



**NOTICE OF OPEN AND
CLOSED MEETING**

**REGULAR MEETING OF THE UNITED LAGUNA WOODS MUTUAL
GOVERNING DOCUMENTS REVIEW COMMITTEE**

Monday, February 26, 2018 – 2:00 p.m.
Laguna Woods Village Community Center, Sycamore Room
24351 El Toro Road, Laguna Woods, CA 92637

NOTICE & AGENDA

1. Call to Order
2. Acknowledgment of Media
3. Approval of the Agenda
4. Approval of the Report from January 22, 2018
5. Chair's Remarks
6. Member Comments (Items Not on the Agenda)
7. Department Head Update
State Bill Update

Consent:

All matters listed under the Consent Calendar are considered routine and/or informational and will be enacted by the Committee by one motion. In the event that an item is removed from the Consent Calendar by members of the Committee, such item(s) shall be the subject of further discussion and action by the Committee.

None

Reports:

Items for Discussion and Consideration:

8. Review and provide direction on stock/membership certificate
9. Review of updated Resale Documents
10. Review Financial Qualifications Policy
11. Review and Discuss Current Election Guidelines

United Mutual Governing Documents Committee
February 26, 2018

Concluding Business:

12. Committee Member Comments

13. Future Agenda Items
Investors as Purchasers - April

14. Next meeting date is on March 26, 2018

15. Adjournment

At this time the Committee will convene to Executive Session to discuss the following matters per California Civil Code §4935

The Committee will be meeting with legal counsel and discussing, among other things, contract formation, litigation, member discipline and personnel matters.

Juanita Skillman, Chair
Betty Parker and Lori Moss, Staff Officer(s)
Telephone: 268-2383



REGULAR MEETING OF THE UNITED LAGUNA WOODS MUTUAL
GOVERNING DOCUMENTS REVIEW COMMITTEE

Monday, January 22, 2018 – 2:00 PM
Laguna Woods Village Community Center, Sycamore Room
24351 El Toro Road, Laguna Woods, CA 92637

- MEMBERS PRESENT:** Juanita Skillman – Chair; Gary Morrison, Steve Leonard, Maggie Blackwell, and Advisors Bevan Strom and Mary Stone
- OTHERS PRESENT:** United Directors Reza Bastani, Andre Torng, and Manuel Armendariz; and VMS Director Dick Rader, Attorney Jeff Beaumont via phone
- STAFF PRESENT:** Lori Moss, Betty Parker, Pamela Bashline, Francis Rangel, Brad Hudson and Eve Morton

REPORT

1. Call to Order

Chair Skillman called the meeting to order at 2:02 p.m.

2. Acknowledgement of Press

No press present.

3. Approval of the Agenda

President Skillman requested adding “Review Membership Certificate Process” to the agenda. Director Blackwell made a motion to approve the agenda with the modification, and there no objections.

4. Approval of Report from the November 27, 2017 meeting

Advisor Stone made changes to Page No. 1, Item No. 4 relating to capitalization of specific words to be consistent with the Governing Documents. Director Morrison made a motion to approve the amended Minutes, and there were no objections.

5. Chair’s Remarks

Beginning in March, Betty Parker will be the new Staff Officer assigned the Governing Documents Committee.

The committee asked Staff to remove Nos. 1-12 on the back of the application and make reference to Civil Code 51.3. Francis Rangel will revise the policy and application for the next meeting.

At 3:45 p.m., the meeting was recessed until Monday, January 29 at 2 p.m. in the Sycamore Room.

9. Review Co-Occupants Definitions/Enforcement

Ms. Rangel reviewed the draft Occupancy Policy and application. She explained that all the terms and conditions were removed from the application with refer to this Policy.

The proposed policy was discussed and the committee recommended changes.

The committee discussed the definition of a co-habitant. Mr. Beaumont explained that the definition of a co-habitant must follow the Civil Rights Act and meet the requirements of Civil Code Section 51.3. If a cohabitant is claiming primary economic support of the Member, the Member(s) must be listed on their tax return.

Director Leonard suggested adding Qualified "Permanent" Resident in the Definitions. Ms. Rangel will discuss this further with Counsel.

Staff was asked to add Civil Code Section 51.3 as an addendum to Policy.

The committee directed Ms. Rangel to make the updates discussed and have Chair Skillman, Director Blackwell, and Director Leonard review the updates before sending this Policy to the Board for consideration.

10. Review Report Showing Individuals Used as a Guarantor for Multiple Properties

The committee requested a report to include how many guarantors there are of single units. The updated report was reviewed.

Items for Discussion and Consideration:

11. Entertain a Motion to Approve a Trust Procedure and Communication Piece

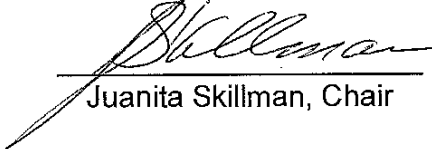
Chair Skillman explained that the Trust process must be streamlined.

There were updates made to the form regarding the rules of the community.

Chair Skillman stated that the certificate people receive when they become a Shareholder in United Mutual is currently called a "Membership Certificate" which is misleading for people who inherit a Unit and leads them to believe that they are automatically a Member of the Village without having to go through the Membership process. People who inherit a share are not a

15. Next meeting date is on February 26, 2018

16. Adjournment at 4:55 p.m.



Juanita Skillman, Chair

Certificate No. _____

UNITED LAGUNA WOODS MUTUAL

A NON-PROFIT MUTUAL BENEFIT CORPORATION
INCORPORATED UNDER THE LAWS OF THE STATE OF CALIFORNIA

MEMBERSHIP (STOCK) CERTIFICATE

THIS CERTIFIES THAT _____, is/are the record owner(s) of one membership, in the form of a stock certificate, **Series** _____ of UNITED LAGUNA WOODS MUTUAL, a California non-profit mutual benefit corporation, and is entitled to all of the benefits and privileges of membership, subject to all of the terms, conditions and restrictions set forth in the articles of incorporation, by-laws and occupancy agreement of said corporation. Pursuant to the by-laws of said corporation, this membership is subject to a lien to secure payment of any sums which shall be due from the record owner of this membership for any reason whatsoever, including any sums due under any occupancy agreement of said corporation. The corporation may not make distributions to its members except on dissolution of the corporation. **This membership is nontransferable**, whether by will, trust, intestate succession or otherwise, except as provided in the by-laws of said corporation. A copy of the transfer restrictions as set forth in the by-laws are on file with the secretary of the corporation and are open for inspection by a member on the same basis as the records of the corporation. Members may also obtain a copy of said articles of incorporation and by-laws upon request and for a reasonable charge from the principal office of said corporation, P.O. Box 2220, Laguna Hills, California 92654.

This certificate evidences membership in United Laguna Woods Mutual, held only by those signing below. Accordingly, care should be taken to ensure that this certificate is not lost, stolen or destroyed. If this certificate is lost, stolen or destroyed, the holder will be required to make an affidavit of that fact and may be required to post a bond (or other security), indemnify, defend and hold harmless the corporation and/or pay a fee for the issuance of a replacement certificate.

Dated:

Signature

Signature



Dear Real Estate/Escrow Professional:

Thank you for your interest in transacting a resale transfer in United Laguna Woods Mutual (United). Before you get started, please familiarize yourself with the key points below:

1. Laguna Woods Village is made up of four corporations:
 - a. United Laguna Woods Mutual (stock co-operatives)
 - b. Third Laguna Hills Mutual (condominiums)
 - c. Laguna Woods Mutual No. Fifty (high-rise condominiums)
 - d. Golden Rain Foundation (Community Facilities, including recreational facilities and amenities)

2. To reside in United, applying for Membership is required, along with:
 - a. Age Restrictions: A Member must be at least 55 years of age to become a member and reside in the community;
 - b. Financial Qualifications: Please refer to the attached “Administrative Guidelines for Financial Requirements”;
 - c. Limit in the Number of Memberships Allowed: There is a limit of one United Membership;
 - d. Rules and Regulations: The Operating Rules are available for review at www.lagunawoodsvillage.com;
 - e. Architectural Modifications: United Mutual is a stock-cooperative, and the Corporation owns the real property. ANY interior or exterior modification requires United Board approval. Contact the Manor Alteration Division at (949) 597-4616 or email: alterations@vmsinc.org before beginning a project.

Step 1: Complete and submit the “Seller’s Authorization For Release of Information” document found within the United Mutual Resale Transfer Package (Package). By completing this document, the Seller authorizes United to **release information** to a third party.

Step 2: Schedule the **first inspection** by submitting the “First and Final Inspection Request” document found within the Package. This document should be submitted within 24 hours of the property being listed. Only complete form submittals shall be accepted. Failure to provide accurate contact information for the inspection can delay the escrow process. Allow 10 business days for the first inspection process.

Step 3: A complete **Package** should be submitted by the escrow company to the Resident Services Department for submittal to the United Board. This process can take up to 15 business days.

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Step 4: Upon **Board approval**, the Resident Services Department faxes an “Escrow Closing Notification and Transmittal Report” to the Escrow company. This is contingent upon the Mutual completing a **final inspection** and the **escrow company satisfying the escrow demand**. United Stock Certificates are issued to the escrow company, and a signature by the new Shareholder Member(s) is required.

Step 5: After the **final inspection** is complete and the **escrow demand is satisfied**, escrow can close. Escrow sends the closing notice to the Resident Services Department. Gate access for new residents is facilitated after the closing notice is received and resident information is entered into the Laguna Woods Village database. Resident ID cards and RFID decals can be obtained after the Laguna Woods Village database is updated.

Hereinafter reference to “Seller” is defined as the current Shareholder Member or estate Representative and “Buyer” the prospective Shareholder Member. Under the terms of the corporation’s bylaws, the Board has the first option to purchase the seller’s Membership. Therefore, a Membership application process has been established and certain conditions must be met before escrow can close. For example, a prospective shareholder member(s) is required to apply for Membership by meeting minimum financial and age requirements. The Unit must also be inspected to ensure that the Corporation has approved all structural and landscape alterations. The enclosed package of information includes the forms necessary to generate a Membership resale transfer in United.

The following fees are associated with a Membership resale transfer:

| | |
|-----------------------|----------|
| Administration Fee: | \$350.00 |
| First Inspection Fee: | \$90.00 |
| Final Inspection Fee: | \$60.00 |
| Escrow Cancellation: | \$112.00 |

Please return the completed Package to the Resident Services Department for submittal to the Board. An “Escrow Documentation Checklist” is attached for your use. Be sure that all the documents are fully completed and executed to enable the Resident Services Department to process your client(s) Package in a timely manner.

If you require additional information or assistance, please contact a Membership Counselor at (949) 268-2011.

Sincerely,

United Laguna Woods Board of Directors
Membership Counselor

MAIL TO:
Laguna Wood Village Department
Resale Inspections Division
P.O. Box 2220
Laguna Hills, CA 92654-2220
EMAIL: resales@vmsinc.org
PHONE: (949) 268-2011

DELIVER TO:
Laguna Woods Village, Community Center
Resale Inspections Division
24351 El Toro Road
Laguna Woods, CA 92637

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Escrow Documentation Checklist

| Included √ | FORMS AND DOCUMENTS All documents must be complete, signed and dated |
|---------------|---|
| | 1. Resale Notification (Prepare in triplicate) |
| | 2. Financial Statement and Credit Information - signed and dated |
| | 3. Verifications for all income and assets listed in the Financial Statement and Credit Information form (i.e., copies of current Federal Income Tax returns, signed and dated, including Schedules A & B, copies of bank statements, stock certificates, 1099's, property tax bills, investment account statements, etc. |
| | 4. Membership Application, with age verification attached |
| | 5. Copy of General Conditions - acknowledged by signature of new shareholder member(s) on each page of Occupancy Agreement. |
| | 6. Signed copy of Escrow Instructions |
| | 7. Sellers' United Laguna Woods Mutual Membership Certificate with guaranteed signatures of seller(s) - (notary is not acceptable). |
| | 8. Resale Inspection Report (prospective new shareholder member(s) and Seller information completed by Escrow Officer). |
| | 9. Other documents as may be determined by the Staff |
| | 10. Acknowledgment - signed by the prospective new shareholder member(s) |
| | 11. Landscape Responsibility Agreement |
| | 12. Information for New Members And Non-Member Residents |

REQUIREMENTS FOR CLOSING ESCROW

1. Call the Resale Inspections at (949) 597-4636 a minimum of 5 days prior to the close of escrow to make the necessary arrangements for the Final Inspection of the unit.
2. Call the Accounting Department at (949) 597-4221 for an update regarding outstanding Unit payments, late charges and service charges still owing.
3. All Resident ID Cards and decals must be collected and sent to the Resident Services Department either with the Resale Notification or Closing Notification. If missing, submit Declaration of Loss affidavit, executed by seller. If the seller had financing on his Unit, the Certificate must be requested from the lender. Note: in the event that seller cannot produce the Certificate, seller must obtain a Lost Instrument Bond.
5. Following the Board of Directors' waiver of purchase and this office's authorization to close escrow, the following are required:
 - a. Escrow Closing Notification (in duplicate);
 - b. Issuance of separate checks to cover Agency and Depository items.

ALLOW 10 BUSINESS DAYS FOR OBTAINING BOARD APPROVAL AFTER RECEIPT BY THIS OFFICE.



First and Final Inspection Request

MAIL TO:

Laguna Wood Village Department
Resale Inspections Department
P.O. Box 2220
Laguna Hills, CA 92654-2220
EMAIL: resales@vmsinc.org

DELIVER TO:

Laguna Woods Village, Community Center
Resale Inspections Department
24351 El Toro Road
Laguna Woods, CA 92637

DATE: _____ **STREET NAME:** _____ **UNIT:** _____

OCCUPIED: [] **VACANT:** [] **CARPORT NO:** _____

[] **Request for 1st Inspection Report** - Via Resolution 01-08-16, a First Inspection fee of **\$90.00** will be billed as a Chargeable Service to the Member and is valid for six months.

[] **Request for Final Inspection Report** - Via Resolution 01-08-16, a Final Inspection fee of **\$60.00** will be collected through escrow.

[] **Update Information**

Seller's Acknowledgement of Fees / Date

Escrow Company

Company Name: _____
Escrow Officer: _____
Escrow Number: _____
Address: _____
Phone Number: _____
Fax Number: _____
Escrow Email: _____

ESTIMATED ESCROW CLOSE DATE: _____

Seller's Real Estate Company

Company Name: _____
Agent Name: _____
Address: _____
Phone Number: _____
Fax Number: _____
Agent Email: _____

Buyer

Name: _____
Address: _____
Phone Number: _____
Cell Phone: _____ (IMPORTANT CONTACT INFORMATION)

Seller

Owner of Record: _____
Address: _____
Phone Number: _____

Inspections on co-op's include interior inspections; how are we to enter the property?

Lockbox: _____

Contact Seller: _____ Contact Agent: _____



Final Resale Inspections: Settlement Process for Corrections Funds Held

MAIL TO:

Laguna Wood Village Department
Resident Services-Correction Settlements
P.O. Box 2220
Laguna Hills, CA 92654-2220
EMAIL: resales@vmsinc.org

DELIVER TO:

Laguna Woods Village, Community Center
Resident Services-Correction Settlements
24351 El Toro Road
Laguna Woods, CA 92637

The Resale Inspection Process provides a record of all items for which correction will be required. Upon the close of escrow, all items noted as Corrections on the Final Inspection Report will be processed by the Resident Services Department.

ISSUANCE OF WORK ORDERS: Work Orders will be entered for all items of work for which funds were held in the transaction. A non-refundable \$25.00 service charge will be applied to each Service Order upon processing (\$10.00 for landscape services). Work Orders will be dispatched either to an in-house technician or to outside vendors for processing.

COMPLETION OF WORK: Upon completion of all items for which funds were held, reimbursements and/or refunds to the Seller and/or Buyer will be processed.

CORRECTIONS BY MEMBERS: In accordance with applicable policy, Members may elect to complete items of correction and submit for reimbursement. *Please contact Resident Services to ascertain the applicable policy for Corrections noted on a given Final Inspection.*

INSPECTION/VERIFICATION REQUIREMENT: Once notified of completion, an inspection by a Mutual representative will be conducted to confirm completion of each item of work was completed by the Member.

SUBMITTING INVOICES FOR CORRECTIONS COMPLETED BY MEMBER: Submitting the following *required documentation* will effectuate the timely processing of the Corrections Settlement and any resulting reimbursements:

A summary letter describing the work for which the reimbursement is requested, including:

- Description of work performed (countertops installed, heat source restored, etc.);
- Name of person who completed the work;
- The amount of reimbursement requested;
- The name and mailing address to which the reimbursement should be mailed.



Final Resale Inspections: Settlement Process for Corrections Funds Held (continued)

A copy of the invoice for service(s) rendered meeting the following criteria:

- Signature of the vendor;
- Printed on the vendor's letterhead;
- Details of the item(s) of specific work performed;
- Details of the cost(s) per line item.

Proof of payment in full:

- If paid in cash, a signed document from the vendor showing that the work was completed and payment made in full by cash;
- If paid by credit card, a copy of the credit card voucher or the credit card statement showing the vendor and amount paid;
- If paid by check, a copy of both sides of the cancelled check - or a copy of the bank statement showing the check cleared along with a copy of the duplicate check carbon.

**Please note that incomplete submittals will be returned for additional information.
Thank you, in advance, for your cooperation.**



Resale Transfer Notification

UNIT ADDRESS: _____ ESCROW NO: _____ DATE: _____

An escrow has been opened which involves a proposed sale and transfer of Membership in your corporation and Golden Rain Foundation of Laguna Woods Village as follows:

| | |
|---------------------------------------|----------------|
| Seller's Broker: | Buyer's Broker |
| Seller(s): | |
| Buyer(s) and Vesting | |
| Selling Price: \$ | |
| Name(s) of Person(s) who will reside: | |

In accordance with your instructions, the following are enclosed:

- A. Financial Statement with income and asset verification for each person on title
 - B. Membership Application form with appropriate age / identity verification for each person on title
 - C. Escrow Instructions
 - D. Occupancy Agreement signed by each proposed Transferee
 - E. Occupancy Application for non-member residents with appropriate age / identity verifications
 - F. Memorandum of Occupancy Agreement signed by each proposed Transferee
 - G. Memorandum of Termination of Occupancy Agreement signed by each Transferor
 - H. Subordination Agreement signed by each proposed Transferee
 - I. Guarantor Statement plus financial verification and verification of age / identity
 - J. ULWM Membership Certificate issued to Transferee with guaranteed signature
 - K. Seller's Resident Identification Card(s)
- _____
- _____
- L. Information for New Members
 - M. _____

The undersigned (escrow officer) hereby attests that a request for first inspection was submitted to the Manor Alterations Department on _____. It is understood that a final inspection shall be submitted to the Buyer(s) prior to the close of escrow. **If the Mutual waives its option to purchase and approves the proposed for Membership**, and so informs us in writing, we will then proceed with the processing of this escrow, which is scheduled to close on or about _____ (date).

By: _____ For: _____

| | | | |
|--|--------------------------|--------------------------|--|
| Escrow Officer | Y | N | Escrow Company |
| Meets Mutual Age Requirement | <input type="checkbox"/> | <input type="checkbox"/> | Verified by: |
| Meets Mutual Income Requirement? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Meets Mutual Asset Requirement? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Exceeds the number of Memberships allowed? | <input type="checkbox"/> | <input type="checkbox"/> | _____ Membership Counselor – Resident |

ACTION BY MUTUAL BOARD OF DIRECTORS

By approving this application for Membership, said Corporation waives the option to purchase the Membership, subject to the conditions that both transferor(s) and transferee(s) comply with the requirements of the Mutual prior to the close of escrow, and that neither the Mutual nor the Golden Rain Foundation shall incur any expenses in this transaction. The approval and waiver shall be effective as of the close of escrow.

| APPLICATION DENIED | APPLICATION APPROVED |
|--|--|
| The Board of Directors of this Mutual Corporation has reviewed this application. Based on the information provided, the application is denied . | The Board of Directors of this Mutual Corporation has reviewed this application. Based on the information provided, the application is approved . |
| SIGNATURE | SIGNATURE |
| SIGNATURE | SIGNATURE |
| SIGNATURE | SIGNATURE |



Escrow Information

MAIL TO:

Laguna Wood Village Department
Resale Inspections Department
P.O. Box 2220
Laguna Hills, CA 92654-2220
EMAIL: escrowclosings@vmsinc.org

DELIVER TO:

Laguna Woods Village, Community Center
Resale Inspections Department
24351 El Toro Road
Laguna Woods, CA 92637

ESCROW NO: _____

UNIT NO: _____

The above numbered escrow covering the subject unit has closed on: _____

We request Gate Access Passes or ID cards to be issued as follows:

RESIDENT MEMBERS:

NON-RESIDENT MEMBERS:

NON-MEMBER RESIDENTS:

Your assistance is appreciated.

Sincerely,
Escrow Officer

Name of Escrow / Realty Company/Representative: _____

Escrow Phone Number: _____

Escrow Email: _____



Escrow Closing Notification and Transmittal Report

| | | |
|---|--|---------------|
| ESCROW CO. NAME & ESCROW NO. : | | Date: |
| | | Closing Date: |
| Please be advised that escrow has closed. Attached are payments, charges and/or fees due per your demand. | | |
| 1. | DEPOSITORY ACCOUNT: A separate check, made payable to GRF, representing the following: | |
| | a. Monthly Assessment due for the period _____. | |
| | b. Late Charges | |
| | c. Other | |
| | TOTAL | \$ |
| 2. | AGENCY ACCOUNT: A separate check, made payable to GRF, for United Mutual, representing the following: | |
| | a. Administration Fee (United* = \$350) *Additional fee of \$130 applies for all cash sales in United. | |
| | b. Final Inspection Fee (United \$60) | |
| | c. Chargeable Services (includes First Inspection fee and other costs) | |
| | d. Cable T.V. (Broadband Services) | |
| | e. Lost/Missing ID Card(s) \$100 each | |
| | f. Physical Properties Corrections / Repairs | |
| | g. Non-standard Landscaping Restoration Charges | |
| | h. Contingency for Inspection Corrections and Landscaping Estimates | |
| | FUNDS PAID BY SELLER, \$ _____ BUYER, \$ _____ | |
| | i. Trust Facilities Fee (\$2,500 and \$5,000 on January 1, 2018) | |
| | j. Other: | |
| | TOTAL | \$ |
| 3. | SUPPLEMENTAL PROPERTY TAXES: Separate check, made payable to United Laguna Woods Mutual. | |
| | TOTAL | \$ |
| 4. | In addition, we enclosed the following: | |
| | <input type="checkbox"/> Occupancy Agreement with term to begin at close of escrow. | |
| | <input type="checkbox"/> Gate entry passes, ID cards & vehicle decals. | |
| | <input type="checkbox"/> Declaration of Loss affidavit for gate entry passes, ID cards, and vehicle decals. | |
| | <input type="checkbox"/> Other - | |
| 5. | The Final Inspection was completed by the Manor Alterations Department on | Date: |
| 6. | We are informed that the previous Shareholder's forwarding address is: | |
| 7. | Name and Address of Lender | Loan # |
| 8. | If unit financing is involved in the resale transfer of a co-operative , we have submitted the Memorandum of Occupancy Agreement and the Memorandum of Termination of Occupancy Agreement to the Orange County Recorder on the date of closing, and requested that the original be mailed to the Resident Services Resale Department. | |
| 9. | If a new Recognition Agreement has been executed for unit financing, we request that a copy of the conformed original, recorded by the County Recorder, be mailed to the Resident Services Resales Department. | |
| | Escrow Officer: _____ | |



Seller's Authorization For Release of Information

| | |
|---|----------------|
| EMAIL FORM TO: resales@vmsinc.org | UNIT NO: _____ |
| Unit Address: _____ | |

The undersigned, listed below as Seller/Member, hereby authorizes the Staff to furnish information concerning the Mutual and the Unit located at the above address, in the City of Laguna Woods, California, 92637. Documents or information which may be released to the escrow officer include:

| | |
|--|---|
| <ul style="list-style-type: none"> ▪ Members' names of record and vesting ▪ Addresses & telephone numbers ▪ Social Security Numbers ▪ Occupants' names of record ▪ Trust and Will information – Seller's estate ▪ Letters Testamentary / Small Estate Affidavit ▪ Current monthly shareholder assessment fees ▪ HOA United Laguna Woods Mutual Certification | <ul style="list-style-type: none"> ▪ Documents as required by Civil Code Section 4525 ▪ Assessment delinquency collection status ▪ Supplemental Property Tax information ▪ Board Approved special assessments ▪ Unpaid fees, charges and fines ▪ Copies of Board Minutes as required ▪ Other |
|--|---|

It is the Seller's responsibility to turn over to the new shareholder, copies of the Mutual's governing documents. If the Seller is unable to do so, those documents, plus any additional documents, will be provided by the Staff, upon Seller's approval of this release, and the charges billed to the Seller in accordance with Civil Code Section.

In addition, if the shareholder's lender requests information of pending litigation involving the Mutual or Golden Rain Foundation, the undersigned authorizes release of such litigation information, if any, to the shareholder's lender:

Name of Lender _____

Lender's address _____

Lender's telephone number () _____

This authorization may be used only for the purpose of providing information to a prospective shareholder or the agent, and/or the escrow officer. This authorization represents the express written approval of the undersigned, and the undersigned releases the Mutual, the Golden Rain Foundation and their Staff from all liability for disclosing such information. I understand that I have the right to receive a copy of this information.

This authorization is effective as of the date hereof, and will remain in effect until _____ (date).

This authorization shall remain in effect until cancelled in writing by the shareholder/member.

| DATE | NAME OF SELLER (PRINT) | SIGNATURE OF SELLER |
|------|------------------------|---------------------|
| | | |

IF THIS RELEASE IS EXECUTED BY SOMEONE OTHER THAN SELLER/MEMBER, PLEASE INDICATE RELATIONSHIP AND PROVIDE SUPPORTING DOCUMENTS SHOWING APPOINTMENT TO ACT:

| | | |
|--|--|--|
| <input type="checkbox"/> Successor Trustee | <input type="checkbox"/> Court appointed Executor or Administrator | <input type="checkbox"/> Attorney-in-fact for Member |
| <input type="checkbox"/> Court-appointed Guardian or Conservator of Member | | <input type="checkbox"/> Other |



Responsibility Agreement For Non-Standard Landscaping

| |
|-----------------|
| Unit No. |
|-----------------|

MAIL TO:

Laguna Wood Village Department
 Resale Inspections Division
 P.O. Box 2220
 Laguna Hills, CA 92654-2220

EMAIL: alterations@vmsinc.org

DELIVER TO:

Laguna Woods Village, Community Center
 Resale Inspections Division
 24351 El Toro Road
 Laguna Woods, CA 92637

The Escrow Office should complete and return this form with Escrow Closing Documents and payment demand checks. Please send one duplicate copy to the attention of Manor Alterations Department at the above address. **THIS FORM MUST BE RECEIVED BEFORE THE ISSUANCE OF A FINAL INSPECTION.**

This office has been notified that the unit noted above has non-standard landscaping, and both the new shareholder and seller have been informed accordingly. The Landscape Division has determined that the cost to restore the landscaping to community standards is: \$

In accordance with the governing rules of United Laguna Woods Mutual, the Prospective Shareholder understands that he may accept or refuse to accept the non-standard landscaping. Further, the Prospective Shareholder understands that if he/she accepts it, he/she also accepts all future responsibility for its care and maintenance, and all associated costs thereof.

Both Prospective Shareholder and Seller understand that if the Prospective Shareholder refuses to accept such responsibility, the Seller is required to pay the costs of all work required to restore the landscaping to the community standard, including the removal of non-standard plants and hardscape, and the planting of standard plants.

ACNOWLEDGEMENT BY PROSPECTIVE SHAREHOLDER

- Prospective Shareholder accepts the non-standard landscaping, and agrees to be responsible for any and all costs related to its future maintenance.
- Prospective Shareholder declines to accept the non-standard landscaping, and directs the Escrow Officer to so inform the Staff. Restoration costs are to be withheld from the proceeds of resale transfer of membership.

| | | |
|------------------|-------------------|-------------|
| | | |
| Signature | Print Name | Date |
| | | |
| Signature | Print Name | Date |

ACNOWLEDGEMENT BY SELLER

Seller has been informed that the Unit has non-standard landscaping. Seller will be charged the amount shown above to restore the property to community standard landscaping if the Prospective Shareholder refuses to accept the non-standard landscaping.

| | | |
|------------------|-------------------|-------------|
| | | |
| Signature | Print Name | Date |
| | | |
| Signature | Print Name | Date |

| | | |
|---------------------------|-------------|-------|
| Escrow Officer Signature: | Escrow No.: | Date: |
|---------------------------|-------------|-------|



RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

UNITED LAGUNA WOODS MUTUAL
POST OFFICE BOX 2220
LAGUNA WOODS, CALIFORNIA 92654 - 2220

THIS SPACE FOR RECORDER'S USE ONLY

Memorandum of Termination of Occupancy Agreement

THIS MEMORANDUM OF TERMINATION OF OCCUPANCY AGREEMENT IS MADE AS OF _____, _____ by and between United Laguna Woods Mutual, a California nonprofit mutual benefit corporation ("United") and _____ ("Member").

The property with which this Memorandum of Termination of Occupancy Agreement is concerned is that certain real property located in the City of Laguna Woods, County of Orange, and State of California, commonly known as _____ and Unit _____, Building _____ as set forth in the Exhibit _____ to that certain Memorandum of Occupancy Agreement recorded in the Official Records of Orange County, California on May 10, 2013 as Instrument No. 2013000284997, which is a cooperative apartment (the "Unit") in the community commonly known as Laguna Woods Village. *See Legal Description*

By an unrecorded document entitled Occupancy Agreement dated _____, 20 _____, United leased the Unit to Member for an initial term of three years beginning on the date of recordation of the Memorandum of Occupancy Agreement recorded as Instrument No. _____ the date of the Occupancy Agreement, which term could be automatically renewed for successive terms of three years as provided in Article 4 of the Occupancy Agreement.

This Memorandum of Termination of Occupancy Agreement memorializes the Agreement between United and Member that the period of the Occupancy Agreement (and the Member's right to occupy the Manor) was terminated by the Board of Directors or by mutual consent as of

_____ the date of recordation of this memorandum of Termination of Occupancy Agreement.

IN WITNESS WHEREOF, United and Member have executed this Memorandum of Termination of Occupancy Agreement.

MEMBER(S)

UNITED LAGUNA WOODS MUTUAL - OWNER

By: _____

Authorized Agent



ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Orange)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Orange)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)



Membership Application
PLEASE PRINT USING BLACK INK OR TYPE

| |
|-----------------|
| Unit No. |
|-----------------|

LIST MEMBERS' NAMES EXACTLY AS THEY APPEAR ON STOCK CERTIFICATE AND OCCUPANCY AGREEMENT

| APPL # | TITLE | LAST NAME | FIRST NAME | M. INIT. | FOR BUSINESS OFFICE USE ONLY |
|--------|--|-----------|------------|----------|------------------------------|
| 1 | <input type="checkbox"/> MR. <input type="checkbox"/> MS. <input type="checkbox"/> MISS <input type="checkbox"/> MRS. | | | | |
| 2 | <input type="checkbox"/> MR. <input type="checkbox"/> MS. <input type="checkbox"/> MISS <input type="checkbox"/> MRS. | | | | |

| APPL # | DATE OF BIRTH | MARITAL STATUS | TO RESIDE? | TAX RESPON. * | AGE VERIFICATION ATTACHED | SOCIAL SECURITY NUMBER |
|--------|---------------|--|--|------------------------------|------------------------------|------------------------|
| 1 | | <input type="checkbox"/> MARRIED <input type="checkbox"/> SINGLE <input type="checkbox"/> WIDOWED <input type="checkbox"/> DIVORCED | <input type="checkbox"/> YES <input type="checkbox"/> NO | <input type="checkbox"/> YES | <input type="checkbox"/> YES | |
| 2 | | <input type="checkbox"/> MARRIED <input type="checkbox"/> SINGLE <input type="checkbox"/> WIDOWED <input type="checkbox"/> DIVORCED | <input type="checkbox"/> YES <input type="checkbox"/> NO | <input type="checkbox"/> YES | <input type="checkbox"/> YES | |

* ENTER A CHECKMARK FOR THE PARTY RESPONSIBLE FOR INCOME TAX REPORTING - ONLY ONE PARTY MAY BE RESPONSIBLE - THIS IS REQUIRED BY FEDERAL LAW

| IN CASE OF EMERGENCY - NOTIFY | | |
|-------------------------------|--------------|------------------------|
| NAME | RELATIONSHIP | TELEPHONE NO. & MOBILE |
| | | |
| | | |

| ACKNOWLEDGMENTS AND AFFIRMATIONS | |
|--|--|
| UNITED APPLICANTS | I have received an inspection report prepared by the Mutual that identifies any alterations that have been made by previous shareholders; and I agree that I will be responsible for the care and maintenance of any alterations made previously or that I may make in the future. |
| | I agree that I will be responsible for the monthly assessment payments; and I will comply with all the governing rules of the United Mutual and Golden Rain Foundation. I have received the notice informing me of the possible existence of asbestos in certain buildings. |
| I AFFIRM, UNDER PENALTY OF PERJURY, THAT THE INFORMATION PROVIDED IN THIS MEMBERSHIP APPLICATION IS TRUE AND CORRECT | FOR COMMUNITY SERVICES OFFICE USE ONLY |
| <p>_____ _____</p> <p>APPLICANT SIGNATURE DATE</p> <p>_____ _____</p> <p>APPLICANT SIGNATURE DATE</p> | |

READ ATTACHED MEMBERSHIP AND OCCUPANCY REQUIREMENTS



Membership and Occupancy Requirements For Cooperative Membership

All prospective members and occupants are required to meet age restrictions as defined by Federal and State statutes and in accordance with United Mutual Occupancy Agreement and By-laws. Please attach copies of appropriate documents which verify applicant's age - these may include passport, driver's license, and birth certificate or baptismal certificate.

MEMBER - The owner of a cooperative Shareholder Members. When the Membership is vested in a Trust, the Trustee is considered the Member.

In order to reside, at least one of the occupants must be 55 years of age or older; any other co-occupants who reside must be at least 45 years of age, except a spouse who may be any age. Adult disabled children may reside under certain conditions. (Section 51.3 of the California Civil Code)

Shareholder Members in good standing are entitled to one vote in mutual elections.

Prospective Shareholder Members must sign Occupancy Agreements, including the General Terms and Conditions attachment.

OCCUPANTS - Non-members who reside with the approval of the United Mutual Board of Directors.

NOTE: THE PRIMARY CARE PROVIDER IS NOT ISSUED A RESIDENT ID CARD, AND IS NOT ENTITLED TO THE USE OF COMMUNITY FACILITIES, EXCEPT AS THE GUEST OF A BONA FIDE RESIDENT.

In United Laguna Woods Mutual, non-members may be Occupants only if they co-occupy with the member or are sub-lessees of the member; and meet the requirements of Sections (1) and (2).

Occupants may reside upon the approval of an Application for Occupancy Permit by the United's Mutual Board of Directors. The Application form must be executed by all Shareholder Members.

OCCUPANCY LIMITS

The maximum number of persons who may occupy a unit is equal to the number of original construction bedrooms, plus one.

UNIT ASSESSMENTS

Monthly assessments provide for the occupancy of no more than two persons. An additional monthly assessment is charged for the third occupant.

IDENTIFICATION CARDS

Resident Identification cards are issued to all approved residents of the community. Cards are the property of the Golden Rain Foundation, and must be returned at the termination of residency. Replacements will be issued subject to the fee established by the Foundation. Resident ID Cards are not issued to non-residents.



Trustee of GRF



UNIT NO:

As Trustee of the Golden Rain Foundation (“GRF”) of Laguna Hills Trust, the GRF Board of Directors is required to preserve and protect the recreational and other amenities available to all residents of Laguna Woods Village®. Effective January 1, 2018, all purchases of a separate interest in Third Laguna Hills Mutual (condo), United Laguna Woods Mutual (cooperative) and Mutual Fifty (condo) must include collection of a Trust Facilities Fee in the amount of \$5,000.00 per transaction as an obligation of the purchaser. **Choose one option of payment below.**

Payment Option #1:

I / we agree to pay at the time of closing of escrow the Trust Facilities Fee in the amount of \$5,000.00.

Payment Option #2:

I / we agree to pay over a period not to exceed seven years (84 months) the Trust Facilities Fee in the amount of \$5,000.00 plus additional fees that result in a total principal amount of \$5,252.00 plus interest at 2% per annum.

| #1 Name (Print): * | Signature: | Date: |
|--------------------|------------|-------|
| | | |
| #2 Name (Print): | Signature: | Date: |
| | | |
| #3 Name (Print): | Signature: | Date: |
| | | |

* If Payment Option #2 is selected, the first Owner/Member name must reflect the person to whom the billing statement for the Trust Facilities Fee will be mailed.



Promissory Note

Principal Amount: \$5,252.00

Principal Amount with interest: \$5,632.59

RECITALS

For value received, the undersigned payor(s), _____ (“Payor(s)”), promises to pay to the order of Golden Rain Foundation of Laguna Woods, a California nonprofit mutual benefit corporation (“Payee”), at 24351 El Toro Road, Laguna Woods, California, Attention: Accounting Department (or through a direct debit or similar ACH debit, if available), at the times and on the terms specified in this promissory note (“Note”), the sum of Fifty-Two Hundred and Fifty-Two Dollars (\$5,252.00) (“Principal”), together with interest thereon at the rate of two percent (2%) per annum (but in any event not to exceed the maximum rate permitted by law) (“Interest”), as payment of the Five Thousand Dollars (\$5,000.00) Facilities Fee, and the monthly administrative fee in the amount of Two Hundred Fifty-Two Dollars (\$252.00), plus interest, all fully amortized over the seven (7) year term, as further set forth below.

Payor(s) acknowledges that Payor(s) has been given the opportunity to pay the Five Thousand Hundred Dollars (\$5,000.00) Facilities Fee all at once at the time of transfer, and so to avoid paying the Interest and the administrative fee, but that Payor(s) has instead elected to enter into the seven (7) year payment plan, as authorized by California law, and to pay in accordance with all terms and conditions in this Note.

Promise to Pay. The Principal and Interest shall be amortized over a period of seven (7) years, and all due and payable in seven (7) years, with eighty-four (84) monthly payments of Sixty-Seven Dollars and Six Cents (\$67.06) each. The first monthly payment shall be made on _____, 20__, and subsequent monthly payments shall be paid on or before the first day of each succeeding calendar month.

Late Charge. Payor(s) agrees that in the event that any payment due hereunder is in default for more than ten (10) days, it would be extremely difficult to fix the actual damages resulting to Payee. Therefore, Payor(s) agrees to pay to Payee the sum of Ten Dollars (\$10.00) upon each such default, as liquidated damages and not as a penalty, to compensate the Payee for the expenses of administering the default.

Acceleration. The holder of this Note may, at its option, accelerate the maturity of all payments to become due hereunder upon the occurrence of any of the following events, in which event the unpaid balance of this Note shall become immediately due and payable without demand, presentment or notice, all of which are hereby expressly waived, and the holder may pursue collection through Small Claims Court or initiate any other appropriate legal proceeding to collect the outstanding amount owed under this Note:

Failure to make any two (2) consecutive payments when due, (b) Insolvency of Payor(s), or filing by or against Payor(s) of a Petition of Bankruptcy, either voluntary or involuntary, (c) If Payor(s) sells his or her unit, or if Payor(s) dies, then the remaining outstanding balance of Principal hereunder at that time shall be due and payable in one lump sum and upon such payment, this Note shall be deemed paid in full.

Attorney’s Fees; Governing Law. In the event of any controversy or dispute arising from non-payment this Note, the prevailing party shall be entitled to recover from the non-prevailing party or parties reasonable expenses including, without limitation, attorneys’ fees and costs actually incurred. This Note shall be governed by and construed in accordance with, and all disputes hereunder shall be governed by, the internal laws of the State of California. This Note shall be binding on the Payor(s) successors and assigns.

IN WITNESS WHEREOF, Payor(s) has executed this Note as of the date first written above.

| | | |
|------------------|------------|-------|
| #1 Name (Print): | Signature: | Date: |
| | | |
| #2 Name (Print): | Signature: | Date: |
| | | |



Financial Statement and Credit Information

PLEASE PRINT USING BLACK INK OR TYPE

UNIT NO:

, ASSETS, AND CREDIT HISTORY THE CORPORATION MAY ELECT TO OBTAIN APPLICANT'S CREDIT HISTORY FROM A NATIONAL CREDIT REPORTING BUREAU. IN ACCORDANCE WITH THE BY-LAWS, AND OCCUPANCY AGREEMENT, AS APPLICABLE TO COOPERTIVE MEMBERSHIP, I (WE) PROVIDE THE FOLLOWING INFORMATION:

| | | | | | | |
|------------------------|-------------|-----------------|--|---|------------------|----------------------|
| APPLICANT NAME | AGE | SOCIAL SEC. NO. | MARITAL STATUS: <input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed | | | |
| 1. | | | | | | |
| 2. | | | MARITAL STATUS: <input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed | | | |
| PRESENT ADDRESS | CITY | STATE | ZIP | <input type="checkbox"/> OWN <input type="checkbox"/> RENT | YRS THERE | MONTHLY PYMT. |
| 1. | | | | | | |
| 2. | | | | <input type="checkbox"/> OWN <input type="checkbox"/> RENT | | |

| PURCHASE INFORMATION | | | |
|--|----|----------------------------|--|
| 1. PURCHASE PRICE | \$ | 6. FINANCING? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. DOWN PAYMENT | -- | 6a. LENDER'S NAME | |
| 3. LOAN AMOUNT | -- | 6b. MONTHLY LOAN PAYMENT | |
| 4. BAL. DUE AT CLOSE OF ESCROW | \$ | 7. MONTHLY CARRYING CHARGE | |
| 5. BAL. TO BE PAID FROM: | | 8. TOTAL MONTHLY PAYMENT | |
| <input type="checkbox"/> SALE OF HOME <input type="checkbox"/> ASSETS <input type="checkbox"/> OTHER | | | |

| ANNUAL INCOME AFTER PURCHASE OF UNIT/STOCK CERTIFICATE – ATTACH VERIFICATIONS | | | |
|---|-------------|-------------|-------|
| | APPLICANT 1 | APPLICANT 2 | TOTAL |
| A. SALARY & WAGES | \$ | \$ | \$ |
| B. SOCIAL SECURITY / SSI | | | |
| C. PENSION #1 | | | |
| D. PENSION #2 | | | |
| E. RENTAL INCOME (NET) | | | |
| F. ANNUITIES / IRA'S | | | |
| G. DIVIDENDS & INTEREST | | | |
| H. TRUST DEEDS – INTEREST EARNED | | | |
| I. PRIVATE BUSINESS ** | | | |
| J. TRUST INCOME | | | |
| K. DISABILITY COMPENSATION | | | |
| L. OTHER | | | |
| TOTALS | \$ | \$ | \$ |

**** NOTE: AN APPLICANT WHO DERIVES PRINCIPLE INCOME FROM A PERSONAL BUSINESS MUST ATTACH A CURRENT BALANCE SHEET AND OPERATING STATEMENT**



Financial Assets

Please provide verification of annual income and assets with this form. You must submit copies of a current, **SIGNED** Federal Income Tax return; and copies of recent bank statements, investment statements, paycheck stubs or any other documentation which will verify the information you have provided in this financial statement.

| | | | | | |
|--------------------------------|---|----------------|-----------------------|---------------------|------------------------|
| LIFE INSURANCE | Premiums/Year | Total in Force | Policy Loans \$ | | Net Cash Value \$ |
| BANK ACCOUNTS | Bank Name a. | Address/Branch | Account Number | Account Type | Account Balance \$ |
| | b. | | | | \$ |
| | c. | | | | \$ |
| RESIDENTIAL PROPERTY | Address a. | City, State | Annual Payments \$ | Balance Owing \$ | Estimated Equity \$ |
| | b. | | \$ | \$ | \$ |
| INCOME PROPERTY | Address a. | City, State | Net Income/Year \$ | Balance Owing \$ | Estimated Equity \$ |
| | b. | | \$ | \$ | \$ |
| STOCKS & BONDS | Companies, shares, (attach schedule if necessary) | | | | Market Value \$ |
| CERTS OF DEPOSIT | Institutions (attach schedule if necessary) | | | | Market Value \$ |
| GOVERNMENT BONDS | Issuing Agency (attach schedule if needed) | | | | Maturity Value \$ |
| OTHER ASSETS | Attach Schedule | | | | Market Value \$ |
| TOTAL ASSET VALUE | | | | | \$ |
| LESS: PURCHASE PRICE | | | | | \$ |
| NET ASSET VALUE AFTER PURCHASE | | | | | \$ |

I (we) swear, under penalty of perjury, that the information provided in this Financial Statement and the supporting documents are true.

| | | |
|------------------|------------|-------|
| #1 Name (Print): | Signature: | Date: |
| | | |
| #2 Name (Print): | Signature: | Date: |
| | | |



Financial Qualification Policy

Revised February 13, 2018

Resolution 01-18-24

Prospective Shareholders of Units in (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 Mutual Board of Directors.

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 required.

Where there is more than one prospective Shareholder, income and assets can be calculated collectively, if each is eligible and intends to reside.

Membership applicants to United are required to submit a completed Financial Statement/Credit Information form, together with satisfactory verification of identity, income and assets.

ASSET REQUIREMENT

The prospective Shareholder shall submit satisfactory verification of assets equal to the purchase price of the Unit plus \$125,000. Prospective transferees (i.e., outside escrow) are required to demonstrate a minimum asset base of \$125,000 only.

Acceptable assets will be those that are considered to be liquid, marketable or income producing. Only aged accounts (180 days) will be considered. Acceptable assets include, among others:

- Equity in U.S. residential property
- Savings accounts in U.S. financial institutions
- Cash value life insurance
- Certificates of deposit, money market accounts in U.S. financial institutions.
- 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 applicant's tax return
- Equity in U.S. income producing real estate

Excluded from consideration are the following, among others:

- 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 perspective transferee tax return
- Community property



INCOME REQUIREMENTS

Prospective Shareholders shall submit from a recognized Credit Reporting Agency (e.g. Equifax, TransUnion, Experian), a full credit report and FICO score dated within 60 days prior to the application submittal.

Prospective Shareholders and transferees must provide satisfactory verification of income of at least \$40,000 per year at the time of purchase.

1. Acceptable verifications include, among others:

- 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, among others:

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

OWNERSHIP OF MULTIPLE MEMBERSHIPS

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

FINANCIAL QUALIFICATION WAIVERS

Shareholders who purchase a replacement Unit do not have to re-qualify financially for Membership, if there is no change to the Membership vesting and the dual interim agreement is in effect.

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 Membership is purchased within 90 days of the closing of the sale of the previously owned Membership, and vesting in the new Unit is exactly the same as the vesting in the Unit previously owned.



DISCRETIONARY AUTHORITY

United Board of Directors may, but is not obligated to, deny or approve applications for Membership based on the conditions herein. The Board of Directors, exercising prudent business judgement, may also deny or approve, in its sole and absolute discretion, applications based on other material factors, such as, but not limited to, history of bankruptcy, excess liabilities, or history of non-compliance as a member in United, GRF, or other Mutuals in Laguna Woods Village.

MEMBERSHIP

Membership in United is created, and starts, with the later occurring of the following:

- Written approval of Membership by the United Mutual Board of Directors;
- Issuance of a Membership Stock Certificate;
- The signing of an Occupancy Agreement; and
- Upon close of escrow.

Upon Membership approval the Occupancy Agreement entitles the Member to occupy the Unit for three years, which is automatically renewed for three-year terms per Article 4 of the Occupancy Agreement, unless terminated by transfer or United's non-renewal or termination by the Board of Directors.



Agreeable Terms
Important Information – Please Read Carefully

UNIT NO:

Initial(s)

Laguna Woods Village is an independent-lifestyle & age-restricted community (as defined by California Civil Code §51.3) that does not provide any form of healthcare or assisted living. Each resident is responsible for his/her own care and welfare.

Appearance of the community is important, and residents are required to keep their balconies, patios, walkways, and carports free from clutter.

When moving into the community, residents are asked to break down and stack moving boxes next to trash dumpsters for routine pick-up. Please be advised that there are weight and volume restrictions. A call to Resident Services at (949) 597-4600 can arrange to have excessive moving material hauled away as a chargeable service. When moving out of the community, the seller is responsible for hauling away excessive materials/furniture.

Members are required to check with the Manor Alterations Department before making any internal and external alteration. Alterations are prohibited without prior review and consent. Please contact Manor Alterations Department at (949) 597-4616 or email: alterations@vmsinc.org. Contractors' trash must not be put into community dumpsters.

Please note the following residency restrictions:

Relatives and other guests may stay overnight for a total of 60 days in any 12-month period. Relatives and guests may not stay in a resident's home during the absence of the resident.

Board approval is required for all persons wishing to reside in the community. Contact Community Services at (949) 597-4369 before any change in residency status.

The maximum number of persons allowed to occupy a Unit is equal to the number of original construction bedrooms plus one. There are additional monthly fees for more than two occupants.

Co-operative Unit may not be sublet for more than twelve months and not less than ninety days.

In Cooperatives, the Mutual is billed directly from the Tax Assessor and the Shareholder Member reimburses the Mutual through monthly assessments. Tax impound account added to monthly assessments. Members of stock cooperatives are cautioned to prepare for property tax increases in monthly assessments.

I/We, the undersigned, have read the above and agree to comply with the rules of this community.

| | | |
|------------------|------------|-------|
| #1 Name (Print): | Signature: | Date: |
| | | |
| #2 Name (Print): | Signature: | Date: |
| | | |



Key File Program – Authorization Form

The Resident Services Department maintains keys to Units within the Community for the convenience of Laguna Woods Village residents. The Key File Program is completely voluntary and is not a requirement. Keys maintained in this program are secured. Shareholder Members are encouraged to file keys for their units with Resident Services:

1. Should an emergency maintenance repair be required during a resident's absence, access can be made to the unit to effect repairs;
2. A residing member can obtain the key(s) to the unit to gain access when they have misplaced or otherwise cannot locate their keys.

Any emergency access keys that the Seller submitted to Laguna Woods Village are returned during the resale process.

To submit keys for your Unit into the Key File Program, please visit:

**Laguna Woods Village – Community Center
Resident Services Department
24351 El Toro Road
Laguna Woods, CA 92637**



Instructions For Trustee Shareholder Membership

The following instructions identify the documents and forms that are required to issue membership Shareholder Membership certificates to trustees:

1. A letter addressed to United Laguna Woods Mutual from a lawyer, certified public accountant, or enrolled agent expressing an opinion that the current beneficiary of the trust is treated as the owner under the provisions of Section 671 et seq., of the Internal Revenue Code of 1986, (or any successive provision.) An example would be “I have reviewed the terms and conditions of the Doe Family Trust dated January 2, 2006 and conclude that John and Mary Doe are now treated as owners of the Doe Family **Trust under the provisions of Section 671, et seq., of the Internal Revenue Code of 1986.**” The bolded words must be included in this letter. If the Mutual Shareholder is having his/her lawyer prepare this letter, he/she may also request the letter to include a specific description of the manner in which the certificate should be issued. An example would be “John Doe and his successors in trust as trustees of the Doe Family Trust dated January 2, 2006.”
2. A standard **Occupancy Agreement** and the **Addendum** attached to this set of instructions each signed by the trustee and the current beneficiary of the trust. (The person identified as the owner in the tax opinion described in item 1 above must be the same person identified as current beneficiary in the Addendum to the Occupancy Agreement.)

Occupancy Agreement

PARTIES

The parties to this Agreement are UNITED LAGUNA WOODS MUTUAL, a California nonprofit mutual benefit corporation (hereinafter referred to as the "Corporation" and _____ (hereinafter referred to as the "Member").

RECITALS

1. The Corporation owns and operates a cooperative housing project of Laguna Woods Village, in the City of Laguna Woods, and the County of Orange, State of California, with the intent that its members shall have the right to occupy the dwelling units thereof under the terms and conditions hereinafter set forth.
2. The Member is the owner and holder of one membership of the Corporation, Series _____ and of one membership of Golden Rain Foundation of Laguna Woods, a California nonprofit mutual benefit corporation (hereinafter referred to as the "Foundation").

TERMS

In consideration of the mutual promises contained herein, the parties hereby agree as follows:

1. The Corporation hereby lets to the Member and the Member hereby hires from the Corporation that a certain dwelling unit located at Laguna Woods Village described as _____, Laguna Woods, California, including Carport No. _____ to have and to hold said dwelling unit unto the Member, his personal representatives and authorized assigns, subject to the terms and conditions set forth herein, in the Articles of Incorporation, Bylaws, Rules and Regulations of the Corporation, now or hereafter in effect, and the General Conditions attached hereto and also recorded as part of Instrument No. 2013000284997 in the Official Records in the Office of the County Recorder of the County of Orange, State of California (the "General Conditions"), and made a part hereof for a term of three years. **The term of this Occupancy Agreement is renewable automatically for successive three-year periods under the terms and conditions of Article 4 of the General Conditions.**
2. Until further notice from the Corporation, the monthly assessment for the above-described dwelling unit shall be \$ _____ per month.
3. The term of this Occupancy Agreement begins at 12:01 a.m. on _____, 20____.
Executed on _____, 20____ at Laguna Woods, California.

Member

Member

If this Occupancy Agreement is being executed by a trustee as the "Member," the current beneficiary of the trust must be an occupant of the dwelling unit and, by executing this Occupancy Agreement in the space provided below, it agrees as follows:

I agree to be bound by and act in accordance with all provisions of this Occupancy Agreement as if I was the Member, and upon demand by the Corporation, I agree to fulfill all obligations of the Member under this Occupancy Agreement.

Beneficiary

Beneficiary

UNITED LAGUNA WOODS MUTUAL
A California nonprofit mutual benefit corporation
by

Authorized Agent



GENERAL CONDITIONS

ARTICLE 1. MONTHLY CARRYING CHARGES

During the term of this Occupancy Agreement, the Member shall pay to the Corporation a monthly sum referred to as "Carrying Charges," equal to one-twelfth of the Member's proportionate share of the sum required by the Corporation, as estimated by its Board of Directors, to meet its annual expenses, including but not limited to the following items:

- a) The cost of all operating expenses and services furnished by or at the expense of the Corporation, including charges by the Foundation for facilities and services furnished by the Foundation.
- b) The cost of necessary management and administration.
- c) The amount of all taxes and assessments levied against the property of the Corporation for which it is required to pay.
- d) The cost of fire and extended coverage insurance and such other insurance as the Corporation may effect or as may be required by any mortgage on any of the Corporation's assets.
- e) The cost of furnishing water, gas, electricity, garbage and trash collection, master TV antenna service and other utilities, to the extent furnished by the Corporation.
- f) All reserves established by the Corporation, including the general operating reserve and the reserve for replacements.
- g) The estimated cost of repairs, maintenance and replacements of property to be made by the Corporation.
- h) The amount of principal, interest and other required payments on any mortgage on any of the Corporation's assets, including mortgage insurance premiums, if any.
- i) Any other expenses of the Corporation approved by the Board of Directors, including the payment of operating deficiencies, if any, for prior periods.

The Board of Directors of the Corporation shall determine the Carrying Charges from time to time. Said sums shall be estimated on an annual basis and divided by the number of months remaining in the then current fiscal year but in no event shall the member be charged more than his proportionate share thereof as determined by the Board of Directors. That amount of the Carrying Charges required for payment on the principle of any mortgage on any assets of the Corporation or any other capital expenditures shall be credited upon the books of the Corporation to the "Paid-In Surplus" account as a capital contribution by the members of the Corporation. Until further notice from the Corporation, the monthly Carrying Charges for the dwelling unit shall be the amount set forth in paragraph 2 of this Occupancy Agreement.

ARTICLE 2. PAYMENT OF CARRYING CHARGES

Upon commencement of the term of this Occupancy Agreement, the Member shall make a payment on account of

Carrying Charges for the remainder of the calendar month, the amount of which shall be the portion of the Carrying Charges for one month prorated on the basis of the number of days of occupancy. Thereafter, Carrying Charges shall be paid in advance not later than the first day of each calendar month. Carrying Charges shall be paid to the Corporation or its authorized representative at such place and in such manner as the Corporation shall determine from time to time.

ARTICLE 3. EXCESS CARRYING CHARGES

If for any fiscal year of the Mutual during the term of this Occupancy Agreement, the income of the Mutual exceeds expenses (including reserves) for the same fiscal year, Member agrees that he or she shall not, by reason of such occurrence, be entitled, and hereby waives any right, to receive a refund or credit of all or any portion of the Carrying Charges previously paid by Member in such fiscal year. Member further agrees that all or any portion of the amount assessed and collected by the Mutual in excess of the amount required to meet the anticipated expenses (including reserves) of the Mutual shall be applied by the Board of Directors of the Mutual, in its sole discretion, to reduce the anticipated expenses (including reserves) of the Mutual as determined by the Board of Directors for the next succeeding fiscal year of the Mutual.

ARTICLE 4. MEMBER'S OPTION TO RENEW

The term of this Occupancy Agreement shall be extended and renewed from time to time by and between the parties hereto for further periods of three years each from the expiration of the initial term herein granted, upon the same covenants and agreements as herein contained unless: (1) this Occupancy Agreement is sooner terminated by the Corporation in accordance with the terms hereof, or (2)(a) notice of the Member's election not to renew shall have been given to the Corporation in writing at least four months prior to the expiration of the then current term, and (b) the Member shall have on or before the expiration of said term (i) endorsed its membership for transfer in blank and deposited same with the Corporation, and (ii) met all its obligations and paid all amounts due under this Occupancy Agreement up to the time of said expiration, and (iii) vacated the dwelling unit and all other premises of the Corporation, leaving them in good state of repair. Upon compliance with provisions (a) and (b) of this Article, the Member shall have no further liability under this Occupancy Agreement and shall be entitled to no payment from the Corporation.

ARTICLE 5. USE OF PREMISES

Subject to this Article 5, the Member shall use the dwelling unit covered by this Occupancy Agreement as a private dwelling for those authorized to occupy it by the Corporation and for no other purpose, and the authorized occupants of the dwelling unit may enjoy the use, in common with the other members of the Corporation, of all facilities of the Corporation so long as the Member continues to own the aforesaid membership of the

GENERAL CONDITIONS continued

Corporation uses its dwelling unit as a private dwelling for authorized occupants and abides by the terms of this Occupancy Agreement. The Member shall not permit or suffer anything to be done or kept in or about the dwelling unit or other premises of the Corporation which will increase the rate of insurance on any building or other property of the Corporation or on the contents thereof or which will obstruct or interfere with the rights of other members of the Corporation or annoy them by unreasonable noises or otherwise nor will it commit or permit any nuisance in or about the dwelling unit or other premises of the Corporation or commit or suffer any immoral or illegal act to be committed thereon. The Member shall comply with all of the requirements of governmental authorities with respect to the dwelling unit and all other premises of the Corporation. If by reason of the occupancy or use of the dwelling unit or any other building of the Corporation by the Member the rate of insurance on any building or other property of the Corporation shall be increased, the Member shall become personally liable for the additional insurance premiums. The Member shall not permit any person to occupy the dwelling unit (except as a guest) without the prior written consent of the Corporation. A guest of a member may occupy the dwelling unit for no more than 60 days (whether or not consecutive) in any year. The Member acknowledges and agrees that Laguna Woods Village is a senior citizen housing development and, therefore, that residency in the dwelling unit is restricted to persons 55 years of age or older and to certain other qualified permanent residents. The Member agrees to reside in, occupy and use the dwelling unit in conformity with the age restrictions sanctioned by California Civil Code Section 51.3, as hereafter amended, and any successor statute thereto. Any occupancy, for any duration, of the dwelling unit by a person other than a Member, and visitation by third parties with any Member or non-Member occupant of a dwelling unit, shall be upon all terms and conditions set forth in this Occupancy Agreement, in the articles, bylaws, rules and regulations of the Corporation and the Foundation in effect from time to time, without limiting the generality of the foregoing, any non-Member occupant of a dwelling unit, and all third-party visitors of Members or non-Member occupants of a dwelling unit, derives any right to use and enjoy the dwelling unit and the facilities and other property of the Corporation and the Foundation solely as a guest or invitee of the Member and shall be subject to all rules, regulations, penalties and assessments applicable to the Member. Notwithstanding any liability of any non-Member occupant of a dwelling unit or of any guest or invitee of any Member or non-Member occupant of a dwelling unit, the Member shall be fully responsible for, and hereby indemnifies and holds the Corporation and the Foundation harmless from, the conduct of, and any and all losses to or demands upon the Corporation resulting from the acts of omissions of, any non-Member occupant of a dwelling unit and all guests and invitees of the Member or the non-Member occupant of the Member's dwelling unit.

ARTICLE 6. MEMBER'S RIGHT TO PEACEABLE POSSESSION

In return for the Member's continued fulfillment of the terms and conditions of this Occupancy Agreement, the Member may have and enjoy for his sole use and benefit the dwelling unit hereinabove described, after obtaining occupancy. If the Member for any reason shall cease to be an occupant of the dwelling unit other than during occupancy by a non-Member occupant approved by the Corporation in writing, the Member shall surrender to the Corporation possession thereof.

ARTICLE 7. SUBLETTING PROHIBITED

The Member shall not assign this Occupancy Agreement or sublet this dwelling unit without the prior written consent of the Corporation. Rents under any sublease shall be assigned to the Corporation, the sublease shall be delivered to the Corporation and the Corporations shall be empowered to collect rents and apply the rents in reduction of sums due from time to time under this Occupancy Agreement. The sublease shall be in a form acceptable to the Corporation, shall require the subtenant to abide by the terms of the Occupancy Agreement during his sub tenancy, and shall give the Corporation an irrevocable power to dispossess or otherwise act for the sub lessor in case of default under the sublease. As more particularly set forth in Article 5, above, the Member shall continue to be liable for all obligations hereunder and shall be responsible to the Corporation for the conduct of his sublease notwithstanding the fact that the Member may have sublet the dwelling unit with the consent of the Corporation. Consent to one subletting shall not obligate the Corporation to consent to any other subletting.

ARTICLE 8. TRANSFER, PLEDGES

Neither this Occupancy Agreement nor any right contained therein may be transferred or assigned except in the same manner as may now or hereafter be provided for the transfer or assignment of memberships in the bylaws of the Corporation. Similarly, neither this Occupancy Agreement, nor any right contained herein, nor the membership of the Member in the Corporation, or the Member's membership certificate may be assigned or pledged by the Member as security for the repayment of any indebtedness of the Member without the prior written consent of the Corporation. Consent by the Corporation to any such assignment or pledge shall not be deemed or construed to be consent by the Corporation to any future or successive assignments or pledges. The Member agrees that any such consent by the Corporation to any such assignment or pledge shall be upon terms and subject to all conditions set forth in any agreement (a "Recognition Agreement") entered into by and between the Corporation and the assignee or pledgee of the Member prior to or concurrently with such assignment or pledge. Without limiting or modifying the foregoing, the Member specifically acknowledges and agrees that a Recognition Agreement may provide for the payment by the Corporation to the Member's assignee or pledgee of certain sums which otherwise would be payable by the Corporation to the Member.

GENERAL CONDITIONS continued

ARTICLE 9. MANAGEMENT, TAXES AND INSURANCE

The Corporation shall provide necessary management, operation and administration; pay or provide for the payment of all taxes or assessments levied against assets of the Corporation, procure and pay or provide for the payment of fire insurance, extended coverage and other insurance as required by any mortgage on property of the Corporation and such other insurance as the Corporation may deem advisable. The Corporation shall not provide insurance on the Member's interest in the dwelling unit or on the Member's personal property. The Member shall reimburse the Corporation for the portion of real property taxes and assessments attributable to the Member's dwelling unit.

ARTICLE 10. UTILITIES

The Corporation shall provide electricity for exterior use, water for exterior and interior use, sewage disposal, garbage and trash collection and master TV antenna service. The cost of such services shall be included in the Carrying Charges. Electricity for interior use shall be individually metered and billed by Southern California Edison Company or any successor utility and paid directly by the Member.

ARTICLE 11. REPAIRS

(a) By Member. Subject to the terms of any Recognition Agreement, the Member agrees to repair and maintain the dwelling unit at the Member's own expense as follows:

- 1) Any repairs or maintenance necessitated by the Member's own negligence or misuse; and
- 2) Any redecoration of the interior of the dwelling unit; and
- 3) Any repairs or maintenance on any air conditioner installed in the dwelling unit; and
- 4) Any maintenance, repairs and replacements of appliances within the interior of the dwelling unit (including, but not limited to, refrigerators, cook tops, hoods and ovens), and any cabinet modifications/alterations and other upgrades related to the installation of those appliances, that are designated as the responsibility of the Member under the Corporation's "Appliance Policies" adopted on March 11, 2003, as may be amended from time to time; and
- 5) Any repairs or maintenance of all fixtures and other items within the interior surfaces of the perimeter walls, floors and ceilings of the dwelling unit that are designated as the responsibility of the Member under the Corporation's "Summary of Chargeable Maintenance Services" adopted on June 12, 2007, as may be amended from time to time; and
- 6) Any repairs or maintenance of alterations and additions made by the Member (or any predecessor of the Member) in the interior or exterior of the dwelling unit, as described in Article 12 of this Occupancy Agreement.

(b) By Corporation. The Corporation shall provide and pay for all necessary repairs, maintenance and replacements, except as specified in clause (a) of this Article, including but not limited to unaltered kitchen and bath floors and countertops. The officers and agents of the Corporation shall have the right to enter the dwelling unit of the Member in order to effect necessary repairs, maintenance, and replacements, and to authorize entrance for such purposes by employees of any contractor, utility company, municipal agency, or others, at any reasonable hour of the day and in the event of emergency at any time.

(c) Right of Corporation to make repairs at Member's expense.

In case the Member shall fail to effect the repairs, maintenance or replacements specified in clause (a) of this Article in a manner satisfactory to the Corporation and pay for same, the Corporation may do so on behalf of the Member, and upon demand by the Corporation the Member shall reimburse the Corporation promptly upon receipt of a bill for same.

(d) Payment by Member. The Member shall pay the Corporation for any maintenance, repairs, replacements or other services specified in clause (a) of this Article which are the obligation of the Member to provide, where such maintenance, repairs, replacements or other services are rendered by the Corporation at the request of the Member. The Member agrees to make such payment promptly upon receipt of a bill for same from the Corporation.

ARTICLE 12. ALTERATIONS AND ADDITIONS

The Member shall not make any structural alterations to the interior or exterior of the dwelling unit or to any pipes, electrical conduits, plumbing or other fixtures connected therewith, or remove any additions, improvements, or fixtures from the dwelling unit without prior written consent of the Corporation. The Member shall not install or use in the dwelling unit, any air conditioning equipment, washing machine, clothes dryer, electric heater, or power tools without prior written consent of the Corporation. The Member shall remove any such equipment promptly upon request of the Corporation.

Any alterations, additions, fixtures or improvements installed by the Member or any predecessor of the Member, whether within or without the dwelling unit, shall be repaired or maintained by the Member at its own expense and in a manner satisfactory to the Corporation. If the Member should fail to do so, such repairs or maintenance may be performed by the Corporation and upon demand by the Corporation, the Member shall reimburse the Corporation therefor forthwith.

ARTICLE 13. MEMBERSHIP IN THE FOUNDATION

Prior to occupancy of the dwelling unit, the Member shall become a resident member of the Foundation and shall pay such dues, assessments, fees and charges now or hereafter determined by its Board of Directors. The extent and nature of facilities and services provided by the Foundation, the fees and charges therefor, and the persons to whom available shall be determined by the Foundation from time-to-time.

GENERAL CONDITIONS continued

ARTICLE 14. DEFAULT BY MEMBER

If at any time after the happening of any of the events specified in clauses (a) to (h) of this Article, the Corporation shall give to the Member a notice that its rights under this Occupancy Agreement will expire at a date not less than ten (10) days thereafter, all of the Member's rights under this Occupancy Agreement will expire on the date so fixed in such notice, unless in the meantime the default has been cured in a manner deemed satisfactory by the Corporation, it being the intention of the parties hereto to create hereby conditional limitations, and it shall thereupon be lawful for the Corporation to re-enter the dwelling unit and to remove all persons and personal property therefrom, either by summary dispossession proceedings or by suitable action or proceeding at law or in equity or by any other proceedings which may apply to the eviction of tenants, and to repossess the dwelling unit in its former state:

- a) If at any time during the term of this Occupancy Agreement the Member shall cease to be the owner and legal holder of a membership in the Corporation unless the Corporation gives its consent in writing to a transfer or assignment under which Member has a right to continue possession.
- b) If the Member attempts to transfer, assign or pledge this Occupancy Agreement in a manner inconsistent with the provisions of the bylaws or this Occupancy Agreement.
- c) If at any time during the term of this Occupancy Agreement the Member shall be declared bankrupt under the laws of the United States.
- d) If at any time during the term of this Occupancy Agreement a receiver of the Member's property shall be appointed under the laws of the United States or of any State.
- e) If at any time during the term of this Occupancy Agreement the Member shall make a general assignment for the benefit of creditors.
- f) If at any time during the terms of this Occupancy Agreement the membership in the Corporation owned by the Member shall be duly levied upon and sold under the process of any Court.
- g) If the Member shall fail to pay any sum due pursuant to the provisions of this Occupancy Agreement.
- h) If the Member, any non-Member occupant of the dwelling unit or any guest or invitee of the Member or such non-Member occupant of the dwelling unit, shall default in the performance of any of their respective obligations under this Occupancy Agreement.

The Member hereby expressly waives any and all right of redemption in case it shall be dispossessed by judgment of any Court; the words "enter", "re-enter", and "re-entry", as used in this Occupancy Agreement are not restricted to their technical legal meaning and in the event of a breach or threatened breach by the Member, any non-Member occupant of the dwelling unit, or any guest or invitee of the Member or such non-Member occupant of the dwelling unit, of any of the covenants or provisions of this Occupancy Agreement; the Corporation shall have the right of injunction and the right to

invoke any remedy allowed by law or in equity as if re-entry, summary proceedings, and other remedies were not herein provided for.

The Member expressly agrees that there exists under this Occupancy Agreement a landlord-tenant relationship and that in the event of a breach or threatened breach of any covenant or provision of this Occupancy Agreement by the Member, or non-Member occupant of the dwelling unit, or any guest or invitee of the Member or such non-Member occupant of the dwelling unit, there shall be available to the Corporation such legal remedy or remedies as are available to a landlord under the laws of the State of California for the breach or threatened breach by a tenant of any provision of a lease or rental agreement. The Member hereby waives any and all notices and demands for possession as provided by the laws of the State of California.

ARTICLE 15. COMPLIANCE WITH REGULATIONS

The Member shall preserve and promote the cooperative ownership principles on which the Corporation and the Foundation have been founded, abide by the articles of incorporation, bylaws, rules and regulations of the Corporation and of the Foundation and any amendments thereto now or hereafter in force and by its acts of cooperation with other members, bring about for itself and its fellow members a high standard in home and community conditions.

ARTICLE 16. EFFECT OF FIRE LOSS

In the event of loss or damage by fire or other casualty to the dwelling unit without the fault or negligence of the Member, the Corporation shall determine whether to restore the damaged premises and shall further determine, in the event such premises shall not be restored, the amount which shall be paid to the Member to redeem the membership of the Member and to reimburse the Member for such loss as it may have sustained. If, under such circumstances, the Corporation elects to restore the premises, Carrying Charges shall not abate, wholly or partially, unless otherwise determined by the Corporation. If the Corporation elects not to restore the premises, the Carrying Charges shall cease from the date of such loss or damage.

ARTICLE 17. INSPECTION OF DWELLING UNIT

Representatives of any mortgagee holding a mortgage on the property of the Corporation occupied by the Member, the officers and agents of the Corporation, and with the approval of the Corporation, the employees of any contractor, utility company, municipal agency or others, shall have the right to enter the dwelling unit of the Member and make inspection thereof at any reasonable hour and at any time in case of emergency involving danger to life or property, regardless whether such potential danger actually exists.

ARTICLE 18. SUBORDINATION

The cooperative housing project, of which the dwelling unit is a part, was constructed with the assistance of a mortgage loan made by a private lending institution. This Occupancy Agreement and all rights, privileges and benefits hereunder are and shall be

GENERAL CONDITIONS continued

at all times subject to, subordinate and inferior to the lien of a first mortgage or deed of trust and the accompanying documents executed to secure the principal sum, to any and all modifications, extensions and renewals of such loans, to any mortgage or deed of trust made in replacement of such mortgage or deed of trust and to such additional loans or advances as may thereafter be made by or borrowed from the beneficiary, its successors or assigns, together with interest thereon, and to any mortgages or deeds of trust, consolidation agreements and other accompanying documents given to secure any such additional loan or advances which may at any time hereafter be placed on the real property of the Corporation, or any part thereof. The Member hereby agrees to execute, at the Corporation's request and expense, any instrument which the Corporation or any lender may deem necessary or desirable to effect the subordination of this Occupancy Agreement to any such mortgage or deed of trust, and the Member hereby appoints the Corporation and each and every officer thereof, and any future officer, such Member's attorney-in-fact during the term hereof to execute any such instrument on behalf of the Member. The Member hereby expressly waives any and all notices of default and notices of foreclosure of said mortgage and deed of trust which may be required by law. In the event a waiver of such notices is not legally valid, the Member hereby designates the Corporation as its agent to receive and accept such notices on the Member's behalf.

ARTICLE 19. NOTICES

Whenever the provisions of law, the bylaws of the Corporation or this Occupancy Agreement require notice to be given to either party hereto, such notice may be given in writing by depositing the same in the United States mail, in a postpaid, sealed envelope addressed to the person to whom the notice is to be given, at his or her address as the same appears in the books of the Corporation and the time of mailing shall be deemed to be the time of the giving of such notice.

ARTICLE 20. FISCAL REPORTS

The Corporation shall furnish to the Member a review of the financial statement of the Corporation in accordance with the provisions of applicable law.

ARTICLE 21. REPRESENTATIONS

No representations, other than those contained in this Occupancy Agreement, shall be binding upon the Corporation.

ARTICLE 22. RIGHTS AND REMEDIES

The rights and remedies available to the Corporation in the event of any breach of this Occupancy Agreement by the Member, any non-Member occupant of the dwelling unit, or occupant of the dwelling unit, or any guest or invitee of the Member or such non-Member occupant of the dwelling unit, whether provided by this Occupancy Agreement or by law, are cumulative. The exercise of any such right or remedy shall not be deemed to be a waiver of the same right or remedy for the

same or any other breach by the Member. The failure to exercise any right or remedy available to the Corporation for any breach of this Occupancy Agreement by the Member shall not be deemed to be a waiver of any of its rights or remedies in the event of any other breach by the Member.

ARTICLE 23. LATE CHARGES AND ATTORNEY'S FEES

The Member covenants and agrees that, in addition to the other sums that have become or will become due pursuant to the terms of this Occupancy Agreement, the Member shall pay to the Corporation a late charge in an amount determined by the Corporation, reasonable costs of collection and interest at a rate determined by the Corporation for each payment of Carrying Charges or part thereof not paid within 15 days after the date payment is due.

If the Member shall default in making payments of any sum payable to the Corporation or if the Member, any non-Member occupant of the dwelling unit, or any guest or invitee of the Member or such non-Member occupant of the dwelling unit defaults in the performance of any of their respective obligations under this Occupancy Agreement, and the Corporation has obtained the services of an attorney with respect to any such default, the Member shall pay to the Corporation any costs or fees involved, including reasonable attorney's fees, notwithstanding the fact that a suit has not yet been instituted. In case a suit is instituted, the Member shall also pay costs of suit in addition to the aforesaid costs and fees.

ARTICLE 24. SUCCESSOR, ASSIGNEES, ETC.

Subject to the limitations on assignments, transfers, pledges and subletting set forth elsewhere herein, the provisions of this Occupancy Agreement shall be binding on the successors, assignees, heirs and personal representatives of the Member.

ARTICLE 25. AMENDMENTS

This Occupancy Agreement may not be amended or modified without the prior written consent of the Corporation and shall not be enforceable unless in the form of a written instrument executed by the party against whom enforcement is sought. Member acknowledges and agrees that the Corporation may condition its consent to any amendment or modification upon the Corporation's receipt of a written consent to the change from any assignee or pledgee of the Member, regardless whether that consent is required by the terms of any Recognition Agreement.



Addendum To Occupancy Agreement – Trustee Membership

| | |
|-----------------------------|---|
| 1. IDENTIFICATION | Unit No. |
| Date of Occupancy Agreement | Date of Declaration of Trust Or Order Establishing Trust |
| Trustee Member * | |
| Current Beneficiary * | |

| |
|--|
| 2. MODIFICATION OF RECITAL |
| <p>A. The Current Beneficiary has a bona fide intention to reside in the described dwelling unit and the Trustee has a bona fide intention to permit that residency.</p> |

| |
|--|
| 3. MODIFICATION OF GENERAL CONDITIONS |
| <p>A. The current Beneficiary guarantees the performance of all obligations of the Trustee Member and agrees to abide by all of the provisions of the General Conditions of the Occupancy Agreement as if the Current Beneficiary were the Member.</p> <hr/> <p>B. Only the person treated as the beneficial owner of the trust for federal income tax purposes under Section 671 et seq. of the Internal Revenue Code of 1954 (or any successive provision) and approved for membership and such persons as would be permitted to reside in the Unit if title were held by that beneficial owner will be permitted to reside in the Unit</p> <hr/> <p>C. Within a reasonable time after the trust ceases to be one of which the Current Beneficiary or any other person approved for membership is treated as the beneficial owner of the trust for income tax purposes under Section 671 et seq. of the Internal Revenue Code of 1954 (or any successive provision), the Trustee shall transfer the membership either to an individual approved for membership or to the trustee of a qualified trust.</p> |

| | |
|------------------------------|------------------|
| _____ Current Beneficiary | _____ Trustee |
| _____ Current Beneficiary | _____ Trustee |
| _____ Date | |

* If more than one Trustee Member or more than one Beneficiary, then each must sign the addendum.



Interim Dual Ownership Agreement

THIS INTERIM DUAL OWNERSHIP AGREEMENT ("Agreement") is executed as of the _____ day of _____, 20____, by and between UNITED LAGUNA WOODS MUTUAL, a California Nonprofit Mutual Benefit Corporation ("United") and _____ ("Purchaser") with reference to the following facts:

A. Purchaser is the owner of one Membership in United and has executed an Occupancy Agreement with United in connection with such ownership. Under the terms of the Occupancy Agreement, Purchaser has the exclusive right to occupy certain premises owned by United and commonly described as _____ Laguna Woods, California ("First Unit" and first Membership").

B. Purchaser desires to purchase a second Membership in United and execute a second Occupancy Agreement with United, thereby permitting Purchaser to occupy certain other premises owned by United and commonly described as _____, Laguna Woods, California (the "Second Unit" and the "Second Membership"). **Duration of this agreement shall be six months from the date of this agreement, subject to renewal at the Board's discretion.**

C. In reliance upon the covenants and representations of Purchaser hereinafter set forth, United consents to Purchaser's purchase of a Second Membership in United, execution of a second Occupancy Agreement with United, and occupancy of a second unit while still the owner of the first Membership, subject to the following terms and conditions:

Purchaser shall pay all amounts due or which hereafter become due on each Membership shall continue throughout the entire duration of Purchaser's ownership of such Memberships. If the Occupancy Agreement related to any such Membership terminates for any reason whatsoever prior to Purchaser's sale of that Membership, then Purchaser shall not be obligated to pay any amounts that become due on such Membership after the termination of the related Occupancy Agreement.

2. Purchaser represents and warrants that he has undertaken, or will undertake immediately, all reasonable efforts to sell the First Membership, including but not limited to offering the First Unit for sale. Purchaser further represents and warrants that the First Membership and right to occupy the First Unit is presently offered for sale at an asking price of _____ dollars (\$_____)

which Purchaser believes is a fair and reasonable asking price for the First Unit, and that Purchaser shall not remove the First Unit from the Resale Market.

3. Purchaser is solely responsible for the resale of both Memberships and the rights to occupy both Units. No representation, guarantee, or assurance has been made to the purchaser by the Golden Rain Foundation of Laguna Woods, United or any agent, representative, attorney, or employee, regarding the sale of the Membership or occupancy rights.

4. Purchaser shall not make or file, or cause to be made or filed, any claim or action against the Golden Rain Foundation of Laguna Woods, or any agent, representative, attorney, or employee, arising out of, connected with, or incidental to Purchaser's failure to obtain a suitable purchaser for either Membership or right to occupy either Unit.

5. This Agreement is only between United and the Purchaser, and is solely intended to establish the additional rights, duties, and obligations of United and Purchaser for the limited time period during which Purchaser owns two Memberships and the right to occupy the First Unit and the Second Unit. Nothing in this Agreement shall operate to relieve or in any way affect the obligation of any real estate broker, whether presently existing or hereafter arising, to perform its obligations under any listing agreement with Purchaser for the sale of the first Membership or right to occupy the first unit.



6. Purchaser acknowledges and agrees that: (a) Purchaser is prohibited from owning more than one Membership and the right to occupy more than one Unit, except under certain limited circumstances which are not applicable to this transaction; (b) Purchaser's permission to own more than one Membership and the right to occupy more than one Unit is granted by United to Purchaser under this Agreement only for a limited duration as an accommodation to Purchaser; (c) nothing in this Agreement shall be construed as a waiver or modification or any kind whatsoever of the general prohibition against Purchaser's ownership of more than one Membership and the right to occupy more than one Unit; and (d) Purchaser shall sell or otherwise dispose of one of the Memberships within six months.
7. This Agreement shall be treated as an addendum to the Occupancy Agreement executed by Purchaser in connection with Purchaser's purchase of the second Membership. Any failure to comply with this Agreement shall constitute a breach of the Occupancy Agreement.
8. Nothing in this agreement shall be construed to allow Purchaser to sublet either unit.
9. Purchaser is hereby aware of the Corporation policy that limits the execution of an Interim Dual Ownership Agreement to one (1) in any two-year period.
10. Purchaser shall provide a copy of this Agreement to all present and future licensed real estate broker(s) with whom purchaser has listed, or lists, either Membership immediately upon listing such Membership and occupancy right with such broker.

IN WITNESS WHEREOF, the parties to this Agreement has executed this Agreement on the day and year first above written.

"Purchaser"

"United" United Laguna Woods Mutual, a California Nonprofit Mutual Benefit Corporation

By:

Signature

Signature

Name Printed

Name Printed – Authorized Agent

Signature

Name Printed

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

UNITED LAGUNA WOODS MUTUAL
POST OFFICE BOX 2220
LAGUNA HILLS, CALIFORNIA 92654 - 2220

THIS SPACE FOR RECORDER'S USE ONLY

Memorandum of Occupancy Agreement

THIS MEMORANDUM OF OCCUPANCY AGREEMENT IS MADE AS OF _____, _____ by and between United Laguna Woods Mutual, a California nonprofit mutual benefit corporation ("United") and _____ ("Member").

The property with which this Memorandum of Occupancy Agreement is concerned is that certain real property located in the City of Laguna Woods, County of Orange, and State of California, commonly known as _____ and Unit _____, Building _____ as set forth in the Exhibit _____ to that certain Memorandum of Occupancy Agreement recorded in the Official Records of Orange County, California on May 10, 2013 as Instrument No. 2013000284997, which is a cooperative apartment (the "Unit") in the community commonly known as Laguna Woods Village. *See Legal Description*

By an unrecorded document entitled Occupancy Agreement dated _____, 20____, United leased the unit to Member for an initial term of three years beginning on the date of recordation of the Memorandum of Occupancy Agreement recorded as Instrument No _____, the date of the Occupancy Agreement, which term could be automatically renewed for successive terms of three years as provided in Article 4 of the Occupancy Agreement.

This Memorandum of Occupancy Agreement is subject to the conditions, covenants and provisions, including those pertaining to the assessments, limitations on use, construction of improvements, and transfer of any interest in the leasehold estate or portions thereof, provided in the Occupancy Agreement.

IN WITNESS WHEREOF, United and Member have executed this Memorandum of Occupancy Agreement as of the date set forth above.

MEMBER(S)

UNITED LAGUNA WOODS MUTUAL – OWNER
By:

Signature

Signature

Name Printed

Name Printed – Authorized Agent

Signature

Name Printed

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Orange)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Orange)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)



Subordination Agreement

UNIT NO:

Date of Recognition Agreement: _____

Name of Lender: _____

Acknowledgement by Borrower:

I have received a copy of that Recognition Agreement between United Laguna Woods Mutual and the Lender, and I specifically consent to subordinate my rights under my Occupancy Agreement and the Bylaws of United Laguna Woods Mutual to those of the Lender set forth in that document. By way of illustration (and not to the exclusion of other rights), I agree that the Lender's consent may be required to transfer my unit and that Lender may be entitled to receive money I otherwise would receive from the proceeds of sale or in the event of redemption or surrender of my Membership, casualty, loss or condemnation.

Lender may need notification when unit is sublet.

Dated: _____

Borrower: _____

Borrower: _____

Borrower: _____

For Office Use Only

Lender's ID Number: _____

Application For Occupancy Permit

| | | | | | | |
|--|--|---------------------------|--------------------------|--|--|-----------------|
| | | | | | <input type="checkbox"/> UNITED | UNIT ADDRESS |
| ATTACH VERIFICATION OF VALID AGE - DRIVER'S LICENSE / PASSPORT / BIRTH CERTIFICATE / MILITARY ID | | | | | | |
| | LAST NAME | FIRST NAME | MI | SOC SEC # | BIRTHDATE | OFFICE USE ONLY |
| 1. | | | | | | |
| 2. | | | | | | |
| 1. | MARITAL STATUS <input type="checkbox"/> MARRIED <input type="checkbox"/> DIVORCED <input type="checkbox"/> WIDOWED <input type="checkbox"/> SEPARATED <input type="checkbox"/> SINGLE | | | IF UNDER 45 YEARS OF AGE, INDICATE IF <input type="checkbox"/> SPOUSE / REGISTERED DOMESTIC PARTNER | | |
| 2. | MARITAL STATUS <input type="checkbox"/> MARRIED <input type="checkbox"/> DIVORCED <input type="checkbox"/> WIDOWED <input type="checkbox"/> SEPARATED <input type="checkbox"/> SINGLE | | | IF UNDER 45 YEARS OF AGE, INDICATE IF <input type="checkbox"/> SPOUSE / REGISTERED DOMESTIC PARTNER | | |
| APPLIC. RELATIONSHIP TO OWNER | | PREVIOUS ADDRESS | | CITY | STATE | ZIP |
| IN EMERGENCY, NOTIFY | | RELATIONSHIP TO APPLICANT | ADDRESS | | TEL NO. | |
| OWNER / CO-OCCUPANT ACKNOWLEDGMENTS | | | | | | |
| WE HEREBY APPLY FOR APPROVAL FOR THE APPLICANT TO RESIDE IN THE UNIT IDENTIFIED ABOVE AS A NON-MEMBER OCCUPANT, AND AFFIRM THAT THE INFORMATION PROVIDED HEREIN IS ACCURATE TO THE BEST OF OUR KNOWLEDGE. WE HAVE READ THE TERMS AND CONDITIONS FOR SUCH OCCUPANCY ON THE REVERSE SIDE OF THIS APPLICATION, AND AGREE TO BE BOUND BY THE TERMS THEREIN. WE HAVE RECEIVED A COPY OF THE NOTICE INFORMING US OF THE POSSIBLE EXISTENCE OF ASBESTOS IN CERTAIN BUILDINGS. | | | | | | |
| WE SWEAR, UNDER PENALTY OF PERJURY, THAT THERE WILL NOT BE A LANDLORD-TENANT RELATIONSHIP BETWEEN OWNER AND OCCUPANT, AND THAT NO RENTS WILL BE PAID OR COLLECTED DURING THE DURATION OF APPLICANT'S OCCUPANCY, UNLESS A LEASE IS EXECUTED THROUGH THE GOLDEN RAIN FOUNDATION (GRF) LEASING OFFICE. | | | | | | |
| *All Members & Occupants Must Initial "No Rent Paid or Collected" Agreement _____ | | | | | | |
| OWNER NAME (PRINT) | | OWNER SIGNATURE | | DATE | TO RESIDE? <input type="checkbox"/> YES <input type="checkbox"/> NO | |
| OWNER NAME (PRINT) | | OWNER SIGNATURE | | DATE | TO RESIDE? <input type="checkbox"/> YES <input type="checkbox"/> NO | |
| 1. CO-OCCUPANT SIGNATURE | | DATE | 2. CO-OCCUPANT SIGNATURE | | DATE | |
| COMMUNITY SERVICES DEPARTMENT USE ONLY | | | | | | |
| FLOORPLAN: _____ # BEDROOMS: _____ # PERSONS RESIDING IF THIS PERMIT IS APPROVED _____ | | | | | | |
| ID CARD FEES TO BE COLLECTED: \$ _____ <input type="checkbox"/> EXEMPT (spouse/domestic partner status verified) | | | | | | |
| IF APPLICANT IS UNDER 55 YEARS OF AGE, INDICATE IF QUALIFYING RESIDENT HAS BEEN VERIFIED. <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | | | |
| DOES THE APPROVAL OF THIS APPLICATION EXCEED THE NUMBER OF PERSONS PERMITTED TO OCCUPY THIS UNIT? <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | | | |
| VERIFIED BY: _____ OCCUPANT'S PHONE # _____ | | | | | | |
| ACTION BY MUTUAL BOARD OF DIRECTORS | | | | | | |
| APPLICATION DENIED | | | | APPLICATION APPROVED | | |
| The Board of Directors of this Mutual Corporation has reviewed this application. Based on the information provided, the application is denied . | | | | The Board of Directors of this Mutual Corporation has reviewed this application. Based on the information provided, the application is approved . | | |
| SIGNATURE | | | | SIGNATURE | | |
| SIGNATURE | | | | SIGNATURE | | |
| SIGNATURE | | | | SIGNATURE | | |
| DATE: | | | | DATE: | | |

Application For Co-Occupancy Permit

PRIMARY RULES GOVERNING OCCUPANCY

THE PARTIES TO THIS AGREEMENT ARE THE MUTUAL CORPORATION, HEREINAFTER REFERRED TO AS "THE MUTUAL"; THE MEMBER(S), HEREINAFTER REFERRED TO AS "THE MEMBER(S)", AND WHOSE SIGNATURE APPEARS ON THE REVERSE SIDE OF THIS APPLICATION; AND THE APPLICANT(S) FOR OCCUPANCY, HEREINAFTER REFERRED TO AS "CO-OCCUPANT(S)", AND WHOSE SIGNATURE APPEARS ON THE REVERSE SIDE OF THIS APPLICATION. IN CONSIDERATION OF THEIR MUTUAL UNDERTAKINGS, THE PARTIES HERETO AGREE AS FOLLOWS:

1. CO-OCCUPANT(S) SHALL BE ENTITLED TO OCCUPY THE UNIT INDICATED ON THE REVERSE SIDE OF THIS APPLICATION.
2. CO-OCCUPANT(S) AND MEMBER(S) AFFIRM THEIR INTENT THAT THE CO-OCCUPANT WILL RESIDE IN THIS UNIT AND THAT OCCUPANT IS 45 YEARS OF AGE OR OLDER, OR IS THE SPOUSE OR REGISTERED DOMESTIC PARTNER OF THE QUALIFYING RESIDENT.
3. IN UNITED MUTUAL, NON-MEMBERS MAY RESIDE ONLY IF THEY CO-OCCUPY WITH MEMBERS WHO ARE IN RESIDENCE (AND MEET THE REQUIREMENTS OF SECTION 2 ABOVE) OR ARE THE PARENTS OF MEMBERS, WITH ONE QUALIFYING RESIDENT AT LEAST 55 YEARS OF AGE.
4. CO-OCCUPANT(S) SHALL BE ENTITLED TO THE USE AND ENJOYMENT OF THE FACILITIES AND SERVICES PROVIDED BY THE GOLDEN RAIN FOUNDATION ON THE SAME BASIS AS MEMBERS OF THE FOUNDATION, BUT WILL HAVE NEITHER OWNERSHIP NOR VOTING RIGHTS IN THE FOUNDATION OR ANY MUTUAL.
5. MEMBER SHALL BE RESPONSIBLE FOR THE CONDUCT AND DEPARTMENT OF THE CO-OCCUPANT.
6. CO-OCCUPANT SHALL BE SUBJECT TO THE SAME RULES, REGULATIONS, RESTRICTIONS (AND OF THE OCCUPANCY AGREEMENT IN UNITED MUTUAL) THAT ARE APPLICABLE TO MEMBER, EXCEPT WITH RESPECT TO PAYMENT OF CARRYING CHARGES. IF CO-OCCUPANT EVER SHALL BECOME THE LEGAL OR EQUITABLE OWNER OF THE MEMBERSHIP, CO-OCCUPANT WILL APPLY FOR MEMBERSHIP IN THE MUTUAL (AND WILL EXECUTE AN OCCUPANCY AGREEMENT IN UNITED MUTUAL) IN THE FORM GENERALLY USED BY THE MUTUAL AND WILL PAY ALL AMOUNTS DUE PURSUANT TO THE CC&R'S (OR OCCUPANCY AGREEMENT).
7. MEMBER AND CO-OCCUPANT SHALL BE EQUALLY RESPONSIBLE FOR PAYMENT OF ANY CHARGES INCURRED BY CO-OCCUPANT IN RESPECT TO SERVICE PROVIDED BY GOLDEN RAIN FOUNDATION OR THE MUTUAL.
8. MEMBER AGREES TO PAY TO THE MUTUAL AN ADDITIONAL SUM EACH MONTH FOR EACH OCCUPANT OF THE UNIT IN EXCESS OF TWO, (IN EXCESS OF ONE IN THE TOWERS) AT THE RATE PRESCRIBED BY THE MUTUAL.
9. **MEMBERS SHALL BE RESPONSIBLE FOR CANCELING THE CO-OCCUPANCY STATUS AND RETURNING CO-OCCUPANT'S ID CARD AND VEHICLE DECAL WHEN OCCUPANT CEASES TO RESIDE IN THE UNIT.**
10. ANY PARTY MAY TERMINATE THIS AGREEMENT AT ANY TIME UPON THIRTY DAYS WRITTEN NOTICE TO THE OTHER PARTIES TO THIS AGREEMENT.
11. IN ORDER TO INDUCE MUTUAL TO EXECUTE THIS AGREEMENT, THE OTHER PARTIES AGREE THAT THEY HAVE NO RIGHTS AGAINST MUTUAL AS A DIRECT OR INDIRECT RESULT OF THE EXECUTION OF THIS AGREEMENT, AND IN THE EVENT THAT THERE ARE ANY EXPENSES INCURRED BY THE MUTUAL TO ENFORCE THE TERMS OF THIS AGREEMENT, OR TO REMOVE OR TAKE OTHER ACTION, OR TO DEFEND ANY ACTION RELATIVE TO MEMBER OR CO-OCCUPANT, AS A DIRECT OR INDIRECT RESULT OF THIS AGREEMENT, MEMBER AND CO-OCCUPANT AGREE TO HOLD THE MUTUAL HARMLESS FROM AND TO PAY ALL COSTS OR EXPENSES INCURRED BY MUTUAL, INCLUDING, BUT NOT LIMITED TO, ATTORNEY'S FEES, COURT COSTS OR RELATED EXPENSES.
12. CO-OCCUPANT(S) OF THIRD MUTUAL AND MUTUAL FIFTY AFFIRM THAT THEY HAVE NOT BEEN CONVICTED OF A FELONY WITHIN THE PAST 20 YEARS, NOR A MISDEMEANOR INVOLVING MORAL TURPITUDE WITHIN THE PAST 5 YEARS.
13. GUESTS MAY STAY A MAXIMUM OF 60 DAYS PER YEAR, AND ONLY WHILE THE QUALIFYING SENIOR RESIDENT IS IN RESIDENCE.

NOTICE TO MEMBERS AND APPLICANTS

APPROVAL OF THIS APPLICATION BY THE MUTUAL, IN AND OF ITSELF, DOES NOT CONFER ANY RIGHT ON THE CO-OCCUPANT OTHER THAN THE REVOCABLE RIGHT TO OCCUPY THE UNIT NAMED ON THE REVERSE OF THIS FORM. AS INDICATED, BOTH MEMBER AND MUTUAL GENERALLY HAVE THE RIGHT TO TERMINATE OCCUPANT STATUS AT ANY TIME, WITHOUT CAUSE; PROVIDED, HOWEVER, THAT SECTION 51.3 OF THE CALIFORNIA CIVIL CODE MAY BE INTERPRETED TO INHIBIT THIS RIGHT OF TERMINATION IN CERTAIN CIRCUMSTANCES.

Disclosure Notice: Asbestos-Containing Construction Materials



NOTICE

TO: EMPLOYEES, CONTRACTORS EMPLOYED BY THE LAGUNA WOODS VILLAGE ASSOCIATIONS, MEMBERS AND PROSPECTIVE PURCHASERS OF DWELLING UNITS AT LAGUNA WOODS VILLAGE, LAGUNA WOODS

FROM: VILLAGE MANAGEMENT SERVICES, INC.

SUBJECT: DISCLOSURE NOTICE: LAGUNA WOODS VILLAGE BUILDINGS CONSTRUCTED WITH ASBESTOS-CONTAINING CONSTRUCTION MATERIALS

Health & Safety Code 25915.2 and 25915.5 require the Mutual to provide annual notice about the existence of asbestos-containing materials ("ACM") in non-residential "public" buildings in the Mutual to all employees and contractors performing work within said buildings, and to all Members of the Mutual.

In addition, the Mutual is required to disclose to new owners, within 15 days of acquiring title to a Unit, the existence of asbestos-containing material in non-residential "public" buildings within the Mutual.

Village Management Services, Inc., as Employer, and as Agent, for the Associations which own or manage the buildings at Laguna Woods Village, Laguna Woods for their Members, hereby notifies all its Employees, Contractors and all Mutual Members and Transferees, that some buildings within Laguna Woods Village have been surveyed and found to contain asbestos.

The analytical method used to determine asbestos content was polarized light microscopy/dispersion staining. Since the community has an active Asbestos Operations and Maintenance program, testing is ongoing. Because of the high cost to conduct a complete asbestos survey and analysis of all buildings, surveys are conducted only upon repair, remodel, addition to or removal of a building or part of a building suspected to contain asbestos materials, as required by Labor Codes. The Certificates of Analysis for any testing received to date are available to employees, contractors, owners and tenants and transferees for review and photocopying from the Laguna Woods Village Human Resources/Safety Office, 24351 El Toro Road, Laguna Woods, CA., between 9:00a.m. and 5:00 p.m., Monday through Friday.

The following buildings in Laguna Woods Village, Laguna Woods were constructed prior to 1979 and thus may contain asbestos in one or more construction materials: All community facilities buildings (with the exception of Clubhouse Seven, the Mini-Gym at Clubhouse One, the Broadband Services Bldg., the Laguna Woods Village Community Center Bldg., the Vehicle Maintenance Bldg., and a portion of the Warehouse -- all constructed after 1979), including Clubhouses and outbuildings, Library, Maintenance Warehouse Bldg., Stables, Gatehouses, Garden Center buildings, all detached laundry buildings, and residential buildings Nos.1 through 5543 inclusive.

Page Two

At the time most of the buildings in Laguna Woods Village were constructed, asbestos-containing materials met local codes as well as state and federal regulations and were extensively used in *many* building products including but not limited to: ceiling tile, floor tile/linoleum and mastic, textured wall surfaces, sprayed acoustical ceilings, fire doors, structural fireproofing, pipe/boiler insulation, attic insulation, and heating duct material/insulation.

According to the National Cancer Institute and the Environmental Protection Agency, any asbestos in these materials does not present a threat to health so long as the asbestos is not disturbed and does not become airborne.

However, because breathing asbestos has been known in some instances to cause cancer and other forms of lung disease, sanding, scraping, drilling, sawing, crushing, tearing/breaking up, or otherwise disturbing asbestos-containing materials presents a potential health risk. Therefore, you are directed not to perform such tasks in areas with ACM present or suspected unless the area/materials have been tested and found not to contain asbestos or if specifically assigned or contracted to do such work and it is in accordance with all federal, state, and local laws as well as internal guidelines called for in the Asbestos Operations and Maintenance plan and other company safety and environmental policies and procedures.

Village Management Services, Inc. employees whose work orders require them to construct, repair, maintain or otherwise disturb construction materials that may contain asbestos are hereby directed to follow the current regulations and policies noted above and to wear the required protective equipment, prior to performing such work. Questions concerning instructions and equipment should be directed to the HR/Safety Supervisor at (949) 597-4321.

It is illegal to place asbestos materials or debris in Laguna Woods Village trash dumpsters. Such materials must be disposed of separately in accordance with State and County regulations to avoid fines. Contact the HR/Safety Supervisor at (949) 597-4321 for details.

If you become aware of any asbestos-containing material becoming damaged or otherwise disturbed, please contact Laguna Woods Village Customer Service at (949) 597-4600, or the HR/Safety Supervisor at (949) 597-4321.

January 1, 2016

Village Management Services, Inc.



STAFF REPORT

DATE: December 12, 2017
FOR: Board of Directors
SUBJECT: Financial Qualifications Policy

RECOMMENDATION

Staff recommends introduction of a resolution setting forth amendments to the Financial Qualifications Policy.

BACKGROUND

On September 12, 2017 the Board approved the following amendments to the Policy (companion item, Agenda No. 13e):

- When there is more than one occupant, using the manor as their primary residence, the income and assets can be calculated collectively.
- General corrections to be consistent with the newly adopted By-laws.
- Prospective shareholders must submit from a recognized credit reporting agency, a full credit report and “FICO score” dated within 60 days of application.
- Guarantors may guarantee the financial obligation of only one Membership

DISCUSSION

The Governing Documents Committee met on November 27, 2017 to further discuss the policy. After reviewing County affordable housing income levels, estimates of retirement income, and recommendations by staff, the Committee determined that changes were necessary to the income requirements. There was consensus by the Committee to raise the income requirement for prospective Shareholders and transferees from \$36,000 to \$40,000.

Much discussion has occurred through the months regarding guarantors. There are guarantors who have been allowed to guarantee multiple units with the same sources of income and asset requirements. Some members have tried to use guarantors whose primary investments were not in the United States. The Committee reviewed guarantor history compared to sales (Attachment 1), particularly in 2017 where guarantors actually guaranteed more than 50 percent of the Units sold. By consensus the Committee agreed to eliminate the ability to qualify in United with guarantors.

Governing Documents looked at raising the asset requirement but decided to hold off at this time.

While the policy has been a fluid document, these changes are recommended to protect the financial integrity of the Corporation, preserve property values and to provide transparency and clarity to prospective Shareholders and the realty community.

FINANCIAL ANALYSIS

None

Prepared By: Lori Moss, Community Manager

Reviewed By: Betty Parker, Financial Services Director

ATTACHMENT(S)

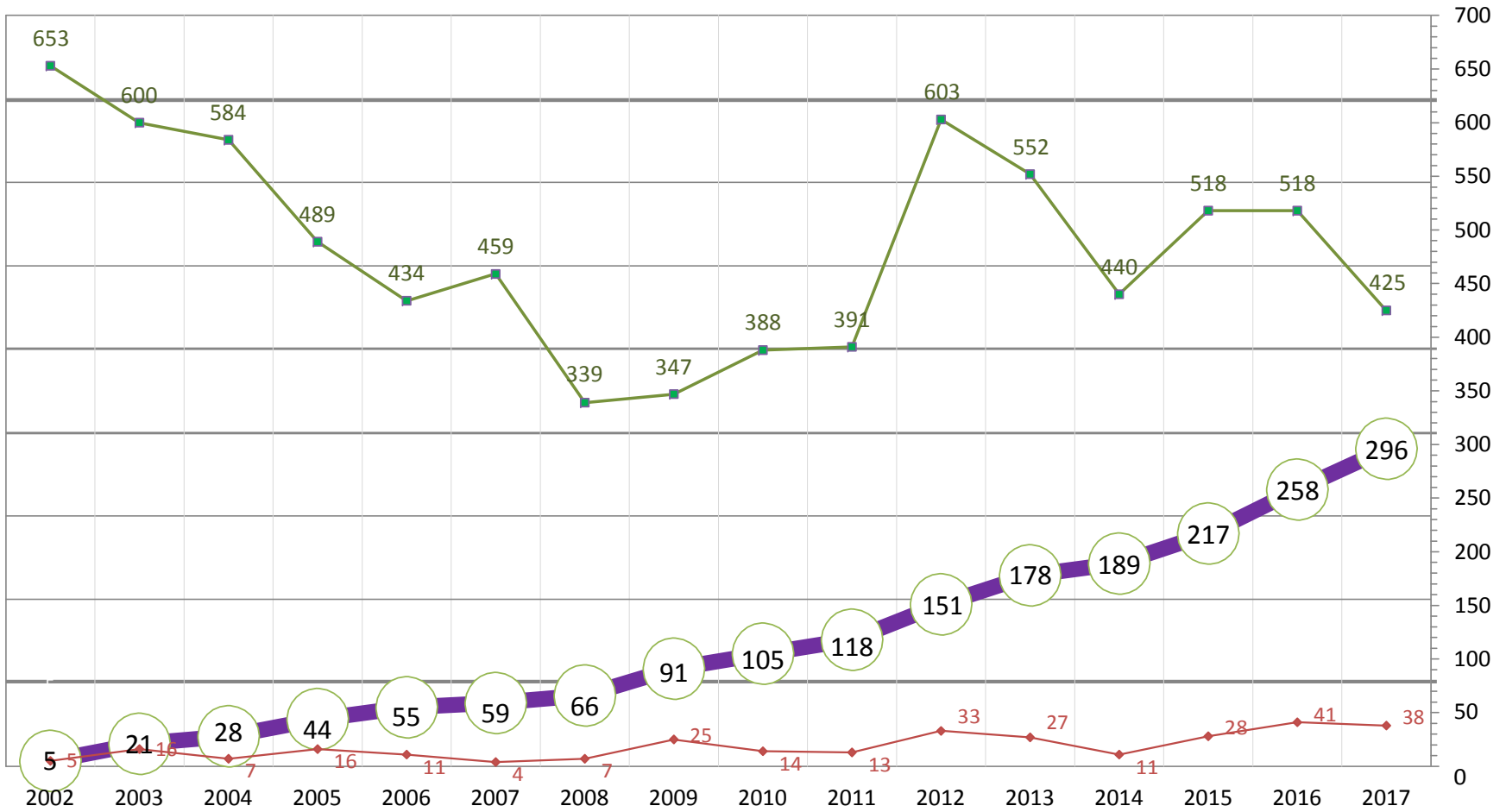
ATT 1 - Guarantor History Compared to Sales

ATT 2 - Redline of Administrative Guidelines for Financial Qualifications

United Guarantors 2002 - 2017*

■ Total Guarantors
 ◆ Annual Increase
 ■ Annual Sales

Total Annual Sales: 7,740



* Through Nov. 27, 2017



FINANCIAL QUALIFICATIONS POLICY

Revised February 13, 2018

Prospective Shareholders of Units in (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 Mutual Board of Directors.

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 required.

Where there is more than one prospective Shareholder, income and assets can be calculated collectively, if each is eligible and intends to reside.

Membership applicants to United are required to submit a completed Financial Statement/Credit Information form, together with satisfactory verification of identity, income and assets.

ASSET REQUIREMENT

The prospective Shareholder shall submit satisfactory verification of assets equal to the purchase price of the Unit plus \$125,000. Prospective transferees (i.e., outside escrow) are required to demonstrate a minimum asset base of \$125,000 only.

Acceptable assets will be those that are considered to be liquid, marketable or income producing. Only aged accounts (180 days) will be considered. Acceptable assets include, among others:

- Equity in U.S. residential property
- Savings accounts in U.S. financial institutions
- Cash value life insurance
- Certificates of deposit, money market accounts in U.S. financial institutions.
- 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 applicant's tax return
- Equity in U.S. income producing real estate

Excluded from consideration are the following, among others:

Deleted: October

Deleted: 7

Deleted: Once a Shareholder/Member has qualified within United, said Shareholder need not re-qualify for purchase of a replacement Unit as long as the person or persons in whose name the Membership Stock Certificate remains the same.¶
Guarantor's assurances cannot be transferred. A Shareholder will be required to obtain a new guarantor's qualification, if needed.¶

- 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 perspective transferee tax return
- Community property

INCOME REQUIREMENTS

Prospective Shareholders shall submit from a recognized Credit Reporting Agency (e.g. Equifax, TransUnion, Experian), a full credit report and FICO score dated within 60 days prior to the application submittal.

Prospective Shareholders and transferees must provide satisfactory verification of income of at least \$40,000 per year at the time of purchase.

Deleted: 36

1. Acceptable verifications include, among others:

- 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, among others:

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

Deleted: GUARANTORS¶

United may permit the prospective Shareholder who does not meet the financial requirements to have a Guarantor. The Guarantor 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 Unit purchase price. Guarantors may guarantee the financial obligation of only one Membership.¶ Shareholder Financial Requirements for the Shareholder occupant(s) when they have a Guarantor include the following:¶
 <#>Minimum Annual Income - \$24,000¶
 <#>Minimum Verifiable Liquid, Marketable and/or Income Producing Assets - \$75,000¶

OWNERSHIP OF MULTIPLE MEMBERSHIPS

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

FINANCIAL QUALIFICATION WAIVERS

The income and assets of the Guarantor are in addition to the minimum income and assets needed by the prospective Shareholder occupant(s).¶

Shareholders who purchase a replacement Unit do not have to re-qualify financially for Membership, if there is no change to the Membership vesting and the dual interim agreement is in effect.

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 Membership is purchased within 90 days of the closing of the sale of the previously owned Membership, and vesting in the new Unit is exactly the same as the vesting in the Unit previously owned.

DISCRETIONARY AUTHORITY

United Board of Directors may, but is not obligated to, deny or approve applications for Membership based on the conditions herein. The Board of Directors, exercising prudent business judgement, may also deny or approve, in its sole and absolute discretion, applications based on other material factors, such as, but not limited to, history of bankruptcy, excess liabilities, or history of non-compliance as a member in United, GRF, or other Mutuels in Laguna Woods Village.

MEMBERSHIP

Membership in United is created, and starts, with the later occurring of the following:

- Written approval of Membership by the United Mutual Board of Directors;
- Issuance of a Membership Stock Certificate; and
- The signing of an Occupancy Agreement.

Upon Membership approval the Occupancy Agreement entitles the Member to occupy the Unit for three years, which is automatically renewed for three-year terms per Article 4 of the Occupancy Agreement, unless terminated by transfer or United's non-renewal or termination by the Board of Directors.

RESOLUTION 01-18-XX

FINANCIAL QUALIFICATION POLICY

WHEREAS, it is in the best interest of the Corporation to protect and preserve the financial integrity of the Corporation;

WHEREAS, selling prices within the Village are within the County's affordable housing limits; and,

WHEREAS, guarantors in the committee have increased and some have been allowed to guarantee multiple units with the same sources of income and asset requirements.

NOW THEREFORE BE IT RESOLVED, February 13, 2018 that the Board of Directors of this Corporation hereby adopts amendments to Financial Qualifications Policy including the minimum income requirement for prospective Shareholders and transferees is increased from \$36,000 to \$40,000; and the ability to qualify in United with a guarantor is eliminated.

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

RESOLVED FURTHER, that Resolution 01-17-134, 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 this resolution.

December initial notification

30-days to comply with Civil Code §4360 has been satisfied.

**UNITED MEMBERSHIP ELECTIONS
STANDARD OPERATING PROCEDURE
Adopted May 14, 2013 RESOLUTION 01-13-90
Revised March 10, 2015 RESOLUTION 01-15-33
Revised September 13, 2016 RESOLUTION 01-16-97**

1. **Definitions**

- a. "Corporation" shall refer to the United Laguna Woods Mutual Corporation.
- b. "Election Records" shall include tabulated ballots, voided ballots, voided Pre-addressed Return Envelopes, Eligible Voter List(s), tally sheets, returned ballot packages, ballots received after the election deadline, and any other used and unused ballots.
- b. "Secretary" shall mean an elected member of the Board of Directors who has been elected as a Corporate officer as Secretary.
- c. "Authorized Agent" shall refer to a Staff member appointed by the Board of Directors.
- d. "Inspector(s) of Elections" shall refer to an independent third party appointed by the Board of Directors to perform duties and acts to facilitate voting and elections as set forth herein.
- e. "SOP" shall mean and refer to this policy, known as the United Membership Elections Standard Operating Procedure.
- f. "Submit" shall refer to delivery of a document to the Authorized Agent at the Corporate address: **24351 El Toro Road, Laguna Woods, California.**
- g. "Qualified Member" shall mean a member qualified to nominate himself or herself as a candidate for the Board of Directors as set forth herein.

2. **Nominating Committee** – The law is clear in that a Member must be able to nominate himself or herself for election to the Board. (California Civil Code § 5105(a)(3).) Accordingly, United does not utilize a Nominating Committee to limit candidates to run for a position on the Board; that practice has been superseded by state statute. That said, the Board reserves the right to establish committees as permitted by law and pursuant to the governing documents to assist with nominations and/or director candidacy. Therefore, the provisions regarding nominating procedures set forth in this SOP shall control over the nomination procedures set forth in the Bylaws, which may be contrary to relevant law. (See, Bylaws, Article VIII.)

3. **Nomination Process**

- a. **Qualifications.** Only "Qualified Members" are eligible for candidacy to the Board. All candidates seeking to run in any Election of Directors shall meet the

following criteria in order to be considered a Qualified Member for purposes of this SOP:

- i. Shall be Members of record as defined under Article II, Section 4(h) of the United Laguna Woods Mutual Bylaws
 - ii. Shall not be shown on the books of account of the Corporation to be more than thirty (30) days delinquent in payment of any sums due to the Corporation under his or her Occupancy Agreement or otherwise, and who has been given notice thereof and the opportunity for a hearing concerning the delinquency (Bylaws: Art. VI Sec. 2(b)).
 - iii. Shall not be an employee of the Corporation (Bylaws: Art. VI, Sec. 2(b)).
 - iv. While a candidate for the Board and during their term as a Director, if elected, the Candidate shall be obligated to be a current member of United having resided in his/her unit, as their primary residence, for a minimum of six months..
 - v. Further, the Board may disqualify any candidate where the candidate or the candidate's spouse has a conflict of interest with the Corporation, financial or otherwise, which engages in business transactions with the Corporation, if such candidate does not immediately disclose such relationship to the Board of Directors upon its occurrence pursuant to United's Bylaws (Bylaws: Art. VI, Sec. 2(c)), and applicable provisions of the Davis-Stirling Act.
 - vi. A convicted felon may not serve as a Director.
 - vii. Related persons, by blood, may not serve as a Director at the same time.
- b. Any Member may nominate any Qualified Member as a candidate, including himself or herself, by submitting a written application and candidate statement to the Secretary or Authorized Agent of the Corporation that states his or her intention to run for the Board of Directors at least sixty (60) days prior to the annual meeting of the Members at which the election will be held. (Bylaws: Art. VI, Sec. 2, California Civil Code § 5105(a)(3).). Nominations for the Board shall close sixty (60) days before the date of the annual election. No nominations for the Board can be made after the closing date.
- **EXCEPTION:** Should California Civil Code Section 5105 be amended at any time in such a way that nomination by petition as provided for in California Corporations Code Section 7521 (b) is allowed, the previous statement shall be replaced by the following: "Any Member who satisfies the qualification of directors (Bylaws: Art. VI, Sec. 2) may nominate himself or herself by submitting a petition signed by Members representing one hundred (100) current memberships to the Secretary of the Corporation at least sixty (60) days before the annual meeting."
- c. Any committee established by the Board to assist the Board shall submit a final report of all candidates to the Board upon the close of nominations.

- d. Each candidate shall submit to the Secretary or Authorized Agent a statement of background and qualifications not to exceed two hundred fifty (250) words in length not less than sixty (60) days prior to the annual meeting.
 - i. The following are guidelines for the preparation of the statement of candidate's background and qualifications:
 - 1. The statement may include: education, business background, civic, social, and community activities;
 - 2. "Activities" may include organized events, clubs, hobbies or any unique activity;
 - 3. Date and place of birth shall be considered optional information Length of residency in United; and
 - 4. Statement of personal philosophy (optional).
- e. Each candidate for a Director position is responsible to directly forward their candidate statement, electronically, to the Inspector of Election and Corporate Secretary and is solely responsible to ensure the accuracy of the information and transmission of the candidate's statement. Once the candidate's statement is submitted, as set forth herein, it is irrevocable and cannot be changed or modified. ***United is not responsible for the content of any candidacy statement***
- f. Any candidate or spouse of a candidate who has a direct or indirect financial interest in any business organization or who is a director, officer or employee of any business, or agency of any county, state or federal government (other than a charitable organization), incorporated or otherwise, which engages in business transactions with the Corporation, shall disclose such relationship to the Board of Directors at the time of their self-nomination.
 - i. Failing to disclose such relationship, termination or cessation of membership in United, or failure to reside full-time in the candidate's Manor, shall, when ascertained, immediately disqualify the candidate, or if ascertained after the candidate is elected as a Director to the Board of Directors of the Corporation, shall immediately disqualify the Director from further service on the Board thereby creating a vacancy to be filled by the Board of Directors as provided in Section 4(e) of Article VI (Bylaws, Art. VIII Sec. 3(d)).
- g. Candidates must disclose the fact that they have significant outside, time-consuming commitments such as: (a) full time or significant employment responsibilities; (b) full time or significant time commitments to care for others; or (c) extensive travel plans which could impact the time available to conduct Board Business (Bylaws, Art. VIII Sec. 3(e)).

- h. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected as directors and shall take office immediately following their election. Any tie vote shall be broken by lot, which may include any method of randomly deciding the issue as agreed by the candidates or adopted by the Board, including without limitation drawing names or straws, or use of a coin, die or other object, or a lottery, or any other random selection process.

4. **Eligibility to Vote**

- a. Only persons approved for Membership by the Board of Directors and to whom a membership certificate has been issued (or the Member's successor trustee) shall be entitled to vote (see Bylaws, Art. II Sec. 4(h)-(i)).
- b. No Member shall be eligible to vote who is shown on the books of account of the Corporation to be more than thirty (30) days delinquent in payment of any sums due to the Corporation under his or her Occupancy Agreement or otherwise, and who has been given notice thereof and the opportunity for a hearing concerning the delinquency and loss of voting rights (Bylaws: Art. V Sec. 8(a)(i)).
- c. Single Memberships in which two or more Members have a joint or undivided interest shall have only one (1) vote (Bylaws: Art. V Sec. 8(a)(ii)) and only one such Member may run for, and serve on, the Board at any one time.
- d. Record Date:
 - i. The record date for determining those Members entitled to receive Notice of a meeting of the Members shall be fifteen (15) days prior to the day that the notice of the meeting is mailed (the "Record Date for Notice");
 - ii. The record date for determining those Members entitled to vote by secret ballot shall be fifteen (15) days prior to the day that the secret ballots are mailed (the "Record Date for Secret Ballots");
 - iii. The record date for determining the Members entitled to vote by ballot on corporate action **without a meeting** shall be twenty (20) days before the day on which the first written ballot is mailed or solicited (Bylaws: Art. V Sec. 10(d)).
- e. a vote is being taken in connection with an annual meeting of the Members, the Inspector(s) of Election shall tabulate the ballots for the vote to approve assessments, amendments to the Articles of Incorporation, Bylaws or Occupancy Agreement, removal of directors and/or granting the exclusive use of common area to a member shall be tabulated at a duly noticed (regular or special) meeting of the Board of Directors. The Board of Directors shall determine the date, time and place of said Board meeting.

5. **Candidate Equal Access to Corporation Media**

- a. All candidates for a Director position shall have equal access to Corporation media for the purpose of campaigning for an election. . For purposes of this paragraph, "Corporation media" means the Corporation's cable channel. No candidate may utilize Corporation media for the thirty (30) day period following the date the first election ballot material is sent to the membership for the election of the Board of Directors through the election date, even if for a period longer than thirty (30) days.
- b. In each election for the Board of Directors, the Corporation shall hold a forum ("Meet the Candidates") for the nominees within a Golden Rain Foundation (GRF) facility prior to the date that the ballot materials are sent to the Membership. Meet the Candidates will be for the purpose of allowing the Membership to meet and ask questions of all nominees. All nominees standing for election shall be invited to attend the forum and should appear in person.
- c. Golden Rain Foundation (GRF) meeting rooms shall be available to candidates free of charge for campaign purposes (California Civil Code Section § 5105(a)(2).).
- d. Any time a ballot measure is required to be sent to the Membership for approval which is unrelated to the election of directors, such as amending the Bylaws or the Occupancy Agreement, the Corporation may hold a town hall meeting – rather than a formal membership meeting – which is an informal gathering of members in which members can express their points of view. Further, if Corporation media is used in connection with such ballot measures, any Member advocating a point of view shall be permitted use of Corporation media, provided the Member's purposes reasonably relate to the ballot measure. The Corporation shall not edit any such communications made by Members, but may include a statement specifying that the Member, and not United, is responsible for that content.

6. **Appointment of Inspectors of Election**

- a. The Board of Directors shall appoint one (1) or three (3) Inspectors of Election. An Inspector of Election shall, at the Board's discretion, be a member of the Corporation as defined under Section 1.b of this SOP, an independent third party that specializes in the administration of elections with whom the Board executes a contract, or a combination of the two (see California Civil Code Section § 5110(b).).
- b. Inspectors of Election shall not be employees of the managing agent; however, employees of the managing agent may assist the Inspector(s) of Election with their duties except for the counting and tabulation of the votes.
- c. Inspectors of Election who are members of the Corporation must be prepared to commit to a substantial workload during preparation of the ballots for mailing

and between the time the returned ballots are received and the time when they are counted and tabulated at an open meeting.

- d. If the Board contracts with an independent third party as an Inspector of Election pursuant to Section 6.a of this SOP, the provisions for verifying voter eligibility and for formatting of election materials contained in Section 7 of this SOP may be adapted to meet the requirements of an electronic processing system used by the contractor.
- e. An Inspector or Inspectors may appoint and oversee additional persons to assist as the Inspector or Inspectors deem appropriate.

7. **Duties of Inspectors of Election**

- a. Determine the number of memberships entitled to vote and the voting power of each membership. (California Civil Code § 5110(c)(1).)
 - i. Eligible Voter List:

Pursuant to Section 4 of this SOP, the Inspectors will create or cause to be created an Eligible Voter List that identifies all Members who are eligible to vote. This list will be used to mail ballots only to those Members entitled to vote by ballot on corporate action without a meeting as of the Record Date specified herein.
- b. Determine when the polls shall close. (California Civil Code § 5110(c)(6).)
 - i. The Inspectors of Election shall determine the date that ballots must be received in accordance with California Civil Code § 5115(a.), which states “Ballots...shall be mailed not less than 30 days prior to the deadline for voting.” The deadline shall be incorporated into the voter instructions and adopted by the Board of Directors in the form of a resolution.
- c. Oversee the Mailing of the Ballot Package
 - i. Obtain certification from the preparer of the ballot packages that all necessary items were enclosed in each Ballot Package Mailing Envelope and that the envelopes were properly addressed to all members on the Eligible Voter list.
 - ii. Ensure that Ballot Package Mailing Envelopes are sent by first class mail to help ensure that all members receive ballots in a timely manner.
 - iii. Obtain a statement from the post office indicating the number of ballot packages mailed.
- d. Receive ballots. (California Civil Code § 5110(c)(3).)
 - i. Secret Ballot Return Instructions – If authorized by the California Legislature, the Corporation may utilize electronic “Secret Ballots.” Such

procedure will be consistent with what is required in the California Civil Code. For paper Secret Ballots, the following shall apply:

1. The Secret Ballot itself is not signed by the voter, but is inserted into the Secret Ballot Envelope, which is sealed. The Secret Ballot Envelope shall not have any identifiable markings and is then inserted into the Pre-Addressed Return Envelope, which is also sealed. In the upper left hand corner of the Pre-Addressed Return Envelope, the voter shall both print and sign his or her name, address, and the unit number that entitles him or her to vote (California Civil Code § 5115(a)(1).).
2. The Pre-Addressed Return Envelope is addressed to the Inspector or Inspectors of Election, who will tally the votes. The envelope may be mailed or delivered by hand to a location specified by the Inspector or Inspectors of Election. The member may request a receipt for delivery (California Civil Code § 5115(a)(2).).

a. Return by Mail

- i. The Pre-Addressed Return Envelope shall be returned on or before the deadline date by mail to the address of the Inspector of Election c/o Ballot Collector as set forth in the voting or ballot return instructions or on the secret ballot.
- ii. A second post office box may be used for Secret Ballot packages returned as undeliverable.
- iii. Members who desire a receipt for delivery of a mailed Secret Ballot shall mail the Secret Ballot by Certified Delivery – Return Receipt Requested at the Member’s expense.

b. Return by Hand Delivery

- i. Secret Ballots returned by hand shall be deposited by the Member into a locked and secure ballot box located in the lobby of the **Community Center, 24351 El Toro Road, Laguna Woods.**
- ii. At the request of the voting Member, the management staff shall provide a receipt for the hand delivered Secret Ballot.
- iii. Inspectors shall retrieve Pre-Addressed Envelopes from the locked ballot box daily and date stamp them.

- iv. Secret Ballots may also be hand delivered to the Inspector of Elections at the meeting to tabulate the ballots prior to the close of polls.
 3. All Pre-addressed Return Envelopes received shall remain sealed until they are opened and tabulated in public. The Corporation shall reserve a secure room at the **Community Center (24351 El Toro Road, Laguna Woods)** for use by the Inspector(s) of Election. Notwithstanding, the Inspector(s) of Election may establish a physical boundary or buffer around them during the tabulation of ballots.
 - ii. Ballot Return Instructions – The Ballot Return Instructions will be the same as the Secret Ballot Instructions, detailed herein above, with the exception that the Ballot will be inserted into the Pre-Addressed Return Envelope only inasmuch as non-Secret Ballots do not require the use of a double envelope system so the Secret Ballot Envelope will not be utilized.
- e. Determine the authenticity, validity, and effect of proxies, if any.
- f. Verify voter eligibility.
 - i. Count and record the number of Pre-addressed Return Envelopes received from the post office.
 - ii. Count and record the number of Pre-addressed Return Envelopes received by hand delivery.
 - iii. Place the Pre-addressed Return Envelopes in order by address, which corresponds with the Eligible Voter List. This process may be automated (i.e., barcodes).
 - iv. Void (but do not open) any Pre-addressed Return Envelopes, which does not contain information that identifies the member as an eligible voter (see Section 7.d.i.1 above).
 - v. Void (but do not open) any Pre-addressed Return Envelope that is a duplicate vote.
 1. Revocation. No written ballot may be revoked after deposit in the mails or delivery to the Corporation. (Bylaws, Art. V Sec. 9(e))
 2. If a voter returns two Pre-addressed Return Envelopes, the Inspectors of Election shall determine which ballot to count. If it can be determined which is the first Pre-addressed Return Envelope sent or received, then it shall be deemed the original ballot, which shall be counted and the other Pre-addressed Return Envelope should be voided.

- vi. Resolve any challenged ballots. If possible, this should be done before any Pre-Addressed Return Envelope is opened and counting begins.
 - vii. Explain the reason for each voter eligibility decision made.
 - viii. The sealed ballots at all times shall be in the custody of the Inspector or Inspectors of Election or at a location designated by the Inspector or Inspectors of Election until after the tabulation of the vote, at which time the Inspector of Election can maintain custody of the Election Record pursuant to statute, or transfer custody shall be transferred to the Corporation (California Civil Code § 5125(a)).
- g. Count and tabulate the votes.
- i. All votes shall be counted and tabulated by the Inspector or Inspectors of Election in public at a properly noticed open meeting of the Board of Directors (Civil Code § 5120(a)).
 - ii. At a properly noticed open meeting of the Board of Directors, the seals of the Secret Ballot Envelopes shall be broken, and the Inspector(s) of Election shall prepare the ballots for tabulation, which may include electronic tabulation scanning. A third-party election services contractor who is not an inspector of election may be deputized by the Inspectors of Election to assist with the preparation and scanning of the ballots.
 - iii. A ballot shall be voided if it contains information identifying the voter (California Civil Code § 5115(a)).
- h. Determine the result of the election
- i. Once the ballots are scanned and tabulated, the Inspector(s) of Election shall certify the election by signing an official form. The tabulated results of the election shall be promptly reported to the Board and shall be recorded in the minutes of the next meeting of the Board and shall be available for review by members of the Corporation.
 - ii. Within fifteen days of the election, the Board of Directors shall publicize the results of the election.
 - iii. Tabulated ballots shall be packed and sealed, and the Inspectors of Election shall initial the seal to ensure that there is no tampering with the tabulated ballots.
 - iv. The custody of the tabulated ballots and other Election Records as listed in Section 1.a of this SOP shall remain in the custody of the Inspector(s) of Election for not less than one (1) year after the tabulation of ballots, or until the time allowed by Civil Code Section 5145 for challenging the election has otherwise expired. Upon written request, ballots shall be made available for inspection and review by Members or their authorized

representatives. Any recount shall be conducted in a manner that shall preserve the confidentiality of the vote.

- v. After the tabulation of ballots, the Board of Directors or its management agent shall return to the post office to pick up any ballots received after the deadline. These ballots shall not be opened and shall be marked "Void – received after deadline".
- vi. All written ballots and other Election Records as defined in Section 1.a of this SOP shall be filed with the Secretary of the Corporation and maintained in the corporate records at a secure location for a minimum period of one (1) year (see Bylaws, Art. V Sec. 9(f)).

8. **Election Mailing Materials**

- a. The Corporation shall conduct its election consistent with its Bylaws and state statutes (see Bylaws, Art. V Sec. 9(b)). The official election materials are to be prepared by the Inspector(s) of Election.
- b. As prescribed by law, secret ballot procedures shall be used when voting on the following issues: assessment increases; election and removal of directors; amendments to the Governing Documents (i.e., Articles of Incorporation, Bylaws and Occupancy Agreement); and the grant of exclusive use of Common Area property.
 - i. A "secret ballot" is a ballot which does not identify the voter by name, address, lot, unit or parcel number. The term "secret ballot" does not include a ballot for purposes of voting on any matter other than assessments, election or removal of directors, amendments to the Governing Documents or the grant of exclusive use of Common Area property. All secret ballots, including for election of directors, must conform to the requirements of applicable law. Any Bylaws provision inconsistent with the law shall be void.
 - ii. All secret ballots shall provide a reasonable time within which to return the ballot to the Corporation, which may be set at the discretion of the Board unless otherwise required by law. The time for the return of secret ballots may be extended for reasonable intervals at the discretion of the Board.
 - iii. Any action requiring Member approval, other than those requiring a secret ballot, may be submitted for vote by written ballot without calling a meeting of the Members. The written ballot shall describe the proposed action(s), provide an opportunity to specify approval or disapproval of each proposal, and provide a reasonable time within which to return the ballot to the Corporation as set forth in Article V, Section 9 of the Bylaws.
 - 1. The determination to conduct a vote by written ballot shall be made by the Board or by members having 20% of the eligible

voting power signing a written request and delivering same to any Corporation officer Per Bylaws, Section 9(c).

2. The officer shall thereupon distribute a written ballot to every Member eligible to vote on the matter. A written ballot may not be revoked.
 3. All solicitations shall indicate the number of responses needed to meet the quorum requirement and the percentage of approvals needed to approve each proposal. The solicitation must specify the time by which the ballot must be received in order to be counted.
 4. Written ballots and solicitations shall be distributed in the same manner as notice of Member meetings. Approval by written ballot shall be valid only when the number of eligible ballots received meets the quorum required at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Upon tabulation of the ballots, the Board shall promptly notify the Members of the outcome of the vote or failure to meet quorum.
- c. Should state statute allow for electronic voting for those votes which previously required paper Secret Ballots, as referenced herein and in the state statute, then the Corporation may utilize such electronic system consistent with those Rules and Regulations, so long as the electronic voting is consistent with the terms of the applicable and statutory requirements.

9. **Secret Ballots: Removal of Directors by the Membership**

- a. The Members may remove directors by a vote of the majority of the eligible voting power of the Corporation, in accordance with the following procedures:
 - i. A petition must be presented, in person, to the President or Secretary of the Corporation, bearing the signatures of Members in good standing who represent at least five percent (5%) of the eligible voting power of the Corporation. The petition must state the reason(s) justifying the director's removal; the signature and address or Unit number of each petitioner in his or her own handwriting; the name(s) of the sponsor(s) of the petition; and fulfill all other legal requirements.
 - ii. Within twenty (20) days after receipt of such petition, the President, Secretary, or Board shall either call a special meeting or distribute secret ballots to the Members to vote upon the requested recall. Such meeting

or vote by secret ballot shall be conducted not less than thirty-five (35) nor more than ninety (90) days after the petition is presented.

- iii. The director(s) whose removal is being sought shall have the right to rebut the allegations contained in the petition orally, in writing or both. Any written rebuttal shall be mailed by the Corporation or otherwise provided to all Members, together with the recall ballot.
- iv. If the quorum requirement for a valid membership action is not satisfied or if the recall vote results in a tie, the removal action will have failed.
- v. In the event the recall vote is successful, any vacancy must be filled by a vote of the Members following the nomination and election procedures set forth in this SOP, except that nominations to fill a vacancy shall close thirty (30) days before the date of special meeting to elect a director(s) to fill a vacancy(ies). Notice of the special meeting and secret ballots to elect directors to fill any vacancy created by the removal of one or more directors must be sent to Members not less than thirty (30) days before the deadline for voting. The successor director shall serve for the unexpired term of his or her predecessor.

10. **Secret Ballots: Amendments to Governing Documents.**

- a. Votes to amend the Articles of Incorporation, Bylaws, Occupancy Agreement or any other governing documents of the Corporation (“Governing Documents”) shall be done by secret ballot pursuant to the SOP. Secret ballots enclosing the text of the proposed amendment must be delivered to every Member not less than thirty (30) days prior to the deadline for voting.

11. **Secret Ballots: Grant of Exclusive Use of Common Area.**

- a. The affirmative vote of at least sixty-seven present (67%) of Members secret ballot pursuant to the procedures set forth herein is required before the Board may grant exclusive use of any portion of the Common Area to a Member, unless the grant of exclusive use of Common Area meets an exception provided by Civil Code Section 4600(b), or any superseding statute, which includes, but is not limited to any grant of exclusive use that is for any of the following reasons:
 - i. To eliminate or correct engineering errors in documents recorded with the county recorder or on file with a public agency or utility company;
 - ii. To eliminate or correct encroachments due to errors in construction of any improvements;

- iii. To permit changes in the plan of development submitted to the Real Estate Commissioner in circumstances where the changes are the result of topography, obstruction, hardship, aesthetic considerations, or environmental conditions;
 - iv. To fulfill the requirement of a public agency;
 - v. To transfer the burden of management and maintenance of any Common Area that is generally inaccessible and not of general use to the membership at large;
 - vi. To accommodate a disability;
 - vii. To install and use an electric vehicle charging station in a garage or a designated parking space that meets the requirements of Civil Code Section 4745, where the installation or use of the charging station requires reasonable access through, or across, the common area for utility lines or meters;
 - viii. To install and use an electric vehicle charging station through a license granted by an association under Civil Code Section 4745; or
 - ix. To comply with governing law.
- b. Any measure placed before the members requesting that the Board grant exclusive use of any portion of the Common Area shall specify whether the Corporation will receive any monetary consideration for the grant and whether the Corporation or the transferee will be responsible for providing any insurance coverage for exclusive use of the Common Area.