

GOLDEN RAIN
foundation
Seal Beach

NOVEMBER 2015

TO ALL MEMBERS OF THE GOLDEN RAIN FOUNDATION:

Enclosed please find the 2016 Annual Budget Report and Annual Policy Statement for the Golden Rain Foundation (GRF), a non-profit Mutual Benefit Corporation organized and created pursuant to the California Corporations Code. GRF holds in trust, for the collective Mutual Corporations, the common areas and properties such as the Trust streets, golf course, clubhouses and administration buildings, but not the common areas of the Mutual Corporations. Without the existence of the Trust, these facilities would be included as major components in the Mutual budgets.

The GRF, under contract, acts as agent for the Mutual Corporations and receives funding for its operations from the Corporations and their shareholders. California law requires GRF to report on its annual budget.

In the accompanying pages are summaries of the 2016 budgets that were adopted by the GRF Board of Directors and your respective Mutual Board of Directors, and which must be distributed to the members thirty (30) to ninety (90) days before the end of the fiscal year pursuant to California Civil Code Section 5300. I would like to thank the members of all of the Boards of Directors for their volunteer services resulting in no board costs to the residents. **Any member of GRF may request copies of both full budgets from the GRF Accounting Department at no cost.** In addition to the budget summaries, this package contains a summary of the Annual Policy Statement, which must be distributed to members in accordance with Civil Code Section 5310 within thirty (30) to ninety (90) days before the end of the fiscal year. **Any member may request a complete copy of the report at no cost to the member by submitting a written request to:**

**Golden Rain Foundation
P.O. Box 2069
Seal Beach, CA 90740**

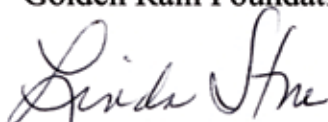
The minutes of each GRF Board meeting are published monthly in *The News*. Minutes of each Mutual's regular meeting are circulated to each building and posted in the laundry rooms of your Mutual. Copies can be obtained for a nominal fee from the Finance Dept. in the Administration building.

Please review the foregoing and enclosed documents. Should you have any questions or concerns, please do not hesitate to contact your Board of Directors.

Thank you.

Sincerely,

Golden Rain Foundation


Linda Stone, Treasurer

ANNUAL BUDGET REPORT¹
(Civil Code Section 5300)

After thoughtful review and consideration, the Board of Directors has approved a budget for the fiscal year ending December 31, 2016, which it believes is reasonable and prudent to meet the funding needs of the Association. The assessments will be increased to \$144.15 per unit, per month effective January 1, 2016. A copy of the budget is enclosed for your review.

In accordance with Civil Code Sections 5550(b)(5) and 5560 the Board has adopted the budget along with the reserve funding plan as recommended in the Reserve Study performed by Reserve Studies, Inc. The reserve study has been performed pursuant to Civil Code Section 5565 for the major capital components. GRF's reserves account will be funded through assessments for \$900,000 and from a portion of the membership fees and renters fees (Mutual Seventeen only) in accordance with Policy 5061-31. A summary of the reserve report is enclosed. Copies of the full reserve study plan are available upon request to GRF.

The Board of Directors does not, at this time, anticipate the need to levy a special assessment for planned expenditures, but reserves the right in accordance with California Civil Code to approve a special assessment for unplanned major expenses, if necessary, in the upcoming fiscal year.

The Board of Directors has not deferred repairs or replacement of any major component with a remaining life of 30 years or less.

Assessment and Reserve Funding Disclosure Summary
For the Fiscal Year Ending 2016

- (1) The regular assessment per ownership interest is \$144.15 per month.
- (2) Additional regular or special assessments are not anticipated to be imposed or charged, regardless of the purpose.
- (3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes X No

- (4) All major components are included in the reserve study and are included in its calculations.

(5) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the 2015 fiscal year is \$9,769,550, based in whole or in part on the reserve study performed by Reserve Studies, Inc. dated June 15, 2015. The projected reserve fund cash balance at the end of the current fiscal year is \$5,804,883, resulting in reserves being 59.4 percent funded at this date.

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund, the projected reserve fund balance in each of those years, taking into account only assessments approved and other known revenues, and the percentage funded at the end of the next five years are:

Year	Required Funding	Projected Fund Bal.	% Funded
2016	\$8,664,686	\$5,107,170	58.9%
2017	8,888,055	5,821,429	65.5%
2018	9,466,190	6,868,964	72.6%
2019	10,310,144	8,094,126	78.5%
2020	9,964,131	8,170,689	82.0%

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was one percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.39 percent per year.

¹ This summary includes a general description of the content of the report. Members may request a complete copy of the report at no cost to the member by submitting a written request to Golden Rain Foundation, P.O. Box 2069, Seal Beach, CA 90740.

**Golden Rain Foundation
2016 Operating Budget
Summarized by Function**

	Wages & Benefits	Other Net Costs	Total 2016	Total 2015	Change	Per Unit Per Month	
						2016	2015
Administration	\$3,471,568	\$1,874,678	\$5,346,246	\$4,886,419	\$459,827	\$67.42	\$61.62
Security & Transportation	2,062,647	238,205	\$2,300,852	2,396,574	(95,722)	29.02	30.22
Recreation Services	490,299	1,963,233	\$2,453,532	2,329,398	124,134	30.94	29.38
Physical Property	3,781,572	627,264	4,408,836	4,337,318	71,518	55.60	54.70
Reserve Contributions	0	900,000	900,000	1,000,000	(100,000)	11.35	12.61
Gross Trust Administration Cost	\$9,806,086	\$5,603,380	\$15,409,466	\$14,949,709	\$459,757	194.33	\$188.53
Less Rentals & Other Cost Recoveries			(3,979,030)	(3,862,011)	(117,019)	(50.18)	(48.70)
Net Trust Administration Cost (Regular Assessment)			<u>\$11,430,436</u>	<u>\$11,087,698</u>	<u>\$342,738</u>	<u>\$144.15</u>	<u>\$139.83</u>

Summary of 2016 Reserve and Capital Funds

Reserve funds are monies that the GRF has collected to defray future maintenance and replacement of major components/assets that GRF is required to maintain in accordance with California Civil Codes. Use and expenditure of reserve funds are governed by Policy 5520-31. The Reserve Fund is funded by contributions collected through monthly assessments and from a percentage of the Membership Fee and Renter Fee (Mutual 17 only) in accordance with Policy 5061-31. Additional funding of the Reserve Fund may result through surplus operational funds from the preceding fiscal year in accordance with Policy 5528-31 and in accordance with the Civil Code.

The current deficit in reserve funding is equivalent to \$510 per unit. GRF has no outstanding loans.

Major Component	Est. Useful Life		2016 Est. Remaining Life		Estimated Replacement Cost in 2016	01/01/2016 Current Fund Balance	01/01/2016 Fully Funded Balance	% Funded
	Min	Max	Min	Max				
Admin Building	4	30+	0	30+	360,868	129,790	218,436	
Amphitheater	4	30+	0	30+	844,421	303,706	511,133	
Clubhouses	4	30+	0	30+	4,183,592	1,504,677	2,532,353	
Infrastructure	1	30+	0	30+	9,309,111	3,348,128	5,634,861	
Library	4	30+	1	30+	257,590	92,645	155,921	
Maint. Yard	10	30+	1	30+	397,824	143,082	240,805	
Pool & Golf	5	30+	0	30+	538,561	193,700	325,994	
Resales	4	30+	0	30+	98,903	35,572	59,867	
Security Office	5	30+	0	30+	148,983	53,583	90,180	
Total					16,139,853	5,804,883	9,769,550	59.4%

Capital expenditures are defined as the new purchase (not replacement) of equipment and/or assets upon Trust property or used in the maintenance of Trust property or in the performance of GRF duties under the management agreement with the Mutual Corporations. The Capital Fund and its related expenditures are NOT part of the operational budget. The Capital Fund is funded from a percentage of the Membership Fee and Renter Fee (Mutual 17 only) in accordance with Policy 5061-31. New equipment and/or assets completed and acquired in the current budget year will be placed as a reserve item in subsequent years so that proper funding will be available when these items are ready for replacement. The anticipated value of the Capital fund at the beginning of this budget year is \$164,404

A complete copy of the budget is available from the Accounting Office.

(Remove, Read and Save These Eight Pages and the Accompanying Mutual Budget)

The following information (notice of insurance coverage, billing and collection procedures, assessments and foreclosure, payments, meetings and payment plans, information re CA Civil Code Sections 5920 and 5965, internal dispute resolution procedures, alternative dispute resolution, right to receive copies of minutes, and procedures for remodeling) is distributed to members of the Golden Rain Foundation and shareholders/homeowners of the Mutual Corporations. Throughout these notices, there are references to an "association." The Golden Rain Foundation has been determined to be an association by the courts of this state.

**NOTICE OF INSURANCE COVERAGE FOR THE MUTUAL CORPORATIONS
AND THE GOLDEN RAIN FOUNDATION**

This summary of the policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual insurance policies. Any association member may, upon written request and provision of reasonable notice, review the association's insurance policies and, upon written request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the insurance policies specified in this summary, the association's insurance policies may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult their individual insurance broker or agent for appropriate additional coverage.

Insurer	Coverage	Limit	Deductible
Philadelphia Ins. Co.	Property	\$200,000,000	\$50,000
Philadelphia Ins. Co.	Boiler & Machinery	\$ 50,000,000	\$ 1,000
Philadelphia Ins. Co.	Auto Liability	\$ 1,000,000	\$ 1,000
Philadelphia Ins. Co.	General Liability	\$ 2,000,000	\$10,000
Great American Ins.	Umbrella Liability	\$ 30,000,000	N/A
Great American Ins.	Pollution Legal Liability	\$ 5,000,000	\$25,000
Chubb	Crime	\$ 1,500,000	\$10,000
Chubb	Fiduciary	\$ 3,000,000	N/A
Chubb	Workplace Violence	\$ 1,000,000	N/A
Chartis/National	Dir. & Officers (Mutuals)	\$ 3,000,000	\$50,000
RSUI/AWAC/ARGO – Excess	Dir. & Officers (Mutuals)	\$ 7,000,000	N/A
RSUI	Cyber (Mutuals)	\$ 2,000,000	\$5,000
RSUI	Cyber (GRF)	\$ 2,000,000	\$5,000
RSUI	Dir. & Officers (GRF)	\$ 3,000,000	\$100,000
RSUI/AWAC/ARGO – Excess	Dir. & Officers (GRF)	\$ 7,000,000	N/A
STARR	Errors & Omissions	\$ 2,000,000	\$50,000

The above insurance policies were in effect at the time the budget was prepared. The effective date of these policies is December 1st. We anticipate that the above policies may be renewed with some changes in limits and deductibles. In the event that any of the above policies are cancelled and not immediately replaced, or if there is a material change in coverage or deductible, you will be notified of that change or cancellation.

The coverage provided by these policies exceeds the levels required by law. Claims in excess of this coverage will not result in any direct individual liability by any member. However, there could be a proportionate assessment levied to pay the amount of any judgment in excess of the corporate coverage limits. Earthquake and flood insurance are not provided due to cost and coverage prohibitions.

The property and general liability insurance policies provide coverage for the Golden Rain Foundation and Mutual Corporations. The Directors and Officers Liability policies provide separate coverage for the Mutual Corporations and the Golden Rain Foundation.

ANNUAL POLICY STATEMENT²
(Civil Code Section 5310)

1. CONTACT PERSON. The name and address of the person designated to receive official communications to GRF and the Mutual Corporations, pursuant to Civil Code Section 4035 shall be:

Golden Rain Foundation
P.O. Box 2069
Seal Beach, CA 90740
Attn: President, Golden Rain Foundation

2. MULTIPLE ADDRESSES. Members may submit a written request to GRF's Contact Person identified in Section 1 above to add or remove a second address for delivery of the following notices according to subdivision (b) of Section 4040 of the Civil Code:

- a. Annual Budget Report and Annual Policy Statement, as well as the Year-End Report (Article 7 of the Civil Code, commencing with Section 5300 of Chapter 6);
- b. Notices regarding assessment payments and delinquencies (Article 2 of the Civil Code, commencing with Section 5650 of Chapter 8); and
- c. Notices regarding a trustee's sale pursuant to Civil Code Section 5710.

3. NOTICE LOCATION. The location designated for posting of a general notice for the Golden Rain Foundation, pursuant to paragraph (3) of subdivision (a) of Section 4045 of the Civil Code shall be:

The News

General notices for the Mutual Corporations are posted in the laundry rooms.

4. NOTICE BY INDIVIDUAL DELIVERY. A member may submit a written request to the Association Contact Person to receive general notices by individual delivery, pursuant to subdivision (b) of Section 4045 of the Civil Code.
5. RIGHT TO RECEIVE COPIES OF MINUTES. Members have the right to obtain copies of board meeting minutes, pursuant to subdivision (b) of Section 4950 of the Civil Code, by contacting GRF's Contact Person. The minutes of each Golden Rain Foundation Board meeting are published in the Golden Rain News. Minutes of each Mutual's regular meeting of the Board of Directors are circulated to each building and posted in the laundry rooms of your Mutual. Copies of all minutes (except minutes of meetings in executive session), proposed minutes or summary minutes, as well as agendas for all open or executive session meetings can be obtained for a nominal fee from the Accounting Department in the Administration building.
6. FINE SCHEDULE: No enforcement policy or fine schedule currently exists. However, pursuant to Civil Code Section 5850, these documents will be distributed if and when same may be prepared and duly adopted by the Board.
7. PROCEDURES FOR REMODELING: The following is a summary of requirements for GRF approval of a physical change to property, pursuant to Section 4765 of the Civil Code:

Mutual residents are permitted to remodel their apartment within the parameters of their Occupancy Agreement and applicable Mutual policy. Remodeling common areas or apartments is permitted only with respective Mutual Board approval. Plans for remodeling and selected contractor names must be submitted to, and approved by, the respective Mutual Board of Directors prior to commencement of work.

BILLING AND COLLECTION PROCEDURES FOR THE MUTUAL CORPORATIONS OF SEAL BEACH LEISURE WORLD

Prompt payment of your Regular Assessment and Property tax is essential to the financial health of your Mutual, and enhances the value of your ownership in the corporation. In addition to the monthly regular assessment, you may have other charges, i.e. cable service or Service Repair Orders, charged to your account. Upon rare occasions, a special assessment may be levied by your Mutual. Your respective Board of Directors takes seriously its obligation to enforce the collection procedures set forth below. The presentation of this procedure is intended to fulfill your Board of Director's obligation to notify you under Section 5310(a)(7) of the California Civil Code.

1. It is your responsibility to pay your monthly payment (consisting of the regular assessment, property tax, special assessment(s) and voluntary charges) on or before the due date. The due date is the first of the month, unless otherwise stated on the payment coupon.
2. If a payment is not made within the Mutual's grace period (15 days past the due date) or paid short of the total amount due, the account will be deemed delinquent and a late charge will be assessed. The late charge varies by Mutual and by the date of the Occupancy Agreement. It can range from a low of \$2.00 to a high of \$10.00. The late charge will be assessed for each monthly payment, or portion thereof, that is (are) delinquent. If your Occupancy Agreement specifies a lower late fee, the lower fee will apply.
3. The first past due notice will be mailed 30 days after the due date of the unpaid and now delinquent payment. At that time, the past due amount will be charged an interest rate not to exceed 12% per annum on the total amount due. Late charges and collection costs are added to the delinquent monthly payment (consisting of the regular assessment, property tax, special assessment(s) and voluntary charges), and become part of the total amount due.
4. Partial payments of amounts due will be applied in the following order: property taxes, special assessments and regular assessments, voluntary charges, late charges, collection costs and interest. Collection costs will include attorney fees. Any unpaid amounts will be charged the late charge and will accrue interest.
5. Amounts due are your personal obligations and are liens against your unit. All late charges, interest, attorney's fees, and collection costs incurred by the Association will be added to the Owner's account and will become the liability of the Owner.
6. A second past due notice will be sent 60 days after the initial due date of the delinquent payment. Copies of this notice will be sent to the Mutual President and CFO.

2. **This summary includes a general description of the content of the report. Members may request a complete copy of the report at no cost to the member by submitting a written request to Golden Rain Foundation, P.O. Box 2069, Seal Beach, CA 90740.**

7. A final warning will be sent to you 75 days after the initial due date of the delinquent payment. This is to notify you that your account will be referred to your Mutual Board of Directors for action.
8. Any account that reaches 90 days past due will be referred to your Mutual Board of Directors for formal collection procedures, which may include eviction and forced sale of your share of stock.
9. If the delinquent amount exceeds \$2,000.00, the Mutual will be consulted for instructions to begin legal action.
10. The Mutual Board of Directors may, at any time, authorize legal action, regardless of the delinquent amount.
11. When the Board is to meet to consider or impose a monetary charge as a means of reimbursing GRF for costs incurred in the repair of damage to Common Area and facilities caused by a member or the member's guest or tenant, the Board shall notify the member in writing, by either personal delivery or individual delivery pursuant to Section 4040, at least ten (10) days prior to the meeting. (Civil Code Section 5855(a).) The notification shall contain, at a minimum, the date, time, and place of the meeting, the nature of the damage to the Common Area and facilities for which a monetary charge may be imposed, and a statement that the member has a right to attend and may address the Board at the meeting. (Civil Code Section 5855(b).) The Board shall meet in executive session if requested by the member. (Civil Code Section 5855(b).)
12. When an account is referred for legal action for collection purposes, partial payments on that account may no longer be accepted unless the payments are in accordance with a payment plan approved by the Mutual Board of Directors.
13. The physical address for making payments is the Golden Rain Foundation, 13531 St. Andrews Drive, Seal Beach, CA 90740. The mailing address is the Golden Rain Foundation, P.O. Box 2069, Seal Beach, CA 90740. The Golden Rain Foundation is the trustee and/or managing agent for the Mutual Corporations.

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as non-judicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or non-judicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or non-judicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or non-judicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or non-judicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use non-judicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it.

The mailing address for overnight payments is the following: (Section 5655 of the Civil Code)

Seal Beach Mutual {your Mutual Number}
P.O. Box 51996
Los Angeles, CA 90051-6296

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform to the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)

INFORMATION REGARDING CALIFORNIA CIVIL CODE SECTIONS 5920 and 5965 CONCERNING INTERNAL DISPUTE RESOLUTION PROCEDURE AND ALTERNATIVE DISPUTE RESOLUTION

California Civil Code Section 5965 requires that the association furnish you with the following information concerning the provisions of the code section related to Alternative Dispute Resolution (ADR). Civil Code Section 5920 requires that you be notified concerning Internal Dispute Resolution Procedure (IDR) and that we furnish you with the following information concerning the provisions of the Code Section, usually at the time that the budget is delivered or some other convenient time as specified by the Civil Code. The provisions, in summary form, are as follows:

INTERNAL DISPUTE RESOLUTION PROCEDURE

1. The Internal Dispute Resolution Procedure (IDR) is set forth commencing with Civil Code Section 5915 and requires the association to provide an expeditious procedure for the determination of disputes between the association and any resident. The sections therein require the following: (a) any party may submit a written request to "meet and confer" in an effort to resolve the dispute, (b) a member of an association may refuse a request to meet and confer; the association may not refuse a request to meet and confer, (c) the board shall designate a member of the board to meet and confer, (d) the parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute, and (e) a resolution of the dispute agreed to by the parties shall be put in writing and signed by the parties, including the board designee on behalf of the association.
2. An agreement reached under this procedure binds the parties and is judicially enforceable if both of the following conditions are satisfied: a) The agreement is not in conflict with law or the governing documents of the common interest development or the association, and b) the agreement is consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors. A member of the association may not be charged a fee to participate in the process.
3. As required by Civil Code Section 5920, Mutuels that have adopted their own IDR process pursuant to California Civil Code Section 5910 shall include a description of said IDR process in their individual budget reports.

ALTERNATIVE DISPUTE RESOLUTION

1. Prior to filing a civil action either by Golden Rain Foundation, a Mutual or by an owner of a Mutual share, which action is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure, Civil Code Section 5930 requires that the parties shall endeavor to submit their dispute to Alternative Dispute Resolution (ADR), such as mediation, arbitration, conciliation, or other non-judicial procedure that involves a neutral party in the decision-making process. This section does not apply to a small claims action or, except as otherwise provided by law, to an assessment dispute.
2. The form of alternative dispute resolution may be binding or non-binding at the option of the parties. Any party to such dispute may initiate the process by serving upon all other parties to the dispute a "REQUEST FOR RESOLUTION." The Request for Resolution shall include all of the following: (a) A brief description of the dispute between the parties; (b) A Request for Alternative Dispute Resolution; (c) A notice that the party receiving the Request for Resolution is required to respond thereto within thirty (30) days of receipt or the request will be deemed rejected; and (d) If the party on whom the request is served is the owner of a separate interest, a copy of Civil Code 5925 et seq. shall be provided.
3. The service of the Request for Resolution shall be either by personal delivery, first class mail, express mail, facsimile transmission or other means reasonably calculated to provide actual notice to the party on whom the request is served.
4. The party receiving the Request for Resolution shall have thirty (30) days to accept or reject the request. In the event no such response is received, the Request is deemed "rejected."

5. If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within ninety (90) days after receipt of the acceptance by the party initiating the request, unless this period is extended by written stipulation signed by both parties.
6. The costs of the alternative dispute resolution shall be borne by the parties.
7. If a Request for Resolution is served before the end of the applicable time limitation for commencing an enforcement action (as defined by Civil Code §5925(b) the time limitation is tolled during the following periods: (a) The period provided in Section 5935 for response to a Request for Resolution, (b) If the Request for Resolution is accepted, the period provided by Section 5940 for completion of alternative dispute resolution, including any extension of time stipulated by the parties pursuant to Section 5940.
8. At the time of commencement of an enforcement action (as defined in Civil Code §5925(b)), the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions is satisfied: (1) Alternative dispute resolution has been completed in compliance with this article; (2) One of the other parties to the dispute did not accept the terms offered for alternative dispute resolution; (3) Preliminary or temporary injunctive relief is necessary.

Failure to file a certificate pursuant to Civil Code §5950 is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result in substantial prejudice to one of the parties.
9. After an enforcement action (as defined in Civil Code §5925) is commenced, on written stipulation of the parties, the matter may be referred to alternative dispute resolution. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the Government Code. The costs of the alternative dispute resolution shall be borne by the parties.
10. In an enforcement action (as defined by Civil Code 5925(b)) in which fees and costs may be awarded, the court, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.
11. Except on agreement by the parties to the contrary, anything said or admissions made in the course of alternative dispute resolution shall not be admissible into evidence in a trial. Documents prepared in preparation for or during the course of alternative dispute resolution shall not be admissible into evidence and disclosure of those documents may not be compelled in a civil action.
12. Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of your right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.

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