



**REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL
RESIDENT POLICY AND COMPLIANCE COMMITTEE**

**Tuesday, August 24, 2021 – 9:30 A.M.
BOARD ROOM/ VIRTUAL MEETING
Laguna Woods Village Community Center
24351 El Toro Road**

AGENDA

- | | |
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| 1. Call to Order | Lynn Jarrett |
| 2. Acknowledgment of Media | Lynn Jarrett |
| 3. Approval of the Agenda | Lynn Jarrett |
| 4. Approval of Meeting Report for July 9, 2021 | Lynn Jarrett |
| 5. Chair's Remarks | Lynn Jarrett |
| 6. Member Comments (Items Not on the Agenda) | |

Laguna Woods Village owner/residents are welcome to participate in committee meetings and submit comments or questions regarding virtual committee meetings using one of two options:

- Via email to meeting@vmsinc.org any time before the meeting is scheduled to begin or during the meeting. Please use the name of the committee in the subject line of the email. Name and manor number must be included.
- By calling (949) 268-2020 beginning one half hour before the meeting begins and throughout the remainder of the meeting. You must provide your name and manor number.
- Join the Zoom meeting at: <https://us06web.zoom.us/j/84823107313>

Reports:

None

Items for Discussion and Consideration:

- | | |
|-------------------------------------|-----------------|
| 7. Lease – Lower Cap to 25% | Pamela Bashline |
| 8. Multi-Unit Owners Qualifications | Pamela Bashline |

Items for Future Agendas:

- | | |
|------------------|-----------------|
| 9. Lease Renewal | Pamela Bashline |
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Concluding Business:

- Committee Member Comments
- Date of Next Meeting – To Be Determined
- Adjournment

Lynn Jarrett, Chair
Blessilda Wright, Staff Officer
Telephone: 597-4254



OPEN MEETING

**REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL
RESIDENT POLICY AND COMPLIANCE COMMITTEE**

Thursday, July 9, 2021 – 1:30 P.M.
VIRTUAL MEETING/BOARD ROOM
Laguna Woods Village Community Center
24351 El Toro Road, Laguna Woods, CA 92637

MEMBERS PRESENT: Lynn Jarrett, Chair, Cush Bhada, Steve Parsons, Reza Karimi
and Robert Mutchnick

MEMBERS ABSENT: Donna Rane-Szostak

ADVISORS PRESENT: None

ADVISORS ABSENT: Stuart Hack

STAFF PRESENT: Blessilda Wright, Pamela Bashline, Robbi Doncost, and Paul
Nguyen.

CALL TO ORDER

Lynn Jarrett, Chair, called the meeting to order at 1:32 p.m.

ACKNOWLEDGEMENT OF MEDIA

The Media was not present.

APPROVAL OF AGENDA

Director Karimi made a motion to approve the agenda.

By consensus, the motion carried.

APPROVAL OF MEETING REPORTS

Director Karimi made a motion to approve the, May 5, 2021 meeting report as presented.
Director Mutchnick seconded the motion.

By consensus, the motion carried.

CHAIRMAN'S REMARKS

Chair Jarrett had no remarks and stated that a committee meeting will be scheduled in
August.

MEMBER COMMENTS ON NON-AGENDA ITEMS

None

REPORTS

Process Improvements in the Resales Process

Lynn Jarrett, Chair, presented the Process Improvements in the Resales Process for Members. The Committee members made comments and asked questions.

Director Mutchnick made a motion to accept Staff's recommendation. Director Parsons seconded the motion.

By a vote of 4-1-0 (Director Bhada against), the motion passed.

Multi-Unit Owners Qualification

Pamela Bashline, Community Services Manager, presented Multi-Unit Owners Qualification. The Committee members made comments and asked questions.

By consensus, the Committee tabled the matter pending legal review.

Paperless Permit Process

Robbi Doncost, Manor Alterations Manager, presented Paperless Permit Process. The Committee members made comments and asked questions.

By consensus, the Committee directed staff to send to the Third Architectural Control and Standard Committee.

ITEMS FOR DISCUSSION AND CONSIDERATION

None

ITEMS FOR FUTURE AGENDAS

- Lease Renewal
- Lower Lease Cap
- Multi-Unit Owners Qualification

CONCLUDING BUSINESS

Committee Member Comments

Director Bhada stated that this was a good meeting but wanted the meeting to not be on a Friday going forward.

Director Karimi said this was a good meeting and stated that this particular Committee was very important. In addition, we need to look at outdated policies and have them removed from the books.

Director Mutchnick complimented Director Karimi and said this was a good meeting.

Director Parsons agreed that this was a good meeting.

Chair Jarrett agreed it was a good meeting with good input from committee members.

Date of Next Meeting

The next meeting is August 4, 2021.

Adjournment

With no further business before the Committee, the Chair adjourned the meeting at 2:43 p.m.


Lynn Jarrett (Jul 13, 2021 13:03 PDT)

Lynn Jarrett, Chair
Third Laguna Hills Mutual



STAFF REPORT

DATE: August 24, 2021
FOR: Resident Policy and Compliance Committee
SUBJECT: Lower Lease Cap to 25 Percent from 30 Percent

RECOMMENDATION

Staff recommends the Committee consider a proposal to lower the lease cap from current 30 percent to 25 percent.

BACKGROUND

Third Laguna Hills Mutual (Third) established a 30 percent lease cap in 2008 by way of Resolution 03-08-106. The volume of rented/leased properties has risen steadily since then, and the total number of such units is currently near the 30 percent lease cap threshold. On April 21, 2020, the Board found it necessary to adopt Resolution 03-20-26, which established a Leasing Cap and Waiting List Policy.

On January 1, 2021, AB 3182 became law and eliminated a number of restrictions common to condominium developments. The law provided that associations must eliminate unreasonable restrictions and allow at least 25 percent of housing units to be available to lessees/renters. Further, the minimum time period required for leases/rentals could not be greater than thirty (30) days. Third, having previously established a leasing cap unaffected by the new law, nevertheless updated its Lease Authorization Policy to amend its minimum lease term from 60 days to 30 days in order to comply with AB3182.

According to anecdotal, industry evidence (www.davis-stirling.com) “the following issues are frequently related to rental units:

- Renters tend to violate association rules more often than owners,
- Renters have more calls to police than owners,
- Renters and landlords are less inclined to invest in the upkeep of their property,
- Short-term leases create high turn-over with increased security issues,
- Landlords are less likely to volunteer to assist the community,
- A high percentage of renters depresses property values,
- Lenders recognize the problems associated with renters and are less inclined to loan or will set a higher interest rate in communities with a high percentage of renters.

The insurance industry has also recognized the problems associated with high concentrations of renters and takes notice when the rental percentage reaches 30-35 percent. Many preferred carriers draw the line at this percentage because claims histories have shown that associations with high rental populations have more claims. As a result, associations with excessive rentals

are charged higher premiums. Lenders routinely ask for the percentage of rentals in a development, since a high percentage depresses market values.”

DISCUSSION

There are several impacts to be considered if the lease cap is lowered from 30 percent to 25 percent. These impacts include the probable objection by the real estate community and potential investors, whose earning power may be adversely impacted by such a reduction of investment opportunities. On the other hand, eligible purchasers and transferees after approval of the decreased lease cap must recognize there are potentially 6,102 existing members ahead of them in line to lease or rent their separate interest properties. Secondly, in accordance with Section 4740 of the California Civil Code, the proposed lowering of the lease cap will be applicable only to those who purchase or otherwise become members of Third Mutual after the change has been approved by the Board.

Thirdly, lowering the lease cap to 25 percent will, at some indefinite point in the future, reduce the total amount of lease authorization fees driven by the current 30 percent threshold. Similarly, a potential lowering of lease activity in Third Mutual will ultimately relieve some of the operational pressures borne by the extremely busy Leasing Office.

In its analysis of leasing cap options, Third Mutual must consider the financial environment, including mortgage lenders and mortgage insurers, faced by prospective members seeking conventional loans and current members seeking to re-finance existing loans.

FINANCIAL ANALYSIS

None.

Prepared By: Pamela Bashline, Community Services Manager

Reviewed By: Siobhan Foster, COO



STAFF REPORT

DATE: August 24, 2021
FOR: Resident Policy and Compliance Committee
SUBJECT: Multi-Unit Owner's Qualifications

RECOMMENDATION

Staff recommends this report be received and filed.

BACKGROUND

The Committee has considered Third Mutual's income and asset requirements for multiple unit owners on several occasions. Discussion addressed existing members who do not desire to own more than one unit, cannot meet the stepped-up income and asset requirement for multiple unit owners, and are fearful they could become homeless during the buy and sell process of obtaining a replacement manor/unit.

DISCUSSION

On some – but not all transactions – when a member has found a buyer for his current residence and has also identified a replacement unit, staff has been able to facilitate the timing of the two transactions so that they close concurrently. The unit being replaced must close first, if only by nanoseconds, so that at no point in time does the member own two units simultaneously. The coordination of the two transactions can be challenging, so those who have contacted staff in advance of the transactions have been advised to have the same escrow company handle both transactions. Working with two escrow companies in such a time sensitive series of transactions is virtually impossible. This coordination of transactions has resolved several potential and problematic circumstances, but is not workable in all instances.

FINANCIAL ANALYSIS

None.

Prepared By: Pamela Bashline, Community Services Manager

Reviewed By: Siobhan Foster, COO

