



RESOLUTION 03-20-26

Leasing Cap and Lease Waiting List Policy

WHEREAS, the Board of Directors (the “Board”) of Third Laguna Hills Mutual (“Third”) held a meeting on April 21, 2020, at which a quorum of the Board was present;

WHEREAS, the Board is obligated to enforce the provisions set forth in Third’s governing documents, including without limitation, the Declaration of Covenants, Conditions, and Restrictions (CC&Rs), Bylaws, and Operating Rules (collectively, the “Governing Documents”); and

WHEREAS, on October 21, 2008, the Board adopted Resolution 03-08-106, which required that a minimum of seventy percent (70%) of the manors in Third be owner occupied at all times and that a maximum of thirty percent (30%) of the manors may be leased at any given time (the “Leasing Cap”), effective as of December 1, 2008;

WHEREAS, since the time the Leasing Cap was implemented by the Board and became effective as an operating rule of Third, the number of manors leased has remained below the Leasing Cap, however the number of leased manors has steadily risen and will soon reach the Leasing Cap;

WHEREAS, while the Leasing Cap has been in effect since December 2008, specific procedures relating to the monitoring of the Leasing Cap, the implementation of a waiting list for leasing, and the process for leasing a manor once the Leasing Cap has been met have not been adopted by Third;

WHEREAS, given the approach of the number of leased manors to the Leasing Cap, the Board has determined that it would be in the best interests of Third to adopt procedures regarding leasing once the Leasing Cap has been met to be added to Third’s Operating Rules;

NOW, THEREFORE BE IT RESOLVED, April 21, 2020 that the Board of Third hereby approves and adopts the below Leasing Cap and Lease Waiting List Policy, which provides Third’s policy and procedures with regard to the leasing of manors once the Leasing Cap has been met, and incorporates same into the Third’s Operating Rules as a part of Third’s Governing Documents; and

RESOLVED FURTHER, that the officers and agents of Third are hereby authorized on behalf of Third to carry out this Resolution.

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**Leasing Cap and Lease Waiting List Policy
Resolution 03-20-26; Adopted April 21, 2020**

I. Purpose

Third Laguna Hills Mutual (“Third”) authorizes Members, as defined in the CC&Rs, to lease their manors, subject to the restrictions and procedures in Third’s Governing Documents, including without limitation, the Operating Rules and any policy duly adopted by the Board. The current procedures relating to Lease Authorization are contained in Third’s Lease Policy, as may be amended from time to time. Notwithstanding the right of Members to lease their manors, Third has in place a limit on the total number of manors that may be leased at any given time, which is thirty percent (30%) of the total number of manors in Third (the “Leasing Cap”).

The purpose of this document is to set for the Leasing Cap and Waiting List Policy (the “Policy”), which supplements the Lease Policy by providing additional procedures relating to eligibility of Members to lease their manors once the Leasing Cap is reached.

II. Restriction on Number of Units Leased; Leasing Eligibility

Pursuant to the Leasing Cap, no more than thirty percent (30%) of the manors in Third shall be leased at any given time.

A Member desiring to lease his or her manor must submit to Third a written lease eligibility request for approval of eligibility of the Member to lease his or her manor based on the total number of manors currently leased in Third. No Member will be eligible to lease his or her manor or to submit a Lease Authorization Application prior to receiving written notice of eligibility to lease from Third through an authorized VMS staff member.

Third will respond to any Member’s written request for eligibility to lease the Member’s manor within ten (10) business days of the written submittal of such request to Third.

Third will deny a Member’s request for eligibility to lease the Member’s manor if the number of currently leased manors, plus the number of manors for which other Members have received approval to lease but which are not yet leased, plus the Member’s manor (the “Leased Unit Calculation”) exceeds thirty percent (30%) of the manors in Third. In such event, the Member will be notified in writing of such denial and placed on the lease waiting list, as further described below.

If the Leased Unit Calculation does not exceed thirty percent (30%) of the manors in Third, Third will notify the Member that his or her manor is eligible to lease, and that the Member has ninety (90) days to submit a complete Lease Authorization Application in accordance with the Lease Policy. After ninety (90) days from the notice of eligibility to lease, the Member’s eligibility to lease will expire, and the Member must submit a new written request for eligibility.

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III. **Waiting List**

In the event a Member's request for approval to lease is denied because the Leased Unit Calculation exceeds thirty percent (30%), the Member shall be placed on a waiting list maintained by Third, and the Member shall be given an opportunity to submit a Lease Authorization Application to lease his or her manor when such Member's name is first on the waiting list and the Leased Unit Calculation no longer exceeds thirty percent (30%) of the manors in Third. The Member will be contacted by Third in writing when such Member is eligible to lease his or her manor.

If a Member has received notice that such Member is eligible to lease his or her manor, that Member must submit a complete Lease Authorization Application in accordance with the Lease Policy within ninety (90) days of the notice of eligibility to lease. If the Member fails to submit a complete Application within ninety (90) days of the date of notice of lease eligibility, the Member's eligibility to lease shall expire. In such event, the Member shall be required to submit a new written request for eligibility to lease his or her manor in accordance with the foregoing provisions; and, if there is a waiting list, the Member will be placed at the end of such waiting list.

Members who are currently leasing their manors will continue to be eligible to lease their manor for ninety (90) days after the expiration or termination of the current Lease Authorization. If a Lease Authorization for an approved lease of a Member's manor expires or terminates and the Member does not submit a new, complete Lease Authorization Application (in accordance with the requirements of the Lease Policy) for a new lease for the Member's manor within ninety (90) days of the expiration or termination of the prior Lease Authorization, the Member's eligibility to lease his or her manor shall expire. In such event, the Member shall be required to submit a new written request for eligibility to lease his or her manor in accordance with the foregoing provisions of this Policy.

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IV. Exemptions; Enforcement

Upon written request by a Member for eligibility to lease his or her Unit, the Board shall be authorized and empowered, in its sole and reasonable discretion, to grant a hardship exemption for the Member with respect to the Leasing Cap. For purposes of this Policy, a “hardship” shall be defined as the need of a Member to lease his or her manor as a result of an unforeseeable event and/or because enforcement of the Leasing Cap against the Member could reasonably subject the Member to suffer a severe financial difficulty.

If a Member submits a Lease Authorization Application in accordance with the Lease Policy without first requesting and receiving written approval for eligibility to lease, the Application will be rejected and the fee returned, with instructions for the Member to first obtain written approval of eligibility to lease.

If a Member leases his or her manor without approval from the Board, or is otherwise in violation of the provisions of this Policy or the Lease Policy, the Member shall be subject to disciplinary measures, including, but not limited to: (A) a monetary penalty in an amount to be determined by the Board; (B) other disciplinary measures; and/or (C) a reimbursement assessment in an amount equal to the costs incurred by Third related to addressing such violation, including, without limitation, attorneys' fees and costs, irrespective of whether Third is able to obtain a court order to evict the tenant or otherwise effectuate the legal eviction of the non-compliant tenant from the Member's manor.

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