



OPEN MEETING

REGULAR MEETING OF THE UNITED LAGUNA WOODS MUTUAL  
GOVERNING DOCUMENTS REVIEW COMMITTEE

Thursday, August 20, 2020 – 1:30 P.M.  
VIRTUAL MEETING  
Laguna Woods Village Community Center

**NOTICE & AGENDA**

1. Call to Order
2. Acknowledgment of Media
3. Approval of the Agenda
4. Approval of the Report from July 16, 2020
5. Chair's Remarks
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. 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.
7. Response to Member Comments

Reports:

- |                                    |               |
|------------------------------------|---------------|
| 8. Occupancy Agreement Update      | Andre Torng   |
| 9. Guide to Operating Rules Update | Francis Gomez |

Items for Discussion and Consideration:

- |                                     |                 |
|-------------------------------------|-----------------|
| 10. Financial Qualifications Policy | Pamela Bashline |
| 11. Operating Rules Review          | Andre Torng     |
| 12. Code of Conduct                 | Andre Torng     |

Concluding Business:

13. Committee Member Comments
14. Future Agenda Items
  - a. Roles, responsibilities and protocols
  - b. Mission, vision, and strategic directives
  - c. Review GRF Donation Policy (Andre Torng)

United Mutual Governing Documents Committee  
August 20, 2020

- d. Discuss standardizing Village-wide working groups which aren't specific to certain Mutual a uniformed structure and scope of work
  - e. Requirements for heirs to become members
  - f. Committee Advisor Qualification Procedure and Policy
  - g. Establish Legal Support Requirement Resolution
15. Date of next meeting: September 17, 2020
16. Adjournment

Andre Torng, Chair  
Francis Gomez, Staff Officer



**OPEN MEETING**

**REGULAR MEETING OF THE UNITED LAGUNA WOODS MUTUAL  
GOVERNING DOCUMENTS REVIEW COMMITTEE**

Thursday, July 16, 2020 – 1:30 p.m.

**VIRTUAL MEETING**

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

**MEMBERS PRESENT:** Andre Torng - Chair, Sue Margolis, and Neda Ardani

**MEMBERS ABSENT:** None

**ADVISORS PRESENT:** None

**ADVISORS ABSENT:** Bevan Strom

**OTHERS PRESENT:** Dick Rader

**STAFF PRESENT:** Francis Gomez, Pamela Bashline, and Debbie Ballesteros

**CALL TO ORDER**

Andre Torng, Chair, called the meeting to order at 1:35 p.m.

**ACKNOWLEDGEMENT OF PRESS**

The Media was not present.

**APPROVAL OF THE AGENDA**

President Margolis made a motion to remove Code of Conduct from the agenda and to approve the amended agenda. Director Torng seconded the motion.

By unanimous vote the motion carried.

Without objection, the Committee agreed to take items out of order.

**APPROVAL OF MEETING REPORTS**

President Margolis made a motion to approve the June 18, 2020 meeting report as presented. Director Ardani seconded the motion.

By unanimous vote the motion carried.

### **CHAIR'S REMARKS**

Chair Torng wants to review governing documents in this meeting. He explained that he wants to talk about the do's and don'ts so that everyone can understand them.

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

None

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

None

### **REPORTS**

#### **Occupancy Agreement Update**

The Committee discussed the Occupancy Agreement. The Committee members made comments and asked questions. The committee only reviewed a portion of the Occupancy Agreement, the review will continue next meeting.

#### **Compare and Discuss Third Mutual Sales Qualification**

The Committee discussed the Third Mutual Sales Qualification. The Committee members made comments and asked questions.

President Margolis made a motion to use the same policy for United. Director Ardani seconded the motion.

By unanimous vote the motion carried.

The Committee directed staff to bring a resolution to the next regular Board meeting.

#### **Guide to Operating Rules Update**

Francis Gomez, Operations Manager, provided an update on the Operating Rules. The Committee members made comments and asked questions.

The Committee directed staff to send them the Operating Rules presented for review and comments.

Pamela Bashline, Community Services Manager, entered the meeting at 2:01 p.m.

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

#### **Code of Conduct**

The Committee tabled this discussion to the next meeting.

#### **Review Operating Rules Issues & Concerns**

Chair Torng discussed issues and concerns with the operating rules. There was no action taken from the Committee on this item.

### **Committee Member Comments**

There were no comments.

### **Future Agenda Items**

- Review GRF Donation Policy (Andre Torng)
- Discuss standardizing Village-wide working groups which aren't specific to certain Mutual a uniformed structure and scope of work
- Requirements for heirs to become members
- Roles, responsibilities and protocols
- Mission, vision, and strategic directives
- Committee Advisor Qualification Procedure and Policy
- Establish Legal Support Requirement Resolution
- Committee Advisor Qualifications Procedure and Policy

### **Date of next Meeting**

The next meeting is scheduled for Thursday, August 20, 2020 at 1:30 p.m. via virtual meeting.

### **Adjournment**

With no further business before the Committee, the Chair adjourned the meeting at 3:02 p.m.

  
Andre Torng (Jul 20, 2020 18:34 PDT)

Andre Torng, Chair  
United Laguna Woods Mutual

## OCCUPANCY AGREEMENT

**Comment [AT1]:** Adopted after June 12, 2007, don't know the exact date

### PARTIES

The parties to this Agreement are UNITED LAGUNA WOODS MUTUAL, a California nonprofit mutual benefit corporation (hereinafter referred to as the "Corporation" and \_\_\_\_\_ (hereinafter referred to as the "Member").

**Comment [AT2]:** United Mutual is the "Corporation"

### RECITALS

1. The Corporation owns and operates a cooperative housing project of Laguna Woods Village, in the City of Laguna Woods, and the County of Orange, State of California, with the intent that its members shall have the right to occupy the dwelling units thereof under the terms and conditions hereinafter set forth.
2. The Member is the owner and holder of one membership of the Corporation, Series \_\_\_\_\_ and of one membership of Golden Rain Foundation of Laguna Woods, a California nonprofit mutual benefit corporation (hereinafter referred to as the "Foundation")

**Comment [AT3]:** "Members" are "the owner" of one membership of the corporation, and "the owner" of one membership of GRF

### TERMS

In consideration of the mutual promises contained herein, the parties hereby agree as follows:

1. The Corporation hereby lets to the Member and the Member hereby hires from the Corporation, that a certain dwelling unit located at Laguna Woods Village described as \_\_\_\_\_, Laguna Woods, California, Including Carport No. \_\_\_\_\_ to have and to hold said dwelling unit into the Member, his personal representatives and authorized assigns, subject to the terms and conditions set forth herein, in the Articles of Incorporation, Bylaws, Rules and Regulation of the Corporation, now or hereafter in effect, and the General Conditions attached hereto and also recorded as part of instrument No. 2013000284997 in the Official Records in the Office of the County Recorder of the County of Orange, State of California (the "General Conditions"), and made a part hereof for a term of three years. The term of this Occupancy Agreement is renewable automatically for successive three-year period under the terms and conditions of Article 4 of the General Conditions.
2. Until further notice from the Corporation, the monthly assessment for the above-described dwelling unit shall be \$\_\_\_\_\_ per month.

**Comment [AT4]:** What does "hires" mean, means "rent"

**Comment [AT5]:** Each unit is renewable for automatically for successive 3 years.



3. The term of this Occupancy Agreement **begins** at 12:01 a.m. on \_\_\_\_\_, 20\_\_\_\_.  
Executed on \_\_\_\_\_, 20\_\_\_\_ at Laguna Woods, California.

\_\_\_\_\_  
Member Member

If this Occucpancy Agreement is being **executed by a trustee** as the "Member," the current **beneficiary of the trust must be an occupant of the dwelling unit** and, by executing this Occupancy Agreement in the space provide below, it agrees as follows:

**Comment [AT6]:** If a trustee is the owner, the beneficiary must be an occupant. Separate owner from beneficiary.

**I agree to be bound by and act in accordance with all provisions of this Occupancy Agreement as if I were the Member, and upon demand by the Corporation, I agree to fulfill all obligations of the Member under this Occupancy Agreement.**

\_\_\_\_\_  
Beneficiary Beneficiary

UNITED LAGUNA WOODS MUTUAL  
A California nonprofit mutual benefit corporation  
By

\_\_\_\_\_  
Authorized Agent

## GENERAL CONDITIONS

### ARTICLE 1. MONTHLY CARRYING CHARGES

During the terms of this Occupancy Agreement, the Member shall pay to the Corporation a monthly sum referred to as "Carrying Charge," equal to one-twelfth of the Member's proportionate share of the sum required by the Corporation, as estimated by its Board of Directors, to meet its annual expenses, including but not limited to the following items:

- a) The cost of all **operating expenses** and services furnished by or at the expense of the Corporation, including **charges by the Foundation** for facilities and services furnished by the Foundation.
- b) The cost of necessary **management and administration**.
- c) The amount of all **taxes** and **assessments** levied against the property of the Corporation for which it is required to pay.
- d) The cost of fire and extended coverage **insurance** and such other insurance as the Corporation may effect or as may be required by any mortgage on any of the Corporation's assets.
- e) The cost of furnishing water, **gas**, electricity, garbage and trash collection, master TV **antenna** service and other **utilities**, to the extent furnished by the Corporation.
- f) All **reserves** established by the Corporation, including the **general operating reserve** and the reserve for replacements.
- g) The estimated cost of **repairs, maintenance** and replacements of property to be made by the Corporation.
- h) The amount of principal, interest and other required payments on any **mortgage** on any of the Corporation's assets, including mortgage insurance premiums, if any.
- i) Any other expenses of the Corporation **approved by the Board of Directors**, including the payment of **operating deficiencies**, if any, for prior periods.

The Board of Directors of the Corporation shall determine the Carrying Charges from time to time. Said sums shall be **estimated on an annual basis** and divided by the number of months remaining in the then current fiscal year but in no event shall the member be charged more than his **proportionate share thereof as determine by the Board of Directors**. That amount of the Carrying Charges required for payment on the principle of any **mortgage** on any assets of the Corporation or any other capital expenditures shall be credited upon the books of the Corporation to the **"Paid-In Surplus" account** as a capital contribution by the

**Comment [AT7]:** Your monthly carrying charge includes these

**Comment [AT8]:** How does "assessment" fit in here? - tax assessments

**Comment [AT9]:** No gas ???

**Comment [AT10]:** • TV Cable services

**Comment [AT11]:** What is "general operating reserve" Operating expense? Why is it disappeared?

**Comment [AT12]:** What's the difference between repair and maintenance?

**Comment [AT13]:** Mortgage no more since 2009 ? Loan with collateral?

**Comment [AT14]:** Not necessary special assessment.

**Comment [AT15]:** Mortgage/loan

**Comment [AT16]:** Do we have one?



members of the Corporation. Until further notice from the Corporation, the monthly Carrying Charges for the dwelling unit shall be the amount set forth in paragraph 2 of this Occupancy Agreement.

**Comment [AT17]:** Where is paragraph 2?  
Of the Term of signature page.

## ARTICLE 2. PAYMENT OF CARRYING CHARGES

Upon commencement of the term of this Occupancy, the Member shall make a payment on account of Carrying Charges for the remainder of the calendar month, the amount of which shall be the portion of the Carrying Charges for one month prorated on the basis of the number of days of occupancy. Thereafter, Carrying Charges shall be paid in advance not later than the first day of each calendar month. Carrying Charges shall be paid to the Corporation or its authorized representative at such place and in such manner as the Corporation shall determine from time to time.

**Comment [AT18]:** Start to pay advance first day of each month.

**Comment [AT19]:** membership

## ARTICLE 3. EXCESS CARRYING CHARGES

If for any fiscal year of the Mutual during the term of this Occupancy Agreement, the income of the Mutual exceeds expenses (including reserves) for the same fiscal year, Member agrees that he or she shall not, by reason of such occurrence, be entitled, and hereby waives any right, to receive a refund or credit of all or any portion of the Carrying Charges previously paid by Member in such fiscal year. Member further agrees that all or any portion of the amount assessed and collected by the Mutual in excess of the amount required to meet the anticipated expenses (including reserves) of the Mutual shall be applied by the Board of Directors of the Mutual, in its sole discretion, to reduce the anticipated expenses (including reserves) of the Mutual as determined by the Board of Directors for the next succeeding fiscal year of the Mutual.

**Comment [AT20]:** Not entitled for refund/credit, used to reduce the expense for the next fiscal year

## ARTICLE 4. MEMBER'S OPTION TO RENEW

The term of this Occupancy Agreement shall be extended and renewed from time to time by and between the parties hereto for further periods of three years each from the expiration of the initial term herein granted, upon the same covenants and agreements as herein contained unless:

**Comment [AT21]:** Automatic renew every three years unless ...

(1) this Occupancy Agreement is sooner terminated by the Corporation in accordance with the terms hereof, or

(2)(a) notice of the Member's election **not to renew** shall have been given to the Corporation in writing at least four months prior to the expiration of the then current term, and

(b) the Member shall have on or before the expiration of said term

(i) endorsed its membership for transfer in blank and deposited same with the Corporation, and

(ii) met all its obligations and paid all amounts due under this occupancy Agreement up to the time of said expiration, and

(iii) vacated the dwelling unit and all other premises of the Corporation, **leaving them in good state of repair**. Upon compliance with provisions (a) and (b) of this Article, the Member shall have no further liability under this Occupancy Agreement and shall be entitled to no payment from the Corporation.

#### ARTICLE 5. USE OF PREMISES

Subject to this Article 5, the Member shall use the dwelling unit covered by this Occupancy Agreement **as a private dwelling** for those authorized to occupy it by the Corporation and **for no other purpose**, and the authorized occupants of the dwelling unit may **enjoy the use**, in common with the other members of the Corporation, **of all facilities** of the Corporation so long as the Member continues to own the aforesaid membership of the >

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Corporation, uses its dwelling unit as a private dwelling for authorized occupants and abides by the terms of this Occupancy Agreement. **The Member** shall not permit or suffer anything to be done or kept in or about the dwelling unit or other premises of the Corporation which will **increase the rate of insurance** on any building or other property of the Corporation or on the contents thereof or which will **obstruct or interfere with the rights of other members** of the Corporation or **annoy** them by unreasonable **noises** or otherwise nor will it commit or permit any **nuisance** in or about the dwelling unit or other premises of the Corporation or commit or suffer any **immoral or illegal act** to be committed thereon. **The Member** shall **comply** with all of the requirements of governmental authorities with respect to the dwelling unit and all other premises of the Corporation. **If by reason** of the occupancy or use of the dwelling unit or any other building of the Corporation by the Member the rate of insurance on any building or other property of the Corporation shall be increased, the Member shall become

**Comment [AT22]:** As a private dwelling for no other purpose, enjoy all facilities,

**Comment [AT23]:** Rent to outsiders with different rate OK?

**Comment [AT24]:** Can't cause increase of ins. Neither interfere the rights of other members, face mask conflict?

**Comment [AT25]:** Follow compliance requirements, compliance should be the last choice, not the first choice.

personally liable for the additional insurance premiums. **The Member** shall not permit any person to occupy the dwelling unit (except as a guest) without the prior written consent of the Corporation. A guest of a member may occupy the dwelling unit for **no more than 60 days** (whether or not consecutive) in **any year**. **The member** acknowledges and agrees that Laguna Woods Village is a senior citizen housing development and, therefore, that residency in the dwelling unit is restricted to persons **55 years of age or older** and to **certain other qualified permanent residents**. The member agrees to reside in, occupy and use the dwelling unit in conformity with the age restriction sanctioned by **California Civil Section 51.3**, as hereafter amended, and any successor statute thereto.

**[starts here 8/20]**

**Any occupancy**, for any duration, of the dwelling unit by a person other than a Member, and visitation by third parties with any **Member of non-Member** occupant of a dwelling unit, shall be **upon all terms and conditions** set forth in this Occupancy Agreement, in the article, bylaws, rules and regulations of the Corporation and the Foundation in effect from time to time, without limiting the generality of the foregoing, any non-Member occupant of a dwelling unit, and all third-party visitors of Members or non-Member occupants of a dwelling unit, derives any right to use and enjoy the dwelling unit and the facilities and other property of the Corporation and the Foundation solely as a guest or invitee of the Member and shall be subject to all rules, regulations, penalties and assessments applicable to the Member. **Notwithstanding** any liability of any non-Member occupant of a dwelling unit or of any guest or invitee of any Member or non-Member occupant of a dwelling unit, the **Member shall be fully responsible for**, and hereby indemnifies and holds the Corporation and the Foundation harmless from, the conduct of, and any and all losses to or demands upon the Corporation resulting from the acts of omission of, **any non-Member occupant** of a dwelling unit **and all guests and invitees** of the Member or the non-Member occupant of the Member's dwelling unit.

#### Article 6. MEMBER'S RIGHT TO PEACEABLE POSSESSION

In return for the Member's continued fulfillment of the terms and conditions of this Occupancy Agreement, the Member may have and enjoy for his sole use and benefit the dwelling unit hereinabove described, after obtaining occupancy. If the Member for any reason shall **cease to be an occupant** of the dwelling unit other

**Comment [AT26]:** Guest can't stay over 60 days

**Comment [AT27]:** Fiscal years? No. Rolling 12 months start Friday stay. In any 12 months period

**Comment [AT28]:** Residents need to be 55+ age or qualified

**Comment [AT29]:** [https://leginfo.ca.gov/faces/codes\\_displayText.xhtml?lawCode=CIV&division=1.&title=&part=2.&chapter=&article=](https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=CIV&division=1.&title=&part=2.&chapter=&article=)

**Comment [AT30]:** should be OR?

**Comment [AT31]:** Member is responsible for non-Member, guests, invitees.

than during occupancy by a non-Member occupant approved by the Corporation in writing, the Member shall surrender to the Corporation possession thereof.

#### ARTICLE 7. SUBLETTING PROHIBITED

The Member shall not assign this Occupancy Agreement or sublet this dwelling unit without the prior written consent of the Corporation. Rents under any sublease shall be assigned to the Corporation, the sublease shall be delivered to the Corporation and the Corporation shall be empowered to collect rents and apply the rents in reduction of sums due from time to time under this Occupancy Agreement. The sublease shall be in a form acceptable to the Corporation, shall require the subtenant to abide by the terms of the Occupancy Agreement during his subtenancy, and shall give the Corporation an irrevocable power to dispossess or otherwise act for the sublessor in case of default under the sublease. As more particularly set forth in Article 5, above, the Member shall continue to be liable for all obligations hereunder and shall be responsible to the Corporation for the conduct of his sublessee notwithstanding the fact that the Member may have sublet the dwelling unit with the consent of the Corporation. Consent to one subletting shall not obligate the Corporation to consent to any other subletting.

**Comment [AT32]:** Sublease, renting, subletting must abide by Mutual Board's guideline

**Comment [AT33]:** Never done this !!

#### ARTICLE 8. TRANSFER, PLEDGES

Neither this occupancy Agreement nor any right contained therein may be transferred or assigned except in the same manner as may now or hereafter be provided for the transfer or assignment of memberships in the bylaws of the Corporation. Similarly, neither this Occupancy Agreement, nor any right contained herein, nor the membership of the Member in the Corporation, nor the Member's membership certificate may be assigned or pledged by the Member as security for the repayment of any indebtedness of the Member without the prior written consent of the Corporation. Consent by the Corporation to any such assignment or pledge shall not be deemed or construed to be consent by the Corporation to any future or successive assignments or pledges. The Member agrees that any such consent by the Corporation to any such assignment for pledge shall be upon terms and subject to all conditions set forth in any agreement (a "Recognition Agreement") entered into by and between the Corporation and the assignee or pledgee of the Member prior to or concurrently with such assignment or pledge. Without limiting or modifying the foregoing, the Member specifically acknowledges and agrees that a Recognition Agreement may provide

**Comment [AT34]:** Transfer must follow bylaws.

for the payment by the Corporation to the Member's assignee or pledgee of certain sums which otherwise would be payable by the Corporation to the Member.

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#### ARTICLE 9. MANAGEMENT, TAXES AND INSURANCE

The Corporation shall provide necessary **management**, **operation** and **administration**; pay or provide for the payment of all **taxes** or assessments levied against assets of the Corporation, procure and pay or provide for the payment of fire **insurance**, extended coverage and other insurance as required by any mortgage on property of the Corporation and such other insurance as the Corporation may deem advisable. **The Corporation** shall not provide insurance on the Member's personal property. **The Member** shall reimburse the Corporation for the portion of real property taxes and assessments attributable to the Member's dwelling unit.

**Comment [AT35]:** CC covers management, operation, administration, tax, insurance, not personal property insurance.

#### ARTICLE 10. UTILITIES

The Corporation shall provide **electricity for exterior use**, **water** for exterior and interior use, **sewage** disposal, garbage and **trash collection** and master **TV antenna service**. **The cost** of such services shall be included in the Carrying Charges. **Electricity** for interior use shall be individually metered and billed by Southern California Edison Company or any successor utility and paid directly by the Member.

#### ARTICLE 11. REPAIRS

(a) **By Member.** Subject to the terms of any recognition Agreement, the Member agrees to repair and maintain the dwelling unit at the Member's own expense as follows:

- 1) Any repairs or maintenance necessitated by the **Member's own negligence or misuse**; and
- 2) Any **redcoration of the interior** of the dwelling unit; and
- 3) Any repairs or maintenance on any **air conditioner** installed in the dwelling unit; and
- 4) Any maintenance, repairs, and replacements of **appliances** within the interior of the dwelling unit (including, but not limited to, refrigerators, cook tops, hoods and ovens), and any **cabinet** modifications/alterations and other

**Comment [AT36]:** Who's responsible for what repair

upgrades related to the installation of those appliances, that are designed as the responsibility of the Member under the Corporation's "Appliance Policies" adopted on March 11, 2003, as may be amended from time to time; and

5) Any repairs or maintenance of all fixtures and other items within the interior surfaces of the perimeter walls, floors and ceilings of the dwelling unit that are designated as the responsibility of the Member under the Corporation's "Summary of Chargeable Maintenance Services" adopted on June 12, 2007, as may be amended from time to time;

6) Any repairs or maintenance of alterations and additions made by the Member (or any predecessor of the Member) in the interior of exterior of the dwelling unit, as described in Article 12 of this Occupancy Agreement.

(b) **By Corporation.** The Corporation shall provide and pay for all necessary repairs, maintenance and replacements, except as specified in clause (a) of this Article, including but not limited to unaltered kitchen and bath floors and countertops. The officers and agents of the Corporation shall have the right to enter the dwelling unit of the Member in order to effect necessary repairs, maintenance, and replacements, and to authorize entrance for such purposes by employees of any contractor, utility company, municipal agency, or others, at any reasonable hour of the day and in the event of emergency at any time.

(c) **Right of Corporation to make repairs at Member's expense.** In case the Member shall fail to effect the repairs, maintenance or replacements specified in clause (a) of this Article in a manner satisfactory to the Corporation and pay for same, the Corporation may do so on behalf of the Member, and upon demand by the Corporation the Member shall reimburse the Corporation promptly upon receipt of a bill for same.

(d) **Payment by Member.** The Member shall pay the Corporation for any maintenance, repairs, replacements or other services specified in clause (a) of this Article which are the obligation of the Member to provide, where such maintenance, repairs, replacements or other services are rendered by the Corporation at the request of the Member. The Member agrees to make such payment promptly upon receipt of a bill for same from the Corporation.

## ARTICLE 12. ALTERATIONS AND ADDITIONS

**Comment [AT37]:** This OA is adopted after that

**Comment [AT38]:** Structure alteration requires permit



The Member shall not make any structural alterations to the interior or exterior of the dwelling unit or to any pipes, electrical conduits, plumbing or other fixtures connected therewith, or remove any additions, improvements, or fixtures from the dwelling unit without prior written consent of the Corporation. The Member shall not install or use in the dwelling unit, any air conditioning equipment, washing machine, clothes dryer, electric heater, or power tools without prior written consent of the Corporation. The Member shall remove any such equipment promptly upon request of the Corporation.

Comment [AT39]: Without proper permit

Any alterations, additions, fixtures or improvements installed by the Member or any predecessor of the Member, whether within or without the dwelling unit, shall be repaired or maintained by the Member at its own expense and in a manner satisfactory to the Corporation. If the Member should fail to do so, such repairs or maintenance may be performed by the Corporation and upon demand by the Corporation, the Member shall reimburse the Corporation therefor forthwith.

#### ARTICLE 13. MEMBERSHIP IN THE FOUNDATION

Prior to occupancy of the dwelling unit, the Member shall become a resident member of the Foundation and shall pay such dues, assessments, fees and charges now or hereafter determined by its Board of Directors. The extent and nature of facilities and services provided by the Foundation, the fees and charges therefor, and the persons to whom available shall be determined by the Foundation from time-to-time.

Comment [AT40]: Member becomes a resident member, not voting member under GRF

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#### ARTICLE 14. DEFAULT BY MEMBER

If at any time after the happening of any of the events specified in clauses (a) to (h) of this Article, the Corporation shall give to the Member a notice that its rights under this Occupancy Agreement will expire at a date not less than ten (10) days thereafter, all of the Member's rights under this Occupancy Agreement will expire on the date so fixed in such notice, unless in the meantime the default has been cured in a manner deemed satisfactory by the Corporation, it being the intention of the parties hereto to create hereby conditional limitations, and it shall thereupon be lawful for the Corporation to re-enter the dwelling unit and to remove all persons and personal property therefrom, either by summary dispossession proceedings or by suitable action or proceeding at law or in equity

Comment [AT41]: I know this is about default, not sure about the details ?

or by any other proceedings which may apply to the eviction of tenants, and to repossess the dwelling unit in its former state:

- (a) If at any time during the term of this Occupancy Agreement the Member shall **cease to be the owner and legal holder of a membership in the Corporation** unless the Corporation gives its consent in writing to a transfer or assignment under which Member has a right to continue possession.
- (b) If the Member attempts to transfer, assign or pledge this Occupancy Agreement in a manner **inconsistent with the provisions of the bylaws or this Occupancy Agreement**.
- (c) If at any time during the term of this Occupancy Agreement the **member shall be declared bankrupt** under the laws of the United States.
- (d) If at any time during the term of this Occupancy Agreement a **receiver of the Member's property** shall be appointed under the laws of the United States or of any States.
- (e) If at any time during the terms of this Occupancy Agreement the Member shall make a general assignment for the benefit of creditors.
- (f) If at any time during the term of this Occupancy Agreement the membership in the Corporation owned by the Member shall be duly levied upon and sold under the process of any Court.
- (g) If the Member shall fail to pay any sum due pursuant to the provisions of this Occupancy Agreement.
- (h) If the Member, any non-Member occupant of the dwelling unit or any guest or invitee of the Member or such non-Member occupant of the dwelling unit, shall default in the performance of any of their respective obligations under this Occupancy Agreement.

The Member hereby expressly waives any and all right of redemption in case it shall be dispossessed by judgment of any Court; the words "enter", "re-enter", and "re-entry", as used in this Occupancy Agreement are not restricted to their technical legal meaning and in the event of a breach of threatened breach by the Member, any non-Member occupant of the dwelling unit, or any guest or invitee of the Member or such non-Member occupant of the dwelling unit of any of the covenants or provisions of this Occupancy Agreement; the Corporation shall have the right of injunction the right to invoke any remedy allowed by law or in equity as if re-entry, summary proceedings, and other remedies were not herein provided for.

The Member expressly agrees that there exists under this Occupancy Agreement a landlord-tenant relationship and that in the event of a breach or threatened breach of any covenant or provision of this Occupancy Agreement by the Member, or non-Member occupant of the dwelling unit, or any guest or invitee of the Member or such non-Member occupant of the dwelling unit, there shall be available to the Corporation such legal remedy or remedies as are available to the Corporation such legal remedy or remedies as are available to a landlord under the laws of the State of California for the breach or threatened breach by a tenant of any provision of a lease or rental agreement. The Member hereby waives any and all notices and demands for possession as provided by the laws of the State of California.

#### ARTICLE 15. COMPLIANCE WITH REGULATIONS

The Member shall preserve and promote the cooperative ownership principles on which the Corporation and the Foundation have been founded, abide by the articles of incorporation, bylaws, rules and regulations of the Corporation and of the Foundation and any amendments thereto now or hereafter in force and by its acts of cooperation with other members, bring about for itself and its fellow members a high standard in home and community conditions.

**Comment [AT42]:** Must abide by all resolutions

#### ARTICLE 16. EFFECT OF FIRE LOSS

In the event of loss or damage by fire or other casualty to the dwelling unit without the fault or negligence of the Member, the Corporation shall determine whether to restore the damaged premises and shall further determine, in the event such premises shall not be restored, the amount which shall be paid to the Member to redeem the membership of the Member and to reimburse the Member for such loss as it may have sustained. If, under such circumstances, the Corporation elects to restore the premises, Carrying Charges shall not abate, wholly or partially, unless otherwise determined by the Corporation. If the Corporation elects not to restore the premises, the Carrying Charges shall cease from the date of such loss or damage.

**Comment [AT43]:** Fire damage restore or not restore

**Comment [AT44]:** Redeem membership if not restored

**Comment [AT45]:** So Mutual finds another place to stay?

#### ARTICLE 17. INSPECTION OF DWELLING UNIT

**Comment [AT46]:** Certain agencies can enter to make inspection

Representatives Of any mortgagee holding a mortgage on the property of the Corporation occupied by the Member, the officers and agents of the Corporation, and with the approval of the Corporation, the employees of any contractor, utility company, municipal agency or others, shall have the right to enter the dwelling unit of the Member and make inspection thereof at any reasonable hour and at any time in case of emergency involving danger to life or property, regardless whether such potential danger actually exists.

**Comment [AT47]:** Not loan. No more mortgage

#### ARTICLE 18. SUBORDINATION

The cooperative housing project, of which the dwelling unit is a part, was constructed with the assistance of a mortgage loan made by a private lending institution. This Occupancy Agreement and all rights, privileges and benefits hereunder are and shall be >

**Comment [AT48]:** This OA is subordinate to the lien of a first mortgage, should be outdated and irrelevant.

<Page 6>

at all times subject to, subordinate and inferior to the lien of a first mortgage or deed of trust and the accompanying documents executed to secure the principal sum, to any and all modifications, extensions and renewals of such loans, to any mortgage or deed of trust made in replacement of such mortgage or deed of trust and to such additional loans or advances as may thereafter be made by or borrowed from the beneficiary, its successors or assigns, together with interest thereon, and to any mortgages or deeds of trust, consolidation agreements and other accompanying documents given to secure any such additional loan or advances which may at any time hereafter be placed on the real property of the Corporation, or any part thereof. The Member hereby agrees to execute, at the Corporation's request and expense, any instrument which the Corporation's request and expense, any instrument which the Corporation or any lender may deem necessary or desirable to effect the subordination of this Occupancy Agreement to any such mortgage or deed of trust, and the Member hereby appoints the Corporation and each and every officer thereof, and any future officer, such Member's attorney-in-fact during the term hereof to execute any such instrument on behalf of the member. The Member hereby expressly waives any and all notices of default and notices of foreclosure of said mortgage and deed of trust which maybe required by law. In the event a waiver of such notices is not legally valid, the Member hereby designates the Corporation as its agent to receive and accept such notices on the Member's behalf.

#### ARTICLE 19. NOTICES

Whenever the provisions of law, the bylaws of the Corporation or this Occupancy Agreement require notice to be given to either party hereto, such notice may be given in writing by depositing the same in the United States mail, in a postpaid, sealed envelope addressed to the person to whom the notice is to be given, at his or her address as the same appears in the books of the Corporation and the time of mailing shall be deemed to be the time of the giving of such notice.

**Comment [AT49]:** How notice should be delivered

#### ARTICLE 20. FISCAL REPORTS

The Corporation shall furnish to the Member a review of the financial statement of the Corporation in accordance with the provisions of applicable law.

**Comment [AT50]:** Furnish the financial stmt

#### ARTICLE 21. REPRESENTATIONS

No representations, other than those contained in this Occupancy Agreement, shall be binding upon the Corporation.

**Comment [AT51]:** No representations shall be binding ? Binding on what ?

#### ARTICLE 22. RIGHTS AND REMEDIES

The rights and remedies available to the Corporation in the event of any breach of this Occupancy Agreement by the Member, any non-Member occupant of the dwelling unit, or occupant of the dwelling unit, or any guest or invitee of the Member or such non-Member occupant of the dwelling unit, whether provided by this Occupancy Agreement or by law, are cumulative. The exercise of any such right or remedy shall not be deemed to be a waiver of the same right or remedy for the same or any other breach by the member. The failure to exercise any right or remedy available to the Corporation for any breach of this Occupancy Agreement by the Member shall not be deemed to be a waiver of any of its rights or remedies in the event of any other breach by the member.

**Comment [AT52]:** Rights and remedies are cumulative, not a waiver other rights and remedies

#### ARTICLE 23. LATE CHARGES AND ATTORNEY'S FEES

The member covenants and agrees that, in addition to the other sums that have become or will become due pursuant to the terms of this Occupancy Agreement, the Member shall pay to the Corporation a late charge in an amount determined by the Corporation, reasonable costs of collection and interest at a rate

**Comment [AT53]:** There will be late charges, legal fees added

determined by the Corporation for each payment of Carrying Charges or part thereof not paid within 15 days after the date payment is due.

If the Member shall default in making payments of any sum payable to the Corporation or if the Member, any non-Member occupant of the dwelling unit, or any guest or invitee of the Member or such non-Member occupant of the dwelling unit defaults in the performance of any of their respective obligations under this Occupancy Agreement, and **the Corporation has obtained the services of an attorney** with respect to any such default, the Member shall pay to the Corporation any costs or **fees involved**, including reasonable attorney's fees, notwithstanding the fact that a suit has not yet been instituted. In case a suit is instituted, the Member shall also pay costs of suit in addition to the aforesaid costs and fees.

#### **ARTICLE 24. SUCCESSOR, ASSIGNEES, ETC.**

Subject to the limitations on assignments, transfers, pledges and subletting set forth elsewhere herein, the provisions of this Occupancy Agreement shall be **binding on the successors**, assignees, heirs and personal representatives of the Member.

**Comment [AT54]:** successor take it, s/he get it all.

#### **ARTICLE 25. AMENDMENTS**

This Occupancy Agreement **may not be amended or modified without the prior written consent of the Corporation** and shall not be enforceable unless in the form of a **written instrument** executed by the party against whom enforcement is sought. Member acknowledges and agrees that the Corporation may condition its consent to any amendment or modification upon the Corporation's receipt of a written consent to the change from any assignee or pledgee of the Member, regardless whether that consent is required by the terms of any Recognition Agreement.

**Comment [AT55]:** Amendment must be written from Corporation





## STAFF REPORT

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**DATE:** August 20, 2020  
**FOR:** Governing Documents Review Committee  
**SUBJECT:** Operating Rules

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### **RECOMMENDATION**

Receive and file.

### **BACKGROUND**

The Governing Documents Review Committee is tasked to review policy and processes for consistency. The Committee and staff have identified areas of improvement including, but not limited to, the need to revise the Operating Rules Guidebook located on the website.

The Operating Rules Guidebook contains a collection of most referred rules and regulations adopted by the Board. The Committee directed staff to review the guidebook with the following goals in mind:

1. Reduce and condense the rules and regulations contained in the guidebook;
2. Present the rules and regulations in a readable form; and
3. Create hyperlinks to Policies & Procedures included on the Laguna Woods Village website.

The Compliance Division is responsible for the coordination of the rules enforcement program of the Village.

### **DISCUSSION**

Staff reviewed the rules and regulations contained in the Operating Rules Guidebook and created a new version that meets the Committees directive. The changes incorporated in the new Operating Rules Guidebook include, but not limited to: present the rules and regulations by category; removed cancelled rules and regulations; removed resolutions that are not rules and regulations; included a definition section; and an introduction page that explains the enforcement process.

The updated Operating Rules Guidebook can be viewed under the Operating Rules section of the Laguna Woods Village website.

### **FINANCIAL ANALYSIS**

None

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

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



## STAFF REPORT

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**DATE:** August 20, 2020  
**FOR:** Governing Documents Review Committee  
**SUBJECT:** Financial Qualifications Policy  
Amendment to Income Requirement

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### **RECOMMENDATION**

Approve the updated Financial Qualifications Policy amending the minimum annual income requirement.

### **BACKGROUND**

Prospective Shareholders of units in United Laguna Woods Mutual (United) are required to meet minimum financial requirements for Membership as set forth in the Financial Qualifications Policy. All income and assets claimed must be verified by presenting documentation acceptable to the Board of Directors.

On February 13, 2018, the Board amended the Financial Qualifications Policy to increase the minimum income requirements for prospective Shareholders and transferees from \$36,000 to \$40,000; and ability to qualify with a guarantor was eliminated (Resolution 01-18-24).

On May 14, 2019, the Board amended the Financial Qualifications Policy to exclude community property for asset qualification purposes unless it is the marital community property of the parties applying for membership; exclude capital gains earnings as a source of income when calculating an applicant's annual income; and clarify the issues of rental property depreciation (Resolution 01-19-47).

On September 10, 2019, the Board adopted revisions to its Financial Qualifications Policy (Resolution 01-19-71). Primarily, the change strengthened the Guarantor's Agreement and renamed it "Personal Unconditional Continuing Guaranty and Security Agreement".

On August 11, 2020, the Board reviewed the proposed changes and referred the matter to the Governing Documents Review Committee for further discussion.

The Community Services Division coordinates the Membership process for Board approval. On average, the Division processes approximately 198 membership requests per year.

### **DISCUSSION**

As an age-restricted development, United is attractive to newly retired and post retirement applicants. A segment of retired applicants do not generate at least \$40,000 in annual income. The proposed amendment to the Financial Qualifications Policy allows applicants to consider "attributable income" generated by traditional retirement accounts exclusive of accounts needed to satisfy the minimum asset requirement (Attachment 1).

The proposed amendment is a calculation, similar to that utilized by lenders to evaluate borrowers. The portion of an applicant's traditional retirement account assets attributable to the applicant's annual income is recognized as the greater of either:

1. The mandatory annual distributions from 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).

Select retirement accounts may not concurrently satisfy both the income and asset side of the qualification requirements. Only traditional retirement accounts may be calculated to generate "attributable income".

Additionally, the format has been changed to follow the same policy format as other policies to include purpose, definitions, terms and conditions, procedures, etc. For reference, the original policy is included in this report (Attachment 2).

### **FINANCIAL ANALYSIS**

None.

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

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

### **ATTACHMENT(S)**

Attachment 1: Financial Qualifications Policy

Attachment 2: Original Financial Qualifications Policy

Attachment 3: Resolution



**Financial Qualifications Policy**  
**Resolution 01-20-XX; Adopted October 13, 2020**

**I. Purpose**

The purpose of this policy is to set forth guidelines by United Laguna Woods Mutual (United) necessary to protect the financial integrity of the corporation.

**II. Definitions**

- A. Shareholder – individual approved by the Board of Directors as a Member of the corporation. Also known as Member.
- B. Applicant – individual seeking approval by the Board of Directors as a member of the corporation.
- C. Financial Statement/Credit Information form – United's document to be completed by Applicant which summarizes age, income and asset qualifications being considered by the Board of Directors in keeping with the membership application process.
- D. Asset – a resource with economic value that an individual or business owns or controls with the expectation of future benefit; must be liquid, marketable or income producing.
- E. Equity – total assets minus total liabilities.
- F. Annuity funds – a long-term investment that is issued by an insurance company and is designed to help protect an individual from the risk of outliving one's income.
- G. Community property – property acquired during the marriage by either spouse is presumed to be owned by each spouse equally.
- H. Guarantor – individual who meets United's financial qualifications and guarantees to pay for the Member's debt and/or obligations if the Member defaults or fails to pay a debt and/or obligation to United; guarantor may guarantee only one unit within the Village.
- I. Personal Unconditional Continuing Guaranty and Security Agreement – Guaranty "contract" between prospective member and qualified individual whereby guarantor is responsible to pay any debt or obligation owed by the Member to United in the event of a failure by Member to pay same; non-revocable by guarantor.
- J. Indebtedness – includes the monthly carrying Charge payable by the Member to United, including all assessments, fines or other monetary charges levied in the name of United.
- K. Carrying Charges – monthly assessments estimated by United to meet its annual expenses, including but not limited to operating expenses, management and administration, property taxes, insurance, utilities, reserves, and repair and maintenance.

- L. Uniform Commercial Code (UCC) filing – provides for the filing of certain financing statements and other lien documents. Filing with the Secretary of State's office serves to perfect a security interest in named collateral and establish priority in case of debtor default or bankruptcy.
- M. Interim Dual Membership Agreement – a “contract” between a Member and United which allows the Member to temporarily own two co-ops.
- N. Community Rules – the Articles of Incorporation and Bylaws of United, the Occupancy Agreement, and any rules and regulations adopted by United. Any reference to the “Governing Documents” shall, for purposes of this Policy, be deemed a reference to the Community Rules set forth in this definition.
- O. Member – any person entitled to membership in United.

### **III. Conditions**

All applicants shall submit the most recent year's federal income tax return, signed and dated, including Schedules A and B, in addition to other verification documents. If income is derived from an owned business, the appropriate business tax schedules and a profit and loss statement are required.

Where there is more than one prospective Shareholder, income and assets can be calculated collectively, if each is eligible and intends to reside.

Membership applicants to United are required to submit a completed Financial Statement/Credit Information form, together with satisfactory verification of identity, income and assets.

#### **A. ASSET REQUIREMENT**

The prospective Shareholder shall submit satisfactory verification of assets equal to the purchase price of the Unit plus \$125,000. Prospective transferees (i.e., outside escrow) are required to demonstrate a minimum asset base of \$125,000 only.

1. Acceptable assets will be those that are considered to be liquid, marketable or income producing. Only aged accounts (180 days) will be considered. Acceptable assets include, among others:
  - a. Equity in U.S. residential property
  - b. Savings accounts in U.S. financial institutions
  - c. Cash value life insurance
  - d. Certificates of deposit, money market accounts in U.S. financial institutions
  - e. IRA, SEP, 401(k) and Keogh accounts
  - f. US, state or municipal government bonds - valued at current market prices

- g. American traded investments (NYSE, Amex, OTC, NASDAQ, etc.) valued at current market prices
  - h. Mortgages and promissory notes, provided that interest is reported on the applicant's tax return
  - i. Equity in U.S. income producing real estate
2. Excluded from consideration are the following, among others:
- a. Mobile Homes
  - b. Recreational vehicles, boats and trailers
  - c. Vacant land
  - d. Automobiles
  - e. Artwork, jewelry, furs and collections such as coins, dolls, stamps and other similar items
  - f. Term life insurance
  - g. Annuity funds, which cannot be withdrawn in lump sum
  - h. Anticipated bequests or inheritances
  - i. Promissory Notes whose income is not reported on the prospective transferee tax return
  - j. Community property

## **B. INCOME REQUIREMENTS**

- 1. Prospective Shareholders shall submit from a recognized Credit Reporting Agency (e.g. Equifax, TransUnion, Experian) a full credit report and FICO score dated within 60 days prior to the application submittal.
- 2. Prospective Shareholders and transferees must provide satisfactory verification of income of at least \$40,000 per year at the time of purchase.
- 3. 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:
  - a. The mandatory annual distributions for the Applicant's retirement accounts; **or**
  - b. 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:  
$$\text{Attributable Income} = (\text{Total Retirement Account Assets} \times 80\%) \div 25$$



4. Acceptable verifications include, among others:
  - a. The most recent Federal Tax returns
  - b. W - 2 Forms or paycheck stubs
  - c. Bank, credit union or investment account statements
  - d. Letters from bankers
  - e. Notices of annuities and Social Security payments
  - f. Pensions
  - g. Trust income
  - h. Disability income
  - i. Residential / commercial property rental income
5. Unacceptable income verifications include, among others:
  - a. Letters from employers, accountants, bookkeepers and attorneys
  - b. Income not reported on Federal income tax returns
  - c. Funds held outside US borders

#### **C. GUARANTORS**

United will permit the prospective shareholder who does not meet the financial requirements to have a guarantor.

1. The guarantor shall provide satisfactory verification of annual income of at least **\$90,000 and marketable or income producing assets of at least \$250,000 plus the manor purchase price.**
2. *Shareholder financial requirements for the occupying shareholder(s) when they have a guarantor:*
  - a. **Minimum annual income of \$24,000**
  - b. **Minimum verifiable liquid, marketable and/or income producing assets of \$75,000 at the close of escrow**
3. The income and assets of the guarantor are not a substitute for the minimum income and assets needed by the prospective shareholder(s) occupant(s).
4. In addition to these requirements, the guarantor shall be required, as set forth herein (Exhibit A) to identify assets from which the financial obligation may be satisfied and authorize UCC financing statements to be filed.
5. Guarantor and assets must be located in California.
6. A guarantor may only guarantee one unit in the Village.

#### **D. OWNERSHIP OF MULTIPLE MEMBERSHIPS**

United does not permit ownership of more than one cooperative Membership, except under an interim dual Membership agreement which is issued for six months.

#### **E. FINANCIAL QUALIFICATION WAIVERS**

1. Shareholders who purchase a replacement Unit do not have to re-qualify financially for Membership, if there is no change to the Membership vesting and the dual interim agreement is in effect.
2. Current members of one Mutual who wish to purchase in another Mutual are required to meet the financial requirements of the Mutual in which they are purchasing.
3. A former member may obtain a waiver of financial 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 exactly the same as the vesting in the Unit previously owned.

#### **F. 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, history of bankruptcy, excess liabilities, or history of non-compliance as a member in United, GRF, or other Mutuals in Laguna Woods Village.

#### **G. MEMBERSHIP**

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

1. Written approval of Membership by the United Board of Directors;
2. Issuance of a Membership Stock Certificate;
3. The signing of an Occupancy Agreement; and
4. Upon close of escrow.

Upon Membership approval the Occupancy Agreement entitles the Member to occupy the Unit for three years, which is automatically renewed for three-year terms per Article 4 of the Occupancy Agreement, unless terminated by transfer or United's non-renewal or termination by the Board of Directors.

#### **IV. Procedure**

Applicants must complete and submit all required forms and verification documents to the escrow firm handling the sales transaction. The required forms and verification documents include:

- the Membership Application with age and identity verification for each person on title;
- most recent signed tax returns for each person on title;
- Responsibility Agreement for Nonstandard Landscape;
- Responsibility Agreement for Alterations;
- Memorandum of Occupancy Agreement signed by each applicant;
- Golden Rain Foundation Trust Facility Fee form;
- Promissory Note;
- Financial Statement and Credit Information (income and asset verification for each person on title);
- Residency Restrictions acknowledgement;
- Occupancy Agreement signed by each proposed applicant;
- Addendum to Occupancy Agreement – Trustee Membership if applicable;
- Interim Dual Membership Agreement if applicable;
- original Membership Certificate or Lost Instrument Bond or Lender Payoff Demand; and
- Application for Co-occupancy Permit if applicable.

If a Guarantor is applying, the proposed Guarantor must also submit the most recent signed tax returns, Financial Statement and Credit Information (income and asset verification for each guarantor), Personal Unconditional Continuing Guaranty and Security Agreement (Exhibits A and B).

Upon receipt of the above documents and those required of seller and escrow firm, staff reviews documentation to ensure it is complete and evaluates the financial verifications in light of the corporation's membership requirements. A staff report recommending approval or denial of the applicant is prepared and attached to the membership packet for the Board's consideration and action.

## EXHIBIT A



### Personal Unconditional Continuing Guaranty and Security Agreement

#### The Parties

Member(s): \_\_\_\_\_ (collectively, the "Member")  
Property Address: \_\_\_\_\_ (the "Property")  
Guarantor: \_\_\_\_\_ ("Guarantor")

This Personal Unconditional Continuing Guaranty and Security Agreement (hereinafter "Guaranty") is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by the undersigned, individually, jointly and severally if more than one (hereinafter individually and collectively the "Guarantor"), whose address(es) appear below their signatures hereon, to and for the benefit of: \_\_\_\_\_ ("Member") and United Laguna Woods Mutual, a California nonprofit mutual benefit corporation (hereinafter "United" or "Corporation").

For purposes of this Guaranty, "Guarantor" is the undersigned who guarantees to pay for the Member's debt and/or obligations if Member should default or otherwise fail to pay a debt and/or obligations to United.

The undersigned Guarantor may only guarantee one unit in the Village. For purposes of this Guaranty, Village means United Laguna Woods, Third Laguna Hills, and The Towers. Guarantor warrants and represents it has not and will not guarantee another unit in the Village.

In consideration of the mutual covenants and agreements herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor warrants to, and covenants with, United as follows:

#### 1. Personal Unconditional Continuing Guaranty

Guarantor, individually, jointly and severally, unconditionally and absolutely guarantees the due and punctual payment of the Indebtedness, as hereinafter defined (without deduction for any claim, setoff or counterclaim of Guarantor, or for the loss of contribution of a co-guarantor, if any) of Member to United, on demand in lawful money of the United States. The term "Indebtedness" is used herein in its most comprehensive sense and includes the Monthly Carrying Charge payable by the

Member to United, all assessments, fines or other monetary charges levied in the name of United pursuant to the applicable Occupancy Agreement, Bylaws or other governing documents of United, and California law, all as now existing or as may be hereafter amended, any and all advances, debts, obligations and liabilities of Member or any one or more of them, now or hereafter made, incurred or created, whether voluntary or involuntary, and however arising, whenever due, and whether absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether Member may be liable individually or jointly with others, or whether recovery upon such Indebtedness may be or hereafter become barred by any statute of limitations, or whether such Indebtedness may be or hereafter becomes otherwise unenforceable.

The obligation of Guarantor is a primary, continuing and unconditional obligation of payment and performance. This Guaranty shall be effective regardless of the solvency or insolvency of Guarantor at any time or the subsequent incorporation, reorganization, merger or consolidation of Guarantor, or any other change in composition, nature, personnel, ownership or location of Guarantor. This Guaranty is non-revocable by Guarantor.

Guarantor shall at all times satisfy the minimum financial requirements required by United, which financial requirements may be amended by United's Board of Directors from time to time.

The obligations of Guarantor herein cannot be assigned or transferred in any manner whatever, directly or indirectly, by operation of law or otherwise, without the prior written consent of United, which consent may be withheld in any circumstances. However, Guarantor agrees that this Guaranty shall inure to the benefit of and may be enforced by United and by any subsequent holder or assigned of any and all of the Indebtedness and shall be binding upon and enforceable against Guarantor and Guarantor's executors, administrators, legal representatives, successors and assigns.

The obligations hereunder are joint and several, and independent of the obligations of Member. A separate action or actions may be brought and prosecuted by Corporation against Guarantor whether action is brought against Member or whether Member be joined in any such action or actions; and Guarantor waives the benefit of any statute of limitations affecting their liability hereunder or the enforcement thereof.

Guarantor authorizes Corporation, without notice or demand and without affecting Guarantor's liability hereunder, from time to time to (a) renew, compromise, extend, accelerate, or otherwise change the time for payment of, or otherwise change the terms of the Indebtedness or any part thereof, including increasing or decreasing the rate of interest thereon; (b) take and hold security for the payment of this guaranty or the Indebtedness guaranteed, and exchange, enforce, waive and release any such security; (c) apply such security and direct the order or manner of sale thereof as

Corporation in its discretion may determine; and (d) release or substitute any one or more of the endorsers or Guarantor. Corporation may, without notice, assign this Guaranty in whole or part. Without limiting the foregoing, Guarantor hereby waives the rights and benefits under California Civil Code ("CC") Section 2819, and agrees that Guarantor's liability shall continue even if Corporation allows any Indebtedness of Members in any respect or Corporation's remedies or rights against Member are in any way impaired or suspended without United's consent.

Guarantor waives any right to require Corporation to (a) proceed against Member; (b) proceed against or exhaust any security held from Member; or (c) pursue any other remedy in Corporation's power whatsoever. Guarantor waives any defense arising by reason of any disability or other defense of Member or by reason of the cessation from any cause whatsoever of the liability of Members. Until all Indebtedness of Members to Corporation shall have been paid in full, even though such indebtedness is in excess of Guarantor's liability hereunder, Guarantor shall have no right of subrogation, and waives any right to enforce any remedy which Corporation now has or may hereafter have against Member, and waives any benefit of, and any right to participate in any security now or hereafter held by United. Guarantor waives diligence and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty and of the existence, creation, or incurring of new and additional Indebtedness. Notwithstanding, Guarantor will receive copies, at the discretion of United or upon Guarantor's written request, of Member's late payment notices.

Guarantor agrees to pay reasonable attorneys' fees and all other costs and expenses which may be incurred by Corporation in the enforcement of this Guaranty or any attempts to collect any of the obligations of Member whether or not Corporation files suit against Member and Guarantor.

In all cases where there is but a single Member or a single Guarantor, then all words used herein in the plural shall be deemed to have been used in the singular where the context and construction so require; and when there is more than one Member named herein, or when this Guaranty is executed by more than one Guarantor, the word "Members" and the word "Guarantors" respectively shall mean all and any one or more of them.

All obligations of Guarantor shall be performed at Laguna Woods, California. At all times herein, Guarantor's primary residence and/or, if an entity, place of business, filing, registration or incorporation shall be in the State of California, and Guarantor's assets shall also be located in California. United may, from time to time, change or modify any obligation between Member and United in any manner it may deem fit and such change shall not affect the liability of Guarantor in any manner.



Guarantor further waives all right to require United to proceed against the Member or any other person, firm or corporation, or to pursue any other remedy available to United. All rights of United herein or otherwise shall be cumulative and no exercise, delay in exercising, or omission to exercise any right of United shall be deemed a waiver and every right of this Corporation may be exercised repeatedly. Any and all property of the undersigned, whether community or separate or otherwise, may be applied to the payment of any obligation arising hereunder.

## **2. Security Interest; Financial Information**

Guarantor hereby grants to United a continuing first priority security interest in and to all Guarantor's assets set forth on the attached Exhibit B ("Secured Collateral"). Guarantor authorizes United to cause UCC financing statements to be filed, UCC financing statement amendments and UCC financing statement continuation statements with respect to the Secured Collateral. The collateral in which a security interest is hereby granted includes all of the rights, titles, and interests of Guarantor in and to the Secured Collateral.

Guarantor hereby authorizes United to cause at any time and from time to time filing in any filing office in any jurisdiction any initial financing statements and/or any amendments thereto required to perfect or continue the perfection in the security interests granted hereby, including financing statements that: (a) indicate the Secured Collateral as being of an equal or lesser scope or with greater detail and (b) provide any other information required by Part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including whether Guarantor is an organization, the type of organization and any organizational identification number issued to Guarantor. Guarantor hereby authorizes United at any time and from time to time to correct or complete, or to cause to be corrected or completed, any financing statements, continuation statements or other such documents as have been filed naming Guarantor as debtor and United as secured party. United is hereby authorized to give notice to any creditor or any other person as may be necessary or desirable under applicable laws to evidence, protect, perfect, or enforce the security interest granted to United in the Secured Collateral.

United may on an annual basis verify Guarantor's financial information provided to United pursuant to this Guaranty.

## **3. Requirement of Guaranty**

Guarantor is executing and delivering this Guaranty in order to induce United to enter into an Occupancy Agreement with and accept an application for Membership from Member. Guarantor acknowledges, agrees, represents and warrants that Guarantor benefits from same and that such benefit is sufficient consideration for the entry of Guarantor into this Guaranty.

IN WITNESS WHEREOF, this Guaranty has been duly executed and delivered as of the date first written above.

**Guarantor**

Signature: \_\_\_\_\_ Dated: \_\_\_\_\_

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

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

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

**Guarantor**

Signature: \_\_\_\_\_ Dated: \_\_\_\_\_

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

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

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

**Accepted**

**United Laguna Woods Mutual**

Signature: \_\_\_\_\_ Dated: \_\_\_\_\_

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

Title: \_\_\_\_\_

**United Laguna Woods Mutual**

Signature: \_\_\_\_\_ Dated: \_\_\_\_\_

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

Title: \_\_\_\_\_

**Exhibit B**  
**Secured Collateral**

<b>Asset(s) Asset location in California  (i.e., Bank account, Bank Account Number, Name of bank; or Real property, Real property address)</b>	<b>Guarantor Name</b>	<b>Ownership Interest</b>



## **Resolution 01-20-XX**

### **Financial Qualifications Policy**

**WHEREAS**, United Laguna Woods Mutual ("United") is formed to provide housing to its Members on a mutual nonprofit basis;

**WHEREAS**, United is authorized to adopt, amend or repeal necessary or desirable rules and regulations, through its Board of Directors, to carry out the purposes of this Corporation;

**WHEREAS**, United recognizes that many retirees have built traditional retirement accounts during their lifetimes, in addition to acquiring other assets contributing to their total net worth;

**NOW THEREFORE BE IT RESOLVED**, October XX, 2020, that the Board of Directors of this Corporation hereby amends the Income Requirements section of the Financial Qualification Policy as attached to the official meeting minutes of this meeting; and

**RESOLVE FURTHER**, that Resolutions 01-19-71, 01-19-47, and 01-18-24, are hereby superseded and canceled;

**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.



## FINANCIAL QUALIFICATIONS POLICY

Revised September ~~XX10~~, 20~~20~~<sup>19</sup>

Resolution 01-~~1920-XX71~~

Prospective Shareholders of units in United Mutual (United) are required to meet minimum financial requirements for Membership as set forth below. All income and assets claimed must be verified by presenting documentation acceptable to the Mutual Board of Directors.

All applicants shall submit the most recent year's federal income tax return, signed and dated, including Schedules A and B, in addition to other verification documents. If income is derived from an owned business, the appropriate business tax schedules and a profit and loss statement are required.

Where there is more than one prospective Shareholder, income and assets can be calculated collectively, if each is eligible and intends to reside.

Membership applicants to United are required to submit a completed Financial Statement/Credit Information form, together with satisfactory verification of identity, income and assets.

### ASSET REQUIREMENT

The prospective Shareholder shall submit satisfactory verification of assets equal to the purchase price of the Unit plus \$125,000. Prospective transferees (i.e., outside escrow) are required to demonstrate a minimum asset base of \$125,000 only.

Acceptable assets will be those that are considered to be liquid, marketable or income producing. Only aged accounts (180 days) will be considered. Acceptable assets include, among others:

- Equity in U.S. residential property
- Savings accounts in U.S. financial institutions
- Cash value life insurance
- Certificates of deposit, money market accounts in U.S. financial institutions
- IRA, SEP, 401(k) and Keogh accounts
- US, state or municipal government bonds - valued at current market prices
- American traded investments, (NYSE, Amex, OTC, NASDAQ, etc.) valued at current market prices
- Mortgages and promissory notes, provided that interest is reported on the applicant's tax return
- Equity in U.S. income producing real estate

Excluded from consideration are the following, among others:

- Mobile Homes
- Recreational vehicles, boats and trailers
- Vacant land
- Automobiles
- Artwork, jewelry, furs and collections such as coins, dolls, stamps and other similar items
- Term life insurance
- Annuity funds, which cannot be withdrawn in lump sum
- Anticipated bequests or inheritances
- Promissory Notes whose income is not reported on the prospective transferee tax return
- Community property

#### INCOME REQUIREMENTS

Prospective Shareholders shall submit from a recognized Credit Reporting Agency (e.g. Equifax, TransUnion, Experian), a full credit report and FICO score dated within 60 days prior to the application submittal.

Prospective Shareholders and transferees must provide satisfactory verification of income of at least \$40,000 per year at the time of purchase.

a. 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:

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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:

Attributable Income = (Total Retirement Account Assets x 80%) ÷ 25

1. Acceptable verifications include, among others:

- The most recent Federal Tax returns
- W - 2 Forms or paycheck stubs
- Bank, credit union or investment account statements
- Letters from bankers
- Notices of annuities and Social Security payments

- Pensions
- Trust income
- Disability income
- Residential / commercial property rental income

2. Unacceptable income verifications include, among others:

- Letters from employers, accountants, bookkeepers and attorneys
- Income not reported on Federal income tax returns
- Funds held outside US borders

## GUARANTORS

The Mutual will permit the prospective shareholder who does not meet the financial requirements to have a guarantor. The guarantor in United Mutual shall provide satisfactory verification of annual income of at least **\$90,000 and marketable or income producing assets of at least \$250,000 plus the manor purchase price.**

*Shareholder financial requirements for the occupying shareholder(s) when they have a guarantor:*

- **Minimum annual income of \$24,000**
- **Minimum verifiable liquid, marketable and/or income producing assets of \$75,000 at the close of escrow**

The income and assets of the guarantor are not a substitute for the minimum income and assets needed by the prospective shareholder(s) occupant(s).

In addition to these requirements, the guarantor shall be required, as set forth herein (Exhibit A) to identify assets from which the financial obligation may be satisfied and authorize UCC financing statements to be filed.

Note: Guarantor and assets must be located in California. A guarantor may only guarantee one unit in the Village.

## OWNERSHIP OF MULTIPLE MEMBERSHIPS

United does not permit ownership of more than one cooperative Membership, except under an interim dual Membership agreement which is issued for six months.

## FINANCIAL QUALIFICATION WAIVERS

Shareholders who purchase a replacement Unit do not have to re-qualify financially 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 required to meet the financial requirements of the Mutual in which they are purchasing.

A former member may obtain a waiver of financial 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 exactly the same as the vesting in the Unit previously owned.

## 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, history of bankruptcy, excess liabilities, or history of non-compliance as a member in United, GRF, or other Mutuals in Laguna Woods Village.



## MEMBERSHIP

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

- Written approval of Membership by the United Mutual Board of Directors;
- Issuance of a Membership Stock Certificate;
- The signing of an Occupancy Agreement; and
- Upon close of escrow.

Upon Membership approval the Occupancy Agreement entitles the Member to occupy the Unit for three years, which is automatically renewed for three-year terms per Article 4 of the Occupancy Agreement, unless terminated by transfer or United's non-renewal or termination by the Board of Directors.



## EXHIBIT A

### Personal Unconditional Continuing Guaranty and Security Agreement

#### The Parties

Member(s): \_\_\_\_\_ (collectively, the "Member")  
Property Address: \_\_\_\_\_ (the "Property")  
Guarantor: \_\_\_\_\_ ("Guarantor")

This Personal Unconditional Continuing Guaranty and Security Agreement (hereinafter "Guaranty") is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by the undersigned, individually, jointly and severally if more than one (hereinafter individually and collectively the "Guarantor"), whose address(es) appear below their signatures hereon, to and for the benefit of: \_\_\_\_\_ ("Member") and United Laguna Woods Mutual, a California nonprofit mutual benefit corporation (hereinafter "United" or "Corporation").

For purposes of this Guaranty, "Guarantor" is the undersigned who guarantees to pay for the Member's debt and/or obligations if Member should default or otherwise fail to pay a debt and/or obligations to United.

The undersigned Guarantor may only guarantee one unit in the Village. For purposes of this Guaranty, Village means United Laguna Woods, Third Laguna Hills, and The Towers. Guarantor warrants and represents it has not and will not guarantee another unit in the Village. In consideration of the mutual covenants and agreements herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor warrants to, and covenants with, United as follows:

#### 1. Personal Unconditional Continuing Guaranty

Guarantor, individually, jointly and severally, unconditionally and absolutely guarantees the due and punctual payment of the Indebtedness, as hereinafter defined (without deduction for any claim, setoff or counterclaim of Guarantor, or for the loss of contribution of a co-guarantor, if any) of Member to United, on demand in lawful money of the United States. The term "Indebtedness" is used herein in its most comprehensive sense and includes the Monthly Carrying Charge payable by the Member to United, all assessments, fines or other monetary charges levied in the name of United pursuant to the applicable Occupancy Agreement, Bylaws or other governing documents of United, and California law, all as now existing or as may be hereafter amended, any and all advances, debts, obligations and liabilities of Member or any one or more of them, now or hereafter made, incurred or created, whether voluntary or involuntary, and however arising, whenever due, and whether absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether Member may be liable individually or jointly with others, or whether recovery upon such Indebtedness may be or hereafter become barred by any statute of limitations, or whether such Indebtedness may be or hereafter becomes otherwise unenforceable.

The obligation of Guarantor is a primary, continuing and unconditional obligation of payment and performance. This Guaranty shall be effective regardless of the solvency or insolvency of Guarantor at any time or the subsequent incorporation, reorganization, merger or consolidation of Guarantor, or any other change in composition, nature, personnel, ownership or location of Guarantor. This Guaranty is non-revocable by Guarantor. Guarantor shall at all times satisfy the minimum financial requirements required by United, which financial requirements may be amended by United's Board of Directors from time to time.

The obligations of Guarantor herein cannot be assigned or transferred in any manner whatever, directly or indirectly, by operation of law or otherwise, without the prior written consent of United, which consent may be withheld in any circumstances. However, Guarantor agrees that this Guaranty shall inure to the benefit of and may be enforced by United and by any subsequent holder or assigned of any and all of the Indebtedness and shall be binding upon and enforceable against Guarantor and Guarantor's executors, administrators, legal representatives, successors and assigns.

The obligations hereunder are joint and several, and independent of the obligations of Member. A separate action or actions may be brought and prosecuted by Corporation against Guarantor whether action is brought against Member or whether Member be joined in any such action or actions; and Guarantor waives the benefit of any statute of limitations affecting their liability hereunder or the enforcement thereof.

Guarantor authorizes Corporation, without notice or demand and without affecting Guarantor's liability hereunder, from time to time to (a) renew, compromise, extend, accelerate, or otherwise change the time for payment of, or otherwise change the terms of the Indebtedness or any part thereof, including increasing or decreasing the rate of interest thereon; (b) take and hold security for the payment of this guaranty or the Indebtedness guaranteed, and exchange, enforce, waive and release any such security; (c) apply such security and direct the order or manner of sale thereof as Corporation in its discretion may determine; and (d) release or substitute any one or more of the endorsers or Guarantor. Corporation may, without notice, assign this Guaranty in whole or part. Without limiting the foregoing, Guarantor hereby waives the rights and benefits under California Civil Code ("CC") Section 2819, and agrees that Guarantor's liability shall continue even if Corporation allows any Indebtedness of Members in any respect or Corporation's remedies or rights against Member are in any way impaired or suspended without United's consent.

Guarantor waives any right to require Corporation to (a) proceed against Member; (b) proceed against or exhaust any security held from Member; or (c) pursue any other remedy in Corporation's power whatsoever. Guarantor waives any defense arising by reason of any disability or other defense of Member or by reason of the cessation from any cause whatsoever of the liability of Members. Until all Indebtedness of Members to Corporation shall have been paid in full, even though such indebtedness is in excess of Guarantor's liability hereunder, Guarantor shall have no right of subrogation, and waives any right to enforce any remedy which Corporation now has or may hereafter have against Member, and waives any benefit of, and any right to participate in any security now or hereafter held by United. Guarantor waives diligence and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty and of the existence, creation, or incurring of new and additional Indebtedness. Notwithstanding, Guarantor will receive copies, at the discretion of United or upon Guarantor's written request, of Member's late payment notices.

Guarantor agrees to pay reasonable attorneys' fees and all other costs and expenses which may be incurred by Corporation in the enforcement of this Guaranty or any attempts to collect any of the obligations of Member whether or not Corporation files suit against Member and Guarantor.

In all cases where there is but a single Member or a single Guarantor, then all words used herein in the plural shall be deemed to have been used in the singular where the context and construction so require; and when there is more than one Member named herein, or when this Guaranty is executed by more than one Guarantor, the word "Members" and the word "Guarantors" respectively shall mean all and any one or more of them.

All obligations of Guarantor shall be performed at Laguna Woods, California. At all times herein, Guarantor's primary residence and/or, if an entity, place of business, filing, registration or incorporation shall be in the State of California, and Guarantor's assets shall also be located in California. United may, from time to time, change or modify any obligation between Member and United in any manner it may deem fit and such change shall not affect the liability of Guarantor in any manner.

Guarantor further waives all right to require United to proceed against the Member or any other person, firm or corporation, or to pursue any other remedy available to United. All rights of United herein or otherwise shall be cumulative and no exercise, delay in exercising, or omission to exercise any right of United shall be deemed a waiver and every right of this Corporation may be exercised repeatedly. Any and all property of the undersigned, whether community or separate or otherwise, may be applied to the payment of any obligation arising hereunder.

## **2. Security Interest; Financial Information**

Guarantor hereby grants to United a continuing first priority security interest in and to all Guarantor's assets set forth on the attached Exhibit A ("Secured Collateral"). Guarantor authorizes United to cause UCC financing statements to be filed, UCC financing statement amendments and UCC financing statement continuation statements with respect to the Secured Collateral. The collateral in which a security interest is hereby granted includes all of the rights, titles, and interests of Guarantor in and to the Secured Collateral.

Guarantor hereby authorizes United to cause at any time and from time to time filing in any filing office in any jurisdiction any initial financing statements and/or any amendments thereto required to perfect or continue the perfection in the security interests granted hereby, including financing statements that: (a) indicate the Secured Collateral as being of an equal or lesser scope or with greater detail and (b) provide any other information required by Part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including whether Guarantor is an organization, the type of organization and any organizational identification number issued to Guarantor. Guarantor hereby authorizes United at any time and from time to time to correct or complete, or to cause to be corrected or completed, any financing statements, continuation statements or other such documents as have been filed naming Guarantor as debtor and United as secured party. United is hereby authorized to give notice to any creditor or any other person as may be necessary or desirable under applicable laws to evidence, protect, perfect, or enforce the security interest granted to United in the Secured Collateral.

United may on an annual basis verify Guarantor's financial information provided to United pursuant to this Guaranty.

### 3. Requirement of Guaranty

Guarantor is executing and delivering this Guaranty in order to induce United to enter into an Occupancy Agreement with and accept an application for Membership from Member. Guarantor acknowledges, agrees, represents and warrants that Guarantor benefits from same and that such benefit is sufficient consideration for the entry of Guarantor into this Guaranty.

IN WITNESS WHEREOF, this Guaranty has been duly executed and delivered as of the date first written above.

#### Guarantor

Signature: \_\_\_\_\_ Dated: \_\_\_\_\_

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

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

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

#### Guarantor

Signature: \_\_\_\_\_ Dated: \_\_\_\_\_

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

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

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

#### Accepted

##### United Laguna Woods Mutual

Signature: \_\_\_\_\_ Dated: \_\_\_\_\_

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

Title: \_\_\_\_\_

##### United Laguna Woods Mutual

Signature: \_\_\_\_\_ Dated: \_\_\_\_\_

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

Title: \_\_\_\_\_

**Exhibit A**  
**Secured Collateral**

<b>Asset(s) Asset location in California (i.e., Bank account, Bank Account Number, Name of bank; or Real property, Real property address)</b>	<b>Guarantor Name</b>	<b>Ownership Interest</b>



## STAFF REPORT

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**DATE:** June 18, 2020  
**FOR:** Governing Documents Review Committee  
**SUBJECT:** Directors Code of Conduct

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### **RECOMMENDATION**

Staff recommends approval of the Directors Code of Conduct.

### **BACKGROUND**

On May 9, 2017, the board adopted resolution 01-17-57 approving the United Laguna Woods Mutual Director Code of Conduct. The purpose of the rules was to ensure that any meetings board members attend (including open and executive session, as well as member forums) are conducted in a professional, expedient, and efficient manner and in compliance with United governing documents and applicable statutory requirements.

### **DISCUSSION**

In late 2019, the board and legal counsel initiated a process to update the Directors Code of Conduct. The proposed Directors Code of Conduct would be implemented with the purpose of protecting and advancing the interests of United Laguna Woods Mutual. The proposed Directors Code of Conduct would be mandatory for and binding on all directors, officers, committee members or other volunteers of United.

### **FINANCIAL ANALYSIS**

None.

**Prepared By:** Siobhan Foster, COO

### **ATTACHMENT(S)**

ATT 1: Director Code of Conduct  
ATT 2: Resolution 01-20-XX

## UNITED LAGUNA WOODS MUTUAL

### **DIRECTORS CODE OF CONDUCT**

*This Code of Conduct is implemented with the purpose of protecting and advancing the interests of United Laguna Woods Mutual ("United"). This Code of Conduct is mandatory for and binding on all directors, officers, committee members or other volunteers of United. This code of conduct provides specifically guideline on the behavior of discussion issues among Board members. Tis code of conduct doesn't apply to any personal feeling of directors towards each other such as tone, language, facial expression, body language except socially recognized offensive gesture.*

### **BOARD & MEMBERSHIP MEETINGS**

Directors should be respectful to one another and to Members, staff and all residents and vendors in the community, to ensure that business is carried out in an orderly and expedient fashion during and outside meetings. Directors should respect United's parliamentary rules, policies, practices, and decorum. Director comments and deliberations must be in clear and simple terms, and must avoid repetition, disruptive behavior, profanity, personal attacks, rhetorical concerns discussed by the same person, or harassment. Directors are expected to act with integrity, demonstrating zero tolerance for unethical behavior, both for themselves and their colleagues. Directors are expected to have courage and demonstrate a willingness to do the right thing and make the right decisions, even if it is difficult or unpopular (i.e., no fence sitting). The violation of these rules may result in a director's or officer's involuntary recusal pursuant to United's Governing Documents and applicable law, and may result in discipline pursuant to the Governing Documents and applicable law.

### **BOARD RESPONSIBILITIES**

The general duties for directors are to oversee United's governing documents enforcement, oversee United's financial resources collection and preservation, ensure United's assets against loss as required by the governing documents or applicable law, and oversee the common areas so that they remain in a state of good repair. To fulfill that responsibility, directors must:

- Attend all Regularly Scheduled Board meetings and committee meetings for assigned committees. If you miss three (3) consecutive Regularly Scheduled Board meetings you are subject to discipline as detailed in the "Violations of Policy" section of this Code of Conduct. If you miss three (3) consecutive committee meetings you are subject to being removed from the committee.



- Regularly Scheduled Board meetings includes each of the following:
- The open and closed sessions of United held on the second Tuesday of each month, which open and closed sessions together shall constitute a single Regularly Scheduled Board meeting. Attendance at both the open and closed session shall constitute attendance at this Regularly Scheduled Board meeting; (special board meeting?)
  - The agenda prep meeting held in advance of the open and closed sessions of United held on the Thursday a week before the Board meeting.

If advanced notice and good cause of a planned absence (illness, planned trip) is given to the B o a r d President and Board Secretary prior to any Regularly Scheduled Board meeting, that absence will not be counted for purposes of discipline as detailed in this section. All Board members should:

- Be prepared for all meetings that you are attending.
- Review material provided in preparation for board meetings.
- Be punctual and on time for all meetings.
- Demonstrate professional etiquette and behavior.
- Stay focused at meetings and do not be distracted by doing outside activities, such as pleasure reading, using electronic devices, etc.
- Actively participate in board and committee deliberations; recognize the difference between productively participating in discussions and counter-productively dominating deliberations through the volume or length of comments. Work with other members of the Board/committee to create workable compromises as necessary.
- Stay on topic, ask questions as they are needed but be sure the questions are related to the current topic being discussed.
- Make relevant, informed comments focused on the specific aspect of the issue being considered.
- Review the Association's financial reports, budget and fund authorization and usage.
- Board members must make decisions based on cost and benefit as a whole.
- All arguments and decisions must be based on facts with evidence, not based on fears and rumors.
- Make reasonable inquiry before making decisions.
- Make all decisions and actions in good faith, and in consideration of the best interests of United corporation and residents, and not in the best interests of the individual director or faction of the community.

- Board members must not take actions or make decisions that result in a personal financial benefit to the director at the expense of United.
- Avoid relationships, such as unique business, financial or personal relationships (or hoped-for-relationships) that create an actual conflict of interest.
- Act with professional courtesy and respect towards fellow directors, members, residents, staff and vendors.
- Do not respond to the mass emails within our community, with your email response, especially those that pertain to issues before the Board. Any such emails can be used in legal disputes against you and our Board. (Legal Counsel advice)
- Legal issues must be advised from United Board Members to the President and correspondent committee who will advise United's legal counsel, and as direction is provide from legal counsel the Prsident will advise the Board.
- Any two Board directors my contact United's legal counsel if they believe, based on good cause and evidence, that the President is breaching his/her obligations as President and/or director.
- All open and closed Board, committee, subcommittee meetings assigned under the Board shall be announced to the public and restricted audience with schedule and discussion/review material distributed before the meeting.
- Legal issues must be advised from United Board Members to the President who will advise United's legal counsel, and as direction is provided from legal counsel the President will so advise the Board. Any two directors may contact United's legal counsel if they believe, based on good cause and support, that the President is breaching his/her obligations as President and/or director.
- All open and closed Board, committee, subcommittee meetings assigned under the Board shall be announced to the public and closed meeting audience with schedule and discussion/review material distributed before the meeting.

### **DUTY OF LOYALTY**

Directors have a duty of loyalty to act in the best interest of the association. This means when a Director walks into the board room, they must take off their "homeowner hat" and put on their "Director hat." Directors must put the interested of the association above:

- Their personal interests;
- The interests of their friends and neighbors;
- The interests of their families; and
- The interests of any other group or entity in which they are involved or have a financial interesting.

In short, Directors must disclose potential conflicts of interest.

Directors should passionately and constructively debate issues in the board room. Directors should feel free to disagree and debate the pros and cons of issues prior to making tough

decisions. However, once a decision is made, directors have the responsibility to speak with one voice. That means Directors should not attempt to undermine the actions of the board. If a Director does not agree with the ultimate decision of the board, the Director should say nothing about the decision, other than referring to the board's decision. If a Director cannot refrain from acting against, and otherwise undermining, the board's decision, the Director should resign from the board prior to speaking out against the board action. Directors should not contribute to unrest by breaching their duty of loyalty to the association.

### **PROFESSIONAL CONDUCT**

In general, directors and committee members must conduct all dealings with Members, residents, vendors and staff with professional courtesy, honesty and fairness. This means that directors must not engage in any harassing, abusive, threatening, intimidating or discriminatory conduct. The Board has a "no discrimination and harassment" policy. The following will not be tolerated:

- Disparaging, offensive, racist and/or bigoted remarks, including any remarks and statements made to any Member, resident and their family members or visitors, including but not limited to, any contractor, sub-contractor, plumber, landscaper, vendor, communications and service provider.
- Disparaging, offensive racist and/or bigoted remarks, including remarks and/or statements made to any person that enters the community.
- Disparaging, offensive, racist and/or bigoted remarks made to any resident, and any person that enters the community.

Directors must safeguard information that belongs to United. Directors and committee members are responsible for protecting United's confidential information. As such, they may not use confidential information for the benefit of themselves, or their relatives, or for persons with whom they have a business relationship. Except when disclosure is duly authorized by the Board or committee (i.e., majority), or legally mandated, no director or committee member may disclose confidential information. Confidential information includes, without limitation:

- Private personal information of fellow directors, committee members or staff.
- Private personal information of United's members/Residents.
- Disciplinary actions against or concerning members of United.
- Assessment collection information against or concerning members of United.
- Legally privileged communications (including disputes or otherwise), and communications deemed confidential by the board, in which the board is or may be involved--directors may not discuss such matters with persons not on the board without the prior approval of the board of directors, which may also require the approval of United's legal counsel. Failure to follow these restrictions could constitute a breach of the attorney-client privilege and result in the loss of confidential information.

### **INTERACTING WITH STAFF**

Directors shall not direct staff unless with Board authority (i.e., majority). However, directors may work with staff when necessary in the following situations: to carry out decisions of the Board; to carry out decisions of a committee made within the scope and authority of the committee; ask policies and procedure related to directive execution, and to gather information in preparation of an upcoming action of the Board as proposed in a pending agenda. Notwithstanding, directors shall not interact with staff in a manner that prevents them from fulfilling their primary job responsibilities. Unless authorized by VMS Leadership.

### **DISCLOSURE & RECUSAL**

Directors and committee members must immediately disclose the existence of any actual and potential conflict of interest relating to him- or herself or his or her membership or manor. Directors and committee members must withdraw from participation in decisions in which they have an actual material interest; however, it is strongly recommended that directors withdraw from participation in decisions in which they also have a potential material interest.

A director or member of a committee who is accused of the following matters shall not vote on any of the following matters:

- Discipline of the directors or committee members.
- An assessment or fee against the director or committee member for damage to the common area or facilities.
- A request, by the director or committee member, for a payment plan for overdue assessments.
- A decision whether to foreclose on a lien on the separate interest of the director or committee member.
- Review of a proposed variance to the manor of the director or committee member.
- A grant of exclusive use common area to the director or committee member.

The accusing director(s) or committee member(s) cannot vote either.

### **VIOLATIONS OF POLICY**

Directors and committee members who violate this policy are deemed to be acting outside the course and scope of their authority. Anyone in violation of this policy may be subject to immediate disciplinary action, including, but not limited to:

- Censure.
- Removal from committees.
- Removal as a director, but only as to the failure to attend Board meetings (as required by the Bylaws and this Code of Conduct). (bylaws has Director Removal process, why mentioned here?)

- Removal as a Board officer of the board.
- Request for resignation from the board.
- Recall by the membership.
- Legal proceedings.

Prior to taking any of the actions described above, the Board (or an executive committee appointed for this purpose) shall investigate the potential violation. The Board or committee shall review the evidence of violation, endeavor to meet with the director/committee member believed to be in violation, confer with United's legal counsel, and (if a committee) present its findings and recommendations to the Board for appropriate action. The Board shall endeavor to meet with the director/committee member in executive session prior to imposing disciplinary action against that person.

#### **ACKNOWLEDGMENT**

I acknowledge that I have received and read the United's Directors Code of Conduct and have had the opportunity to ask questions about same. I understand my obligations as a director/committee member under this Code of Conduct and will act in accordance with my obligations.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print name: \_\_\_\_\_

**Comment [AT1]:** This is a resolution, no signatures needed.

**RESOLUTION 01-20-XX**  
**DIRECTORS CODE OF CONDUCT**

**WHEREAS**, pursuant to California's Common Interest Development Meeting Act (California Civil Code § 1363.05) and the governing documents of the United Laguna Woods Mutual ("United"), United's Board of Directors (the "Board") is required to hold meetings in open session and executing session, as may be applicable, to deliberate and act upon the business and affairs of United; and

**WHEREAS**, the board believes that efficient Board meetings are not possible unless those meetings are conducted in a professional, orderly and timely fashion; and

**WHEREAS**, the Board wishes to promote such professionalism, order and timelessness, and regulate Board meeting time in an even and consistent fashion; and

**WHEREAS**, the Board believes that a Board member code of conduct (the "Code of Conduct") is necessary to effectuate the items described above.

**NOW THEREFORE BE IT RESOLVED**, on [DATE] that Resolution 01-17-57 adopted May 9, 2017 is hereby 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.