



# Laguna Woods Village®

## OCTOBER 18, 2023, SUMMER REAL ESTATE FORUM ANSWERS TO REALTOR QUESTIONS

### GENERAL/OTHER

**1. Is there a resident advocate to assist residents when they don't get responses from staff and/or when issues/concerns are not being resolved?**

VMS is developing a customer service field representative pilot program that is designed to assist residents via enhanced communication and with resolutions. However, until the program is fully implemented, residents may file a dispute by contacting Resident Services at [residentservices@vmsinc.org](mailto:residentservices@vmsinc.org) or 949-597-4600, or by visiting the department in the Community Center at 24351 El Toro Road.

**2. Why does the Village decline to install smoke detectors prior to close of escrow? This position does not comply with the law. All safety items should be fixed prior to the close of escrow.**

Third Mutual smoke detectors are the responsibility of the unit owner. In United, smoke detectors can be replaced during escrow if an inspector finds it is missing or nonoperational.

**3. Where should home termite inspection reports be submitted so buyer is aware?**

The seller or the listing agent may use any licensed branch III termite company; however, an outside company will not know what parts of a building are original and, therefore, the corporation's responsibility, and which ones are alterations and the member's responsibility. Newport Exterminating, the exterminator on contract, does identify who is responsible in each report. Staff reviews each report for accuracy and opens work orders for any items that are the corporation's responsibility. If an outside inspection company is chosen, please email the report to Dennis Moore ([dennis.moore@vmsinc.org](mailto:dennis.moore@vmsinc.org)) who will open any necessary work orders. The escrow company is usually responsible for giving the report to the buyer and securing a signature to verify they have read and understand the report.

**4. There seems to be a disconnect with Third's leasing/rental insurance requirement. Why would a landlord need insurance if the member has their own homeowner's insurance policy?**

A landlord would still want to obtain a condominium insurance (HO-6) to protect the **inside dwelling**, including flooring, cabinets and countertops. These items are not covered under a renter's policy. Also, an HO-6 policy comes with **liability** coverage in case the tenant(s) negligently cause damage. Additionally, the HO-6 policy will cover **loss of use** in case the tenant(s) must relocate due to damage such as a fire. The insurance company reimburses the cost of rent while the unit is being rebuilt.

**5. Are SB 326 deck/balcony/elevated element structure repairs currently being made, and will such repairs increase the assessments?**

Yes; repairs are currently within the budget.

**6. When children purchase homes for their parents who are living in the unit, can the leasing process and payment of the fee be eliminated each year?**

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 may reside must have the same qualifications as a guarantor, and both child and parent must be listed on the stock certificate or sublease unit to 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, but can lease out the unit.

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

**7. Why don't United and Third perform criminal background checks for prospective buyers?**

Third's counsel has advised that Third Mutual shall not act as a landlord and, therefore, does not require background checks. In Third, it is the member's responsibility to obtain background checks on new lessees/renters and check references provided by the lessee/renter to protect such member's interests, given that the member will be held responsible for the acts and/or omissions of their lessees/renters who violate Third's governing documents. In United Mutual, members are required to obtain/perform such background checks for the same reason, but United shall have no liability for a member's failure to do so.

**8. Is there a limit that assessments can be increased?**

In accordance with Civil Code § 5605, " ... the board may not impose a regular assessment that is more than 20% greater than the regular assessment for the association's preceding fiscal year or impose special assessments that in the aggregate exceed 5% of the budgeted gross expenses of the association for that fiscal year without the approval of a **majority** of a quorum of members ..."

**9. Will VMS accept remote online notaries from outside the U.S.?**

On September 30, 2023, Governor Newsom signed SB 696 into law, which authorizes California notaries to perform remote online notarizations. However, online notarizations cannot be performed in California until the California Secretary of State completes its technology upgrade to implement the new law by January 1, 2030, whichever comes first.

However, by way of Civil Code §1182 and §1183, California will recognize online notarizations that are properly performed in other states as well as outside the U.S. We recommend you reach out to the secretary of state for appropriate direction.

**10. Can open house forms be provided to real estate agents ahead of time?**

In accordance with the Security Services Department's protocols, open house forms are provided only to prospective buyers who approach the gate at the time they wish to visit an open house on Saturdays and Sundays from 11 a.m. to 4 p.m.

**11. Why are moisture intrusion events not addressed or identified on the first inspection report?**

They are identified on the first inspection report; however, if the event occurs during escrow, then it will show on the final inspection report and will result in escrow delays.

### **GRF TRUST FACILITIES FEE**

**1. If a member moves from one unit to another, regardless of the mutual, and has lived there for two or more years, must the member still pay the GRF trust facilities fee?**

When ownership of a separate interest is purchased by a current owner who has held their current interest for at least two years, that member is exempt from paying the fee again. The two years start at the close of escrow of the first unit.

**2. If a member buys a unit, pays the GRF transfer facilities fee and then buys a replacement unit and pays the fee, can the member receive a refund?**

A refund may be issued for those who are purchasing a replacement property if the sale and new purchase occur concurrently and the first property has been owned for at least two years.

### **LANDSCAPING**

**1. If fruit trees in Third Mutual were planted by the prior owner, can the buyer keep and maintain the trees?**

Third recently passed a resolution codifying its policy that prohibits the planting of fruit trees and vegetables in the common area and requires the removal of existing fruit trees during the resale process. However, the new policy does permit the retention of existing fruit trees at resale if the new member agrees to maintain the trees in the common area and in exclusive use common area. If the new member rejects the maintenance responsibility, the fruit trees in the common area will be removed. The policy also authorizes staff to remove any unmaintained, existing fruit trees.

**2. How can a seller in Third become compliant so that stepping stones do not have to be removed in order to close escrow?**

The Third Mutual board has re-evaluated its stepping stone policy/guidelines and adopted a less-restrictive policy for stepping-stone installations during the resale process. During the first inspection, photos will be taken of the installation and reviewed by Landscaping Services Department management to determine adherence to the guidelines. Simple stepping-stone installations, e.g., to access a hose bib or other appurtenance of the residence will be approved by Landscaping Services management. Larger, more complex installations, e.g., patio extensions, extended walkways, etc., may be reviewed by the Landscape Committee via the landscape request form process.

**3. For out-of-state successor trustees, is there a way for landscaping to get some items fixed prior to the close of escrow without having to hire a landscaping company?**

Please clarify the issue(s) staff should address.