



**MINUTES OF THE OPEN MEETING OF THE
BOARD OF DIRECTORS OF UNITED LAGUNA WOODS MUTUAL
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

**Tuesday, October 13, 2020, 9:30 a.m.
Open Session, Virtual Meeting
24351 El Toro Road, Laguna Woods, California**

Directors Present: Sue Margolis, Carl Randazzo, Cash Achrekar, Brian Gilmore, Andre Torng, Elsie Addington, Manuel Armendariz, Neda Ardani, Reza Bastani, Anthony Liberatore

Directors Absent: None

Staff Present: Jeff Parker, CEO; Siobhan Foster, COO; Becky Jackson, Grant Schultz and Cheryl Silva

Others Present: VMS: Cynthia Rupert, Juanita Skillman, Dick Rader

1. Call Meeting to Order/Establish Quorum

President Margolis called the meeting to order at 9:31 a.m. and acknowledged that a quorum was present.

2. Acknowledge Media

The Village Television Camera Crew, by way of remote cameras, was acknowledged as present. The virtual meeting was recorded.

3. Approval of Agenda

Director Torng made a motion to approve the agenda. Director Gilmore seconded the motion.

President Margolis called for the vote and the motion passed without objection.

4. Approval of Minutes

- a. September 8, 2020–Regular Open Session
- b. September 14, 2020 – Special Open Meeting (to fill vacancy)

Director Torng made a motion to approve the minutes of September 8, 2020, Regular Open Session and September 14, 2020, Special Open Meeting. The motion was seconded by Director Ardani and passed without objection.

5. Report of the Chair

- President Margolis commented it is important to be thankful for what the community Laguna Woods Village has to offer.
- All of the communities surrounding Laguna Woods have a higher density of COVID-19 cases.
- Laguna Woods Village is following the mandated directives and there is still a need to be cautious.
- According to the Orange County Health Care Agency (OCHCA), as of Friday, October 9, there are 55,345 confirmed COVID-19 cases in Orange County—162 reported today. The City of Laguna Woods reports 69 confirmed cases. The seven-day testing positivity rate in the OC is 3.2%.

6. Open Forum

Members made comments regarding the following:

- A Member commented bathroom sink backs up daily, neighbors washing machine is connected to my plumbing;
- A Member expects a reduction of fees because of the reduced services due to COVID-19;
- A Member objects to the new paint cycle.

Jeff Parker-CEO responded to member comments.

7. Responses to Open Forum Speakers

Director Ardani gave a report of the member comments from August 2020:

- Assessments will not increase next year;
- The Community Center is still closed due to State mandates;
- Director Randazzo commented about the new paint program;
- Director Achrekar commented about the articles in the Village Breeze;
- Director Liberatore commented about COVID-19 and encouraged residents to continue social distancing and mask wearing;
- Director Torng commented about the budget and reimbursement of fees;

8. Update from VMS – VMS Director Rupert gave a report from the VMS Board meetings in September. Residents need to continue practicing social distancing and wearing masks.

- Recreation Update:
 - Pool 1 will conditionally reopen from 10 a.m. to 4 p.m. daily.
 - Pool 4 hours are extended from 9 a.m. to 9 p.m. daily.
 - Pools 1 and 4 are recreational leisure pools for those who want to sunbathe, conduct light water exercises and/or cool off.
 - Maximum of two bathers per reservation.
 - Reservations are increased from two to three times per week.
 - A new outdoor fitness facility located in the Clubhouse 1 breezeway with hours from 7:30 a.m. to 4:30 p.m. daily and the bocce courts at Clubhouse 1 are open from 10 a.m. to 4 p.m. daily.

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9. CEO Report

CEO Jeff Parker and COO Siobhan Foster reported on the following subjects:

- Property Insurance update. Insurance renews on October 1, 2020.
- New Resident Orientations returns through virtual meetings.
- Halloween Golf Cart Parade will be Saturday, October 31, at 10 a.m.
- Saturday is the Bulky-Item trash pick-up day.
- City of Laguna Woods City Hall will serve as a vote center for the National Election and will have a ballot drop off box.
- City of Laguna Woods has launched a COVID-19 home electric utility subsidy program.

Jeff Parker-CEO and Siobhan Foster-COO answered questions from the board.

10. Consent Calendar

10a. Review the United Sub-Leasing and Transfer of Trust Documents Approved in August 2020 and such review is hereby ratified

Director Torng made a motion to approve the Consent Calendar. The motion was seconded by Director Randazzo.

Discussion ensued among the directors.

Director Armendariz commented the wording should be change to read: "Accept the review performed by the Board's subcommittee, done on a selected test basis, of the United Sub-Leasing and Transfer of Trust Documents Approved for September 2020, and ratify such review."

President Margolis called for the vote on the motion as amended and it passed without objection.

11. Unfinished Business

11a. Consistent with its statutory obligations under Civil Code §5501, a subcommittee of the Board consisting of the Treasurer and at least one other Board member reviewed the United Laguna Woods Mutual preliminary financials for the month of August 2020, and such review is hereby ratified.

Director Gilmore commented that he reviewed the financials.

Director Gilmore made a motion to receive the financial review for the month of August 2020. The motion was seconded by Director Torng and the motion passed by a vote of 8-1-1 (Director Armendariz opposed, Director Bastani abstained).

11b. Entertain a Motion to Adopt the Revised Financial Qualifications Policy – Amendment to Income Requirement

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Director Torng read a synopsis of the following resolution:

RESOLUTION 01-20-63
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 13, 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.

AUGUST Initial Notification—Referred Back to Committee—September Reintroduced 28-day notification for member review and comment to comply with Civil Code §4360 has been satisfied.

Director Torng made a motion to adopt the amendment to income requirement in the financial qualification policy. The motion was seconded by Director Achrekar.

Discussion ensued among the directors.

President Margolis called for the vote to adopt the resolution and the motion passed by a vote of 6-4-0 (Director Achrekar, Armendariz, Addington and Liberatore opposed).

11c. Entertain a Motion to Adopt a Resolution to Change the Exterior Paint and Prior to Paint Programs from a 10-year Cycle to a 15-year Cycle

Director Randazzo gave a synopsis of the following resolution:

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RESOLUTION 01-20-64
CYCLE CHANGE FOR EXTERIOR PAINT, PTP & RESURFACING PROGRAMS

WHEREAS, the Board expressed a desire to extend the current Prior- to- Paint and Exterior Paint programs from a 10-year cycle to a 15-year cycle, for the dry rot preparation and painting of all buildings, carports, and laundry structures; and

WHEREAS, the balcony and breezeway resurfacing (top coat) mid-cycle program will also be extended from a 5-year program to a 7.5-year program cycle to coincide with buildings on the 15-year exterior paint program; and

WHEREAS, this program change will allow the Mutual to realize an annual savings for programs that have a broader life cycle; and to maximize the potential of the high quality products being applied, as well as the upgraded surface preparation methodology implemented by VMS; and

WHEREAS, the product warranties for the exterior paint and resurfacing sealant, as well as the recommended application practices, will increase the long-term condition of the building envelope, and its structural components, without being negatively impacted by the extended cycles; and

NOW THEREFORE BE IT RESOLVED, on October 13, 2020, the Board of Directors of this Corporation hereby adopts a 15-year cycle change for the prior to paint and exterior paint programs, and a 7.5-year cycle change for the resurfacing program; and

RESOLVED FURTHER, that the program cycle change will take effect with the 2021 fiscal year; 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.

SEPTEMBER Initial Notification
28-day notification for member review and comment to comply with Civil Code §4360 has been satisfied.

Director Randazzo made a motion to adopt a resolution to change the exterior paint and prior-to-paint programs from 10-year cycle to a 15-year cycle. Director Addington seconded the motion.

Discussion ensued among the directors.

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President Margolis called for the vote and the motion passed by a vote of 8-2-0 (Directors Liberatore and Bastani opposed).

12. New Business

12a. Entertain a Motion to Approve a Reclassification of \$510,877 from the Contingency Fund to the Reserve Fund for Damage Restoration Construction Expense Incurred from January 1, 2020 to August 31, 2020

Director Gilmore gave a synopsis of the following resolution:

RESOLUTION 01-20-65
**Reclassification of Expenditures for Damage Restoration
Construction Expense**

WHEREAS, the purpose of the Reserve Fund is to provide for repair, restoration, replacement, or maintenance of structural elements and mechanical equipment within the Mutual;

WHEREAS, the Contingency Fund is used for the repair or replacement of mutual assets damaged by uninsured or unexpected disasters in addition to providing funding for unanticipated significant expenditures not otherwise identified in the business plan; and

WHEREAS, to date, the Reserve Fund has not been used for invoices classified as damage restoration.

RESOLVED, October 13, 2020 that the Board of Directors of this Corporation hereby authorizes Reclassification of \$510,877 from the Contingency Fund to the Reserve Fund for Damage Restoration Construction Expense Incurred from January 1, 2020 to August 31, 2020.

RESOLVED FURTHER, future damage restoration construction expenses will be coded to the Reserve Fund.

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

Director Gilmore made a motion to approve the resolution to reclassify \$510,877 from the Contingency Fund to the Reserve Fund. Director Randazzo seconded the motion.

Discussion ensued among the directors.

President Margolis called for the vote and the motion passed by a vote of 9-1-0 (Directors Liberatore opposed)

12b. Approve the Resolution to Update United Committee Appointments

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President Margolis reviewed the changes to the following resolution:

Resolution 01-20-66
United Laguna Woods Mutual Committee Appointments

RESOLVED, October 13, 2020, that the following persons are hereby appointed to serve the Corporation in the following capacities:

Architectural Control and Standards Committee

Elsie Addington, Chair

Brian Gilmore

Carl Randazzo

Non-Voting Advisors: Michael Mehraim, ~~Janey Dorrell~~, Walt Ridley, ~~Juanita Skillman~~

~~**Communications Committee**~~

~~Juanita Skillman, Chair~~

~~Elsie Addington~~

~~Non-Voting Advisors: Maggie Blackwell~~

Finance Committee

Brian Gilmore, Chair

Elsie Addington

Sue Margolis

Carl Randazzo

Manuel Armendariz

Financial Review Task Force

Brian Gilmore

Neda Ardani

~~**Budget Ad Hoc Committee**~~

~~Brian Gilmore, Chair~~

~~Manuel Armendariz~~

~~Carl Randazzo~~

~~Reza Bastani~~

~~Andre Torng~~

~~**Insurance Ad Hoc Committee (new)**~~

~~Cash Achrekar (Chair)~~

~~Anthony Liberatore~~

~~Carl Randazzo~~

~~Andre Torng~~

~~Manuel Armendariz~~

~~Non-Voting Advisors: Diane Fortner, Jon Pearlstone~~

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Governing Documents Review Committee

Andre Torng, Chair
Sue Margolis
Neda Ardani
Non-voting Advisors: ~~Bevan Strom~~

Landscape Committee

Manuel Armendariz, Chair
Anthony Liberatore
Elsie Addington

Maintenance and Construction Committee

Carl Randazzo, Chair
Cash Achrekar
Reza Bastani
Elsie Addington
Brian Gilmore
Non-voting Advisor: Ken Deppe, Walter Ridley, ~~Janey Dorrell~~

Members Hearing Committee

Anthony Liberatore, Chair
~~Juanita Skillman~~
Andre Torng
Neda Ardani
Elsie Addington
Cash Achrekar

New Resident Orientation

Per Rotation List

Resident Advisory Committee

Neda Ardani, Chair
Cash Achrekar
Andre Torng
~~Juanita Skillman~~
Non-voting Advisors: Kay Anderson, Nancy Lannon, Barbara Siry

Handyman Task Force

~~Cash Achrekar, Chair~~
~~Juanita Skillman~~
~~Carl Randazzo~~
~~Anthony Liberatore~~
Non-voting Advisors: ~~Nancy Lannon, Janey Dorrell and Ester Wright~~

RESOLVE FURTHER that all directors are considered alternate members of each committee "Alternate." Each Alternate may serve as a substitute for another director that is unable to attend a meeting ("Substitute"). Committee Member Alternates cannot substitute for more than two (2)

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consecutive meetings. This will allow any director to ask any other director to sit in their stead during a temporary absence or unavailability. Of course, we can modify this and structure this any way the Board feels is best. However, the concept is that the Board, in advance, will approve any director sitting on a committee on a temporary basis when necessary to fill in for another director.

RESOLVED FURTHER Resolution 01-20-53, adopted August 11, 2020, is hereby superseded and canceled.

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

Resolution 01-20-67
Golden Rain Foundation Committee Appointments

RESOLVED, October 13, 2020, that in compliance with Article 7, Section 7.3 of the Golden Rain Foundation Bylaws, adopted September 29, 2014, the following persons are hereby appointed to serve on the committees of the Golden Rain Foundation:

GRF Community Activities Committee

~~Juanita Skillman~~

Andre Torng

Elsie Addington, ~~Alternate~~

Equestrian Center Ad Hoc Committee

Andre Torng (United)

GRF Finance

Sue Margolis

Brian Gilmore

Manuel Armendariz, Alternate

Purchasing Ad Hoc Committee (new)

Carl Randazzo

Cash Achrekar

Brian Gilmore, Alternate

GRF Landscape Committee

Manuel Armendariz

Elsie Addington

Neda Ardani, Alternate

GRF Maintenance & Construction

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Carl Randazzo
Reza Bastani
Brian Gilmore, Alternate

Clubhouse 1 Renovation Ad Hoc Committee

Manuel Armendariz
Carl Randazzo
Sue Margolis, Alternate

PAC Renovation Task Force

~~Carl Randazzo~~
~~Juanita Skillman~~
~~Reza Bastani~~
~~Manuel Armendariz, Alternate~~

GRF Media and Communications Committee

~~Juanita Skillman~~
Elsie Addington
Cash Achrekar, ~~Alternate~~

GRF Mobility and Vehicles Committee

Elsie Addington
Reza Bastani
Neda Ardani, Alternate

GRF Security and Community Access

Neda Ardani
Cash Achrekar
Brian Gilmore, Alternate

Disaster Preparedness Task Force

Cash Achrekar
Andre Torng
Reza Bastani, Alternate

GRF Strategic Planning Committee

Sue Margolis
Andre Torng
Brian Gilmore, ~~Alternate~~

GRF Bylaw Ad Hoc Committee (new)

Elsie Addington
~~Juanita Skillman~~
Sue Margolis, Alternate

Laguna Woods Village Traffic Hearings

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Elsie Addington
Neda Ardani, Alternate

Town Hall Meetings

As Needed

RESOLVED FURTHER, that Resolution 01-20-54, adopted August 11, 2020, is hereby superseded and cancelled.

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

Director Randazzo made a motion to adopt the resolution to update the committee appointments. Director Ardani seconded the motion.

Discussion ensued among the directors.

President Margolis called for the vote and the motion passed by a vote of 7-3-0 (Directors Armendariz, Addington, and Bastani opposed)

13. Committee Reports

- 13a.** Report of the Finance Committee / Financial Report – Director Gilmore showed a presentation on the Treasurer’s Report and reviewed the resale and lease reports. The Committee met on September 29, 2020; next meeting will be October 27, 2020, 1:30 p.m. as a virtual meeting.
- 13b.** Report of the Architectural Control and Standards Committee – Director Addington. The Committee met on September 17, 2020; next meeting October 15, 2020 at 9:30 a.m. as a virtual meeting.
- 13c.** Report of Member Hearings Committee – Director Liberatore gave a report from the last Member Hearings. The Committee met on September 24, 2020; next meeting October 22, 2020 at 9:00 a.m. as a virtual meeting.
- 13d.** Report of the Governing Documents Review Committee – Director Torng gave a report from the last Committee meeting. The Committee met on August 20, 2020; next meeting will be October 15, 2020, 1:30 p.m. as a virtual meeting.
- 13e.** Report of the Landscape Committee – Director Armendariz gave a report from the last Committee meeting. The Committee met on October 8, 2020; next meeting will be December 10, 2020 at 9:30 a.m. as a virtual meeting.
- 13f.** Report of the Maintenance & Construction Committee – Director Randazzo gave a report from the last Committee meeting. The Committee met on August 26, 2020; next meeting October 28, 2020 at 9:30 a.m. as a virtual meeting.

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13g. Report of the Resident Advisory Committee – Director Ardani. The Committee met on March 12, 2020; next meeting TBA.

14. GRF Committee Highlights

14a. Report of the GRF Finance Committee – Director Gilmore gave highlights from the last Committee meeting. The Committee met in closed session on September 23, 2020; next meeting will be October 21, 2020, 1:30 p.m. as a virtual meeting.

14b. Report of the Community Activities Committee – Director Addington gave highlights from the last Committee meeting. The Committee met on October 8, 2020; next meeting November 23, 2020, 1:30 p.m. as a virtual meeting.

(1) GRF Equestrian Center Ad Hoc Committee—Director Torng commented that the new manager is Laura Cobarruviaz for the Equestrian Center, new adoption program and using horse manure for landscaping. The Committee met on August 25, 2020; next meeting October 27, 2020 at 9:30 a.m. as a virtual meeting.

14c. Report of the GRF Landscape Committee – Director Armendariz. The Committee met on August 12, 2020; next meeting November 9, 2020 at 1:30 p.m. as a virtual meeting.

14d. Report of the GRF Maintenance & Construction Committee – Director Randazzo gave highlights from the last Committee meeting. The Committee met on August 12, 2020; next meeting will be October 14, 2020, 9:30 a.m. as a virtual meeting.

(1) PAC Ad Hoc Committee – Director Randazzo gave a report from the PAC Ad Hoc Committee. The committee met virtually on July 13, 2020; next meeting TBA.

(2) Clubhouse 1 Renovation Ad Hoc Committee—Director Randazzo. The committee met on September 2, 2020; next meeting TBA.

14e. Report of the Media and Communication Committee – Director Addington gave highlights from the last Committee meeting. The Communications staff is very busy. The Committee met virtually on September 21, 2020; next meeting will be October 19, 2020, 1:30 p.m. as a virtual meeting.

14f. Report of the Mobility and Vehicles Committee – Director Addington. The Committee is looking to bring back the destination shopping trips. The Committee met virtually on October 7, 2020; next meeting will be December 2, 2020, 1:30 p.m. as a virtual meeting.

14g. Report of the Security and Community Access Committee – President Ardani. The Committee met on August 24, 2020; next meeting October 26, 2020 at 1:30 p.m. as a virtual meeting.

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- 14h.** Laguna Woods Village Traffic Hearings – Director Ardani. The hearings were held virtually on September 16, 2020; next hearings October 21, 2020 at 9:00 a.m. as a virtual meeting.
- 14i.** Disaster Preparedness Task Force – Director Achrekar. The California Shake Out drill will be held on October 15 at 10:15 a.m. The Task Force met virtually on September 29, 2020; next meeting November 24, 2020 at 9:30 a.m. as a virtual meeting.
- 14j.** GRF Bylaw Ad Hoc Committee – Director Margolis. The Committee met on September 16, 2020. Corporate Members meeting to vote on the amended GRF Bylaws will be held on October 19, 2020 at 9:30 a.m. as a virtual meeting.

15. Future Agenda Items--none

16. Director's Comments

- Director Achrekar commented that The Globe is a good publication and we should use it more to communicate information.
- Director Ardani commented about the improvements in the Manor and Alteration Department.
- Director Armendariz asked about the GRF Bylaws.
- Director Addington commented about endangered species. She thanked staff for handling the recent issued in her manor.
- Director Bastani asked about senior staff compensation. He asked that manor alteration information be given to realtors.
- Director Liberatore commented about campaigning rules.
- Director Randazzo commented that the manor alteration department is improving under the direction of Robbi Doncost.
- Director Torng commented about the role of board members vs. management.
- President Margolis commented the Meet the Candidates event will be rebroadcast on Village Television and she encouraged residents to vote.

17. Recess - *At this time the Meeting will recess for lunch and reconvene to Closed Session to discuss the following matters per California Civil Code §4935.*

The meeting recessed at 11:50 a.m. into the Closed Session.

Summary of Previous Closed Session Meetings per Civil Code Section §4935

During the September 8, 2020, Regular Closed Session, the Board:

Approval of Agenda

Approval of the Following Meeting Minutes;

(a) August 11, 2020 – Regular Closed Session

Discussed Escrow Collection Procedures and Exceptions Resulting in Write-Offs

Discussed Write-Off Delinquent Chargeable Services for Member ID# 947-365-10

Discussed Member Disciplinary Hearings and Case Report

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Discussed Personnel Matters

Discuss and Consider Contractual Matters

Discussed and Considered Litigation and Legal Matters

During the September 22, 2020, Special Closed Meeting, the Board:

Approval of Agenda

Discussed Contractual Matters

18. Adjourn

The meeting was adjourned at 2:00 p.m.

DocuSigned by:

Sue Margolis

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Sue Margolis, President of the Board
United Laguna Woods Mutual



Financial Qualifications Policy
Resolution 01-20-63; 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:
$$\text{Attributable Income} = (\text{Total Retirement Account Assets} \times 80\%) \div 25$$

Traditional 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".

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 Mutuels 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: _____

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Exhibit B
Secured Collateral

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

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