



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

**Tuesday, November 23, 2021 – 9:30 A.M.  
BOARD ROOM/ VIRTUAL MEETING  
Laguna Woods Village Community Center  
24351 El Toro Road**

**AGENDA**

- |   |                  |
|---|------------------|
| 1. Call to Order                                  | Robert Mutchnick |
| 2. Acknowledgment of Media                        | Robert Mutchnick |
| 3. Approval of the Agenda                         | Robert Mutchnick |
| 4. Approval of Meeting Report for August 24, 2021 | Robert Mutchnick |
| 5. Chair's Remarks                                | Robert Mutchnick |
| 6. Member Comments (Items Not on the Agenda)      |                  |

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

- a. Via email to [meeting@vmsinc.org](mailto:meeting@vmsinc.org) any time before the meeting is scheduled to begin or during the meeting. Please use the name of the committee in the subject line of the email. Name and manor number must be included.
- b. Join the Committee meeting via Zoom at: <https://us06web.zoom.us/j/82491685542> or by dialing 669-900-6833 Access Code: 824 9168 5542.

**Reports:**

None

**Items for Discussion and Consideration:**

- |                                     |                 |
|-------------------------------------|-----------------|
| 7. Lease – Lower Cap to 25%         | Pamela Bashline |
| 8. Multi-Unit Owners Qualifications | Pamela Bashline |
| 9. Lease Renewal                    | Pamela Bashline |

**Items for Future Agendas:**

None

**Concluding Business:**

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

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





## **OPEN MEETING**

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

Thursday, August 24, 2021 – 9:30 A.M.  
BOARD ROOM/VIRTUAL MEETING  
Laguna Woods Village Community Center  
24351 El Toro Road, Laguna Woods, CA 92637

**MEMBERS PRESENT:** Lynn Jarrett, Chair, Steve Parsons, Reza Karimi, and Robert Mutchnick

**MEMBERS ABSENT:** Cush Bhada and Donna Rane-Szostak

**ADVISORS PRESENT:** None

**ADVISORS ABSENT:** Stuart Hack

**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 tabled the agenda to the next meeting.

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

Chair Jarrett tabled the meeting report of July 9, 2021 to the next meeting.

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

Chair Jarrett stated that due to a lack of quorum, the meeting was postponed to a later date.

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

None

#### **REPORTS**

None

#### **ITEMS FOR DISCUSSION AND CONSIDERATION**

**Lease – Lower Cap to 25%**

Pamela Bashline, Community Service Manager, presented Lease – Lower Cap to 25%. The Committee commented and asked questions.

Tabled to next meeting.

**Multi-Unit Owners Qualifications**

Pamela Bashline, Community Service Manager, Multi-Unit Owners Qualifications. The Committee commented and asked questions.

Tabled to next meeting.

**ITEMS FOR FUTURE AGENDAS**

- Lease Renewal

**CONCLUDING BUSINESS**

**Committee Member Comments**

None

**Date of Next Meeting**

The next meeting is To Be Determined

**Adjournment**

With no further business before the Committee, the Chair adjourned the meeting at 9:31 a.m.

  
Lynn Jarrett (Sep 7, 2021 08:13 PDT)

Lynn Jarrett, Chair

## STAFF REPORT

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**DATE:** August 24, 2021  
**FOR:** Resident Policy and Compliance Committee  
**SUBJECT:** Lower Lease Cap to 25 Percent from 30 Percent

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### **RECOMMENDATION**

Staff recommends the Committee consider a proposal to lower the lease cap from current 30 percent to 25 percent.

### **BACKGROUND**

Third Laguna Hills Mutual (Third) established a 30 percent lease cap in 2008 by way of Resolution 03-08-106. The volume of rented/leased properties has risen steadily since then, and the total number of such units is currently near the 30 percent lease cap threshold. On April 21, 2020, the Board found it necessary to adopt Resolution 03-20-26, which established a Leasing Cap and Waiting List Policy.

On January 1, 2021, AB 3182 became law and eliminated a number of restrictions common to condominium developments. The law provided that associations must eliminate unreasonable restrictions and allow at least 25 percent of housing units to be available to lessees/renters. Further, the minimum time period required for leases/rentals could not be greater than thirty (30) days. Third, having previously established a leasing cap unaffected by the new law, nevertheless updated its Lease Authorization Policy to amend its minimum lease term from 60 days to 30 days in order to comply with AB3182.

According to anecdotal, industry evidence ([www.davis-stirling.com](http://www.davis-stirling.com)) "the following issues are frequently related to rental units:

- Renters tend to violate association rules more often than owners,
- Renters have more calls to police than owners,
- Renters and landlords are less inclined to invest in the upkeep of their property,
- Short-term leases create high turn-over with increased security issues,
- Landlords are less likely to volunteer to assist the community,
- A high percentage of renters depresses property values,
- Lenders recognize the problems associated with renters and are less inclined to loan or will set a higher interest rate in communities with a high percentage of renters.

The insurance industry has also recognized the problems associated with high concentrations of renters and takes notice when the rental percentage reaches 30-35 percent. Many preferred carriers draw the line at this percentage because claims histories have shown that associations with high rental populations have more claims. As a result, associations with excessive rentals

are charged higher premiums. Lenders routinely ask for the percentage of rentals in a development, since a high percentage depresses market values.”

## **DISCUSSION**

There are several impacts to be considered if the lease cap is lowered from 30 percent to 25 percent. These impacts include the probable objection by the real estate community and potential investors, whose earning power may be adversely impacted by such a reduction of investment opportunities. On the other hand, eligible purchasers and transferees after approval of the decreased lease cap must recognize there are potentially 6,102 existing members ahead of them in line to lease or rent their separate interest properties. Secondly, in accordance with Section 4740 of the California Civil Code, the proposed lowering of the lease cap will be applicable only to those who purchase or otherwise become members of Third Mutual after the change has been approved by the Board.

Thirdly, lowering the lease cap to 25 percent will, at some indefinite point in the future, reduce the total amount of lease authorization fees driven by the current 30 percent threshold. Similarly, a potential lowering of lease activity in Third Mutual will ultimately relieve some of the operational pressures borne by the extremely busy Leasing Office.

In its analysis of leasing cap options, Third Mutual must consider the financial environment, including mortgage lenders and mortgage insurers, faced by prospective members seeking conventional loans and current members seeking to re-finance existing loans.

## **FINANCIAL ANALYSIS**

None.

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

**Reviewed By:** Siobhan Foster, COO



## STAFF REPORT

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**DATE:** August 24, 2021  
**FOR:** Resident Policy and Compliance Committee  
**SUBJECT:** Multi-Unit Owner's Qualifications

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### **RECOMMENDATION**

Staff recommends this report be received and filed.

### **BACKGROUND**

The Committee has considered Third Mutual's income and asset requirements for multiple unit owners on several occasions. Discussion addressed existing members who do not desire to own more than one unit, cannot meet the stepped-up income and asset requirement for multiple unit owners, and are fearful they could become homeless during the buy and sell process of obtaining a replacement manor/unit.

### **DISCUSSION**

On some – but not all transactions – when a member has found a buyer for his current residence and has also identified a replacement unit, staff has been able to facilitate the timing of the two transactions so that they close concurrently. The unit being replaced must close first, if only by nanoseconds, so that at no point in time does the member own two units simultaneously. The coordination of the two transactions can be challenging, so those who have contacted staff in advance of the transactions have been advised to have the same escrow company handle both transactions. Working with two escrow companies in such a time sensitive series of transactions is virtually impossible. This coordination of transactions has resolved several potential and problematic circumstances, but is not workable in all instances.

### **FINANCIAL ANALYSIS**

None.

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

**Reviewed By:** Siobhan Foster, COO