

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THIRD LAGUNA HILLS MUTUAL
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION

June 21, 2016

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, June 21, 2016 at 9:30 AM, at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Jim Matson, Rosemarie di Lorenzo Dickins, Ray Gros, Burt Baum, Bill Walsh, Wei-Ming Tao, James Tung, John Frankel, David Finley, Bert Moldow, Bunny Carpenter

Directors Absent: None

Staff Present: Open Session: Brad Hudson, Lori Moss and Kim Taylor
Executive Session: Brad Hudson, Kim Taylor, Dan Yost and Francis Rangel

Others Present: Denver Andrews Jr. Esq., Law Offices of Denver R. Andrews, Jr.

CALL TO ORDER

Jim Matson, President of the Corporation, chaired and opened the meeting, and stated that it was a Regular Meeting held pursuant to notice duly given. A quorum was established, and the meeting was called to order at 9:30 A.M.

PLEDGE OF ALLEGIANCE

Director David Finley led the Membership in the Pledge of Allegiance.

ACKNOWLEDGEMENT OF MEDIA

A representative of the Globe and the Channel 6 Camera Crew, by way of remote cameras, were acknowledged as present.

APPROVAL OF AGENDA

Director di Lorenzo Dickins moved to move agenda item 22 "Update from VMS – Director Steve Parsons" to after New Business. Director Baum seconded the motion.

Director Tao moved to change agenda item 13(c) "Entertain Motion to Approve Revisions to the Financial Qualifications Policy" to a discussion only. Director Baum moved to approve the agenda as amended. Director Walsh seconded the motion.

By a vote of 10-0-0 the motions carried.

Without objection the agenda was approved as amended.

CHAIR'S REMARKS

President Matson commented on residents making alteration improvements to their Manors and announced that Solar Optimum would be placing solar cells on 8 three story buildings in Third Mutual with the Energy Committee overseeing the project. The Board discussed

the solar program further. President Matson commented on various Third Mutual maintenance programs both current and future.

APPROVAL OF THE MINUTES

Director di Lorenzo Dickins moved to approve the regular Open Board meeting minutes of May 17, 2016, as written. Director Baum seconded the motion. By a vote of 10-0-0 the motion carried.

CONSENT CALENDAR

Without objection, the Board approved the Consent Calendar as written and the Board took the following actions:

Maintenance and Construction Committee Recommendations:

- 3183-C Deny request to retain a plastic storage cabinet at Manor
- 3415-B Approve request to retain the blue entry door at Manor, with contingencies
- 4014-1E Deny request retain an unauthorized HVAC Ductless System
- 5269 Deny request to add a side patio addition at Manor

Maintenance and Construction Common Area - Variance Request Resolutions:

RESOLUTION 03-16-57

Common Area - Variance Request

WHEREAS, Ik and Kyoung Kim of 3183-C Alta Vista, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by the Board via Resolution 03-15-155 as revised in accordance with California Civil Code § 4600 on October 20, 2015;

NOW THEREFORE BE IT RESOLVED, on June 21, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

1. Compliance with Community Standards.
2. Neighbor Awareness Forms were submitted from affected neighbors.
3. The area of the proposed alteration is located at least partially in Common Area.
4. The alteration would relieve the Mutual of the burden of management and maintenance of an area which is generally inaccessible and not of general use to the other members of Third.

5. The member is required to complete the Agreement Regarding Permitted Alteration of Common Area (the "Common Area Agreement").

RESOLVED FURTHER, the member is required to comply with all of the contingencies as presented in the report and approved by the Board; and

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

RESOLUTION 03-16-58

Common Area - Variance Request

WHEREAS, Steven Maeda of 3269-B San Amadeo, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by the Board via Resolution 03-15-155 as revised in accordance with California Civil Code § 4600 on October 20, 2015;

NOW THEREFORE BE IT RESOLVED, on June 21, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

1. Compliance with Community Standards.
2. Neighbor Awareness Forms were submitted from affected neighbors.
3. The area of the proposed alteration is located at least partially in Common Area.
4. The alteration would relieve the Mutual of the burden of management and maintenance of an area which is generally inaccessible and not of general use to the other members of Third.
5. The member is required to complete the Agreement Regarding Permitted Alteration of Common Area (the "Common Area Agreement").

RESOLVED FURTHER, the member is required to comply with all of the contingencies as presented in the report and approved by the Board; and

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

RESOLUTION 03-16-59

Common Area - Variance Request

WHEREAS, Rodney Rochelle of 5269 Avenida del Sol, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by the Board via Resolution 03-15-155 as revised in accordance with California Civil Code § 4600 on October 20, 2015;

NOW THEREFORE BE IT RESOLVED, on June 21, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

1. Compliance with Community Standards.
2. Neighbor Awareness Forms were submitted from affected neighbors.
3. The area of the proposed alteration is located at least partially in Common Area.
4. The alteration would relieve the Mutual of the burden of management and maintenance of an area which is generally inaccessible and not of general use to the other members of Third.
5. The member is required to complete the Agreement Regarding Permitted Alteration of Common Area (the "Common Area Agreement").

RESOLVED FURTHER, the member is required to comply with all of the contingencies as presented in the report and approved by the Board; and

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

RESOLUTION 03-16-60

Common Area - Variance Request

WHEREAS, Rodney Rochelle of 5269 Avenida del Sol, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by

the Board via Resolution 03-15-155 as revised in accordance with California Civil Code § 4600 on October 20, 2015;

NOW THEREFORE BE IT RESOLVED, on June 21, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

5. Compliance with Community Standards.
6. Neighbor Awareness Forms were submitted from affected neighbors.
7. The area of the proposed alteration is located at least partially in Common Area.
8. The alteration would relieve the Mutual of the burden of management and maintenance of an area which is generally inaccessible and not of general use to the other members of Third.
6. The member is required to complete the Agreement Regarding Permitted Alteration of Common Area (the "Common Area Agreement").

RESOLVED FURTHER, the member is required to comply with all of the contingencies as presented in the report and approved by the Board; and

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

Landscape Committee Recommendations:

None

Finance Committee Recommendations:

None

REPORT OF THE CEO

Bradley Hudson, CEO/GM, commented on the heat wave and stated that Clubhouse 1 and 5 are open for residents to get out of the heat and spoke to the email blast sent yesterday that provided ways to protect the residents' health when it's hot. Mr. Hudson introduced our new Security Chief Tim Moy.

Chief Moy spoke to his commitment in providing safety and security to the Community, and thanked Director Gros for his input during his first three weeks on the job. He spoke of his open door policy and invited all to come by and talk with him.

Mr. Hudson spoke to the reopening of Gate 6, the new General Services Department Head, Ernesto Muñoz, who started this week and provided a brief overview of his functions. Mr. Hudson stated that the Controller and Recreation Division Head interviews will begin in the next couple of weeks. He commented on the Clubhouse 5 air conditioning contract, the website, and marketing contracts that have been executed, and budget presentations that

are scheduled for the 29th of June for all Boards. He announced that the Who's your Daddy! An Acapella Performance will be held at the Laguna Woods Village Performing Arts Center this Saturday. Mr. Hudson stated that Chief Moy will be the guest speaker at the next Town Hall meeting on June 23, 2016, at 4:30 PM, to be held in the Community Center Board room. Mr. Hudson answered questions from the Board.

MEMBER COMMENTS

Third Mutual Members were given the opportunity to speak to items that are not on the agenda.

- Barbara Janeway (2399-2H) spoke to several options for tenting buildings for termites and asked if the Board would consider using an alternative to tenting.
- Fred Sherman (3161-A) spoke of the Transition and stated that everyone has done a diligent job and asked why residents of the Community are not allowed to attend VMS Board meetings.
- Mareka Raima-Montegnies (5590-3C) asked about installing lighting on the building and having a sign on the building.
- Ed McGill (2390-2C) asked about the reopening of Gate 6 include and how it will affect the residents in the area.

DIRECTORS' RESPONSES TO MEMBER COMMENTS

Directors Moldow, Finley, Walsh, Tao, di Lorenzo Dickins, Carpenter, Gros, Frankel, and Baum briefly responded to Member Comments. Mr. Hudson commented on what the Community should expect now and in the future regarding the Gate 6 entry system.

UNFINISHED BUSINESS

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving revisions to the maximum number of Units a Member is allowed to occupy or lease, which was postponed in April to satisfy the 30-day notification requirement to comply with Civil Code §4360. Director Baum moved to approve the resolution. Director Moldow seconded the motion. Discussion ensued.

Member Fred Sherman (3161-A) commented on the resolution.

By a vote of 10-0-0 the motion carried and the Board approved the following resolution as written:

RESOLUTION 03-16-61

Maximum Number of Units a Member is Allowed to Occupy or Lease

WHEREAS, it is in the best interest of the Corporation and its members to preserve property values; and

WHEREAS, an excessive number of leased units will negatively impact the ability of members to obtain mortgages with favorable terms, which may lower property values; and

NOW THEREFORE BE IT RESOLVED, June 21, 2016, that an individual may live in or lease or make available for lease two (2) units; and

RESOLVED FURTHER, that a current Owner of three or more Units, which are currently leased or available for lease, shall be grandfathered in and permitted to continue to make available for lease the Units that Owner currently owns, provided that, upon the sale by the Owner of one or more of currently owned Units, said Owner shall not be permitted to make available any additional Unit, the title to which, in full or in part, was obtained after the date of this Resolution, unless or until the total number of Units said Owner has available for lease is not more than two; and

RESOLVED FURTHER, that the managing agent is hereby directed to disseminate this information to the realty community serving Laguna Woods Village; and

RESOLVED FURTHER, that this policy shall be put into effect June 21, 2016; and

RESOLVED FURTHER, that Resolution 03-15-43, adopted April 21, 2015 is hereby superseded and cancelled.

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.

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving revisions to the Mutual Committee Appointments. Director Baum moved to approve the resolution. Director Tung seconded the motion and discussion ensued.

Without objection the Board agreed to leave Wei-Ming Tao on the Energy Committee, to assign Bert Moldow as Co-Chair and to remove James Tung as Co-Chair.

By a vote of 10-0-0 the motion carried and the Board approved the following resolution as amended:

RESOLUTION 03-16-62

Mutual Committee Appointments

RESOLVED, June 21, 2016, that the following persons are hereby appointed to serve on the committees and services of this Corporation; and

RESOLVED FURTHER, that each committee chair in consultation with the vice chair may appoint additional members and advisors with interim approval by the President subject to the approval of the Board of Directors:

Board Operating Rules Committee

Jim Matson, Chair
Rosemarie di Lorenzo Dickins
James Tung

City Council Representative
Per Rotation List

Communications Committee

Rosemarie di Lorenzo Dickins, Chair
Bert Moldow
Burt Baum
Bill Walsh
Bunny Carpenter
Non-Voting Advisors: Carol St. Hillaire

Electrical Vehicle Charging Ad Hoc Committee

Ray Gros
David Finley
Non-Voting Advisors: Steven Leonard

Energy Committee

~~Jim Matson, Chair~~
Bill Walsh, Chair
~~James Tung, Co-Chair~~
~~Bill Walsh, Co-Chair~~
Bert Moldow Co-Chair
Burt Baum
Wei-Ming Tao
John Frankel
Non-Voting Advisors: Steven Leonard, Leon St. Hillaire

Executive Hearing Committee

Rosemarie di Lorenzo Dickins, Chair
James Tung
Ray Gros
David Finley

Finance (Committee of the Whole)

Wei-Ming Tao, Chair
Rosemarie di Lorenzo Dickins, Vice Chair
Non-Voting Advisors: Colin Johnston, John Hess

Garden Villa Recreation Room Subcommittee

Rosemarie di Lorenzo Dickins, Chair
David Finley
Bert Moldow
Voting Advisors: Lenta Jarrett, Sharon Molineri, Stewart Hack

Laguna Woods Village Traffic Hearings

Ray Gros

Landscape

James Tung, Chair
Bunny Carpenter – Vice Chair
John Frankel
Non-Voting Advisors: John Dudley, Bob Figeira

Maintenance and Construction (Committee of the Whole)

Bert Moldow, Chair
David Finley, Vice Chair
John Frankel, 2nd Vice Chair
Non-Voting Advisors: Robert Sherinian

Meet and Confer

Jim Matson, Chair
James Tung
Ray Gros

New Resident Orientation

Per Rotation List

Paint Color Subcommittee

Jim Matson, Chair
Rosemarie di Lorenzo Dickins
Non-Voting Advisor: Ruth Matson

Resident Problem Resolution Services

Ray Gros, Chair
Jim Matson
Burt Baum

Slope Renovation/Turf Conversion Sub-Committee

Jim Matson, Chair
James Tung

Non-Voting Advisor: TBD

Standards Subcommittee

James Tung

Ray Gros

David Finley

Non-Voting Advisor: TBD

Water Conservation Committee

James Tung, Chair

Jim Matson

Laguna Canyon Foundation

Ray Gros

RESOLVED FURTHER, that Resolution 03-16-53, adopted May 17, 2016 is hereby superseded and canceled; 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.

NEW BUSINESS

No New Business came before the Board.

UPDATE FROM VMS – DIRECTOR STEVE PARSONS

President Matson introduced Steve Parsons, Director, Village Management Services, Inc. (VMS). Director Parsons provided an overview of the makeup of the VMS Board and spoke to the addition of Director Bevan Strom. Director Parsons updated the Board on staff improvements and noted that staff morale has improved. Director Parsons commented on the VMS workshop facilitated by Lori Moss and stated that it was very effective. The Board along with Staff set meeting objectives and five goals were implemented: 1. Provide exemplary customer service; 2. Facilitate efficient operations; 3. Provide a safe community; 4. Provide transparent communications; and 5. Become an employer of choice. Director Parsons welcomed comments and answered questions from the Board.

COMMITTEE REPORTS

Director Wei-Ming Tao reported from the Finance Committee, gave the Third Mutual Financial Report, and commented on the Resale Activities Report.

Director Tao provided an overview of the proposed revisions to the Financial Qualifications Policy. The motion to revise the Financial Qualifications Policy was changed to a discussion only item during approval of the agenda.

Director James Tung reported from the Landscape Committee.

Director Bert Moldow reported from the Maintenance and Construction Committee.

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving a ten year duration plan for replacement of the Cedar Split rail fencing throughout the Mutual. Director Baum moved to approve the resolution. Director Walsh seconded the motion. Discussion ensued.

By a vote of 10-0-0 the motion carried and the Board approved the following resolution as written:

RESOLUTION 03-16-63

Replacement of the Cedar Split Rail Fencing

WHEREAS, on March 15, 2016 the Board approved Resolution 03-16-34 adopting the use of Black Locust Split Rail as a replacement material for split rail fencing; and

WHEREAS, the Third Maintenance and Construction Committee are recommending that the Board approve a ten year program to replace approximately 70,000 linear feet of the cedar split rail fencing throughout the Mutual;

NOW THEREFORE BE IT RESOLVED, June 21, 2016, the Board of Directors hereby approves a ten year duration plan for replacement of the cedar split rail fencing throughout the Mutual at an estimated average cost of \$105,000 per year, expensed from the Replacement Fund; 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.

Dry Rot Presentation – Director Finley

Director Finley provided a presentation on dry rot issues in Third Mutual. Director Finley asked that the Maintenance and Construction Committee review the matter and provide solutions and a resolution at the next Committee meeting.

Director James Tung reported from the Water Committee.

Director Bill Walsh reported from the Energy Committee.

Director Ray Gros reported from Resident Problem Resolution Services.

Director Ray Gros reported from the Laguna Woods Village Traffic Hearings.

Director Rosemarie di Lorenzo Dickins reported from the Communications Committee.

Director Ray Gros reported on the Laguna Canyon Foundation.

GRF COMMITTEE HIGHLIGHTS

The Directors provided brief overviews of GRF Committee highlights.

DIRECTORS' COMMENTS

The Directors made their final comments.

ADDITIONAL MEMBER COMMENTS

There were no additional Member Comments.

The Board recessed for lunch at 12:35 PM and reconvened into Executive Session at 1:15 PM.

ADJOURNMENT

With no further business before the Board of Directors, the meeting was adjourned at 5:05 PM.

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

During the May 17, 2016 Regular Executive Session Board Meeting, the Board approved the minutes of the April 20, 2016 Special Executive Session, the April 19, 2016 – Regular Executive Session, the May 6, 2016 – Special Executive Session, and the April 26, 2016 – Special Executive Hearing Committee Session as written. The Board approved six (6) hearing requests; heard four (4) Disciplinary Hearings and imposed \$500.00 in fines for violations of the Mutual's rules and regulations; discussed other member disciplinary matters; discussed occupancy matters; Approved 2 Assessment write-offs; discussed solar contract; discussed income requirements; discussed legal matters with guarantors; discussed delinquency matters; discussed member matters; discussed personnel changes; discussed Probate Petition; discussed and considered contractual matters; discussed dispute of a damage restoration charge; and discussed litigation matters.

During the May 20, 2016 Special Executive Session Board meeting the Board discussed and considered contractual matters.

During the May 24, 2016 Special Executive Hearing Committee Board meeting the Board held four (4) Member Disciplinary Hearings and held four (4) Common Area Damage Reimbursement Hearings.

During the May 31, 2016 Special Executive Session Board meeting, the Board discussed and considered contractual matters.

Burt Baum, Secretary
Third Laguna Hills Mutual

THIRD LAGUNA HILLS MUTUAL FINANCIAL QUALIFICATIONS POLICY

Adopted by Resolution 03-16-xx
Date xx, 2016

Prospective buyers of 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 Mutual Board of Directors. The respective Boards of Directors shall approve the qualifications only for their own Mutual.

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 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, income and net worth can be calculated collectively.

If a buyer is presently a member in Third Laguna Hills Mutual, he/she will not be required to provide verification of financial qualifications for a new purchase in the same mutual provided:

- a. The buyer is selling his present manor and is in escrow; and
- b. The person(s) in whose name(s) title will be held for the manor being purchased is (are) identical to the person(s) in whose name(s) title is held for the present manor.

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, except under the following condition:

Once a member has qualified within Third Mutual, said member need not re-qualify for purchase of a replacement manor as long as the person or persons in whose name the Grant Deed is held remains the same.

NET WORTH REQUIREMENT

The following requirement shall apply to Third Laguna Hills Mutual

The prospective buyer of 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 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 and IRA) will be considered as a source of annual revenue by multiplying assets by 80 percent and dividing by 300 months (25 years.)

GUARANTORS

The Mutual will permit the buyer 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.

FINANCIAL QUALIFICATION WAIVERS AND RECIPROCITY

Members who purchase a **replacement** manor do not have to re-qualify financially for membership, if there is no change to the membership vesting and the previous manor is already in escrow.

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 manor is purchased within 90 days of the closing of the sale of the previously owned manor, and vesting in the new manor is exactly the same as the vesting in the manor previously owned. **This waiver shall not apply to persons buying an additional manor.**

Income Requirement – Third Mutual Multiple Units

The buyer 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 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.