

**RESOLUTION M50-25-**  
**Revised Financial Qualifications for Purchasing in Mutual Fifty**

**WHEREAS**, Laguna Woods Mutual No Fifty (Mutual) is formed to manage, operate and maintain housing at Laguna Woods Village; and

**WHEREAS**, Mutual desires to protect the financial integrity of the Corporation; and

**WHEREAS**, Mutual has expressed the need to revise its Guidelines for Financial Qualifications by adjusting the minimum net worth and minimum annual income requirements in light of issues with unpaid assessments;

**NOW, THEREFORE BE IT RESOLVED**, on November 20, 2025, the Board of Directors of this Corporation hereby amends its Guidelines for Financial Qualifications by increasing the minimum net worth and minimum annual income requirements, as attached to this resolution: and

**BE IT FURTHER RESOLVED** that this resolution shall take effect immediately upon adoption.

**RESOLVED FURTHER**, that Resolution M50-24-21, adopted November 21, 2024, is hereby superseded and canceled; and

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

**ADOPTED** by the Board of Directors of Laguna Woods Mutual Number Fifty on this November 20, 2025

**Motion made by:**

**Seconded by:**

**Votes: For:** \_\_\_\_

**Against:** \_\_\_\_

**Abstain:** \_\_\_\_

**Certification:** I, [Margaret Bennett](#), Secretary of Laguna Woods Mutual No Fifty, hereby certify that the above is a true and correct copy of a resolution duly adopted by the Board of Directors of the Mutual at an Open Board meeting duly called and held on November 20, 2025 at which a quorum of the Board was present and acting throughout.

(signed) Secretary

# **Laguna Woods Mutual No 50 Financial Qualifications Policy**

The governing documents of Laguna Woods Mutual No 50 (“Mutual”) require each person seeking to acquire an ownership interest in a unit (“Applicant”) to obtain the **PRIOR** written approval of the Mutual’s Board of Directors (“Board”) before doing so. As a condition to obtaining such approval, each Applicant must provide to the Board documentation that conclusively establishes that Applicant satisfies certain financial requirements as set forth in the Mutual’s governing documents (“Application”). For the purposes of determining whether an Application will be approved or denied, the Board has adopted this Financial Qualifications Policy (“Policy”), which shall remain in effect until such time as this Policy may be changed, modified, or amended by a duly adopted Board resolution.

Point of reference: CPI-U as of January 2025 is 317.671

## **I. General Application Requirements.**

- a. As a condition of approval, Applicant(s) must submit to the Mutual an Application with all of the following documentation provided in a form satisfactory to the Board:
  1. A federal income tax return for the most recent year that is signed, dated, and includes Schedules A, B and E, as applicable, as well as any other financial verification documents requested by the Board. By way of example, but without limitation, other verification documents may be required if any Applicant derives income from a business owned by the Applicant (personally or through a legal entity), in which case the applicable business tax schedule and profit and loss statement may also be required.
  2. Net worth verification pursuant to Section II of this Policy.
  3. Income verification pursuant to Section III of this Policy.
  4. Escrow agreement pursuant to Section IV of this Policy.
  5. A completed Financial Statement and Credit Information form.
  6. Verification of the Applicant’s identity, which must be a natural person, or a designated individual acting on behalf of a corporation, LLC or Trust.
  7. A background check. Note: a criminal conviction record on a report, is not sufficient to reject a buyer or refuse residency to a person. The conviction must have a direct and specific negative bearing on a substantial, legitimate, and nondiscriminatory interest: the safety of residents, employees, and the property. Consideration will be given to the nature and severity of the crime and the amount of time that has passed since the criminal conduct occurred, which information is to be derived from further investigation, and if such information is not available, the buyer may not be rejected, nor a person refused residency.
  8. Where there is more than one prospective Applicant, income and assets can be calculated collectively, if each intends to reside in the property.
  9. If the Applicant desires to have a Guarantor to enable the Applicant to qualify to purchase a unit (as defined below), all documents required pursuant to Section IV of this Policy shall also apply to the Guarantor.
  10. If the Applicant desires to purchase more than one (1) unit or already owns at least one (1) unit at the Mutual, all documents required pursuant to Section V of this Policy shall be required for each unit application.
- b. The Board may deny any Application that does not include all of the documentation required herein, in a form consistent with this Policy and satisfactory to the Board, except as

otherwise required by law.

- c. Any Application (including, without limitation, any document submitted in connection with said Application) that contains false or misleading information will be denied. If an Application was approved and it is later determined that such Application contained false or misleading information and if escrow had not closed by the time such discovery was made the Board may immediately withdraw its approval without the Mutual suffering any liability whatsoever. If escrow, as referenced immediately above, has already closed when the discovery of the false and misleading documentation is discovered, the Applicant will be deemed an owner, not in good standing and will, after a noticed hearing before the Board, be denied the owner's amenity rights, held by an owner in the Mutual, unless such rights are not suspended by the Board of Directors.
- d. Prospective Applicants shall submit from a nationally recognized credit reporting agency (e.g., Equifax, TransUnion, Experian) a full credit report if FICO score is less than 700. Submit a credit summary report if FICO score is 700 or higher. These reports must be dated within 60 days prior to the application submission.

## II. Net Worth Requirements.

- a. Resident Owner(s)
  - 1. As a condition of approval, Applicant(s) shall submit satisfactory verification of a Minimum Net Worth that is greater than or equal to one hundred fifty thousand dollars (\$150,000) in acceptable assets net of liabilities, including the purchase price. Minimum Net Worth shall be adjusted annually by the change in CPI-U from January 2025.
- b. Investors and non-resident owners
  - 1. As a condition of approval, Applicant(s) shall submit satisfactory verification of a Minimum Net Worth that is greater than or equal to two hundred fifty thousand dollars (\$250,000) in acceptable assets net of liabilities, including the purchase price. Minimum Net Worth shall be adjusted annually by the change in CPI-U from January 2025.
- c. When computing net worth for the purposes of this Section, acceptable assets shall be limited to those assets that are considered, in the Board's sole discretion, to be liquid, marketable or income producing. Examples of acceptable assets include, without limitation, the following:
  - 1. Equity in U.S. residential and income real estate.
  - 2. Savings accounts in U.S. banks and U.S. credit unions.
  - 3. Cash value life insurance.
  - 4. Certificates of deposit and money market accounts.
  - 5. IRA, SEP, 401(k), Profit Sharing and Keogh accounts.
  - 6. Federal, state, or municipal government bonds.
  - 7. U.S. traded investments (e.g., NYSE, Amex, OTC, Nasdaq, etc.) valued at current market prices.
  - 8. U.S. investments in SEC regulated funds and partnerships
  - 9. Mortgages and promissory notes; provided that the interest in such mortgages or promissory notes is reported on the Applicant's tax return.
- d. When computing net worth for the purposes of this Section, acceptable assets will not include, without limitation, equity in mobile homes, recreational vehicles, boats, trailers, airplanes, automobiles, or other vehicles of any kind; vacant or undeveloped real estate; or artwork, jewelry, or other collectibles (e.g., coins, dolls, stamps, etc.).
  - 1. Term life insurance

2. Annuity funds that cannot be withdrawn in lump sum
3. Anticipated bequests, devises or inheritances
4. Mortgages and promissory notes where the interest in such mortgages or promissory notes is not reported on the Applicant's tax return.

### **III. Income Requirements.**

- a. Resident owners
  1. As a condition of approval, Applicant(s) shall submit satisfactory verification of annual income such that Applicant's eligible income (as defined in this section) is greater than or equal to 2.0 times the sum of the annual assessment plus additional occupant fee, if applicable, in effect at the time of purchase.
- b. Investors and non-resident owners
  1. As a condition of approval, Applicant(s) shall submit satisfactory verification of annual income such that Applicant's eligible income (as defined in this section) is greater than or equal to 3.0 times the sum of the annual assessment plus additional occupant fee, if applicable, in effect at the time of purchase.
- c. Eligible income shall consist of the following on a combined basis:
  1. 100% of verifiable income from wages, corporate pensions, annuity policies, and government entitlements such as, but not limited to Social Security.
  2. 4% (four percent) of acceptable assets included under the net worth requirement in Section II.

### **IV. Guarantors.**

- a. In the event any Applicant is unable to satisfy the financial requirements set forth in the Mutual's governing documents (including, without limitation, this Policy), the Board may permit said Applicant to have a financial guarantor in accordance with this Section IV ("Guarantor"), so long as the Guarantor is not one of the persons seeking to reside in the unit.<sup>3</sup>
- b. Each Guarantor shall enter into an agreement with the Mutual to become financially responsible, jointly and severally, for all expenses associated with the Applicant's ownership and residency at the Mutual ("Assessment/Charges Guarantor Obligation Form"). A Assessment/Charges Guarantor Obligation Form is attached hereto as Exhibit "A" and incorporated in its entirety herein by this reference as if fully set forth in this Policy.
- c. Each Guarantor shall submit all of the following documentation in a form satisfactory to the Board:
  1. A fully executed and completed Assessment/Charges Guarantor Obligation Form.
  2. Proof that the Guarantor's primary residence is located in California, USA.
  3. Verification of net worth equal to the sum of the purchase price of the unit plus five hundred thousand dollars (\$500,000) in Acceptable Assets. Acceptable Assets net of liabilities shall be adjusted annually by the change in CPI-U from January 2025.
  4. Verification that the Guarantor's annual income such that the total of the annual assessment plus additional occupant fee if applicable, in effect at the time of purchase does not exceed 20% of Guarantor's taxable income.

5. A credit report. Summaries are acceptable when there is no outside mortgage and FICO score is 700 or higher.
- d. The Board may withhold its approval of any Guarantor for, without limitation, any the following reasons:
1. A Guarantor or Applicant fails to provide all of the documentation as required by subsection (d), above, in a form consistent with this Policy and satisfactory to the Board.
  2. A Guarantor is subject to a bankruptcy proceeding that is pending or has not been discharged.
  3. Any foreclosure or short sale of any property owned by the Guarantor.
  4. Any outstanding balances, collection accounts, or judgments owed by the Guarantor.
  5. A Guarantor's credit score is lower than 700.
  6. A Guarantor seeks to reside in the unit.
  7. A Guarantor resides in a primary residence outside of the State of California.
  8. A Guarantor's bank is located outside of the State of California.
  9. A Guarantor already guarantees (1) one or more units within Laguna Woods Village.
  10. A Guarantor provides any false or misleading information to the Board.
  11. Any other reasonable grounds that call into question a Guarantor's financial ability or fitness to serve in this capacity on an Applicant's behalf.
- e. Each Guarantor's assurances shall only apply to the Applicant(s) and unit expressly identified on the Assessment/Charges Guarantor Obligation Form. No Guarantor's assurances may be transferred to any other Applicant or unit.

**Laguna Woods Mutual No 50**  
**EXHIBIT A**  
**Personal Unconditional Continuing Guaranty and Security Agreement**

**Parties**

Applicants(s) \_\_\_\_\_ (collectively, the "Applicant")

Property Address \_\_\_\_\_ ("Property")

Guarantor \_\_\_\_\_

("Guarantor")

This Personal Unconditional Continuing Guaranty and Security Agreement (hereinafter "Guaranty") is made this \_\_\_\_\_ day of \_\_\_\_\_, by the undersigned, individually, jointly and severally if more than one (hereinafter individually and collectively the "Guarantor"), whose address(es) appear below their signatures hereon, to and for the benefit of \_\_\_\_\_ ("Applicant") and Laguna Woods Mutual No 50, a California nonprofit mutual benefit corporation (hereinafter "Mutual").

For purposes of this Guaranty, "Guarantor" is the undersigned who guarantees to pay for the Applicant's debt and/or obligations if Applicant should default or otherwise fail to pay a debt and/or obligation(s) to Mutual.

The undersigned Guarantor may only guarantee one unit in the Village. For purposes of this Guaranty, Village means United Laguna Woods, Third Laguna Hills, and Laguna Woods Mutual No 50. Guarantor warrants and represents it has not and will not guarantee another unit in the Village.

In consideration of the mutual covenants and agreements herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor warrants to, and covenants with, Mutual as follows:

**1. Personal Unconditional Continuing Guaranty**

Guarantor, individually, jointly and severally, unconditionally and absolutely guarantees the due and punctual payment of the Indebtedness, as hereinafter defined (without deduction for any claim, setoff or counterclaim of Guarantor, or for the loss of contribution of a co-guarantor, if any) of Applicant to Mutual, on demand in lawful money of the United States. The term "Indebtedness" is used herein in its most comprehensive sense and includes the Monthly Carrying Charge payable by the Applicant to Mutual, all assessments, fines or other monetary charges levied in the name of Mutual pursuant to the applicable Occupancy Agreement, Bylaws or other governing documents of Mutual, and California law, all as now existing or as may be hereafter amended, any and all advances, debts, obligations and liabilities of Applicant or any one or more of them, now or hereafter made, incurred or created, whether voluntary or involuntary, and however arising, whenever due, and

whether absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether Applicant may be liable individually or jointly with others, or whether recovery upon such Indebtedness may be or hereafter become barred by any statute of limitations, or whether such Indebtedness may be or hereafter becomes otherwise unenforceable.

The obligation of Guarantor is a primary, continuing and unconditional obligation of payment and performance. This Guaranty shall be effective regardless of the solvency or insolvency of Guarantor at any time or the subsequent incorporation, reorganization, merger or consolidation of Guarantor, or any other change in composition, nature, personnel, ownership or location of Guarantor. This Guaranty is non-revocable by Guarantor.

Guarantors shall at all times satisfy the minimum financial requirements required by Mutual, which may be amended by Mutual's Board of Directors from time to time.

The obligations of Guarantor herein cannot be assigned or transferred in any manner whatever, directly or indirectly, by operation of law or otherwise, without the prior written consent of Mutual, which consent may be withheld in any circumstances. However, Guarantor agrees that this Guaranty shall inure to the benefit of and may be enforced by Mutual and by any subsequent holder or assigned of any and all of the Indebtedness and shall be binding upon and enforceable against Guarantor and Guarantor's executors, administrators, legal representatives, successors and assigns.

The obligations hereunder are joint and several, and independent of the obligations of Applicant. A separate action or actions may be brought and prosecuted by Mutual against Guarantor whether action is brought against Applicant or whether Applicant be joined in any such action or actions; and Guarantor waives the benefit of any statute of limitations affecting their liability hereunder or the enforcement thereof.

Guarantor authorizes Mutual, without notice or demand and without affecting Guarantor's liability hereunder, from time to time to (a) renew, compromise, extend, accelerate, or otherwise change the time for payment of, or otherwise change the terms of the Indebtedness or any part thereof, including increasing or decreasing the rate of interest thereon; (b) take and hold security for the payment of this guaranty or the Indebtedness guaranteed, and exchange, enforce, waive and release any such security; (c) apply such security and direct the order or manner of sale thereof as Mutual in its discretion may determine; and (d) release or substitute any one or more of the endorsers or Guarantor. Mutual may, without notice, assign this Guaranty in whole or part. Without limiting the foregoing, Guarantor hereby waives the rights and benefits under California Civil Code ("CC")

Section 2819, and agrees that Guarantor's liability shall continue even if Mutual allows any Indebtedness of Applicants in any respect or Mutual's remedies or rights against Applicant are in any way impaired or suspended without Mutual's consent.

Guarantor waives any right to require Mutual to (a) proceed against Applicant; (b) proceed against or exhaust any security held from Applicant; or (c) pursue any other remedy in Mutual's power whatsoever. Guarantor waives any defense arising by reason of any disability or other defense of Applicant or by reason of the cessation from any cause whatsoever of the liability of Applicants. Until all Indebtedness of Applicants to Mutual shall have been paid in full, even though such indebtedness is in excess of Guarantor's liability hereunder, Guarantor shall have no right of subrogation, and waives any right to enforce any remedy which Mutual now has or may hereafter have against Applicant, and waives any benefit of, and any right to participate in any security now or hereafter held by Mutual. Guarantor waives diligence and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty and of the existence, creation, or incurring of new and additional Indebtedness. Notwithstanding, Guarantor will receive copies, at the discretion of Mutual or upon Guarantor's written request, of Applicant's late payment notices.

Guarantor agrees to pay reasonable attorneys' fees and all other costs and expenses which may be incurred by Mutual in the enforcement of this Guaranty or any attempts to collect any of the obligations of Applicant whether or not Mutual files suit against Applicant and Guarantor.

In all cases where there is but a single Applicant or a single Guarantor, then all words used herein in the plural shall be deemed to have been used in the singular where the context and construction so require; and when there is more than one Applicant named herein, or when this Guaranty is executed by more than one Guarantor, the word "Applicants" and the word "Guarantors" respectively shall mean all and any one or more of them.

All obligations of Guarantor shall be performed at Laguna Woods, California. At all times herein, Guarantor's primary residence and/or, if an entity, place of business, filing, registration or incorporation shall be in the State of California, and Guarantor's assets shall also be located in California. Mutual may, from time to time, change or modify any obligation between Applicant and Mutual in any manner it may deem fit and such change shall not affect the liability of Guarantor in any manner. Guarantor further waives all right to require Mutual to proceed against the Applicant or any other person, firm or corporation, or to pursue any other remedy available to Mutual. All rights of Mutual herein or otherwise shall be cumulative and no exercise, delay in exercising, or omission to exercise any right

of Mutual shall be deemed a waiver and every right of this Mutual may be exercised repeatedly. Any and all property of the undersigned, whether community or separate or otherwise, may be applied to the payment of any obligation arising hereunder.

## **2. Security Interest, Financial Information**

Guarantor hereby grants to Mutual a continuing first priority security interest in and to all Guarantor's assets set forth on the attached Exhibit B ("Secured Collateral"). Guarantor authorizes Mutual to cause UCC financing statements to be filed, UCC financing statement amendments and UCC financing statement continuation statements with respect to the Secured Collateral. The collateral in which a security interest is hereby granted includes all of the rights, titles, and interests of Guarantor in and to the Secured Collateral.

Guarantor hereby authorizes Mutual to cause at any time and from time to time filing in any filing office in any jurisdiction any initial financing statements and/or any amendments thereto required to perfect or continue the perfection in the security interests granted hereby, including financing statements that: (a) indicate the Secured Collateral as being of an equal or lesser scope or with greater detail and (b) provide any other information required by Part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including whether Guarantor is an organization, the type of organization and any organizational identification number issued to Guarantor. Guarantor hereby authorizes Mutual at any time and from time to time to correct or complete, or to cause to be corrected or completed, any financing statements, continuation statements or other such documents as have been filed naming Guarantor as debtor and Mutual as secured party. Mutual is hereby authorized to give notice to any creditor or any other person as may be necessary or desirable under applicable laws to evidence, protect, perfect, or enforce the security interest granted to Mutual in the Secured Collateral.

Mutual may on an annual basis verify Guarantor's financial information provided to Mutual pursuant to this Guaranty.

## **3. Requirement of Guaranty**

Guarantor is executing and delivering this Guaranty in order to induce Mutual to enter into an Occupancy Agreement with and accept an application for purchase. Guarantor acknowledges, agrees, represents and warrants that Guarantor benefits from the same and that such benefit is sufficient consideration for the entry of Guarantor into this Guaranty.

IN WITNESS WHEREOF, this Guaranty has been duly executed and delivered as of the date first written above.

**Guarantor**

Signature \_\_\_\_\_ Dated \_\_\_\_\_

Print Name \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_ Email \_\_\_\_\_

**Guarantor**

Signature \_\_\_\_\_ Dated \_\_\_\_\_

Print Name \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_ Email \_\_\_\_\_

**Accepted**

**Laguna Woods Mutual No 50**

Signature \_\_\_\_\_ Dated \_\_\_\_\_

Print Name \_\_\_\_\_

Title \_\_\_\_\_

**Laguna Woods Mutual No 50**

Signature \_\_\_\_\_ Dated \_\_\_\_\_

Print Name \_\_\_\_\_

Title \_\_\_\_\_

