



OPEN MEETING

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

Monday, August 27, 2018 – 1:30 p.m.
Laguna Woods Village Community Center, Sycamore Room
24351 El Toro Road, Laguna Woods, CA 92637

NOTICE & AGENDA

1. Call to Order
2. Acknowledgment of Media
3. Approval of the Agenda
4. Approval of the Report from July 25, 2018
5. Chair's Remarks
6. Member Comments (Items Not on the Agenda)

Consent:

All matters listed under the Consent Calendar are considered routine and/or informational and will be enacted by the Committee by one motion. In the event that an item is removed from the Consent Calendar by members of the Committee, such item(s) shall be the subject of further discussion and action by the Committee.

None.

Reports:

None.

Items for Discussion and Consideration:

7. Reviewing United Mutual Financial Requirements
 - a. Consider debts such as loans, college tuition, etc.
 - b. Consider reviewing the aging of accounts, not just current bank statements
 - c. Consider changing financial requirement to \$125K in net worth versus \$125K in additional assets
 - d. Discuss whether capital gains may be considered income
8. Discuss Adopting a Rule for Requiring an HO-6 insurance policy for new Memberships

United Mutual Governing Documents Committee
August 27, 2018

Concluding Business:

9. Committee Member Comments
10. Future Agenda Items
11. Date of next meeting - September 24, 2018
12. Adjournment

Juanita Skillman, Chair
Siobhan Foster, Staff Officer



UNITED LAGUNA WOODS
M U T U A L

OPEN MEETING

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

Wednesday, July 25, 2018 – 1:30 PM
Laguna Woods Village Community Center, Sycamore Room
24351 El Toro Road, Laguna Woods, CA 92637

- MEMBERS PRESENT:** Juanita Skillman – Chair; Carl Randazzo, Cash Achrekar, Maggie Blackwell and Advisors Bevan Strom and Mary Stone
- MEMBERS ABSENT:** Gary Morrison
- OTHERS PRESENT:** Director Manuel Amendariz, VMS Director Dick Rader, Barbara Howard, Sherri Davis
- STAFF PRESENT:** Brad Hudson, Siobhan Foster, Francis Rangel, and Eve Morton

REPORT

1. Call to Order

Chair Skillman called the meeting to order at 1:40 p.m.

2. Acknowledgement of Press

No press was present.

3. Approval of the Agenda

Director Blackwell made a motion to approve the agenda. There were no objections.

4. Approval of Report from the June 27, 2018, meeting

Advisor Stone made some changes to the Minutes. Director Blackwell moved to approve the report with these changes. There were no objections.

5. Chair's Remarks

The Chief Executive Officer, Brad Hudson, updated the committee on the Records Inventory and Management Project.

Mr. Hudson asked for suggestions from the committee on what information should be behind the website resident portal and what information should be forward-facing to the public.

6. Member Comments (Items not on the agenda)

None.

Consent Calendar:

All matters listed under the Consent Calendar are considered routine and will be enacted by the Committee by one motion. In the event that an item is removed from the Consent Calendar by members of the Committee, such item(s) shall be the subject of further discussion and action by the Committee.

None.

Reports:

7. Proposed Updated Village Clutter Policy

Ms. Rangel was asked several questions about her updates.

The committee requested some changes to the proposed updates.

The committee requested the final version of the proposed updated policy be placed onto the Board's August Consent Calendar for approval.

8. Proposed Updated Village Harassment Policy

The committee requested some changes to the proposed updates.

The committee requested the final version of the proposed updated policy be placed onto the Board's August Consent Calendar for approval.

9. Proposed Updated Village Nuisance Policy

Discussion ensued. The committee requested several changes to the proposed updates.

Ms. Rangel informed the committee she will place this information into a policy format before sending it on to the Board.

The committee requested the final version of the proposed updated policy be placed onto the Board's August Consent Calendar for approval.

Items for Discussion and Consideration:

None.

Concluding Business:

10. Committee Member Comments

Several comments were made.

11. Future Agenda Items

- Reviewing United Financial Requirements
 - Consider debts such as loans, college tuition, etc.
 - Review aging of accounts, not just current bank statement
 - Consider changing financial requirement to \$125K in net worth versus \$125K in additional assets
 - Discuss whether capital gains may be considered income
- Review Operating Rules

12. Date of next meeting - August 22, 2018

13. Adjournment at 3:00 p.m. into Closed session



Juanita Skillman, Chair



FINANCIAL QUALIFICATIONS POLICY

Revised February 13, 2018

Prospective Shareholders of Units in (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
 - 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 perspective 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.

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

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 Mutuels 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; and
- The signing of an Occupancy Agreement.

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.



THIRD LAGUNA HILLS MUTUAL FINANCIAL QUALIFICATIONS POLICY

Adopted by Resolution 03-16-95
September 20, 2016

Prospective buyers of/ transferees of title to manors in Third Laguna Hills Mutual are required to meet minimum financial requirements for membership as set forth below. All income and net worth claimed must be verified by presenting documentation acceptable to the Third Mutual Board of Directors.

All applicants shall submit the most recent year's Federal income tax return, signed and dated, including Schedules A, B and E if applicable, 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 is also required.

Letters of net worth and income verification will be accepted only from bankers with first-hand knowledge of the applicant's finances. Letters from employers, CPA's, enrolled agents, investment counselors or attorneys are not acceptable.

Where there is more than one buyer / transferee, income and net worth can be calculated collectively.

Guarantor's assurances cannot be transferred. A buyer will be required to obtain a new guarantor's qualification, if needed.

Membership applicants to Third Laguna Hills Mutual are required to submit a completed Financial Statement / Credit Information form; with satisfactory verification of identity, income and net worth.

NET WORTH REQUIREMENT

The following requirement shall apply to Third Laguna Hills Mutual

The prospective buyer of/transferee of title to a manor shall submit satisfactory verification of net worth equal to the purchase price of the manor plus \$125,000.

When computing net worth, acceptable assets will be those that are considered to be liquid, marketable or income producing. Examples of acceptable assets include:

- Equity in residential property
- Savings accounts in banks and credit unions
- Cash value life insurance
- Certificates of deposit, money market accounts

- 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 buyer's / transferee's tax return
- Equity in income real estate

Excluded from consideration are the following:

- 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 buyer's tax return

INCOME REQUIREMENTS

The following requirement shall apply to Third Laguna Hills Mutual

Prospective members must provide satisfactory verification of income of at least the sum total of the annual mortgage payment on the manor plus \$45,000 per year at the time of purchase.

1. Acceptable verifications include:

- 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
- Credit Report

2. Unacceptable income verifications include:

- Letters from employers, accountants, bookkeepers and attorneys
- Income not reported on Federal income tax returns

Retirement account assets (401K, ERISA, and IRA) will be considered as a source of annual revenue by multiplying these assets by 80 percent and dividing by 300 months (25 years.) Requirement will be met by the greater of this calculation or mandatory annual distributions from the retirement accounts.

GUARANTORS

The Mutual will permit the buyer / transferee who does not meet the financial requirements to have a Guarantor. The guarantor in Third Mutual shall provide satisfactory verification of annual income of at least the sum total of the annual mortgage payment on the manor plus \$80,000, and provide satisfactory verification of net worth equal to the purchase price of the manor plus \$200,000. The prospective transferee shall submit satisfactory verification of at least \$125,000 of net worth.

Income Requirement – Third Mutual Multiple Units

The buyer / transferee must provide verification of income equal to the basic requirement (the sum total of the annual mortgage payment on the manor plus \$45,000) plus the sum total of the annual mortgage payment on the 2nd manor plus \$22,500. Additional manors will require income computed in the same way, mortgage payment plus \$22,500 calculated as follows: (1 unit) \$45,000 plus annual Mortgage payments (2 units) \$67,500 plus both annual mortgage payments (3 units) \$90,000 plus three annual mortgage payments.

Net Worth Requirement – Third Mutual Multiple Units

The buyer / transferee must provide verification of net worth equal to the total purchase prices, plus \$125,000 per unit. For example: Purchase price manor (1) \$100,000; purchase price manor (2) \$100,000 plus \$125,000 per unit equals a net worth requirement of \$450,000. Prospective transferees shall demonstrate \$125,000 net worth for each additional manor acquired.