



## **CRIMINAL BACKGROUND QUALIFICATIONS POLICY**

### **I. PURPOSE**

In order to promote the safety and well-being of the shareholders/members/residents of United Laguna Woods Mutual (“United”), prospective shareholders/members, prospective caregivers, and prospective sub-tenants of units in United (collectively referred to as “applicants”) shall be required to provide United with a criminal background report. The purpose of the Criminal Background Qualifications Policy (“Policy”) is not intended to discriminate or create an unjustifiable discriminatory effect against the applicants regarding criminal history and records. Rather, the purpose of the Policy is to minimize the potential for applicants to create risk to the safety and wellbeing of residents of United.

### **II. QUALIFICATIONS**

Applicants with the following crimes will be disqualified:

- (1) Individuals with a lifetime requirement to register as a sex offender; and
- (2) Individuals convicted of manufacturing methamphetamine.

For other past convictions and history, United shall evaluate the nature and severity of the crime and the elapsed time to make a determination based on facts and evidence rather than a perceived threat.

- A. An infraction, or petty offense, is a minor violation of an administrative regulation, an ordinance, a municipal code, local traffic rule, or California state law and is not considered a criminal offense nor does it create a criminal record. Infractions are punishable by a fine, community service, and/or jail time of up to five days. Examples of infractions include traffic tickets, jaywalking, building permit violations, trespassing, littering, and disturbing the peace. Applicants with infractions are not disqualified.
- B. A misdemeanor is a crime for which the maximum sentence is no more than one year in county jail and/or a fine of up to \$1,000.00. Examples of misdemeanors include DUI, shoplifting, and domestic violence that did not result in injury.

United will evaluate the convictions for misdemeanors within five (5) years based on:

- i. the date of the conviction (more recent convictions are more relevant than older convictions);
- ii. the age of the individual at the time of the conviction;
- iii. jail time and/or fines imposed by the court at the time of conviction;
- iv. the type of crime (i.e., crimes such as burglary, assault, arson, and sex offenses, are more relevant to the decision on whether to approve an application than a conviction for a reckless driving); and

- v. other mitigating circumstances (such as whether the applicant has demonstrated rehabilitation efforts and/or has demonstrated a good tenant history before or after the conviction).
- C. Felony is a crime that can result in punishment ranging from a year in jail to life in prison, a fine of up to \$10,000, and a judge has the option of imposing formal felony probation. Examples of felony crimes include attempted murder, assault with a firearm, and grand theft.

United will evaluate the convictions for felony crimes within twenty (20) years based on:

- i. the date of the conviction (more recent convictions are more relevant than older convictions);
  - ii. the age of the individual at the time of the conviction;
  - iii. jail time and/or fines imposed by the court at the time of conviction;
  - iv. the type of crime (i.e., crimes such as burglary, assault, arson, and sex offenses, are more relevant to the decision on whether to approve an application than a conviction for a DUI); and
  - v. other mitigating circumstances (such as whether the applicant has demonstrated rehabilitation efforts and/or has demonstrated a good tenant history before or after the conviction).
- D. The criminal background report cannot be used in a manner to obtain information relating to race, color, religion, sex, familial status, national origin, sexual orientation, marital status, ancestry, source of income, or disability to evaluate the applicant. United will also consider the eligibility based on the following documents that prospective shareholders submit for consideration:
- Record of Expungement; and
  - Letters from a guarantors, friends, and family.
- E. All applicants, and not only those applicants of a particular race or other protected characteristic, shall be required to authorize United to obtain a criminal background report. Any information obtained from a report may not be used for any other purpose than to evaluate the applicant's housing request. Upon the completion of the review, to maintain confidentiality, United will destroy, shred, and/or erase all physical and electronic files pertaining to the criminal background report.

### **III. PROSPECTIVE SHAREHOLDERS**

With respect to prospective shareholders, once a Shareholder/Member has qualified within United, said shareholder need not re-qualify for purchase of a replacement unit as long as the person or persons in whose name the Membership Stock Certificate remains the same.

#### **A. QUALIFICATION WAIVERS**

Shareholders who purchase a replacement unit need to re-qualify for Membership if there is no change to the Membership vesting and the dual interim agreement is in effect.

Current members of one Mutual who wish to purchase in another Mutual are not required to meet the requirements of the Mutual in which they are purchasing.

A former member may obtain a waiver of qualifications if the replacement Membership is purchased within 90 days of the closing of the sale of the previously owned Membership and vesting in the new unit is the same as the vesting in the unit previously owned.

#### B. DISCRETIONARY AUTHORITY

United Board of Directors may, but is not obligated to, deny or approve applications for Membership based on the conditions herein. The Board of Directors, exercising prudent business judgement, may also deny or approve, in its sole and absolute discretion, applications based on other material factors, such as, but not limited to, excess liabilities, or history of non-compliance as a member in United, GRF, or other Mutuels in Laguna Woods Village.

Membership in United is created, and starts, with the, later occurring of the following:

- Written approval of Membership by United's Board of Directors;
- Issuance of a Membership Stock Certificate;
- The signing of an Occupancy Agreement;
- Close of Escrow; and
- Non-Escrow Membership Transfers.