

A G E N D A
REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL EIGHT
December 28, 2020
Open Forum begins at 9:15 a.m. – Meeting begins at 9:30 a.m.
Zoom Video Conference Call

TO ATTEND: The Shareholder will be provided with instructions on how to access the call via telephone or via video upon the Shareholder contacting GRF Mutual Administration at mutualsecretaries@lwsb.com or (562)431-6586 ext. 313 and requesting the call-in or log-in information.

TO MAKE COMMENTS DURING MEETING: In order to make a comment during the open Shareholder forum, the Shareholder must submit their name, Unit number, and telephone number, via e-mail at mutualsecretaries@lwsb.com, by no later than 3:30 p.m., on 12/24/2020, the business day before the date of the meeting. If you do not have access to an email, please call (562)431-6586 ext. 313 and let us know that you wish to make a comment during the open shareholder forum.

1. CALL TO ORDER / PLEDGE OF ALLEGIANCE
2. ROLL CALL
3. INTRODUCTION OF GRF REPRESENTATIVE, STAFF AND GUEST(S)

Mr. Slutsky, GRF Representative
Mr. Rocha, Security Services Director
Ms. Hopkins, Mutual Administration Director
Mr. Rodriguez, Building Inspector
Ms. Gamboa, Portfolio Specialist
Ms. Dullaart, Recording Secretary

4. APPROVAL OF MINUTES
 - a. Regular Meeting Minutes of November 23, 2020
5. GUEST SPEAKER Mr. Rocha
 - a. Discuss Security Guidebook (pp. 3-6)
6. BUILDING INSPECTOR'S REPORT Mr. Rodriguez

Permit Activity; Escrow Activity; Contracts & Projects; Shareholder and Mutual Requests (pp. 7-8)
7. GRF REPRESENTATIVE Mr. Slutsky
8. CONSENT CALENDAR
 - a. Discuss and vote to approve authorization of transfers of funds for Mutual Eight (pp. 9-10)
9. UNFINISHED BUSINESS
 - a. Discuss and vote to ratify amendment to Exhibit "E" – Fine Schedule to the Rules and Regulations (pp. 11-12)

- b. Discuss and vote to ratify addition of Article XIX – Leasing Rules and Regulations to the Rules and Regulations (pp. 13-21)

9. NEW BUSINESS

- a. Discuss and vote to approve Mutual Monthly Finances (p. 22)
- b. Discuss Financial Statement Recap (p. 23)
- c. Discuss and vote to approve the patio addition at unit 200E (p. 24)
- d. Discuss and vote to approve the patio addition at unit 178-F (p. 25)
- e. Discuss Article III – Porches/Golf Cart Pads Section 3.3 – Secondhand Smoke/Nuisance Regulation (pp. 26-27)

STAFF BREAK BY 11:00 a.m.

- 10. SECRETARY / CORRESPONDENCE Ms. Weisenstein
- 11. CHIEF FINANCIAL OFFICER’S REPORT Ms. Thompson
- 12. MUTUAL ADMINISTRATION DIRECTOR Ms. Hopkins
- 13. ANNOUNCEMENTS
 - a. **NEXT MEETING: Monday, January 25, 2021 at 9:15 a.m. Open Session, 9:30 a.m. Board meeting via Zoom**
- 14. COMMITTEE REPORTS
- 15. DIRECTORS’ COMMENTS
- 16. SHAREHOLDERS’ COMMENTS (2-3 minutes)
- 17. ADJOURNMENT

STAFF WILL LEAVE THE MEETING BY 12:00 p.m.

MUTUAL EIGHT EMAIL BLAST

If you would like to keep up with the Mutual Eight current information and events, please submit your email address to President Dolch. To be included in the Mutual Eight email blast, please email President Dolch at the email address provided with a subject line referencing your unit number:

m8emails@gmail.com

Knob Lock Procedures

A knob lock device is designed to lock around a door knob to prevent the knob from turning and accessing the keyhole. These devices are used by security to secure a residence for a variety of reasons. The most important reason a residence is 'knob locked' is to ensure anyone accessing the residence (such as after a death of a resident) has the legal authority to do so.

Security may be asked to install a knob lock by:

- Stock Transfer Department
- Mutual President

All requests for use of a knob lock will be noted on a Knob Lock Report. This report documents information regarding the initial request, who installed the device, and who removed the device.

Some knob lock devices will not fit certain types of locks (such as custom locks). Mutuals may have other types of locking devices or systems to secure a door. Any additional type of equipment or device beyond the basic knob lock system (such as boarding up a unit with plywood) will be ordered and installed by the Mutual or installed by the Service Maintenance Department.

Resident Welfare Checks

The Security Department conducts resident checks after being notified by someone who is concerned about a resident's safety. When a security officer is called out to a residence to conduct a resident check:

- Whenever possible, two security officers should be present when entry is made to the residence.
- Knock on the door loudly and state you are from the Security Department.
- If there is no answer, use the residence key found in the lockbox to gain entry.
- When entering the residence state in a loud voice you are from the Security Department.

If all rooms are checked and no one is found, please ensure you have checked the following areas for someone:

- Shower
- Underneath the bed
- All closets
- Underneath large piles of clothes or blankets

If a person is found and they require immediate medical attention:

- Call 911 immediately from the resident's phone.
- If a resident's phone is not available, use a two-way radio to advise dispatch to call 911 immediately.
- After calling 911, security officers should remain outside of the residence and wait for police, fire, and/or a coroners' unit to arrive.

The watch commander will complete the Resident Check Log to document the resident check.

Occupancy Checks

An occupancy check is a procedure where a Mutual verifies all people residing inside a unit to ensure that all regulations of the occupancy agreement are being followed.

If it is not an emergency and a Mutual representative wishes to conduct an occupancy check, please refer them to the Mutual Administration Department. Mutual Administration has the expertise to advise a Mutual of the best course of action to take to ensure occupancy agreement compliance.

If it is decided that an occupancy check is warranted, Mutual Administration will send an e-mail request and approval to the watch commander. The patrol unit completing the occupancy check will complete an Occupancy Check Report and send a copy to the Mutual Administration Department.

Death Investigations

If security is called to a location where someone is deceased or if during a resident check a person is found deceased:

- Call 911 immediately from the resident's phone.
- If a resident's phone is not available, use a two-way radio to advise dispatch to call 911 immediately.

On most occasions, police and coroner units will be taking over the investigation. Remain outside of the residence until the police and/or coroner clear the scene.

When there is activity of this type at a residence, other resident's may ask a security officer what is happening at the location. To maintain confidentiality, Security will advise anyone who is asking about the incident, "We received a request for medical aid at this address." *EXCEPTION: If a Mutual President or Director ask about this type of incident, the security officer may share that there is an on-going death investigation at the scene.*

The security officer at the scene will complete a Death Investigation Report as soon as possible after the incident. If the Mutual President was not at the scene, the watch commander on duty will immediately e-mail the Mutual President to advise them of the incident.

Interactions Involving Family Members at a Death Investigation

The loss of a loved one is a very stressful event for a family. As the security officer at the scene, you may be dealing with a wide range of emotions, even if a death was expected.

When loved ones are at a residence of a deceased person, be patient and give family members the time to grieve. **NEVER** say to a grieving person:

- "He's in a better place."
- "It was his time."
- "There's a reason for everything."
- "I know how you feel."

It is best to be silent or you may simply say, “I’m sorry for your loss.”

Establishing Legal Authority

After a death investigation is completed, security must ensure that anyone who wants to stay at the residence after the scene has been cleared by police and/or coroner has ‘legal authority’ to remain inside the residence.

Establishing who has legal authority to remain at a residence with unlimited in and out and overnight stay privileges can be confusing. Family members and/or caregivers may be advise you that they have legal authority of a residence due to the fact they have a “Power of Attorney”, an “Executor of a will”, a “Non-resident co-owner” or “Head of a trust and an inheritor.”

The only people with legal authority to stay in a residence after a resident death are:

- Member resident
- Co-Occupant

Security officers do not have the power to review or interpret legal documents or determine who has legal authority to stay in a residence. All legal authority issues must be reviewed and approved by the Stock Transfer Department.

Caregivers have no authority to stay after a resident is deceased.

Security may not allow any unauthorized person to stay at a residence of deceased shareholder. Security should advise anyone remaining in the unit in a firm but polite manner:

“I’m Security Officer _____. Your name, Sir/Ms. _____? Mr/Ms _____, unfortunately, since there is no member resident or a co-occupant present, I must ask you to leave. You may call the Stock Transfer Office during regular business hours and they will be able to assist you in how to gain access to the unit.”

If unauthorized people still refuse to leave the unit, The Security Officer will state:

“Please understand we must protect the interest of the deceased, so I must ask you to leave.”

If unauthorized people continue to stay, the security officer will notify the watch commander. The watch commander will notify the Mutual President immediately regarding the refusal to leave, regardless of the date or time. The Mutual President has the authority to allow someone to stay in a unit or ask them to leave.

If the Mutual President denies anyone from staying in the unit and they still refuse to leave, the Mutual President can ask us to contact the Seal Beach Police Department for assistance. Security will follow the instructions of the police department at the scene. If police officers allow unauthorized persons to stay in the unit and police will take no further action, ensure you receive the name and serial number of the police officer at the scene to document on the report.

If a Mutual President allows someone to stay in the unit, ensure this information is noted in the report.

Coroner's Investigations

When a Coroner is conducting a death investigation they may place a 'Coroners Seal' on the door when they leave the residence. This seal forbids anyone from entering the residence (including those who have legal authority to do so) until they have completed their investigation.

After a Coroner's investigation is completed, they will usually notify the next of kin to the deceased that their investigation is complete and they may enter the residence. However, there are two important issues to remember:

- Even though the next of kin are stating the Coroner is allowing entry, this information must be verified with the Orange County Sheriff-Coroner/Coroner Division. This information will be documented by the watch commander on a Coroner's Information Report.
- If the coroner verifies that entry is allowed, the Security Department must ensure that the next of kin must have legal authority to enter the residence. If the next of kin does not have legal authority, they may not enter.

Refer any next of kin claiming legal authority to the Stock Transfer Department.

MONTHLY INSPECTORS REPORT

MUTUAL: NO. 8

INSPECTOR: Victor Rodriguez

MUTUAL BOARD MEETING DATE: December 28, 2020

PERMIT ACTIVITY

| UNIT # | DESCRIPTION OF WORK | GRF/CITY PERMIT | PERMIT ISSUE | COMP. DATE | CHANGE ORDER | RECENT INSPECTION | CONTRACTOR / COMMENTS |
|--------|--|-----------------|--------------|------------|--------------|---------------------------|-----------------------------|
| 179E | remodel | both | 07/27/20 | 10/01/20 | no | 8/20/20 rough plum.electr | John M Bergkvist |
| 179F | flooring throughout unit | GRF | 10/29/20 | 12/02/20 | no | final 12/11/20 | Interior Flooring Solutions |
| 179H | heat/pump | both | 11/18/20 | 02/23/20 | no | | Greenwood |
| 180G | Kitchen cabinet and counter tops | both | 12/11/20 | 04/01/21 | no | | mp construction |
| 182A | Windows throught unit | both | 11/18/20 | 02/09/21 | no | | Bodies Glass Service |
| 183E | micro/fans/electrical/moulding,windows,light fixtures | both | 09/28/20 | 12/28/20 | yes | | Cal Custom Interiors |
| 184K | Replace entry door | both | 10/26/20 | 02/01/21 | no | | Ryden Construction |
| 184I | Remodel, lights counter tops,a/c unit,washer dryer & patio | both | 06/22/20 | 12/31/20 | yes | final 11/12/20 | mp construction |
| 188F | Counter tops,recessed lights,shower remodel,door slider | both | 11/05/20 | 02/20/21 | no | | JC kress |
| 189I | cartport cabinet | GRF | 11/06/20 | 11/30/20 | no | final 11/24/20 | Imagination Unlimited |
| 190E | Remodel,cabinets,lights,washer dryer | both | 09/08/20 | 12/20/20 | no | waiting on change order | Alpha Master Builders |
| 191I | Remodel,bath,kitchen,counter tops,acc | both | 06/22/20 | 12/31/20 | no | final 11/06/20 | mp construction |
| 195C | flooring throughout unit | GRF | 11/10/20 | 12/15/20 | no | final 11/24/20 | Karys Carpets |
| 195C | shower cut down | both | 12/03/20 | 01/14/21 | no | | NuKote |
| 197C | Cabinet above refrigerator | both | 12/11/20 | 01/20/21 | no | | Ogan Construction |
| 198F | sliding door,windows,counter tops, and flooring | both | 11/25/20 | 03/01/20 | no | | Alpha Master Builders |
| 199J | flooring at bath | GRF | 10/28/20 | 11/27/20 | no | final 12/01/20 | Carrolls Paint & Flooring |
| 199J | design at patio floor | GRF | 10/28/20 | 11/27/20 | no | final 11/25/20 | Carrolls Paint & Flooring |
| 200E | Patio 7.5ft x 13ft= 97.5sqft | GRF | 11/13/20 | 01/30/21 | no | | Mamuscia Construction |
| 200J | Install entry door | GRF | 12/03/20 | 01/30/21 | no | | Imagination Unlimited |
| 203E | flooring throught unit | GRF | 11/30/20 | 02/27/20 | no | | Bixby Plaza Carpet&Flooring |
| 203J | washer and dryer | both | 11/13/20 | 01/31/20 | no | rough plumbing,electrical | BA Construction |
| 205D | Install tile at patio | GRF | 12/14/20 | 06/20/21 | yes | final 12/17/20 | L & S Core Construction |

ESCROW ACTIVITY

| UNIT # | NMI | PLI | NBO | FI | FCOEI | ROF | DOCUMENTS/COMMENTS |
|--------|-----|----------|---------|---------|----------|-------------------|--------------------|
| 178H | | 10/14/20 | | | | | |
| 183H | | 10/27/20 | 12/1/20 | 12/2/20 | 12/16/20 | | |
| 185K | | 10/15/20 | | | | | |
| 186 L | | 11/30/18 | 10/1/20 | | | | |
| 190I | | 7/13/20 | | | | | |
| 191A | | 12/18/20 | | | | | |
| 193H | | 11/24/20 | | | | | |
| 195-A | | 2/10/20 | | | | | |
| 198F | | 9/23/20 | 11/2/20 | 11/5/20 | 11/18/20 | | |
| 199E | | 11/4/20 | 11/5/20 | | | | |
| 199I | | 11/10/20 | 12/1/20 | 12/4/20 | 12/16/20 | 12/21/2020 | |
| 201H | | 9/23/20 | | | | | |
| 202B | | 12/18/20 | | | | | |
| 202J | | 6/3/20 | | | | | |

NMI = New Member Inspection PLI = Pre-Listing Inspection NBO = New Buyer Orientation
 FI = Final Inspection FCOEI = Final COE Inspection ROF = Release of Funds

CONTRACTS

Mutual Corporation No. Eight

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE AUTHORIZATION OF TRANSFERS OF FUNDS FOR MUTUAL EIGHT (CONSENT CALENDAR, ITEM A)
DATE: DECEMBER 28, 2020
CC: MUTUAL FILE

I move that the Board authorizes the following transfers of funds, per detailed and dated resolutions, by consent calendar.

| Date | Amount | Originating/Destination Accounts or Payee |
|-------------------------|--------------|---|
| 10/16/2020 | \$32,279.83 | Invoice #27861 – Roofing Standards and JB Wholesale |
| 10/16/2020 11/2/2020 | \$80,423.68 | Invoice #27861 & 27921 – Roofing Standards |
| 11/20/2020 | \$15,000.00 | Transfer funds from US Bank Non-Restricted Money Mkt to US Bank Checking |
| 11/24/2020 | \$65,000.00 | Transfer funds from US Bank Non-Restricted Money Mkt to US Bank Checking |
| 11/25/2020 | \$50,090.44 | Multiple invoices – Payee: Roofing Standards |
| 11/29/2020 | \$11,000.00 | Sale of 198F – Payor: Castlehead Inc. Escrows – Check #035972 |
| 12/7/2020 | \$125,090.05 | Transfer funds from US Bank Checking to GRF-US Bank Checking |
| 12/7/2020 | \$140,964.42 | Transfer funds from ACH-Direct Debit from multiple shareholders to US Bank Checking |
| 12/7/2020 | \$25,000.00 | Transfer funds from US Bank Non-Restricted Money Mkt to US Bank Checking |
| 12/8/2020 | \$56,638.51 | Transfer funds from US Bank Checking to US Bank Impound |

| | | |
|------------|--------------|--|
| 12/8/2020 | \$120,000.00 | Transfer funds from US Bank Non-Restricted Money Mkt to US Bank Checking |
| 12/8/2020 | \$112,709.99 | Transfer funds from US Bank Restricted Money Mkt to US Bank No-Restricted Money Mkt |
| 12/15/2020 | \$30,131.48 | Transfer funds from US Bank Restricted Money Mkt to US Bank Non-Restricted Money Mkt |

Mutual Corporation No. Eight

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO RATIFY THE AMENDMENT TO EXHIBIT "E" FINE SCHEDULE OF THE RULES AND REGULATIONS (UNFINISHED BUSINESS, ITEM A)
DATE: DECEMBER 28, 2020
CC: MUTUAL FILE

I move to ratify the amendment to Exhibit "E"- Fine Schedule to the Mutual Eight Rules and Regulations; the 28-day posting requirement has been met.

Exhibit "E"

Fine Schedule

Including, but not limited to property alterations and/or improvements made without approval, repair and upkeep of property, unauthorized signs, and all other violations of the Mutual's Governing Documents, except as otherwise set forth herein, may be assessed a monetary penalty in the following amounts:

| Violation | 1st Offense | 2nd and each subsequent and/or continuation of offense |
|--|---|--|
| Residency/occupancy violations (e.g. unauthorized occupants, guests residing longer than permitted) | Notice to Comply in 48 hours | Notice and hearing and fine of up to \$500 and up to \$100 per/day for each additional day of non-compliance, for a maximum of 20 days. |
| Violation of Roof & Attic Access | Notice and hearing and up to \$1,000 and removal of unauthorized installation or non-compliant equipment if applicable | |
| Violation of Mutual Occupancy Agreement & all other Rules & Regulations | Written warning | Notice and hearing and fine of up to \$100 and up to \$100 per/day for each additional day of non-compliance, for a maximum of 20 days |
| Violation of Leasing Rules | Notice and hearing and fine of up to \$2,500.00 | Notice and hearing and fine up to \$5,000.00 |
| Violation of Leasing Rules- Lease for less than Thirty Days (Short Term Rental) | Notice and hearing and fine of up to \$5,000.00 | Notice and hearing and fine of \$2,500.00 to \$7,500.00 |
| Health and Safety Violations (e.g. bedbugs, fire-loading, e-gress violations et al.) | Written notice to comply in 10 days. | Written notice, hearing, and mandatory \$500 fine and \$100 per day noncompliance for up to 20 days. |
| Unauthorized Architectural and Improvement Violations | Written Notice to comply in 30 days. | Written notice, hearing, and mandatory \$1,000 fine and \$100 per day for up to 20 days. |

Note: Fines for the violations related to Carports and any parking violations are contained within the body of the rules and such schedules control as to those violations.

Mutual Corporation No. Eight

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO RATIFY ADDITION OF ARTICLE XIX - LEASING RULES AND REGULATIONS TO THE RULES AND REGULATIONS (UNFINISHED BUSINESS, ITEM B)
DATE: DECMEBER 28, 2020
CC: MUTUAL FILE

I move to ratify the addition of Article XIX – Leasing Rules and Regulations to the Rules and Regulations; the 28-day posting requirement has been met.

SEAL BEACH MUTUAL NO. Eight
DRAFT 1 – LEASING RULES AND REGULATIONS

INTRODUCTION

The Board of Directors (“Board”) of Seal Beach Mutual No. Eight (“Mutual”) has adopted the following Leasing Rules and Regulations (“Leasing Rules”) in accordance with Civil Code §4740, et seq., to establish certain procedural rules for the rental of Units within the Mutual. To the extent that these Leasing Rules conflict with the Governing Documents of the Mutual, these Leasing Rules are intended to replace and supersede the provisions of the Mutual’s Governing Documents, including without limitation, the Occupancy Agreement, Rules and Regulations and Policies, that discuss the rental or lease of a Unit. These Leasing Rules were revised and adopted by the Board to comply with the changes to California Civil Code §§ 4740 and 4741 which take effect on January 1, 2021, pursuant to California Assembly Bill 3182.

DEFINITIONS

For the purposes of these Leasing Rules the definitions set forth below shall apply. To the extent any term is capitalized herein but not defined, the definition set forth in the Mutual’s Bylaws shall apply.

Lease: a lease or rental agreement, whether or not in writing and regardless of whether any consideration is paid, entered into between a Shareholder and a Tenant for the Tenant’s occupancy of the Shareholder’s Unit.

Tenant: a person who occupies any portion of a Unit at the Development pursuant to a Lease, irrespective of any rent paid or compensation given to the Shareholder of the Unit for such occupancy. All Tenants must sign the Addendum as further described in these Leasing Rules. Only persons who have signed the Addendum may reside in the Unit.

RULES AND REGULATIONS

- 1. Leasing of Units.** The rental or leasing of any Unit shall be subject to the provisions set forth herein. When the term “rent” is used herein, it shall be deemed to mean and include the rental and/or leasing of a Unit.
- 2. Residential Purpose.** Each residence shall be used only as a residential dwelling for a single household. A Shareholder may rent/lease his or her Unit for such residential purpose under a Lease, pursuant to these Leasing Rules. The number of persons residing in a Residence at any time shall comply with the Shareholder’s Occupancy Agreement and Addendum, all City and County codes, regulations, and ordinances regarding the occupancy of residential dwellings, and may not exceed any occupancy limits established under such codes, regulations, or ordinances.
- 3. Addendum to Occupancy Agreement.** Any Shareholder approved by the Mutual to lease out his/her Unit is required to execute an addendum to his/her Occupancy Agreement (“Addendum”). Such Addendum will also require the signature of each Tenant. The failure of the

SEAL BEACH MUTUAL NO. Eight
DRAFT 1 – LEASING RULES AND REGULATIONS

Shareholder and/or the Tenant to sign the Addendum shall be deemed a waiver of the Shareholder's right to rent the Unit.

3.1. Cost of Addendum. Shareholder shall pay the cost incurred by the Mutual for the Mutual's legal counsel to prepare such Addendum, in addition to the cost to have the Addendum notarized and recorded, if required by the Mutual, promptly upon request.

4. Restriction on Number of Units Leased.

4.1. No more than twenty-five percent (25%) of the Units in the Mutual shall be rented at any time (the "Leasing Cap").

4.2. A Shareholder desiring to rent his or her Unit may submit to the Board a written request for approval to rent. No Shareholder shall rent his or her Unit prior to receiving written approval from the Board.

4.2.1. The Board shall respond to any Shareholder's written request for approval to rent the Shareholder's Unit within thirty (30) days of the Board's receipt of such request. If the Board does not respond to the Shareholder's written request at the Shareholder's last known address of record within this time period, permission to rent shall be deemed to have been approved by the Board.

4.2.2. The Board shall deny a Shareholder's request for approval to rent the Shareholder's Unit if the number of rented Units, plus the number of Units for which other Shareholders have received Board approval to rent but which are not yet rented, plus the Shareholder's Unit (the "Leased Unit Calculation") exceeds twenty-five percent (25%) of the Units in the Mutual. If the Leased Unit Calculation does not exceed twenty-five percent (25%) of the Units in the Mutual, the Board shall grant a Shareholder's request for rental approval.

4.2.3. In the event a Shareholder's request for approval to rent is denied, the Shareholder shall be placed on a waiting list maintained by the Mutual, and the Shareholder shall be given an opportunity to rent his or her Unit when such Shareholder's name is first on the waiting list and the Leased Unit Calculation no longer exceeds twenty-five percent (25%) of the Units in the Development.

4.2.4. If a Shareholder who has been approved to rent his or her Unit fails to rent his or her Unit within ninety (90) days of the date of rental approval, the Shareholder's written approval to rent from the Board shall expire. In such event, the Shareholder shall be required to submit a new written request to rent his or her Unit in accordance with the foregoing provisions.

4.2.5. If a Lease for an approved rental of a Shareholder's Unit expires or terminates and the Shareholder does not enter into a new Lease for the Shareholder's Unit within ninety (90) days of the expiration or termination of the prior Lease, the Shareholder's written approval to rent shall expire. In such event, the Shareholder shall be required to submit a new written

SEAL BEACH MUTUAL NO. Eight
DRAFT 1 – LEASING RULES AND REGULATIONS

request to rent his or her Unit in accordance with the foregoing provisions.

- 4.2.6.** At no time may a prospective Shareholder or any non-Shareholder be added to the Wait List.

5. Lease Requirements.

- 5.1.** Subject to the Leasing Cap, and the provisions set forth above, a Shareholder may rent his or her Unit pursuant to a Lease that is: (A) in writing; (B) for a term of at least thirty (30) days (the “Minimum Lease Term”); and (C) subject in all respects to the Governing Documents, including, but not limited to, the Occupancy Agreement, provided it does not conflict with the terms contained herein.
- 5.2.** The Shareholder is required to provide the Tenant with a copy of all Governing Documents, and any amendments thereto for the duration of the tenancy and Lease and ensure that the Tenant understands and acknowledges, and agrees to be bound by the same. The Shareholder must provide the Mutual with written confirmation of the foregoing. The Lease shall include a statement that any failure by the Tenant to comply with the Governing Documents will constitute a default under the Lease. The following paragraph, or a substantially similar paragraph, shall be included in each Lease:

In accepting this Lease, Tenant acknowledges that Tenant has received, read, and understands Occupancy Agreement for Unit _____, dated _____, and any addendum thereto, and the Bylaws, rules, regulations, and policies of Seal Beach Mutual No. ____ (the “Governing Documents”). Tenant agrees to comply with the terms of the Governing Documents, and acknowledges that any failure by Tenant, or Tenant’s family members, social guests, houseguests, servants, employees, or agents, to comply with the terms of the Governing Documents shall constitute a material default under this Lease and may result in the early termination of this Lease.

- 5.3.** No less than the entirety of a Unit may be rented under a Lease, or otherwise. Notwithstanding the foregoing, one (1) roommate paying rent to a Shareholder may reside simultaneously with a Shareholder in the Shareholder’s Unit.
- 5.4.** No sub-rental of a Unit shall be permitted, and no Unit may be used for vacation rentals (for example only, listed on Airbnb, VRBO or a similar website) or rented to a corporate housing company.
- 5.5.** No Unit may be leased for hotel or transient purposes.
- 5.6.** The Lease must provide that upon the notice of intent to transfer Stock, the Lease shall terminate, and the Tenant must vacate the premises and remove all personal property within thirty (30) days. The transfer of Stock cannot take place unless and until Tenant has vacated the Unit.
- 5.7.** Each Shareholder shall be responsible for any and all violations of the Governing Documents committed by any Tenant, or any guest or invitee of Tenant, of the

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DRAFT 1 – LEASING RULES AND REGULATIONS

Shareholder's Unit.

- 5.8.** Each Shareholder shall be deemed to have agreed to save, hold harmless, indemnify, and defend the Mutual and its Directors, officers, agents, representatives, attorneys and employees from and against any and all claims, demands, actions, causes of action, liabilities, damages, and expenses arising out of, or incurred as a result of, the rental/leasing of the Shareholder's Unit, together with all costs, expenses, and actual attorneys' fees resulting therefrom.
- 5.9.** Tenant must acknowledge the Mutual's right to initiate an unlawful detainer action against the Shareholder in the event: (1) the Tenant fails to abide by the terms of the Mutual's Governing Documents and the Shareholder fails to initiate an unlawful detainer action within thirty (30) days of notice from the Mutual Board of the same; and/or (2) the Shareholder's Share of Stock is terminated. Any expenses and attorneys fees incurred by the Mutual, shall be paid as set forth in Section 7.1.2 of these Leasing Rules.

6. Exemptions; Enforcement.

- 6.1.** Upon application by a Shareholder to rent his or her Unit, the Board shall be authorized and empowered, in its sole and reasonable discretion, to grant a hardship exemption for the Shareholder with respect to the Leasing Cap. For purposes of this subsection, a "hardship" shall be defined as the need of a Shareholder to rent his or her Unit as a result of an unforeseeable event and/or because enforcement of the Leasing Cap, against the Shareholder could reasonably subject the Shareholder to suffer a severe financial difficulty.
- 6.2.** If a Shareholder rents his or her Unit without approval from the Board, or otherwise in violation of the provisions of these Leasing Rules, the Mutual is authorized to pursue all of its available legal rights and remedies against the Shareholder to enforce such violation and the Shareholder shall be subject to disciplinary measures, including, but not limited to: (a) a monetary penalty in an amount to be determined by the Board; (b) other disciplinary measures; (c) termination of the Occupancy Agreement; (d) injunctive relief; and/or (e) a Reimbursement Assessment in an amount equal to the costs incurred by the Mutual related to addressing such violation, including, without limitation, attorneys' fees and costs, irrespective of whether the Mutual is able to obtain a court order to evict the Tenant or otherwise effectuate the legal eviction of the non-compliant Shareholder and/or Tenant from the Shareholder's Unit.
- 6.3.** Notwithstanding anything to the contrary contained in these Leasing Rules, the Leasing Cap shall not apply to: (a) any Shareholder exempted from the Leasing Cap under the Davis-Stirling Act; and (b) the Mutual.

7. Unlawful Detainer

- 7.1.1.** Failure by a Shareholder to take legal action, including the institution of unlawful detainer proceedings to evict such Shareholder's Tenant, who is in

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violation of the Mutual's Governing Documents, including without limitation, the Articles, Occupancy Agreement and/or Addendum thereto, Bylaws, Rules and Regulations, or Policies, within ten (10) days after receipt of written demand so to do from the Board, shall constitute a default of the Shareholders Occupancy Agreement and/or Addendum thereto and entitle the Mutual, through the Board, to take any and all such action necessary, including without limitation, declaring forfeiture/termination of the Shareholder's Occupancy Agreement, and the institution of unlawful detainer proceedings against the Shareholder to recover possession of the Unit.

7.1.2. In any such unlawful detainer action against the Shareholder, the Mutual will seek an award of its attorney's fees and costs incurred in connection with the same pursuant to the Occupancy Agreement and/or Addendum thereto. Any other expenses incurred by the Mutual in connection with the enforcement of these Leasing Rules, including attorney's fees, shall be repaid to it by such Shareholder. Failure by such Shareholder to make such repayment within (10) days after receipt of a written demand therefor shall entitle the Board to levy a Special Assessment against such Shareholder and such Shareholder's Unit for all such expenses incurred by the Mutual.

7.2. The authority granted by this Section 7 shall be cumulative with all other rights and remedies of the Mutual in enforcing its Governing Documents.

8. Shareholder Liability. Shareholder shall be absolutely liable to the Mutual and other Shareholders and their families, guests, tenants, and invitees for any liability arising from the acts/or omissions of such Shareholder's Tenant. Each Shareholder who chooses to lease such Shareholder's Unit agrees to be held liable for all acts, whether negligent or non-negligent of such Shareholder's Tenant and/or any guests or invitees of Tenant.

9. Assignment of Rents.

9.1. Assignment of Rents. Each Shareholder who is leasing or renting his or her Unit to a Tenant or Tenants hereby assigns to the Mutual all of the rents and any other income now due or which may become due to Shareholder pursuant to the Lease for the Shareholder's Unit (the "Rents"), together with any and all rights and remedies which the Mutual may have against the Tenant or Tenants, or others in possession of the Unit, for the collection or recovery of the Rents so assigned. Such assignment shall be effective only upon the Shareholder's failure to pay any Assessment within thirty (30) days after the due date, and under no other circumstances, if the Mutual accepts such assignment.

9.2. Process to Effectuate Assignment of Rents. An assignment of rents pursuant to these Leasing Rules shall only be effective if it complies with the requirements of Section 2938

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of the Civil Code and any other applicable law. Any costs and fees incurred by the Mutual in effectuating an assignment of rents pursuant to these Leasing Rules shall be considered a cost of collection of delinquent Assessments, for which the applicable Shareholder shall be responsible.

9.3. Mutual Not a Landlord. The exercise and enforcement of the Mutual’s rights under these Leasing Rules shall in no way constitute the Mutual as a landlord or lessor under any Lease, and the Mutual shall have no such responsibility. Each Shareholder hereby agrees to indemnify, defend, and hold harmless the Mutual and its Directors, officers, agents, representatives, employees, and attorneys, as may be applicable, from and against any and all claims by a Tenant or any third party that the Mutual failed to fulfill the duties of landlord or lessor under any Lease for the Shareholder’s Unit.

9.4. Payment of Rents to Mutual. Each Shareholder irrevocably consents that the Tenant or Tenants under a Lease for the Shareholder’s Unit, upon receiving from the Mutual notice of an assignment of rents pursuant to these Leasing Rules, shall pay the Rents to the Mutual without incurring any liability for the failure to determine the actual existence of any Assessment delinquency claimed by the Mutual. Each Shareholder further agrees that such Tenant or Tenants shall not be liable to the Shareholder for nonpayment of the Rents to the Shareholder for Rents paid to the Mutual pursuant to these Leasing Rules. The full amount of the Rents received by the Mutual shall be applied to the Shareholder’s account; however, application of the Rents to particular Assessments and charges owed by the Shareholder to the Mutual shall be at the Mutual’s discretion to the extent not dictated by law.

9.5. Mutual Powers Upon Default. The Mutual may at any time pursue legal action against a Shareholder and/or the Shareholder’s Tenant or Tenants for, or otherwise seek collection of, any Rents not paid to the Mutual pursuant to these Leasing Rules. The Mutual shall deduct from the Rents received in any such action the costs and expenses of collection, including, but not limited to, reasonable attorney’s fees.

9.6. Termination of Payment of Rents to Mutual. The Mutual may continue receiving Rents assigned directly from the Tenant or Tenants of a Shareholder’s Unit until any unlawful detainer action against the subject Unit is completed by the Mutual, or until the amount of money owed to the Mutual by the Shareholder, including Assessments, late charges, interest, and collection costs, including reasonable attorney’s fees, is paid in full, whichever occurs first.

10. Shareholder Insurance Requirements.

10.1. Property Damage and General Liability Insurance. Each Shareholder is responsible for insuring his or her personal property located within the Mutual. Each Shareholder is also responsible for insuring all buildings, structures, and other Improvements contained within or located upon the Shareholder’s Unit (including, but not limited to the Shareholders’ Residences) against fire and other casualty. Nothing in this Restated Declaration precludes any Shareholder from carrying public liability insurance as he or she may deem reasonable, however, such insurance coverage may not adversely affect

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or diminish any coverage under any of the Mutual's insurance policies. If any loss intended to be covered by insurance carried by or on behalf of the Mutual occurs and the proceeds payable are reduced due to insurance carried by a Shareholder, such Shareholder shall assign the proceeds of the Shareholder's insurance to the Mutual, to the extent of such reduction, for application to the same purposes as the reduced proceeds are to be applied.

10.2. Renter's and Landlord's Insurance. A Shareholder whose Unit is subject to a Lease shall require as a term of the Lease that the Tenant is required, at all times during the Tenant's tenancy and occupancy of the Shareholder's Unit, to obtain and maintain "renter's insurance" of no less than fifty thousand dollars (\$50,000.00), insuring, including without limitation, the Tenant for general liability, property damage, and the replacement value of the Tenant's personal property and belongings located in the Unit from damage and loss. Such Shareholder shall also be required to maintain "landlord's insurance" during the period of the Lease, under an insurance policy that covers the Shareholder's Unit from financial losses connected with the Unit; such policy shall cover standard perils such as fire, and, to the extent commercially available, include coverage for accidental damage, malicious damage by tenants, and rent guarantee insurance.

10.3. Proof of Insurance. Duplicate copies of the insurance policies required under these Leasing Rules shall be submitted by a Shareholder to the Board upon request. Notwithstanding the foregoing, the Mutual shall not have the obligation to confirm that any Shareholder or Tenant carries the insurance required under these Leasing Rules and/or confirm the terms of any insurance purchased by a Shareholder or Tenant.

10.4. Lack of Insurance. The Mutual shall not be responsible for any damage or loss to a Shareholder's Unit, another Unit, or the Common Area for which the Shareholder is responsible and the Shareholder does not maintain sufficient insurance coverage for the cost of repair and restoration of such damage or loss. Any failure by the Tenant to have renter's insurance shall be regarded as a material breach of the Lease.

11. Tenant Eligibility.

11.1. No Discrimination. No Shareholder shall execute or cause to be recorded any instrument that imposes a restriction on the rental or occupancy of the Shareholder's Unit on the basis of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information, nor shall any Shareholder discriminate against or harass any prospective Tenant, or Resident of the Shareholder's Unit because of such bases. Notwithstanding the foregoing, selection preferences based on age in the rental of a Shareholder's Unit, imposed in accordance with Section 51 of the Civil Code or a federally approved housing program, as may be applicable, shall not constitute age discrimination.

11.2. Criteria for Eligibility. All Tenants must meet the criteria for membership eligibility set forth in the Mutual's Governing Documents, specifically the Occupancy Agreement and by the Golden Rain Foundation, as the same may be amended from time to time.

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- 12. Board’s Right to Impose Additional Rules and Regulations.** The Board retains the right to establish and enforce additional Rules and Regulations to implement the leasing restrictions contained in these Leasing Rules.
- 13. Tenant Not Entitled to Take Over Rights of Shareholders.**
- 13.1. Mutual Meetings and Events.** Tenants may not participate in, or attend, meetings of the Mutual, including without limitation, any townhall meeting, open Board meeting, or any event intended only for the Shareholders of the Mutual.
- 13.2. Tenant and Shareholder Required to Attend Orientation.** All new Tenants within the Mutual are required to attend a New Tenant Orientation. All leasing Shareholders will be required to attend such Orientation with the Tenant. **The Mutual is entitled to charge a fee for such New Tenant Orientation.**
- 13.3.** Tenant is not permitted to have overnight guests.
- 14. Quarterly Inspections of Unit.** The Mutual shall conduct, at the then current **Maintenance** hourly rate, quarterly inspections of any leased Units within the Mutual. The Mutual will provide notice of such inspection to the Shareholder, and the Shareholder is required to notify the Tenant of such inspection.
- 15. Background and Credit Checks.** Shareholder must conduct a background check and a credit check prior to entering into a lease agreement with a Tenant. Upon demand by the Board, Shareholder must present the Board with a copy of the results of the background check and the credit check within ten (10) days of such request.
- 16. Documents to Mutual.** Within ten (10) days of execution of a Lease between a Shareholder and Tenant, the Shareholder must provide to the Mutual:
- 16.1. Lease.** The Shareholder shall provide the Mutual with a copy of the executed Lease.
- 16.2. Tenant Contact Information.** The telephone number and e-mail address, if applicable, of the Tenant, and information related to any vehicle of the Tenant, including the make, model, color, and license plate number.
- 16.3. Shareholder Contact Information.** The telephone number and any change in address of the Shareholder.
- 17. Fine Policy of the Mutual.** Pursuant to the Mutual’s Governing Documents, the Shareholder will be called to a hearing for any Tenant violations of the Governing Documents, and the Mutual Board will determine what disciplinary measures and/or monetary fines to levy against Shareholder. The Mutual’s Fine Policy in effect at the time the violation occurs will be applied.

Mutual Corporation No. Eight

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE MUTUAL MONTHLY FINANCES (NEW BUSINESS, ITEM A)
DATE: DECEMBER 28, 2020
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 November 2020.

| |
|---|
| 1008 Seal Beach Mutual No. Eight Financial Statement Recap 10/31/2020 |
|---|

P.O. Box 2069
 Seal Beach CA 90740

| Oct Actual | Oct Budget | | 2020 Y-T-D Actual | 2020 Y-T-D Budget |
|----------------|----------------|---|----------------------|----------------------|
| 90,352 | 90,351 | Carrying Charges | 903,519 | 903,510 |
| 38,231 | 38,230 | Reserve Funding | 382,307 | 382,300 |
| 128,583 | 128,581 | Total Regular Assessments | 1,285,825 | 1,285,810 |
| 238 | 268 | Service Income | 3,040 | 2,680 |
| 3,907 | 4,333 | Financial Income | 48,501 | 43,330 |
| 2,591 | 3,442 | Other Income | 42,830 | 34,420 |
| 6,736 | 8,043 | Total Other Income | 94,371 | 80,430 |
| 135,318 | 136,624 | Total Mutual Income | 1,380,196 | 1,366,240 |
| 56,762 | 56,762 | GRF Trust Maintenance Fee | 559,886 | 567,620 |
| 10,264 | 10,207 | Utilities | 97,571 | 102,070 |
| 753 | 1,152 | Professional Fees | 12,773 | 11,520 |
| 19,458 | 21,222 | Outside Services | 197,081 | 212,220 |
| 4,615 | 9,052 | Taxes & Insurance | 113,037 | 90,520 |
| 38,231 | 38,230 | Contributions to Reserves | 382,307 | 382,300 |
| 130,083 | 136,625 | Total Expenses Before Off-Budget | 1,362,654 | 1,366,250 |
| 5,236 | (1) | Excess Inc/(Exp) Before Off-Budget | 17,542 | (10) |
| 4,737 | 0 | Depreciation Expense | 22,921 | 0 |
| 499 | (1) | Excess Inc/(Exp) After Off-Budget | (5,379) | (10) |
| | | Restricted Reserves | | |
| 1,319 | 0 | Appliance Reserve Equity | 22,633 | 0 |
| 15,100 | 0 | Painting Reserve | 240,181 | 0 |
| (3,221) | 0 | Roofing Reserve | 843,369 | 0 |
| 4,583 | 0 | Emergency Reserve Equity | 158,993 | 0 |
| 0 | 0 | Infrastructure Reserve | 726,003 | 0 |
| 17,781 | 0 | Total Restricted Reserves | 1,991,178 | 0 |

Mutual Corporation No. Eight

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE THE PATIO ADDITION AT UNIT 200-E
(NEW BUSINESS, ITEM C)
DATE: DECEMBER 28, 2020
CC: MUTUAL FILE

I move to approve the patio addition at unit 200-E at the shareholder's expense.

Mutual Corporation No. Eight

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE THE PATIO ADDITION AT UNIT 178-F
(NEW BUSINESS, ITEM D)
DATE: DECEMBER 28, 2020
CC: MUTUAL FILE

I move to approve the patio addition at unit 178-F at the shareholder's expense.

Section 3.3 – Secondhand Smoke/Nuisance Regulation.

The Mutual No. Eight Occupancy Agreement (“Occupancy Agreement”) provides that Shareholders shall not interfere with the rights of other residents and that Shareholders shall not commit or permit any nuisance within the Mutual.

The emission of secondhand smoke from devices including, but not limited to cigarettes, cigars, pipes, hookahs or similar items, may create conditions that interfere with the use and enjoyment of other Shareholders and Qualifying Resident’s units, thereby constituting a nuisance. Thus, all Shareholders, Qualifying Residents, guests, and invitees must comply with the following, regarding secondhand smoke within the Mutual:

1. No Shareholder and/or Qualifying Resident/occupant/guest within the Mutual shall cause a nuisance to any other occupant due to his/her smoking of any substance.
2. Any nuisance caused by a Shareholder and/or Qualifying Resident/occupant/guest shall be treated by the Mutual as a violation of these Rules and the Occupancy Agreement.
3. In the event that any new Shareholders anticipate that there may be any secondhand smoke within their Units, such Shareholders shall have their Units insulated at the close of escrow, paid for by the new Shareholders.
4. All insulation of Shareholder Units as set forth in this Section 3.3 shall be conducted by GRF and/or a vendor of GRF, who will then invoice the Shareholder for the cost.
5. In no case shall the Mutual pay for the insulation of a Unit, and/or the mitigation of the effects of a Shareholder and/or Qualifying Resident/occupant/guest secondhand smoke.
6. Any damages and/or liability arising from the emission of secondhand smoke in violation of this rule by a Shareholder and/or a Qualifying Resident/occupant/guest, will be borne by the Shareholder and/or Qualifying Resident of the offending Unit.
7. There shall be no smoking of any kind on a porch that is not enclosed and insulated.
8. Upon the complaint of any Shareholder and/or a Qualifying Resident/occupant/guest regarding a potential nuisance due to secondhand smoke, the Mutual and/or GRF will conduct an informal investigation regarding the allegations and facts. Following the investigation, if GRF and/or the Mutual deems the complaint to be valid, the Shareholder who is the subject of the complaint will be provided the opportunity to insulate his/her Unit, at his/her expense. If the Shareholder elects not to insulate the Unit or take any other steps toward resolving the issue, the Board may call the Shareholder to a hearing regarding the complaint, with proper notice. If, after the hearing, a determination is made by the Board that the Shareholder and/or a Qualifying Resident/occupant/guest is causing a nuisance due to secondhand smoke and/or other noxious odors within his/her Unit, the Board can require, in its sole discretion, that the Shareholder shall have his/her Unit insulated at Shareholder’s expense. The Board may also impose additional requirements for mitigating the issue, and/or take any disciplinary

action for a violation of these rules. All insulation shall take place within 30 days of the agreement to insulate or a determination by the Board.

9. In the event of a violation of these rules, the Mutual reserves the right to pursue any remedy under the law and its Governing Documents, including, but not limited to, imposing a fine after notice and hearing, and engaging in internal dispute resolution pursuant to this regulation among other things.

10. If any Shareholder or Qualifying Resident believes that s/he is entitled to an exception to any of these rules as a reasonable accommodation of a disability, s/he may submit such a request. All requests will be considered on a case-by-case basis.