



Hello Committee Members,

Attached is the agenda packet for the scheduled Committee Meeting on Tuesday, May 24, 2022 at 9:30 A.M. The meeting will be held in the Board Room. Additionally, the meeting will be held virtually on ZOOM. Below is the information:

You are invited to a Zoom webinar.

When: May 24, 2022 09:30 AM Pacific Time (US and Canada)

Topic: THIRD LAGUNA HILLS MUTUAL RESIDENT POLICY AND COMPLIANCE COMMITTEE

Please click the link below to join the webinar:

<https://us06web.zoom.us/j/83556074136>

Or One tap mobile :

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Dial(for higher quality, dial a number based on your current location):

US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 301 715 8592 or +1 312 626 6799 or +1 929 436 2866

Webinar ID: 835 5607 4136

International numbers available: <https://us06web.zoom.us/j/83556074136>

If you have any further questions or concerns, please reach out to me at

[paul.nguyen@vmsinc.org](mailto:paul.nguyen@vmsinc.org) or at 949-268-2255. Thank you and have a wonderful day.

Thank You,

Paul Nguyen





OPEN MEETING

**REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL  
RESIDENT POLICY AND COMPLIANCE COMMITTEE**

**Tuesday, May 24, 2022 – 9:30 A.M.  
Board Room/Virtual Meeting  
Laguna Woods Village Community Center  
24351 El Toro Road**

**AGENDA**

- |  |                  |
|--|------------------|
| 1. Call to Order                                 | Robert Mutchnick |
| 2. Acknowledgment of Media                       | Robert Mutchnick |
| 3. Approval of the Agenda                        | Robert Mutchnick |
| 4. Approval of Meeting Report for April 26, 2022 | Robert Mutchnick |
| 5. Chair's Remarks                               | Robert Mutchnick |
| 6. Member Comments (Items Not on the Agenda)     |                  |

Laguna Woods Village owner/residents are welcome to participate in committee meetings and submit comments or questions regarding virtual committee meetings using one of two options:

- a. Via email to [meeting@vmsinc.org](mailto:meeting@vmsinc.org) any time before the meeting is scheduled to begin or during the meeting. Please use the name of the committee in the subject line of the email. Name and manor number must be included.
- b. Join the Committee meeting via Zoom at: <https://us06web.zoom.us/j/83556074136> or by dialing 669-900-6833 Access Code: 835 5607 4136.

Reports:

None

Items for Discussion and Consideration:

- |                                      |                  |
|--------------------------------------|------------------|
| 7. Distribution of Printed Materials | Blessilda Wright |
| 8. Resale Policy                     | Pamela Bashline  |
| • Equity of non-US Property          |                  |
| • Foreign Pension                    |                  |
| • Require US Federal Tax Returns     |                  |

Items for Future Agendas:

None

Concluding Business:

9. Committee Member Comments
10. Date of Next Meeting – June 28, 2022
11. Adjournment

Robert Mutchnick, Chair  
Blessilda Wright, Staff Officer  
Telephone: 949-597-4254





## **OPEN MEETING**

### **REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL RESIDENT POLICY AND COMPLIANCE COMMITTEE**

Tuesday, April 26, 2022 – 9:30 A.M.  
Board Room/Virtual Meeting  
Laguna Woods Village Community Center  
24351 El Toro Road, Laguna Woods, CA 92637

**MEMBERS PRESENT:** Robert Mutchnick, Chair, Lynn Jarrett, Cush Bhada and Mark Laws

**MEMBERS ABSENT:** None

**ADVISORS PRESENT:** Stuart Hack

**ADVISORS ABSENT:** Mary Seto

**STAFF PRESENT:** Blessilda Wright, Pamela Bashline and Paul Nguyen

#### **CALL TO ORDER**

Robert Mutchnick, Chair, called the meeting to order at 9:30 a.m.

#### **ACKNOWLEDGEMENT OF MEDIA**

The Media was not present.

#### **APPROVAL OF AGENDA**

Director Laws made a motion to approve the agenda. Director Bhada seconded the motion.

By consensus, the motion carried.

#### **APPROVAL OF MEETING REPORTS**

Director Laws made a motion to approve the, March 2, 2022 meeting report as presented. Director Jarrett seconded the motion.

By unanimous vote, the motion carried.

#### **CHAIRMAN'S REMARKS**

None

#### **MEMBER COMMENTS ON NON-AGENDA ITEMS**

Ms. Phyllis Waite of (3428-N Bahia Blanca West) wanted to discuss about the issues of parking in her area. There are residents who park their vehicles onto the sidewalk and also there are residents whom utilize their garages as storage areas instead of parking. These people then park their vehicles in open parking. She wanted something done about this including fines.

Chair Mutchnick advised the member to attend the next Third Parking and Mobility meeting.

## **REPORTS**

None

## **ITEMS FOR DISCUSSION AND CONSIDERATION**

### **Distribution of Materials**

Blessilda Wright, Compliance Supervisor, presented Distribution of Materials. The Committee commented and asked questions.

Director Bhada made a motion to change the title to Distribution of Printed Materials Policy.

Director Jarrett seconded the motion.

By unanimous vote, the motion carried.

Director Bhada made a motion to table this item to the next meeting and make some changes to the following:

- II. Definitions, Section C: remove
- II. Definitions, Section D: Types of Printed Materials which can be distributed.
- III. General Conditions, Section A: Any materials, including petitions to gather signatures, to be distributed to Third Mutual residents shall bear the name of the representative who accepts responsibility for the source of material, distribution and/or posting.
- VI. Conditions for Posting of Materials, Section A: Posting locations are limited to those areas reserved for posting, such as Laundry Room bulletin boards and that are available only for residents.
- VI. Conditions for Posting of Materials, Section B: remove 'per resident'
- VII. Enforcement: remove 'to the Laundry Room' and change to "caused by posting or distribution of printed materials.

Director Jarrett seconded the motion.

By unanimous vote, the motion carried.

## **Resale Policy**

Pamela Bashline, Community Service Manager, presented Resale Policy. The Committee commented and asked questions.

Director Laws made a motion to discuss specific sections of the Resale Policy including Section II, Net Worth Requirements, the board may elect to insert "U.S." before 'residential and income real estate,' Section III, subsection I, the board may elect to insert "U.S." before 'traditional retirement accounts,' and Section 1 "a federal income tax return for the most recent year..." the board may choose to amend some of the language but may refer the issues to the Finance Committee. The motion was seconded by Director Jarrett.

Director Laws amended the motion to hold Resale Policy Section II, Net Worth Requirement and Section III, subsection I held abeyance and send question of how staff should handle an applicant who cannot submit a U.S. federal tax return to the Finance Committee. Once the Finance Committee has its recommendations, to send it back to the Third Resident Policy and Compliance Committee.

Director Jarrett seconded the motion.

By a vote of 3-1-0 (Director Bhada voted no), the motion carried.

## **ITEMS FOR FUTURE AGENDAS**

- None

## **CONCLUDING BUSINESS**

### **Committee Member Comments**

Director Laws stated that he would like to remove advisors that never show up to the Committee meetings. The Committee was advised that advisor Ms. Seto submitted her resignation from the committee.

Director Jarrett stated points made in the meeting are helpful and educational.

Ms. Bashline, Ms. Wright and Mr. Nguyen stated it was a good meeting.

### **Date of Next Meeting**

Tuesday May 24, 2022 at 10:52 A.M.

### **Adjournment**

With no further business before the Committee, the Chair adjourned the meeting at 10:52 a.m.

*Robert Mutchnick*

Robert Mutchnick (May 11, 2022 10:27 PDT)

Robert Mutchnick, Chair  
Third Laguna Hills Mutual





## STAFF REPORT

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**DATE:** May 24, 2022  
**FOR:** Resident Policy & Compliance Committee  
**SUBJECT:** Distribution of Materials Policy

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### **RECOMMENDATION**

Receive and file report.

### **BACKGROUND**

The Board created a Residency Policy and Compliance Committee to review policies and processes for consistency. The committee has identified areas of improvement including, but not limited to, the need to amend the Distributing- Posting Printed Materials Policy.

On June 19, 2007, the Third Laguna Hills Mutual (Third) Board of Directors (Board) adopted the Distributing of Printed Material policy to provide guidelines on door-to-door distribution of material, petitions and posting of material's within Third.

On December 28, 2021, the Resident Policy and Compliance Committee reviewed the policy and determined to table the item to the January meeting for further review by the committee members.

On March 2, 2022, the Resident Policy and Compliance Committee reviewed the policy and directed staff to make the following changes and bring back to the next committee meeting:

- II. Definitions, Section E: Add resolution number into the sentence.
- III. General Conditions, Section A: Any Materials, including petitions to gather signatures, to be distributed to Third Mutual residents shall bear the name of the individual who accepts responsibility of the posting as its sources.
- III. General Conditions, Section E be removed.
- V. Conditions for Petitions, Section A: remove 'or their designated representative.'

On April 26, 2022, the Resident Policy and Compliance Committee reviewed the policy and directed staff to make the following changes and bring back to the next committee meeting:

- Change title to Distribution of Printed Materials
- II. Definitions, Section C: remove
- II. Definitions, Section D: Types of Printed Materials which can be distributed.
- III. General Conditions, Section A: Any materials, including petitions to gather signatures, to be distributed to Third Mutual residents shall bear the name of the representative who accepts responsibility for the source of material, distribution and/or posting.
- VI. Conditions for Posting of Materials, Section A: Posting locations are limited to those areas reserved for posting, such as Laundry Room bulletin boards and that are available only for residents.
- VI. Conditions for Posting of Materials, Section B: remove 'per resident'

- VII. Enforcement: remove ‘to the Laundry Room’ and change to “caused by posting or distribution of printed materials.

### **DISCUSSION**

During the 2021 election cycle the Compliance Division received reports from members concerning placement of printed materials on doorknobs/doors throughout Third. The member’s concerns include, but are not limited to, printed materials trapped in the door screen, transmission of germs from unknown person’s touching the doorknobs, and the overall look of multiple materials hung from doorknobs.

The current Distribution of Printed Materials states “...materials that are distributed door-to-door may only be left on the surface of the thresholds of front doors. Material may not be hung from doorknobs nor placed in USPS delivery points, nor left on vehicles in carports...”

### **FINANCIAL ANALYSIS**

There is no financial impact.

**Prepared By:** Blessilda Wright, Compliance Supervisor

**Reviewed By:** Francis Gomez, Operations Manager

### **ATTACHMENT(S)**

Attachment 1: Resolution 03-07-59, Distribution of Materials Policy

Attachment 2: Distribution of Materials Posting



**Distribution of Printed Materials Policy**  
**Resolution 03-22-XX; Adopted XX XX, 2022**

**I. Purpose**

The purpose of this document is to define the policies of Third Laguna Hills Mutual (“Third”) regarding the distribution of materials.

**II. Definitions**

For the purposes of this policy:

- a. Community Rules - the Articles of Incorporation, Bylaws, the recorded Covenants, Conditions, and Restrictions (CC&Rs); and any rules and regulations adopted by Third. Any reference to the “Governing Documents” shall, for purposes of this Policy, be deemed a reference to the Community Rules set forth in this definition.
- b. Distributor: Individual who is a resident of Laguna Woods Village.
- c. Types of Printed Materials which can be Distributed - publications, advertisements by Laguna Woods Village Clubs, announcements, campaign material, petitions, and related printed literatures.
- d. Nuisance – Anything which is injurious to health, indecent or offensive to the senses, causes an unreasonable disturbance or annoyance, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property, is a nuisance. (Civ. Code § 3479). Additionally, see Nuisance Policy, Resolution 03-20-28.
- e. Resident - is defined as any person who has been approved by the Board of Directors for occupancy in Laguna Woods Village.
- f. Third - the corporate homeowners association that was formed in 1970 and by 1984 had acquired the assets and liabilities by vote of each of the 59 individual mutuels within the larger Leisure World (now Laguna Woods Village), a common interest development, with full authority to “manage, operate, and maintain” them. Also known as Corporation. Also known as the Mutual.

**III. General Conditions**

- a. Any materials, including petitions to gather signatures, to be distributed to Third Mutual residents shall bear the name of the representative who accepts responsibility for the source of material, distribution and/or posting.
- b. Printed Materials and Postings must be removed after thirty (30) days by the distributor.
- c. Printed Materials that do not comply with these rules will be subject to removal.
- d. All material must comply with state and federal laws.

**IV. Conditions for Distribution of Materials**

- a. Door- to-door distribution of Materials shall be permitted, as long as the act of distributing such Material does not rise to the level of creating a nuisance to residents.
- b. Door-to-door distribution may only be left on the surface of the thresholds of front doors or hung from doorknobs. Material may not be placed in USPS delivery points, nor left on vehicles in carports.

**V. Conditions for Petitions**

- a. Only residents are permitted to gather signatures on petitions.
- b. The petition must remain in the possession of the signature gatherer.
- c. Unattended petitions are not allowed.

**VI. Conditions for Posting of Materials**

- a. Posting location are limited to those areas reserved for posting, such as Laundry Room bulletin boards and that are available only for residents.
- b. Only one posting per subject matter is allowed on the posting site.
- c. Posting size shall not exceed 6" by 8".
- d. Any material considered lewd, libelous or vulgar is not permitted.

**VII. Enforcement**

Third Members are personally responsible for ensuring that the rules, regulations, and policies are followed by anyone they allow into the Community. This includes any Co-occupant, Lessee, Guest or Vendor.

Third is authorized to take disciplinary action against a Member found to be in violation of the Distribution of Materials Policy. When a violation occurs the Board is obligated to evaluate and impose if appropriate, member-discipline as set forth in the governing documents. The Board of Directors has the authority to impose monetary fines, suspend Member privileges, and/or bring forth legal action. Additionally, the Board may seek reimbursement for remediation cost associated with damage caused by posting or distribution of printed materials.



**RESOLUTION 03-22-XX**

**Distribution of Materials Policy**

**WHEREAS**, the Resident Policy and Compliance Committee has recommended revising the Distributing-Posting Printed Materials Rules to fairly and reasonable address placement of materials within Third; and

**WHEREAS**, the Board recognized the need to amend the rules to align with the changing needs of the community;

**NOW THEREFORE BE IT RESOLVED**, XXXX XX, 2022, that the Board of Directors of this Corporation hereby approves the amended Distributing-Posting Printed Materials Rules, as attached to the official minutes of this meeting;

**RESOLVED FURTHER**, the Distributing-Posting Printed Materials Rules will now be known as the Distribution of Materials Policy;

**RESOLVED FURTHER**, that Resolution 03-07-59 adopted June 19, 2007 is hereby superseded in its entirety and cancelled;

**RESOLVED FURTHER**, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.



## **ENDORSEMENT (to board)**

### **Guidelines for Financial Qualifications Requirement for U.S. Federal Tax Returns**

Steve Hormuth, Director of Financial Services, presented a staff report provided by the Resident Policy and Compliance Committee requesting advisement as to whether any consideration must be made for prospective buyers who do not file U.S. federal income tax returns. Director Robert Mutchnick made a motion to include the words “U.S. Federal Tax returns” in the Third Mutual Guidelines for Financial Qualifications.

The motion passed with a 6-4 vote to accept this recommendation.

## STAFF REPORT

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**DATE:** May 24, 2022  
**FOR:** Resident Policy and Compliance Committee  
**SUBJECT:** Resale Policy: Equity of Non-U.S. Property; Foreign Pension; and Require U.S. Federal Tax Returns

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### **RECOMMENDATION**

Recommend select clarifications of Financial Qualifications Policy to the Board of Directors.

### **BACKGROUND**

Third Laguna Hills Mutual (Third) has established its Guidelines for Financial Qualification which was last amended on August 17, 2021 by way of Resolution 03-21-50. The purpose of the policy is to protect the corporation's financial integrity and ensure that prospective members meet a minimum income and asset base to in order to qualify for membership.

### **DISCUSSION**

At the April 26, 2022 meeting of the Resident Policy and Compliance Committee, several clarifications of the Financial Qualifications Policy were proposed and discussed. Among the suggestions for consideration included inserting the word "U.S." before 'residential and income real estate' in Section II, Net Worth Requirements, subsection b(1).

It was further proposed to insert the word "U.S." to income requirements, Section III, Section b, before 'traditional retirement accounts'.

Lastly, Section I reflects in the General Application Requirements, that "a federal income tax return for the most recent year .... " is required together with applicable schedules. The Board referred the question of how to address prospective buyers who do not file federal tax returns to the Finance Committee, which met on May 3, 2022. The Finance Committee recommended that the word "U.S." be inserted in front of 'Federal Tax returns'.

The proposed changes are reflected in the attached Guidelines for Financial Qualifications Policy (ATT 1) for the Resident Policy and Compliance Committee review.

### **FINANCIAL ANALYSIS**

None.

**Prepared By:** Pamela Bashline, Community Services Manager

**Reviewed By:** Siobhan Foster, CEO



**ATTACHMENT(S)**

Attachment 1 – Guidelines for Financial Qualifications



## Guidelines ~~For~~ Financial Qualifications

Resolution 03-~~22-XX21-50~~

Adopted ~~MAY XX, 2022~~ August 17, 2021

The governing documents of Third Laguna Hills Mutual (“Mutual”) require each person seeking to acquire an ownership interest in a unit (“Applicant”) to obtain the PRIOR written approval of the Mutual’s Board of Directors (“Board”) before doing so. As a condition to obtaining such approval, each Applicant must provide to the Board documentation that conclusively establishes that Applicant satisfies certain financial requirements as set forth in the Mutual’s governing documents (“Application”). For the purposes of determining whether an Application will be approved or denied, the Board has adopted these Guidelines for Financial Qualifications (“Guidelines”), which shall remain in effect until such time as these Guidelines may be changed, modified, or amended by a duly adopted Board resolution.

### I. General Application Requirements.

- a. As a condition of approval, each Applicant must submit to the Mutual an Application with all of the following documentation provided in a form satisfactory to the Board:
  1. A **U.S.** federal income tax return for the most recent year that is signed, dated, and includes Schedules A, B and E, as applicable, as well as any other financial verification documents requested by the Board. By way of example, but without limitation, other verification documents may be required if any Applicant derives income from a business owned by the Applicant (personally or through a legal entity), in which case the applicable business tax schedule and profit and loss statement may also be required.
  2. Net worth verification pursuant to Section II of these Guidelines.
  3. Income verification pursuant to Section III of these Guidelines.
  4. A completed Financial Statement and Credit Information form.
  5. Verification of the Applicant’s identity, which must be a natural person, or a designated individual acting on behalf of a corporation, LLC or Trust.
  6. If the Applicant desires to have a Guarantor to enable the Applicant to Qualify to purchase a unit (as defined below), all documents required pursuant to Section IV of these Guidelines shall also apply to the Guarantor.
  7. If the Applicant desires to purchase more than one (1) unit or already owns at least one (1) unit at the Mutual, all documents required pursuant to Section IV of these Guidelines shall be required for each unit application.
- b. The Board may deny any Application that does not include all of the documentation required herein, in a form consistent with these Guidelines and satisfactory to the Board, except as otherwise required by law.

- c. Any Application (including, without limitation, any document submitted in connection with said Application) that contains false or misleading information will be denied. If an Application was approved and it is later determined that such Application contained false or misleading information and if escrow had not closed by the time such discovery was made the Board may immediately withdraw its approval without the Mutual suffering any liability whatsoever. If escrow, as referenced immediately above, has already closed when the discovery of the false and misleading documentation is discovered, the Applicant will be deemed an owner, not in good standing and will, after a noticed hearing before the Board, be denied the owner's amenity rights, held by an owner in the Mutual, unless such rights are suspended by the Board of Directors.
- d. Notwithstanding anything to the contrary contained herein, if more than one (1) Applicant will acquire an ownership interest or reside in any single unit, such Applicants' income and net worth may, in the Board's sole reasonable discretion, be calculated collectively.

## II. Net Worth Requirements.

- a. As a condition of approval, each Applicant shall submit satisfactory verification of net worth that is greater than or equal to the sum of the purchase price of the unit plus one hundred twenty-five thousand dollars (\$125,000) in acceptable assets. NOTE: Applicants owning other properties having mortgage obligations shall provide satisfactory evidence of additional assets sufficient to offset the total mortgage balance(s).
- b. When computing net worth for the purposes of this Section, acceptable assets shall be limited to those assets that are considered, in the Board's sole discretion, to be liquid, marketable or income producing. Examples of acceptable assets include, without limitation, the following:
  - 1. Equity in **U.S.** residential and income real estate.
  - 2. Savings accounts in U.S. banks and U.S. credit unions.
  - 3. Cash value life insurance.
  - 4. Certificates of deposit and money market accounts.
  - 5. IRA, SEP, 401(k), Profit Sharing and Keogh accounts.
  - 6. Federal, state, or municipal government bonds.
  - 7. U.S. traded investments (e.g., NYSE, Amex, OTC, Nasdaq, etc.) valued at current market prices.
  - 8. Mortgages and promissory notes; provided that the interest in such mortgages or promissory notes is reported on the Applicant's tax return.
- c. When computing net worth for the purposes of this Section, acceptable assets will not include, without limitation, the following:
  - 1. Equity in mobile homes, recreational vehicles, boats, trailers, airplanes, automobiles, or other vehicles of any kind.
  - 2. Vacant or undeveloped real estate.

3. Artwork, jewelry, or other collectibles (e.g., coins, dolls, stamps, etc.).
4. Term life insurance.
5. Annuity funds that cannot be withdrawn in lump sum.
6. Anticipated bequests, devises or inheritances.
7. Mortgages and promissory notes where the interest in such mortgages or promissory notes is not reported on the Applicant's tax return.

### III. Income Requirements.

- a. As a condition of approval, each Applicant shall submit satisfactory verification of annual income that is greater than or equal to the sum of the total of the unit's annual mortgage payment plus forty-five thousand dollars (\$45,000) per year.
- b. **U.S.** Traditional retirement account assets (e.g., 401K, ERISA, IRA, Profit Sharing, etc.) will be considered as a source of annual income in accordance with this subsection. For the purposes of the income verification requirement pursuant to subsection (a) above, the portion of an Applicant's traditional retirement account assets attributable to said Applicant's annual income shall be deemed to be the greater of the following:
  1. The mandatory annual distributions for the Applicant's retirement accounts; or
  2. The total amount of the Applicant's retirement accounts *multiplied* by eighty percent (80%), and then *dividing* this product by twenty-five (25) years, as follows:  
  

$$\text{Attributable Income} = (\text{Total Retirement Account Assets} \times 80\%) \div 25$$
- c. Examples of acceptable income verifications include, without limitation, the following:
  1. **U.S.** Federal tax returns from the most recent year.
  2. W-2 forms or paycheck stubs.
  3. Bank, credit union, or investment account statements.
  4. Letters from bankers with verifiable first-hand knowledge of the Applicant's finances.
  5. Notices of annuities and social security payments.
  6. Credit reports.
- d. Examples of unacceptable income verifications include, without limitation, the following:
  1. Letters from employers, accountants, enrolled agents, investment counselors, or attorneys.
  2. Any income not reported on federal income tax returns.

#### IV. Guarantors.

- a. In the event any Applicant is unable to satisfy the financial requirements set forth in the Mutual's governing documents (including, without limitation, these Guidelines), the Board may permit said Applicant to have a financial guarantor in accordance with this Section IV ("Guarantor").
- b. Each Applicant supported by a Guarantor shall submit proof that their primary residence is located in California, USA and satisfactory verification of a net worth of at least one hundred twenty-five thousand dollars (\$125,000) in acceptable assets, notwithstanding the requirements of Section II and Section III of these Guidelines.
- c. Each Guarantor shall enter into an agreement with the Mutual to become financially responsible, jointly and severally, for all expenses associated with the Applicant's ownership, residency and/or membership at the Mutual ("Assessment/Charges Guarantor Obligation Form"). A Assessment/Charges Guarantor Obligation Form is attached hereto as Exhibit "A" and incorporated in its entirety herein by this reference as if fully set forth in these Guidelines.
- d. Each Guarantor shall submit all of the following documentation in a form satisfactory to the Board:
  1. A fully executed and completed Assessment/Charges Guarantor Obligation Form.
  2. Proof that the Guarantor's primary residence is located in California, USA.
  3. Verification of net worth equal to the sum of the purchase price of the unit plus two hundred thousand dollars (\$200,000) in acceptable assets.
  4. Verification that the Guarantor's annual income is greater than or equal to the sum of the total of the unit's annual mortgage payment plus \$150,000 per year.
  5. A credit report.
- e. The Board may withhold its approval of any Guarantor for, without limitation, any the following reasons:
  1. A Guarantor or Applicant fails to provide all of the documentation as required by subsection (d), above, in a form consistent with these Guidelines and satisfactory to the Board.
  2. A Guarantor is subject to a bankruptcy proceeding that is pending or has not been discharged.
  3. Any foreclosure or short sale of any property owned by the Guarantor.
  4. Any outstanding balances, collection accounts, or judgments owed by the Guarantor.
  5. A Guarantor's credit score is lower than 680.
  6. A Guarantor resides in a primary residence outside of the State of California.
  7. A Guarantor's bank is located outside of the State of California.
  8. A Guarantor already guarantees (1) one or more units within Laguna Woods Village.

9. A Guarantor provides any false or misleading information to the Board.
  10. Any other reasonable grounds that call into question a Guarantor's financial ability or fitness to serve in this capacity on an Applicant's behalf.
- f. Each Guarantor's assurances shall only apply to the Applicant(s) and unit expressly identified on the Assessment/Charges Guarantor Obligation Form. No Guarantor's assurances may be transferred to any other Applicant or unit.

II. **Multiple Units.** As a condition of approval, any Applicant who desires to purchase more than one (1) unit or already owns at least one (1) unit at Third Laguna Hills Mutual, Laguna Woods Mutual No. Fifty or United Laguna Woods Mutual shall submit satisfactory verification of annual income and net worth requirements pursuant to this Section V.

- a. **Net Worth Requirements.** The Applicant shall submit satisfactory verification of net worth that is greater than or equal to the *sum* of the purchase price for each unit *plus* one hundred twenty-five thousand dollars (\$125,000) in acceptable assets per unit, as follows:

Unit 1: purchase price for Unit 1 + \$125,000

Unit 2: purchase price for Unit 1 + \$125,000 +  
purchase price for Unit 2 + \$125,000

Unit 3: purchase price for Unit 1 + \$125,000 +  
purchase price for Unit 2 + \$125,000 +  
purchase price for Unit 3 + \$125,000

- b. **Income Requirements.** The Applicant shall submit satisfactory verification of annual income as follows:

1. Annual Income that is greater than or equal to the *sum* of the following: the total of the first unit's annual mortgage payment *plus* forty-five thousand dollars (\$45,000) per year *plus* the total of the second unit's annual mortgage payment *plus* forty-five thousand dollars (\$45,000) per year *plus* an additional twenty-two thousand five hundred dollars (\$22,500).
2. For each additional unit, the annual income requirement shall be calculated consistent with subsection (b)(1), above – that is, the additional unit's annual mortgage payment *plus* an additional twenty-two thousand five hundred dollars (\$22,500) over the previous annual income requirement, as follows:

Unit 1: annual mortgage payment + \$45,000

Unit 2: annual mortgage payment on Unit 1 + \$45,000 +  
annual mortgage payment on Unit 2 + \$45,000 + \$22,500

Unit 3: annual mortgage payment on Unit 1 + \$45,000 +  
annual mortgage payment on Unit 2 + \$45,000 + \$22,500 +  
annual mortgage payment on Unit 2 + \$45,000 + \$22,500 + \$22,500

## EXHIBIT "A"

### THIRD LAGUNA HILLS MUTUAL A California Non-Profit Mutual Benefit Corporation (the "Mutual")

#### ASSESSMENT/CHARGES GUARANTOR OBLIGATION FORM

##### A. The Parties

Owner(s): \_\_\_\_\_ (collectively, the "Owner")

Property Address: \_\_\_\_\_ (the "Property")

Guarantor: \_\_\_\_\_ ("Guarantor")

##### B. **Guarantee Payment.** Guarantor hereby guarantees unconditionally to the Mutual and the Mutual's agents as follows:

- a. Guarantor guarantees unconditionally to be jointly and severally responsible for/liable for all Charges related and charged to the Owner's assessment account.
- b. Guarantor guarantees unconditionally to promptly pay for all HOA assessments, regular or special, compliance assessments, reimbursable assessments, chargeable services etc., late charges, interest, costs, trustee fees, attorney fees, or any other amount charged by the Mutual to the HOA assessment account for the Property, including fines, after a noticed hearing before the Board, reimbursement assessments, special assessments, chargeable services etc. (collectively, the "Charges".)

##### C. **Waiver of Right to Demand Enforcement.** Because the Guarantor is jointly and severally liable for the Charges, Guarantor guarantees unconditionally to waive any right to require the Mutual or the Mutual's agents to proceed against the Owner for any default occurring under the Governing Documents before seeking to enforce this Assessment/Charges Guarantor Obligation Form.

##### D. **Broad Interpretation.** This Assessment/Charges Guarantor Obligation Form shall be construed as a general, absolute, and unconditional Guaranty of payment and shall continue in perpetuity and said guarantees shall apply to all amounts charged by the Mutual to the Owner's account during the time which the Owner is a title/record owner of the Property. If any of the provisions of this Assessment/Charges Guarantor Obligation Form shall be determined to be invalid or unenforceable under applicable law, such provision shall, insofar as possible, be construed or applied in such manner as will permit enforcement.

##### E. **Enforcement.**

- a. The Mutual may enforce this Assessment/Charges Guarantor Obligation Form without being obligated to resort first to any security or any other remedy against the Owner, and

Guarantor hereby waives any notice of default and/or any right to cure same and there shall be no presentment or dishonor hereunder.

- b. This Assessment/Charges Guarantor Obligation Form is general and shall inure to, and may be relied upon and enforced by, any successor or assign of the Mutual.

- c. This Assessment/Charges Guarantor Obligation Form shall be governed by the laws of the State of California and the parties specifically agree that any legal action brought under this Assessment/Charges Guarantor Obligation Form or any underlying lease shall be brought only in Orange County, California, which Court is agreed to have jurisdiction over the parties.
- d. The Parties waive the right to a jury trial in any such legal action.
- e. If the Guarantor breaches this Assessment/Charges Guarantor Obligation Form, the Mutual shall be entitled to a full award of attorney fees, costs and expenses relative to any enforcement efforts taken, including any litigation pursued to enforce this Assessment/Charges Guarantor Obligation Form. Guarantor agrees to pay the Mutual's actual attorney fees, costs, and expenses in the enforcement of the Governing Documents and this Assessment/Charges Guarantor Obligation Form, whether before the lawsuit/proceeding is filed, after the lawsuit/proceeding is filed, or in any and all trial and appellate tribunals, whether suit be brought or not, if, after default, counsel shall be employed by the Mutual.
- f. All amounts due to the Mutual hereunder shall bear interest at the highest rate allowed by law from the date of default.

**F. Modification.** Alteration, Modification or Revocation of this Assessment/Charges Guarantor Obligation Form is not permitted unless otherwise agreed to and signed by the Parties in writing.

**G. No Strict Performance Required.** Failure of the Mutual to insist upon strict performance or observance of any of the terms of the Governing Documents or to exercise any right held by the Mutual will not diminish the enforceability of this Assessment/Charges Guarantor Obligation Form. Guarantor agrees that the foregoing obligations shall in no way be terminated, affected, or impaired by reason of any action which the Mutual may take, or fail to take against the Owner, or by reason of any waiver of, or failure to enforce, any of the rights or remedies to the Mutual in the Governing Documents and all amendments thereto.

**H. Binding on Successors.** The obligations of Guarantor shall be binding upon Guarantor and his/her/their successors and assigns.

**I. Effective Immediately Upon Signature.** Guarantor fully understands this Assessment/Charges Guarantor Obligation Form is neither a reference, credit check, nor application, that the Mutual has relied on Guarantor's representations and warranties contained herein and it is fully effective upon Guarantor's signature.



By: \_\_\_\_\_ Dated: \_\_\_\_\_

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_ E-Mail: \_\_\_\_\_

*A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.*

STATE OF CALIFORNIA                 )  
  ) ss.  
COUNTY OF                                 )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public in and for the State of California, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the forgoing paragraph is true and correct.

WITNESS my hand and official seal.

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**RESOLUTION 03-22-XX**  
**Clarification of Guidelines for Financial Qualifications Policy**

**WHEREAS**, Third Laguna Hills Mutual (Third) is formed to manage, operate and maintain housing at Laguna Woods Village; and

**WHEREAS**, Third is authorized to adopt rules and regulations to carry out the purposes of this Corporation through its board of directors; and

**WHEREAS**, Third desires to protect the financial integrity of the Corporation; and

**WHEREAS**, Third has expressed the need to clarify select income and net worth provisions of its Guidelines for Financial Qualifications Policy;

**NOW, THEREFORE BE IT RESOLVED**, June 21, 2022 the Board of Directors of this Corporation hereby introduces select amendments to the Financial Qualifications Policy; and

**RESOLVED FURTHER**, that Resolution 03-21-50, adopted August 17, 2021, is hereby suspended in its entirety and canceled; and

**RESOLVED FURTHER**, that the officers and agents of this Corporation are hereby authorized on behalf of this corporation to carry out the purpose of this resolution.