

LWV

August 6, 2009

Residents Voice

Conrad Grundke

08/06/2009

Residents Voice

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Topics for Tonight

- **Occupancy Agreement**
- **Regulatory Agreement**
- **CH 2 Update**
- **LWV LOGO**

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“Occupancy Agreement!”

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United's
Occupancy Agreement

Mike Curtis

United's Occupancy Agreement

Mike Curtis

Yikes! – Did I Sign That?

Governing Documents

Mutual 50	Third	United	GRF
Articles of Incorporation <i>Aug2000</i>	Articles of Incorporation <i>Nov1970</i>	Articles of Incorporation <i>Nov1975</i>	Articles of Incorporation <i>Dec2000</i>
Bylaws <i>Mar2000</i>	Bylaws <i>Dec2001</i>	Bylaws <i>Nov1996</i>	Bylaws <i>Nov2006</i>
CC&Rs <i>May1990</i>	CC&Rs <i>May1988</i>	Occupancy Agreement <i>Oct2006</i>	Trust Agreement <i>Nov2000</i>

Governing Documents

Mutual 50	Third	United	GRF
Articles of Incorporation <i>Aug2000</i>	Articles of Incorporation <i>Nov1970</i>	Articles of Incorporation <i>Nov1975</i>	Articles of Incorporation <i>Dec2000</i>
Bylaws <i>Mar2000</i>	Bylaws <i>Dec2001</i>	Bylaws <i>Nov1996</i>	Bylaws <i>Nov2006</i>
CC&Rs <i>May1990</i>	CC&Rs <i>May1988</i>	Occupancy Agreement <i>Oct2006</i>	Trust Agreement <i>Nov2000</i>

United's Occupancy Agreement

- **5-pages, Mostly In Fine Print**
- **You Signed It When You Purchased**
 - Identifies Parties Involved
- **Member Is Owner/Holder Of Membership**
- **Member Is Owner/Holder Of GRF Membership**
- **Identifies Your Unit And Carport**
- **Automatically Renewable Every 3-years**
- **Identifies Initial Carrying Charge**
- **25 Articles To Be Followed**

Articles

1) Monthly Carrying Charges

- 1/12th Per Month
- Includes Both United And GRF Portions
- Management And Administration
- Taxes
- Fire And Extended Coverage Insurance Required
- Water, Gas, Electricity, Garbage And Trash, Other Utilities
- TV Service
- Maintenance And Reserves
- HUD Loan Principal And Interest
- Any Other Expenses The Board Approves

Articles (cont.)

2) Payment Of Carrying Charges

- Paid In Advance Of The Month, Due On The 1st

3) Excess Carrying Charges

- No Refunds Of Excess Income Collected
- Board Has Sole Discretion For Use In Next Fiscal Year

4) Member's Option To Renew

- Automatically Renewable Every Three Years
- Unless Termination Notice Sent 4-months Earlier
- Unless Member Has Not Paid Expenses
- Unless Member Has Not Kept Premises Up

5) Use Of Premises

- Used As Private Dwelling
- Do Nothing To Increase Insurance
- Can't Obstruct Use Or Annoy Others
- Follow All Terms And Conditions

Articles (cont.)

6) Member's Right To Peaceable Possession

- Sole Use Of Dwelling

7) Subletting Prohibited

- Shall Not Sublet Without Prior Approval
- Lease Must Be Approved In Advance

8) Transfers, Pledges

- Transfers Only Be Transferred As They Are Now
- Must Be Approved In Advance
- Subject To All Conditions Set Forth Elsewhere

9) Management, Taxes And Insurance

- Corporation Provides Management
- Pays Taxes And Insurance
- Does Not Cover Member's Property

Articles (cont)

10) Utilities

- Corporation Takes Care Of All Utilities For Exterior
- Member Takes Care Of Their Own Electricity

11) Repairs

- Subject To The Recognition Agreement(?)
- Defines Member's Responsibilities
- Defines Corporation's Responsibilities
- Corporation Can Repair And Member's Expense

12) Alterations And Additions

- Requires Prior Approval
- Maintained By Member

13) Membership In The Foundation

- Resident Member Is Also Member Of GRF
- GRF Determines Nature Of Facilities And Services

Articles (cont)

14) Default By Member

- If You Default, Rights Could Be Lost Within 10-days
- Long List Of Default Issues (No Longer Owner, Bankrupt)
- Study This One Carefully ...

15) Compliance With Regulations

- Preserve And Promote The Coop
- Cooperates With Other Members

16) Effects Of Fire Loss

- Corporation Determines Restoration
- Redemption Of Membership
- Carrying Charges Shall Not Abate

17) Inspection Of Dwelling Unit

- Corporation And Management Has The Right Of Entry At Any Reasonable Hour

Articles (cont)

18) Subordination

- Occupancy Agreement is at all time subordinate to lenders and mortgages

19) Notices

- Notice given by US Mail, postpaid

20) Fiscal Reports

- Provided in accordance with the law

21) Representations

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

22) Rights and Remedies

- Are cumulative(?)
- Exercising not deemed to be a waiver

Articles (cont)

23) Late Charges And Attorney's Fees

- Amount Determined By Corporation
- Pays Fees If Found In Default

24) Successors, Assignees, Etc.

- Occupancy Agreement Shall Be Binding On Successors, Assignees, Heirs And Personal Representatives Of The Member

25) Amendments

- May Not Be Amended Or Modified Without Consent Of The Corporation
- Not Be Enforceable Unless In Written Form
- Member Agrees To Accept Changes

**“Regulatory
Agreement!”**

The Regulatory Agreement

Meets the GRF By-laws

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WHAT IS THE REGULATORY AGREEMENT?

- **A document which details the agreement between HUD and the GOLDEN RAIN FOUNDATION of LAGUNA HILLS**
- **A set of rules which cannot be changed or ignored by either GRF or PCM without penalty**
- **Rules which supersede and override both CC&Rs and By-Laws.**
- **The agreement under which HUD provided funding to build Leisure World.**

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Key points protecting our land in the agreement

- 1. Section 1 says GRF cannot do certain things without FIRST getting written approval from HUD**
 - a) GRF cannot sell, rent, give away, use as collateral, transfer to another **ANY** property, real or personal, that is held in the trust. They may not encumber any property in the trust **PERIOD****

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b) GRF is not allowed to change or deviate from the voting plan at will. **Any change has to be approved by HUD. The voting plan discussed is that which has been approved by HUD and is in GRF Articles of Incorporation and By-Laws.**

c) GRF is **NOT TO AMEND Articles of Incorporation or By-Laws. (without approval of HUD)**

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d) GRF may not spend or borrow any money beyond the current budget.

- **PERMISSION FROM HUD** must be granted in order to make any changes.
- The first major change affecting the agreement occurred June 12, 2006 when the by-laws were changed and approved by HUD.

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- The By-Law changes in 2006 allowed GRF to buy, sell, lease property in the trust and to build additional facilities.
- Before hud approved the by-law changes GRF ***WAS NOT ENTITLED TO MAKE ANY LAND TRANSACTIONS*** because the regulatory agreement supersedes the by-laws and disallowed that.

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GRF LAND TRANSACTIONS PRIOR TO THE BY-LAW CHANGES

- **1996: 5-way 1031 swap for the land now a golf course, Shea housing development and destroyed riparian wet land next to Home Depot. It also involved El Toro Water District. We bought 148 acres, \$3million cash We sold 123 acres to AMH Golf Corp. for \$1.6 million. GRF paid \$1million just for “mitigation” expenses.**

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- **2004: sale of the old administration building to Mayer corporation for \$3.25 million**
- **PCM managed both Aliso Viejo Community Assn. and Leisure world at the time. Russ Disbro was the manager in AVCA**
- **PEEE EEEWWW!**

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“CH #2 Update!”

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Comments from GRF Board Meeting on 8-4-9

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Comment by Director Hatch:

As to CH#2, I really hope that we put that to rest. That building has got some problems but it has a good life ahead of it if we take care of it. It has some architectural benefits as well. So, until we figure out exactly as to what use of that building is gonna be, there's gonna be no action on it. So, I would say, "relax," come to the CAC Meetings where we're gonna talk about our needs in the future and ultimately CH#2 is gonna be dealt with.

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Comment by Director Stuller:

Bob, isn't it true that if you take that building down, you'll have to take the hill down also because it violates the ADA rules?

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Comment by Director Hatch:

If you take the building down, there'll be a lot of problems and that's just one of many. So it's not an easy thing to say we're gonna take the building down.

There are a lot of alternatives before we resort to that.

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Conclusion

- **Director Hatch suggests that we put CH #2 to rest, BUT, his comments have excluded no potential alternative INCLUDING a new CH #2.**
- **We have spent the past 3 years without the proper maintenance on CH #2. If we wait long enough, it will fall down.**
- **Couldn't the \$500,000 upgrade to Gate 1 be better utilized in maintaining CH #2?**

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Conclusion

- **CH #2 has the potential for becoming designated as a Historical Site. This could have a major impact on any decisions.**

“LWV LOGO !”



Can you recognize this:

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**Laguna
Woods**



LARRY RYGALSKI
(949) 680-6091



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LAGUNA WOODS VILLAGE
Government



GOVERNMENTAL STRUCTURE

The governmental structure of Laguna Woods, originally called Leisure World®, an un-incorporated section of Orange County, was incorporated as a city in March 1999, and consists of a City Council and Mayor chosen from within the elected Council. The council functions as most city governments do: contract for police, fire and other public services and administering city funds, etc. In addition, the governmental structure of Leisure World®, now called Laguna Woods

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Website Address:

www.leisureworld4seniors.com/government.htm

Our LOGO on Advertising for local Real Estate Companies?

Authorised by WHOM?

The End