



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

**Wednesday, June 30, 2021 – 9:30 A.M.
VIRTUAL MEETING
Laguna Woods Village Community Center
24351 El Toro Road**

AGENDA

- | | |
|---|--------------|
| 1. Call to Order | Lynn Jarrett |
| 2. Acknowledgment of Media | Lynn Jarrett |
| 3. Approval of the Agenda | Lynn Jarrett |
| 4. Approval of Meeting Report for May 5, 2021 | Lynn Jarrett |
| 5. Chair's Remarks | Lynn Jarrett |
| 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 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. By calling (949) 268-2020 beginning one half hour before the meeting begins and throughout the remainder of the meeting. You must provide your name and manor number.
- c. Join the Zoom meeting at: <https://us06web.zoom.us/j/89186937755>

Reports:

- | | |
|--|-----------------|
| 7. Process Improvements in the Resales Process | Pamela Bashline |
| 8. Multi-Unit Owners Qualification | Pamela Bashline |

Items for Discussion and Consideration:

None

Items for Future Agendas:

None

Concluding Business:

9. Committee Member Comments
10. Date of Next Meeting – To Be Determined
11. Adjournment

Lynn Jarrett, Chair
Blessilda Wright, Staff Officer
Telephone: 597-4254



OPEN MEETING

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

Wednesday, May 5, 2021 – 9:30 a.m.
VIRTUAL MEETING

Laguna Woods Village Community Center
24351 El Toro Road, Laguna Woods, CA 92637

MEMBERS PRESENT: Lynn Jarrett, Chair, Annie McCary, Cush Bhada, Donna Rane-Szostak and Robert Mutchnick

MEMBERS ABSENT: Steve Parsons and Reza Karimi

ADVISORS PRESENT: Stuart Hack

ADVISORS ABSENT: None

STAFF PRESENT: Blessilda Wright and Paul Nguyen.

CALL TO ORDER

Lynn Jarrett, Chair, called the meeting to order at 9:30 a.m.

ACKNOWLEDGEMENT OF MEDIA

The Media was not present.

APPROVAL OF AGENDA

Chair Jarrett amended the agenda by removing Nuisance Policy from agenda items 7 and adding Board Meeting Rules.

Director McCary made a motion to approve the agenda as revised. Director Bhada seconded the motion.

By unanimous vote, the motion carried.

APPROVAL OF MEETING REPORTS

Director McCary made a motion to approve the, February 3, 2021 meeting report as presented.

By consensus, the motion carried.

CHAIRMAN'S REMARKS

Lynn Jarrett, Chair, stated that a VMS Board Member suggested that we bring up the Anti-Hate Policy due to the recent attacks against Asians. It is an outdated resolution from 2006.

MEMBER COMMENTS ON NON-AGENDA ITEMS

None

REPORTS

None

ITEMS FOR DISCUSSION AND CONSIDERATION

Review Policy Anti -Hate Policy and Harassment Policy

Chair Jarrett discussed the Anti-Hate Policy and Harassment Policy. The Committee commented and asked questions.

Director McCary made a motion to approve the amended Anti-Hate Policy with changes. Director Bhada seconded the motion.

By consensus, the motion carried.

Board Meeting Rules

Chair Jarrett discussed the Board Meeting Rules. The Committee commented and asked questions.

The committee determined to take no action.

ITEMS FOR FUTURE AGENDAS

Cush Bhada with a few other directors will explore the possibility of a manor owner purchasing a 2nd unit to move into and lease the original one without having to qualify for the 2nd unit.

CONCLUDING BUSINESS

Committee Member Comments

The Committee and Staff thanked one another for a great meeting.

Date of Next Meeting

The next meeting is TBD.

Adjournment

With no further business before the Committee, the Chair adjourned the meeting at 10:43 a.m.


[Lynn Jarrett \(May 10, 2021 13:18 PDT\)](#)

Lynn Jarrett, Chair



STAFF REPORT

DATE: June 30, 2021
FOR: Resident Policy and Compliance Committee
SUBJECT: Process Improvements to Resales Documentation

RECOMMENDATION

Consider amending the Guidelines for Financial Qualifications Policy to explain that additional assets (above and beyond the sum of the purchase price plus \$125,000) are required when buyers/guarantors have existing properties with mortgage balances and eliminate documentation not material to Third's buyer approval process.

BACKGROUND

The Resale Packet – comprised of a membership application and documentation required by Third Laguna Hills Mutual (Third) in order to determine whether an applicant satisfies financial and other requirements – has been developed. It is periodically updated as revisions to various documents are made by the Board of Directors.

The Resale Packet application, without any supporting documentation, is comprised of 11 standard pages. The standard packet can increase to 22 pages, again without any supporting documentation, in instances when a guarantor's agreement, a promissory note for the GRF Trust Facility Fee or a trust membership is involved.

It should be noted that the supporting documentation required by Third is often in excess of 150 to 200 pages, and this is an area where staff believes some efficiencies are feasible.

DISCUSSION

Proposed Amendment to Guidelines for Financial Qualifications Policy

Section II, Net Worth Requirements, states that "each Applicant shall submit satisfactory verification of net worth that is greater than or equal to the *sum* of the purchase price *plus* one hundred twenty-five thousand dollars (\$125,000) in acceptable assets." However, applicants owning other properties with mortgage obligations are expected to provide additional assets sufficient to offset the mortgage obligations. Conversations with escrow representatives, real estate agents and prospective buyers routinely end with the query "where does it say that?" By adding a short explanation of the board's expectations to the existing Guidelines for Financial Qualifications Policy, greater clarity and transparency will be achieved while making such lengthy conversations unnecessary.

Other Resale Documentation Efficiencies

Three other proposed documentation efficiencies may be implemented administratively.

First, the number of pages containing escrow company instructions could be reduced. The first three or four pages of escrow instructions reveal the name of the buyer, seller, address and terms of the transaction, including any contingencies. Typically, these are followed by four or five pages of general terms and conditions explaining what responsibilities the escrow office has. Neither staff nor Third have a “need to know” this boilerplate information. Eliminating these few pages would make the resale packets more efficient for Board review.

Second, many applicants rely upon equity in a property or properties to satisfy Third’s asset requirement. Staff relies upon voluminous property profiles and market analyses provided by escrow or the buyer. Only the Property Detail Page and the Area Sales Analysis reflecting the median property value are needed for staff’s calculations, thus eliminating other miscellaneous pages of data and streamlining the packet for Board review.

Lastly, applicants provide multiple pages of investment account documents in order to satisfy Third’s asset requirement. Essentially, all that is needed is the summary page for each account, reflecting the report date, owner of the account, account number and account balance. Pages showing the detail of various investments are unnecessary to calculating an applicant’s assets. Eliminating the detailed accounts of various investments will further improve efficiencies and streamline Board review of resale packets.

Should the proposed amendment to the Financial Qualifications Policy be approved and the other outlined efficiencies be implemented, the updated Resale Packet would be shared with escrow and real estate professionals and internal procedures updated.

FINANCIAL ANALYSIS

None, although the proposed efficiencies would allow the Community Services Division to process and review resale packets more swiftly.

Prepared By: Pamela Bashline, Community Services Manager

Reviewed By: Siobhan Foster, COO

ATTACHMENT(S)

ATT 1: Resale Package with Proposed Amendment to Guidelines for Financial Qualifications



Dear Real Estate/Escrow Professional:

Thank you for your interest in transacting a resale transfer in the Laguna Woods Village Community. Before you get started, we would like to summarize key points that will guide you through this process.

1. The Community is made up of three housing corporations:
 - a. United Laguna Hills Mutual (stock co-operatives)
 - b. Third Laguna Hills Mutual (condominiums)
 - c. Laguna Woods Mutual No. Fifty (high-rise condominiums)
2. Purchasing property in the community requires applying for membership in the housing corporation and certain criteria must be met:
 - a. Age restrictions: To purchase a property, you must be of legal age; however, a member must be at least 55 years of age to reside in the Community.
 - b. Financial qualifications: Please refer to the attached Guidelines for Financial Qualifications.
 - c. Maximum number of owner occupied and/or leased units: Regardless of the number of condominiums owned in Third Mutual, only two of the properties owned may be occupied.
 - d. Rules and regulations: The Operating Rules are available on the community website, which is www.lagunawoodsvillage.com.
 - e. Architectural modifications: Any interior or exterior modification requires a phone call to the Manor Alterations Department office 949-597-4616 before commencement of any project.

Step 1: The seller authorizes the release of HOA information to a third party (Seller's Authorization for Release of Information.)

Step 2: The listing agent schedules a first inspection (First and Final Inspection Report Request) as soon as the property is listed. Only complete form submittals shall be accepted. Failure to provide accurate contact information for the inspection can delay the escrow process. **Allow 10 days for the completion of the first inspection.**

Step 3: A complete resale package is submitted by escrow to the on-site management office for submittal to the Third Laguna Hills Mutual Board of Directors.

Step 4: Upon board approval, the management company emails a notice of approval and escrow demand to the escrow company, contingent upon the mutual completing a final inspection and the escrow company satisfying the escrow demand.



Step 5: After the final inspection is complete and the escrow demand is satisfied, escrow can close. Escrow sends the closing notice to the management company. New residents are not allowed through the gate until the closing is received and entered into the main database. Resident ID cards can be obtained following VMS receipt of notice of escrow closing and database update.

A complete resale submittal form package is attached for your use. The information escrow provides must be legible for digital imaging.

The VMS staff is available to assist you through this process and answer your questions.

Sincerely,

On behalf of the Third Laguna Hills Mutual Board of Directors
Membership Counselor

Deliver Complete Package To:
Laguna Woods Village
Community Services, 1st Floor, Resales
24351 El Toro Road
Laguna Woods, CA 92637

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ESCROW OFFICE FORMS



Information and Fees

Dear Escrow Officer:

As the managing agent for the housing corporations, Village Management Services Inc. (VMS) is pleased to assist you with the processing of your pending escrow.

Under the terms of the corporation's by-laws, the Third Laguna Hills Mutual Board of Directors has the first option to purchase the seller's membership; therefore, a membership application process has been established and certain conditions must be met before escrow can close. For example, a buyer is required to apply for membership by meeting minimum financial requirements. The property must also be inspected to ensure that the corporation has approved all structural and landscape alterations. The enclosed package of information includes the forms necessary to effectuate a membership transfer in Third Laguna Hills Mutual.

The following fees are associated with a membership transfer:

Administrative fee	\$400
First inspection fee	\$60
Final inspection fee	\$55
Escrow cancellation	\$112
GRF facilities fee	\$5,000

When the enclosed forms are completed, please return them to the VMS Community Services Department for submittal to the board of directors. The requirements vary somewhat for the several housing corporations, and care should be taken to ensure that the correct documents are submitted. Please be sure that all the documents are fully completed and executed to enable us to assist you in the timely processing of the resale package.

If you should require information or assistance, please contact the Membership Counselor at email ResalesRequirements@vmsinc.org or phone 949-268-2011

Sincerely,

On behalf of the Third Laguna Hills Mutual Board of Directors
Membership Counselor

Escrow Documentation Checklist

		Forms and Documents (All documents must be complete, signed and dated)
✓	#	First steps
	1.	First and Final Inspection Report request (email to ResalesInspections@vmsinc.org), page 7
	2.	Seller's Authorization for Release of Information, page 13
		Required documents to be submitted as complete package for board approval**
	3.	Resale Notification (prepare in duplicate), page 9
	4.	Escrow Instructions (provided by Escrow)
	5.	Responsibility Agreement for Nonstandard Landscape (if applicable), page 14
	6.	Low-Flow Toilet Statement of Compliance (invoice/receipt and toilet specs), page 15
	7.	Owner/Membership Application (ID's copies enlarged and black and white), page 18
	8.	Third Mutual Members Who Hold More Than One Membership (if applicable), page 20
	9.	Trust facilities fee, page 21
	10.	Promissory Note (if applicable), page 22 and 23
	11.	Financial Statement and Credit Information (signed and dated, full credit report and scores, single sided copies only), page 24
	12.	Verifications for all income and assets listed in the Financial Statement and Credit Information form (i.e., copies of current federal income tax returns, signed and dated, including Schedules A & B and others, if applicable, copies of bank statements, stock certificates, 1099s, property tax bills, investment account statements, etc.
	13.	Assessment/Charges Guarantor Obligation Form (if applicable), page 33
	14.	Enjoying Your Life in Third Laguna Hills Mutual, page 37
	15.	Important Information for Third Laguna Hills Mutual, page 40
	16.	Application for Co-occupancy Permit (if applicable), page 41
	17.	Declaration Regarding Criminal Record (if applicable), page 43
	18.	Resident ID Card(s) and Decal(s) Returned or Declaration of Loss Affidavit, page 44
		Before escrow can close
	19.	First and Final Inspection Report Request (email to ResalesInspections@vmsinc.org), page 7
	20.	Email EscrowFinalUpdate@vmsinc.org requesting final update of <i>Escrow Demand Update</i>
	21.	Collect Resident ID Card(s) and Decal(s) or complete Declaration of Loss Affidavit, executed by seller, page 44
		Notice of escrow closed
	22.	Notice of Escrow Closing (email to EscrowClosings@vmsinc.org), page 10
	23.	Escrow Closing Notification and Transmittal Report, final check(s), and Resident ID Cards and Decals (mailed), page 11



First and Final Inspection Report Request

☐ **Request for First Inspection Report** - Per Resolution 03-07-119, a first inspection fee will be billed as a chargeable service to the seller. The First Inspection Report is valid for six months.

☐ **Request for Landscape Corrections** - Per Resolution 03-18-112, all corrections must be completed by close of escrow. Checking this box indicates request for landscape corrections to be completed as a chargeable service upon receipt of the First Inspection Report.

☐ **Request for Final Inspection Report** - Per Resolution 03-17-119, a final inspection fee will be collected through escrow.

☐ **Update information**

Seller's acknowledgement of fees/Date

Laguna Woods Village
Resale Inspections Dept.
P.O. Box 2220
Laguna Hills, CA 92654-2220
Fax: 949-268-2403
Email: ResalesInspections@vmsinc.org

Date _____
Unit number _____
Street name _____
Occupied [☐] Vacant [☐]
Carport number _____

Escrow company – Used for status updates

Company name: _____
Escrow officer: _____ Escrow number: _____
Address: _____
Phone number: _____ Fax number: _____
Escrow office email: _____
Estimated escrow close date: _____

Seller's real estate company – Used for status updates

Company name: _____
Agent name: _____
Address: _____
Phone number: _____ Fax number: _____
Agent email: _____

Buyer

Name: _____
Address: _____
Phone number: _____
Cell phone: _____ (Important contact information)

Seller

Owner of record: _____
Address: _____
Phone number: _____

Internal inspections are required to access the water heater. How we are to enter the property?

Lockbox: _____ Contact seller: _____ Contact agent: _____

Final Resale Inspections: Process for Corrections Noted

Effective September 1, 2018

The resale inspection process provides a record of all items for which correction will be required. All items noted as corrections on the final inspection report must be completed prior to the close of escrow.

Issuance of service orders

Service orders will be entered for all items of work noted in the corrections report for which the mutual is responsible. All service orders will be dispatched either to in-house technicians or to outside vendors for processing.

Completion of work

All corrections not listed as “mutual charged” must be complete by the close of escrow.

Corrections by members

Once corrections are complete, the seller(s) must email ResalesInspections@vmsinc.org to schedule a final inspection. If corrections are found to be incomplete at the final inspection, an additional final inspection fee may be charged to the seller(s).

Inspection/Verification requirement

Once notified of completion, an inspection by the corporation’s agent to confirm completion will be required for each item of work completed by the seller(s).

Resale Notification

To: VMS Inc., Agent of the Corporation

Manor address: _____ **Escrow number:** _____ **Date:** _____

An escrow has been opened that involves a proposed sale and transfer of membership in your corporation and Golden Rain Foundation of Laguna Woods as follows:

Seller's broker:		Buyer's broker:	
Agent name:		Agent name:	
Agent phone:	Email:	Agent phone:	Email:
Seller(s):			
Buyer(s) and vesting:			
			Selling price: \$
Name(s) of person(s) who will reside:			

In accordance with your instructions, the following are enclosed:

✓	#	Required documents to be submitted as a <i>complete package</i> for board approval **	Blank for Office Use
	3.	Resale Notification (prepare in triplicate), page 9	
	4.	Escrow Instructions (provided by Escrow)	
	5.	Responsibility Agreement for Nonstandard Landscape (if applicable), page 14	
	6.	Low-Flow Toilet Statement of Compliance, page 15	
	7.	Owner/Membership Application, page 18	
	8.	Third Mutual Members Who Hold More Than One Membership (if applicable), page 20	
	9.	Trust Facilities Fee, page 21	
	10.	Promissory Note, page 22 and 23	
	11.	Financial Statement and Credit Information (signed and dated), page 24	
	12.	Verifications for all income and assets listed in the Financial Statement and Credit Information form	
	13.	Assessment/Charges Guarantor Obligation Form (if applicable), page 33	
	14.	Enjoying Your Life in Third Laguna Hills Mutual, page 37	
	15.	Important Information for Third Laguna Hills Mutual, page 40	
	16.	Application for Co-occupancy Permit, page 41	
	17.	Declaration Regarding Criminal Record, page 43	
	18.	Resident ID Card(s) and Decal(s) Returned or Declaration of Loss Affidavit, page 44	

The undersigned (escrow officer) hereby attests that a request for first inspection was submitted to the Resales Inspection Department on _____. It is understood that a final inspection shall be submitted to the buyer(s) prior to the close of escrow. If the mutual waives its option to purchase and approves the proposed transferee(s) for membership, and so informs us in writing, we will then proceed with the processing of this escrow, which is scheduled to close on or about _____(date).

By: _____ For: _____
Escrow officer Escrow

For office use only:

Meets mutual income requirement?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Verified by: _____ Membership Counselor, Community Service Department
Meets mutual asset requirement?	<input type="checkbox"/>	<input type="checkbox"/>	
Exceeds the number of memberships allowed?	<input type="checkbox"/>	<input type="checkbox"/>	

Action by mutual board of directors: By approving this application for membership, said corporation waives the option to purchase the membership, subject to the conditions that both transferor(s) and transferee(s) comply with the requirements of the mutual prior to the close of escrow, and that neither the mutual nor the Golden Rain Foundation shall incur any expenses in this transaction. The approval and waiver shall be effective as of the close of escrow.

Application denied	Application approved
The board of directors of this mutual corporation has reviewed this application. Based on the information provided, the application is denied .	The board of directors of this mutual corporation has reviewed this application. Based on the information provided, the application is approved .
Signature	Signature
Signature	Signature
Signature	Signature



Notice of Escrow Closing

Date:

Laguna Woods Village
Resident Services
P.O. Box 2220
Laguna Hills, CA 92654

Email: EscrowClosings@vmsinc.org
Phone: 949-597-4600

Escrow number:

Manor number:

Closed date:

Please issue new resident passes as follows:

Resident members

Nonresident members

Nonmember residents

Your assistance is appreciated.

Sincerely,

Escrow officer name and company:

Escrow officer phone number:

Escrow officer email:

Escrow Closing Notification and Transmittal Report

Escrow number:		
Escrow company:		Manor number:
Escrow officer:		Date:
Escrow phone number:	Email:	Closing date:
Please be advised escrow has closed. Attached are payments, charges and/or fees due per your demand.		
1.	Depository account: Separate check, made payable to Laguna Woods Village , representing the following:	
	a. Monthly assessment due for the period (date):	\$
	b. Late charges	\$
	c. Other	\$
	Total	\$
2.	Agency account: Separate check, made payable to Golden Rain Foundation , representing the following:	
	a. Administration fee (Third \$400)	\$
	b. Final inspection fee (Third \$55)	\$
	c. Chargeable services (includes first inspection fee and other costs)	\$
	d. Cable TV (broadband services)	\$
	e. Lost/missing ID card(s) \$25 each	\$
	f. Physical properties corrections or repairs	\$
	g. Nonstandard landscape restoration charges	\$
	h. Contingency for inspection corrections and landscaping estimates: Funds paid by seller	\$
	Funds paid by buyer	\$
	i. Trust facilities fee (\$5,000)	\$
	j. Other:	\$
	Total	\$
3.	In addition, we enclosed the following: <input type="checkbox"/> Gate entry passes, ID cards and vehicle decals <input type="checkbox"/> Declaration of Loss affidavit for gate entry passes, ID cards and vehicle decals <input type="checkbox"/> Other	
4.	Date final inspection was completed by Resale Inspections Dept.	Date:
5.	Seller forwarding address Name(s): Street: City, State Zip: Phone number:	
6.	Lender information Company Name: Street: City, State Zip: Phone number:	Date: Loan number:

SELLER NOTIFICATION FORMS

Seller's Authorization to Release of Information

Email form to: ResalesRequirements@vmsinc.org	Manor number: _____		
Manor address: _____			
<p>The undersigned, listed below as seller/member, hereby authorizes Village Management Services (VMS) Inc. managing agent to furnish information concerning the mutual and the manor located at the above address, in the City of Laguna Woods, CA 92637. Documents or information that may be released to the escrow officer include:</p>			
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> Members' names of record and vesting Addresses and telephone numbers Social security numbers Occupants' names of record Trust and will information – Seller's estate Letters Testamentary/Small Estate Affidavit Monthly assessment and fees HOA certification </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> Documents as required by Civil Code Section 4525 Assessment delinquency collection status Supplemental property tax information Board-approved special assessments Unpaid fees, charges and fines Copies of board minutes as required Other </td> </tr> </table>		<ul style="list-style-type: none"> Members' names of record and vesting Addresses and telephone numbers Social security numbers Occupants' names of record Trust and will information – Seller's estate Letters Testamentary/Small Estate Affidavit Monthly assessment and fees HOA certification 	<ul style="list-style-type: none"> Documents as required by Civil Code Section 4525 Assessment delinquency collection status Supplemental property tax information Board-approved special assessments Unpaid fees, charges and fines Copies of board minutes as required Other
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<p>It is the seller's responsibility to turn over copies of mutual's governing documents to the new buyer. If the seller is unable to do so, those documents, plus any additional documents, will be provided by VMS Inc., upon seller's approval of this release, and the charges billed to the seller in accordance with Civil Code Section 4525.</p> <p>In addition, if the buyer's lender requests information of pending litigation involving the mutual or Golden Rain Foundation, the undersigned authorizes release of such litigation information, if any, to the buyer's lender:</p> <p style="margin-left: 40px;">Name of lender _____</p> <p style="margin-left: 40px;">Lender address _____</p> <p style="margin-left: 40px;">Lender telephone number _____</p>			
<p>This authorization may be used only for the purpose of providing information to a prospective member or the agent and/or the escrow officer. This authorization represents the express written approval of the undersigned, and the undersigned releases the mutual, the Golden Rain Foundation and their VMS Staff from all liability for disclosing such information. I understand that I have the right to receive a copy of this information.</p> <p><input type="checkbox"/> This authorization is effective as of the date hereof, and will remain in effect until _____ (date).</p> <p><input type="checkbox"/> This authorization shall remain in effect until cancelled in writing by the owner/member.</p>			
Date	Seller name (Print)	Seller signature	

If this release is executed by someone other than seller/member, please indicate relationship and provide supporting documents showing appointment to act.

<input type="checkbox"/> Successor trustee	<input type="checkbox"/> Court-appointed executor or administrator	<input type="checkbox"/> Attorney-in-fact for member
<input type="checkbox"/> Court-appointed guardian or conservator of member	<input type="checkbox"/> Other	

Responsibility Agreement for Nonstandard Landscape

Manor address

This form is to be completed by the escrow office and must be received *before* the issuance of a Final Inspection.

1. **Email** completed form to ResalesInspections@vmsinc.org as soon as possible in order for a work order to be established.
2. **Include** this document with the membership application package.

This office has been notified that the manor noted above has nonstandard landscape, and both the prospective member and seller have been informed accordingly. If the prospective member declines to accept the nonstandard landscape, the landscape division will perform the work as a chargeable service, and seller is responsible for all costs.

In accordance with the governing rules of Third Laguna Hills Mutual, the prospective member understands that he/she may accept or refuse to accept the nonstandard landscaping. Further, the prospective member understands that if he/she accepts it, he/she also accepts all future responsibility for its care and maintenance, and all associated costs thereof.

Both prospective member and seller understand that if the prospective member refuses to accept such responsibility, the seller is required to pay the costs of all work required to restore the landscaping to the community standard, including the removal of nonstandard plants and hardscape, and the planting of standard plants.

Acknowledgement by prospective owner

- [] Prospective owner accepts the nonstandard landscaping and agrees to be responsible for any and all costs related to its future maintenance.
- [] Prospective owner declines to accept the nonstandard landscaping and directs the escrow officer to so inform the management agent. Restoration costs are to be withheld from the proceeds of resale transfer of membership.

_____ Signature	_____ Print name	_____ Date
_____ Signature	_____ Print name	_____ Date

Acknowledgement by seller

Seller has been informed that the unit has nonstandard landscaping. Seller will be charged the amount shown on the inspection report to restore the property to community standard landscaping if the prospective owner refuses to accept the nonstandard landscaping.

_____ Signature	_____ Print name	_____ Date
_____ Signature	_____ Print name	_____ Date

Escrow officer signature:	Escrow No.:	Date:
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Low-Flow Toilet Statement of Compliance

With resolution 03-16-07

Required upon manor transfer

-Include this form with Resale package-

Manor number: _____ Print member name: _____

Low-flow toilets installed prior to January 1, 2012:

- ☐ Low-flow toilet(s) were installed in all bathrooms of subject manor prior to January 1, 2012. Each toilet does not exceed 1.6 gallons per flush.

Low-flow toilets installed after January 1, 2012, and before May 19, 2015:

- ☐ Low-flow toilet(s) have been installed in all bathrooms of subject manor. Each toilet does not exceed 1.6 gallons per flush, is able to flush 600 grams of solid waste as outlined in the MaP Standards, and has at least a 3-inch tank outlet. For more information on MaP standards, see <http://www.map-testing.com>. Please see the bottom of page for an illustration of a tank outlet.

Low-flow toilets Installed on or after May 19, 2015:

- ☐ Low-flow toilet(s) have been installed in all bathrooms of subject manor. Each toilet does not exceed 1.28 gallons per flush, is able to flush 600 grams of solid waste as outlined in the MaP Standards, and has at least a 3-inch tank outlet. For more information on MaP standards see <https://www.map-testing.com>. Please see the bottom of page for an illustration of a tank outlet.

Contractor signature

Date

Print name and license number

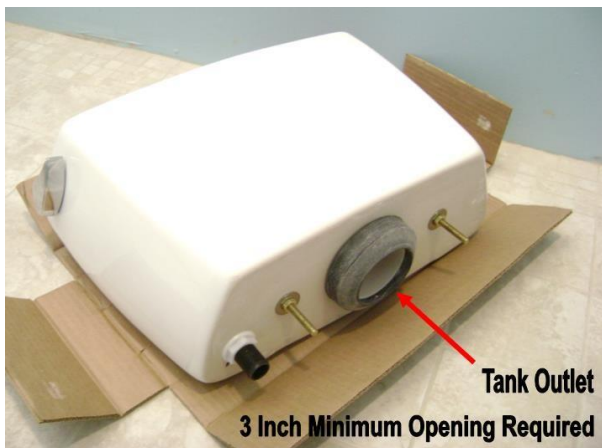
- or -

Member signature

Date

Print name and Laguna Woods Village ID Number

Note: An invoice/receipt showing the toilet make and model and/or toilet specification sheet(s) must be attached; this statement will be accepted only upon receipt of these document(s).



Resolution 03-16-07

Replacement Toilet at Manor Transfer

Whereas, recent changes to the California Civil Code and the Uniform Plumbing Code have mandated that all high-water usage toilets in commercial property as well as single and multi-family residential properties be replaced with water-conserving plumbing fixtures; and

Whereas, California Civil Code 1101.4 requires that on or before **January 1, 2017**, noncompliant plumbing fixtures in any single-family residential real property shall be replaced with water-conserving plumbing fixtures; and

Whereas, California Civil Code 1101.5 requires that on or before **January 1, 2019**, all noncompliant plumbing fixtures in any multifamily residential real property shall be replaced with water-conserving plumbing fixtures; and

Whereas, California Civil Code 1101.3.1 defines water conserving toilets as any toilet manufactured to use 1.6 gallons or less of water per flush; and

Whereas, California Plumbing Code 402.2.2.1 requires that single flush toilets installed on or after July 1, 2011, shall have an effective flush volume that does not exceed 1.28 gallons (4.8 liters) when tested in accordance with ASME A112.19.2, Standard for Vitreous China; and

Now therefore be it resolved, January 19, 2016, that the Board of Directors of this Corporation hereby requires that prior to the date any record fee title to a Manor is transferred, the Manor Owner must replace all noncompliant toilets within their Manor with toilets which meet or exceed the applicable California Civil and Building Code requirements for toilets and have a 3 inch flush valve, are ADA and WaterSense qualified, and at Manors where no waste line drainage problems exist the compliant toilets may have a greater than or equal to 600 grams per flush MaP rating and at Manors where waste line drainage problems do exist the compliant toilets must have a greater than or equal to 1000 grams per flush MaP rating; and

Resolved further, that any 1.6 gallon per flush or lower toilets installed in a manor prior to May 19, 2015 are considered compliant with California Civil requirements for toilets and will not require replacement under this resolution; and

Resolved further, that Resolution 03-15-134, adopted September 15, 2015, is superseded and cancelled; and

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.

BUYER APPLICATION FORMS

Owner/Membership Application

Please print using black ink or type

Manor number

List names exactly as they will appear on the Grant Deed and Occupancy Agreement.

Appl. No.	Title	Last name	First name, middle initial	For business use only
1	<input type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Miss <input type="checkbox"/> Mrs.			
2	<input type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Miss <input type="checkbox"/> Mrs.			

Appl. No.	Date of birth	Marital status	To reside immediately?*	Tax responsibility**	Age verification attached	Social security number
1		<input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Widowed <input type="checkbox"/> Divorced	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	
	Home phone		Mobile phone		Email	
	* If No, provide outside address					
2		<input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Widowed <input type="checkbox"/> Divorced	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	
	Home phone		Mobile phone		Email	
	* If No, provide outside address					
** Enter a checkmark for the party responsible for income tax reporting. Only one party may be responsible – this is required by federal law.						

Emergency notification		
Name	Relationship	Mobile and home phone numbers

Acknowledgements and affirmations		
I have not been convicted of a felony within the last 20 years or of a misdemeanor involving moral turpitude within the last five years; I have received copies of the Covenants, Conditions and Restrictions (CC&Rs), bylaws and rules and regulations currently in effect.		
As a buyer, I have received an inspection report prepared by the mutual for the manor which I am purchasing that identifies any alterations that have been made by previous owners; I agree that I will be responsible for the care and maintenance of any alterations made previously or that I may make in the future. As a transferee, I agree that I will be responsible for the care and maintenance of any alterations made previously, as well as any alterations that I may make in the future.		
As a member of the mutual, I agree that I will be responsible for the monthly homeowner's assessment payments, and I will comply with all the governing rules of the mutual and Golden Rain Foundation. I have received the notice informing me of the possible existence of asbestos in certain buildings.		
I swear, under penalty of perjury, that the information provided in this application is true and correct.		For Community Service use only
1. Name (print)	Signature	
2. Name (print)	Signature	

Read attached membership and occupancy requirements.

Membership and Occupancy Requirements for Condominium Ownership

All prospective resident-owners and occupants are required to meet age restrictions as defined by federal and state statutes and in accordance with the Covenants, Conditions and Restrictions (CC&R) and bylaws of the housing corporation. Please attach copies of appropriate documents which verify applicant's age; these may include a passport, a driver's license, a birth certificate or a baptismal certificate.

Member

The owner of condominium unit. When the membership is vested in a trust, the trustee is considered the member. Members can be of any age (as permitted by state statute for ownership of property) to own a condominium unit.

In order to reside, at least one of the members must be 55 years of age or older; any other members who reside must be at least 45 years of age, except a spouse, who may be any age. Adult disabled children may reside under certain conditions (Section 51.3 of the California Civil Code).

Members are entitled to vote in mutual elections if they are in good standing.

Occupants

Nonmembers who reside with the approval of the mutual housing corporation.

In order to reside, at least one occupant must be 55 years of age or older; all other persons who reside must be at least 45 years of age, unless the other occupant is:

- (1) A spouse or cohabitant; or
- (2) A primary provider of physical health care.

Note: The primary care giver is not a resident. A care provider is not issued a resident ID card and is not entitled to the use of community facilities, except as the guest of a bona fide Resident.

Nonmember occupants may reside only upon the issuance of an Application for Occupancy permit by the mutual's board of directors. The application form must be executed by all owners of record.

Occupancy limits

The maximum number of persons who may occupy a manor is equal to the number of approved bedrooms, plus one.

Manor assessments

Monthly carrying charges (assessments) provide for the occupancy of no more than two persons. An additional monthly assessment, as established by the housing corporation, is charged for each additional occupant.

Identification cards

Resident identification cards are issued to all approved residents of the community. Cards are the property of the Golden Rain Foundation (GRF) and must be returned at the termination of residency. Replacements will be issued subject to the fee established by GRF. Resident ID cards are not issued to nonresident owners.

Escrow number:

Third Mutual Members Who Hold More Than One Membership

You have applied for membership in Third Mutual, a nonprofit mutual benefit corporation that is governed by California Civil Code, corporate governing documents and operating rules.

Effective June 21, 2016, the Third Mutual Board of Directors adopted Resolution 03-16-61 limiting the number of units that a member may live in or lease or make available for lease to two units.

A member who owns memberships in excess of three, which were leased or available for lease on June 21, 2016, shall be grandfathered. However, no additional memberships can be purchased and, at such time as an excess membership is sold, that individual will be prohibited from purchasing additional memberships.

Any member who holds more than one membership in Third Mutual and wishes to apply for an additional membership is required to sign this acknowledgement form, affirming his/her compliance with Resolution 03-16-61, and submit it to Community Services along with the membership application package.

I hereby acknowledge that the manor I wish to purchase may not be eligible for occupancy under the terms of Resolution 03-16-61.

		Last name (Print)	First name (Print)	Signature
1	<input type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Miss <input type="checkbox"/> Mrs.			
2	<input type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Miss <input type="checkbox"/> Mrs.			
3	<input type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Miss <input type="checkbox"/> Mrs.			
4	<input type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Miss <input type="checkbox"/> Mrs.			
5	<input type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Miss <input type="checkbox"/> Mrs.			
6	<input type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Miss <input type="checkbox"/> Mrs.			

Attention real estate agents and escrow officers:

For verification of the number of memberships held, the applicant may email Resales at ResalesRequirements@vmsinc.org or 949-268-2011



Trust Facilities Fee

Manor number

As trustee of the Golden Rain Foundation (GRF) of Laguna Hills Trust, the GRF Board of Directors is required to preserve and protect the recreational and other amenities available to all residents of Laguna Woods Village. Effective January 1, 2019, all purchases of a separate interest in Third Laguna Hills Mutual (condo), United Laguna Woods Mutual (cooperative) and Mutual Fifty (condo) must include collection of a trust facilities fee in the amount of \$5,000 per transaction as an obligation of the purchaser.

Choose one option of payment below.

Payment
option 1:

☐

I/we agree to pay at the time of closing of escrow the trust facilities fee in the amount of \$5,000.

Payment
option 2:

☐

I/we agree to pay over a period not to exceed seven years (84 months) the trust facilities fee in the amount of \$5,000 plus additional fees that result in a total principal amount of \$5,300 plus interest at 12 percent per annum.

1 Name (Print) *	Signature	Date
2 Name (Print)	Signature	Date
3 Name (Print)	Signature	Date
4 Name (Print)	Signature	Date

* If payment option 2 is selected, the first owner/member name must reflect the person to whom the billing statement for the trust facilities fee will be mailed.



Promissory Note

Rev 11/6/18

Principal amount: \$5,300

Manor number: _____

Principal amount w/interest: \$7,858.89

Date: _____

Recitals

For value received, the undersigned payor(s), _____, promises to pay to the order of Golden Rain Foundation of Laguna Woods, a California nonprofit mutual benefit corporation (payee), at 24351 El Toro Road, Laguna Woods, CA 92637, Attention: Accounts Receivable (or through a direct debit or similar ACH debit, if available), at the times and on the terms specified in this promissory note (note), the sum of \$5,300 (principal), together with interest thereon at the rate of 12 percent per annum (but in any event not to exceed the maximum rate permitted by law) (interest), as payment of the \$5,000 facilities fee, and one-time origination fee of \$300, plus interest, all fully amortized over the seven-year term, as further set forth below. Payor(s) acknowledges that payor(s) has been given the opportunity to pay the \$5,000 facilities fee all at once at the time of transfer, and so to avoid paying the interest and the nonrefundable origination fee, but that payor(s) has instead elected to enter into the seven-year payment plan, as authorized by California law, and to pay in accordance with all terms and conditions in this note.

- 1. Promise to pay.** The principal and interest shall be amortized over a period of seven years, and all due and payable in seven years, with 84 consecutive monthly payments of \$93.56 each. The first monthly payment shall be made on _____, 20____, and subsequent monthly payments shall be paid on or before the first day of each succeeding calendar month.
- 2. Late charge.** Payor(s) agrees that in the event that any payment due hereunder is in default for more than 10 days, it would be extremely difficult to fix the actual damages resulting to payee. Therefore, payor(s) agrees to pay to payee the sum of \$10 upon each such default, as liquidated damages and not as a penalty, to compensate the payee for the expenses of administering the default.
- 3. Prepayment.** The payor(s) of this note may, at their option, repay the amount due in whole prior to maturity date without penalty. Repayment of principal in its entirety prior to maturity date shall eliminate future interest and will fulfill the debt obligation. Payments received in excess of monthly note installment shall be applied to future note installments and not an accelerated reduction of principal.
- 4. Acceleration.** The holder of this note may, at its option, accelerate the maturity of all payments to become due hereunder upon the occurrence of any of the following events, in which event the unpaid balance of this note shall become immediately due and payable without demand, presentment or notice, all of which are hereby expressly waived, and the holder may pursue collection through small claims court or initiate any other appropriate legal proceeding to collect the outstanding amount owed under this note:

(a) Failure to make any two consecutive payments when due, (b) insolvency of payor(s), or filing by or against payor(s) of a petition of bankruptcy, either voluntary or involuntary, (c) if payor(s) sells his or her unit, or if payor(s) dies, then the remaining outstanding balance of principal hereunder at that time shall be due and payable in one lump sum and upon such payment, this note shall be deemed paid in full.

Promissory Note continued on next page

Promissory Note Continued

5. **Release.** In consideration of full payment by the payor(s), as set out in the terms of the promissory note hereof, the holder of this note will furnish the payor(s), at the request of the payor(s), a written release of Promissory Note acknowledging the fulfillment of their debt obligation.
6. **Attorney's fees, governing law.** In the event of any controversy or dispute arising from nonpayment of this note, the prevailing party shall be entitled to recover from the nonprevailing party or parties reasonable expenses including, without limitation, attorneys' fees and costs actually incurred. This note shall be governed by and construed in accordance with, and all disputes hereunder shall be governed by, the internal laws of the State of California. This note shall be binding on the payor(s) successors and assigns.

In witness whereof, payor(s) has executed this note as of the date first written above.

1 Name (Print)	Signature	Date
2 Name (Print)	Signature	Date
3 Name (Print)	Signature	Date

Financial Statement and Credit Information

Please type or print using black ink

Manor number: _____

The corporation may elect to obtain applicant's credit history from a national credit reporting bureau. In accordance with the bylaws, and Occupancy Agreement, as applicable to cooperative membership, I/We provide the following information:						
Applicant name		Age	Social security number		Marital status: <input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed	
1.						
2.					Marital status: <input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed	
Present address, city			State	Zip	<input type="checkbox"/> Own <input type="checkbox"/> Rent	Years Monthly payment
1.						
2.					<input type="checkbox"/> Own <input type="checkbox"/> Rent	
Purchase information						
1. Purchase		\$	6. Financing? <input type="checkbox"/> Yes <input type="checkbox"/> No			
2. Down payment		--	6a. Lender's name			
3. Loan amount		--	6b. Monthly loan payment			
4. Balance due at close of escrow		\$	7. Minimum monthly assessment			
5. Balance to be paid from: <input type="checkbox"/> Sale of home <input type="checkbox"/> Assets <input type="checkbox"/> Other			8. Total monthly payment			
Annual income after purchase of stock certificate for unit – attach verifications						
	Applicant 1		Applicant 2		Total	
A. Salary and wages	\$		\$		\$	
B. Social security/SSI						
C. Pension 1						
D. Pension 2						
E. Rental income (net)						
F. Annuities/IRAs						
G. Dividends and interest						
H. Trust deeds – interest earned						
I. Private business **						
J. Trust income						
K. Disability compensation						
L. Other						
Totals	\$		\$		\$	
** Note: An applicant who derives principal income from a personal business must attach a current balance sheet and operating statement.						

Financial Assets

Please provide verification of annual income and assets with this form. You must submit copies of a current, signed federal income tax return; and copies of recent bank statements, investment statements, paycheck stubs or any other documentation which will verify the information you have provided in this financial statement.

Life insurance	Premiums/Year	Total in force	Policy loans		Net cash value
			\$		\$
Bank accounts	Bank name	Address/Branch	Account number	Account type	Account balance
	a.				\$
	b.				\$
	c.				\$
Residential property	Address	City, State	Annual payments	Balance owing	Estimated equity
	a.		\$	\$	\$
Income property	b.		\$	\$	\$
	Address	City, State	Net income/Year	Balance owing	Estimated equity
	a.		\$	\$	\$
Stocks, bonds	Companies, shares, (attach schedule if necessary)				Market value
					\$
Certificates of deposit	Institutions (attach schedule if necessary)				Market value
					\$
Government bonds	Issuing agency (attach schedule if needed)				Maturity value
					\$
Other assets	Attach schedule				Market value
					\$
Total asset value					\$
Less: Purchase price					\$
Net asset value after purchase					\$

I (we) swear, under penalty of perjury, that the information provided in this financial statement and the supporting documents are true.

1 Name (Print)	Signature	Date
2 Name (Print)	Signature	Date



RESOLUTION 03-18-131

Guidelines For Financial Qualifications

WHEREAS, Third Laguna Hills Mutual (“Mutual”), acting through its Board of Directors (“Board”), previously adopted operating rules concerning financial qualifications pursuant to the following Board resolutions:

1. Administrative Guidelines for Financial Qualification (Res. No. 03-05-17);
2. Financial Guarantor (Res. No. M3-91-38); and
3. Financial Qualifications Policy (Res. No. 03-16-95).

WHEREAS, the forgoing operating rules are collectively referred to herein as the “Financial Resolutions”.

WHEREAS, it is in the Mutual’s best interests to protect and preserve its financial integrity, ensure consistency among the provisions of its governing documents (including without limitation, the Financial Resolutions), and promote the uniform application of the provisions of said governing documents.

NOW, THEREFORE BE IT RESOLVED, on August 21, 2018, that the Board hereby adopts, and the Financial Resolutions are hereby superseded by, the Guidelines for Financial Qualifications set forth below.

GUIDELINES FOR FINANCIAL QUALIFICATIONS

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 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.

- e. 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).
- f. 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 residential and income real estate.
2. Savings accounts in banks and 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.

g. 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.

- h.** 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.

- i. 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:
$$\text{Attributable Income} = (\text{Total Retirement Account Assets} \times 80\%) \div 25$$
- j. Examples of acceptable income verifications include, without limitation, the following:
 - 1. 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.

- k. 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").
- l. 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.

- m. 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.
- n. 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.
- o. 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.
- p. 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

July Initial Notification

30-Day notification to comply with Civil Code §4360 has been satisfied.

Third Laguna Hills Mutual
Guidelines For Financial Qualifications (Adopted
August 21, 2018) & Guarantor Res 03-20-71
dated September 15, 2020 Page 7 of 10



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.

Realtor Information for Prospective Purchases in Third Laguna Hills Mutual

- Third Laguna Hills Mutual in Laguna Woods Village is a condominium, a type of common interest development in which the land and the amenities are owned in common with other owners/members. While providing a tremendous range of activities, there are requirements regarding residency and the opportunity to make alterations and/or additions to one's home.
- Laguna Woods Village is an age-restricted, active, independent lifestyle community with more than 200 clubs, 36 holes of golf, an equestrian center and countless additional recreational activities to enjoy. However, we do not provide assisted living. Residents who need assistance with daily living needs to hire their own caregivers.
- Every person who wishes to reside in your home, including caregivers, must have advance approval of Third Mutual prior to moving in. Guests are limited to no more than 60 days in any 12-month period and do not have to be approved. Guest stays of more than 60 days require board approval.
- The maximum number of occupants allowed to live in a unit is equal to the number of bedrooms plus one.
- You can explore all the floor plans, governing documents and descriptions of the activities and clubs available to all residents at www.lagunawoodsvillage.com.
- Alterations you plan to make to your home, or those made by a previous owner, are your financial responsibility even when the mutual performs maintenance work. An example would be reroofing on a patio cover which is a previously permitted alteration.
- New alterations may require both city and mutual permits, so before you make any decision on modifications to your unit, call the Manor Alterations Department at 949-597-4616 (in the Community Center).
- The mutual carries insurance only on the exterior of each manor, therefore you are responsible for the complete interior including cabinetry, fixtures and appliances. Consult your insurance advisor.
- Property tax bills for your condominium will come directly to you from the Orange County Tax Assessor.
- Community budgets are developed annually and, due to rising costs, can be expected to increase to some degree, affecting your monthly assessments. A history of assessments can be provided.

Enjoying Your Life in Third Laguna Hills Mutual A Condominium in Laguna Woods Village

Before closing escrow the following addresses some points about which Third Mutual wanted to make certain you are aware. Please read and initial each of the points below and feel free to ask further questions of your realtor.

- _____ I understand this is a common interest development with rules and regulations regarding residency and alterations to my unit.
- _____ I am aware that assisted living is not provided and should I require help, I will need to hire my own caregiver and register that person with the mutual.
- _____ I am aware of the rules regarding maximum number of occupants, that guests may stay for no more than 60 days in any 12-month period and that guests may not stay in a resident's home if the resident is absent.
- _____ I am aware I may need to obtain city and community permits before starting any alterations to my unit, and I will be financially responsible for the maintenance of any alterations to my manor, even when the mutual performs the work.
- _____ I am aware the mutual insures only the exterior walls of my unit, and I am aware I will need to seek advice from my own insurance agent regarding condominium insurance for my personal possessions, all things inside the manor and any exterior upgrades or alterations that exist in my home.
- _____ I am aware that I will be billed for my real estate taxes from the Orange County Tax Assessor and that my monthly assessments may increase annually.
- _____ I understand that the mutual endeavors to maintain affordability, but the cost of living in Southern California is continually changing. These costs are reviewed each year and monthly assessments are adjusted accordingly to maintain and enhance the community.
- _____ I have read and I understand the Last-Minute Reminders on the following page.

Print name of buyer

Print name of buyer

Signature of buyer

Date

Signature of buyer

Date

Last-Minute Reminders

1. Have your manor thoroughly inspected (including exterior and interior alterations) by an independent, third-party home inspector before you close escrow.
2. Your lender or their attorneys may request a letter regarding any pending litigation involving the mutual. Information is available on the Community website www.lagunawoodsvillage.com.
3. You are purchasing a condominium which is governed by Third Laguna Hills Mutual. Their monthly board and any special meetings are televised on the Village Media Communications Broadband Services channels 6, 406, 6.1 or 43.3. You are encouraged to attend in person where you may speak on any issue of personal concern during member comments.
4. If you plan to rent your unit, your tenant will need renter's insurance to be fully protected.
5. You and/or your tenant are encouraged to attend a new resident's orientation meeting.
6. All cars, trucks, RVs, golf cars, golf carts and electric personal assistive mobility devices must be registered and any fees paid for the required community permits.
7. Gate Ambassadors control entry to the community. For guests, vendors and private contractors, you are required to call the gate entry system, providing your name, ID and the name of the person who will be coming to your manor. For family or friends who will be visiting repeatedly, free annual guest passes are available at the Community Center Service Desk.
8. Traffic rules are enforced by our Security Division, which also responds to calls for assistance. For fire, police and all health emergencies call 911.
9. Balconies, patios, walkways and carports must be kept free of clutter, both for appearance and safety. A city fire safety ordinance requires a specific amount of cleared space in common areas and smoke detectors in all bedrooms. Fire codes are being updated and there may be future requirements.
10. When moving into a three-story building please contact Security a week before your move in date to arrange for protective elevator pads. Large cartons and boxes should be broken down and stacked next to trash dumpsters in your building, cul-de-sac trash area or at curbside for pickup if that kind of service is available to you.
11. Dogs must be on a leash when being walked in the Community. Coyotes are seen from time to time and small pets should be kept inside for their protection.
12. Parking in Laguna Woods Village is limited. Carports and garages should be used for cars, not storage.
13. Our goals are to have a green community. We ask that you join our recycling efforts.

**The Third Mutual Board of Directors would like to welcome you to
Laguna Woods Village—an extraordinary place in which to live and enjoy!**

Key File Program

Resident Services maintains keys to units within the Community for the convenience of Laguna Woods Village Residents. Participation in the key file program is completely voluntary and is not a requirement, but it is highly recommended.*Keys maintained in this program are secured. Owners/Members are encouraged to participate in this program.

The program is available:

1. Should an emergency maintenance repair be required during a Resident's absence, access can be made to the unit to effect repairs.
2. An approved Resident can obtain the key(s) to the unit to gain access when they have misplaced or otherwise cannot locate their keys.

Any emergency access keys that the seller submitted to Laguna Woods Village are returned during the resale process.

To submit keys for your unit into the key file program, please visit:

**Laguna Woods Village – Community Center
Resident Services Dept.
24351 El Toro Road
Laguna Woods, CA 92637**

*Alternatively, leave a key with a trusted neighbor and inform Village Security.

Important Information for Third Laguna Hills Mutual

Manor address

Please read carefully.

- Initial(s)
- ☐ ☐ Laguna Woods Village is an independent-lifestyle and age-restricted community (as defined by California Civil Code §51.3) that does not provide any form of healthcare or assisted living. Each resident is responsible for his/her own care and welfare.
- ☐ ☐ Appearance of the Community is important, and residents are required to keep their balconies, patios, walkways and carports free from clutter.
- ☐ ☐ When moving into the Community, residents are asked to break down and stack moving boxes next to trash dumpsters or at curbside for routine pickup. Please be advised that there are weight and volume restrictions. A call to Resident Services 949-597-4600 can arrange to have excessive moving material hauled away as a chargeable service.
- ☐ ☐ Owners are required to check with the Manor Alterations Department before making any structural or landscape alteration. Contact the Manor Alterations Department at 949-597-4616.

Please note the following residency restrictions:

- ☐ ☐ Relatives and other guests may stay overnight for a total of 60 days in any 12-month period. Relatives and guests may not stay in a resident's home during the absence of the resident.
- ☐ ☐ Board approval is required for all persons wishing to reside in the Community. Contact Community Services at 949-268-2393 before any change in residency status.
- ☐ ☐ The maximum number of persons allowed to occupy a manor is equal to the number of original construction bedrooms plus one. There is an additional monthly fee for the third occupant.
- ☐ ☐ The use of the elevator when moving into a multistory building requires the placement of elevator protection pads, which can be requested through Security Dispatch, 949-580-1400.
- ☐ ☐ Condominium owners receive property tax notices and billings directly from the OC Tax Assessor's Office 714-834-2727. Owners are responsible for paying their own taxes.

I/we, the undersigned, have read the above and agree to comply with the rules of this Community.

Signature	Date	Signature	Date
Print name		Print name	

Application for Co-occupancy Permit

Manor address

Attach verification of valid age: Driver's license / passport / birth certificate / military ID						
1.	Last name	First name	MI	Social security number	Birthdate	Office use only
	Home phone	Mobile phone	Email			
	Marital Status	<input type="checkbox"/> Married <input type="checkbox"/> Divorced	<input type="checkbox"/> Widowed <input type="checkbox"/> Separated	<input type="checkbox"/> Single	If under 45 years of age, indicate if spouse/registered domestic partner <input type="checkbox"/>	

2.	Last name	First name	MI	Social security number	Birthdate	Office use only
	Home phone	Mobile phone	Email			
	Marital Status	<input type="checkbox"/> Married <input type="checkbox"/> Divorced	<input type="checkbox"/> Widowed <input type="checkbox"/> Separated	<input type="checkbox"/> Single	If under 45 years of age, indicate if spouse/registered domestic partner <input type="checkbox"/>	
Applicant relationship to member		Previous address		City	State	Zip
In case of emergency, notify		Relationship to applicant	Address		Telephone number	

Member/Co-occupant acknowledgements

We hereby apply for approval for the applicant to reside in the unit identified above as a nonmember occupant and affirm that the information provided herein is accurate to the best of our knowledge. We have read the terms and conditions for such occupancy on the reverse side of this application and agree to be bound by the terms therein. We have received a copy of the notice informing us of the possible existence of asbestos in certain buildings.

We swear, under penalty of perjury, that there will not be a landlord-tenant relationship between member and occupant, and that no rents will be paid or collected during the duration of applicant's occupancy, unless a lease is executed through the Golden Rain Foundation (GRF) leasing office.

1. Co-occupant name (print)	Signature	Date	
2. Co-occupant name (print)	Signature	Date	
3. Member name (print)	Signature	Date	To reside? <input type="checkbox"/> Yes <input type="checkbox"/> No
4. Member name (print)	Signature	Date	To reside? <input type="checkbox"/> Yes <input type="checkbox"/> No

Community Services Dept. use only

Floorplan _____ No. bedrooms _____ No. of persons residing if permit is approved _____

ID card fees to be collected: \$ _____ ☐ Exempt (spouse/domestic partner status verified)

If applicant is under 55 years of age, indicate if qualifying resident has been verified. ☐ Yes ☐ No

Does the approval of this application exceed the number of persons permitted to occupy this unit? ☐ Yes ☐ No

Verified by: _____ Occupant's phone number _____

Action by mutual board of directors

Application denied	Application approved
The board of directors of this mutual corporation has reviewed this application. Based on the information provided, the application is denied.	The board of directors of this mutual corporation has reviewed this application. Based on the information provided, the application is approved.
Signature	Signature
Signature	Signature
Signature	Signature
Date	Date

Application for Co-occupancy Permit – Page 2

Primary rules governing occupancy – Third Laguna Hills Mutual

The parties to this agreement are the mutual corporation, hereinafter referred to as “the mutual”; the member, hereinafter referred to as “member,” and whose signature appears on the reverse side of this application; and the applicant(s) for occupancy, hereinafter referred to as “co-occupant,” and whose signature appears on the reverse side of this application. In consideration of their mutual undertakings, the parties hereto agree as follows:

1. Co-occupant shall be entitled to occupy the unit indicated on the reverse side of this application.
2. Co-occupant and member affirm their intent that the co-occupant will reside in this unit and that occupant is 45 years of age or older, or is the spouse or registered domestic partner of the qualifying resident.
3. Co-occupant shall be entitled to the use and enjoyment of the facilities and services provided by the Golden Rain Foundation on the same basis as members of the foundation, but will have neither ownership nor voting rights in the foundation or any mutual.
4. Member shall be responsible for the conduct and deportment of the co-occupant.
5. Co-occupant shall be subject to the same rules, regulations and restrictions that are applicable to the member, except with respect to payment of carrying charges. If co-occupant ever shall become the legal or equitable owner of the membership, co-occupant will apply for membership in the mutual in the form generally used by the mutual and will pay all amounts due pursuant to the CC&R's.
6. Member and co-occupant shall be equally responsible for payment of any charges incurred by co-occupant in respect to service provided by Golden Rain Foundation or the mutual.
7. Member agrees to pay to the mutual an additional sum each month for each occupant of the unit in excess of two, at the rate prescribed by the mutual and/or GRF.
8. Members shall be responsible for canceling the co-occupancy status and returning co-occupant's ID card and vehicle decal when occupant ceases to reside in the unit.
9. Any party may terminate this agreement at any time upon 30 days written notice to the other parties to this agreement.
10. In order to induce mutual to execute this agreement, the other parties agree that they have no rights against mutual as a direct or indirect result of the execution of this agreement, and in the event that there are any expenses incurred by the mutual to enforce the terms of this agreement, or to remove or take other action, or to defend any action relative to member or co-occupant, as a direct or indirect result of this agreement, member and co-occupant agree to hold the mutual harmless from and to pay all costs or expenses incurred by mutual, including, but not limited to, attorney's fees, court costs or related expenses.
11. Co-occupant(s) affirm that they have not been convicted of a felony within the past 20 years, nor a misdemeanor involving moral turpitude within the past five years.
12. Guests may stay a maximum of 60 days per year, and **only while the qualifying senior resident is in residence.**

Notice to members and applicants

Approval of this application by the mutual, in and of itself, does not confer any right on the co-occupant other than the revocable right to occupy the unit named on the reverse of this form. As indicated, both member and mutual generally have the right to terminate occupant status at any time, without cause, provided, however, that Section 51.3 of the California Civil Code may be interpreted to inhibit this right of termination in certain circumstances.



Declaration Regarding Criminal Record

Each nonmember occupant is required to sign a separate Declaration Regarding Criminal Record.

The following representations are made pursuant to Section 2 (c) of the Covenants, Conditions and Restrictions (CC&Rs) of Third Laguna Hills Mutual.

To: Third Laguna Hills Mutual

The undersigned hereby states:

1. I have not been convicted of a felony within the last 20 years.
2. I have not been convicted of a misdemeanor involving moral turpitude within the last five years.

Executed on _____ at _____.
Date City/State

I declare under penalty of perjury that the foregoing is true and correct.

Occupant signature

Occupant name printed



Resident ID Card(s) and Decal(s) Returned or Declaration of Loss Affidavit



Manor number _____

The undersigned hereby provides this notification to the Golden Rain Foundation that the following persons are no longer authorized occupants of the manor referenced above. Authorization for occupancy is hereby revoked effective _____.

Check one		Occupant name(s)	ID number(s)
OWN (remove flag)	CO-OCC (delete record)		

- ☐ ID cards for the persons named are returned herewith (owner signature not required)
- ☐ ID cards were never issued. Verified by: _____ (owner signature not required)
- ☐ Decal not returned (subject to \$125 fee each)
- ☐ ID cards for the persons named are not returned (subject to \$25 fee each) because:
(check one)—owner signature required below.
- ☐ The ID card was lost
- ☐ The ID card was stolen
- ☐ The ID card was taken by the occupant and not returned

Please note: These items can be turned into any gate, and a receipt can be issued.

The undersigned shall indemnify and hold the Golden Rain Foundation of Laguna Woods, the mutual and managing agent harmless from all claims, liability, loss, damage, attorney's fees and expenses of every kind arising out of any unauthorized use of said identification card.

Date

Owner signature

Occupant signature (optional)

Owner signature

Physical address: 24351 El Toro Road, Laguna Woods, CA 92637 • Phone: 949-268-2393

Mailing address: P.O. Box 2220, Laguna Hills, CA 92654-2220

Disclosure Notice: Asbestos-Containing Construction Materials



Laguna Woods Village®

Notice

To: Employees, contractors employed by the Laguna Woods Village associations, members and prospective purchasers of dwelling units at Laguna Woods Village, Laguna Woods

From: Village Management Services Inc.

Subject: Disclosure notice: Laguna Woods Village buildings constructed with asbestos-containing construction materials

Health & Safety Code 25915.2 and 25915.5 require the mutual to provide annual notice about the existence of asbestos-containing materials (ACM) in nonresidential public buildings in the mutual to all employees and contractors performing work within said buildings, and to all members of the mutual.

In addition, the mutual is required to disclose to new owners, within 15 days of acquiring title to a unit, the existence of asbestos-containing material in nonresidential public buildings within the mutual.

Village Management Services Inc., as employer, and as agent, for the associations that own or manage the buildings at Laguna Woods Village, Laguna Woods, for their members, hereby notifies all its employees, contractors and all mutual members and transferees, that some buildings within Laguna Woods Village have been surveyed and found to contain asbestos.

The analytical method used to determine asbestos content was polarized light microscopy/dispersion staining. Since the community has an active asbestos operations and maintenance program, testing is ongoing. Because of the high cost to conduct a complete asbestos survey and analysis of all buildings, surveys are conducted only upon repair, remodel, addition to or removal of a building or part of a building suspected to contain asbestos materials, as required by labor codes. The certificates of analysis for any testing received to date are available to employees, contractors, owners and tenants and transferees for review and photocopying from the Laguna Woods Village Human Resources/Safety Office, 24351 El Toro Road, Laguna Woods, CA., between 9 a.m. and 5 p.m., Monday through Friday.

The following buildings in Laguna Woods Village, Laguna Woods, were constructed prior to 1979 and thus *may* contain asbestos in one or more construction materials: All community facilities buildings (with the exception of Clubhouse 7, the mini-gym at Clubhouse 1, the broadband services building, the Laguna Woods Village Community Center, the vehicle maintenance building, and a portion of the warehouse—all constructed after 1979), including clubhouses and outbuildings, library, maintenance warehouse building, stables, gatehouses, garden center buildings, all detached laundry buildings and residential buildings numbers 1 through 5543 inclusive.

Disclosure notice: Asbestos-containing construction materials continued on next page

Disclosure notice: Asbestos-containing construction materials continued from previous page

At the time most of the buildings in Laguna Woods Village were constructed, asbestos-containing materials met local codes as well as state and federal regulations and were extensively used in *many* building products, including but not limited to: ceiling tile, floor tile/linoleum and mastic, textured wall surfaces, sprayed acoustical ceilings, fire doors, structural fireproofing, pipe/boiler insulation, attic insulation and heating duct material/insulation.

According to the National Cancer Institute and the Environmental Protection Agency, any asbestos in these materials does not present a threat to health so long as the asbestos is not disturbed and does not become airborne.

However, because breathing asbestos has been known in some instances to cause cancer and other forms of lung disease, sanding, scraping, drilling, sawing, crushing, tearing/breaking up or otherwise disturbing asbestos-containing materials presents a potential health risk. Therefore, you are directed not to perform such tasks in areas with ACM present or suspected unless the area/materials have been tested and found not to contain asbestos or if specifically assigned or contracted to do such work and it is in accordance with all federal, state, and local laws as well as internal guidelines called for in the asbestos operations and maintenance plan and other company safety and environmental policies and procedures.

Village Management Services Inc. employees whose work orders require them to construct, repair, maintain or otherwise disturb construction materials that may contain asbestos are hereby directed to follow the current regulations and policies noted above and to wear the required protective equipment, prior to performing such work. Questions concerning instructions and equipment should be directed to the HR/Safety Supervisor at 949-597-4321.

It is illegal to place asbestos materials or debris in Laguna Woods Village trash dumpsters. Such materials must be disposed of separately in accordance with state and county regulations to avoid fines. Contact the HR/Safety Supervisor at 949-597-4321 for details.

If you become aware of any asbestos-containing material becoming damaged or otherwise disturbed, please contact Laguna Woods Village Customer Service at 949-597-4600, or the HR/Safety Supervisor at 949-597-4321.

January 1, 2016
Village Management Services Inc.



STAFF REPORT

DATE: June 30, 2021
FOR: Resident Policy & Compliance Committee
SUBJECT: Multiple Unit Owner Qualification Policy

RECOMMENDATION

Revise the Guidelines for Financial Qualification Policy for multiple unit owners when an existing member desires to relocate to another unit and agrees to sell the unit in which he/she currently resides.

BACKGROUND

By way of Resolution 03-18-131, the Board adopted Guidelines for Financial Qualifications on August 21, 2018 and subsequently revised Guarantor income requirements via Resolution 03-20-71 on September 15, 2020.

In 2020, the Board was requested to waive multiple unit owner requirements several times when existing residents found it necessary to relocate to another unit. These members had no interest in owning more than one unit, but needed a place to live until a new replacement unit was purchased. The Board avoided granting such exceptions to the policy which could have ultimately resulted in creating unintended precedents.

This information was presented to the Committee in January this year, but was not favorably received.

DISCUSSION

The Guidelines for Financial Qualification Policy provides that:

V. 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

To lessen the financial burden on existing members who desire to replace their current residence within Third Laguna Hills Mutual, and who do not want to own more than one unit, the Board could adopt language in the Financial Guidelines that requires such members to obligate themselves to sell their existing unit within a reasonable period of time, such as six months. The Board may place other restrictions such as at no time may original and replacement unit be occupied concurrently and the original unit may not be leased under any circumstances.

These proposed restrictions may require opinion of legal counsel as to reasonableness and enforceability.

FINANCIAL ANALYSIS

None.

Prepared By: Pamela Bashline, Community Services Manager

Reviewed By: Siobhan Foster, COO

ATTACHMENT(S)

ATT 1: Guidelines for Financial Qualifications Policy



GUIDELINES FOR FINANCIAL QUALIFICATIONS

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 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.
- 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 residential and income real estate.
 - 2. Savings accounts in banks and 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. 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. 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.

V. **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

July Initial Notification

30-Day notification to comply with Civil Code §4360 has been satisfied.



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:

1. Guarantor guarantees unconditionally to be jointly and severally responsible for/liable for all Charges related and charged to the Owner's assessment account.
2. 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.

1. 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.

2. 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.
3. 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.
4. The Parties waive the right to a jury trial in any such legal action.
5. 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.
6. 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.

