.** FINANCIAL ABILITY
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17 **3.1.1.** Verified net monthly income that is at least four (4) times or greater
18 than the monthly carrying charge (Regular Assessment plus
19 Property Tax and Fees) at the time of application and have a
20 combination of liquid assets of at least \$25,000 **\$35,000** and
21 sufficient other assets equal to the purchase price of the Unit.
22 Verified monthly income/assets may be in the form of the past two
23 years of the information below:
24

25 **4.** INCOME REQUIREMENTS
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27 **4.1** Acceptable verification includes, among others:
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29 **4.2** The most recent Federal Tax returns; including but not limited to:

30 4.2.1 1099s for interest and dividends;

31 4.2.2 1099-Rs for retirement income from qualified plans and annuities;

32 4.2.3 SSA-1099 Social Security Benefit Statement;

33 4.2.4 W-2 forms or paycheck stubs

34 4.2.5 Brokerage statements and current interim statement.

35 4.2.6 Six to twelve months of checking/savings account statements.

36 4.2.7 Current income: bank, credit union or brokerage statements

37 4.2.8 Letters from bankers

38 4.2.9 Notices of annuities

39 4.2.10 Pensions

 4.2.11 Trust Income

SEAL BEACH MUTUAL NUMBER FIVE

RESIDENT REGULATIONS

AMEND

Eligibility Requirements

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- 7.1** Adjusted Gross Income from Federal Tax Forms 1040, 1040A, or 1040EZ; plus, that portion of Social Security, IRA distributions, and pensions and annuities not included in adjusted gross income; plus tax exempt interest; all divided by twelve (12) and,
- 7.2** The sum of all Acceptable Assets from Paragraph 6.1, above, less the assets equal to the purchase price of the unit, divided by the difference between the Actuarial Life Expectancy ¹ minus the actual age of each applicant ² divided by 12 (please see attached example).
- 8.** 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%³ of the sales price plus Orange County District fees divided by twelve (12) for the new projected monthly assessment. This new figure (Regular Assessment plus Orange County Property Taxes and District Fees) times four (4) will be the monthly income required. These calculations will be verified by the escrow company and the Stock Transfer Office. Between the two, Stock Transfer shall have the final say in establishing verifiable income/assets.
- Verification shall be done by the Escrow Company and the Stock Transfer Office prior to the new buyer interview and prior to the close of escrow (the above verification need not be done by the individual Mutual Directors; Directors are not required to study or understand the financial requirements).
- 9.** The resident shareholder’s income shall be considered for qualifying. Where there is more than one prospective shareholder, income and assets shall be calculated collectively. Co-owners shall be calculated for their proportional share of the HOA payment. Either one half in the case of two co-owners or one third in the case of three co-owners. Married couple income shall be considered one income.

¹ The Actuarial Life Expectancy is obtained from the Social Security Retirement & Survivors Benefit: Life Expectancy Calculator, website <https://www.ssa.gov/OACT/population/longevity.html>

² The difference between the Life Expectancy value from SSA Life Expectancy Calculator: 78.5 years and the buyer’s actual age: 70.3

³ 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.

SEAL BEACH MUTUAL NUMBER FIVE**RESIDENT REGULATIONS****AMEND****Eligibility Requirements**

- 108 **10.** If moving within Leisure World, or if there are any additions/changes to the Stock
109 Certificate, the proposed shareholder(s) must meet these eligibility requirements.
- 110 **11.** If moving within Mutual 5 from one unit to another, if the Shareholder has maintained
111 payment of their carrying charges for at least one year, they are exempt from the
112 requirement to show ~~\$25,000~~ **\$35,000** in assets.
- 113
- 114 **12.** HEALTH
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- 116 **12.1.** Have reasonably good health for a person of his/her age, so that shareholder
117 can take care of normal living needs without calling on other members for an
118 undue amount of assistance. Leisure World is not an assisted living or skilled
119 nursing home facility.
- 120 **12.2.** Assume, in writing, the obligations of the "Occupancy Agreement" in use by
121 the Mutual Corporation.
122 Officers or Committees if the Board of Directors designated to approve new
123 applicants are responsible that criteria of the corporation is equitably applied
124 to all applicants. Approval or disapproval of buyer(s) must be received by the
125 Stock Transfer Office at least ten (10) working days prior to the close of
126 escrow.
- 127 **12.3.** The Board may appoint a review committee to hear disputed applications. The
128 decision of the Board will be final.
- 129
- 130 **13.** SHAREHOLDER BUYER PREMIUM FEE
- 131
- 132 13.1 Prospective Mutual 5 shareholders will be assessed a non-refundable
133 Shareholder Buyer Premium Fee of \$750.
- 134

Document History**Adopted: 20 Oct 2021****Amended:****16 Feb 2022 19 Oct 2022****Keywords:** Mutual Five Eligibility Requirements

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SEAL BEACH MUTUAL NUMBER FIVE

RESIDENT REGULATIONS

AMEND

Eligibility Requirements

136 *EXAMPLE:*
137 A buyer, single female, born July 1, 1948 has a portfolio of \$500,000 and a fully-paid-for house
138 she is selling for \$600,000 and she is buying a unit in M-5 for \$350,000. She has a Social
139 Security Income of \$1,500 per month. Does she qualify in M-5?
140

141 *Financial Ability Section 3.1.1.: Verified Net Monthly Income states that is at least four (4) times*
142 *or greater than the monthly carrying charge (Regular Assessment plus Property Tax and Fees)*
143 *at the time of application; and, have a combination of liquid assets of at least ~~\$25,000~~ \$35,000*
144 *and sufficient other assets equal to the purchase price of the Unit.*
145

146 M-5 Regular Assessment for 2018 is \$360.96 which includes M-5 monthly carrying charge,
147 GRF monthly carrying charge and OC User Fee.
148

149 Projected Property Taxes according to Section 8, is the amount \$350,000 times 1.2% and is
150 equal to \$4,200 per year or \$350 per month.

151 Therefore: The Regular Assessment plus Property Tax and Fees is \$360.96 plus \$350 or
152 \$710.96; and, 4 times that amount is \$2,843.84 which is the BENCHMARK required in Section
153 3.1.1. Applicant's Net Monthly Income must be higher than that amount.
154

155 Section 7 defines NET MONTHLY INCOME. For this example it includes:
156

157 Social Security Income of: \$1,500 per month
158

159 Assets: \$500,000 Portfolio
160 Plus \$600,000 Value of home
161 Less \$350,000 Price of M-5 Unit
162 = \$750,000 Remaining Assets

163 Divided by: 17.2 years (87.5 minus 70.3) ²
164 = \$43,605 per year divided by 12: \$3,634 per month.

165 Total Net Monthly Income: \$5,134 per month
166

167 NET MONTHLY INCOME IS GREATER THAN BENCHMARK, THEREFORE APPLICANT IS
168 QUALIFIED.
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² The difference between the Life Expectancy value from SSA Life Expectancy Calculator: 87.5 years and the buyer's actual age: 70.3

SEAL BEACH MUTUAL NUMBER FIVE

RESIDENT REGULATIONS

AMEND

Eligibility Requirements

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I have read and understood what is required for eligibility consideration in the above named Mutual, including necessary documentation.

Prospective Buyer

Date

Prospective Buyer

Date

Prospective Buyer

Date

Prospective Buyer

Date

Mutual Corporation No. Five

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO ADOPT RULE 05-7701-1 - PERSONAL PROPERTY LIABILITY (UNFINISHED BUSINESS, ITEM B)
DATE: NOVEMBER 16, 2022
CC: MUTUAL FILE

I move to propose a rule change by adopting Rule 05-7701-1 - Personal Property Liability prepared by mutual attorney on a preliminary basis until the 28-day posting period is completed. A decision on the policy change by the Board of Directors will be made at the next scheduled monthly meeting after consideration of all shareholder comments.

SEAL BEACH MUTUAL NUMBER FIVE**Mutual Operations****ADOPT****Personal Property/ Liability Insurance**

1 For the purposes of this policy, the term “Unit” or “Apartment” shall refer to the living
 2 space granted to the Shareholder by the occupancy agreement. “Shareholder” means a
 3 Member of Mutual Five as the term is defined in the Mutual’s governing documents.
 4

- 5 1. Mutual Five Shareholders, at their sole expense, must purchase and maintain
 6 insurance covering their real and personal property whether the Unit is Shareholder
 7 occupied, vacant or held out for rent. This includes, without limitation.
 8
- 9 a. personal property coverage that insures the contents of their Unit against
 10 damage or loss;
 - 11 b. real property coverage that insures their Unit against damage or loss,
 12 including, but not limited to, all improvements to the Unit and all fixtures and
 13 components within or appurtenant to the Unit;
 - 14 c. real property coverage that insures Exclusive Use and Non-Exclusive Use
 15 Common Area servicing the Unit;
 - 16 d. premises liability that includes protection for bodily injury and property
 17 damage;
 - 18 e. personal liability coverage with a policy limit of at least \$300,000;
 - 19 f. loss of use that protects a Shareholder for additional living expenses, loss of
 20 rents, or any other losses should their Unit become uninhabitable due to a
 21 covered loss;
 - 22 g. loss assessment coverage that protects against Assessments due to a loss
 23 which exceeds the Mutual’s master policy limits or deductible, master policy
 24 deductible coverage, and such other coverage as the Shareholder deems
 25 appropriate.
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- 27 2. In addition, if a Shareholder operates a vehicle which is driven across or stored in
 28 the Mutual’s Common Areas, the Shareholder must carry appropriate automobile
 29 insurance. The Mutual has no obligation to police this provision and is specifically
 30 relieved of any responsibility or liability from doing so or failing to do so.
 31
- 32 3. Shareholders are required to display their insurance policy declaration page on
 33 their kitchen counter during fire/safety inspections.
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- 35 4. Shareholders hereby waive their claims against the Mutual to the extent such claims
 36 are covered under insurance which Shareholders are required to carry, regardless
 37 of whether Shareholders actually carry such insurance.
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(Oct 2022)

SEAL BEACH MUTUAL NUMBER FIVE**Mutual Operations****ADOPT****Personal Property/ Liability Insurance**

- 41 5. If any loss intended to be covered by the Mutual's insurance occurs and the
 42 proceeds payable by the Mutual's insurance are reduced because of proceeds paid
 43 under a Shareholder's insurance coverage, that Shareholder must assign such
 44 insurance proceeds to the Mutual, to the extent of the reduction. The Board must
 45 apply those proceeds to the same purposes as the reduced proceeds received by
 46 the Mutual.
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- 48 6. If a Shareholder has a non-owner occupant, caregiver, washer and/or dryer, bidet
 49 toilet or bidet toilet attachment, dishwasher, ice maker, golf cart, Jacuzzi type tub,
 50 therapeutic walk-in tub, outdoor hot tub, water filter and/or water purification
 51 system, instaheat water heater, extended patio and/or unit, Shareholder owned
 52 water heater, heat pump, air conditioning or heating equipment, liability insurance
 53 must cover all nonstandard items, including the increased liability these items
 54 create.
- 55
- 56 7. Shareholders must require Lessees to have renters or tenant insurance, including
 57 coverage for damage to or loss of personal property, personal liability, medical
 58 payment to others, and loss of use. The liability insurance must have a policy limit
 59 of at least \$300,000.
- 60
- 61 8. The Golden Rain Foundation and the Mutual are not responsible for personal
 62 property within or attached to the unit or stored or parked on the street or in the
 63 carport including property stored in or under the storage cabinets in the carport.
- 64
- 65 9. Shareholders should consider obtaining sufficient coverage to insure the value of
 66 any artwork, jewelry, antiques or other items that would not normally be covered by
 67 an average policy for personal property.
- 68
- 69 10. The Mutual's Master Insurance Policy covers the Mutual's buildings and common
 70 areas including properly permitted expansions, but for standard building materials
 71 only. It does not cover non-standard items such as upgraded doors, bay windows,
 72 multi-pane windows, flooring, window treatments, special countertops, heat
 73 pumps/air conditioning, dishwashers, washer/dryers, microwaves, and other
 74 special appliances.
- 75
- 76 11. The HO6 condominium policy is generally recommended.
- 77
- 78 12. Earthquake damage is not covered by the Mutual's policy
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(Oct 2022)

SEAL BEACH MUTUAL NUMBER FIVE

Mutual Operations

ADOPT

Personal Property/ Liability Insurance

Document History

Adopted: 16 Nov 2022

Keywords: Personal Property Liability Insurance

81

ADOPT

(Oct 2022)

Mutual Corporation No. Five

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO RESCIND POLICY 7701.05 – PERSONAL PROPERTY LIABILITY (UNFINISHED BUSINESS, ITEM C)
DATE: NOVEMBER 16, 2022
CC: MUTUAL FILE

I move to propose a policy change by rescinding Policy 7701.05 – Personal Property Liability on a preliminary basis until the 28-day posting period is completed. A decision on the policy change by the Board of Directors will be made at the next scheduled monthly meeting after consideration of all shareholder comments.

PHYSICAL PROPERTY

RESCIND

Personal Property/Liability Insurance – Mutual Five

~~The term unit or apartment shall refer to the living space granted to the shareholder by the occupancy agreement.~~

~~Mutual Five shareholders, whether residing in their unit or not, shall carry HO6 insurance to cover the personal contents of their unit, to cover any damage to their unit for which they are responsible, and to cover any damage, for which they are responsible, to adjacent units. Shareholders are required to display their insurance policy declaration page on their kitchen counter during fire/safety inspections.~~

~~Shareholders shall carry personal liability insurance in an amount sufficient for the indemnification of other persons in the event that the shareholders become legally liable for causing bodily injury and/or property damage to another person.~~

~~If shareholder owns a pet, at least \$300,000 in personal liability coverage is recommended. If shareholder does not own a pet, it is recommended that the personal liability coverage be at least \$200,000.~~

~~If a shareholder has a non-owner occupant, caregiver, washer and/or dryer, golf cart, Jacuzzi type tub, walk in tub, extended patio and/or unit, shareholder owned water heater, heat pump, air conditioning or heating equipment, liability insurance must cover all non-standard items, including the increased liability these items create.~~

~~The Golden Rain Foundation and the Mutual are not responsible for personal property within or attached to the unit or stored or parked on the street or in the carport including property stored in or under the storage cabinets in the carport.~~

~~Shareholder should consider obtaining sufficient coverage to insure the value of any artwork, jewelry, antiques or other items that would not normally be covered by an average policy for personal property.~~

~~The Mutual's Master Insurance Policy covers the Mutual's buildings and common areas including properly permitted expansions, but for standard building materials only. It does not cover non-standard items such as upgraded doors, bay windows,~~

~~multi-pane windows, flooring, window treatments, special countertops, heat pumps/air conditioning, dishwashers, washer/dryers, microwaves, and other special appliances. Earthquake damage is not covered by the Mutual's policy.~~

PHYSICAL PROPERTY

RESCIND

Personal Property/Liability Insurance – Mutual Five

~~The HO6 condominium policy is generally recommended. The Mutual does not cover housing if shareholders are displaced from their unit. Shareholders should ensure that their policy provides for displacement living expenses.~~

~~Shareholders must be aware that the mutual master policy has a \$50,000 deductible for which the shareholder is liable. Additional insurance coverage to cover this deductible is highly recommended.~~

~~Shareholders must consult with a professional insurance agent that is knowledgeable about stock co-operatives to ensure that they are sufficiently covered in case of a loss.~~

**MUTUAL
FIVE:**

**RATIFIED
01-15-2020**

**ADOPTION
12-18-19**

Mutual Corporation No. Five

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPROVAL OF MUTUAL MONTHLY FINANCES (NEW BUSINESS, ITEM A)
DATE: NOVEMBER 16, 2022
CC: MUTUAL FILE

I move to acknowledge, per the requirements of the Civil Code Section 5500(a)-(f), a review of the reconciliations of the operating and reserve accounts, operating revenues and expenses compared to the current year's budget, statements prepared by the financial institutions where the Mutual has its operating and reserve accounts, an income and expense statement for the Mutual's operating and reserve accounts, the check registers, monthly general ledger and delinquent assessment receivable reports for the month of October 2022.

Mutual Corporation No. Five

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO ADOPT RULE 05-7496-1– ELECTRICAL VEHICLE CHARGING STATION AND EV-DEDICATED TIME OF USE METER INSTALLATION (NEW BUSINESS, ITEM B)
DATE: NOVEMBER 16, 2022
CC: MUTUAL FILE

I move to propose a rule change by adopting Rule 05-7496-1 Electrical Vehicle Charging Station and EV-Dedicated Time of Use Meter Installation prepared by Mutual Attorney on a preliminary basis until the 28-day posting period is completed. A decision on the policy change by the Board of Directors will be made at the next scheduled monthly meeting after consideration of all shareholder comments.

SEAL BEACH MUTUAL NUMBER FIVE**Physical Property****ADOPT****Electric Vehicle Charging Station and EV-Dedicated Time of Use Meter Installation**

1 **This Electric Vehicle Charging Station and EV-Dedicated TOU Meter Policy (“Policy”) is**
 2 **established in accordance with Civil Code §§4745 and 4745.1 and the Mutual’s Governing**
 3 **Documents, to govern the installation of electric vehicle charging stations and electric**
 4 **vehicle, as defined below, within the development and provide requirements for**
 5 **Shareholders seeking approval from the Board of Directors (“Board”) for installation of a**
 6 **solar energy system. The Policy revokes all previous Operating Rules, Regulations and**
 7 **Policies regarding the same matters and substitutes this Policy in their place.**

1. Definitions

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- 11 a. **“Electric Vehicle Charging Station” means a station, compliant with the**
 12 **California Building Standards Code, which delivers electricity from a source**
 13 **outside an electric vehicle into one or more electric vehicles. An electric**
 14 **vehicle charging station may include several charge points simultaneously**
 15 **connecting several electric vehicles to the station and any related equipment**
 16 **needed to facilitate charging plug-in electric vehicles. Civil Code §4745(d).**
- 17
- 18 b. **“EV-Dedicated TOU Meter” means an electric meter supplied and installed by**
 19 **an electric utility, that is separate from, and in addition to, any other electric**
 20 **meter and is devoted exclusively to the charging of electric vehicles, and that**
 21 **tracks the time of use (TOU) when charging occurs. An EV-Dedicated TOU**
 22 **meter includes any wiring or conduit necessary to connect the electric meter**
 23 **to an electric vehicle charging station, as defined in Civil Code §4745.1,**
 24 **regardless of whether it is supplied or installed by an electric utility. Civil**
 25 **Code §4745.1(d).**
- 26
- 27 c. **Definitions in Governing Documents. Capitalized terms herein have the same**
 28 **definitions as the same terms when found in the Mutual’s current Governing**
 29 **Documents or the law.**
- 30

2. General Requirements

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- 33 a. **Health and Safety Compliance. All Electric Vehicle Charging Stations and**
 34 **EVDedicated TOU Meters installed in the Development must meet applicable**
 35 **health and safety standards and requirements imposed by state and local**
 36 **authorities, and all other applicable zoning, land use, or other ordinances, or**
 37 **land use permits. Civil Code §§4745(c) and 4745.1(c).**
- 38
- 39 b. **Governing Documents. Installation, removal, replacement, and use of any**
 40 **Electric Vehicle Charging Station and EV-Dedicated TOU Meter must comply**

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SEAL BEACH MUTUAL NUMBER FIVE

Physical Property

ADOPT

Electric Vehicle Charging Station and EV-Dedicated Time of Use Meter Installation

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with all architectural procedures, standards and other requirements of the Mutual’s Governing Documents. Civil Code §§4745(f)(1)(A) and 4745.1(f)(1)(A).

- c. Licensed Contractors. Regardless of whether Mutual approval is required, any installation, removal, replacement of an Electric Vehicle Charging Station and EVDedicated TOU Meter must be performed by a contractor, licensed by the State of California to perform the necessary work, and who has liability insurance for the work to be provided with commercially reasonable policy limits.
- d. Building Department and Mutual Approvals. Any installation, removal or replacement of an Electric Vehicle Charging Station or EV-Dedicated TOU Meter requiring the issuance of a building permit must be submitted by the Shareholder to the appropriate governmental entity for review and approval. If there is a conflict between the conditions of approval imposed by the governmental entity and the Mutual, the more restrictive conditions will control. The Board may impose conditions of approval which are more restrictive than conditions imposed by governmental agencies.

3. Architectural Approval Requirements and Procedures

- a. Approval Required. Installation, removal or replacement of an Electric Vehicle Charging Station or EV-Dedicated TOU Meter, including any related wiring, conduits, or other components, within or through any portion of the Shareholder’s Exclusive Use Common Area or the Common Area, without advanced written approval from the Mutual’s Board of Directors is prohibited. Installation, removal or replacement of an Electric Vehicle Charging Station or EV-Dedicated TOU Meter, including all related wiring, conduit and other components, entirely within the Shareholder’s separate interest does not require Mutual approval, but is subject to all other requirements herein and required by law.
- b. Approval Process. Any application for approval of the installation of an Electric Vehicle Charging Station or an EV-Dedicated TOU Meter must be processed and approved by the Mutual in the same manner as any other architectural application for approval and must not be willfully avoided or delayed. Approvals and disapprovals must be in writing. Civil Code §§4745(e) and 4745.1(e). Disapprovals must include both an explanation of why the proposed change is disapproved and a description of the procedure for

(Oct 2022)

SEAL BEACH MUTUAL NUMBER FIVE

Physical Property

ADOPT

Electric Vehicle Charging Station and EV-Dedicated Time of Use Meter Installation

reconsideration of the decision by the Board. Civil Code §4765(a)(5).

- c. Approval of Individuals Prohibited. Applications cannot not be approved by any individual Director. In the event an individual Director approves architectural plans and specifications, such approval should not be relied upon and will not be deemed approval.
- d. Appeal to Board. If a proposed installation is disapproved, the Shareholder is entitled to reconsideration by the Board at an open meeting of the Board, except if the disapproval was made at a properly noticed open meeting of the Board or a committee that has the same membership as the Board. Civil Code §4765(a)(5).
- e. Submission of Plans. Plans and specifications in accordance with the Mutual’s Governing Documents must be submitted to the Board by personal delivery or certified mail. Unless a delay in approval by the Board is the result of (i) the applicant’s failure to properly submit an application in accordance with the Mutual’s guidelines, or (ii) a reasonable request by the Board for additional information, the application will be deemed approved after forty-five (45) days of being submitted to the Board, unless the application has been disapproved by the Board. Civil Code §§4745(e) and 4745.1(e). Provided, however, that all applications that violate the Mutual’s Governing Documents or Building and Safety Codes are automatically disapproved without action by the Board unless variances are specifically approved in writing by the Board.

4. Conditions of Approval

- a. Conditions of Approval – Electric Vehicle Charging Station. The Shareholder must meet the following conditions before approval will be granted for the installation, removal, replacement of an Electric Vehicle Charging Station, including any related wiring, conduits, or other components, within or through any portion of the Shareholder’s Exclusive Use Common Area or the Common Area:
 - i. Use a licensed contractor to install the station.
 - ii. Provide a certificate of insurance that names the Mutual as an additional insured under the Shareholder’s insurance policy in the amount of \$1,000,000.
 - iii. Pay for both the costs associated with the installation of and the

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SEAL BEACH MUTUAL NUMBER FIVE**Physical Property****ADOPT****Electric Vehicle Charging Station and EV-Dedicated Time of Use Meter Installation**

121 electricity usage associated with the Electric Vehicle Charging Station.

- 122 iv. Execute an agreement containing covenants to be prepared by the
 123 Mutual, at the Shareholder's expense, which makes the current and
 124 future owners of the Shareholder's dwelling unit responsible for at
 125 least the following:

- 126
- 127 1. Costs for damage to the Electric Vehicle Charging Station,
 128 Common Area, Exclusive Use Common Area, or separate
 129 interests resulting from the installation, maintenance, repair,
 130 removal, or replacement of the charging station.
- 131
- 132 2. Costs for the maintenance, repair, and replacement of the
 133 Electric Vehicle Charging Station until it has been removed and
 134 for the restoration of the Common Area after removal.
- 135
- 136 3. The cost of electricity associated with the Electric Vehicle
 137 Charging Station.
- 138
- 139 4. Disclosing to prospective buyers the existence of any Electric
 140 Vehicle Charging Station of the Shareholder and the related
 141 responsibilities of the Shareholder under the agreement.

142

143 **Civil Code §4745(f).**

- 144
- 145 b. Conditions of Approval – EV-Dedicated TOU Meter. The Shareholder must
 146 meet the following conditions before approval will be granted for the
 147 installation, removal, or replacement of an EV-Dedicated TOU Meter,
 148 including any related wiring, conduits, or other components, within or
 149 through any portion of the Shareholder's Exclusive Use Common Area or the
 150 Common Area:

- 151
- 152 i. Engage the relevant electric utility to install the EV-Dedicated TOU
 153 Meter and, if necessary, a licensed contractor to install wiring or
 154 conduit necessary to connect the electric meter to an Electric Vehicle
 155 Charging Station at Shareholder's expense.
- 156 ii. Provide a certificate of insurance that names the Mutual as an
 157 additional insured under the Shareholder's insurance policy in the
 158 amount of \$1,000,000.
- 159 iii. Execute an agreement containing covenants to be prepared and
 160 recorded by the Mutual, at the Shareholder's expense, which makes

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SEAL BEACH MUTUAL NUMBER FIVE**Physical Property****ADOPT****Electric Vehicle Charging Station and EV-Dedicated Time of Use Meter Installation**

the current and future owners of the Shareholder's dwelling unit responsible for the following:

1. Costs for damage to the EV-Dedicated TOU Meter, Common Area, Exclusive Use Common Area, or separate interests resulting from the installation, maintenance, repair, removal, or replacement of the EVDedicated TOU Meter.
2. Costs for the maintenance, repair, and replacement of the EVDedicated TOU Meter until it has been removed and for the restoration of the Common Area after removal.
3. Disclosing to prospective buyers the existence of any EV-Dedicated TOU Meter of the Shareholder and the related responsibilities of the Shareholder under the agreement

Civil Code §4745.1(f).

5. Additional Restrictions and Conditions of Approval. The Mutual may impose additional reasonable restrictions and architectural standards concerning the installation, use, removal and replacement of Electric Vehicle Charging Stations and EV-Dedicated TOU Meters. The Board may impose additional reasonable conditions of approval of the Shareholder's architectural request to install an Electric Vehicle Charging Station or EV-Dedicated TOU Meter which are not inconsistent with the Mutual's Governing Documents and the law.

a. Limitations on Electric Vehicle Charging Station Restrictions. Restrictions on Electric Vehicle Charging Stations may not significantly increase the cost of the station or significantly decrease its efficiency or specified performance. Civil Code §4745(b).

b. Limitations on EV-Dedicated TOU Meter Restrictions. Reasonable restrictions and conditions on EV-Dedicated TOU Meters may be based on space, aesthetics, structural integrity, and equal access to such services for all Shareholders, but the Mutual must attempt to find a reasonable way to accommodate the requested installation unless doing so would require the Mutual to incur an expense. Civil Code §4745.1(b).

6. Permissible Installation Locations

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SEAL BEACH MUTUAL NUMBER FIVE**Physical Property****ADOPT****Electric Vehicle Charging Station and EV-Dedicated Time of Use Meter Installation**

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- a. **Electric Vehicle Charging Stations. Electric Vehicle Charging Stations may be installed in the following locations.**
- i. **Separate Interest or Designated Space. The Mutual must permit installation of Electric Vehicle Charging Stations within a Shareholder's dwelling unit or in a designated parking space, including, but not limited to, a deeded parking space, a parking space in a Shareholder's Exclusive Use Common Area (as defined in the Mutual's Governing Documents), or a parking space that is specifically designated for use by a particular Shareholder. Civil Code §4745(a).**
 - ii. **Common Area for Exclusive Use by a Shareholder. The Mutual must permit installation of Electric Vehicle Charging Stations for the exclusive use of a Shareholder in the Common Area, which is not Exclusive Use Common Area, only if installation in the Shareholder's designated parking space is impossible or unreasonably expensive. In this case, the Mutual and Shareholder must enter into a license agreement for the use of the space in the Common Area. Civil Code §4745(g).**
 - iii. **Common Area for Use by all Shareholders. Upon approval of the Board or the Membership of the Mutual, an Electric Vehicle Charging Station may be installed in the Common Areas for the use of all Shareholders of the Mutual, subject to such terms and conditions of use established by the Mutual. Civil Code §4745(h).**
 - iv. **New Parking Space. The Mutual may create a new parking space where one did not previously exist to facilitate the installation of an Electric Vehicle Charging Station. Civil Code §4745(i).**
- b. **EV-Dedicated TOU Meters. EV-Dedicated TOU Meters may be installed in the following locations.**
- i. **Shareholder's Separate Interest. To the extent reasonably possible, an EVDedicated TOU Meters must be installed in the Shareholder's separate interest.**
 - ii. **Exclusive Use Common Area. If installation of an EV-Dedicated TOU Meters in the Shareholder's separate interest is not reasonably possible, it must be installed in the Shareholder's Exclusive Use Common Area, if any.**
 - iii. **Common Area for Exclusive Use by a Shareholder. If installation in the Shareholder's separate interest and the Shareholder's Exclusive Use Common Area, if any, is not reasonably possible, an EV-Dedicated TOU**

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Meter may be installed in the non-exclusive Common Area, if reasonable. In this case, the Mutual and Shareholder must enter into a license agreement for the use of the space in the Common Area.

- iv. Common Area for All Shareholders. Upon approval of the Board or the Membership of the Mutual, an EV-Dedicated TOU Meter may be installed in the Common Areas for the use of all Shareholders of the Mutual, subject to such terms and conditions of use established by the Mutual. Civil Code §4745.1(g).

7. Other Requirements**a. Insurance**

- i. Insurance Required. Any Shareholder with an Electric Vehicle Charging Station or EV-Dedicated TOU Meter, whether located within a separate dwelling unit or within the Common Area or Exclusive Use Common Area, must, at all times, maintain a liability coverage policy with limits of one million dollars (\$1,000,000). The Shareholder that submitted the application to install the Electric Vehicle Charging Station or EV-Dedicated TOU Meter must provide the Mutual with the corresponding certificate of insurance within 14 days of approval of the application. That Shareholder and each successor Shareholder must provide the Mutual with the certificate of insurance annually thereafter. Civil Code 4745(f)(3).
- ii. Exception to Insurance Requirement. A Shareholder is not required to maintain a liability coverage policy for an Electric Vehicle Charging Station consisting of an existing National Electrical Manufacturers Association standard alternating current power plug. Civil Code §4745(f)(4).

- b. Good Standing. Only Shareholders in Good Standing may submit architectural requests for approval of Electric Vehicle Charging Stations or EV-Dedicated TOU Meters. "Good Standing" is defined to mean Shareholders who are not delinquent by more than sixty (60) days in the payment of any Assessment, fee, or fine, and not found to be in violation of the Mutual's Governing Documents (following proper notice, hearing, and a finding by the Board).
- c. Architect/Consultant. The Board may retain the services of an architect and one or more consultants to assist the Board in its duties. Compensation for consultants' services must be fixed by the Board. The cost of such

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consultants and any related expenses may be charged to those Shareholders submitting plans for installation of Electric Vehicle Charging Stations or EV-Dedicated TOU Meters. Any significant costs must be submitted to the Shareholder for approval before being incurred by the Mutual.

d. Inspection. The Mutual has the right, but not the obligation, to periodically inspect any work approved by the Board. Shareholders must allow inspection and work may be halted and the Shareholder fined if inspection is not allowed. Such inspections do not relieve a Shareholder from his/her duty to comply with the Mutual’s Architectural Standards and all applicable building and fire codes.

e. Mechanics’ Liens. Shareholders must ensure that no lien is placed against any other dwelling unit or against the Common Areas for labor or material furnished to the applicant Shareholder’s dwelling units. If a lien is placed against the Common Areas and any other Shareholders’ dwelling units, and the responsible Shareholder does not immediately cause the removal of the lien, the Mutual may, after written notice to the responsible Shareholder, pay the amounts necessary to have the lien removed and levy a Reimbursement Assessment against the responsible Shareholder for the monies advanced as well as any fees and costs incurred by the Mutual to remove the lien.

Document History

Adopted: 16 Nov 2022

Keywords: Electrical Vehicle Charging-Station Time of Use Meter Installation

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(Oct 2022)

Mutual Corporation No. Five

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO ADOPT RULE 05-7414-1 – SOLAR PANEL
INSTALLATION (NEW BUSINESS, ITEM C)
DATE: NOVEMBER 16, 2022
CC: MUTUAL FILE

I move to propose a rule change by adopting Rule 05-7414-1 – Solar Panel Installation prepared by Mutual Attorney on a preliminary basis until the 28-day posting period is completed. A decision on the rule change by the Board of Directors will be made at the next scheduled monthly meeting after consideration of all shareholder comments.

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1 This Solar Energy System Policy (“Policy”) is established in accordance with Civil Code
 2 sections 714, 714.1 and 4746 and the Mutual’s governing documents, to govern the
 3 installation of solar energy systems, as defined below, within the development and
 4 provide requirements for Shareholders seeking approval from the Board of Directors
 5 (“Board”) for installation of a solar energy system. All the Civil Codes noted above taken
 6 together, allow that the shareholder has the right to install a rooftop solar energy system
 7 “on the roof of the building in which the shareholder resides” pursuant to Civil Code
 8 section 714.1(b)(1). Civil Code §4600(b)(3)(J) creates an exception to the membership
 9 approval requirements of Civil Code §4600(a) for the installation of solar energy systems
 10 that meet the requirements of the above statutes.

- 11
- 12 1. Operating Rule. This Solar Energy System Policy is an operating rule, as defined in
 13 Civil Code §4340(a), subject to, supplementing, and in addition to the Mutual’s other
 14 governing documents. This policy amends the previous Solar Policy adopt on May
 15 15, 2019.
- 16
- 17 2. Definition. A solar energy system (“System”) means either of the following, all as
 18 defined in Civil Code §801.5:
 - 19
 - 20 a. Any solar collector or other solar energy device whose primary purpose is to
 21 provide for the collection, storage, and distribution of solar energy for space
 22 heating, space cooling, electric generation, or water heating; or
 - 23
 - 24 b. Any structural design feature of a building, including the following:
 - 25
 - 26 i. Solar racking, solar mounting, and elevated solar support structures,
 27 including, but not limited to, solar carports, solar shade structures,
 28 solar awnings, solar canopies, and solar patio covers, regardless of
 29 whether the feature is on the ground or on a building. Elevated solar
 30 support structures include the aboveground superstructure and
 31 associated foundation elements that support the solar collectors or
 32 other solar energy devices described in subparagraph 2 a. above.
 - 33
 - 34 ii. Any design feature whose primary purpose is to provide for the
 35 collection, storage, and distribution of solar energy for electricity
 36 generation, space heating or cooling, or for water heating.
 - 37
 - 38 iii. Any photovoltaic device or technology that is integrated into a
 39 building, including, but not limited to, photovoltaic windows, siding,

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and roofing shingles or tiles

3. Authority, Approval and Reconsideration.

- a. **General Authority.** Subject to all requirements of the law and all Mutual governing documents, a Shareholder may only install a System on the portion of the building’s roof directly above the Shareholder’s dwelling unit. The System must only serve the Shareholder’s domestic energy needs. No installation may begin until the Shareholder applies for and receives written approval for the installation and meets all conditions of the approval. Such approval may be granted by the Board of Directors and/or by the Board, on appeal.
- b. **Rule Conflicts.** The application must be processed and approved in the same manner as any other Mutual architectural request, except that if these rules conflict with any other Mutual architectural procedures, these rules will prevail.
- c. **Approval of Individuals Prohibited.** Applications shall not be approved by any individual Director. In the event an individual Director approves architectural plans and specifications, such approval must not be relied upon and shall not be deemed valid approval.
- d. **Reasonable Conditions of Approval Permitted.** The Board of Directors is authorized to impose any reasonable conditions of approving an architectural application, in writing, including, but not limited to, (1) requiring modifications of particular aspects of the Shareholder’s architectural submission and/or (2) requiring the preparation, execution and recording, at the Shareholder’s expense, of a covenant establishing maintenance, repair and replacement, indemnity, and other obligations binding current and future Shareholders owning the dwelling unit.
- e. **Approval Timing.** Applications are deemed approved within forty-five (45) days from the date of submission of a complete application unless (i) disapproved by the Board of Directors, (ii) additional information necessary to properly consider the application is requested by the Board of Directors within the forty-five (45) day period, or (iii) any proposed Renovations would violate the Mutual’s governing documents, any Building, Safety and Fire Codes, or any other laws.

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f. Disapproval and Reconsideration

- i. Applications that are disapproved must be in writing and must explain why the proposed installation was disapproved.**
- ii. The Shareholder is permitted to seek reconsideration of a disapproved application, in writing, by the Board, unless (1) the original disapproval was made by the Board or a body that has the same membership as the Board at a meeting that satisfied the requirements of the Open Meeting Act or (2) as to any installation that were disallowed because they would violate the Mutual’s governing documents, any Building, Safety and Fire Codes, or any other laws. Reconsideration is not internal dispute resolution under Civil Code §5905.**
- iii. A permissible written request for reconsideration must be received by the Board not more than forty-five (45) days after the denial.**
- iv. Within forty-five (45) days after receipt of a permissible request for reconsideration, the Board must hold an open meeting to consider the reconsideration and decide the issue. Failure of the Board to decide within the forty-five (45) day period is deemed a decision in favor of the Shareholder**

4. Application Requirements.

- a. General Requirements. The applicant Shareholder must submit two (2) sets of construction plans and specifications, an engineering report, a solar site survey, Shareholder notifications, photographs, and specifications for the entire proposed System, including, without limitation, details regarding size, design, color, and materials listed on each set of plans, and the proposed location of the System and all component parts on the roof and exterior of the dwelling unit. All drawings must show elevations.**
- b. Engineering Report. The application must include a written report of findings by a California licensed structural engineer (at applicant’s sole expense) to certify that the structure of the building is sufficient to bear the weight of the System.**
- c. Notification and Solar Site Survey. When a Shareholder applies for**

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architectural approval to install a System on a multifamily common area roof shared by multiple homeowners in a building, the Shareholder must do all the following:

- i. Notify each Shareholder of a dwelling unit in the building on which the installation will be located of the application to install a System. Evidence of such notification shall be provided to the Mutual in the form of a notification sheet signed by a Shareholder of each dwelling unit.
- ii. Submit a solar site survey showing the placement of the System prepared by a licensed contractor or the contractor's registered salesperson knowledgeable in the installation of solar energy systems to determine usable solar roof area. The site survey must include a determination of an equitable allocation of the usable solar roof area among all Shareholders sharing the same roof. If the survey does not demonstrate that the applying Shareholder's equitable allocation of the common area roof is sufficiently large for the installation of the Shareholder's proposed System, the application will be denied.
- d. Survey Costs. Neither the survey nor the costs to determine usable space required by the previous subparagraph of this Section are deemed as part of the cost of the System as used in Civil Code section 714. (Civil Code §4746.)

5. Installation Requirements.

- a. Licensed and Insured Contractor. The System must be installed by an actively licensed, insured and bonded contractor bearing either a C-46 license, or if appropriate for the work to be performed a C-10 license, from the Contractor's State License Board. The installation process must conform in all respects to the requirements of the Mutual's governing documents, including these rules. The applicant Shareholder is responsible to ensure compliance by the contractor.
- b. Additional Insured. Before the installation begins the applicant must provide evidence to the satisfaction of the Mutual's Board of Directors that the Mutual has been named as an additional insured on the required insurance liability policy of the installing contractor.
- c. Contractor Insurance. All contractors installing, maintaining, repairing,

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159 removing, and/or replacing the solar system must carry commercial general
 160 liability insurance with policy limits of at least one million dollars
 161 (\$1,000,000.00) and such workers compensation insurance as is required by
 162 law. All such contractors shall also be bonded to the extent required by the
 163 California State Contractors Licensing Board. All such contractors shall
 164 present proof of all such insurance and/or bonding to the Mutual before the
 165 installation begins. The Board and/or Board of Directors has the right to
 166 review the contract of any such contractor to confirm compliance as a
 167 condition of approval of the installation.

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- 169 d. Permits. Before the installation begins, applicant must obtain (at applicant's
 170 expense) all necessary building or other permits as may be required by the
 171 State or local governments. A permit must also be obtained from Physical
 172 Properties department of Golden Rain Foundation.
- 173
- 174 e. Professional Fees. The Mutual is permitted to incur reasonable professional
 175 fees from an architect, engineer or contractor to review or confirm findings
 176 of plan submittals and reasonable legal fees to prepare the Covenant. The
 177 Shareholder applicant must reimburse the Mutual for such costs before
 178 construction is permitted to begin. If necessary, the Mutual is permitted to
 179 recover such costs from the Shareholder applicant by reimbursement
 180 assessment following proper notice and a hearing.
- 181
- 182 f. Construction Rules. Applicant must notify all contractors of the Mutual's
 183 Rules & Regulations, including, parking, construction hours and contractor
 184 rules and applicant is obligated to ensure contractor compliance with such
 185 rules.
- 186
- 187 g. Legal Standards. The System must meet all health and safety standards and
 188 requirements imposed by state and local permitting authorities, consistent
 189 with Section 65850.5 of the Government Code. The System must meet all
 190 applicable safety and performance standards of the California Electrical
 191 Code, the Institute of Electrical and Electronics Engineers, and accredited
 192 testing laboratories, such as Underwriters Laboratories. Where applicable,
 193 the System must comply with the rules of the Public Utilities Commission
 194 regarding safety and reliability.
- 195
- 196 6. Shareholder Obligations. During the period of record ownership of any
 197 Shareholder(s) of a dwelling unit receiving power, heat or any other benefit from a
 198 System, the following are all required:

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SEAL BEACH MUTUAL NUMBER FIVE**Physical Property****ADOPT****Solar Panel Installation**

- 199 a. Ownership and Maintenance of System. The System will, at all times, be
 200 owned by and remain the property of the current record Shareholder(s) of the
 201 respective dwelling unit benefiting from the System. Each Shareholder(s) of
 202 record will be solely responsible for the maintenance, repair, replacement
 203 and/or removal of the System, during the period of their respective
 204 ownership, except that routine cleaning of the System must be performed by
 205 LW Service Maintenance, an LW approved vendor, or the contractor who
 206 installed the System each as shareholders expense.
- 207
- 208 b. Roof Inspections and Repair. At the sole expense of any Shareholder(s) of
 209 record, during their period of record ownership, the Mutual may require the
 210 System to be inspected and the Common Area roof water tested for leaks at
 211 any points where the system is attached to the roof. Any leaks discovered,
 212 and damage caused thereby, must be immediately repaired by a qualified
 213 licensed, insured and bonded contractor, at the expense of any
 214 Shareholder(s) of record, during their period of record ownership.
- 215
- 216 c. Architectural Approval. Any maintenance, repairs, removal or replacement of
 217 the System is subject to architectural approval of the Board of Directors
 218 and/or the Board of Directors on all terms and conditions provided herein. In
 219 the case of any emergency maintenance or repairs on the System,
 220 Shareholder(s) of record shall provide advanced written notification to the
 221 Mutual through its manager.
- 222
- 223 d. Liability for Damage from System. Shareholder(s) of record are solely
 224 responsible to install, remove, repair, maintain, and replace the System must
 225 bear all costs therefor. Shareholder(s) of record are also liable for all costs of
 226 maintenance, repair, and replacement of any portion of the building damaged
 227 or affected by the installation, removal, repair, maintenance, replacement
 228 and/or use of the System. This includes, without limitation, (1) damage to the
 229 roof, framing/structural components, roof covering, shingles, eaves, gutters,
 230 and any other part of the building that may be penetrated or otherwise
 231 affected by any activity or use involving the System, (2) damage from water
 232 leaks and/or resulting mold that develops due to those leaks, (3) damage from
 233 any fires and/or (4) any other property damage or personal injury caused by
 234 and/or resulting from such installation, removal, repair, maintenance,
 235 replacement and/or use of the System.

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e. Indemnification and Defense. If the installation, maintenance, repair, replacement, removal, and/or use of the System results in any damage to the roof, any dwelling unit, or any other building structure, the Shareholder(s) of record of the dwelling unit, during his/her/their period of record ownership must indemnify, reimburse, defend and hold harmless the Mutual, and its directors, officers, committee members, agents, assigns and insurers, and/or any other Shareholder of the Mutual, from any claims, legal actions, costs, expenses, or any other losses arising or resulting from such roof, dwelling unit, or other building structure damage, including, but not limited to, those involving real property damage, damage resulting from moisture intrusion, structural repairs, drywall repair, mold remediation, damage to the common area or any dwelling unit (as defined in the law and CC&Rs), damage to any personal property of the Mutual, and/or any Shareholder of the Mutual, and any personal injuries.

f. Mutual Easement Rights to Roofs. The Mutual is hereby granted full easement rights beneath, over and around the System for the purposes of conducting any maintenance, repairs and replacement of the roof, roofing components, and/or any other portions of the building structure as required by the Mutual's CC&Rs and/or the law. In the event that such maintenance, repairs and replacement cannot be undertaken or completed with the System in place, the Shareholder(s) of record of the dwelling unit, during their period of record ownership, at his/her/their sole expense, will remove, or cause to be removed, the entire System, or any portion thereof necessary, to allow the Mutual to conduct such maintenance, repairs and replacement. The System may thereafter be replaced by the Shareholder(s) of record, during his/her/their period of record ownership, at his/her/their sole expense. All such removal and/or replacement of the System as provided for in this paragraph shall be subject to and comply with all other conditions of these rules

7. Architectural Requirements. To the extent they do not collectively increase the cost of the originally proposed System by more than one thousand dollars (\$1,000), a System must meet the following conditions:

a. Inverter Locations. All inverters must be installed where recommended by Mutual Five and the licensed contractor of the dwelling unit.

b. Concealed Cables. All cables, conduit and wiring which are part of the System shall be concealed as much as possible and approved by Mutual Five and the Physical Properties Department.

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c. Solar Panel Colors. Permissible colors for solar panels and all hardware, bracket, trim and other components visible to the Common Area are black.

d. Low Mounting. Solar panels must be mounted using hardware that secures them as close to the roof as possible.

8. Other Requirements.

a. Approval Disputes. For any legal dispute, legal proceeding, or other claim by a Shareholder or resident of the Mutual, arising from the approval of a Shareholder’s installation of the System, the applicant Shareholder and/or the record Shareholder at the time of the dispute must take all reasonable measures to resolve the dispute informally. If that cannot be done, the Shareholder must indemnify, defend, and otherwise hold the Mutual, and its directors, officers, committee Shareholders, agents, assigns and insurers, harmless for such claims, losses and/or damages.

b. Homeowner’s Insurance. The Shareholder of record and each successive Shareholder of record must maintain a homeowner liability insurance coverage policy at all times and provide the Mutual with the corresponding certificate of insurance within 14 days of approval of the application and annually thereafter.

c. Disclosure. The Shareholder of record and each successive Shareholder of record must disclose to prospective buyers the existence of the Shareholder’s System and the related responsibilities of the Shareholder under Civil Code §4746 and these rules.

d. Maintenance and Indemnity Agreement. As a condition of the Mutual’s approval to install a System, and before any construction begins, an applicant must execute a Maintenance and Indemnity Agreement Regarding a Solar Energy System (“Agreement”), in a form to be provided by the Mutual. The Agreement will be binding on all subsequent owners and run with the land. Each Shareholder who purchases a dwelling unit for which a solar energy system was approved must agree to and be bound by the Agreement applicable to the dwelling unit they purchased and sign an addendum acknowledging their agreement or must immediately remove System. The Agreement will incorporate all conditions of any architectural approval and all of the requirements and obligations set forth in this policy that apply to

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the current and future owners

Document History

Adopted: 16 Nov 2022

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Keywords: Solar Panel Installation

ADOPT

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Mutual Corporation No. Five

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO RESCIND POLICY 7414.05 – SOLAR PANEL INSTALLATION (NEW BUSINESS, ITEM D)
DATE: NOVEMBER 16, 2022
CC: MUTUAL FILE

I move to propose a policy change by rescinding Policy 7414.05 – Solar Panel Installation on a preliminary basis until the 28-day posting period is completed. A decision on the policy change by the Board of Directors will be made at the next scheduled monthly meeting after consideration of all shareholder comments.

MUTUAL OPERATIONS**PHYSICAL PROPERTY****Solar Panel Installation****MUTUAL OPERATIONS****Resident Regulations****Solar Panel Installation — Mutual Five**

~~California Civil Code section 714, Civil Code section 714.1, Civil Code section 4600, and most importantly, Civil Code section 4746, concern solar panel energy system rooftop installations.~~

~~All the Civil Codes noted above taken together, allow that the shareholder has the right to install a rooftop solar energy system “on the roof of the building in which the shareholder resides.” Under Civil Code section 714.1(b)(1).~~

~~Therefore, the Shareholder is allowed to have the exclusive use of that portion of the common area roof above their unit without the 67% approval required in Civil Code section 4600.~~

~~Architectural Solar panel installation rules, pursuant to Civil Code section 4746.~~

~~Any Shareholder applying for architectural approval:~~

- ~~1) Must notify each shareholder in his/her building of his/her proposed rooftop installation.~~
- ~~2) Such Shareholder and each successor shareholder must maintain liability coverage, (\$100,000 liability insurance.) providing the Mutual with the certificate of insurance within 14 days of approval and annually thereafter.~~
- ~~3) Installation and removal of any product that penetrates the common area roof, such as solar system support jacks, shall be performed by the roofing contractor that holds the guarantee, at the shareholders expense and requires a Permit from Physical Properties.~~
- ~~4) Installation, repairs and removal of the solar system itself, (not the jack) may be done by the solar system contractor, at the shareholder’s expense.~~
- ~~5) Cleaning of the solar system must be done by LW Service Maintenance, a LW approved Handyman or the solar system contractor, at the shareholder’s expense.~~
- ~~6) The shareholder and any successor shall be responsible for any damage to the common area roof from: a. the installation, b. repairs, c. cleaning and/or d. removal of the solar panels.~~

MUTUAL OPERATIONS

PHYSICAL PROPERTY

Solar Panel Installation

- ~~7) The shareholder and any successor are responsible for maintenance and replacement of the panels. Replacement of the solar system itself (not the jack) requires a Permit from Physical Property.~~
- ~~8) The shareholder and any successor must restore the common area roof after panel removal. This requires a Permit from Physical Property. Any work that penetrates the roof must be done by the contractor company that holds the warrantee for that roof.~~
- ~~9) The shareholder and any successor must disclose the solar panel installation to prospective buyers and all related obligations as set forth above.~~

~~**MUTUAL**~~ ~~**ADOPTION**~~ ~~**AMENDMENTS**~~
~~FIVE~~ ~~May 19~~