

# **THIRD LAGUNA HILLS MUTUAL 2019 RESERVES PLAN**

## ***Summary & Disclosures***

California Civil Code §5300 requires that homeowner associations maintain a reserve study, a plan by which the Mutual anticipates and prepares for inevitable future expenses of major components. Ideally, all such expenditures to repair, replace or restore will be covered by those funds set aside each year and accounted for separately as reserves (or funds). The Reserves Plan includes the following schedules:

Assessment and Reserve Funding Disclosure Summary  
Replacement Reserves Component Summary Schedule  
Replacement Reserves 30-Year Funding Plans

The Replacement Reserves Component Summary Schedule identifies total estimated replacement costs of \$371 Million for all major components. The amount of reserve needed to be accumulated for a component at a given time is computed using the total cost and estimated remaining life of each asset, with a projected replacement factor applied where full repair or replacement is not expected. Using this method of calculation, the reserves would require a balance of \$89.2 Million as of December 31, 2019 to be fully funded. Projected reserve balances are estimated to be \$13.5 Million, or 15 percent funded. These calculations, prepared in accordance with Civil Code §5570(b)(4) shall not be construed to require the board to fund reserves in accordance with this calculation.

To adequately plan for future expenditures, the Mutual has adopted via resolution a 30-Year Funding Plan that projects contributions to and disbursements from the reserve funds over the next 30 years, without falling below a desired threshold balance. Using this accepted alternate method of calculation, the replacement reserves are funded to cover planned expenditures and stay above a minimum threshold, currently set at \$8.2 Million for all reserve funds. A summary of planned expenditures is shown on the 30-Year Funding Plan. Component details, including replacement factors, can be obtained by contacting the Financial Services Department for a copy of the Planned Expenditures from Reserve schedule.

Each of the reserves receives monies through assessments and through interest earned on invested fund balances. In 2019, the basic monthly assessment for all Mutual reserve funds is set at \$147 per manor per month.

Third Laguna Hills Mutual has no outstanding loans.

# THIRD LAGUNA HILLS MUTUAL 2019 RESERVES PLAN

## ***Assessment and Reserve Funding Disclosure Summary For the Fiscal Year Ending 12/31/2019***

(1) The planned 2019 *basic* regular assessment per unit is **\$637.22** per month which includes **\$202.83** per month collected on behalf of the Golden Rain Foundation.

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership may be found [on the cover letter in this package](#).

***Additional charges apply for units originally built with common laundry facilities, for multi-story buildings with elevators, and for Garden Villa buildings.***

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members: ***The Board of Directors does not anticipate any special assessment that will be required to repair, replace, or restore any major component to the reserve program.***

(3) Based upon the most recent reserve study and other information available to the Board of Directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes ✓ No       

(4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members? *n/a*

(5) All major components are included in the reserve study and are included in its calculations.

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the reserve funds at the end of the planned fiscal year is **\$89,187,835**, based in whole or in part on the last reserve study or update prepared by [the managing agent](#) as of [October 2018](#). The projected reserve fund cash balances at the end of the planned fiscal year is **\$13,545,709**, resulting in reserve funds being **15%** funded. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is **\$13,545,709**. ***To adequately plan for future expenditures, the Mutual has adopted via resolution a 30-Year Funding Plan that projects contributions to and disbursements from the reserves over the next thirty years, without falling below a minimum threshold of \$8,170,000 (indexed for projected inflation) in the reserve balance.***

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is *shown in column A*, and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is *represented in column B*, leaving the reserve at *C* percent funding. If the *alternative* reserve funding plan approved by the association is implemented, the projected reserve funds cash balances in each of those years will be *D*, leaving the reserve at *E* percent funded.

| <b>Theoretical Funding Plan (Component method)</b> |                            |                                   |                           |
|--|----------------------------|-----------------------------------|---------------------------|
|  | <b>A</b>                   | <b>B</b>                          | <b>C</b>                  |
|  | <b>Amount<br/>Required</b> | <b>Projected<br/>Cash Balance</b> | <b>Percent<br/>Funded</b> |
| 2019   | \$89,187,835               | \$13,545,709                      | 15%                       |
| 2020   | \$94,842,035               | \$12,592,757                      | 13%                       |
| 2021   | \$92,443,488               | \$11,353,115                      | 12%                       |
| 2022   | \$91,363,559               | \$11,188,223                      | 12%                       |
| 2023   | \$89,919,925               | \$11,171,190                      | 12%                       |

| <b>Approved Funding Plan (Threshold method)</b> |                                   |                           |
|---|-----------------------------------|---------------------------|
|   | <b>D</b>                          | <b>E</b>                  |
|   | <b>Projected<br/>Cash Balance</b> | <b>Percent<br/>Funded</b> |
| 2019  | \$13,545,709                      | 100%                      |
| 2020  | \$12,592,757                      | 100%                      |
| 2021  | \$11,353,115                      | 100%                      |
| 2022  | \$11,188,223                      | 100%                      |
| 2023  | \$11,171,190                      | 100%                      |

**NOTE:** The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 2.5 percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.5 percent per year.

**DISCLAIMER:** The information contained in this disclosure is a PROJECTION ONLY. Because the reserve study is a projection, the estimated lives and costs of components will likely change over time depending on a variety of factors such as (i) future inflation rates, (ii) levels of maintenance applied by future boards, unknown defects in materials that may lead to premature failures, *remaining useful lives*, etc. As a result, some components may experience longer lives while others will experience premature failures. Some components may cost less at the time of replacement while others may cost more.

**THIRD LAGUNA HILLS MUTUAL**  
**2019 RESERVES PLAN**  
**Reserves Component Summary Schedule**

| <i>Reserve Component</i>                       | <i>Quantity</i> | <i>Unit</i> | <i>Unit Cost</i> | <i>Estimated Life</i> | <i>Average Remaining Life</i> | <i>TOTAL COST</i>     | <i>FULLY FUNDED BALANCE</i> |
|--|-----------------|-------------|------------------|-----------------------|-------------------------------|-----------------------|-----------------------------|
| <b>Replacement Fund</b>                        |                 |             |                  |                       |                               |                       |                             |
| <b>ALARM SYSTEMS</b>                           |                 |             |                  |                       |                               | <b>\$ 2,835,000</b>   | <b>\$ 1,214,250</b>         |
| Alarm Systems                                  | 81              | EA          | \$ 35,000        | 40                    | 3                             | \$ 2,835,000          | \$ 1,214,250                |
| <b>BUILDING NUMBERS</b>                        |                 |             |                  |                       |                               | <b>\$ 339,700</b>     | <b>\$ 247,982</b>           |
| Lighted Building Numbers                       | 3,397           | EA          | \$ 100           | 40                    | 4                             | \$ 339,700            | \$ 247,982                  |
| <b>FOUNDATIONS/STRUCTURES</b>                  |                 |             |                  |                       |                               | <b>\$ 146,209,100</b> | <b>\$ 15,798,767</b>        |
| Building Structures                            | 1,405           | BLDG        | \$ 25,000        | 60                    | 9                             | \$ 35,125,000         | \$ 3,275,000                |
| Building Structures Maint Ops                  | 1,405           | BLDG        | \$ 5,000         | 60                    | 9                             | \$ 7,025,000          | \$ 1,671,165                |
| Building Structures Carpentry                  | 1,405           | BLDG        | \$ 12,000        | 60                    | 13                            | \$ 16,860,000         | \$ 3,377,890                |
| Building Structures Carport Panels             | 1,866           | STALL       | \$ 350           | 40                    | 15                            | \$ 653,100            | \$ 269,712                  |
| Storage Cabinet GV                             | 1,272           | STALL       | \$ 500           | 30                    | 3                             | \$ 636,000            | \$ 272,500                  |
| Foundations                                    | 1,405           | BLDG        | \$ 10,000        | 40                    | 15                            | \$ 14,050,000         | \$ 1,125,000                |
| Building Structures Dry Rot Replacements       | 1,405           | BLDG        | \$ 50,000        | 60                    | 9                             | \$ 70,250,000         | \$ 4,868,750                |
| Parapet Wall                                   | 35              | WALL        | \$ 46,000        | 60                    | 3                             | \$ 1,610,000          | \$ 938,750                  |
| <b>ELECTRICAL SYSTEMS</b>                      |                 |             |                  |                       |                               | <b>\$ 14,243,052</b>  | <b>\$ 3,460,585</b>         |
| Electrical Alternate Heat Source - Heat Pumps  | 4,274           | EA          | \$ 1,326         | 30                    | 14                            | \$ 5,667,324          | \$ 63,395                   |
| Electrical Alternate Heat Source - Wall Heater | 9,988           | EA          | \$ 356           | 30                    | 15                            | \$ 3,555,728          | \$ 17,190                   |
| Electrical Systems                             |                 | Various     |                  | Various               |                               | \$ 1,450,000          | \$ 1,015,000                |
| Exterior Lighting                              |                 | Various     |                  | Various               |                               | \$ 3,120,000          | \$ 1,960,000                |
| Energy Projects                                |                 | Various     |                  | Various               |                               | \$ 450,000            | \$ 405,000                  |
| <b>FENCING</b>                                 |                 |             |                  |                       |                               | <b>\$ 1,019,050</b>   | <b>\$ 595,392</b>           |
| Fencing - Split Rail                           | 70,000          | LF          | \$ 15            | 10                    | 4                             | \$ 1,019,050          | \$ 595,392                  |
| <b>GUTTERS</b>                                 |                 |             |                  |                       |                               | <b>\$ 5,205,020</b>   | <b>\$ 572,250</b>           |
| Gutters  | 81              | BLDG        | \$ 12,500        | 30                    | 25                            | \$ 1,012,500          | \$ 183,750                  |
| Gutter Replacement (1 & 2-story Bldgs)         | 1,405           | BLDG        | \$ 2,984         | 20                    | 10                            | \$ 4,192,520          | \$ 388,500                  |
| <b>MAILBOXES</b>                               |                 |             |                  |                       |                               | <b>\$ 995,236</b>     | <b>\$ 487,450</b>           |
| Mailboxes                                      | 4,271           | MNR         | \$ 233           | 40                    | 14                            | \$ 995,236            | \$ 487,450                  |
| <b>PAINT - EXTERIOR</b>                        |                 |             |                  |                       |                               | <b>\$ 18,096,909</b>  | <b>\$ 9,912,480</b>         |
| Full Cycle Exterior Paint                      | 16,495,223      | SF          | \$ 1.02          | 10                    | 4                             | \$ 16,825,127         | \$ 9,275,745                |
| Deck Topcoat Paint Follow-Up                   | 16,495,223      | SF          | \$ 0.06          | 10                    | 5                             | \$ 915,485            | \$ 499,419                  |
| Lexan Signs                                    | 16,495,223      | SF          | \$ 0.01          | 10                    | 5                             | \$ 125,364            | \$ 79,816                   |
| Lead Abatement and Testing                     | 16,495,223      | SF          | \$ 0.01          | 10                    | 3                             | \$ 230,933            | \$ 57,500                   |
| <b>PAINT - PRIOR TO PAINT DRY ROT</b>          |                 |             |                  |                       |                               | <b>\$ 9,943,320</b>   | <b>\$ 5,237,423</b>         |
| Dry Rot Repairs                                | 16,495,223      | SF          | \$ 0.43          | 10                    | 5                             | \$ 7,092,946          | \$ 3,784,037                |
| Decking Repairs                                | 16,495,223      | SF          | \$ 0.13          | 10                    | 5                             | \$ 2,144,379          | \$ 1,164,909                |
| Balcony Dry Rot Repairs                        | 16,495,223      | SF          | \$ 0.01          | 10                    | 5                             | \$ 115,467            | \$ 63,197                   |
| Lead Abatement and Testing                     | 16,495,223      | SF          | \$ 0.01          | 10                    | 5                             | \$ 590,529            | \$ 225,280                  |
| <b>PAVING</b>                                  |                 |             |                  |                       |                               | <b>\$ 17,154,249</b>  | <b>\$ 6,333,245</b>         |
| Paving   | 3,010,084       | SF          | \$ 4.13          | 30                    | 12                            | \$ 12,431,600         | \$ 2,852,718                |
| Seal Coat                                      | 3,006,420       | SF          | \$ 0.11          | 5                     | 2                             | \$ 322,649            | \$ 168,027                  |
| Parkway Concrete Replacement                   |                 | Various     |                  | Various               |                               | \$ 4,400,000          | \$ 3,312,500                |
| <b>PLUMBING</b>                                |                 |             |                  |                       |                               | <b>\$ 81,143,450</b>  | <b>\$ 7,923,147</b>         |
| Water Lines - Copper                           | 6,102           | MNR         | \$ 5,125         | 70                    | 14                            | \$ 31,272,750         | \$ 3,229,661                |
| Waste Lines                                    | 6,102           | MNR         | \$ 8,000         | 70                    | 6                             | \$ 48,816,000         | \$ 4,250,000                |
| Waste Lines - GV Garage                        | 53              | BLDG        | \$ 19,900        | 35                    | 22                            | \$ 1,054,700          | \$ 443,486                  |
| <b>REC ROOMS, GARDEN VILLA</b>                 |                 |             |                  |                       |                               | <b>\$ 5,171,687</b>   | <b>\$ 3,944,184</b>         |
| GV Lobby                                       | 53              | BLG         | \$ 11,956        | 20                    | 8                             | \$ 633,668            | \$ 448,350                  |
| GV Mailrooms                                   | 53              | BLG         | \$ 5,000         | 10                    | 5                             | \$ 265,000            | \$ 113,673                  |
| GV Recessed Areas                              | 53              | BLG         | \$ 4,044         | 5                     | 2                             | \$ 214,332            | \$ 126,173                  |

**THIRD LAGUNA HILLS MUTUAL  
2019 RESERVES PLAN  
Reserves Component Summary Schedule**

| <i>Reserve Component</i>         | <i>Quantity</i> | <i>Unit</i> | <i>Unit Cost</i> | <i>Estimated Life</i> | <i>Average Remaining Life</i> | <i>TOTAL COST</i>     | <i>FULLY FUNDED BALANCE</i> |
|----------------------------------|-----------------|-------------|------------------|-----------------------|-------------------------------|-----------------------|-----------------------------|
| GV Recessed Area Concrete Filler | 53              | BLG         | \$ 75,000        | 50                    | 8                             | \$ 3,975,000          | \$ 3,198,000                |
| GV Rec Room Heat Pumps           | 53              | EA          | \$ 932           | 15                    | 5                             | \$ 49,396             | \$ 41,052                   |
| GV Rec Room Water Heaters        | 53              | EA          | \$ 647           | 10                    | 5                             | \$ 34,291             | \$ 16,936                   |
| <b>ROOFS</b>                     |                 |             |                  |                       |                               | <b>\$ 47,251,115</b>  | <b>\$ 23,355,988</b>        |
| Built Up (Flat Rock/Cool Roof)   | 4,027,825       | SF          | \$ 6.65          | 25                    | 15                            | \$ 26,785,036         | \$ 10,621,421               |
| Metal                            | 502,525         | SF          | \$ 4.69          | 40                    | 12                            | \$ 2,356,800          | \$ 1,639,479                |
| Preventive Maintenance           | 4,023,624       | SF          | \$ 0.36          | 20                    | 11                            | \$ 1,448,505          | \$ 674,447                  |
| Tile                             | 3,760,897       | SF          | \$ 4.43          | 40                    | 15                            | \$ 16,660,774         | \$ 10,420,641               |
| <b>TREE MAINTENANCE</b>          |                 |             |                  |                       |                               | <b>\$ 1,641,563</b>   | <b>\$ 704,622</b>           |
| Tree Maintenance                 | 26,265          | HRS         | \$ 62.50         | 3                     | 1                             | \$ 1,641,563          | \$ 704,622                  |
| <b>WALLS</b>                     |                 |             |                  |                       |                               | <b>\$ 9,805,261</b>   | <b>\$ 3,364,539</b>         |
| Perimeter Walls                  |                 | Various     |                  | Various               |                               | \$ 9,055,261          | \$ 2,977,039                |
| Common Walls                     |                 | Various     |                  | Various               |                               | \$ 750,000            | \$ 387,500                  |
| <b>Elevator Replacement Fund</b> |                 |             |                  |                       |                               |                       |                             |
| <b>ELEVATOR</b>                  |                 |             |                  |                       |                               | <b>\$ 8,553,633</b>   | <b>\$ 5,313,445</b>         |
| Cab Doors                        | 82              | EA          | \$ 12,234        | 30                    | 18                            | \$ 1,003,188          | \$ 417,995                  |
| Cab Door Operators               | 82              | EA          | \$ 4,733         | 30                    | 18                            | \$ 388,090            | \$ 165,261                  |
| Cab Refurbish                    | 82              | EA          | \$ 8,160         | 40                    | 1                             | \$ 669,120            | \$ 238,680                  |
| Cab Flooring                     | 82              | EA          | \$ 2,040         | 40                    | 1                             | \$ 167,280            | \$ 68,238                   |
| Call Buttons                     | 82              | EA          | \$ 8,400         | 30                    | 7                             | \$ 688,800            | \$ 561,478                  |
| Controllers                      | 82              | EA          | \$ 50,600        | 30                    | 7                             | \$ 4,149,200          | \$ 3,238,400                |
| Hoistway Doors (3 stop)          | 29              | EA          | \$ 4,906         | 30                    | 28                            | \$ 142,280            | \$ 19,624                   |
| Hoistway Doors (4 stop)          | 53              | EA          | \$ 4,906         | 30                    | 4                             | \$ 260,029            | \$ 147,767                  |
| Machine Room Power Units         | 82              | EA          | \$ 9,557         | 30                    | 18                            | \$ 783,707            | \$ 334,589                  |
| Protective Doors                 | 82              | EA          | \$ 1,836         | 40                    | 1                             | \$ 150,552            | \$ 54,039                   |
| Elevator Fuses                   | 82              | EA          | \$ 224           | 30                    | 1                             | \$ 18,401             | \$ 6,507                    |
| Solid State Soft Starters        | 82              | EA          | \$ 1,622         | 20                    | 11                            | \$ 132,988            | \$ 60,867                   |
| <b>Laundry Replacement Fund</b>  |                 |             |                  |                       |                               |                       |                             |
| <b>LAUNDRY</b>                   |                 |             |                  |                       |                               | <b>\$ 1,875,648</b>   | <b>\$ 722,086</b>           |
| Countertops                      | 287             | EA          | \$ 482           | 20                    | 9                             | \$ 138,334            | \$ 77,226                   |
| Dryers                           | 415             | EA          | \$ 1,025         | 10                    | 8                             | \$ 425,375            | \$ 5,564                    |
| Floors                           | 243             | EA          | \$ 2,017         | 25                    | 9                             | \$ 490,234            | \$ 320,862                  |
| Washers                          | 457             | EA          | \$ 1,646         | 15                    | 8                             | \$ 752,222            | \$ 269,293                  |
| Water Heaters                    | 159             | EA          | \$ 437           | 10                    | 5                             | \$ 69,483             | \$ 49,141                   |
| <b>GRAND TOTAL</b>               |                 |             |                  |                       |                               | <b>\$ 371,482,993</b> | <b>\$ 89,187,835</b>        |

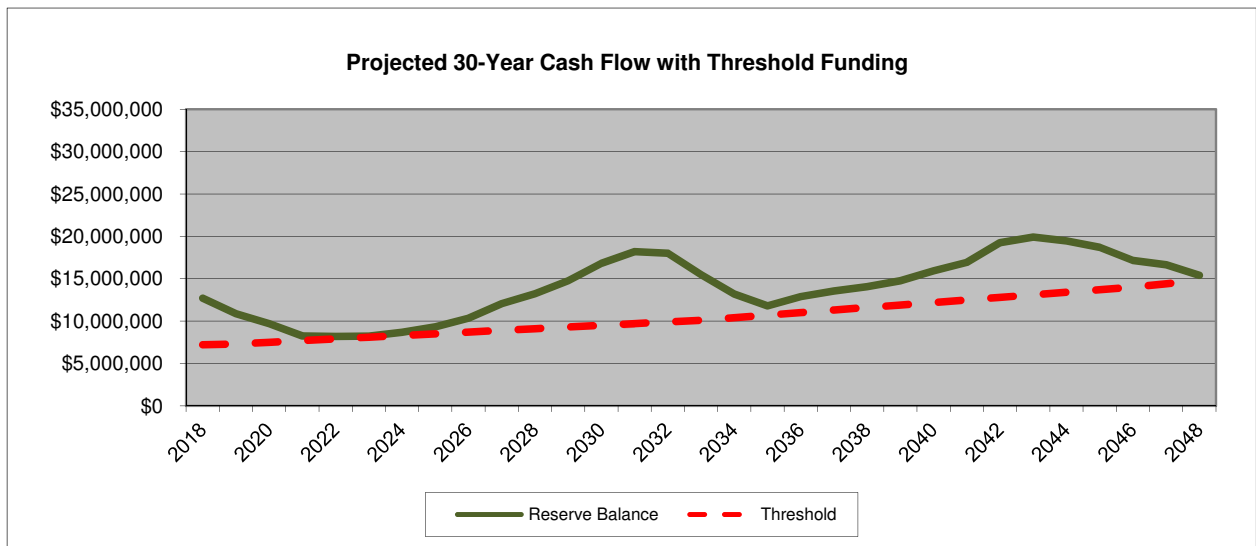
\* Fully Funded Balance incorporates a Replacement Factor, when less than full replacement is expected over the course of an asset life.

| <i>Summary</i>                 |                 |
|--------------------------------|-----------------|
| Projected Reserves Balance:    | \$ 13,545,709   |
| Fully Funded Balance:          | \$ 89,187,835   |
| Percent Funded:                | 15%             |
| Projected Reserves Deficiency: | \$ (75,642,126) |
| Deficiency Per Unit:           | \$ (12,396)     |

# THIRD LAGUNA HILLS MUTUAL 2019 RESERVES PLAN Replacement Reserve 30-Year Funding Plan

**Threshold (Min Balance):**      \$    7,300,000  
Indexed for projected inflation

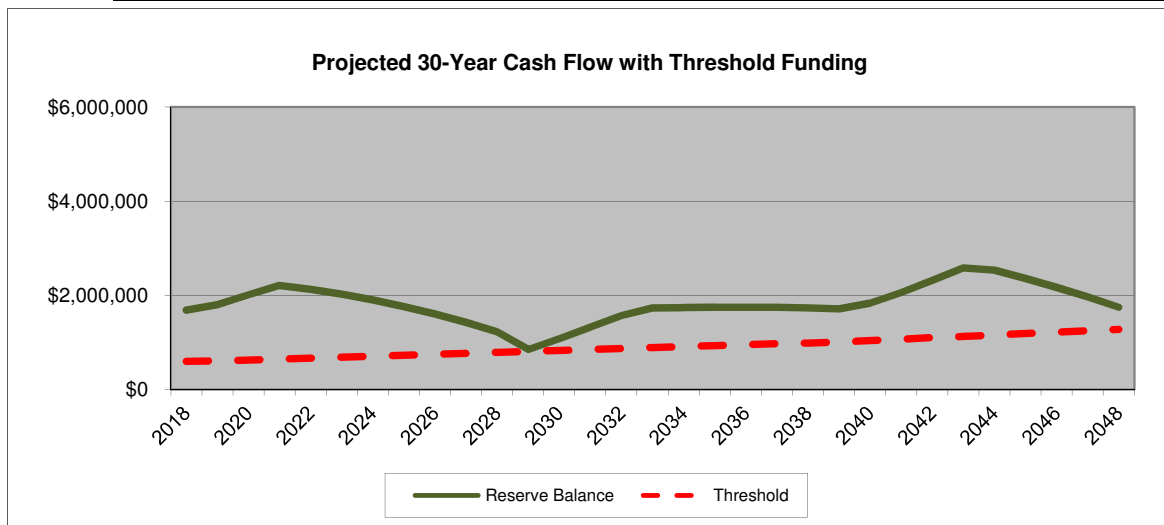
| Year | Assessment          |                    | Interest Earnings | Other Additions | Planned Expenditures | Reserve Balance |
|------|---------------------|--------------------|-------------------|-----------------|----------------------|-----------------|
|      | Per Manor Per Month | Total Contribution |                   |                 |                      |                 |
| 2018 | \$ 135.00           | \$ 9,885,240       | \$ 186,332        |                 | \$ 11,460,472        | \$ 12,708,122   |
| 2019 | \$ 140.00           | \$ 10,251,360      | \$ 163,915        |                 | \$ 12,251,171        | \$ 10,872,226   |
| 2020 | \$ 145.00           | \$ 10,617,480      | \$ 178,445        |                 | \$ 11,968,171        | \$ 9,699,980    |
| 2021 | \$ 150.00           | \$ 10,983,600      | \$ 155,680        |                 | \$ 12,591,593        | \$ 8,247,667    |
| 2022 | \$ 155.00           | \$ 11,349,720      | \$ 142,626        |                 | \$ 11,544,912        | \$ 8,195,102    |
| 2023 | \$ 160.00           | \$ 11,715,840      | \$ 142,533        |                 | \$ 11,816,576        | \$ 8,236,899    |
| 2024 | \$ 165.00           | \$ 12,081,960      | \$ 146,693        |                 | \$ 11,790,881        | \$ 8,674,671    |
| 2025 | \$ 170.00           | \$ 12,448,080      | \$ 156,089        |                 | \$ 11,958,631        | \$ 9,320,208    |
| 2026 | \$ 175.00           | \$ 12,814,200      | \$ 170,586        |                 | \$ 11,959,031        | \$ 10,345,963   |
| 2027 | \$ 175.00           | \$ 12,814,200      | \$ 194,405        |                 | \$ 11,288,418        | \$ 12,066,150   |
| 2028 | \$ 175.00           | \$ 12,814,200      | \$ 219,367        |                 | \$ 11,875,991        | \$ 13,223,726   |
| 2029 | \$ 175.00           | \$ 12,814,200      | \$ 242,704        |                 | \$ 11,524,097        | \$ 14,756,533   |
| 2030 | \$ 175.00           | \$ 12,814,200      | \$ 273,947        |                 | \$ 11,019,056        | \$ 16,825,623   |
| 2031 | \$ 175.00           | \$ 12,814,200      | \$ 303,747        |                 | \$ 11,751,547        | \$ 18,192,024   |
| 2032 | \$ 175.00           | \$ 12,814,200      | \$ 314,050        |                 | \$ 13,306,802        | \$ 18,013,471   |
| 2033 | \$ 175.00           | \$ 12,814,200      | \$ 290,529        |                 | \$ 15,637,838        | \$ 15,480,362   |
| 2034 | \$ 175.00           | \$ 12,814,200      | \$ 248,771        |                 | \$ 15,343,906        | \$ 13,199,426   |
| 2035 | \$ 175.00           | \$ 12,814,200      | \$ 216,864        |                 | \$ 14,428,590        | \$ 11,801,900   |
| 2036 | \$ 175.00           | \$ 12,814,200      | \$ 214,128        |                 | \$ 11,946,219        | \$ 12,884,009   |
| 2037 | \$ 175.00           | \$ 12,814,200      | \$ 229,337        |                 | \$ 12,372,265        | \$ 13,555,281   |
| 2038 | \$ 180.00           | \$ 13,180,320      | \$ 239,510        |                 | \$ 12,918,304        | \$ 14,056,807   |
| 2039 | \$ 185.00           | \$ 13,546,440      | \$ 249,944        |                 | \$ 13,094,993        | \$ 14,758,198   |
| 2040 | \$ 190.00           | \$ 13,912,560      | \$ 266,243        |                 | \$ 13,001,219        | \$ 15,935,782   |
| 2041 | \$ 195.00           | \$ 14,278,680      | \$ 285,054        |                 | \$ 13,572,650        | \$ 16,926,866   |
| 2042 | \$ 200.00           | \$ 14,644,800      | \$ 313,834        |                 | \$ 12,631,759        | \$ 19,253,740   |
| 2043 | \$ 205.00           | \$ 15,010,920      | \$ 339,728        |                 | \$ 14,692,357        | \$ 19,912,032   |
| 2044 | \$ 205.00           | \$ 15,010,920      | \$ 341,632        |                 | \$ 15,791,354        | \$ 19,473,230   |
| 2045 | \$ 205.00           | \$ 15,010,920      | \$ 331,186        |                 | \$ 16,107,540        | \$ 18,707,796   |
| 2046 | \$ 205.00           | \$ 15,010,920      | \$ 311,064        |                 | \$ 16,876,319        | \$ 17,153,461   |
| 2047 | \$ 205.00           | \$ 15,010,920      | \$ 293,237        |                 | \$ 15,805,011        | \$ 16,652,607   |
| 2048 | \$ 205.00           | \$ 15,010,920      | \$ 278,126        |                 | \$ 16,530,347        | \$ 15,411,307   |



**THIRD LAGUNA HILLS MUTUAL  
2019 RESERVES PLAN  
Elevator Reserve 30-Year Funding Plan**

**Threshold (Min Balance):**                   \$           **610,000**  
Indexed for projected inflation

| <u>Year</u> | <b>Assessment</b>              |                               | <i>Interest<br/>Earnings</i> | <i>Planned<br/>Expenditures</i> | <i>Reserve<br/>Balance</i> |
|-------------|--------------------------------|-------------------------------|------------------------------|---------------------------------|----------------------------|
|             | <i>Per Manor<br/>Per Month</i> | <i>Total<br/>Contribution</i> |                              |                                 |                            |
| 2018        | \$ 5.00                        | \$ 366,120                    | \$ 23,042                    | \$ 330,189                      | \$ 1,686,862               |
| 2019        | \$ 6.00                        | \$ 439,344                    | \$ 24,265                    | \$ 346,698                      | \$ 1,803,773               |
| 2020        | \$ 7.00                        | \$ 512,568                    | \$ 33,090                    | \$ 338,444                      | \$ 2,010,987               |
| 2021        | \$ 7.00                        | \$ 512,568                    | \$ 36,642                    | \$ 346,905                      | \$ 2,213,292               |
| 2022        | \$ 7.00                        | \$ 512,568                    | \$ 37,658                    | \$ 635,365                      | \$ 2,128,153               |
| 2023        | \$ 7.00                        | \$ 512,568                    | \$ 36,029                    | \$ 651,250                      | \$ 2,025,500               |
| 2024        | \$ 7.00                        | \$ 512,568                    | \$ 34,090                    | \$ 667,531                      | \$ 1,904,628               |
| 2025        | \$ 7.00                        | \$ 512,568                    | \$ 31,829                    | \$ 684,219                      | \$ 1,764,805               |
| 2026        | \$ 7.00                        | \$ 512,568                    | \$ 29,232                    | \$ 701,325                      | \$ 1,605,281               |
| 2027        | \$ 7.00                        | \$ 512,568                    | \$ 26,287                    | \$ 718,858                      | \$ 1,425,278               |
| 2028        | \$ 7.00                        | \$ 512,568                    | \$ 22,980                    | \$ 736,829                      | \$ 1,223,997               |
| 2029        | \$ 7.00                        | \$ 512,568                    | \$ 17,975                    | \$ 906,300                      | \$ 848,240                 |
| 2030        | \$ 3.00                        | \$ 219,672                    | \$ 16,766                    | \$ -                            | \$ 1,084,678               |
| 2031        | \$ 3.00                        | \$ 219,672                    | \$ 20,904                    | \$ -                            | \$ 1,325,254               |
| 2032        | \$ 3.00                        | \$ 219,672                    | \$ 25,114                    | \$ -                            | \$ 1,570,040               |
| 2033        | \$ 3.00                        | \$ 219,672                    | \$ 28,642                    | \$ 86,432                       | \$ 1,731,922               |
| 2034        | \$ 3.00                        | \$ 219,672                    | \$ 30,124                    | \$ 240,808                      | \$ 1,740,911               |
| 2035        | \$ 3.00                        | \$ 219,672                    | \$ 30,270                    | \$ 242,013                      | \$ 1,748,840               |
| 2036        | \$ 3.00                        | \$ 219,672                    | \$ 30,356                    | \$ 248,063                      | \$ 1,750,804               |
| 2037        | \$ 3.00                        | \$ 219,672                    | \$ 30,336                    | \$ 254,265                      | \$ 1,746,547               |
| 2038        | \$ 3.00                        | \$ 219,672                    | \$ 30,206                    | \$ 260,622                      | \$ 1,735,804               |
| 2039        | \$ 3.00                        | \$ 219,672                    | \$ 29,953                    | \$ 268,097                      | \$ 1,717,331               |
| 2040        | \$ 3.00                        | \$ 219,672                    | \$ 30,829                    | \$ 130,964                      | \$ 1,836,869               |
| 2041        | \$ 3.00                        | \$ 219,672                    | \$ 33,814                    | \$ 28,929                       | \$ 2,061,425               |
| 2042        | \$ 3.00                        | \$ 219,672                    | \$ 37,997                    | \$ -                            | \$ 2,319,094               |
| 2043        | \$ 3.00                        | \$ 219,672                    | \$ 42,506                    | \$ -                            | \$ 2,581,272               |
| 2044        | \$ 3.00                        | \$ 219,672                    | \$ 44,378                    | \$ 310,411                      | \$ 2,534,911               |
| 2045        | \$ 3.00                        | \$ 219,672                    | \$ 42,453                    | \$ 437,745                      | \$ 2,359,291               |
| 2046        | \$ 3.00                        | \$ 219,672                    | \$ 39,284                    | \$ 448,689                      | \$ 2,169,558               |
| 2047        | \$ 3.00                        | \$ 219,672                    | \$ 35,865                    | \$ 459,906                      | \$ 1,965,188               |
| 2048        | \$ 3.00                        | \$ 219,672                    | \$ 32,188                    | \$ 471,404                      | \$ 1,745,645               |



**THIRD LAGUNA HILLS MUTUAL  
2019 RESERVES PLAN  
Laundry Reserve 30-Year Funding Plan**

**Threshold (Min Balance):                   \$       260,000**  
Indexed for projected inflation

| Year | Assessment              |                       | Interest<br>Earnings | Planned<br>Expenditures | Reserve<br>Balance |
|------|-------------------------|-----------------------|----------------------|-------------------------|--------------------|
|      | Per Manor<br>Per Month* | Total<br>Contribution |                      |                         |                    |
| 2018 | \$ 2.00                 | \$ 82,896             | \$ 11,561            | \$ 59,402               | \$ 849,079         |
| 2019 | \$ 1.00                 | \$ 73,224             | \$ 11,948            | \$ 64,542               | \$ 869,709         |
| 2020 | \$ 1.00                 | \$ 73,224             | \$ 15,193            | \$ 76,337               | \$ 881,790         |
| 2021 | \$ 1.00                 | \$ 73,224             | \$ 15,387            | \$ 78,245               | \$ 892,156         |
| 2022 | \$ 1.00                 | \$ 73,224             | \$ 15,241            | \$ 115,652              | \$ 864,968         |
| 2023 | \$ 2.00                 | \$ 146,448            | \$ 15,386            | \$ 118,012              | \$ 908,791         |
| 2024 | \$ 2.00                 | \$ 146,448            | \$ 16,270            | \$ 104,602              | \$ 966,907         |
| 2025 | \$ 2.00                 | \$ 146,448            | \$ 17,264            | \$ 107,217              | \$ 1,023,402       |
| 2026 | \$ 2.00                 | \$ 146,448            | \$ 18,171            | \$ 116,511              | \$ 1,071,510       |
| 2027 | \$ 2.00                 | \$ 146,448            | \$ 18,929            | \$ 126,204              | \$ 1,110,683       |
| 2028 | \$ 2.00                 | \$ 146,448            | \$ 19,526            | \$ 136,308              | \$ 1,140,350       |
| 2029 | \$ 2.00                 | \$ 146,448            | \$ 20,156            | \$ 123,596              | \$ 1,183,358       |
| 2030 | \$ 2.00                 | \$ 146,448            | \$ 21,026            | \$ 110,163              | \$ 1,240,668       |
| 2031 | \$ 2.00                 | \$ 146,448            | \$ 21,940            | \$ 120,401              | \$ 1,288,656       |
| 2032 | \$ 2.00                 | \$ 146,448            | \$ 22,686            | \$ 131,081              | \$ 1,326,708       |
| 2033 | \$ 2.00                 | \$ 146,448            | \$ 23,323            | \$ 134,358              | \$ 1,362,121       |
| 2034 | \$ 2.00                 | \$ 146,448            | \$ 23,724            | \$ 159,358              | \$ 1,372,935       |
| 2035 | \$ 2.00                 | \$ 146,448            | \$ 23,879            | \$ 163,342              | \$ 1,379,921       |
| 2036 | \$ 2.00                 | \$ 146,448            | \$ 23,965            | \$ 167,425              | \$ 1,382,909       |
| 2037 | \$ 2.00                 | \$ 146,448            | \$ 24,053            | \$ 163,341              | \$ 1,390,068       |
| 2038 | \$ 2.00                 | \$ 146,448            | \$ 24,143            | \$ 167,425              | \$ 1,393,234       |
| 2039 | \$ 2.00                 | \$ 146,448            | \$ 24,086            | \$ 180,235              | \$ 1,383,533       |
| 2040 | \$ 2.00                 | \$ 146,448            | \$ 23,876            | \$ 184,806              | \$ 1,369,051       |
| 2041 | \$ 2.00                 | \$ 146,448            | \$ 23,035            | \$ 251,943              | \$ 1,286,591       |
| 2042 | \$ 2.00                 | \$ 146,448            | \$ 21,537            | \$ 258,241              | \$ 1,196,334       |
| 2043 | \$ 2.00                 | \$ 146,448            | \$ 19,909            | \$ 263,826              | \$ 1,098,866       |
| 2044 | \$ 2.00                 | \$ 146,448            | \$ 18,323            | \$ 250,066              | \$ 1,013,571       |
| 2045 | \$ 2.00                 | \$ 146,448            | \$ 16,834            | \$ 249,703              | \$ 927,150         |
| 2046 | \$ 2.00                 | \$ 146,448            | \$ 15,267            | \$ 255,946              | \$ 832,919         |
| 2047 | \$ 2.00                 | \$ 146,448            | \$ 13,562            | \$ 262,345              | \$ 730,584         |
| 2048 | \$ 2.00                 | \$ 146,448            | \$ 11,714            | \$ 268,903              | \$ 619,843         |

\*Transferred from Surcharge to Shared Cost in 2019

