



Laguna Woods Village®

MARCH 6, 2024, SPRING REAL ESTATE FORUM ANSWERS TO REALTOR QUESTIONS

GENERAL/OTHER

- 1. When changes are made to forms in the resale packages, can escrow agents be notified of what the changes, tweaks and updates are?**

Staff will make every effort to notify realtors and escrow agents of any changes made to the resale packages via informational bulletins.

- 2. The DRE no longer issues wallet-size licenses to realtors. How do we enter the gate if we don't have our license, and gate ambassadors don't accept our business cards?**

Realtors should not be denied gate entrance when showing their valid driver's license and their business card. Realtors may reach out to security supervisors by calling security dispatch at 949-580-1400 if gate access is denied for any reason. Agents may also obtain a business pass by contacting Resident Services at residentservices@vmsinc.org or 949-597-4600, or by visiting the Community Center at 24351 El Toro Road.

- 3. How can agents become authorized to act on behalf of the seller(s) during the escrow process to effectuate corrections?**

The Manor Alterations Division has a form that allows the property owner to designate an agent of the property owner to apply for a mutual consent for an existing unauthorized manor alteration(s) discovered during a resale inspection. Obtain the form by reaching out to Manor Alterations at alterations@vmsinc.org or in person at the Manor Alterations office in the Community Center at 24351 El Toro Road.

- 4. What happens if a prospective buyer who enters the community to see an open house gets a speeding ticket? Who is charged for said violation: the seller or the real estate agent?**

The seller is responsible for the violation.

- 5. There are still noncompliant realtor signs in the Village. Many Laguna Woods Village realtors went to great expense to redo all their signs when the updated orange signs became a requirement. It does not appear to be enforced.**

Real estate/leasing sign policies are being enforced; however, it may be a challenge to catch all signs that are noncompliant. If you see a nonstandard sign, please notify Security Services immediately at 949-580-1400.

- 6. Is there a possibility that the GRF trust facility fee will increase?**

The fee was last updated January 1, 2022. As part of the ongoing review of GRF fees, the trust facility fee will be up for review in 2025.

7. Is staff aware of SB 567, the Homelessness Prevention Act, which becomes effective April 1, 2024?

The housing mutuals, GRF and VMS are not parties to the terms of a lease or rental agreement between the member and lessee or renter and will not be involved in resolving any disputes between the member and lessee or renter. The nuances of SB 567 are between the tenant and landlord. It would be in the landlord's best interest to seek professional help or consult a legal professional who specializes in landlord/tenant law to further understand the new provisions. Staff is unable provide legal advice.

INSPECTIONS/MOISTURE INTRUSION

1. Who is responsible for repairing all safety items like electrical or smoke detectors prior to the close of escrow? How can all safety items be repaired prior to the close of escrow?

In Third Mutual, smoke detectors are the responsibility of the manor owner. In United Mutual, if the member has altered or replaced the smoke detectors on their own, they then become the members' responsibility. If the smoke detector is missing or nonoperational, replacement is the mutual's responsibility through Resident Services.

All items that are the responsibility of the mutual will be repaired based on the submitted service request made by contacting Resident Services. Most items should be found during the initial resale inspection. The inspector will then send corrections to the member/owner for items for which they are responsible and will also send information to Resident Services to create service orders for mutual-controlled/owned items. Should real estate agents find other items based on a third-party report, they should immediately contact (or have the owner contact) Resident Services to make a service request for repairs of mutual-owned items. Any item not owned by the mutual may be repaired by the owner or owner's contractor, or may be requested as a chargeable service so long as the mutual provides the requested service as a charge. Please reference non-emergency maintenance chargeable services for United Mutual and for Third Mutual at lagunawoodsvillage.com.

2. When a moisture intrusion event was recognized on the first inspection report and subsequently resolved, the corrected event was not recognized on the final inspection report, which delayed the close of escrow for weeks. How can this be prevented and get issues resolved sooner?

For damage restoration events in which the member is responsible, actions must be complete before the close of escrow. Once complete, the Damage Restoration Division notifies Manor Alterations that they may release the final inspection. Because it is no longer an issue at that point, there would be no reason to show a hold on the final inspection. In damage restoration events in which the mutual is responsible, corrections are made by the Damage Restoration Division. Completion of these events are not required by close of escrow. This division has greatly reduced the number of historical events in order to minimize the number of holds.

3. There are times when third-party home inspectors identify items that were missed by VMS inspectors during the first inspection that were the mutual's responsibility. How can this be prevented?

When items are identified after the first inspection by a third-party inspector, agents must

provide the information to the Manor Alterations Division. It is always beneficial to have third-party inspections. Manor Alterations/resales inspections are primarily focused on maintaining the mutual's investments. A third-party inspection is focused on what's best for the buyer. Any concerns that should be reviewed prior to close of escrow should be forwarded to the resale inspection team for evaluation.

4. Was a study done to warrant the reasoning to increase resale inspection fees?

Resale inspection fees have not increased in Third since 2007 and in United since 2008. An analysis revealed that a portion of the costs associated with the resale inspection process is not recovered from the requesting member, and an increase in fees would serve to recover more of the administrative costs associated with the transactions. United Mutual adopted Resolution 01-24-28 on March 12, 2024, which increased its inspection fees to the following:

First Inspection	\$360
Reinspection (if required)	\$60
Final Inspection (if required)	\$110

If the member doesn't show for the first or final inspection and/or if a correction is not completed when the inspector arrives for the final inspection, the reinspection fee will be charged.

No fee will be charged for a final inspection if, after the first inspection, it is determined that there are no corrections or deficiencies for the member to complete prior to the close of escrow.

5. Will the new ERP help with moisture intrusion work orders, and will it help speed up the process?

The new ERP should organize data more appropriately, streamline the invoicing/billing process and better facilitate timely communication with affected parties. While it is never convenient when an event occurs (or is first discovered) during the resale process, this will help minimize the time required in resolving it.

LEASING/LEASING CAP

1. When children purchase homes for their parents to live in the unit, can the leasing process and payment of the fee be eliminated each year?

No. In United Mutual, children younger than 55 may not purchase units in which a parent may reside. Age-qualified children who purchase units in which age-qualified parents will reside must satisfy the mutual's financial qualifications. Only if a parent and adult child reside together as co-occupants in the adult child's principal residence can a leasing fee be avoided. The alternative is, of course, for the adult child to sublease the dwelling unit to the parent. In Third Mutual, a child old enough to sign a contract may purchase a manor but cannot reside in the unit until age-qualified. The child can, however, lease the unit.

Both mutuals have policies relating to leasing (Third) and subleasing (United). Both policies require fees associated with the review, processing and approval of all new/extension/renewal applications, which are not subject to waiver.

2. How can children who want to purchase units for parents get them authorized to reside without affecting the leasing cap?

See previous question and answer. In both United Mutual and Third Mutual, the only means of avoiding an impact to the leasing cap is for adult child and parent to co-occupy the unit as a principal residence.

3. How will short-term rentals affect the leasing cap?

Short-term leases are treated no different than regular ones. Similar to leases, no unit may be used for vacation rentals for a period of less than 30 days and would affect the leasing cap; however, once the lease has expired, it might open up a space for others to lease.

4. Third's leasing cap is fast approaching. What happens when the 30% cap is reached?

On October 21, 2008, by way of Resolution 03-08-106 the board established the 30% leasing cap and reiterated the cap again on April 21, 2020, by way of Resolution 03-20-26. The latter resolution adopted a leasing cap and lease waiting policy, which provide procedures for leasing manors when the cap has been reached. This wait list policy has never been implemented before, so staff will work carefully to administer it.

5. What is the California legal definition of "tenant" to help with the leasing cap?

According to Civil Code Section 1946.2 (i)(3), "... tenancy means the lawful occupation of residential real property and includes a lease or sublease." The DRE defines a tenant as "someone who obtains the right to the exclusive use and possession of the rental unit" from a landlord during a rental period. The legal definition of "tenant" doesn't change the leasing cap percentage; however, room renters or lodgers who occupy the owner-occupied unit do not count toward the leasing cap.

RESALES/FINANCIAL REQUIREMENTS

1. What is the process once escrow packets are submitted for approval? What happens when the packet is denied?

The resale process is posted to lagunawoodsvillage.com > Neighborhoods > Realtor & Escrow Information > scroll to Real Estate Documents and click Resale Flow Chart.

2. Can the board exercise discretion to allow prospective buyers to combine income/assets in order to qualify financially in Third Mutual?

Yes. It is noted in Third Mutual's financial requirements section I (d): *"Notwithstanding anything to the contrary contained herein, if more than one (1) Applicant will acquire an ownership interest or reside in any single unit, such Applicants' income and net worth may, in the Board's sole reasonable discretion, be calculated collectively."*

3. Please provide a clear explanation of the interim dual ownership agreement.

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

current United member to purchase a new manor and sell their current manor within six months. The interim dual ownership agreement is not needed in Third Mutual.

4. Can financial break exceptions be made for children buying for parents?

There are no exceptions.