

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

**June 12, 2012**

The Regular Meeting of the Board of Directors of United Laguna Hills Mutual, a California Non-Profit Mutual Benefit Corporation, was held on Tuesday, June 12, 2012 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Ron Beldner, Catherine Brians, Paul Vogel, Roger Turner, John Dalis, Barbara Copley, Heather Gerson, Jack Bassler, Charles Hammer, Mary Stone, Barbara B. Howard

Directors Absent: None

Staff Present: Jerry Storage, Patty Kurzet; Executive Session: Cris Robinson, Luis Rosas

Others Present: Sandra Gottlieb of Swedelson & Gottlieb

**CALL TO ORDER**

Ron Beldner, 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 Mary Stone led the Pledge of Allegiance to the Flag.

**ACKNOWLEDGEMENT OF PRESS**

A representative of the Laguna Woods Globe was not present, and the Channel 6 Camera Crew, by way of remote cameras, was acknowledged as present.

**APPROVAL OF AGENDA**

Without objection, the Board approved the agenda as submitted.

**CHAIR'S REMARKS**

President Beldner postponed his comments to after Members' Comments.

**MEMBER COMMENTS**

- Elaine Cohen (209-D), Nancy Doran (895-C), and Leo George (2099-A) commented on the six-month lease restriction.
- Delsie Zuzak (674-A) commented on the Connexion bankruptcy.
- John Parker (789-Q) commented on the lease permit fee.
- Maxine McIntosh (68-C) commented on Board meeting conduct.
- Tony Dauer (96-C) commented on water rate increases and conserving water; the lease permit fee; and the six month lease restriction.
- Arthur Abrams (118-Q) commented on the six-month lease restriction and lease permit fee.
- Gosta Koeck (920-B) commented on the lease permit fee.

- Pamela Grundke (2214-B) commented on legal counsel's presence.
- Eugenia Francis (80-A) and Pat Gutman (2218-A) commented on the six-month lease restriction.
- Marv Rosenhaft (823-A) spoke in favor of the six-month lease restriction.

The Directors briefly responded to Members' comments.

President Beldner commented on negative emails he received from the PPV and clarified misstatements.

### **APPROVAL OF MINUTES**

The Board reviewed and approved without objection the minutes of the Regular Meeting of May 8, 2012 and the Special Meeting of May 14, 2012.

### **UNFINISHED BUSINESS**

The Secretary of the Corporation read a proposed resolution approving the Administrative Guidelines for Financial Qualifications which was postponed from last month to satisfy the 30-day notification requirement. Director Copley moved to approve the resolution. Director Stone seconded the motion and discussion ensued.

Members Lynne Dvorak (611-N), Gosta Koeck (920-B), Erna Ferris (2064-A), and Pat Gutman (2218-A) commented on the motion.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

### **RESOLUTION 01-12-95**

**WHEREAS**, prospective buyers of manors in United Laguna Hills Mutual are required to meet minimum financial requirements for membership;

**NOW THEREFORE BE IT RESOLVED**, June 12, 2012, that the Board of Directors of this Corporation approves the Administrative Guidelines for Financial Qualifications as attached to the minutes of this meeting; 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.

The Secretary of the Corporation summarized a proposed resolution rescinding the Mutual's Adjacent Dual Ownership Agreement Policy which was postponed from last month to satisfy the 30-day notification requirement. Director Copley moved to approve the resolution. Director Gerson seconded the motion.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION 01-12-96**

**RESCINDING ADJACENT DUAL OWNERSHIP POLICY**

**WHEREAS** the Board of Directors (“Board”) of United Laguna Hills Mutual, a mutual benefit corporation (“United”), held a meeting on February 14, 2012 at which a quorum of the Board was present;

**WHEREAS** the Board reviewed United’s Adjacent Dual Ownership Agreement policy (as contained in Resolution U-84-54, enacted on April 24, 1984). Resolution U-84-54 addresses two separate United policies: the Adjacent Dual Ownership policy, and the Interim Dual Ownership Agreement. The Adjacent Dual Ownership policy consists of the provisions regarding “Back-to-Back Units” and allows a concurrent ownership and occupancy of two physically adjacent units in the same building as a single dwelling, subject to two assessments, also known as carrying charges, under certain limited circumstances. This policy is herein referred to as the “ADO Policy”. The other portion of Resolution U-84-54 addresses interim dual ownership of two units under the situation where a member is moving from one unit to another, selling the prior unit and buying the new unit. This policy of permitting interim dual ownership of two units is herein referred to as the “IDO Policy” and is not intended to be affected by the Board’s action;

**WHEREAS** the Board has reviewed the circumstances under which the ADO Policy was enacted, and the problems that have arisen in connection with the use and administration of the ADO Policy;

**WHEREAS** the Board determined that the ADO Policy which permits two so called “Back-to-Back Units” to be occupied as a single unit and allowed to be accessible to each other via an opening through a common wall, under certain circumstances and pursuant to certain written agreements, is no longer feasible or desirable and is no longer in the best interests of United or its members;

**WHEREAS** the members of the Board, upon a duly made motion, held a vote to: (a) rescind the ADO Policy effective immediately; (b) take certain steps pursuant to all “Adjacent Dual Ownership Agreements” (“ADO Agreements”) currently outstanding and in effect; and (c) to mandate United refrain from entering into new ADO Agreements in order to effectively cause the termination of the ADO Policy and the phasing out of all current occupancies subject to existing ADO Agreements, in the most efficacious manner (such actions herein referred to collectively as “Board Decision to Rescind ADO Policy”); and

**WHEREAS** the Board Decision to Rescind the ADO Policy was approved by a majority of a quorum of the Board at the meeting referenced above;

**NOW, THEREFORE, BE IT RESOLVED**, June 12, 2012, effective on the date hereof, the Board of Directors of United hereby rescinds that portion of Resolution U-84-54 consisting of the ADO Policy, and shall no longer agree to or offer to approve and execute any ADO Agreements whatsoever; and

**RESOLVED FURTHER**, that in connection with any future requests to the Board, pursuant to any existing executed ADO Agreement, the Board will act as follows:

- (a) If a request is made pursuant to Paragraph 5 of the ADO Agreement (stated below) for United's consent to a transfer or sale of its memberships in the adjacent Back-to-Back Units as a single entity, such consent shall be denied and United shall notify such member who is requesting the transfer of its memberships in the adjacent Back-to-Back Units that no such consent to sell such memberships in such Units to one purchaser will be given on any basis inasmuch as United has rescinded the Adjacent Dual Ownership policy.

Paragraph 5 of the ADO Agreement is as follows:

“Purchaser shall not sell or otherwise transfer its memberships in the Back-to-Back Unit as a single entity without first obtaining the prior written consent of United to continue the use of the adjacent units as a single dwelling unit and, if it has been modified, providing the Board with a written acknowledgement from the subsequent purchaser that the subsequent purchaser will restore the Back-to-Back Unit to its original condition at the subsequent purchaser's expense as separate Units upon subsequent sale if requested to do so by United. Alternatively, purchaser may restore the Back-to-Back Unit to its original condition as separate Units at Purchaser's expense and sell or otherwise transfer his or her memberships and rights to occupy the Units separately.”

- (b) With respect to any and all existing executed ADO Agreements, the Board shall give notice to the members who have entered into such ADO Agreements, of its rescission of the ADO Policy and notice that it will no longer consent to any sales or transfers of memberships in Back-to-Back Units as a single entity, including notice to the transferees of any such Back-to-Back Units.
- (c) With respect to any sales of Units/Manors currently subject to an ADO Policy or otherwise, United requires that prior to the close of escrow of said Units, subject to an ADO Policy or otherwise, the member who owns shares in United giving rise to the exclusive right to occupy two Back-to-Back Units must cause the Back-to-Back Units to be physically separated so that the one Unit resulting from the previous combination of two Units is effectively and completely divided and separated such that the Unit(s) are no longer joined and/or connected and no opening, passageway or other means of connection exists between the two Units; and

**RESOLVED FURTHER**, that Resolution U-84-54, adopted on April 24, 1984 is hereby amended; 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.

The Board considered the proposed resolution approving the use of Belgard Stonecut Toscana Blend mortarless block as the standard throughout the Mutual which was postponed from last month to satisfy the 30-day notification requirement. Director Brians moved to approve the resolution. Director Gerson seconded the motion.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION 01-12-97**

**WHEREAS**, as a part of landscape maintenance activities, chargeable services, and the Relandscaping Program, mortarless block has been used to retain soil along concrete walkways where erosion could pose a problem due to flowerbed enlargement; and

**WHEREAS**, Acker Gardenwall mortarless block has been used as the mutual standard since December of 1997; and

**WHEREAS**, through the recent Master Planning process, the consultants reviewed the many styles now available and recommended the change to Belgard Stonecut, that is a mixed size alternative that involves using a combination of both large and medium size block that are available in several colors;

**NOW THEREFORE BE IT RESOLVED**, June 12, 2012, that the Board of Directors of this Corporation hereby agrees to use Belgard Stonecut Toscana Blend mortarless block wall throughout the Mutual in lieu of the Acker Gardenwall;

**RESOLVED FURTHER**, that the Mutual shall use the same style block as in Third Mutual in order to maintain consistency throughout the community, and benefit from any cost discounts per quantity ordered; there is to be a gradual transition with regard to changing out existing walls and is to be done on a case by case basis only; and

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

**NEW BUSINESS**

The Secretary of the Corporation read the following proposed resolution prohibiting placement of non-commercial (political) signage on United Mutual common area:

**RESOLUTION 01-12**

**WHEREAS**, Civil Code §1353.6 states that a homeowner association cannot prohibit placement of non-commercial signs on exclusive use common area or a separate interest; and

**WHEREAS**, United Mutual does not have a policy prohibiting signage on common area;

**NOW THEREFORE BE IT RESOLVED**, August 14, 2012, that the Board of Directors hereby prohibits the placement of ~~non-commercial~~ (political) signage on United Mutual common area; and

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

Director Copley moved to approve the resolution. Director Stone seconded the motion and discussion ensued.

Director Stone amended the motion to remove the words "non-commercial (political)". Director Turner seconded the motion and the motion carried unanimously.

Without objection the resolution as amended was postponed to the July meeting to conform to the 30-day notification requirement.

The Board recessed at 11:36 A.M. and reconvened at 11:42 A.M.

**GENERAL MANAGER'S REPORT**

Mr. Storage updated the membership on the ongoing projects in United Mutual, specifically CDS 67 improvements, flood mitigation, CDS 7 lighting project, and water heater electrical upgrades.

Mr. Burns Nugent spoke on behalf of the Candidate Information Committee and encouraged residents to run for the Board of Directors.

**CONSENT CALENDAR**

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

**Maintenance and Construction Committee Recommendations:**

- Approval to paint the elevation of laundry room 113 that faces Building 690 directly, and the elevation of the adjacent clothes line courtyard wall that faces Building 690 directly, the color of Dry Sage for the purpose of reducing the glare

from the existing paint color, to be funded as an unbudgeted Paint Program operating expense in the amount \$450

**RESOLUTION 01-12-98**

**RESOLVED**, June 12, 2012, that the request of Mr. William Ring and Ms. Deborah Toms of 149-A Avenida Majorca to install a stained mahogany gate at their manor is hereby approved; and

**RESOLVED FURTHER**, that all costs and maintenance for the proposed alteration, present and future, are the responsibility of the Mutual Member(s) at Manor 149-A; and

**RESOLVED FURTHER**, that a required Mutual permit for the gate must be obtained through the Permits and Inspections Office located in Laguna Woods Village Community Center; and

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

**RESOLUTION 01-12-99**

**RESOLVED**, June 12, 2012, that the request of Mrs. Phyllis Zalomek of 275-A Avenida Carmel to install a handrail for the entry path to her manor is hereby approved; and

**RESOLVED FURTHER**, that the installation of the handrail shall be at the Member's expense and the Mutual will take responsibility for future repair and maintenance of the handrail; and

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

**RESOLUTION 01-12-100**

**RESOLVED**, June 12, 2012, that the request of Mr. and Mrs. Lynn Vine of 790-P Via Los Altos to install white fiberglass windows at their manor is hereby approved; and

**RESOLVED FURTHER**, that all costs for repair and maintenance associated with the subject alteration, present and future, are the responsibility of the Mutual Member(s) at Manor 790-P; and

**RESOLVED FURTHER**, that a required Mutual permit must be obtained through the Permits and Inspections Office located in the Laguna Woods Village Community Center; and

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

**RESOLUTION 01-12-101**

**RESOLVED**, June 12, 2012, that the request of Mr. Arthur Moss of 2130-C Ronda Granada that the Mutual reduce alteration roof replacement charges from \$1,113.84 down to the amount of \$234 is hereby denied; and

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

**Landscape Committee Recommendations:**

638-P	Denial of request for tree removal
752-C	Approval of request for additional row of block edging at Mutual member's expense
917-A	Denial of request for a Gathering Garden in CDS 62
2022-D	Approval of request for new lawn on schedule at Mutual's expense

**Finance Committee Recommendations:**

**RESOLUTION 01-12-102**

**WHEREAS**, Member ID 947-361-08 is currently delinquent to United Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, June 12, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-361-08; 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.



**RESOLUTION 01-12-103**

**WHEREAS**, Member ID 947-379-31 is currently delinquent to United Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, June 12, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-379-31; 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.

**RESOLUTION 01-12-104**

**WHEREAS**, Member ID 947-397-91 is currently delinquent to United Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, June 12, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-397-91; 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.

**RESOLUTION 01-12-105**

**WHEREAS**, Member ID 947-401-06 is currently delinquent to United Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, June 12, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-401-06; 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.

**RESOLUTION 01-12-106**

**WHEREAS**, Member ID 947-401-11 is currently delinquent to United Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, June 12, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-401-11; 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.

**RESOLUTION 01-12-107**

**WHEREAS**, Member ID 947-415-16 is currently delinquent to United Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, June 12, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-415-16; 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.

**RESOLUTION 01-12-108**

**WHEREAS**, Member ID 947-446-22 is currently delinquent to United

Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, June 12, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-446-22; 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.

#### **RESOLUTION 01-12-109**

**WHEREAS**, Member ID 947-449-22 is currently delinquent to United Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, June 12, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-449-22; 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.

#### **COMMITTEE REPORTS and SERVICES**

##### **FINANCE REPORT**

Director Mary Stone reported from the Finance Committee, gave the Treasurer's Report, Delinquency Report, and commented on the Resale & Lease Activities.

Director Stone moved to replace Libby Marks as an advisor on the Finance Committee and replace with Lou Skogen. Director Howard seconded the motion and discussion ensued. The motion carried by a vote of 5-4-1 (Director Brians, Dalis, Gerson and Vogel opposed and Director Turner abstained).

Director Bassler reported from the Maintenance and Construction Committee.

The Secretary of the Corporation read the following proposed resolution establishing an Asbestos Containing Materials Policy:

**RESOLUTION 01-12**

**WHEREAS**, asbestos-containing material (ACM) is regulated at both the Federal and State levels by mandating specific testing, material handling and disposal procedures; and United Mutual, its managing agent, and hired contractors follow established protocols when performing work involving potential asbestos-containing material; and

**WHEREAS**, if a Member performs a manor alteration or otherwise disturbs the potential asbestos-containing material without first properly testing the materials, the manor may become contaminated; and

**WHEREAS**, the Mutual does not have a formal policy that addresses Member responsibility for testing and handling ACM in performing alteration to their manors; and

**NOW THEREFORE BE IT RESOLVED**, August 14, 2012, that the Board of Directors of this Corporation hereby establishes an Asbestos Containing Materials Policy as attached to the minutes of this meeting; 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.

Director Copley moved to approve the resolution. Director Gerson seconded the motion.

Without objection, the motion was postponed to the July meeting to conform to the 30-day notification requirement.

Director Brians reported from the CDS 208 Paint Colors Sub-Committee.

Director Hammer reported from the Walkway Lighting Sub-Committee.

Director Copley reported from the Landscape Committee.

The Secretary of the Corporation read the following proposed resolution to accept the proposal from Ware Disposal for the removal of newspaper carts and co-mingling of old newspaper along with other recyclables into the blue recycling bins:

**RESOLUTION 01-12-**

**WHEREAS**, as a part of the community-wide refuse services, residential

newspaper collection has been segregated and collected independently from all other refuse and sold to outside vendors as a means to offset Mutual members' association dues; and

**WHEREAS**, the total annual tonnage of old newspaper collected has declined over 50% since 2005; and

**WHEREAS**, eliminating the newspaper carts across the Community and consolidating the newspapers into the commingled recycling collection would streamline and simplify the overall collection process throughout the Community;

**NOW THEREFORE BE IT RESOLVED**, June 12, 2012, that the Board of Directors hereby authorizes Staff to work on behalf of the Mutual to accept the proposal from Ware Disposal for the removal of newspaper carts and co-mingling of old newspaper along with other recyclables into the blue recycling bins; and further authorizes Staff to continue negotiations with Ware Disposal to ensure the maximization of the community newspaper income; and

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

Director Copley moved to approve the resolution. Director Gerson seconded the motion and discussion ensued.

Director Turner moved to table the motion until next month. Director Gerson seconded the motion.

Member Mary Wall (239-D) commented on the motion.

The motion to table carried by a vote of 9-1-0 (Director Howard opposed).

Without objection, the Board directed Staff to continue negotiations with Ware Disposal.

Director Gerson provided a summary of the number of disciplinary cases that have come before the Board.

### **GRF HIGHLIGHTS**

- Director Dalis reported from the Community Activities Committee.

### **DIRECTORS' FORUM**

- Directors Brians, Turner, Hammer commented on working in the best interest of the Community to protect the Mutual's assets.
- Director Vogel commented on the six-month lease restriction.
- Director Gerson commented on the attempts to explain the lease restriction.

- Director Dalis encouraged proposed candidates to attend board meetings.
- Director Howard expressed her sentiments with being a board member.
- Director Stone encouraged residents to attend the upcoming budget meetings and spoke to the new lease restriction law.
- Director Bassler inquired as to why the membership did not vote for the six-month lease restriction.
- President Beldner thanked the remaining audience members in attendance.

### **MEETING RECESS**

The Regular Open Session Meeting recessed at 12:36 P.M. and reconvened into the Regular Executive Session at 1:21 P.M.

### **Summary of Previous Closed Session Meetings per Civil Code Section §1363.05**

During its Regular Executive Session meeting of May 8, 2012, the Board reviewed and approved the minutes of the Regular Executive Session meeting of April 10, 2012 and the minutes of the Special Executive Session meeting of April 30, 2012. The Board approved one write-off; heard two (2) disciplinary hearings and imposed fines totaling \$700 for violations of the Mutual's rules and regulations; and discussed litigation, contractual, and other member disciplinary matters.

During its Special Executive Session meetings of May 15, 2012 and June 1, 2012 the Board discussed corporate matters.

### **ADJOURNMENT**

With no further business before the Board of Directors, the meeting was adjourned at 5:08 P.M.

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Barbara Copley, Secretary

**ADMINISTRATIVE GUIDELINES FOR FINANCIAL QUALIFICATIONS  
UNITED LAGUNA HILLS MUTUAL**

Revised June 12, 2012

Adopted by Resolution 01-12-

Prospective buyers of manors in United Laguna Hills Mutual ("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 United Board of Directors ("Board").

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 also required.

Where there is more than one buyer, income and assets can be calculated collectively, so long as the supporting documentation is provided as described above.

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

- a. The buyer/member is selling the buyer's/member's 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 United are required to submit a completed Financial Statement / Credit Information form, together with satisfactory verification of identity, income and assets, except under the following condition:

Once a member has qualified within United, said member need not re-qualify for purchase of a replacement manor as long as the person or persons in whose name the Membership Certificate is held remain the same.

**ASSET REQUIREMENT**

The prospective buyer of a manor shall submit satisfactory verification of assets equal to the purchase price of the manor plus \$125,000.

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

- Equity in residential property
- Funds in U.S. financial institutions only
- Cash value life insurance
- Certificates of deposit, money market accounts
- IRA, SEP, 401(k) and Keogh accounts
- U.S., 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 producing real estate

Excluded from consideration are the following:

- Assets held outside the U.S.
- 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**

Prospective members must provide satisfactory verification of income of at least \$36,000 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
- Pensions
- Trust income
- Disability income
- Residential / commercial property rental income

2. Unacceptable income verifications include:



- Letters from employers, accountants, bookkeepers and attorneys
- Income not reported on Federal income tax returns
- Funds held outside U.S. borders

## **GUARANTORS**

United will permit the buyer who does not meet the financial requirements to have a Guarantor. The Guarantor in United shall provide satisfactory verification of annual income of at least \$90,000 and marketable or income producing assets of at least \$250,000 plus the manor purchase price.

## **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 with a manor in United who wish to purchase in another Laguna Woods Mutual are required to meet the financial requirements of the Laguna Woods 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.

The Board *may consider* waiving financial requirements if the applicant obtains financing from a financial institution of at least 50% and no more than 90% of the purchase price. It is recommended that any applicant who does not meet the minimum financial requirement consider submitting the application with a financial guarantor.

## **SPECIAL CIRCUMSTANCES**

The United Board may give appropriate, special consideration to prospective members whose financial qualifications have special merit, e.g., minimal assets but large income, or vice versa.

## **OWNERSHIP OF MULTIPLE MEMBERSHIPS**

United does not permit ownership of more than one (1) cooperative membership at any one time, except under very limited and specific circumstances.