



Laguna Woods Village®

INFORMATION BULLETIN Community Services Division	BULLETIN DATE	November 1, 2023
	ISSUED BY	Pamela Bashline Community Services Manager
	MUTUAL	United Laguna Woods Mutual
	AUTHORITY	Resolution 01-23-54
	ADOPTED DATE	October 2, 2023
SUBJECT: United Laguna Woods Mutual Recognition Agreement for Non-Institutional (Private) Lenders		

On October 2, 2023, by way of Resolution 01-23-54, the United Mutual board of directors adopted a recognition agreement for non-institutional lenders for private lenders to administer loans to United members.

United is a stock cooperative housing development that holds title to all property and structures. Members own a share of stock in the corporation and are granted the right to occupy a specific unit upon approval of membership. Membership in United is not tied to real property ownership, and thus a mechanism was necessary to permit a lender to secure its loan with collateral owned by the corporation. United developed a recognition agreement for non-institutional lenders to protect the financial integrity and solvency of the corporation.

United Mutual requires a lender to sign the recognition agreement that outlines the terms and conditions whereby the lender is able to secure its loan by encumbering United's real property on the basis of a loan being made to a prospective or existing member. The lender agrees to make United whole in the event a member/borrower defaults in obligations to pay assessments, and allows United to remain in first place should a default to United occur and allows United to exercise its right of first refusal to purchase a membership.

All documents related to a member's/borrower's rights of membership in United shall be held by lender, escrow or some other third-party trustee as agreed between lender and borrower. All loans secured by the Agreement shall be funded and settled by a third-party escrow or title company licensed in, or controlled by, the State of California. Such escrow or title company shall have a functional understanding of stock cooperative corporations.

Please find the approved resolution on the next page for your review.



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RESOLUTION 01-23-54

Recognition Agreement for Non-Institutional Lenders

WHEREAS, the United Laguna Woods Mutual Board of Directors carries a fiduciary financial obligation of the Corporation; and

WHEREAS, United Laguna Woods Mutual Bylaws, Article III, Section 1 provides that prospective members unable to satisfy financial requirements may be approved for Membership if another financially qualified person enters into an Agreement with the Corporation to become financially responsible for expenses associated with such membership and that other person meets the financial requirements established by the Corporation, and

WHEREAS, a Guarantor Agreement has been developed to comport with the Article III, Section 1 of the Bylaws and has been in use for many years, and

WHEREAS, on June 27, 2023 the United Finance Committee approved the United Recognition Agreement for Non-Institutional Lenders whose purpose is to research loan options and reexamine current policies restricting the use of private loans; and

WHEREAS, prospective members currently have two avenues available to satisfy United Laguna Woods Mutual financial requirements: (1) they may qualify financially on their own merits with or without a loan from a qualified financial institution or non-institutional lender who have entered into an individual recognition agreement with the Corporation; (2) they may obtain a Guarantor who meets the financial qualifications established by United Laguna Woods Mutual from time to time,

NOW THEREFORE BE IT RESOLVED, October 2, 2023, that Board of Directors of this Corporation hereby approves the United Recognition Agreement for Non-Institutional Lenders as attached; and

RESOLVED FURTHER, the Resolution 01-16-107 adopted on November 8 2016, is hereby is superseded and cancelled.

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

Please note: The website location for all mutual policies may change when the new website is completed.

Also, please always refer to the website for the most current documents.

Email pamela.bashline@vmsinc.org with questions about the recognition agreement. Thank you.