



**THIRD REGULAR OPEN MEETING OF THE THIRD LAGUNA HILLS MUTUAL
BOARD OF DIRECTORS A CALIFORNIA NON-PROFIT MUTUAL BENEFIT
CORPORATION**

**Tuesday, September 18, 2018 - 9:30 a.m.
Laguna Woods Village Community Center Board Room 24351 El Toro Road**

NOTICE OF MEETING AND AGENDA

- 1. Call meeting to order / Establish Quorum**
- 2. Pledge of Allegiance – Director Zalon**
- 3. Acknowledge Media**
- 4. Approval of Agenda**
- 5. Approval of Minutes**
 - a. August 21, 2018 – Regular Open Session
 - b. August 24, 2018 – Special Open Meeting (Meet the Candidates)
- 6. Report of the Chair**

Resident (Mr. Michael Gold) Recognition for Lifesaving Efforts (Mattress Fire) – Tim Moy
- 7. Open Forum (Three Minutes per Speaker)** - *At this time Members may address the Board of Directors regarding items not on the agenda and within the jurisdiction of this Board of Directors. There is a maximum time limit of three minutes per speaker and a speaker may only address the Board once during this period. The Board reserves the right to limit the total amount of time allotted for the Open Forum.*
- 8. Responses to Open Forum Speakers**
- 9. Update from VMS – Director Unger**
- 10. CEO Report**
- 11. Consent Calendar** - *All matters listed under the Consent Calendar are recommended for action by committees and will be enacted by the Board by one*

motion. In the event that an item is removed from the Consent Calendar by members of the Board, such item(s) shall be the subject of further discussion and action by the Board.

a. Architectural Control and Standards Committee Recommendations:

(1) Recommendation to Approve 3140-C (La Princesa, PL203C, 41) Room expansion onto Front Walled Patio (Original Footprint)

b. Landscape Committee Recommendations:

(1) Tree Removal Approval (2) Tree Removal Denial (1) and Denial of Off-schedule trimming/crown reduction (1)

c. Finance Committee Recommendations:

(1) Approve Resolution to Record Lien against Member's APN: 933-200-62

12. Unfinished Business

a. Entertain a Motion to Re-Introduce a Resolution for Revised Alteration Standard 31: Washer/Dryer Installations (**SEPTEMBER initial notification - 30-day notification for Member comments and suggestions to conform to Civil Code §4360 has been satisfied**)

b. Entertain a Motion to Approve the 2019 Third Business Plan and Reserves Funding Plan

13. New Business

a. Discuss and Consider a Resolution Interpreting GRF Bylaws 2.1.4 for Approval at the Annual Corporate Members Meeting in November

b. Entertain a Motion to Approve a Resolution to Amend Third Bylaws 6.4.5 (Director Removal for Absences)

c. Entertain a Motion to Introduce a Resolution for a Payment Plan Agreement Form – Fines, Fees, and Chargeable Services (**SEPTEMBER initial notification-must postpone 30-days for Member comments and suggestions to conform to Civil Code §4360**)

d. Entertain a Motion to Introduce a Resolution for an Administrative Fee for Damage Reimbursements (**SEPTEMBER initial notification-must postpone 30-days for Member comments and suggestions to conform to Civil Code §4360**)

14. Committee Reports

a. Report of the Finance Committee / Financial Report - Director Parsons - Next Meeting October 2, 2018, at 1:30 p.m. in the Board Room

- b. Report of the Architectural Controls and Standards Committee - Director Walsh - Next Meeting Monday, September 24, 2018, at 9:30 a.m. in the Sycamore Room
- c. Report of the Maintenance and Construction Committee - Director Carpenter - Next Meeting October 1, 2018, at 1:00 p.m. in the Board Room
 - Report of the Parking and Golf Cart Task Force - Director Frankel
- d. Report of the Landscape Committee - Director Tung - Next Meeting October 4, 2018, at 2:00 p.m. in the Board Room
- e. Report of the Laguna Woods Village Traffic Hearings - Director Frankel - Next Hearing September 19, 2018, at 9:00 a.m. in the Board Room and 1 p.m. in the Pine Room
- f. Report of the Communications Committee - Director Baum - Next Meeting November 14, 2018, at 1:30 p.m. in the Board Room
- g. Report of the Energy Task Force - Director Walsh - Next Meeting November 7, 2018, at 1:30 p.m. in the Willow Room
- h. Report of the Water Subcommittee - Director Tung - Next Meeting October 9, 2018 at 11:00 a.m. in the Sycamore Room
- i. Report of the Resident Policy and Compliance Task Force - Director Baum - Next Meeting TBD

15. GRF Committee Highlights

- a. Community Activities Committee - Next Meeting November 8, 2018, at 1:30 p.m. in the Board Room
- b. Finance Committee – Director diLorenzo. Next Meeting October 24, 2018, at 1:30 p.m. in the Board Room
- c. Landscape Committee – Director Moldow. Next Meeting September 19, 2018 at 1:30 in the Board Room
- d. Maintenance & Construction Committee - Next Meeting October 10, 2018 at 9:30 a.m. in the Board Room
 - PAC Ad Hoc Committee – Next Meeting TBA
- e. Media and Communications Committee - Next Meeting October 15, 2018 at

1:30 p.m. in the Board Room

- Thrive Project Task Force – Next Meeting September 19, 2018 at 9:30 a.m. in the Cypress Room
- f. Mobility and Vehicles Committee-Director Frankel - Next meeting October 3, 2018, at 1:30 p.m. in the Board Room
- g. Security and Community Access Committee – Director Bruninghaus. Next Meeting September 24, 2018, at 1:30 p.m. in the Board Room
 - Disaster Preparedness Task Force—Next meeting September 25, 2018, 9:30 a.m. in the Cypress Room

16. Future Agenda Items-- *All matters listed under Future Agenda Items are Resolutions on 30-day public review or items for a future Board Meetings. No action will be taken by the Board on these agenda items at this meeting. The Board will take action on these items at a future Board Meeting.*

- a. Adopt a Resolution to Revise Alteration Standard 31:Washer and Dryer Installations (**JULY Initial Notification**)
- b. Adopt a Resolution to Revise Common Area Use Policy (**AUGUST Initial Notification**)
- c. Adopt a Resolution to Revise the Traffic Rules & Regulations, Section 7.6 (**AUGUST Initial Notification**)
- d. Adopt a Resolution to Revise the Non-Emergency Chargeable Maintenance Services Policy (**AUGUST Initial Notification**)
- e. Resolution to Revise the LH-21 Storage Policy
- f. Yellow Stake Program

17. Director's Comments

18. Recess - *At this time the Meeting will recess for lunch and reconvene to Executive Session to discuss the following matters per California Civil Code §4935.*

Closed Executive Session Agenda

Approval of Agenda

Approval of the Following Meeting Minutes;

(a) September 18, 2018 – Regular Executive Session

Write-off Assessment & Chargeable Services Balances

Discuss and Consider Member Matters

Discuss Personnel Matters

Discuss and Consider Contractual Matters
Discuss and Consider Litigation Matters

19. Adjourn

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**MINUTES OF THE THIRD REGULAR OPEN MEETING OF THE THIRD LAGUNA
HILLS MUTUAL BOARD OF DIRECTORS A CALIFORNIA NON-PROFIT MUTUAL
BENEFIT CORPORATION**

Tuesday, August 21, 2018 - 9:30 a.m.

Laguna Woods Village Community Center Board Room 24351 El Toro Road

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, August 21, 2018, at 9:30 a.m., at 24351 El Toro Road, Laguna Woods, California

Directors Present: Rosemarie diLorenzo, Bill Walsh, Steve Parsons, James Tung, Burt Baum, Roy Bruninghaus, John Frankel, Jules Zalon, Cush Bhada, Jack Connelly and Bunny Carpenter (arrived late).

Directors Absent: None

Staff Present: Brad Hudson, Siobhan Foster, Chuck Holland, Eileen Paulin, Kurt Wiemann, Bruce Hartley, Chris Spahr, Marcy Vivios and Cheryl Silva

Others Present: Marcy Sheinwold (VMS), Rachel Unger (VMS),

1. Call meeting to order / Establish Quorum

Rosemarie diLorenzo, President of the Corporation, chaired and opened the meeting, and stated that it was a Regular Meeting held pursuant to notice duly given. A quorum was established, and the meeting was called to order at 9:30 a.m.

2. Pledge of Allegiance

Director Frankel led the Membership in the Pledge of Allegiance.

3. Acknowledge Media

The Globe and the Village Television Crew, by way of remote cameras, were acknowledged as present.

4. Approval of Agenda

Director Parsons made a motion to approve the agenda as presented. Director Bhada seconded the motion and it passed by unanimous consent.

Director Frankel requested to moved 11a(1) deny the request to remove one Weeping Fig tree located at 3138-C Via Vista from the consent calendar to unfinished business to agenda item 12d.

Director Walsh added agenda item 12e Alteration Standard 31: Washer and Dryers Installations.

Director Parsons made a motion to approve the corrected agenda. The motion was seconded by Director Bhada and passed by unanimous consent.

5. Approval of Minutes

- a. July 17, 2018 – Regular Open Session
- b. July 26, 2018 – Special Open Session

Director Zalon made a motion, seconded by Director Bruninghaus to approve the minutes of July 17, 2018, and July 26, 2018 it passed by unanimous consent.

6. Report of the Chair

President diLorenzo announced that the Meet the Candidates session would be held on August 24, 2018, and that there were three vacancies on the Board.

7. Open Forum

Members talked about supporting the Laguna Woods Foundation, banning the use of Round-up in Third Mutual, protesting a Cease and Desist letter from Third Mutual's Attorney, emergency evacuations of the Village, having food trucks within the Village, installing solar energy, having better building lights, problem of noise and lights from laundry room in 3 story buildings and parking of RV's on Avenida Sosiega.

8. Responses to Open Forum Speakers

Directors responded to Member comments.

CEO, Brad Hudson and Bruce Hartley, Director of General Services, discussed the extensive work Landscaping is doing to replace Round-up with the goal of stopping the use of Round-up. By consensus, the Board decided to discuss this issue further in Close Session.

9. Update from VMS – Director Sheinwold

Director Sheinwold introduced some of the employees that were recognized for excellent service to VMS. She gave a brief summary of the recent VMS Board meetings. Bruce Hartley, Director of General Services, reported on work being done on the slopes, streets and paving. Tim Moy, Director of Security and Community Access reported on gate access, mail break-in problems, automated response system, and the work done by Social Services.

10. CEO Report

Brad Hudson, CEO, reported on the following developments:

- Asphalt paving and sealcoating being done in seventeen cul-de-sacs during the month of August. Concrete and asphalt repairs at RV Lot A are beginning soon

and RVs will be allowed to park temporarily along Avenida Sosiega and Bahia Blanca West.

- Vegetation clearing project and shepherds crooks fencing scheduled to begin along Ridge Route Drive;
- Improved reflective street and building signage are being installed;
- Website is now available in 9 languages;
- Need for residents to call Resident Services for pick-up of bulky items and household hazardous waste items, but not to leave them by the dumpsters;
- Upgrading the landscaping around the gatehouses with drought tolerant plants;
- Gatehouse renovations are almost complete at gates 8, 9 10 11 and 14;
- Gate arms will be installed shortly at gates 10 & 11;
- West Coast Internet contract has been re-negotiated and will result in improved services with no additional costs to the community;
- Television Guide has been upgraded to the current version. Residents can also get the latest TV Guide from tvguide.com;
- The kiosk for Resident Services in the Community Center lobby is going to be upgraded;
- Manor alteration is moving their services to one of the rooms on the first floor;
- CEO, Brad Hudson, is doing a special edition of "This Day" to talk about the budget and some of the projects that have been done; and
- The current landscaping turf requires a lot of maintenance; new techniques and equipment are needed.

Brad Hudson, answered questions from the Board.

President diLorenzo asked staff to place signs by the dumpsters with the trash rules. Bruce Hartley, Director of General Services, commented on the household hazardous waste program offered by Waste Management Services. Call Resident Services for a pick-up.

11. Consent Calendar

11a. Landscape Committee Recommendations: (1) Tree Removal Recommendations

RESOLUTION 03-18-127

Tree Removal Approval (2) Tree Removal Denial (1) and Approval of Off-schedule trimming/crown reduction (1)

WHEREAS, September 20, 2011, that the Board of Directors adopted Resolution 03-11-149 tree removal guidelines:

- Unless there is a purposeful reason, trees should not be removed merely because they are messy, or because of residents' personal preferences concerning shape, color, size, or fragrance.
- Trees should not be removed because of view obstruction if the obstruction is at a considerable distance from the complaining manor and therefore causes only a partial obstruction.

- Trees on slopes should not be removed if the removal will contribute to the destabilization of that slope.
- Trees which are damaging or will damage a structure, pose a hazard, in failing health or interfering with neighboring trees, will be considered for removal.

WHEREAS, on August 2, 2018, the Landscape Committee recommended to:

- Approve the request to remove one diseased Evergreen Pear tree located at 4007-2G Calle Sonora and;
- Deny the request to remove one Weeping Fig tree located at 3138-C Via Vista and in an effort to preserve the tree and protect private property, direct staff to root prune and install 18" deep root barriers around the perimeter of the patio within 60 days at no charge to the resident, and;
- Approve the off-schedule trimming and crown reduction of one Indian Laurel Fig tree that has become too large for the location and is adversely affecting the surrounding manors at 3166-B Alta Vista and;
- Approve the removal of one Carrotwood tree due to the presence of wood decay and the visible damage to the adjacent concrete sidewalk and driveway; located at 5567-A Via Portora.

NOW THEREFORE BE IT RESOLVED, August 21, 2018, the Board of Directors approved the request to remove one tree at 4007-2G and one tree located at 5567-A; denied the request to remove one tree located at 3138-C; and approved the off-schedule trimming of one tree located at 3166-B.

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

11b. Finance Committee Recommendations:

- (1) Approve Resolution to Record Lien against Member's ID; 934-902-59

RESOLUTION 03-18-128

Recording of a Lien

WHEREAS, Member ID 934-902-59 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board

(with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, August 21, 2018, that the Board of Directors hereby approves the recording of a Lien for Member ID 934-902-59 and;

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.

(2) Approve Resolution to Record Lien against Member's ID; 932-310-38

RESOLUTION 03-18-129
Recording of a Lien

WHEREAS, Member ID 932-310-38 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, August 21, 2018, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-310-38 and;

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.

Director Parsons made a motion to approve the Consent Calendar as amended. The motion was seconded by Director Bhada. The motion passed by unanimous consent.

12. Unfinished Business

12a. Entertain a Motion to Adopt a Payment Plan Agreement Form

Burt Baum, Secretary of the Board, presented a summary of the following resolution:

RESOLUTION 03-18-130
Delinquent Assessment Payment Plan Agreement

WHEREAS, any Member who is unable to timely pay regular assessments is entitled to make a written request for a payment plan to the Board;

WHEREAS, each request for a payment plan is approved or denied on a case-by-case basis after review by the Finance Committee;

WHEREAS, a Delinquent Assessment – Payment Plan form, which includes several payment options and conditions, is used to create an agreement between the delinquent Member and the Mutual;

WHEREAS, the Third Finance Committee recommends a revised Payment Plan Agreement Form with changes submitted by legal counsel to help reinforce collection activity that will occur if a member breaches the agreed-to payment plan for delinquent assessments; and

WHEREAS, the Finance Committee recommends recovering costs associated with accepting payments over time including the initiation of interest charges and an administrative fee for every month the agreement is in effect;

NOW THEREFORE BE IT RESOLVED, on August 21, 2018, the Board of Directors of this Corporation hereby introduces revisions to the Delinquent Assessment - Payment Plan Agreement form, as attached to this Corporate record, initiating a monthly charge for interest at the rate of 10% per annum, and introducing a new payment plan administrative fee of \$25 per month; and

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.

JULY INITIAL NOTIFICATION

30-day notification to comply with Civil Code §4360 has been satisfied.

Director Baum made a motion to adopt the Payment Plan Agreement form. Director Parsons seconded the motion and it passed by unanimous consent.

12b. Entertain a Motion to Approve the Energy Task Force Charter

Director Baum, Secretary of the Board, presented a summary of the changes to following Charter:

**Village Energy Task Force
Charter and Mission**

In July 2018, the Boards of Directors of the Third Laguna Hills Mutual, United Laguna Woods Mutual and the Golden Rain Foundation hereby assigns the duties and responsibilities of this Task Force, as follows:

The Village Energy Task Force will consist of two directors each from Third Mutual, United Mutual and the Golden Rain Foundation. Member Advisors as approved by the Task Force will be voting members.

The mission of the Village Energy Task Force is to identify and recommend to all Boards, investments in energy technologies that will address the, economic, environmental and aesthetic issues of Third and United Mutual and GRF (the Corporations) with the common goal to enhance the wellbeing of their respective residents.

1. Recommend to the respective Committees and Boards, for their approval, all actions that will result in energy savings for residents and an improved environment for the Community.
2. Review energy statements and other reports affecting the Corporations' energy usage and recommend actions.
3. Work closely with Staff and review all devices or systems that either generate, control or consume energy within the Corporations. Identify alternatives that would be beneficial, taking into consideration factors such as efficiency, reliability, sustainability, installation, cost, return on investment, carbon foot print, human factors, and operability. Propose priorities of actions.
4. Seek out energy incentive programs applicable to the Corporations.
5. Work with the respective Communications Committees to make residents aware of Task Force actions as well as actions they can take to reduce their own energy costs and improve the environment.
6. In conjunction with Staff, make progress reports to the respective corporate M&C Committees on investigation results, resident actions and comments, as well as M & C Committee-approved projects.
7. To improve familiarity with technology and products, the Task Force should arrange seminars and invite speakers from vendors, universities, trade groups or consultants.
8. Suggest actions the Boards can take with respect to the California Public Utility Commission or the California legislature regarding proposed tariff charges or energy related bills affecting the Corporations.

9. Meet and Confer with the City of Laguna Woods on energy saving initiatives offered to municipalities by the State of California through Investor Owned Utilities (IOU) such as Southern California Edison.
10. The Chair and Vice Chair of the Task Force will be elected by members of the Task Force.

Director Baum made a motion to approve the revised Village Energy Task Force Charter. Director Bruninghaus seconded the motion and it passed by unanimous consent.

12c. Entertain a Motion to Adopt a Resolution to Revise the Financial Guidelines/Guarantors for Manor Unit

Burt Baum, Secretary of the Board, presented a summary of the following resolution:

RESOLUTION 03-18-131
Guidelines for Financial Qualifications

WHEREAS, Third Laguna Hills Mutual ("Mutual"), acting through its Board of Directors ("Board"), previously adopted operating rules concerning financial qualifications pursuant to the following Board resolutions:

1. Administrative Guidelines for Financial Qualification (Res. No. 03-05-17);
2. Financial Guarantor (Res. No. M3-91-38); and
3. Financial Qualifications Policy (Res. No. 03-16-95).

WHEREAS, the forgoing operating rules are collectively referred to herein as the "Financial Resolutions".

WHEREAS, it is in the Mutual's best interests to protect and preserve its financial integrity, ensure consistency among the provisions of its governing documents (including without limitation, the Financial Resolutions), and promote the uniform application of the provisions of said governing documents.

NOW, THEREFORE BE IT RESOLVED, on August 21, 2018, that the Board hereby adopts, and the Financial Resolutions are hereby superseded by, the Guidelines for Financial Qualifications set forth below.

GUIDELINES FOR FINANCIAL QUALIFICATIONS

The governing documents of Third Laguna Hills Mutual ("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 these Guidelines for Financial Qualifications ("Guidelines"), which shall remain in effect until such time as these Guidelines may be changed, modified, or amended by a duly adopted Board resolution.

I. General Application Requirements.

- a. As a condition of approval, each Applicant 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 these Guidelines.
 3. Income verification pursuant to Section III of these Guidelines.
 4. A completed Financial Statement and Credit Information form.
 5. 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.
 6. 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 these Guidelines shall also apply to the Guarantor.
 7. 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 IV of these Guidelines 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 these Guidelines 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 applicable, unless suspended, by an owner in the Mutual.
- d. Notwithstanding anything to the contrary contained herein, if more than one (1) Applicant will acquire an ownership interest or reside in any single unit, such Applicants' income and net worth may, in the Board's sole reasonable discretion, be calculated collectively.

II. **Net Worth Requirements.**

- a. As a condition of approval, each Applicant shall submit satisfactory verification of net worth that is greater than or equal to the *sum* of the purchase price of the unit *plus* one hundred twenty-five thousand dollars (\$125,000) in acceptable assets.
- b. 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 residential and income real estate.
 - 2. Savings accounts in banks and credit unions.
 - 3. Cash value life insurance.
 - 4. Certificates of deposit and money market accounts.
 - 4. IRA, SEP, 401(k), Profit Sharing and Keogh accounts.
 - 5. Federal, state, or municipal government bonds.
 - 6. U.S. traded investments (e.g., NYSE, Amex, OTC, Nasdaq, etc.) valued at current market prices.
 - 7. Mortgages and promissory notes; provided that the interest in such mortgages or promissory notes is reported on the Applicant's tax

return.

- c. When computing net worth for the purposes of this Section, acceptable assets will **not** include, without limitation, the following:
1. Equity in mobile homes, recreational vehicles, boats, trailers, airplanes, automobiles, or other vehicles of any kind.
 2. Vacant or undeveloped real estate.
 3. Artwork, jewelry, or other collectibles (e.g., coins, dolls, stamps, etc.).
 4. Term life insurance.
 5. Annuity funds that cannot be withdrawn in lump sum.
 6. Anticipated bequests, devises or inheritances.
 7. 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. As a condition of approval, each Applicant shall submit satisfactory verification of annual income that is greater than or equal to the *sum* of the total of the unit's annual mortgage payment *plus* forty-five thousand dollars (\$45,000) per year.
- b. Traditional retirement account assets (e.g., 401K, ERISA, IRA, Profit Sharing, etc.) will be considered as a source of annual income in accordance with this subsection. For the purposes of the income verification requirement pursuant to subsection (a) above, the portion of an Applicant's traditional retirement account assets attributable to said Applicant's annual income shall be deemed to be the greater of the following:
1. The mandatory annual distributions for the Applicant's retirement accounts; **or**
 2. The total amount of the Applicant's retirement accounts *multiplied* by eighty percent (80%), and then *dividing* this product by twenty-five (25) years, as follows:

$$\text{Attributable Income} = (\text{Total Retirement Account Assets} \times 80\%) \div 25$$

- c. Examples of acceptable income verifications include, without limitation, the following:
 - 1. Federal tax returns from the most recent year.
 - 2. W-2 forms or paycheck stubs.
 - 3. Bank, credit union, or investment account statements.
 - 4. Letters from bankers with verifiable first-hand knowledge of the Applicant's finances.
 - 5. Notices of annuities and social security payments.
 - 6. Credit reports.
- d. Examples of **unacceptable** income verifications include, without limitation, the following:
 - 1. Letters from employers, accountants, enrolled agents, investment counselors, or attorneys.
 - 2. Any income not reported on federal income tax returns.

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, these Guidelines), the Board may permit said Applicant to have a financial guarantor in accordance with this Section IV ("Guarantor").
- b. Each Applicant supported by a Guarantor shall submit proof that their primary residence is located in California, USA and satisfactory verification of a net worth of at least one hundred twenty-five thousand dollars (\$125,000) in acceptable assets, notwithstanding the requirements of Section II and Section III of these Guidelines.
- c. 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, residency and/or membership 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 these Guidelines.
- d. 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* two hundred thousand dollars (\$200,000) in acceptable assets.
 4. Verification that the Guarantor's annual income is greater than or equal to the *sum* of the total of the unit's annual mortgage payment *plus* eighty-thousand dollars (\$80,000) per year.
 5. A credit report.
- e. 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 these Guidelines 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 680.
 6. A Guarantor resides in a primary residence outside of the State of California.
 7. A Guarantor's bank is located outside of the State of California.
 8. A Guarantor already guarantees (1) one or more units within Laguna Woods Village.
 9. A Guarantor provides any false or misleading information to the Board.
 10. 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.

- f. 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.
- V. **Multiple Units.** As a condition of approval, any Applicant who desires to purchase more than one (1) unit or already owns at least one (1) unit at Third Laguna Hills Mutual, Laguna Woods Mutual No. Fifty or United Laguna Woods Mutual shall submit satisfactory verification of annual income and net worth requirements pursuant to this Section V.
- a. **Net Worth Requirements.** The Applicant shall submit satisfactory verification of net worth that is greater than or equal to the *sum* of the purchase price for each unit *plus* one hundred twenty-five thousand dollars (\$125,000) in acceptable assets per unit, as follows:
 - Unit 1: purchase price for Unit 1 + \$125,000
 - Unit 2: purchase price for Unit 1 + \$125,000 +
purchase price for Unit 2 + \$125,000
 - Unit 3: purchase price for Unit 1 + \$125,000 +
purchase price for Unit 2 + \$125,000 +
purchase price for Unit 3 + \$125,000
 - b. **Income Requirements.** The Applicant shall submit satisfactory verification of annual income as follows:
 - 1. Annual Income that is greater than or equal to the *sum* of the following: the total of the first unit's annual mortgage payment *plus* forty-five thousand dollars (\$45,000) per year *plus* the total of the second unit's annual mortgage payment *plus* forty-five thousand dollars (\$45,000) per year *plus* an additional twenty-two thousand five hundred dollars (\$22,500).
 - 2. For each additional unit, the annual income requirement shall be calculated consistent with subsection (b)(1), above – that is, the additional unit's annual mortgage payment *plus* an additional twenty-two thousand five hundred dollars (\$22,500) over the previous annual income requirement, as follows:
 - Unit 1: annual mortgage payment + \$45,000
 - Unit 2: annual mortgage payment on Unit 1 + \$45,000 +

annual mortgage payment on Unit 2 + \$45,000 + \$22,500

Unit 3: annual mortgage payment on Unit 1 + \$45,000 +
annual mortgage payment on Unit 2 + \$45,000 + \$22,500 +
annual mortgage payment on Unit 2 + \$45,000 + \$22,500 +
\$22,500

July Initial Notification

30-Day notification to comply with Civil Code §4360 has been satisfied.

Director Baum made a motion to adopt a resolution to revise the Financial Guidelines/Guarantors for Manor Unit. The motion was seconded by Director Bhada.

Discussion ensued among the Directors.

President diLorenzo called for the vote and the motion passed by unanimous consent.

This agenda item was removed from the Consent Calendar:

12d. Landscape Committee Recommendations: Tree Removal (3138-C) Deny the request to remove one Weeping Fig tree located at 3138-C Via Vista and direct staff to root prune and install 18" deep root barriers around the perimeter of the patio within

Judith Hurst (3138-C) requested that the root barriers be listed in the resolution.

This agenda item was added to the agenda:

12e. Entertain a Motion to Adopt a Resolution for Revised Alteration Standard 31: Washer/Dryer Installations

Burt Baum, Secretary of the Board, presented a summary of the following resolution:

RESOLUTION 03-18-xx

Revised Alteration Standard 31: Washer/Dryer Installations

WHEREAS, the Architectural Controls and Standards Committee recognizes the need to amend Alteration Standards and create new Alteration Standards as necessary; and,

WHEREAS, the Architectural Control and Standard Committee recognizes the need to revise Alteration Standard 31: Washer and Dry Installations.

NOW THEREFORE BE IT RESOLVED, July 17, 2018, that the Board of Directors of this Corporation hereby introduces Alteration Standard 31: Washer and Dry Installations as attached to the official meeting minutes;

RESOLVED FURTHER, that Resolution M3-98-65 adopted December, 1998, is hereby superseded in its entirety and no longer in effect;

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

JULY INITIAL NOTIFICATION

30-day notification to comply with Civil Code §4360 has been satisfied.

Director Baum made a motion to extend the adoption a resolution to revise Alteration Standard 31: Washer/Dryer Installations for another 30-days and send the resolution back to the Architectural Control and Standards Committee for corrections. The motion was seconded by Director Walsh.

Discussion ensued among the Directors.

President diLorenzo called for the vote and the motion passed by unanimous consent.

13. New Business

13a. Entertain a Motion to Introduce a Resolution to Revise the Common Area Use Policy.

Director Baum, Secretary of the Board, presented a summary of the following Resolution:

RESOLUTION 03-18-XX
Revised Common Area Use Policy

WHEREAS, the Third Laguna Hills Mutual, ("Mutual") is a corporate homeowners association that was formed in 1970; by 1984 had acquired the assets and liabilities by vote of each of the fifty-nine (59) individual Mutuals within the larger Leisure World (now Laguna Woods Village) common interest development, with full authority to manage, operate, and maintain them. By 1988, each of the fifty-nine (59) Mutuals had agreed by vote of each Mutual's membership to adopt the same amended CC&Rs.

WHEREAS, the decisions of the Mutual's Board of Directors ("Board"), and any committees, task forces, etc., appointed by the Board, are governed or regulated by the Mutual's Governing Documents, the City of Laguna Woods and Orange County codes, and California and federal Laws and Regulations;

WHEREAS, the Mutual's Board recognizes that both new and existing Manor Owners may desire to upgrade or alter their Manors or elements thereof in style, structure or function. The current Mutual Board, prior Mutual Boards, and the Boards of the predecessor original condominium project mutual homeowner associations, have from time-to-time adopted policies and procedures to approve such Manor Alteration Applications in limited circumstances;

WHEREAS, the Mutual's current Governing Documents require that all such Manor Alteration Applications be approved either by the Architectural Control Committee, which may either be the Board itself or a separate committee of Members

appointed by the Board, or by the Mutual's Manager, Village Management Services, Inc. ("Staff"), where VMSI is so authorized;

WHEREAS, pursuant to Article X of the Mutual's *Declaration of Revised and Amended Covenants, Conditions and Restrictions* ("CC&Rs") and Article 7 of the Mutual's Bylaws, the Board, by Resolution 03-16-128, dated December 20, 2016, has formed an Architectural Control and Standards Committee ("Committee") to perform the functions described therein;

WHEREAS, pursuant to Article IV, Section 2, Clause (c); Article IV, Section 5; and Article X, Section 1, Clause (c), of the CC&Rs, the Board has delegated, with continuing oversight by the Committee, authority to its Manager and Staff to receive, evaluate, and make recommendations to the Committee and the Board to approve or deny Manor Alteration Applications;

WHEREAS, the current Board, as well as prior Mutual boards, have noted that over the years that some manor Owners have made alterations to their Manors or to the immediately contiguous areas, both with and without Board authorization, which have affected relatively small sections of the Mutual's Common Area. Typically those alterations have involved enclosing patios that are Exclusive Use Common Area and occasionally have also involved extending that enclosure onto general Common Area, or the alterations have affected the landscape and hardscape contiguous to a Manor;

WHEREAS, in some cases these alterations may not have met the Mutual's then current Architectural Alteration Standards, notwithstanding the fact that the alteration may have enhanced the value of the Manor and possibly the community as well;

WHEREAS, the Board recognizes that to identify each prior alteration and determine whether or not it is non-conforming and/or unauthorized would be expensive, time consuming and disruptive to the community and its residents. This Board has concluded that such an undertaking would not be in the best interests of the owners of undivided interests in the Mutual's general Common Area;

WHEREAS, the Committee and the Board have reviewed and reconsidered the Mutual's current policies and procedures regarding Manor Alteration Applications to ensure proper procedures are in place in the Mutual on a going-forward basis with regard to alterations by Members;

WHEREAS, among other things, the Common Area Use Policy sets forth very limited circumstances where the Mutual's Board, Committee or Staff, would approve a proposed alteration of, addition to, or improvement of any Manor ("Alteration") that would be located upon or over a portion of the common area; and,

WHEREAS, due to the administrative, financial, and legal burdens involved, the Board and the Committee have determined that it is not in the Association's best interests to approve any Manor Alteration Applications that do not satisfy the very

limited circumstances defined from time to time by the Committee and approved by the Board.

NOW THEREFORE BE IT RESOLVED, August 21, 2018, that the Board has prepared a "Decision Tree", "Neighbor Awareness Notice of Hearing" form, and "Covenant To Run With The Land form", and the Board hereby adopts the policy outlined in this Resolution to govern the Board's, the Committee's and Staff's decision process when Manor Owners apply to the Mutual for authorization to make or construct an Alteration to or within the Manor's Separate Interest; to, upon or within the Exclusive Use Common Area;

BE IT RESOLVED FURTHER, no proposed Alteration located upon or over a portion of the common area will be approved by the Board, the Committee or Staff for any reason, except as set forth pursuant to the Policy or as otherwise required by law;

BE IT RESOLVED FURTHER, that, in limited circumstances, as set forth in the Policy, Staff may, but is not obligated to; approve Manor Alteration Applications that meet pre-established *Third Architectural Alteration Standards* and other Board and Committee approved policies and procedures, and that do not raise an objection by the owner of a neighboring Manor which is defined as manors "within 150 feet" of the proposed manor Alteration Application. Any Manor Alteration Application that cannot or will not be approved by Staff for any reason will be treated as a unique Variance Request to be investigated by Staff and considered by the Committee for approval or denial, with potential appeal of the Committee's decision to the Board, all in accordance with the Mutual's Governing Documents;

BE IT RESOLVED FURTHER, that, if the proposed Alteration is to be located entirely within or upon an Exclusive Use Common Area already associated with the Manor, Staff, as authorized, the Committee or the Board may, but is not obligated to, approve the Manor Alteration Application, provided the Alteration is in compliance with the Mutual's Architectural Review Procedures, subject to the discretion granted to Staff, the Committee, or the Board, as may be applicable, whether the Alteration would be located within a Manor's Separate Interest, to, within or upon Exclusive Use Common Area;

BE IT RESOLVED FURTHER, that, if the Staff, as authorized, the Committee or the Board decides to approve a Manor Owner's Application to make or construct an Alteration to, within or upon an Exclusive Use Common Area associated with that Manor, that Manor Owner must, as a condition to receiving final approval for the Manor Alteration Application, execute a recordable Covenant to Run with the Land. Such Covenant shall provide, among other things that the Manor Owner agrees that the area altered in any dimension or manner, shall remain Exclusive Use Common Area, licensed for the exclusive use of the Manor Owner, but shall not also become a part of the Manor's Separate Interest. The Covenant will also require that the Manor Owner shall assume the responsibility for insuring, maintaining, repairing, replacing and restoring the area containing the Alteration, and shall agree to indemnify and hold harmless the Mutual for any and all claims pertaining to the Alteration;

BE IT RESOLVED FURTHER, that the Board, within the limits of its current authority, hereby “grandfathers” any existing Alteration to any of the Manors located within the original condominium projects, or to the area immediately adjacent to that Manor, which have been previously approved by this Board, a prior board of directors of the Mutual, a board of directors or the architectural committee of a predecessor original condominium project mutual homeowner association, or the Staff of a prior management agent, if that Staff were so authorized, prior to July 20, 2017, even though that Alteration may encroach upon some portion of the general Common Area, provided that:

- (1) there is no threat to the safety of persons or property;
- (2) the Alteration met the Mutual’s construction and architectural standards in effect at the time of the Alteration; and
- (3) there is no direction or order of a court requiring the Board to take contrary action; and

BE IT RESOLVED FURTHER, that “grandfathering” any such encroachment did not, does not, and will not constitute a transfer of general Common Area into any Manor’s Exclusive Use Common Area or Separate Interest, or the conversion of Exclusive Use Common Area into a Manor’s Separate Interest. Such “grandfathering” does not remove the obligation of a Member/Owner of a non-compliant Alteration to a Manor to correct such non-compliance in the event of a sale or transfer of their Manor, but merely means that such non-conformance will not be actively pursued by the Mutual;

BE IT RESOLVED FURTHER, that no further alteration may be approved or constructed on any previously approved or “grandfathered” alteration that encroaches upon common area, other than like for like, that augments, enlarges, or changes the construction, purpose, or use of the alteration;

BE IT RESOLVED FURTHER, that the Board may, subject to the limitations provided in this Resolution, the Governing Documents, and applicable law, demand that any Alteration, not consistent with the Mutual’s *Third Architectural Alteration Standards* and other Mutual and VMSI policies and procedures published at the time of construction of said Alteration, be removed, at the Manor Owner’s expense, if the Alteration is not either altered or reconstructed to be in conformity with such *Third Architectural Alteration Standards*, state and local building codes, and other Mutual and VMSI policies and procedures;

BE IT RESOLVED FURTHER, that the Board may demand the removal of any Alteration that is constructed after July 20, 2017, without the prior written approval of Staff, the Committee or the Board;

BE IT RESOLVED FURTHER, that, in accordance with the Mutual’s CC&Rs, the existence in the Mutual of a prior Alteration comparable to an Alteration being sought by a Manor Owner shall have no precedential value and shall not obligate in any way

Staff, the Committee or the Board to approve any subsequent Manor Alteration Application;

BE IT RESOLVED FURTHER, that Mutual Board Resolution 03-17-77 is hereby superseded and cancelled; and

BE IT RESOLVED FURTHER, that Staff is charged with the responsibility of receiving, evaluating, approving or making recommendations for approval of Manor Alteration Applications; and overseeing construction of additions, modification, improvements, and such other Alterations to the Manors within the Mutual are hereby authorized to take all appropriate actions consistent with this Resolution and to carry out the purpose and intent of this Resolution and assure compliance with its terms.

AUGUST Initial Notification

Should the Board endorse the proposed revisions, Staff recommends that a motion be made and seconded to accept the resolution and allow discussion to ensure that the resolution reads to the satisfaction of the Board. Staff then recommends that a Board Member postpones the resolution to the next available Board Meeting no less than 30-days from the postponement to comply with Civil Code §4360.

Director Baum made a motion to introduce a resolution to revise Common Area Use Policy for 30-day review. Director Walsh seconded the motion.

Discussion ensued among the Directors.

Juniel Worthington (3280-O) spoke in favor of allowing residents to use the common area for personal items of art and submitted a petition signed by residents of Casa Blancas.

By consensus, the Board recommended sending the resolution back to the Architectural Control and Standards Committee for revisions.

13b. Entertain a Motion to Revise the Traffic Rules & Regulations, Section 7.6

Director Baum, Secretary of the Board, presented a summary of the following Resolution:

RESOLUTION 03-18-XXX
Traffic Rules and Regulations

WHEREAS, by way of Resolution 03-14-44 the Board of Directors of this Corporation has adopted standards for traffic enforcement and parking enforcement, and in an effort to provide comprehensive traffic rules and regulations enforceable to the residents of Third Mutual, both standards have been consolidated to improve consistency within the community; and

WHEREAS, the Traffic Rules and Regulations are intended to mirror the California Vehicle Code and to adhere to the Davis-Stirling Act;

WHEREAS, due to the limited parking spaces throughout Third Mutual, contractor vehicles are only allowed to park on named streets and are prohibited from parking within numbered cul-de-sacs or manor parking lots;

WHEREAS, there is an exception to this rule in Section 7.6 Contractor and Service Vehicle Parking, that allow GRF owned vehicles and equipment to park in these areas while working.

NOW THEREFORE BE IT RESOLVED, August 21, 2018, that the Board of Directors of this Corporation hereby adopts the revised Third Laguna Hills Mutual Vehicle, Traffic, and Parking Rules, as attached to the minutes of this meeting; and

RESOLVED FURTHER, that the exception allowing GRF owned vehicles and equipment to park in numbered cul-de-sacs or in manor parking lots be removed from Section 7.6 of the Vehicle, Traffic and Parking Rules; and

RESOLVED FURTHER, that Resolution 03-14-44 adopted April 15, 2014 is hereby 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.

Director Baum made a motion to introduce a resolution to review revisions to the Traffic Rules & Regulations, Section 7.6. Director Bruninghaus seconded the motion.

Discussion ensued among the Directors.

The Board requested this item be placed on 30-day review to allow for discussion to ensure that the resolution reads to the satisfaction of the Board.

By consensus, the Board introduced a resolution to revise the Traffic Rules & Regulations, Section 7.6 for 30-day review and for the Traffic Task Force to clarify the issue of parking in the wedding cake areas.

13c. Entertain a Motion to Introduce a Resolution to Revise the Non-Emergency Chargeable Maintenance Services Policy

RESOLUTION 03-18-XX
Schedule for Non-Emergency Maintenance Chargeable Services

WHEREAS, on October 20, 2015, the Board of Directors adopted Resolution 03-15-156 which reestablished the delivery of non-emergency chargeable services and approved a schedule for non-emergency maintenance chargeable services; and

WHEREAS, the service call charge for all Maintenance chargeable services was increased to \$25; and

WHEREAS, the Board established a \$25 permit processing fee for work that requires a City of Laguna Woods building permit if VMS pulls the permit; and

WHEREAS the Board approved a \$15 service charge when the Mutual Member (or representative) is not home for a scheduled appointment and fails to cancel in advance; and

WHEREAS, on July 21, 2015 the Board of Directors approved amending the schedule for non-emergency maintenance chargeable services to include the replacement of manor low flow toilets; and

WHEREAS, on March 21, 2017 the Board of Directors approved amending the schedule for non-emergency maintenance chargeable services to include Water Heater Maintenance & Element replacement; and

WHEREAS, additional non-emergency maintenance chargeable services have been added for electrical, carpentry, plumbing and facilities divisions as shown on the attached approved list.

NOW THEREFORE BE IT RESOLVED, October 16, 2018, that the Board of Directors hereby approves the attached new schedule for non-emergency maintenance chargeable services; and

RESOLVED FURTHER, that the service call charge for all Maintenance chargeable services shall remain \$25; and

RESOLVED FURTHER, the \$25 permit processing fee for work that requires a City of Laguna Woods building permit if VMS pulls the permit shall remain in effect; and

RESOLVED FURTHER, the \$15 service charge for when the Mutual Member (or representative) is not home for a scheduled appointment and fails to cancel in advance shall remain in effect; and

RESOLVED FURTHER, should the Mutual Member not be notified of a scheduled appointment change or the technician does not make the scheduled appointment, the subsequent scheduled appointment will be at no charge to the Mutual Member; and

RESOLVED FURTHER, that Resolution 03-17-48 adopted May 16, 2017 is hereby superseded and cancelled; and

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.

AUGUST Initial Notification

Should the Board endorse the proposed revisions, Staff recommends that a motion be made and seconded to accept the resolution and allow discussion to ensure that the resolution reads to the satisfaction of the Board. Staff then recommends that a Board Member postpones the resolution to the next available Board Meeting no less than 30-days from the postponement to comply with Civil Code §4360.

Director Baum made a motion to introduce a resolution to revise the Non-Emergency Maintenance Chargeable Services Policy for 30-day review.

Discussion ensued among the Directors.

By consensus, the Board introduced a resolution for 30-day review.

13d. Entertain a Motion to Adopt a Resolution to Approve 2019 Collection and Lien Enforcement Policy

Director Baum, Secretary of the Board, presented a summary of the following Resolution:

RESOLUTION 03-18-132
2019 Collection & Lien Enforcement Policy

WHEREAS, in accordance with California Civil Code, Third Laguna Hills Mutual maintains a collection and lien enforcement policy that outlines the procedures, policies and practices employed by the Mutual in enforcing lien rights or other legal remedies for default in payment of assessments; and

WHEREAS, legal counsel has reviewed the existing Collection and Lien Enforcement Policy and determined that the policy as written complies with Civil Code requirements and reflects current practices for collection of Mutual delinquencies.

NOW THEREFORE BE IT RESOLVED, August 21, 2018, that the Board of Directors hereby adopts the 2019 Third Laguna Hills Mutual Collection and Lien Enforcement Policy as attached to the official minutes of this meeting; and

RESOLVED FURTHER, the policy statement is provided pursuant to the requirements of California Civil Code section 5310(a)(7) and will be distributed to members in November 2018 as part of the Annual Policy Statement.

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

Director Baum made a motion to adopt a resolution to approve the 2019 Collection and Lien Enforcement Policy. The motion was seconded by Director Bhada.

Discussion ensued among the Directors.

President diLorenzo called for the vote and the motion passed by unanimous consent.

13e. Entertain a Motion to Approve the Disciplinary Violations Matrix

Director Baum, Secretary of the Board, presented a summary of the Disciplinary Violations Matrix.

Director Baum made a motion to adopt the Disciplinary Violations Matrix. The motion was seconded by Director Brunnghaus.

Discussion ensued among the Directors.

President diLorenzo called for the vote and the motion passed by unanimous consent.

14. Committee Reports

14a. Report of the Finance Committee / Financial Report - Director Parsons reported on the Treasurer's Report, Resale and Lease Reports. Next Meeting September 4, 2018, at 1:30 p.m. in the Board Room

14b. Report of the Architectural Controls and Standards Committee - Director Walsh gave an update from the last committee meeting. Next Meeting Monday, August 27, 2018, at 9:30 a.m. in the Sycamore Room

14c. Report of the Maintenance and Construction Committee - Director Walsh reported from the last committee meeting. Next Meeting October 1, 2018, at 9:00 a.m. in the Board Room

- Report of the Parking and Golf Cart Task Force - Director Frankel

14d. Report of the Landscape Committee - Director Tung gave an update from the last committee meeting and showed a presentation on drought resistant landscaping near the Great Park. Next Meeting September 6, 2018, at 9:00 a.m. in the Board Room

14e. Report of the Laguna Woods Village Traffic Hearings - Director Frankel gave an update from the last committee meeting. Next hearing September 19, 2018, at 9:00 a.m. in the Board Room and 1:00 p.m. in the Pine Room

14f. Report of the Communications Committee - Director Baum gave an update from the last committee meeting. Next Meeting September 12, 2018, at 1:30 p.m. in the Board Room

14g. Report of the Village Energy Task Force - Director Walsh gave an update from the last meeting. Next Meeting September 12, 2018, at 9:30 a.m. in the Willow Room

14h. Report of the Water Subcommittee - Director Tung gave a presentation on water usage in the Community. Director Frankel invited Katherine Freshley to come to the September meeting to report on water connectivity. Next meeting October 9, 2018 at 11:00 a.m. in the Sycamore Room

14i. Report of the Resident Policy and Compliance Task Force - Director Baum gave an update from the last committee meeting. Next meeting TBD

15. GRF Committee Highlights

15a. Community Activities Committee – Director Parsons reported on past and upcoming recreation and special events. Next meeting August 22, 2018, at 1:30 p.m. in the Board Room

15b. Finance Committee – Director Parsons reported on highlights from the last committee meeting. Next Meeting August 22, 2018, at 1:30 p.m. in the Board Room

15c. Maintenance & Construction Committee – Director Carpenter reported on highlights from the last committee meeting. Next meeting October 10, 2018 at 9:30 a.m. in the Board Room

- PAC Ad Hoc Committee – Next meeting TBA.

15d. Media and Communications Committee – Director Baum reported on highlights from the last committee meeting. Next meeting September 17, 2018 at 1:30 p.m. in the Board Room

- Thrive Project Task Force – Next Meeting September 19, 2018 at 9:30 a.m. in the Cypress Room

15e. Mobility and Vehicles Committee-Director Frankel reported on highlights from the last committee meeting. Next meeting October 3, 2018, at 1:30 p.m. in the Board Room

15f. Security and Community Access Committee – Director Bruninghaus reported on highlights from the last committee meeting. Next meeting August 27, 2018, at 1:30 p.m. in the Board Room

- Disaster Preparedness Task Force—Next meeting September 25, 2018, 9:30 a.m. in the Cypress Room

16. Future Agenda Items-- *All matters listed under Future Agenda Items are Resolutions on 30-day public review or items for a future Board Meetings. No action will be taken by the Board on these agenda items at this meeting. The Board will take action on these items at a future Board Meeting.*

- 16a. Revise Common Area Use Policy (August Initial Notification)
- 16b. Revise the Traffic Rules & Regulations, Section 7.6 (August Initial Notification)
- 16c. Revisions to the Non-Emergency Chargeable Maintenance Services (August Initial Notification)
- 16c. Revised Alteration Standard 31: Washer/Dryer Installations (July Initial Notification)
- 16d. Resolution to Update the Third Mutual Bylaw Section 6.4.5 Automatic Vacancy

17. Director's Comments

The Directors had no additional comments.

18. Recess

The Board recessed at 12:55 p.m. and reconvened into Executive Session at 1:30 p.m..

Summary of Previous Closed Session Meeting per Civil Code Section §4935

During the July 17, 2018, Regular Executive Session, the Board:

Approval of Agenda

Approval of the Following Meeting Minutes;

(a) June 19, 2018 – Regular Executive Session

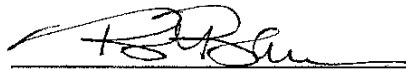
Write-off Assessment & Chargeable Services Balances

Discuss and Consider Member Matters

Discuss and Consider Legal and Litigation Matters

19. Adjourn

With no further business to come before the Board of Directors, the meeting was adjourned at 5:05 p.m.



Burt Baum, Secretary of the Board
Third Laguna Hills Mutual



DELINQUENT ASSESSMENT – PAYMENT PLAN AGREEMENT

Manor Number: _____ Assessment Delinquency: _____

Member Name: _____ Member SS#: _____ DL# _____

The undersigned hereby acknowledges the assessment delinquency shown above. He or she acknowledges the rights of Third Laguna Hills Mutual (the Mutual) to collect such assessments, together with accrued late charges, interest and collection costs, in accordance with the laws of the State of California and the governing documents of the Mutual. The following reflects the standards that have been adopted by the Board of Directors. Refer to the Payment Plan Standards For Delinquent Assessment Payments document for more details. The undersigned agrees to repay the delinquency debt according to the following plan,

Check One:

- ☐ **INSTALLMENTS:** The delinquent balance will be paid off in its entirety within _____ months. To achieve this, extra monthly payments will be made in the amount of \$ _____. **These payments will be in addition to the regular monthly assessment.** Extra payments will commence on _____ and be made on or before the first of each successive month until the delinquency and accrued late charges are paid in full. With this standard payment option, the undersigned is also required to submit a completed financial statement form (enclosed) as well as a copy of pages one and two of the two most recent federal tax returns.
- ☐ **LUMP SUM:** Payment in full of the delinquent amount will be made in a lump sum on or before _____. **This payment will be in addition to the regular monthly assessment.**
- ☐ **ESCROW:** The undersigned states that the manor is presently for sale, and will present a copy of the executed listing agreement in conjunction with this agreement. If the listing agreement expires before the manor is sold, a new executed listing agreement must be presented. The total term of the payment plan under this option cannot exceed 90 days. Payment in full of the delinquent amount will be made from the proceeds of sale of the manor, through escrow. Further, undersigned understands and agrees that accrued fees, charges and legal collection costs will be collected through escrow. This option allows a request for review by the Board of Directors for an extension.
- ☐ **OTHER:** Member's payment plan proposal that is in accordance with the standards for payment plans adopted by the Mutual: _____. **This will be in addition to the regular monthly assessment**

Initial All:

- ☐ The undersigned understands that interest will accrue at the rate of 10% per annum, in accordance with the Collection and Lien Enforcement Policy of the Mutual, until the delinquency is paid in full. In addition, the undersigned shall pay an administrative fee of \$25.00 for every month this agreement is in effect. If this agreement is breached and the Board of Directors for the Mutual allows re-instatement, Owner will be responsible for payment of all attorneys' fees, costs, interest, late fees and assessments incurred as a result of said breach before this agreement will be deemed "paid in full."
- ☐ The undersigned understands that the Mutual will pursue all available legal means to collect the sums due on the manor including the recording of a lien for an additional cost of a minimum of \$625 if the terms of this agreement are breached. If any one payment is not received by the deadline stated, the Mutual shall, without any further notice to undersigned, have the power and authority to pursue any and all collection remedies against undersigned and/or undersigned's property, including but not limited to non-judicial foreclosure, judicial foreclosure, any remedies available, and a lawsuit for purposes of securing a money judgment. Undersigned waives any and all claims against the Mutual and its agents and attorneys, and undersigned waives any and all defenses available related to or arising out of this matter, the amounts owed under this agreement, and any other obligation stated herein.
- ☐ The undersigned understands that he or she has the right to meet with the Board of Directors of the Mutual to discuss a reasonable alternative payment plan option (see the fourth option above), according to the payment plan standards adopted by the Board of Directors of the Mutual.

Member Name: _____ Signature: _____ Date: _____

Mutual Officer Signature: _____ Date: _____

Return signed form by mail to:
Assessment Payment Representative
PO Box 2220
Laguna Woods, CA 92654-2220

Or deliver in person to:
Assessment Payment Representative
24351 El Toro Road
Laguna Woods, CA 92637
Phone: (949) 597-4221 Fax: (949) 472-4154

Attachment 1 – Proposed Charter

Village Energy Task Force Charter and Mission

In July 2018, the Boards of Directors of the Third Laguna Hills Mutual, United Laguna Woods Mutual and the Golden Rain Foundation hereby assigns the duties and responsibilities of this Task Force, as follows:

The Village Energy Task Force will consist of two directors each from Third Mutual, United Mutual and the Golden Rain Foundation. Member Advisors as approved by the Task Force will be voting members.

The mission of the Village Energy Task Force is to identify and recommend to all Boards, investments in energy technologies that will address the safety, economic, environmental and aesthetic issues of Third and United Mutual and GRF (the Corporations) with the common goal to enhance the wellbeing of ~~Laguna Woods Village~~ their respective residents.

1. Recommend to the respective Committees and Boards, for their approval, all actions that will result in energy savings for residents and an improved environment for the Community.
2. Review energy statements and other reports affecting the Corporations' energy usage and recommend actions.
3. Work closely with Staff and review all devices or systems that either generate, control or consume energy within the Corporations. Identify alternatives that would be beneficial, taking into consideration factors such as efficiency, reliability, sustainability, installation, cost, return on investment, carbon foot print, human factors, and operability. Propose priorities of actions.
4. Seek out energy incentive programs applicable to the Corporations.
5. Work with the respective Communications Committees to make residents aware of Task Force actions as well as actions they can take to reduce their own energy costs and improve the environment.
6. In conjunction with Staff, make progress reports to the respective corporate M&C Committees on investigation results, resident actions and comments, as well as M & C Committee-approved projects.
7. To improve familiarity with technology and products, the Task Force should arrange seminars and invite speakers from vendors, universities, trade groups or consultants.
8. Suggest actions the Boards can take with respect to the California Public Utility Commission or the California legislature regarding proposed tariff charges or energy related bills affecting the Corporations.
9. Meet and Confer with the City of Laguna Woods on energy saving initiatives offered to municipalities by the State of California through Investor Owned Utilities (IOU) such as Southern California Edison.
10. The Chair and Vice Chair of the Task Force will be elected by members of the Task Force.



RESOLUTION 03-18-131
Guidelines For Financial Qualifications

WHEREAS, Third Laguna Hills Mutual ("Mutual"), acting through its Board of Directors ("Board"), previously adopted operating rules concerning financial qualifications pursuant to the following Board resolutions:

1. Administrative Guidelines for Financial Qualification (Res. No. 03-05-17);
2. Financial Guarantor (Res. No. M3-91-38); and
3. Financial Qualifications Policy (Res. No. 03-16-95).

WHEREAS, the forgoing operating rules are collectively referred to herein as the "Financial Resolutions".

WHEREAS, it is in the Mutual's best interests to protect and preserve its financial integrity, ensure consistency among the provisions of its governing documents (including without limitation, the Financial Resolutions), and promote the uniform application of the provisions of said governing documents.

NOW, THEREFORE BE IT RESOLVED, on August 21, 2018, that the Board hereby adopts, and the Financial Resolutions are hereby superseded by, the Guidelines for Financial Qualifications set forth below.

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GUIDELINES FOR FINANCIAL QUALIFICATIONS

The governing documents of Third Laguna Hills Mutual ("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 these Guidelines for Financial Qualifications ("Guidelines"), which shall remain in effect until such time as these Guidelines may be changed, modified, or amended by a duly adopted Board resolution.

I. General Application Requirements.

- a. As a condition of approval, each Applicant 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.

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2. Net worth verification pursuant to Section II of these Guidelines.
 3. Income verification pursuant to Section III of these Guidelines.
 4. A completed Financial Statement and Credit Information form.
 5. 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.
 6. 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 these Guidelines shall also apply to the Guarantor.
 7. 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 IV of these Guidelines 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 these Guidelines 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 applicable, unless suspended, by an owner in the Mutual.
 - d. Notwithstanding anything to the contrary contained herein, if more than one (1) Applicant will acquire an ownership interest or reside in any single unit, such Applicants' income and net worth may, in the Board's sole reasonable discretion, be calculated collectively.

II. Net Worth Requirements.

- a. As a condition of approval, each Applicant shall submit satisfactory verification of net worth that is greater than or equal to the *sum* of the purchase price of the unit *plus* one hundred twenty-five thousand dollars (\$125,000) in acceptable assets.
- b. 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,

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marketable or income producing. Examples of acceptable assets include, without limitation, the following:

1. Equity in residential and income real estate.
 2. Savings accounts in banks and credit unions.
 3. Cash value life insurance.
 4. Certificates of deposit and money market accounts.
 4. IRA, SEP, 401(k), Profit Sharing and Keogh accounts.
 5. Federal, state, or municipal government bonds.
 6. U.S. traded investments (e.g., NYSE, Amex, OTC, Nasdaq, etc.) valued at current market prices.
 7. Mortgages and promissory notes; provided that the interest in such mortgages or promissory notes is reported on the Applicant's tax return.
- c. When computing net worth for the purposes of this Section, acceptable assets will **not** include, without limitation, the following:
1. Equity in mobile homes, recreational vehicles, boats, trailers, airplanes, automobiles, or other vehicles of any kind.
 2. Vacant or undeveloped real estate.
 3. Artwork, jewelry, or other collectibles (e.g., coins, dolls, stamps, etc.).
 4. Term life insurance.
 5. Annuity funds that cannot be withdrawn in lump sum.
 6. Anticipated bequests, devises or inheritances.
 7. 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. As a condition of approval, each Applicant shall submit satisfactory verification of annual income that is greater than or equal to the *sum* of the total of the unit's annual mortgage payment *plus* forty-five thousand dollars (\$45,000) per year.

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- b. Traditional retirement account assets (e.g., 401K, ERISA, IRA, Profit Sharing, etc.) will be considered as a source of annual income in accordance with this subsection. For the purposes of the income verification requirement pursuant to subsection (a) above, the portion of an Applicant's traditional retirement account assets attributable to said Applicant's annual income shall be deemed to be the greater of the following:

1. The mandatory annual distributions for the Applicant's retirement accounts; **or**
2. The total amount of the Applicant's retirement accounts *multiplied* by eighty percent (80%), and then *dividing* this product by twenty-five (25) years, as follows:

$$\text{Attributable Income} = (\text{Total Retirement Account Assets} \times 80\%) \div 25$$

- c. Examples of acceptable income verifications include, without limitation, the following:

1. Federal tax returns from the most recent year.
2. W-2 forms or paycheck stubs.
3. Bank, credit union, or investment account statements.
4. Letters from bankers with verifiable first-hand knowledge of the Applicant's finances.
5. Notices of annuities and social security payments.
6. Credit reports.

- d. Examples of **unacceptable** income verifications include, without limitation, the following:

1. Letters from employers, accountants, enrolled agents, investment counselors, or attorneys.
2. Any income not reported on federal income tax returns.

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, these Guidelines), the Board may permit said Applicant to have a financial guarantor in accordance with this Section IV ("Guarantor").
- b. Each Applicant supported by a Guarantor shall submit proof that their primary residence is located in California, USA and satisfactory verification of a net worth of at least one

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hundred twenty-five thousand dollars (\$125,000) in acceptable assets, notwithstanding the requirements of Section II and Section III of these Guidelines.

- c. 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, residency and/or membership 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 these Guidelines.
- d. 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* two hundred thousand dollars (\$200,000) in acceptable assets.
 4. Verification that the Guarantor's annual income is greater than or equal to the *sum* of the total of the unit's annual mortgage payment *plus* eighty-thousand dollars (\$80,000) per year.
 5. A credit report.
- e. 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 these Guidelines 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 680.
 6. A Guarantor resides in a primary residence outside of the State of California.

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7. A Guarantor's bank is located outside of the State of California.
 8. A Guarantor already guarantees (1) one or more units within Laguna Woods Village.
 9. A Guarantor provides any false or misleading information to the Board.
 10. 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.
- f. 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.

V. **Multiple Units.** As a condition of approval, any Applicant who desires to purchase more than one (1) unit or already owns at least one (1) unit at Third Laguna Hills Mutual, Laguna Woods Mutual No. Fifty or United Laguna Woods Mutual shall submit satisfactory verification of annual income and net worth requirements pursuant to this Section V.

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- a. **Net Worth Requirements.** The Applicant shall submit satisfactory verification of net worth that is greater than or equal to the *sum* of the purchase price for each unit *plus* one hundred twenty-five thousand dollars (\$125,000) in acceptable assets per unit, as follows:

Unit 1: purchase price for Unit 1 + \$125,000

Unit 2: purchase price for Unit 1 + \$125,000 +
purchase price for Unit 2 + \$125,000

Unit 3: purchase price for Unit 1 + \$125,000 +
purchase price for Unit 2 + \$125,000 +
purchase price for Unit 3 + \$125,000

- b. **Income Requirements.** The Applicant shall submit satisfactory verification of annual income as follows:

1. Annual Income that is greater than or equal to the *sum* of the following: the total of the first unit's annual mortgage payment *plus* forty-five thousand dollars (\$45,000) per year *plus* the total of the second unit's annual mortgage payment *plus* forty-five thousand dollars (\$45,000) per year *plus* an additional twenty-two thousand five hundred dollars (\$22,500).
2. For each additional unit, the annual income requirement shall be calculated consistent with subsection (b)(1), above – that is, the additional unit's annual mortgage payment *plus* an additional twenty-two thousand five hundred dollars (\$22,500) over the previous annual income requirement, as follows:

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Unit 1: annual mortgage payment + \$45,000

Unit 2: annual mortgage payment on Unit 1 + \$45,000 +
annual mortgage payment on Unit 2 + \$45,000 + \$22,500

Unit 3: annual mortgage payment on Unit 1 + \$45,000 +
annual mortgage payment on Unit 2 + \$45,000 + \$22,500 +
annual mortgage payment on Unit 2 + \$45,000 + \$22,500 + \$22,500

July Initial Notification

30-Day notification to comply with Civil Code §4360 has been satisfied.

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Should the Board endorse the proposed revisions, Staff recommends that a motion be made and seconded to accept the resolution and allow discussion to ensure that the resolution reads to the satisfaction of the Board. Staff then recommends that a Board Member postpones the approval of the resolution to the next available Board Meeting no less than 30-days from the postponement to comply with Civil Code §4360¶

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EXHIBIT "A"

THIRD LAGUNA HILLS MUTUAL
A California Non-Profit Mutual Benefit Corporation
(the "Mutual")

ASSESSMENT/CHARGES GUARANTOR OBLIGATION FORM

A. The Parties

Owner(s): _____ (collectively, the "Owner")
Property Address: _____ (the "Property")
Guarantor: _____ ("Guarantor")

B. Guarantee Payment. Guarantor hereby guarantees unconditionally to the Mutual and the Mutual's agents as follows:

1. Guarantor guarantees unconditionally to be jointly and severally responsible for/liable for all Charges related and charged to the Owner's assessment account.

2. Guarantor guarantees unconditionally to promptly pay for all HOA assessments, regular or special, compliance assessments, reimbursable assessments, chargeable services etc., late charges, interest, costs, trustee fees, attorney fees, or any other amount charged by the Mutual to the HOA assessment account for the Property, including fines, after a noticed hearing before the Board, reimbursement assessments, special assessments, chargeable services etc. (collectively, the "Charges".)

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C. Waiver of Right to Demand Enforcement. Because the Guarantor is jointly and severally liable for the Charges, Guarantor guarantees unconditionally to waive any right to require the Mutual or the Mutual's agents to proceed against the Owner for any default occurring under the Governing Documents before seeking to enforce this Assessment/Charges Guarantor Obligation Form.

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Deleted: Guarantor guarantees unconditionally to be jointly and severally responsible for/liable for all Charges related and charged to the Owner's assessment account.

D. Broad Interpretation. This Assessment/Charges Guarantor Obligation Form shall be construed as a general, absolute, and unconditional Guaranty of payment and shall continue in perpetuity and said guarantees shall apply to all amounts charged by the Mutual to the Owner's account during the time which the Owner is a title/record owner of the Property. If any of the provisions of this Assessment/Charges Guarantor Obligation Form shall be determined to be invalid or unenforceable under applicable law, such provision shall, insofar as possible, be construed or applied in such manner as will permit enforcement.

E. Enforcement.

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1. The Mutual may enforce this Assessment/Charges Guarantor Obligation Form without being obligated to resort first to any security or any other remedy against the Owner, and Guarantor hereby waives any notice of default and/or any right to cure same and there shall be no presentment or dishonor hereunder.

2. This Assessment/Charges Guarantor Obligation Form is general and shall inure to, and may be relied upon and enforced by, any successor or assign of the Mutual.

3. This Assessment/Charges Guarantor Obligation Form shall be governed by the laws of the State of California and the parties specifically agree that any legal action brought under this Assessment/Charges Guarantor Obligation Form or any underlying lease shall be brought only in Orange County, California, which Court is agreed to have jurisdiction over the parties.

4. The Parties waive the right to a jury trial in any such legal action.

5. If the Guarantor breaches this Assessment/Charges Guarantor Obligation Form, the Mutual shall be entitled to a full award of attorney fees, costs and expenses relative to any enforcement efforts taken, including any litigation pursued to enforce this Assessment/Charges Guarantor Obligation Form. Guarantor agrees to pay the Mutual's actual attorney fees, costs, and expenses in the enforcement of the Governing Documents and this Assessment/Charges Guarantor Obligation Form, whether before the lawsuit/proceeding is filed, after the lawsuit/proceeding is filed, or in any and all trial and appellate tribunals, whether suit be brought or not, if, after default, counsel shall be employed by the Mutual.

6. All amounts due to the Mutual hereunder shall bear interest at the highest rate allowed by law from the date of default.

F. Modification. Alteration, Modification or Revocation of this Assessment/Charges Guarantor Obligation Form is not permitted unless otherwise agreed to and signed by the Parties in writing.

G. No Strict Performance Required. Failure of the Mutual to insist upon strict performance or observance of any of the terms of the Governing Documents or to exercise any right held by the Mutual will not diminish the enforceability of this Assessment/Charges Guarantor Obligation Form. Guarantor agrees that the foregoing obligations shall in no way be terminated, affected, or impaired by reason of any action which the Mutual may take, or fail to take against the Owner, or by reason of any waiver of, or failure to enforce, any of the rights or remedies to the Mutual in the Governing Documents and all amendments thereto.

H. Binding on Successors. The obligations of Guarantor shall be binding upon Guarantor and his/her/their successors and assigns.

I. Effective Immediately Upon Signature. Guarantor fully understands this Assessment/Charges Guarantor Obligation Form is neither a reference, credit check, nor application, that the Mutual has relied on Guarantor's representations and warranties contained herein and it is fully effective upon Guarantor's signature.



IN WITNESS WHEREOF, this Assessment/Charges Guarantor Obligation Form is executed this ____ day of _____, 20____.

By: _____

Dated: _____

Print Name: _____

Address: _____

Phone Number: _____

E-Mail: _____

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA _____)

) ss.

COUNTY OF _____)

On _____, before me, _____, a Notary Public in and for the State of California, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

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RESOLUTION 03-18-131
Guidelines For Financial Qualifications

WHEREAS, Third Laguna Hills Mutual ("Mutual"), acting through its Board of Directors ("Board"), previously adopted operating rules concerning financial qualifications pursuant to the following Board resolutions:

1. Administrative Guidelines for Financial Qualification (Res. No. 03-05-17);
2. Financial Guarantor (Res. No. M3-91-38); and
3. Financial Qualifications Policy (Res. No. 03-16-95).

WHEREAS, the forgoing operating rules are collectively referred to herein as the "Financial Resolutions".

WHEREAS, it is in the Mutual's best interests to protect and preserve its financial integrity, ensure consistency among the provisions of its governing documents (including without limitation, the Financial Resolutions), and promote the uniform application of the provisions of said governing documents.

NOW, THEREFORE BE IT RESOLVED, on August 21, 2018, that the Board hereby adopts, and the Financial Resolutions are hereby superseded by, the Guidelines for Financial Qualifications set forth below.

GUIDELINES FOR FINANCIAL QUALIFICATIONS

The governing documents of Third Laguna Hills Mutual ("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 these Guidelines for Financial Qualifications ("Guidelines"), which shall remain in effect until such time as these Guidelines may be changed, modified, or amended by a duly adopted Board resolution.

I. General Application Requirements.

- a. As a condition of approval, each Applicant 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 these Guidelines.
 3. Income verification pursuant to Section III of these Guidelines.
 4. A completed Financial Statement and Credit Information form.
 5. 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.
 6. 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 these Guidelines shall also apply to the Guarantor.
 7. 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 IV of these Guidelines 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 these Guidelines 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 applicable, unless suspended, by an owner in the Mutual.
 - d. Notwithstanding anything to the contrary contained herein, if more than one (1) Applicant will acquire an ownership interest or reside in any single unit, such Applicants' income and net worth may, in the Board's sole reasonable discretion, be calculated collectively.

II. Net Worth Requirements.

- a. As a condition of approval, each Applicant shall submit satisfactory verification of net worth that is greater than or equal to the *sum* of the purchase price of the unit *plus* one hundred twenty-five thousand dollars (\$125,000) in acceptable assets.
- b. 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 residential and income real estate.
 2. Savings accounts in banks and credit unions.
 3. Cash value life insurance.
 4. Certificates of deposit and money market accounts.
 4. IRA, SEP, 401(k), Profit Sharing and Keogh accounts.
 5. Federal, state, or municipal government bonds.
 6. U.S. traded investments (e.g., NYSE, Amex, OTC, Nasdaq, etc.) valued at current market prices.
 7. Mortgages and promissory notes; provided that the interest in such mortgages or promissory notes is reported on the Applicant's tax return.
- c. When computing net worth for the purposes of this Section, acceptable assets will **not** include, without limitation, the following:
1. Equity in mobile homes, recreational vehicles, boats, trailers, airplanes, automobiles, or other vehicles of any kind.
 2. Vacant or undeveloped real estate.
 3. Artwork, jewelry, or other collectibles (e.g., coins, dolls, stamps, etc.).
 4. Term life insurance.
 5. Annuity funds that cannot be withdrawn in lump sum.
 6. Anticipated bequests, devises or inheritances.
 7. 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. As a condition of approval, each Applicant shall submit satisfactory verification of annual income that is greater than or equal to the *sum* of the total of the unit's annual mortgage payment *plus* forty-five thousand dollars (\$45,000) per year.



- b. Traditional retirement account assets (e.g., 401K, ERISA, IRA, Profit Sharing, etc.) will be considered as a source of annual income in accordance with this subsection. For the purposes of the income verification requirement pursuant to subsection (a) above, the portion of an Applicant's traditional retirement account assets attributable to said Applicant's annual income shall be deemed to be the greater of the following:

1. The mandatory annual distributions for the Applicant's retirement accounts; **or**
2. The total amount of the Applicant's retirement accounts *multiplied* by eighty percent (80%), and then *dividing* this product by twenty-five (25) years, as follows:

$$\text{Attributable Income} = (\text{Total Retirement Account Assets} \times 80\%) \div 25$$

- c. Examples of acceptable income verifications include, without limitation, the following:

1. Federal tax returns from the most recent year.
2. W-2 forms or paycheck stubs.
3. Bank, credit union, or investment account statements.
4. Letters from bankers with verifiable first-hand knowledge of the Applicant's finances.
5. Notices of annuities and social security payments.
6. Credit reports.

- d. Examples of **unacceptable** income verifications include, without limitation, the following:

1. Letters from employers, accountants, enrolled agents, investment counselors, or attorneys.
2. Any income not reported on federal income tax returns.

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, these Guidelines), the Board may permit said Applicant to have a financial guarantor in accordance with this Section IV ("Guarantor").
- b. Each Applicant supported by a Guarantor shall submit proof that their primary residence is located in California, USA and satisfactory verification of a net worth of at least one



hundred twenty-five thousand dollars (\$125,000) in acceptable assets, notwithstanding the requirements of Section II and Section III of these Guidelines.

- c. 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, residency and/or membership 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 these Guidelines.
- d. 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* two hundred thousand dollars (\$200,000) in acceptable assets.
 - 4. Verification that the Guarantor's annual income is greater than or equal to the *sum* of the total of the unit's annual mortgage payment *plus* eighty-thousand dollars (\$80,000) per year.
 - 5. A credit report.
- e. 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 these Guidelines 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 680.
 - 6. A Guarantor resides in a primary residence outside of the State of California.



7. A Guarantor's bank is located outside of the State of California.
 8. A Guarantor already guarantees (1) one or more units within Laguna Woods Village.
 9. A Guarantor provides any false or misleading information to the Board.
 10. 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.
- f. 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.
- V. **Multiple Units.** As a condition of approval, any Applicant who desires to purchase more than one (1) unit or already owns at least one (1) unit at Third Laguna Hills Mutual, Laguna Woods Mutual No. Fifty or United Laguna Woods Mutual shall submit satisfactory verification of annual income and net worth requirements pursuant to this Section V.
- a. **Net Worth Requirements.** The Applicant shall submit satisfactory verification of net worth that is greater than or equal to the *sum* of the purchase price for each unit *plus* one hundred twenty-five thousand dollars (\$125,000) in acceptable assets per unit, as follows:
- Unit 1: purchase price for Unit 1 + \$125,000
- Unit 2: purchase price for Unit 1 + \$125,000 +
purchase price for Unit 2 + \$125,000
- Unit 3: purchase price for Unit 1 + \$125,000 +
purchase price for Unit 2 + \$125,000 +
purchase price for Unit 3 + \$125,000
- b. **Income Requirements.** The Applicant shall submit satisfactory verification of annual income as follows:
1. Annual Income that is greater than or equal to the *sum* of the following: the total of the first unit's annual mortgage payment *plus* forty-five thousand dollars (\$45,000) per year *plus* the total of the second unit's annual mortgage payment *plus* forty-five thousand dollars (\$45,000) per year *plus* an additional twenty-two thousand five hundred dollars (\$22,500).
 2. For each additional unit, the annual income requirement shall be calculated consistent with subsection (b)(1), above – that is, the additional unit's annual mortgage payment *plus* an additional twenty-two thousand five hundred dollars (\$22,500) over the previous annual income requirement, as follows:



Unit 1: annual mortgage payment + \$45,000

Unit 2: annual mortgage payment on Unit 1 + \$45,000 +
annual mortgage payment on Unit 2 + \$45,000 + \$22,500

Unit 3: annual mortgage payment on Unit 1 + \$45,000 +
annual mortgage payment on Unit 2 + \$45,000 + \$22,500 +
annual mortgage payment on Unit 2 + \$45,000 + \$22,500 + \$22,500

July Initial Notification

30-Day notification to comply with Civil Code §4360 has been satisfied.



EXHIBIT "A"

**THIRD LAGUNA HILLS MUTUAL
A California Non-Profit Mutual Benefit Corporation
(the "Mutual")**

ASSESSMENT/CHARGES GUARANTOR OBLIGATION FORM

A. The Parties

Owner(s): _____ (collectively, the "Owner")
Property Address: _____ (the "Property")
Guarantor: _____ ("Guarantor")

B. Guarantee Payment. Guarantor hereby guarantees unconditionally to the Mutual and the Mutual's agents as follows:

1. Guarantor guarantees unconditionally to be jointly and severally responsible for/liable for all Charges related and charged to the Owner's assessment account.

2. Guarantor guarantees unconditionally to promptly pay for all HOA assessments, regular or special, compliance assessments, reimbursable assessments, chargeable services etc., late charges, interest, costs, trustee fees, attorney fees, or any other amount charged by the Mutual to the HOA assessment account for the Property, including fines, after a noticed hearing before the Board, reimbursement assessments, special assessments, chargeable services etc. (collectively, the "Charges".)

C. Waiver of Right to Demand Enforcement. Because the Guarantor is jointly and severally liable for the Charges, Guarantor guarantees unconditionally to waive any right to require the Mutual or the Mutual's agents to proceed against the Owner for any default occurring under the Governing Documents before seeking to enforce this Assessment/Charges Guarantor Obligation Form.

D. Broad Interpretation. This Assessment/Charges Guarantor Obligation Form shall be construed as a general, absolute, and unconditional Guaranty of payment and shall continue in perpetuity and said guarantees shall apply to all amounts charged by the Mutual to the Owner's account during the time which the Owner is a title/record owner of the Property. If any of the provisions of this Assessment/Charges Guarantor Obligation Form shall be determined to be invalid or unenforceable under applicable law, such provision shall, insofar as possible, be construed or applied in such manner as will permit enforcement.

E. Enforcement.

1. The Mutual may enforce this Assessment/Charges Guarantor Obligation Form without being obligated to resort first to any security or any other remedy against the Owner, and Guarantor



hereby waives any notice of default and/or any right to cure same and there shall be no presentment or dishonor hereunder.

2. This Assessment/Charges Guarantor Obligation Form is general and shall inure to, and may be relied upon and enforced by, any successor or assign of the Mutual.

3. This Assessment/Charges Guarantor Obligation Form shall be governed by the laws of the State of California and the parties specifically agree that any legal action brought under this Assessment/Charges Guarantor Obligation Form or any underlying lease shall be brought only in Orange County, California, which Court is agreed to have jurisdiction over the parties.

4. The Parties waive the right to a jury trial in any such legal action.

5. If the Guarantor breaches this Assessment/Charges Guarantor Obligation Form, the Mutual shall be entitled to a full award of attorney fees, costs and expenses relative to any enforcement efforts taken, including any litigation pursued to enforce this Assessment/Charges Guarantor Obligation Form. Guarantor agrees to pay the Mutual's actual attorney fees, costs, and expenses in the enforcement of the Governing Documents and this Assessment/Charges Guarantor Obligation Form, whether before the lawsuit/proceeding is filed, after the lawsuit/proceeding is filed, or in any and all trial and appellate tribunals, whether suit be brought or not, if, after default, counsel shall be employed by the Mutual.

6. All amounts due to the Mutual hereunder shall bear interest at the highest rate allowed by law from the date of default.

F. Modification. Alteration, Modification or Revocation of this Assessment/Charges Guarantor Obligation Form is not permitted unless otherwise agreed to and signed by the Parties in writing.

G. No Strict Performance Required. Failure of the Mutual to insist upon strict performance or observance of any of the terms of the Governing Documents or to exercise any right held by the Mutual will not diminish the enforceability of this Assessment/Charges Guarantor Obligation Form. Guarantor agrees that the foregoing obligations shall in no way be terminated, affected, or impaired by reason of any action which the Mutual may take, or fail to take against the Owner, or by reason of any waiver of, or failure to enforce, any of the rights or remedies to the Mutual in the Governing Documents and all amendments thereto.

H. Binding on Successors. The obligations of Guarantor shall be binding upon Guarantor and his/her/their successors and assigns.

I. Effective Immediately Upon Signature. Guarantor fully understands this Assessment/Charges Guarantor Obligation Form is neither a reference, credit check, nor application, that the Mutual has relied on Guarantor's representations and warranties contained herein and it is fully effective upon Guarantor's signature.

ATTACHMENT 2

~~THIRD LAGUNA HILLS MUTUAL~~



SECTION STANDARD 31: WASHER & DRYER INSTALLATIONS

APRIL 1991

REVISED DECEMBER 1998, RESOLUTION M3-98-65

GENERAL REQUIREMENTS REVISED APRIL 2011, RESOLUTION 03-11-49

GENERAL REQUIREMENTS REVISED JANUARY 2018, RESOLUTION 03-18-12

REVISED AUGUST 2018, RESOLUTION 03-18-XXX

1.0 GENERAL REQUIREMENTS

See Standard Section 1: General Requirements

2.0 EXTERIOR CABINETS

- 2.1 All patio installations shall be enclosed in a cabinet which meets all manufacturer's requirements.
- 2.2 The cabinet design shall be submitted to the ~~Permits and Inspections office~~Alterations Division prior to issuance of ~~a Mutual Consent~~an alteration permit. The design shall address protection of the equipment from the elements.
- 2.3 Cabinets must be obscured from public view (i.e., block wall, closed patio).
- 2.4 Cabinets to be painted to match existing color of building.
- 2.5 Location of unit and/or plumbing connections must be submitted in writing to the ~~the Permits and Inspections office~~Alterations Division prior to issuance of a ~~permit~~Mutual Consent.
- 2.6 ~~No permits~~A Mutual Consent will be not be issued for manors that do not qualify as determined by existing waste line sizes. Minimum sizes are 2 3/4" ABS plastic and 3" cast iron.

- 2.7 All penetrations through existing walls shall be properly flashed and caulked to provide a weather tight seal around all protruding plumbing, electrical and vent lines.
- 2.8 Connections below slab shall be properly vented and covered with sand and "Visqueen" before replacement of concrete.
- 2.9 All hot and cold water supply lines shall be of minimum 1/2" diameter, type L copper.
- 2.10 All pressure lines shall be securely strapped to prevent movement or knocking.
- 2.11 All electrical wiring to be located in walls. No exposed conduit will be permitted.
- 2.12 **The installation of washers and dryers in three-story buildings is prohibited and variance requests for washers and dryers in three-story buildings will not be accepted.** ~~Variances for the installation of washers and dryers in individual manors will not be granted in three-story buildings.~~

ATTACHMENT 3



STANDARD 31: WASHER & DRYER INSTALLATIONS

APRIL 1991

REVISED DECEMBER 1998, RESOLUTION M3-98-65

GENERAL REQUIREMENTS REVISED APRIL 2011, RESOLUTION 03-11-49

GENERAL REQUIREMENTS REVISED JANUARY 2018, RESOLUTION 03-18-12

REVISED AUGUST 2018, RESOLUTION 03-18-XXX

1.0 GENERAL REQUIREMENTS

See Standard Section 1: General Requirements

2.0 EXTERIOR CABINETS

- 2.1** All patio installations shall be enclosed in a cabinet which meets all manufacturer's requirements.
- 2.2** The cabinet design shall be submitted to the Alterations Division prior to issuance of a Mutual Consent. The design shall address protection of the equipment from the elements.
- 2.3** Cabinets must be obscured from public view (i.e., block wall, closed patio).
- 2.4** Cabinets to be painted to match existing color of building.
- 2.5** Location of unit and/or plumbing connections must be submitted in writing to the the Alterations Division prior to issuance of a Mutual Consent.
- 2.6** A Mutual Consent will be not be issued for manors that do not qualify as determined by existing waste line sizes. Minimum sizes are 3" ABS plastic and 3" cast iron.
- 2.7** All penetrations through existing walls shall be properly flashed and caulked to provide a weather tight seal around all protruding plumbing, electrical and vent lines.

- 2.8 Connections below slab shall be properly vented and covered with sand and "Visqueen" before replacement of concrete.
- 2.9 All hot and cold water supply lines shall be of minimum 1/2" diameter, type L copper.
- 2.10 All pressure lines shall be securely strapped to prevent movement or knocking.
- 2.11 All electrical wiring to be located in walls. No exposed conduit will be permitted.
- 2.12 **The installation of washers and dryers in three-story buildings is prohibited and variance requests for washers and dryers in three-story buildings will not be accepted.**

ATTACHMENT 1

RESOLUTION 03-17-77

Common Area Use Policy (Current Policy)

WHEREAS, the Third Laguna Hills Mutual ("Mutual") is the corporate homeowner association that was formed in 1988 by the merger of the fifty-nine (59) separate corporate homeowner associations, which initially managed the fifty-nine (59) original condominium projects within the larger Leisure World (now Laguna Woods Village) common interest development, into the one consolidated condominium homeowner association. The decisions of the Mutual's Board of Directors ("Board"), and any committees, task forces, etc., appointed by the Board, are governed or regulated by the Mutual's Governing Documents, the City of Laguna Woods and Orange County codes, and California and federal Law and regulations; and

WHEREAS, the Mutual's Board recognizes that both new and existing Manor Owners may desire to upgrade or modify their Manors or elements thereof in style, structure or function. The current Mutual Board, prior Mutual Boards, and the Boards of the predecessor original condominium project mutual homeowner associations, have from time-to-time adopted policies and procedures to approve such Manor Alteration Applications in limited circumstances; and

WHEREAS, the Mutual's current Governing Documents require that all such Manor Alteration Applications be approved either by the Architectural Control Committee, which may either be the Board itself or a separate committee of Members appointed by the Board, or by the Mutual's Manager, Village Management Services, Inc. ("staff"), where VMSI is so authorized; and

WHEREAS, pursuant to Article X of the Mutual's *Declaration of Revised and Amended Covenants, Conditions and Restrictions* ("CC&Rs") and Article 7 of the Mutual's Bylaws, the Board, by Resolution 03-16-128, dated December 20, 2016, has formed an Architectural Control and Standards Committee ("Committee") to perform the functions described therein; and

WHEREAS, pursuant to Article IV, Section 2, Clause (c); Article IV, Section 5; and Article X, Section 1, Clause (c), of the CC&Rs, the Board has delegated, with continuing oversight by the Committee, authority to its Manager, and staff to receive, evaluate, and make recommendations to the Committee and the Board to approve or deny Manor Alteration Applications; and

WHEREAS, the Board has been advised by legal counsel that the California Civil Code generally prohibits the Board from approving the transfer of the use of any portion of the Common Area, as defined in the CC&Rs, ("Common Area") to an individual Manor Owner, without first obtaining prior written approval of at least sixty-seven percent (67%) of the Manor Owners in that Manor's original condominium project's mutual homeowner association unless the grant of such exclusive use falls within one of the statutory exceptions, found in Section 4600 of the California Civil Code, eliminating the requirement for such approval vote; and

ATTACHMENT 1

WHEREAS, one of the Mutual's Governing Documents is the Condominium Plan, which shows a detailed, three-dimensional diagram of each of the Manors in the Mutual, including the Manor's Separate Interest and any appurtenant Exclusive/Limited Use Common Area, as well as the Manor building's detailed footprint on the ground, which also shows the surrounding land that is designated as Common Area. The Board has been advised by legal counsel that California state law prohibits the Board from amending that Condominium Plan without first obtaining the prior written approval of one hundred percent (100%) of all the Manor Owners and mortgage holders in that Manor's original project's mutual homeowner association; and

WHEREAS, prior Mutual boards, as well as the current Board, have noted that over the years some Mutual Manor Owners have, both with and without Board authorization, made alterations to their Manors or to the immediately contiguous areas, which have affected relatively small sections of the Mutual's Common Area. Typically those alterations have involved enclosing patios that are Exclusive Use Common Area and sometimes have also involved extending that enclosure onto general Common Area, or the alterations have affected the landscape and hardscape contiguous to a Manor; and

WHEREAS, in some cases these alterations may not have met the Mutual's then current Architectural Alteration Standards, notwithstanding the fact that the alteration may have enhanced the value of the Manor and possibly the community as well; and

WHEREAS, the Board recognizes that for it, or the Committee, or staff to identify each prior alteration and determine whether or not it is non-conforming and/or unauthorized would be expensive and time consuming, and would be disruptive to the community and its residents. Further, to correct this situation could, and perhaps would, require expensive and time-consuming litigation, the results of which would be uncertain, since in many cases the alterations have been in place for many years without knowledge of the Board and therefore no objection being made by the Mutual, and many of the Manors have changed owners since the alteration. This Board has concluded that such a general undertaking would not be in the best interests of the owners of undivided interests in the Mutual's general Common Area; and

WHEREAS, the Committee and the Board have reviewed and reconsidered the Mutual's current policies and procedures regarding Manor Alteration Applications to ensure proper procedures are in place at the Mutual on a going-forward basis with regard to alterations by Members; and

NOW THEREFORE BE IT RESOLVED, July 20, 2017, that the Board has a "Decision Tree", "Neighbor Awareness Notice of Hearing", and "Common Area Agreement Form", and the Board hereby adopts the policy outlined in this Resolution to govern staff's, the Committee's and the Board's decision process when Manor Owners apply to the Mutual for authorization to make or construct an Alteration to or within the Manor's Separate Interest; to, upon or within the Exclusive Use Common Area; or upon or over some portion of the Mutual's Common Area (all as defined in the CC&Rs and the Condominium Plan); and

ATTACHMENT 1

BE IT RESOLVED FURTHER, that, in limited circumstances, defined from time-to-time by the Committee and approved by the Board, staff may, but is not obligated to; approve Manor Alteration Applications that meet pre-established *Third Architectural Alteration Standards* and other Board and Committee approved policies and procedures, and that do not raise an objection by the owner of a neighboring Manor "those within 150 feet". Any Manor Alteration Application that cannot or will not be approved by staff for any reason will be treated as a unique Variance Request to be investigated by staff and considered by the Committee for approval or denial, with potential appeal of the Committee's decision to the Board, all in accordance with the Mutual's Governing Documents; and

BE IT RESOLVED FURTHER, that the staff, the Committee, or the Board, as may be applicable, shall consider the following factors when evaluating whether to approve a Manor Alteration Application:

(1) The Alteration must be consistent with:

- (a) the Mutual's governing documents, including the then current *Third Architectural Alteration Standards*; and
- (b) the Mutual's then current architectural and building guidelines; and
- (c) any other approved staff (as may be applicable), Committee and Board policies and procedures; and
- (d) the applicable provisions of local building codes; and
- (e) California state law and regulations; and
- (f) federal law and regulations; and
- (g) the Mutual's *Conditions of Approval for the Improvement Project*.

(2) If the proposed Alteration would potentially affect the residents of a neighboring manor, then staff will mail to the owner of the affected neighboring manor, a Neighbor Awareness Notice of Hearing; and

BE IT RESOLVED FURTHER, that, if the proposed Alteration is to be located entirely within or upon an Exclusive Use Common Area already associated with the Manor, staff, as authorized, the Committee or the Board may, but is not obligated to, approve the Manor Alteration Application, provided the Alteration is in compliance with the Mutual's then current *Third Architectural Alteration Standards* and any other approved Committee and Board policies, and is also permissible under the Mutual's Governing Documents. Compliance with the Mutual's *Third Architectural Alteration Standards* and building guidelines shall be a threshold required for approval of any Manor Alteration Application, subject to the discretion granted to staff, the Committee, or the Board, as may be applicable, whether the Alteration would be located within a Manor's Separate Interest, to, within or upon Exclusive Use Common Area, or upon or over Common Area; and

ATTACHMENT 1

BE IT RESOLVED FURTHER, that, if the proposed Alteration is to be located upon or over a portion of the Common Area, staff, as authorized, the Committee or the Board may, but is not obligated to, approve the Manor Alteration Application only in: the very limited circumstances to be described in the Decision Tree, the current *Third Architectural Alteration Standards*, and any other approved Committee and Board policies; and only if the Alteration would also be permissible under the Mutual's Governing Documents or applicable law; and

BE IT RESOLVED FURTHER, that, if the staff, as authorized, the Committee or the Board decides to approve a Manor Owner's Application to make or construct an Alteration to, within or upon an Exclusive Use Common Area associated with that Manor, or upon or over a portion of the Common Area, that Manor Owner must, as a condition to receiving final approval for the Manor Alteration Application, execute a recordable Covenant/Common Area Agreement. Such Covenant/Common Area Agreement shall provide, among other things, that the Manor Owner agrees that the area in question shall remain Exclusive Use Common Area or general Common Area, as applicable, licensed for the exclusive use of the Manor Owner, but shall not also become a part of the Manor's Separate Interest or, in the case of Common Area, Exclusive Use Common Area. The Covenant/Common Area Agreement will also require that the Manor Owner shall assume the responsibility for insuring, maintaining, repairing, replacing and restoring the area containing the Alteration, and shall agree to indemnify and hold harmless the Mutual for any and all claims pertaining to the Alteration; and

BE IT RESOLVED FURTHER, that the Board, within the limits of its current authority, hereby "grandfathers" any existing Alteration to any of the Manors located within the original condominium projects, or the area immediately adjacent to that Manor, which have been previously approved by this Board or a prior board of directors of the Mutual and constructed prior to the effective date of this Resolution, July 20, 2017, even though that Alteration may encroach upon some portion of the general Common Area, provided that:

- (1) there is no threat to the safety of persons or property;
- (2) the Alteration met the Mutual's construction and architectural standards in effect at the time of the Alteration; and
- (3) there is no direction or order of a court requiring the Board to take contrary action; and

BE IT RESOLVED FURTHER, that "grandfathering" any such encroachment did not, does not, and will not constitute a transfer of general Common Area into any Manor's Exclusive Use Common Area or Separate Interest, or the conversion of Exclusive Use Common Area into a Manor's Separate Interest. Such "grandfathering" does not remove the obligation of a Member/Owner of a non-compliant Alteration to a Manor to correct such non-compliance in the event of a sale or transfer of their Manor, but merely means that such non-conformance will not be actively pursued by the Mutual; and

ATTACHMENT 1

RESOLVED FURTHER, that the Board may, subject to the limitations provided in this Resolution, the Governing Documents, and applicable law, demand that any Alteration, not consistent with the Mutual's *Third Architectural Alteration Standards* and other Mutual and VMSI policies and procedures published at the time of construction of said Alteration, be removed, at the Manor Owner's expense, if the Alteration is not either altered or reconstructed to be in conformity with such *Third Architectural Alteration Standards*, state and local building codes, and other Mutual and VMSI policies and procedures; and

BE IT RESOLVED FURTHER, that the Board may demand the removal of any Alteration that is constructed after the effective date of this Resolution, July 20, 2017, without the prior written approval of staff, the Committee or the Board; and

BE IT RESOLVED FURTHER, that, in accordance with the Mutual's CC&Rs, the existence in the Mutual of a prior Alteration comparable to an Alteration being sought by a Manor Owner shall have no precedential value and shall not obligate in any way staff, the Committee or the Board to approve any subsequent Manor Alteration Application; and

BE IT RESOLVED FURTHER, that Mutual Board Resolution 03-16-128 is hereby amended as follows:

Paragraph 2, Section 3:

"3. If a Member chooses to appeal the Committee's decision, prior to the review of the appeal, the Committee will document justification of their decision. If necessary, the Committee has the authority to consult with the Mutual Legal Counsel for advice."

Paragraph 2, Section 5:

"5. The Committee shall require that Neighbor Awareness Notice of Hearing be mailed, by staff, to the owners of record of all potentially affected neighboring Manors, for all alteration requests, including requests that appear to conform to the Third Architectural Alteration Standards and policies."; and

BE IT RESOLVED FURTHER, that the following Mutual Board Resolutions are hereby superseded and cancelled; and

Resolution M3-02-14, dated March 19, 2002; and

Resolution 03-15-155, dated October 20, 2015; and

BE IT RESOLVED FURTHER, that staff charged with the responsibility of receiving, evaluating, approving or making recommendations for approval of Manor Alteration Applications; and overseeing construction of additions, modification, improvements, and such other Alterations to the Manors within the Mutual are hereby authorized to take all appropriate actions consistent with this Resolution and to carry out the purpose and intent of this Resolution and assure compliance with its terms.

ATTACHMENT 2

RESOLUTION 03-18-XX

Common Area Use Policy

WHEREAS, the Third Laguna Hills Mutual, ("Mutual") is a corporate homeowners association that was formed in 1970; by 1984 had acquired the assets and liabilities by vote of each of the fifty-nine (59) individual Mutuals within the larger Leisure World (now Laguna Woods Village) common interest development, with full authority to manage, operate, and maintain them. By 1988, each of the fifty-nine (59) Mutuals had agreed by vote of each Mutual's membership to adopt the same amended CC&Rs.

WHEREAS, the decisions of the Mutual's Board of Directors ("Board"), and any committees, task forces, etc., appointed by the Board, are governed or regulated by the Mutual's Governing Documents, the City of Laguna Woods and Orange County codes, and California and federal Laws and Regulations;

WHEREAS, the Mutual's Board recognizes that both new and existing Manor Owners may desire to upgrade or alter their Manors or elements thereof in style, structure or function. The current Mutual Board, prior Mutual Boards, and the Boards of the predecessor original condominium project mutual homeowner associations, have from time-to-time adopted policies and procedures to approve such Manor Alteration Applications in limited circumstances;

WHEREAS, the Mutual's current Governing Documents require that all such Manor Alteration Applications be approved either by the Architectural Control Committee, which may either be the Board itself or a separate committee of Members appointed by the Board, or by the Mutual's Manager, Village Management Services, Inc. ("Staff"), where VMSI is so authorized;

WHEREAS, pursuant to Article X of the Mutual's *Declaration of Revised and Amended Covenants, Conditions and Restrictions* ("CC&Rs") and Article 7 of the Mutual's Bylaws, the Board, by Resolution 03-16-128, dated December 20, 2016, has formed an Architectural Control and Standards Committee ("Committee") to perform the functions described therein;

WHEREAS, pursuant to Article IV, Section 2, Clause (c); Article IV, Section 5; and Article X, Section 1, Clause (c), of the CC&Rs, the Board has delegated, with continuing oversight by the Committee, authority to its Manager and Staff to receive, evaluate, and make recommendations to the Committee and the Board to approve or deny Manor Alteration Applications;

WHEREAS, the current Board, as well as prior Mutual boards, have noted that over the years that some manor Owners have made alterations to their Manors or to the immediately contiguous areas, both with and without Board authorization, which have affected relatively small sections of the Mutual's Common Area. Typically those alterations have involved enclosing patios that are Exclusive Use Common Area and occasionally have also involved extending that enclosure onto general Common Area, or the alterations have affected the landscape and hardscape contiguous to a Manor;

ATTACHMENT 2

WHEREAS, in some cases these alterations may not have met the Mutual's then current Architectural Alteration Standards, notwithstanding the fact that the alteration may have enhanced the value of the Manor and possibly the community as well;

WHEREAS, the Board recognizes that to identify each prior alteration and determine whether or not it is non-conforming and/or unauthorized would be expensive, time consuming and disruptive to the community and its residents. This Board has concluded that such an undertaking would not be in the best interests of the owners of undivided interests in the Mutual's general Common Area;

WHEREAS, the Committee and the Board have reviewed and reconsidered the Mutual's current policies and procedures regarding Manor Alteration Applications to ensure proper procedures are in place in the Mutual on a going-forward basis with regard to alterations by Members;

WHEREAS, among other things, the Common Area Use Policy sets forth very limited circumstances where the Mutual's Board, Committee or Staff, would approve a proposed alteration of, addition to, or improvement of any Manor ("Alteration") that would be located upon or over a portion of the common area; and,

WHEREAS, due to the administrative, financial, and legal burdens involved, the Board and the Committee have determined that it is not in the Association's best interests to approve any Manor Alteration Applications that do not satisfy the very limited circumstances defined from time to time by the Committee and approved by the Board.

NOW THEREFORE BE IT RESOLVED, August 21, 2018, that the Board has prepared a "Decision Tree", "Neighbor Awareness Notice of Hearing" form, and "Covenant To Run With The Land form", and the Board hereby introduces the policy outlined in this Resolution to govern the Board's, the Committee's and Staff's decision process when Manor Owners apply to the Mutual for authorization to make or construct an Alteration to or within the Manor's Separate Interest; to, upon or within the Exclusive Use Common Area;

BE IT RESOLVED FURTHER, no proposed Alteration located upon or over a portion of the common area will be approved by the Board, the Committee or Staff for any reason, except as set forth pursuant to the Policy or as otherwise required by law;

BE IT RESOLVED FURTHER, that, in limited circumstances, as set forth in the Policy, Staff may, but is not obligated to; approve Manor Alteration Applications that meet pre-established *Third Architectural Alteration Standards* and other Board and Committee approved policies and procedures, and that do not raise an objection by the owner of a neighboring Manor which is defined as manors "within 150 feet" of the proposed manor Alteration Application. Any Manor Alteration Application that cannot or will not be approved by Staff for any reason will be treated as a unique Variance Request to be investigated by Staff and considered by the Committee for approval or denial, with potential appeal of the Committee's decision to the Board, all in accordance with the Mutual's Governing Documents;

BE IT RESOLVED FURTHER, that, if the proposed Alteration is to be located entirely within or upon an Exclusive Use Common Area already associated with the Manor,

ATTACHMENT 2

Staff, as authorized, the Committee or the Board may, but is not obligated to, approve the Manor Alteration Application, provided the Alteration is in compliance with the Mutual's Architectural Review Procedures, subject to the discretion granted to Staff, the Committee, or the Board, as may be applicable, whether the Alteration would be located within a Manor's Separate Interest, to, within or upon Exclusive Use Common Area;

BE IT RESOLVED FURTHER, that, if the Staff, as authorized, the Committee or the Board decides to approve a Manor Owner's Application to make or construct an Alteration to, within or upon an Exclusive Use Common Area associated with that Manor, that Manor Owner must, as a condition to receiving final approval for the Manor Alteration Application, execute a recordable Covenant to Run with the Land. Such Covenant shall provide, among other things that the Manor Owner agrees that the area altered in any dimension or manner, shall remain Exclusive Use Common Area, licensed for the exclusive use of the Manor Owner, but shall not also become a part of the Manor's Separate Interest. The Covenant will also require that the Manor Owner shall assume the responsibility for insuring, maintaining, repairing, replacing and restoring the area containing the Alteration, and shall agree to indemnify and hold harmless the Mutual for any and all claims pertaining to the Alteration;

BE IT RESOLVED FURTHER, that the Board, within the limits of its current authority, hereby "grandfathers" any existing Alteration to any of the Manors located within the original condominium projects, or to the area immediately adjacent to that Manor, which have been previously approved by this Board, a prior board of directors of the Mutual, a board of directors or the architectural committee of a predecessor original condominium project mutual homeowner association, or the Staff of a prior management agent, if that Staff were so authorized, prior to July 20, 2017, even though that Alteration may encroach upon some portion of the general Common Area, provided that:

- (1) there is no threat to the safety of persons or property;
- (2) the Alteration met the Mutual's construction and architectural standards in effect at the time of the Alteration; and
- (3) there is no direction or order of a court requiring the Board to take contrary action; and

BE IT RESOLVED FURTHER, that "grandfathering" any such encroachment did not, does not, and will not constitute a transfer of general Common Area into any Manor's Exclusive Use Common Area or Separate Interest, or the conversion of Exclusive Use Common Area into a Manor's Separate Interest. Such "grandfathering" does not remove the obligation of a Member/Owner of a non-compliant Alteration to a Manor to correct such non-compliance in the event of a sale or transfer of their Manor, but merely means that such non-conformance will not be actively pursued by the Mutual;

BE IT RESOLVED FURTHER, that no further alteration may be approved or constructed on any previously approved or "grandfathered" alteration that encroaches upon common area, other than like for like, that augments, enlarges, or changes the construction, purpose, or use of the alteration;

BE IT RESOLVED FURTHER, that the Board may, subject to the limitations provided in this Resolution, the Governing Documents, and applicable law, demand that any

ATTACHMENT 2

Alteration, not consistent with the Mutual's *Third Architectural Alteration Standards* and other Mutual and VMSI policies and procedures published at the time of construction of said Alteration, be removed, at the Manor Owner's expense, if the Alteration is not either altered or reconstructed to be in conformity with such *Third Architectural Alteration Standards*, state and local building codes, and other Mutual and VMSI policies and procedures;

BE IT RESOLVED FURTHER, that the Board may demand the removal of any Alteration that is constructed after July 20, 2017, without the prior written approval of Staff, the Committee or the Board;

BE IT RESOLVED FURTHER, that, in accordance with the Mutual's CC&Rs, the existence in the Mutual of a prior Alteration comparable to an Alteration being sought by a Manor Owner shall have no precedential value and shall not obligate in any way Staff, the Committee or the Board to approve any subsequent Manor Alteration Application;

BE IT RESOLVED FURTHER, that Mutual Board Resolution 03-17-77 is hereby superseded and cancelled; and

BE IT RESOLVED FURTHER, that Staff is charged with the responsibility of receiving, evaluating, approving or making recommendations for approval of Manor Alteration Applications; and overseeing construction of additions, modification, improvements, and such other Alterations to the Manors within the Mutual are hereby authorized to take all appropriate actions consistent with this Resolution and to carry out the purpose and intent of this Resolution and assure compliance with its terms.

AUGUST Initial Notification

Should the Board endorse the proposed revisions, Staff recommends that a motion be made and seconded to accept the resolution and allow discussion to ensure that the resolution reads to the satisfaction of the Board. Staff then recommends that a Board Member postpones the resolution to the next available Board Meeting no less than 30-days from the postponement to comply with Civil Code §4360.

ATTACHMENT 3

REDLINES

RESOLUTION 03-18-XX

Common Area Use Policy

WHEREAS, the Third Laguna Hills Mutual, ("Mutual") is a corporate homeowners association that was formed in 1970; by 1984 had acquired the assets and liabilities by vote of each of the fifty-nine (59) individual Mutuals within the larger Leisure World (now Laguna Woods Village) common interest development, with full authority to manage, operate, and maintain them. By 1988, each of the fifty-nine (59) Mutuals had agreed by vote of each Mutual's membership to adopt the same amended CC&Rs.

WHEREAS, the decisions of the Mutual's Board of Directors ("Board"), and any committees, task forces, etc., appointed by the Board, are governed or regulated by the Mutual's Governing Documents, the City of Laguna Woods and Orange County codes, and California and federal Laws and Regulations;

WHEREAS, the Mutual's Board recognizes that both new and existing Manor Owners may desire to upgrade or alter their Manors or elements thereof in style, structure or function. The current Mutual Board, prior Mutual Boards, and the Boards of the predecessor original condominium project mutual homeowner associations, have from time-to-time adopted policies and procedures to approve such Manor Alteration Applications in limited circumstances;

WHEREAS, the Mutual's current Governing Documents require that all such Manor Alteration Applications be approved either by the Architectural Control Committee, which may either be the Board itself or a separate committee of Members appointed by the Board, or by the Mutual's Manager, Village Management Services, Inc. ("Staff"), where VMSI is so authorized;

WHEREAS, pursuant to Article X of the Mutual's Declaration of Revised and Amended Covenants, Conditions and Restrictions ("CC&Rs") and Article 7 of the Mutual's Bylaws, the Board, by Resolution 03-16-128, dated December 20, 2016, has formed an Architectural Control and Standards Committee ("Committee") to perform the functions described therein;

WHEREAS, pursuant to Article IV, Section 2, Clause (c); Article IV, Section 5; and Article X, Section 1, Clause (c), of the CC&Rs, the Board has delegated, with continuing oversight by the Committee, authority to its Manager and Staff to receive, evaluate, and make recommendations to the Committee and the Board to approve or deny Manor Alteration Applications;

WHEREAS, the current Board, as well as prior Mutual boards, have noted that over the years that some manor Owners have made alterations to their Manors or to the immediately contiguous areas, both with and without Board authorization, which have affected relatively small sections of the Mutual's Common Area. Typically those alterations have involved enclosing patios that are Exclusive Use Common Area and occasionally have also involved extending that enclosure onto general Common Area, or the alterations have affected the landscape and hardscape contiguous to a Manor;

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ATTACHMENT 3

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WHEREAS, in some cases these alterations may not have met the Mutual's then current Architectural Alteration Standards, notwithstanding the fact that the alteration may have enhanced the value of the Manor and possibly the community as well;

WHEREAS, the Board recognizes that ~~to~~ identify each prior alteration and determine whether or not it is non-conforming and/or unauthorized would be expensive, time consuming, and disruptive to the community and its residents. This Board has concluded that such ~~an~~ undertaking would not be in the best interests of the owners of undivided interests in the Mutual's general Common Area;

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WHEREAS, the Committee and the Board have reviewed and reconsidered the Mutual's current policies and procedures regarding Manor Alteration Applications to ensure proper procedures are in place in the Mutual on a going-forward basis with regard to alterations by Members;

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WHEREAS, among other things, the Common Area Use Policy sets forth very limited circumstances where the Mutual's Board, Committee or Staff, would approve a proposed alteration of, addition to, or improvement of any Manor ("Alteration") that would be located upon or over a portion of the common area; and.

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WHEREAS, due to the administrative, financial, and legal burdens involved, the Board and the Committee have determined that it is not in the Association's best interests to approve any Manor Alteration Applications that do not satisfy the very limited circumstances defined from time to time by the Committee and approved by the Board.

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NOW THEREFORE BE IT RESOLVED, August 21, 2018, that the Board has prepared a "Decision Tree", "Neighbor Awareness Notice of Hearing" form, and "Covenant To Run With The Land form", and the Board hereby adopts the policy outlined in this Resolution ~~to govern the Board's~~, the Committee's and Staff's decision process when Manor Owners apply to the Mutual for authorization to make or construct an Alteration to or within the Manor's Separate Interest; to, upon or within the Exclusive Use Common Area;

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BE IT RESOLVED FURTHER, no proposed Alteration located upon or over a portion of the common area will be approved by the Board, the Committee or Staff for any reason, except as set forth pursuant to the Policy or as otherwise required by law;

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BE IT RESOLVED FURTHER, that, in limited circumstances, as set forth in the Policy, Staff may, but is not obligated to; approve Manor Alteration Applications that meet pre-established *Third Architectural Alteration Standards* and other Board and Committee approved policies and procedures, and that do not raise an objection by the owner of a neighboring Manor which is defined as manors "within 150 feet" of the proposed manor Alteration Application. Any Manor Alteration Application that cannot or will not be approved by Staff for any reason will be treated as a unique Variance Request to be investigated by Staff and considered by the Committee for approval or denial, with potential appeal of the Committee's decision to the Board, all in accordance with the Mutual's Governing Documents;

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ATTACHMENT 3
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BE IT RESOLVED FURTHER, that, if the proposed Alteration is to be located entirely within or upon an Exclusive Use Common Area already associated with the Manor, Staff, as authorized, the Committee or the Board may, but is not obligated to, approve the Manor Alteration Application, provided the Alteration is in compliance with the Mutual's Architectural Review Procedures, subject to the discretion granted to Staff, the Committee, or the Board, as may be applicable, whether the Alteration would be located within a Manor's Separate Interest, to, within or upon Exclusive Use Common Area;

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BE IT RESOLVED FURTHER, that, if the Staff, as authorized, the Committee or the Board decides to approve a Manor Owner's Application to make or construct an Alteration to, within or upon an Exclusive Use Common Area associated with that Manor, that Manor Owner must, as a condition to receiving final approval for the Manor Alteration Application, execute a recordable Covenant to Run with the Land. Such Covenant shall provide, among other things that the Manor Owner agrees that the area altered in any dimension or manner, shall remain Exclusive Use Common Area, licensed for the exclusive use of the Manor Owner, but shall not also become a part of the Manor's Separate Interest. The Covenant will also require that the Manor Owner shall assume the responsibility for insuring, maintaining, repairing, replacing and restoring the area containing the Alteration, and shall agree to indemnify and hold harmless the Mutual for any and all claims pertaining to the Alteration;

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BE IT RESOLVED FURTHER, that the Board, within the limits of its current authority, hereby "grandfathers" any existing Alteration to any of the Manors located within the original condominium projects, or to the area immediately adjacent to that Manor, which have been previously approved by this Board, a prior board of directors of the Mutual, a board of directors or the architectural committee of a predecessor original condominium project mutual homeowner association, or the Staff of a prior management agent, if that Staff were so authorized, prior to July 20, 2017, even though that Alteration may encroach upon some portion of the general Common Area, provided that:

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- (1) there is no threat to the safety of persons or property;
- (2) the Alteration met the Mutual's construction and architectural standards in effect at the time of the Alteration; and
- (3) there is no direction or order of a court requiring the Board to take contrary action; and

BE IT RESOLVED FURTHER, that "grandfathering" any such encroachment did not, does not, and will not constitute a transfer of general Common Area into any Manor's Exclusive Use Common Area or Separate Interest, or the conversion of Exclusive Use Common Area into a Manor's Separate Interest. Such "grandfathering" does not remove the obligation of a Member/Owner of a non-compliant Alteration to a Manor to correct such non-compliance in the event of a sale or transfer of their Manor, but merely means that such non-conformance will not be actively pursued by the Mutual;

BE IT RESOLVED FURTHER, that no further alteration may be approved or constructed on any previously approved or "grandfathered" alteration that encroaches

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ATTACHMENT 3
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upon common area, other than like for like, that augments, enlarges, or changes the construction, purpose, or use of the alteration;

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BE IT RESOLVED FURTHER, that the Board may, subject to the limitations provided in this Resolution, the Governing Documents, and applicable law, demand that any Alteration, not consistent with the Mutual's *Third Architectural Alteration Standards* and other Mutual and VMSI policies and procedures published at the time of construction of said Alteration, be removed, at the Manor Owner's expense, if the Alteration is not either altered or reconstructed to be in conformity with such *Third Architectural Alteration Standards*, state and local building codes, and other Mutual and VMSI policies and procedures;

BE IT RESOLVED FURTHER, that the Board may demand the removal of any Alteration that is constructed after July 20, 2017, without the prior written approval of Staff, the Committee or the Board;

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BE IT RESOLVED FURTHER, that, in accordance with the Mutual's CC&Rs, the existence in the Mutual of a prior Alteration comparable to an Alteration being sought by a Manor Owner shall have no precedential value and shall not obligate in any way Staff, the Committee or the Board to approve any subsequent Manor Alteration Application;

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BE IT RESOLVED FURTHER, that Mutual Board Resolution 03-17-77 is hereby superseded and cancelled; and

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BE IT RESOLVED FURTHER, that Staff is charged with the responsibility of receiving, evaluating, approving or making recommendations for approval of Manor Alteration Applications; and overseeing construction of additions, modification, improvements, and such other Alterations to the Manors within the Mutual are hereby authorized to take all appropriate actions consistent with this Resolution and to carry out the purpose and intent of this Resolution and assure compliance with its terms.

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ATTACHMENT 1 - Proposed Non-Emergency Chargeable Maintenance Service List
Non-Emergency Maintenance Chargeable Services

Trade	Description of Service	Limitations	Estimated Cost Includes Service Charge, Labor and Materials - unless specified otherwise
Carpentry	Door Lock Services (Rekeying, Gate Locks, Storage Cabinets)		\$54.59
	Mailbox Lock Service	Mutual Supplied	\$42.51
	Installation of Entry Door Dead Bolt Lock	Resident Supplied	\$69.58
	Installation of Manor Address/Letter on Entry Door	Resident Supplied	\$40.90
	Rescreen Sliding Screen Doors	Mutual Supplied	\$76.59
	Rescreen Window Screens	Mutual Supplied	\$59.49
	Install/Replace Door Stops/Bumpers	Resident Supplied	\$54.59
	Install/Replace Bathroom Accessories (Towel Bars, Grab Bars, Toilet Paper Holders, Soap Dishes, or Toothbrush Holders)	Resident Supplied	\$54.59
	Sliding Closet Door Repair & Maintenance	Resident Supplied	\$76.59 - \$113.76
	Sliding Glass Door Repair & Maintenance	Resident Supplied	\$76.59 - \$113.76
	Sliding Window Repair & Maintenance	Resident Supplied	\$54.59 - \$113.76
Electrical	Light Bulb Replacement (Max 6 Bulbs per Visit)	Resident Supplied	\$58.51
	Door Bell Service	Resident Supplied	\$108.03
	Breaker Service (Electrical Panel)	Mutual Supplied	\$63.30
	Ceiling Heat (Thermostat) Service	Mutual Supplied	\$87.17
	Repair/Replace Outlets	Resident Supplied	\$58.51
	Repair/Replace Light Switches/Dimmer Switches	Resident Supplied	\$58.51
	Range Hood Filter Cleaning Service		\$92.03
	Replace Existing Light Fixture	Resident Supplied	\$92.03
	Replace Existing Smoke Detector	Resident Supplied	\$58.51
	Replace Smoke Detector Batteries	Mutual Supplied	\$58.51
Plumbing	Repair/Replace Faucet (Cartridge Style)	Resident Supplied	\$90.51
	Repair/Replace Faucet (Old Style)	Mutual Supplied	\$156.02
	Repair/Replace Toilet Seat	Resident Supplied	\$57.75
	Low Flow Toilet Replacement	Mutual Supplied	\$200.00
	Repair/Replace Angle Stop Valve	Mutual Supplied	\$137.00
	Repair/Replace Shower Head	Resident Supplied	\$57.75
	Repair/Replace Tub Spout	Resident Supplied	\$90.51
	Repair/Replace Fitting/Flange/Valve	Mutual Supplied	\$128.86
	Toilet Operation Repair Service	Mutual Supplied	\$90.51
	Mix-it Valve Service	Mutual Supplied	\$95.00
	Water Heater Repair	Mutual Supplied	\$38 - \$150
	Water Heater Replacement	Mutual Supplied Only & 10 yr. Mfg. Warranty	\$1,721.00
	Water Heater Service/Element Replacement	Mutual Supplied	\$170.51
	Water Shut Off & Turn On Request		\$57.75
	Ice Maker Hose Replacement	Resident Supplied	\$57.75
	Clothes & Dish Washer Hose Replacement	Resident Supplied	\$57.75
	Clogged Drain Repair "Resident Caused"		\$156.02
Paving	Pole/Bollard Installation (Water Heater Related)	Building Code/Permits	\$150 - \$300
	Stain/Oil Clean-up		\$126.48
Facilities	Heating/Cooling Filter Cleaning/Replacement Service - includes filter cleaning, filter change, diagnosis of the unit to make sure it is operating to capacity & also check the thermostats.	Resident Supplied	\$124.16
LIMITATIONS	All Mutual supplied parts will be standard brand only.		
	All Mutual supplied parts will be limited to parts in stock.		
	All Mutual provided parts and labor carry a 30-day warranty, unless specified otherwise.		
	Resident Supplied = Resident to supply the replacement or repair parts at the time of service.		
	Failure to be present at the time of service will result in a \$15.00 no-show fee.		

Approved: 10/16/18
Resolution: 03-18-XXX

**ATTACHMENT 1 - Revised Resolution 03-18-XX
Schedule for Non-emergency Maintenance Chargeable Services**

WHEREAS, on October 20, 2015, the Board of Directors adopted Resolution 03-15-156 which reestablished the delivery of non-emergency chargeable services and approved a schedule for non-emergency maintenance chargeable services; and

WHEREAS, the service call charge for all Maintenance chargeable services was increased to \$25; and

WHEREAS, the Board established a \$25 permit processing fee for work that requires a City of Laguna Woods building permit if VMS pulls the permit; and

WHEREAS the Board approved a \$15 service charge when the Mutual Member (or representative) is not home for a scheduled appointment and fails to cancel in advance; and

WHEREAS, on July 21, 2015 the Board of Directors approved amending the schedule for non-emergency maintenance chargeable services to include the replacement of manor low flow toilets; and

WHEREAS, on March 21, 2017 the Board of Directors approved amending the schedule for non-emergency maintenance chargeable services to include Water Heater Maintenance & Element replacement; and

WHEREAS, additional non-emergency maintenance chargeable services have been added for electrical, carpentry, plumbing and facilities divisions as shown on the attached approved list.

NOW THEREFORE BE IT RESOLVED, October 16, 2018, that the Board of Directors hereby approves the attached new schedule for non-emergency maintenance chargeable services; and

RESOLVED FURTHER, that the service call charge for all Maintenance chargeable services shall remain \$25; and

RESOLVED FURTHER, the \$25 permit processing fee for work that requires a City of Laguna Woods building permit if VMS pulls the permit shall remain in effect; and

RESOLVED FURTHER, the \$15 service charge for when the Mutual Member (or representative) is not home for a scheduled appointment and fails to cancel in advance shall remain in effect; and

RESOLVED FURTHER, should the Mutual Member not be notified of a scheduled appointment change or the technician does not make the scheduled appointment, the subsequent scheduled appointment will be at no charge to the Mutual Member; and

RESOLVED FURTHER, that Resolution 03-17-48 adopted May 16, 2017 is hereby superseded and cancelled; and

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.

AUGUST Initial Notification

Should the Board endorse the proposed revisions, Staff recommends that a motion be made and seconded to accept the resolution and allow discussion to ensure that the resolution reads to the satisfaction of the Board. Staff then recommends that a Board Member postpones the resolution to the next available Board Meeting no less than 30-days from the postponement to comply with Civil Code §4360.



YEAR 2019 COLLECTION AND LIEN ENFORCEMENT POLICY AND PROCEDURES FOR ASSESSMENT DELINQUENCIES

PURPOSE STATEMENT

The following is a statement of the specific procedures, policies and practices ("Policy Statement") employed by Third Laguna Hills Mutual, a California nonprofit mutual benefit corporation (the "Mutual") in enforcing lien rights or other legal remedies for default in payment of its assessments against its owners ("Members"). This Policy Statement is provided pursuant to the requirements of California Civil Code section 5310(a)(7).

The collection of delinquent assessments is of vital concern to all Members of the Mutual. Such efforts ensure that all Members pay their fair share of the costs of services and facilities provided and maintained by the Mutual. Members' failure to pay assessments when due creates a cash-flow problem for the Mutual and causes those Members who make timely payment of their assessments to bear a disproportionate share of the community's financial obligations. Special assessments must be received in a timely fashion in order to finance the needs for which said special assessments are imposed.

Accordingly, in order to reduce the amount and duration of delinquencies and to encourage the prompt and full payment of all assessments, the Mutual has been vested with certain enforcement rights and remedies which are in addition to those which exist generally for creditors. These rights and remedies are described in this Policy Statement.

WE SINCERELY TRUST THAT ALL MEMBERS, IN THE SPIRIT OF COOPERATION AND RECOGNIZING THEIR LEGAL OBLIGATIONS, WILL MAKE TIMELY PAYMENTS AND AVOID THE IMPOSITION OF LATE CHARGES, POSSIBLE RESULTANT LEGAL ACTION, AND THE LEGAL OBLIGATION TO REIMBURSE THE MUTUAL FOR THE COSTS OF SUCH LEGAL ACTION. IT IS IN THE BEST INTEREST OF YOU AND EVERY OTHER MEMBER OF THE MUTUAL FOR EACH OF YOU TO MAKE YOUR MONTHLY PAYMENTS ON TIME.

REGARDLESS OF WHETHER THE MUTUAL RECORDS A LIEN ON YOUR PROPERTY DURING THE COLLECTION OF PAST-DUE ASSESSMENTS, ALL MEMBERS HAVE A PERSONAL AND ONGOING OBLIGATION TO PAY ASSESSMENTS AND CHARGES.

BASIC POLICIES AND PROCEDURES

Delinquency reports are made monthly by the Mutual's managing agent to the Board of the Mutual, identifying the delinquent Member, and the amount and length of time the assessments have been in arrears. The policies and practices outlined in this Policy Statement shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Mutual's Board of Directors, or unless the applicable statutory scheme changes, in which event, this Policy Statement shall be construed so as to be consistent with any newly adopted statutes or court decisions.

In accordance with the Mutual's governing documents (including, without limitation, the Articles of Incorporation, the Bylaws, the recorded CC&Rs, rules and regulations and the California Civil Code), to ensure the prompt payment of monthly assessments, the Mutual employs the following collection and lien enforcement procedures. Also following, pursuant to Paragraphs 4, 6, and 7 are Third collection policies and procedures for the collection of fines, fees, and chargeable services charged against Members pursuant to the Governing Documents and current law:

1. Assessment Due Date

Regular assessments ("Carrying Charges" as defined in Article 1, Section 8 of the CC&Rs) are due and payable to the Mutual, in advance, in equal monthly installments, on the first day of each month. It is each Member's responsibility to pay assessments in full each month regardless of whether a billing statement is received. Special assessments shall be due and payable on the due date specified by the Board of Directors in the notice imposing the special assessment or in the ballot presenting the special assessment to the Members for approval. In no event shall a special assessment be due and payable earlier than thirty (30) days after the special assessment is duly imposed.

2. Reminder Notice

If the current monthly assessment is not received by the Mutual on or before the close of business on the sixteenth (16th) day of the month (or if a special assessment is not received by the Mutual on or before the close of business on the fifteenth (15th) day after it is due), a Reminder Notice is sent to the Member.

PLEASE NOTE THAT TO BE CONSIDERED TIMELY, THE PAYMENT MUST BE RECEIVED BY THE MUTUAL WITHIN THIS FIFTEEN (15) DAY GRACE PERIOD. SIMPLY PLACING THE PAYMENT IN THE MAIL BEFORE THE GRACE PERIOD EXPIRES IS NOT SUFFICIENT.

3. Administrative Collection Fee

It is the policy of the Mutual not to routinely waive any duly imposed late charges, interest, or actually incurred "Costs of Collection." "Costs of Collection" as used in this Policy Statement include, without limitation, an administrative collection fee, currently in the amount of Five Hundred Dollars (\$500) (the "Administrative Collection Fee"), which is charged by the Mutual's managing agent to cover staff's costs to prepare the files for delivery to the Mutual's legal counsel in order to carry out legal actions authorized hereunder, as well as direct costs incurred in recording and/or mailing documents attendant to this legal process.

This Administrative Collection Fee may be increased by majority vote of the Mutual's Board, and may be collected by the Mutual's legal counsel on its behalf, and remitted to the Mutual's managing agent, or may be directly collected by the Mutual's managing agent.

4. Late Charge

IT IS THE MEMBER'S RESPONSIBILITY TO ALLOW AMPLE TIME TO DROP OFF OR MAIL ALL PAYMENTS SO THAT THEY ARE RECEIVED BEFORE THE DELINQUENCY DATE. All notices or invoices for assessments will be sent to Members by first-class mail addressed to the Member at his or her address as shown on the books and records of the Mutual. However, it is the

Member's responsibility to be aware of the assessment payment due dates and to advise the Mutual of any changes in the Member's mailing address, pursuant to Civil Code section 4041.

A late payment charge for a delinquent assessment will be assessed in the amount of Sixty Dollars (\$60.00) and will be imposed on any assessment payment that is more than fifteen (15) days in arrears. Further, both state law and the Mutual's governing documents provide for interest on the delinquent assessment and the late charge, and accordingly interest may be imposed thirty (30) days after the assessment is due, at an annual percentage rate of ten percent (10%) as allowed by Civil Code section 5650. Such interest may be imposed and collected per the foregoing sentence regardless of whether the Member's delinquent account is referred to the Mutual's legal counsel for further handling. Non-assessment fines, fees, and chargeable services are also subject to a late fee and interest, in an amount determined by Board resolution.

5. Demand Letter (aka Pre-Lien Letter)

If full payment of the delinquent amount is not received by the close of business on the day which is fifteen (15) days after the date of the Reminder Notice, a Demand Letter (also known as a Pre-Lien Letter under California Civil Code sections 5650-5660) will be sent to the Member by Certified Mail. The Mutual, through its managing agent, will also attempt to contact the Member by telephone to remind the Member of the delinquency and determine when payment will be made. However, no assurances can be given that the Mutual will in fact reach the Member by telephone, and the Member is responsible to pay off the delinquency whether or not a telephone reminder is actually received by the Member.

6. Alternate Means to Collect Delinquent Sums

If full payment of the delinquent amount (such as a duly levied and imposed assessment, fine, fee, or chargeable service including associated late fees and interest) is not received by the close of business on the thirtieth (30th) day after the date of the Demand Letter, the Mutual may, at its option, and based on the circumstances of the delinquency, including but not limited to, the total delinquent amount owing and the Member's payment history, undertake to collect the delinquency by: (1) suspending a Member's right (and that of the Resident or Tenant of that Member's Condominium Unit) to use Mutual or GRF facilities; (2) termination of the delinquent Member's Membership in the Mutual as a result of any foreclosure, (3) legal actions, discussed further below, or (4) other means permitted by law.

The Mutual may, after following appropriate procedures prescribed by law and the Mutual's governing documents, suspend a delinquent Member's right to vote on matters as to which the Member would otherwise be entitled to vote (based on applicable law and/or the Mutual's governing documents), or to use facilities or receive services provided by the Mutual, or both, until the delinquency is paid in full, including interest, a late charge, and/or the Administrative Collection Fee, as may have been imposed or incurred in a particular instance. Failure to pay the assessments or failure to pay interest, a late fee, and/or the Administrative Collection Fee may also result in suspension of Membership in and the ability to use the facilities or services provided by the Golden Rain Foundation of Laguna Woods or by this Mutual.

The Mutual may also take various legal actions to enforce the collection of delinquencies. **THESE ACTIONS MAY BE TAKEN SEPARATELY OR CONCURRENTLY.**

7. Small Claims Court

A civil action in small claims court may be filed, with a management company representative or bookkeeper appearing and participating on behalf of the Mutual.

PLEASE NOTE THAT A SMALL CLAIMS COURT ACTION MAY BE PURSUED BASED ON A BOARD RESOLUTION EITHER BEFORE OR AFTER RECORDING A NOTICE OF DELINQUENT ASSESSMENT, AND/OR AFTER A WRITE-OFF.

The amount that may be recovered in small claims court may not exceed the jurisdictional limits of the small claims court, and shall be the sum of the following: (a) the amount owed as of the date of filing of the complaint in the small claims court proceeding; and (b) in the discretion of the court, an additional amount equal to the amount owed for the period from the date the complaint is filed until satisfaction of the judgment, which total amount may include accruing unpaid assessments, fines, fees, or chargeable services, and any reasonable late charges, fees and Costs of Collection (which costs shall, as stated above, include, without limitation, the Administrative Collection Fee), attorney's fees and interest, all up to the jurisdictional limits of the small claims court.

Successive small claims court actions may be pursued, consistently with applicable laws, until the entire amount of the delinquency is recovered.

8. Lien

The Mutual may secure the delinquency by recording a lien on the owner's separate interest with the county recorder of the county in which the separate interest is located. The debt shall be a lien on the owner's separate interest in the development from and after the time the Mutual records a notice of delinquent assessment, which shall state: the amount of the assessment and other sums imposed in accordance with subdivision (b) of Section 5650; a legal description of the owner's separate interest in the common interest development against which the assessment and other sums are levied; and the name of the record owner of the separate interest in the common interest development against which the lien is imposed.

The itemized statement of the charges owed by the owner described in subdivision (b) of Section 5660 shall be recorded together with the notice of delinquent assessment. In order for the lien to be enforced by nonjudicial foreclosure as provided in Sections 5700 to 5710, inclusive, the notice of delinquent assessment shall state the name and address of the trustee authorized by the association to enforce the lien by sale. The notice of delinquent assessment shall be signed by the person designated in the declaration or by the association for that purpose, or if no one is designated, by the president of the association. A copy of the recorded notice of delinquent assessment shall be mailed by certified mail to every person whose name is shown as an owner of the separate interest in the association's records, and the notice shall be mailed no later than ten (10) calendar days after recordation.

9. Foreclosure/ADR

After the expiration of thirty (30) days following the recording of a lien created pursuant to Section 5675, the lien may be enforced in any manner permitted by law. Once the amount of delinquent assessments (not including any late charges, fees, attorney's fees, interest, or Costs of Collection), exceeds One Thousand Eight Hundred Dollars (\$1,800), or any unpaid assessments are more than

twelve (12) months delinquent, then, subject to specified conditions, the Mutual may initiate foreclosure proceedings to collect the amounts owed.

These conditions include that, prior to initiating a foreclosure, the Mutual shall offer the Member, and if so requested by the Member, the Mutual must participate in dispute resolution pursuant to the Mutual's "meet and confer" program, or alternative dispute resolution ("ADR"). THE DECISION TO PURSUE DISPUTE RESOLUTION OR A PARTICULAR TYPE OF ADR SHALL BE THE CHOICE OF THE MEMBER, EXCEPT THAT BINDING ARBITRATION SHALL NOT BE AVAILABLE IF THE MUTUAL INTENDS TO INITIATE A JUDICIAL FORECLOSURE.

10. Board Decision to Initiate Foreclosure

Another condition is that the decision to initiate foreclosure of a lien for delinquent assessments that has been validly recorded shall be made only by the Board, and may not be delegated to an agent of the Mutual. The Board shall approve the decision by a majority vote of the Board in an executive session. The vote must be recorded in the minutes of the next meeting of the Board open to all Members; however, the confidentiality of the delinquent Member shall be maintained by identifying the matter in the minutes only by the Parcel Number, and not by the name of the delinquent Member or Members. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale or judicial foreclosure.

The Board must provide notice by personal service to an owner of a separate interest or their legal representative, if the Board votes to foreclose. For a non-occupying owner, the Board must provide written notice by first-class mail, postage prepaid, at the most current address shown on the books of the Mutual. In the absence of written notification by a non-occupying owner to the Mutual, the address of the owner's separate interest may be treated as the owner's mailing address.

11. Non-Judicial Foreclosure/Right of Redemption

A non-judicial foreclosure by the Mutual to collect upon a debt for delinquent assessments is subject to a statutory right of redemption. The redemption period within which the separate interest may be redeemed from a foreclosure sale ends ninety (90) days after the sale, per California Civil Code section 5715.

If a foreclosure action is prosecuted to judgment and the judgment is in favor of the Mutual, assets of the Member may be seized or a lien may be placed on such assets to satisfy the judgment. Pursuant to the provisions of the Davis-Stirling Common Interest Development Act, applicable regulations, and the Covenants, Conditions and Restrictions (CC&Rs), the delinquent amount, as well as late payment penalties for the delinquent assessments and/or interest charges and/or charges for Costs of Collection that are incurred by the Mutual or its managing agent acting on behalf of the Mutual in its efforts to collect delinquent assessments (including, but not limited to, attorney's fees, title company and foreclosure service company charges, charges imposed to defray the cost of preparing and mailing demand letters (such as the Administrative Collection Fee), recording costs and costs associated with small claims court actions) may be enforced as a lien against the Member's Manor.

Moreover, pursuant to the Davis-Stirling Common Interest Development Act, monetary penalties that have been imposed by the Mutual as a means of reimbursing the Mutual for costs incurred by the Mutual in the repair of damage to common areas and/or community facilities for which a Member or a

Member's guests or tenants were responsible may also be enforced as a lien against the Member's Manor.

12. Prerequisites to Recording a Lien: Offer of ADR and Thirty (30) Day Pre-Lien Notice to the Delinquent Member

Before a Notice of Delinquent Assessment can be recorded in the chain of title to the manor of a delinquent Member, the Mutual must offer the Member, and if so requested by the Member, the Mutual must participate in dispute resolution pursuant to the Mutual's "meet and confer" program (per the requirements set forth in Article 2 commencing with section 5900 of Chapter 10) or ADR as set forth in Article 3 (commencing with Section 5925 of Chapter 10), both in the California Civil Code.

Any choice by a Member to pursue any kind of ADR must be made by the Member's delivery of written notice of such choice to the Mutual's managing agent within thirty (30) days of any event which triggers a Member's right to pursue ADR, whether it is before a Notice of Delinquent Assessment can be recorded (i.e., upon receipt of the certified Pre-Lien Notice), or prior to initiating a foreclosure action, or in any other situation for which the Davis-Stirling Common Interest Development Act or the Mutual's governing documents authorize or allow a Member to choose ADR.

THE DECISION TO PURSUE DISPUTE RESOLUTION OR A PARTICULAR TYPE OF ADR SHALL BE THE CHOICE OF THE OWNER. However, binding arbitration is not available if the Mutual intends to initiate a judicial foreclosure.

13. Pre-Lien Notice

If the Member elects not to proceed with dispute resolution or any type of ADR, then the Mutual must send the Member a certified notice providing information regarding the sums claimed as being delinquent ("Pre-Lien Notice"). No lien can be recorded until thirty (30) days after this Pre-Lien Notice has been given.

This certified Pre-Lien Notice from the Mutual must include the following information (per California Civil Code Section 5660):

- (a) A general description of the collection and lien enforcement procedures of the association and the method of calculation of the amount, a statement that the owner of the separate interest has the right to inspect the association records pursuant to Section 5205, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed;

"IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION"

- (b) An itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest, if any ;

- (c) A statement that the owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the association;
- (d) The right to request a meeting with the board as provided in Section 5665;
- (e) The right to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association's "meet and confer" program required in Article 2 (commencing with Section 5900) of Chapter 10;
- (f) The right to request alternative dispute resolution with a neutral third party pursuant to Article 3 (commencing with Section 5925) of Chapter 10 before the association may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure;

14. Member's Right to Request a Meeting with the Board, or Dispute Resolution or ADR.

Upon receipt of the certified Pre-Lien Notice described above, the noticed Member has several possible courses of action that can be taken at this point in the collection process, such as:

- (a) The Member has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Mutual pursuant to the Mutual's "meet and confer" program, which is required by Civil Code sections 5900-5920;
- (b) The Member may exercise his or her right to participate in alternative dispute resolution with a neutral third party under Civil Code sections 5925-5965 before the Mutual may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure;
- (c) The Member has a right to submit a written request to meet with the Board of Directors to discuss a payment plan for the delinquent assessment, as long as the request for a meeting is made within fifteen (15) days following the postmark on the Mutual's Pre-Lien Notice to the Member. That meeting must take place within forty-five (45) days (calculated from the postmark on the Member's request) and must be conducted in executive session. When a Member has made a timely request for a meeting to discuss a payment plan, the Mutual must provide the requesting Member with the Mutual's standards for payment plans, if any standards have been adopted. There is no statutory authorization for the Board to delegate this meeting obligation to a property manager, but the Board may designate a committee of one or more directors to meet with the Member if there is no regularly scheduled Board meeting that will occur within forty-five (45) days of the Member's request.

15. Payment Plan Requests

Any Member who is unable to timely pay regular or special assessments is entitled to make a written request for a payment plan to the Mutual's Board. A Member may also request to meet with the Board in executive session to discuss a payment plan if the payment plan request is mailed within fifteen (15) days of the postmark date of the Demand Letter (i.e., the Pre-Lien Letter). The Mutual's Board will consider payment plan requests on a case-by-case basis, and is under no obligation to grant payment plan requests. Payment plans may incorporate any assessments that accrue during the payment plan

period. Payment plans may not impede the Mutual's ability to record a lien on the Member's separate interest to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the Member is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Mutual may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan. The Mutual reserves the right to impose reasonable conditions on any approvals for a payment plan and request that the delinquent Member provide disclosure of certain identifying information and other assets that may be used as additional security for the debt owed.

Also, Civil Code section 5965 requires the Mutual to include the following statement in this Policy Statement:

"Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of the member's right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law."

If any "meet and confer" session or ADR is engaged in by and between the Member and the Mutual (or any neutral third parties, as the case may be), and these efforts do not result in a payment plan, then, assuming the new statutory minimum as to the delinquent amount or duration of the delinquency had been met, a proceeding may be commenced to foreclose the lien against the Member's Manor and sell the Member's Manor at a private sale or by a judicial sale. If this occurs, the Member may lose his or her Manor.

16. Application of Payments

Additionally, in accordance with state law, payments received on delinquent assessments shall be applied to the Member's account in the following order of priority: first, to the principal owed; then to accrued interest and late charges; then to attorney's fees; then to title company and foreclosure service company charges and other Costs of Collection. Payments on account of principal shall be applied in reverse order so that the oldest arrearages are retired first. Interest shall continue to accrue on unpaid balances of principal, and other costs and charges imposed in accordance with Civil Code section 5655.

The Mutual is prohibited from recording a lien or initiating a foreclosure action without participating in dispute resolution or ADR procedures if so requested by the Member. If it is determined that an association has recorded a lien for a delinquent assessment in error, the association shall promptly reverse all late charges, fees, interest, attorney's fees, costs of collection, costs imposed for the notice prescribed in Section 5660, and costs of recordation and release of the lien authorized under subdivision (b) of Section 5720, and pay all costs related to any related dispute resolution or alternative dispute resolution.

17. Secondary Address

Members have a right and obligation to identify in writing to the Mutual a secondary address for purposes of collection notices delivered pursuant to the Mutual's Annual Policy Statement, and upon receipt of a proper written request from a Member identifying a secondary address that complies with Civil Code section 4041 and the Governing Documents, the Mutual must send additional notices to this

secondary address. Pursuant to section 4041, Members must keep the Mutual updated with respect to any mailing or secondary address to which notices from the Mutual are to be delivered. If Members fail to provide such information to the Mutual, the onsite manor shall be deemed to be the address to which notices are to be delivered.

18. No Right of Offset

There is no right of offset. This means that a Member may not withhold assessments owed to the Mutual on the alleged grounds that the Member would be entitled to recover money or damages from the Mutual based on some other obligation or some claim of another obligation.

19. Returned Checks

The Mutual may charge the Member a twenty-five dollar (\$25.00) fee for the first check tendered to the Mutual that is returned unpaid by the Member's bank, and thereafter, the Mutual may charge a thirty-five dollar (\$35.00) fee for any subsequent check that is returned based on insufficient funds. If a Member's check cannot be negotiated for any reason, then the Mutual may also seek to recover damages of the greater of (a) one hundred dollars (\$100.00); or (b) three (3) times the amount of the check up to fifteen hundred dollars (\$1,500.00) in accordance with California Civil Code section 1719.

20. Charges and Fees Subject to Change

All charges and fees set forth in this Policy Statement are subject to change upon thirty (30) days prior written notice.

21. Overnight Payments

The mailing address for overnight payment of assessments is: Third Laguna Hills Mutual, Attn: Assessment Payments, 24351 El Toro Road, Laguna Woods, CA 92637.

22. Rights Reserved by Mutual

Although the matters set forth above summarize the policies and practices ordinarily employed to collect delinquent monthly assessments, the Mutual reserves the right to employ other or additional policies and practices as may be necessary or appropriate when the uniqueness of the circumstances or habitualness of the delinquency so requires.

23. Attachments

The Notice of Assessments and Foreclosure required by Civil Code Section 5730 is contained in Attachment "A" to this Policy.

The disclosures required by the State Rosenthal Fair Debt Collection Practices Act and the Federal Fair Debt Collection Practices Act are contained in Attachment "B" to this Policy.

BOARD OF DIRECTORS

THIRD LAGUNA HILLS MUTUAL

ATTACHMENT "A"
NOTICE OF
ASSESSMENTS AND FORECLOSURE

The following notice is provided pursuant to Civil Code Section 5730

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it

has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)

ATTACHMENT "B"

The following Disclosure is made pursuant to Civil Code Section 1812.700-1812.703

“The State Rosenthal Fair Debt Collection Practices Act and the Federal Fair Debt Collection Practices Act require that, except under unusual circumstances, collectors may not contact you before 8 a.m. or after 9 p.m. They may not harass you by using threats of violence or arrest or by using obscene language. Collectors may not use false or misleading statements or call you at work if they know or have reason to know that you may not receive personal calls at work. For the most part, collectors may not tell another person, other than your attorney or spouse, about your debt. Collectors may contact another person to confirm your location or enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission at 1-877-FTC-HELP or www.ftc.gov.”

Attachment 1: Member Disciplinary Process

MEMBER DISCIPLINARY PROCESS

The following notice is provided pursuant to Civil Code Section 5850

Resolution 03-04-12, adopted July 20, 2004 by the Third Laguna Hills Mutual (Third) Board of Directors established a member-discipline process for the purposes of holding disciplinary hearings in a timely manner and ensuring progressive discipline. The Board of Directors is obligated to evaluate and impose if appropriate, member-discipline under its Bylaws and Civil Code Section 5850.

Each Member of Third is obligated to comply with the rules, terms, and conditions as set forth in the Mutual's governing documents. Following is the disciplinary process adopted by the Board of Directors when violations occur:

- Upon notice of alleged violation, Staff investigates and files an Incident Report (IR) and/or Notice of Clutter Violation (NOV).
- By way of the initial investigation, should Staff identify objective evidence of a violation by a Member or their guests, Staff will send a letter to the offending party describing the allegation(s) and the disciplinary action that may ensue if not corrected.
- Staff will monitor the situation and if compliance with the request is not evident, an additional IR and/or NOV is filed, and a letter is sent to the offending party advising that a Disciplinary Hearing may be scheduled with the Board of Directors to determine if member-discipline is merited. If the alleged violation has been resolved, no further action is required.
- If a Disciplinary Hearing is merited, Staff will proceed with noticing the Member for a hearing. Hearings are noticed based on Section 4.5, Discipline or Suspension, of the Bylaws.
- During a Member Disciplinary Hearing the Member has the right to meet before the Board of Directors in executive session. If the Board finds the Member to be in violation of the governing documents, the Board may impose a fine based on the Monetary Fee Schedule, suspend Member privileges, and/or consider legal action.

Violations include but are not limited to: abandoned/inoperable vehicles, unauthorized alterations, animal nuisance, breezeway clutter, carport clutter, common area clutter, interior clutter, patio clutter, illegal occupancy, nuisance, non-payment of assessments, etc.

The Member Disciplinary process is coordinated by the Compliance Division. A complaint may be registered by calling the Security Department at 949-580-1400 or the Compliance Department at 949-268-CALL or by email at compliance@vmsinc.org.

Attachment 2: Disciplinary Violations Matrix

THIRD MUTUAL

DISCIPLINARY VIOLATIONS MATRIX

Allegation	Schedule Hearing Immediately	Follow Normal Hearing Process	Issue Courtesy Notice First	Notes
Abandoned Vehicle		X		
Alterations - General Requirements				
Construction Hours	X			
Debris	X			
Expired Permit			X	Pay after first notice in force now
Non-Compliance to Variance Request	X			
Use of Community Trash Bins	X			
Alterations – Failure to Maintain			X	1 time only
Animal Control				
Breeding animals for sale or commercial gain	X			
Dog Barking			X	1 time only
Injury to person/Damage to property	X			
Not picking up and disposing of feces		X		
Not under control (off leash/longer than 6ft)		X		
Caregiver Policy	X			
Clutter				
Balcony			X	1 time only
Breezeway			X	1 time only
Carport			X	1 time only
Common Area			X	1 time only
Interior			X	1 time only
Patio			X	1 time only
Vehicle			X	1 time only
Illegal Business	X			
Landscape				
Saucers/Casters not present		X		
Too Many Plants (refer to Landscape Manual)			X	
Vegetable Plants		X		
Vines Attached to #Walls		X		
Wind Chimes		X		
Manor Maintenance/Repair				

Major (Fire, Safety, Health Hazard)	X		
Minor (Broken Blinds, etc.)			X
Non-Payment of Assessments	X		
Non-Payment of Chargeable Services	X		
Nuisance - Behavior/Disturbance			
Assault, Theft	X		
Trespassing	X		
Yelling		X	
Nuisance - Noise			
			A form is filled out first, then a Meet and Confer.
Hard surface Flooring		X	
Loud TV, Radio, Conversation		X	
Nuisance - Odors		X	
Nuisance - Other	X	X	Depending on type
Non-Smoking Policy		X	
Temporary Container Policy	X		
Traffic Rules (Commercial, Excessive Vehicles)		X	
Unauthorized Occupancy			
Advertisement		X	
Lease Policy	X		
No Authorization	X		
Qualifying Resident Not In Unit		X	
Room Rentals	X		
Short-Term Rentals	X		
Vehicle Oil			X 1 time only

NOTES:

1. Our legal counsel has advised us to add a disclaimer that this list does not identify/list all infractions nor constitute the handling of the same.
2. We need to spell out the normal Hearing Process for illegal occupancy.
3. The subject of storage containers came up. Kurt needs to provide the breakdown of types and damage caused by them.

Also, we have Resolutions pertaining to these as well.



OPEN MEETING

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THIRD LAGUNA HILLS MUTUAL,
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

MEET THE CANDIDATES

Friday, August 24, 2018
Laguna Woods Village Community Center
Board Room • 9:30 a.m.

The Special Meeting of the Third Laguna Hills Mutual Board of Directors a California non-profit mutual benefit corporation, was held on Friday, August 24, 2018, at 9:30 a.m. at 24351 El Toro Road, Laguna Woods, California in the Board Room

Directors Present: Rosemarie diLorenzo, Bill Walsh, Steve Parsons, James Tung, Burt Baum, Roy Bruninghaus, John Frankel, Cush Bhada, Carpenter and Bunny Carpenter (arrived late)

Directors Absent: Jack Connelly

Staff Present: Eileen Paulin, Becky Jackson, and Cheryl Silva

1. Welcome and Acknowledgement of Press, Village TV, Volunteers and Attendees
Director Baum called the meeting to order at 9:30 a.m., acknowledged the press, Village TV, Volunteer-John Luebbe and Members. He commented that two candidates withdrew after the ballots were printed, but the election is still required in accordance with Corporate Code Section 7510(c).

2. Introduction of the Moderator
Director Baum introduced the Moderator-David Dearing

3. Introduction of the Candidates—David Dearing, Moderator
David Dearing, Moderator, introduced the three candidates, Pong (Paul) Chao, Jules Zalon and Lynn Jarrett, running to fill three (3) vacancies, each for a three-year term, expiring 2021.

4. Opening Statements

David Dearing, Moderator, asked each candidate to give a three (3) minute opening statement. The sequence of Candidates seated at the Dias was determined by a prior random drawing.

5. Prepared Questions

David Dearing, Moderator, presented eight prepared questions and gave each Candidate two (2) minutes to respond.

6. Audience Questions

John Luebbe, Volunteer, presented six audience questions and gave each Candidate two (2) minutes to respond.

7. Candidate Closing Statements: Two (2) Minutes Each—David Dearing, Moderator

David Dearing, Moderator, asked each candidate to give a two (2) minute closing statement.

8. Concluding Remarks and Adjournment—David Dearing, Moderator

David Dearing, Moderator, gave his closing remarks and encouraged Members to vote.

The meeting was adjourned at 10:31 a.m.



Burt Baum, Secretary to the Board
Third Mutual Laguna Hills

RESOLUTION 03-18-XXX
Variance Request

WHEREAS, Ms. Jung Hae Lee of 3140-C Via Vista, a La Princesa style unit, is requesting Board approval of a variance to construct a room expansion on the same footprint as the existing walled front patio; and,

WHEREAS, a Neighborhood Awareness Notice was sent to Owners of affected Units on August 21, 2018, notifying them that an application to make an alteration to a neighboring Unit had been made and that comments or objections could be made in writing to the Architectural Controls and Standards Committee or in person at the Architectural Controls and Standards Committee Meeting on August 27, 2018.

NOW THEREFORE BE IT RESOLVED, on September 18, 2018, the Board of Directors hereby approves the request to construct a room expansion on the same footprint as the existing walled front patio and that the proposed alteration is constructed in accordance with the Conditions of Approval as included in the official Board Decision Notice;

RESOLVED FURTHER, all costs for maintenance, repair, renovation, replacement or removal of the improvement, present and future, are the responsibility of the Property's Member Owner at 3140-C and all future Mutual members at 3140-C;

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.

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RESOLUTION 03-18-XXX

Tree Removal Approval (2) Tree Removal Denial (1) and Denial of Off-schedule trimming/crown reduction (1)

WHEREAS, September 20, 2011, that the Board of Directors adopted Resolution 03-11-149 tree removal guidelines:

- Unless there is a purposeful reason, trees should not be removed merely because they are messy, or because of residents' personal preferences concerning shape, color, size, or fragrance.
- Trees should not be removed because of view obstruction if the obstruction is at a considerable distance from the complaining manor and therefore causes only a partial obstruction.
- Trees on slopes should not be removed if the removal will contribute to the destabilization of that slope.
- Trees which are damaging or will damage a structure, pose a hazard, in failing health or interfering with neighboring trees, will be considered for removal.

WHEREAS, on September 6, 2018, the Landscape Committee recommended to:

- Approve the request to remove one Weeping Fig tree located at 3113-D Via Serena South due to visible damage to surrounding concrete walkways and a high likelihood for future damage to the manor, and;
- Approve the removal of one Aleppo Pine tree located at 3429 Bahia Blanca West due to repetitive damage to the adjacent concrete driveway and high likelihood for future damage to nearby underground utilities, and;
- Deny the request for off-schedule trimming of one Brazilian Pepper tree and two Lemon-scented Gum trees located at some distance from the 5076 Tero to preserve views, and;

NOW THEREFORE BE IT RESOLVED, September 18, 2018, the Board of Directors approved the request to remove one tree at 3113-D Via Serena South and one tree located at 3429 Bahia Blanca West; denied the request to perform off-schedule trimming of three trees located in landscape associated with other addresses by the manor owner of 5076 Tero, and;

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

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RESOLUTION 03-18-XX

Recording of a Lien

WHEREAS, Member ID 933-200-62; is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, September 18, 2018, that the Board of Directors hereby approves the recording of a Lien for Member ID 933-200-62 and;

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.

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STAFF REPORT

DATE: September 18, 2018
FOR: Board of Directors
SUBJECT: Revisions to Alteration Standard 31: Washer and Dry Installations

RECOMMENDATION

Approve a resolution to revise Alteration Standard 31: Washer and Dryer Installations.

BACKGROUND

On June 25, 2018, the ACSC reviewed this Staff Report and Resolution. The Committee voted to recommend the item for approval by the Board. The Board reviewed the item at the August 21, 2018, Open Meeting and sent the item back to Committee for revisions. At the committee's regular meeting on August 27, 2018, the ACSC reviewed and revised the item. The Committee voted to recommend the revised item for approval by the Board

The Architectural Controls and Standards Committee (ACSC) requested Staff to review and revise the current Alteration Standards for applicability, usefulness, and current technology.

There are currently 40 Alteration Standards available for Members to use to perform alterations to their manor. Many have not been reviewed or updated for years to reflect changes in technology, materials, and construction methods.

Alteration Standard 31: Washer and Dryer Installation was last revised in December 1998, via Resolution M3-98-65.

DISCUSSION

The ACSC has reviewed the existing Alteration Standard 31: Washer and Dry Installation and determined that the Standard needs to be revised to reflect the current Building Codes, Municipal Codes, or Mutual policies. The proposed revisions to the Standard are as follows:

- §2.6 A Mutual Consent will be not be issued for manors that do not qualify as determined by existing waste line sizes. Minimum sizes are ~~2~~ 3" ABS plastic and 3" cast iron.
- §2.12 **The installation of washers and dryers in three-story buildings is prohibited and variance requests for washers and dryers in three-story buildings will not be accepted. Variances for the installation of washer and dryers in individual manors will not be granted in three-story buildings.**

Starting on December 15, 1998, via Resolution M3-98-65, variance requests for installations of washers and dryers in three-story buildings were no longer accepted, and by inference, previous installations of washers and dryers with Mutual consent would be permitted to remain. The proposed Resolution clarifies the "grandfather" clause of the original Resolution and adds that all non-permitted installations shall be removed upon the Mutual's knowledge of their existence.

FINANCIAL ANALYSIS

None.

Prepared By: Kurt Wiemann, Permits, Inspections and Restoration Manager

Reviewed By: Eve Morton, Alterations Coordinator

ATTACHMENT(S)

Attachment 1: Resolution 03-18-XXX Revise Alteration Standard 31: Washer and Dry Installations

Attachment 2: Red Lines of Alteration Standard 31: Washer and Dry Installations

Attachment 3: Revised Standard 31: Washer and Dry Installations

Attachment 1

RESOLUTION 03-18-XX

Revise Alteration Standard 31: Washer and Dry Installations

WHEREAS, the Architectural Controls and Standards Committee recognizes the need to amend Alteration Standards and create new Alteration Standards as necessary; and,

WHEREAS, the Architectural Control and Standard Committee recognizes the need to revise Alteration Standard 31: Washer and Dry Installations; and

WHEREAS, Resolution M3-98-65 ceased the acceptance of variance requests for installations of washers and dryers in three-story buildings and, by inference, “grandfathered” previous permitted installations of washers and dryers.

NOW THEREFORE BE IT RESOLVED, September 18, 2018, that the Board of Directors of this Corporation hereby introduces Alteration Standard 31: Washer and Dry Installations as attached to the official meeting minutes;

RESOLVED FURTHER, that Resolution M3-98-65 adopted December, 1998, is hereby superseded in its entirety and no longer in effect;

RESOLVED FURTHER, all washer and dryers installed in three story buildings with a Mutual Consent prior to December 15, 1998, continue to be “grandfathered;”

RESOLVED FURTHER, all washers and dryers installed after December 15, 1998, or without a Mutual Consent, shall be removed at the sole expense of the owner upon its discovery;

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

Should the Board endorse the proposed revisions, Staff recommends that a motion be made and seconded to accept the resolution and allow discussion to ensure that the resolution reads to the satisfaction of the Board. Staff then recommends that a Board Member postpones the resolution to the next available Board Meeting no less than 30-days from the postponement to comply with Civil Code §4360.

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~~THIRD LAGUNA HILLS MUTUAL~~



SECTION STANDARD 31: WASHER & DRYER INSTALLATIONS

APRIL 1991

REVISED DECEMBER 1998, RESOLUTION M3-98-65

GENERAL REQUIREMENTS REVISED APRIL 2011, RESOLUTION 03-11-49

GENERAL REQUIREMENTS REVISED JANUARY 2018, RESOLUTION 03-18-12

REVISED AUGUST 2018, RESOLUTION 03-18-XXX

1.0 GENERAL REQUIREMENTS

See Standard Section 1: General Requirements

2.0 EXTERIOR CABINETS

- 2.1 All patio installations shall be enclosed in a cabinet which meets all manufacturer's requirements.
- 2.2 The cabinet design shall be submitted to the ~~Permits and Inspections office~~Alterations Division prior to issuance of ~~a Mutual Consent~~an alteration permit. The design shall address protection of the equipment from the elements.
- 2.3 Cabinets must be obscured from public view (i.e., block wall, closed patio).
- 2.4 Cabinets to be painted to match existing color of building.
- 2.5 Location of unit and/or plumbing connections must be submitted in writing to the ~~Permits and Inspections office~~Alterations Division prior to issuance of a ~~permit~~Mutual Consent.
- 2.6 ~~No permits~~A Mutual Consent will be not be issued for manors that do not qualify as determined by existing waste line sizes. Minimum sizes are 2 1/2" ABS plastic and 3" cast iron.

- 2.7 All penetrations through existing walls shall be properly flashed and caulked to provide a weather tight seal around all protruding plumbing, electrical and vent lines.
- 2.8 Connections below slab shall be properly vented and covered with sand and "Visqueen" before replacement of concrete.
- 2.9 All hot and cold water supply lines shall be of minimum 1/2" diameter, type L copper.
- 2.10 All pressure lines shall be securely strapped to prevent movement or knocking.
- 2.11 All electrical wiring to be located in walls. No exposed conduit will be permitted.
- 2.12 The installation of washers and dryers in three-story buildings is prohibited and variance requests for washers and dryers in three-story buildings will not be accepted. Variances for the installation of washers and dryers in individual manors will not be granted in three-story buildings.



STANDARD 31: WASHER & DRYER INSTALLATIONS

APRIL 1991

REVISED DECEMBER 1998, RESOLUTION M3-98-65

GENERAL REQUIREMENTS REVISED APRIL 2011, RESOLUTION 03-11-49

GENERAL REQUIREMENTS REVISED JANUARY 2018, RESOLUTION 03-18-12

REVISED AUGUST 2018, RESOLUTION 03-18-XXX

1.0 GENERAL REQUIREMENTS

See Standard Section 1: General Requirements

2.0 EXTERIOR CABINETS

- 2.1** All patio installations shall be enclosed in a cabinet which meets all manufacturer's requirements.
- 2.2** The cabinet design shall be submitted to the Alterations Division prior to issuance of a Mutual Consent. The design shall address protection of the equipment from the elements.
- 2.3** Cabinets must be obscured from public view (i.e., block wall, closed patio).
- 2.4** Cabinets to be painted to match existing color of building.
- 2.5** Location of unit and/or plumbing connections must be submitted in writing to the the Alterations Division prior to issuance of a Mutual Consent.
- 2.6** A Mutual Consent will be not be issued for manors that do not qualify as determined by existing waste line sizes. Minimum sizes are 3" ABS plastic and 3" cast iron.
- 2.7** All penetrations through existing walls shall be properly flashed and caulked to provide a weather tight seal around all protruding plumbing, electrical and vent lines.

- 2.8 Connections below slab shall be properly vented and covered with sand and "Visqueen" before replacement of concrete.
- 2.9 All hot and cold water supply lines shall be of minimum 1/2" diameter, type L copper.
- 2.10 All pressure lines shall be securely strapped to prevent movement or knocking.
- 2.11 All electrical wiring to be located in walls. No exposed conduit will be permitted.
- 2.12 **The installation of washers and dryers in three-story buildings is prohibited and variance requests for washers and dryers in three-story buildings will not be accepted.**



STAFF REPORT

DATE: September 18, 2018
FOR: Third Laguna Hills Mutual Board of Directors
SUBJECT: 2019 Business Plan – Version Final

RECOMMENDATION

Staff recommends the Board approve by resolution the 2019 Business Plan (Attachment 1) and the 2019 Reserve Funding Plan (Attachment 2), and the Laundry Reserve Contribution (Attachment 3).

BACKGROUND

On May 23, 2018 the Landscape Committee reviewed a preliminary budget proposal specific to landscape programs funded from both operating and reserves, including assumptions and detailed scopes of work for over \$6MM in planned expenditures. On May 24, 2018 the Maintenance and Construction (M&C) Committee also reviewed preliminary budgets and discussed service levels for nearly \$16MM in planned expenditures from operations and reserves.

The proposed Business Plan for Third was reviewed on July 13, 2018 and August 10, 2018, inclusive of all planned revenues, expenditures, and reserve contributions. Changes directed from these early budget meetings and subsequent discussions with Staff are included in Version Final.

DISCUSSION

The attached documents present an overview of the proposed 2019 Business Plan for Third Mutual. This version reflects a Total Basic Assessment of \$637.22 per manor per month, inclusive of the GRF portion, for a total increase of \$8.80 or 1.4% when compared to the current year.

Brief notations of the budgetary line items with significant change are noted below as increases or (decreases) to the assessment, and listed in order of appearance on the proposed Business Plan.

Line1-2: Non-assessment revenues decreased \$65,099. Revenue is generated through various fines, fees, and chargeable services to help offset administrative and operating costs. The budgets for these categories have been adjusted to reflect recent experience, with an overall reduction primarily due to an incorrect budget for chargeable services in the current year.

- Line 3: **Employee Compensation increased by \$128,943** or 1.98% due to increased staffing and the inclusion of planned wage adjustments. Staffing levels increased in Department of Resident Services to reflect current staffing requirements for extended call center hours and training, and in Office of the Chief Executive Officer (CEO) for enhanced communications and records management programs. These increases were partially offset by the reclassification of certain major repair programs to reserve including paving maintenance, touch up paint, and building rehab.
- Line 5: **Materials and Supplies decreased by (\$95,238)** due to a move to reserves; several programs considered major repair of Mutual components were reclassified as reserve expenditures including paving maintenance, touch up paint, and building rehab.
- Line 7: **Sewer increased by \$39,600** due to increases in the per-meter charges put into effect on July 1, 2018 by El Toro Water District (ETWD) to fund ongoing operations and maintenance program.
- Line 8: **Water increased by \$178,120** due to increases in the per-meter charges put into effect on July 1, 2018 by ETWD to fund ongoing operations and maintenance program. Although tiered water rates did not increase in the current year, an incorrect budget assumption for these rates was fixed for 2019.
- Line 10: **Legal fees decreased by (\$70,000)**; this is a contingency budget and will vary based on experience and projections.
- Line 11: **Professional Fees increased by \$27,675** due to more consulting services related to structural engineering, resulting from higher resident requests for inspections.
- Line 14: **Outside Services decreased by (\$304,245)** due to fewer outside services planned as chargeable services. Also, major repair of Mutual components were reclassified as reserve expenditures including roof repairs.
- Line 16: **Other Operating Expense increased by \$21,209** primarily due to a contingency for higher uniform and shoe requirements that are currently under management review.
- Line 19: **Uncollectible Accounts increased by \$38,200** based on recent provision activity.
- Line 20: **Allocated Expenses decreased (\$54,306)**, the net result of inter-departmental allocations.
- Line 21: **Replacement Fund contributions increased from \$135.00 to \$140.00** per manor per month based on a revised 30-year expenditures plan which now includes certain major repair programs.
- Line 22: **Elevator Replacement Fund contributions increased from \$5.00 to \$6.00** per manor per month based on a the 30-year expenditures plan.
- Line 23: **Laundry Replacement Fund increased from \$0.00 to \$1.00**; contributions were removed from Surcharges and added to the basic monthly assessment beginning in 2019 to support common area laundry facilities.
- Line 25: **Unappropriated Expenditures Fund contributions decreased from \$10.00 to \$8.00** per manor per month based on a 30-year expenditures plan.

Line 28: GRF Assessment increased by \$311,947 primarily due to planned wage adjustments, service enhancements in compliance, communications, and records management, and a contingency for higher programming fees. The increase was partially offset by a decrease in the contribution to reserve funds.

Prepared By: Jose Campos, Financial Services Manager
Betty Parker, Chief Financial Officer

Reviewed By: Siobhan Foster, Chief Operating Officer
Brad Hudson, Chief Executive Officer

ATTACHMENT(S)

ATT1 – 2019 Business Plan Resolution
ATT2 – 2019 Reserve Funding Plan Resolution
ATT3 – 2019 Laundry Reserve Contribution Resolution
ATT4 – 2019 Third Business Plan
ATT5 – 2019 Revenue and Expenditure Report
ATT6 – 2019 Landscape Expenditures by Program - Operating
ATT7 – 2019 Maintenance Expenditures by Program - Operating
ATT8 – 2019 Reserves Plan

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**THIRD LAGUNA HILLS MUTUAL
2019 BUSINESS PLAN RESOLUTION**

RESOLUTION 03-18-XX

RESOLVED, September 18, 2018, that the Business Plan of this Corporation for the year 2019 is hereby adopted and approved; and

RESOLVED FURTHER, that pursuant to said business plan, the Board of Directors of this Corporation hereby estimates that the net sum of \$32,226,628 is required by the Corporation to meet the Third Laguna Hills Mutual operating expenses and reserve contributions for the year 2019. In addition, the sum of \$14,851,664 is required by the Corporation to meet the Golden Rain Foundation and the Golden Rain Foundation Trust operating expenses and reserve contributions for the year 2019. Therefore, a total of \$47,078,292 is required to be collected from and paid by members of the Corporation as monthly assessments; and

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby approves expenditures from reserves in the sum of \$14,474,680 of which \$12,251,169 is planned from the Replacement Fund, \$346,698 from the Elevator Replacement Fund, \$64,542 from the Laundry Replacement Fund, \$1,714,691 from the Disaster Fund, and \$97,580 from the Garden Villa Recreation Room Fund; and

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby determines and establishes monthly assessments of the Corporation as shown on each member's breakdown of monthly assessments for the year 2019 and as filed in the records of the Corporation, said assessments to be due and payable by the members of this Corporation on the first day of each month for the year 2019; and

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.

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THIRD LAGUNA HILLS MUTUAL 2019 RESERVE FUNDING PLAN

RESOLUTION 03-18-XX

WHEREAS, Civil Code § 5570 requires specific reserve funding disclosure statements for common interest developments;

WHEREAS, planned assessments or other contributions to replacement reserves must be projected to ensure balances will be sufficient at the end of each year to meet the Corporation's obligations for repair and/or replacement of major components during the next 30 years; and

NOW THEREFORE BE IT RESOLVED, September 18, 2018, that the Board has developed and hereby adopts the Replacement Reserves 30-Year Funding Plans (attached) with the objective of maintaining replacement reserve balances at or above established thresholds totaling \$8,170,000 while meeting its obligations to repair and/or replace major components; and

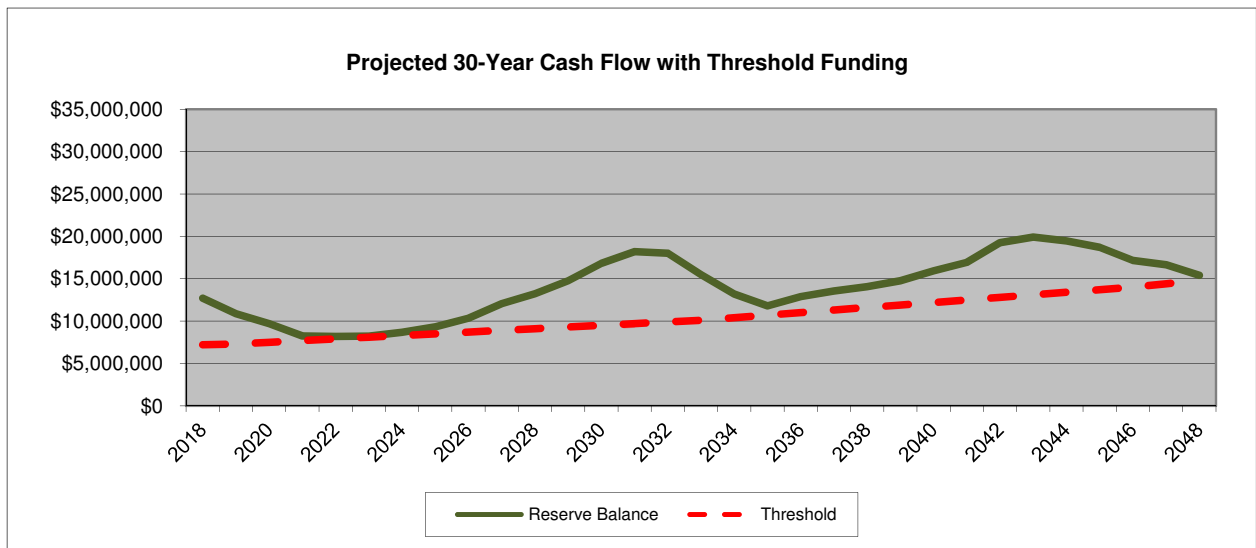
RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

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

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

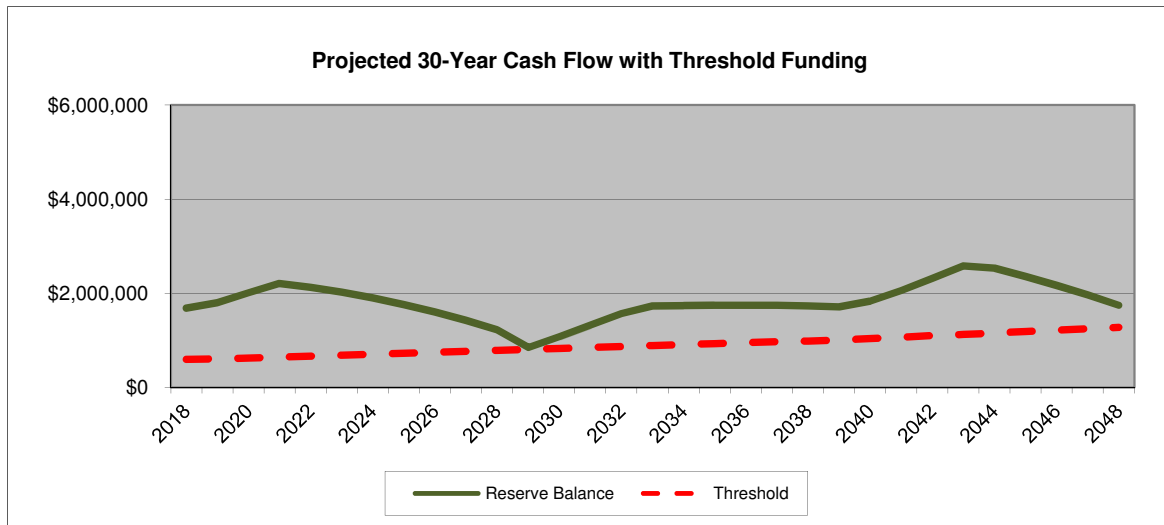
Year	Assessment		Interest Earnings	Other Additions	Planned Expenditures	Reserve Balance
	Per Manor Per Month	Total Contribution				
2018	\$ 135.00	\$ 9,885,240	\$ 186,332		\$ 11,460,472	\$ 12,708,122
2019	\$ 140.00	\$ 10,251,360	\$ 163,915		\$ 12,251,171	\$ 10,872,226
2020	\$ 145.00	\$ 10,617,480	\$ 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

Year	Assessment		Interest Earnings	Planned Expenditures	Reserve Balance
	Per Manor Per Month	Total Contribution			
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

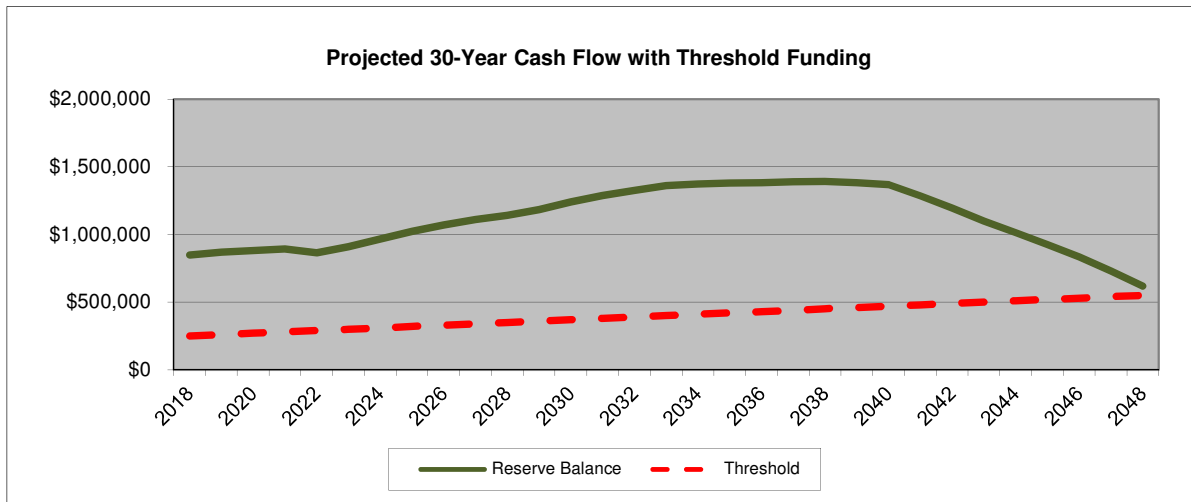


**THIRD LAGUNA HILLS MUTUAL
2019 RESERVES PLAN
Laundry Reserve 30-Year Funding Plan**

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

Year	Assessment		Interest Earnings	Planned Expenditures	Reserve Balance
	Per Manor Per Month*	Total 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



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RESOLUTION 03-18-XX

Laundry Reserve Contribution

WHEREAS, Third Laguna Hills Mutual operates under the premise of the shared cost concept; and

WHEREAS, Units with common laundry facilities are assessed a surcharge;

NOW THEREFORE BE IT RESOLVED, September 18, 2018 that the Board of Directors of this Corporation hereby directs Laundry Reserve contributions be a cost shared by its 6,102 membership in the 2019 Business Plan; and

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.

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THIRD LAGUNA HILLS MUTUAL 2019 BUSINESS PLAN

DESCRIPTION	2015 ACTUAL	2016 ACTUAL	2017 ACTUAL	2018 PLAN	2019 PLAN	Per Manor Per Month		Increase/ (Decrease)
						2018 ASSESSMENT	2019	
REVENUES:								
Non-assessment Revenues:								
1 Fees and Charges to Residents	\$501,914	\$375,549	\$330,901	\$563,238	\$478,440	\$7.69	\$6.53	\$1.16
2 Miscellaneous	663,769	426,317	766,421	581,301	601,000	7.94	8.21	(0.27)
Total Revenues	\$1,165,683	\$801,866	\$1,097,323	\$1,144,539	\$1,079,440	\$15.63	\$14.74	(\$0.89)
EXPENSES:								
3 Employee Compensation	\$8,323,161	\$6,509,988	\$6,410,860	\$6,510,804	\$6,639,747	\$88.92	\$90.68	\$1.76
4 Expenses Related to Compensation	3,721,558	2,606,548	2,605,941	2,822,616	2,814,402	38.55	38.44	(0.11)
5 Material and Supplies	1,259,373	709,061	716,470	741,380	646,142	10.12	8.82	(1.30)
6 Electricity	478,787	421,327	376,806	246,561	246,561	3.37	3.37	0.00
7 Sewer	1,522,237	1,588,795	1,639,467	1,677,000	1,716,600	22.90	23.44	0.54
8 Water	2,335,660	2,575,110	2,706,828	2,532,507	2,710,627	34.59	37.02	2.43
9 Trash	488,455	454,293	458,710	529,881	534,407	7.24	7.30	0.06
10 Legal Fees	114,242	109,975	230,869	290,000	220,000	3.96	3.00	(0.96)
11 Professional Fees	93,175	126,157	103,610	156,914	184,589	2.14	2.52	0.38
12 Management Fee	147,192	0	0	0	0	0.00	0.00	0.00
13 Equipment Rental	17,504	17,229	7,661	14,388	7,244	0.20	0.10	(0.10)
14 Outside Services	1,142,703	1,487,505	1,351,796	1,396,431	1,092,186	19.07	14.92	(4.15)
15 Repairs and Maintenance	70,622	16,969	8,394	6,537	12,001	0.09	0.16	0.07
16 Other Operating Expense	131,704	274,059	136,139	134,080	155,289	1.83	2.12	0.29
17 Insurance	456,355	437,532	469,396	458,551	460,084	6.26	6.28	0.02
18 Property Insurance	681,034	665,445	703,375	857,745	852,719	11.71	11.65	(0.06)
19 Uncollectible Accounts	141,735	90,013	118,609	100,000	138,200	1.37	1.89	0.52
20 Allocated Expenses	1,153,924	852,374	772,014	1,132,329	1,078,023	15.46	14.72	(0.74)
Total Expenses	\$22,279,422	\$18,942,380	\$18,816,944	\$19,607,724	\$19,508,821	\$267.78	\$266.43	(\$1.35)
RESERVE CONTRIBUTIONS:								
21 Replacement Fund	\$5,125,680	\$9,885,240	\$9,885,240	\$9,885,240	\$10,251,360	\$135.00	\$140.00	\$5.00
22 Elevator Replacement Fund	292,896	366,120	366,120	366,120	439,344	5.00	6.00	1.00
23 Laundry Replacement Fund					73,224	0.00	1.00	1.00
24 Disaster Fund	2,050,272	2,196,720	2,196,720	2,028,305	2,028,305	27.70	27.70	0.00
25 Unappropriated Exp. Fund	439,344	439,344	805,464	732,240	585,792	10.00	8.00	(2.00)
Total Reserve Contributions	\$7,908,192	\$12,887,424	\$13,253,544	\$13,011,905	\$13,378,025	\$177.70	\$182.70	\$5.00
TOTAL MUTUAL	\$29,021,931	\$31,027,938	\$30,973,166	\$31,475,090	\$31,807,406	\$429.85	\$434.39	\$4.54
GOLDEN RAIN FOUNDATION								
26 GRF OPERATING	\$13,404,429	\$12,690,372	\$12,420,562	\$13,075,237	\$13,460,408	\$178.57	183.83	\$5.26
27 GRF RESERVE CONTRIBUTIONS	2,416,392	1,537,704	1,757,376	1,464,480	1,391,256	20.00	19.00	(\$1.00)
28 TOTAL GRF	\$15,820,821	\$14,228,076	\$14,177,938	\$14,539,717	\$14,851,664	\$198.57	\$202.83	\$4.26
28 TOTAL BASIC ASSESSMENTS	\$44,842,752	\$45,256,014	\$45,151,104	\$46,014,807	\$46,659,070	\$628.42	\$637.22	\$8.80
SURCHARGES (unique to units with common laundry facilities, elevators, and/or Garden Villa Rec Rooms)								
29 Laundry Revenue	(\$108,614)	(\$101,554)	(\$113,421)	(\$108,000)	(\$220,000)	(\$2.61)	(5.31)	(\$2.70)
30 Laundry Operating	269,621	280,874	267,167	194,927	220,020	4.70	5.31	0.61
31 Elevator Operating	301,843	346,146	328,855	329,190	337,230	14.86	15.22	0.36
32 Laundry Replacement Fund	124,344	124,344	82,896	82,896	0	2.00	0.00	(2.00)
33 Garden Villa Rec Room Fund	74,520	74,520	59,616	59,616	81,972	4.00	5.50	1.50
	\$661,714	\$724,330	\$625,114	\$558,629	\$419,222	\$22.95	\$20.72	(\$2.23)
TOTAL BUSINESS PLAN	\$45,504,466	\$45,980,344	\$45,776,218	\$46,573,436	\$47,078,292			

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ATTACHMENT 5

2019 BUSINESS PLAN
Revenue and Expenditure Report
THIRD LAGUNA HILLS MUTUAL

	2018 Budget	2019 Budget	VAR\$ B/(W)	VAR %
Non-Assessment Revenues:				
Fees and Charges for Services to Residents				
46501000 - Permit Fee	\$67,500	\$72,592	\$5,092	8%
46501500 - Inspection Fee	57,161	51,965	(5,196)	(9%)
46502000 - Resident Maintenance Fee	438,577	353,883	(84,694)	(19%)
Total Fees and Charges for Services to Residents	563,238	478,440	(84,798)	(15%)
Laundry				
46005000 - Coin Op Laundry Machine	108,000	220,000	112,000	104%
Total Laundry	108,000	220,000	112,000	104%
Miscellaneous				
46004500 - Resident Violations		10,000	10,000	0%
44501510 - Lease Processing Fee - Third	204,000	225,000	21,000	10%
44502500 - Non-Sale Transfer Fee - Third	13,000	3,000	(10,000)	(77%)
44503520 - Resale Processing Fee - Third	193,901	200,000	6,099	3%
44505500 - Hoa Certification Fee	6,000	9,000	3,000	50%
44507000 - Golf Cart Electric Fee	68,000	68,000		0%
44507200 - Electric Vehicle Plug-In Fee	12,000	6,000	(6,000)	(50%)
44507500 - Cartport Space Rental Fee	3,000	3,000		0%
47001500 - Late Fee Revenue	48,000	60,000	12,000	25%
47002020 - Collection Administrative Fee - Third	9,000		(9,000)	(100%)
47002500 - Collection Interest Revenue	22,000	12,000	(10,000)	(45%)
47501000 - Recycling	2,400	5,000	2,600	108%
Total Miscellaneous	581,301	601,000	19,699	3%
Total Non-Assessment Revenue	1,252,539	1,299,440	46,901	4%
Expenses:				
51011000 - Salaries & Wages - Regular	2,276,484	2,587,269	(310,785)	(14%)
51021000 - Union Wages - Regular	5,684,742	5,763,645	(78,903)	(1%)
51041000 - Wages - Overtime	40,308	25,095	15,213	38%
51051000 - Union Wages - Overtime	37,449	37,244	204	1%
51061000 - Holiday & Vacation	321,801	338,267	(16,465)	(5%)
51071000 - Sick	262,522	275,954	(13,432)	(5%)
51091000 - Missed Meal Penalty	1,758	858	900	51%
51101000 - Temporary Help	53,884	36,664	17,220	32%
51981000 - Compensation Accrual		5,826	(5,826)	0%
Total Employee Compensation	8,678,947	9,070,822	(391,875)	(5%)
52411000 - F.I.C.A.	647,182	677,880	(30,698)	(5%)
52421000 - F.U.I.	9,719	13,091	(3,372)	(35%)
52431000 - S.U.I.	48,533	56,129	(7,596)	(16%)
52441000 - Union Medical	1,902,800	1,913,209	(10,409)	(1%)
52451000 - Workers' Compensation Insurance	623,917	668,020	(44,104)	(7%)
52461000 - Non Union Medical & Life Insurance	233,653	267,211	(33,559)	(14%)
52471000 - Union Retirement Plan	310,962	312,663	(1,701)	(1%)
52481000 - Non-Union Retirement Plan	94,496	108,438	(13,942)	(15%)
52981000 - Compensation Related Accrual		970	(970)	0%
Total Expenses Related to Employee Compensation	3,871,261	4,017,611	(146,350)	(4%)
Materials and Supplies				
53001000 - Materials & Supplies	358,452	466,289	(107,836)	(30%)
53002500 - Printed Membership Materials	194		194	100%
53003000 - Materials Direct	1,200,324	1,088,103	112,221	9%
Total Materials and Supplies	1,558,970	1,554,392	4,579	0%

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2019 BUSINESS PLAN
Revenue and Expenditure Report
THIRD LAGUNA HILLS MUTUAL

	2018 Budget	2019 Budget	VAR\$ B/(W)	VAR %
Utilities and Telephone				
53301000 - Electricity	325,000	325,000		0%
53301500 - Sewer	1,677,000	1,716,600	(39,600)	(2%)
53302000 - Water	2,532,507	2,710,627	(178,120)	(7%)
53302500 - Trash	530,455	546,690	(16,235)	(3%)
Total Utilities and Telephone	5,064,962	5,298,917	(233,955)	(5%)
Legal Fees				
53401500 - Legal Fees	290,000	220,000	70,000	24%
Total Legal Fees	290,000	220,000	70,000	24%
Professional Fees				
53402000 - Audit & Tax Preparation Fees	48,000	57,600	(9,600)	(20%)
53403500 - Consulting Fees	34,614	6,053	28,560	83%
53403520 - Consulting Fees - Third	74,300	120,936	(46,636)	(63%)
Total Professional Fees	156,914	184,589	(27,676)	(18%)
Equipment Rental				
53501500 - Equipment Rental/Lease Fees	25,462	40,090	(14,628)	(57%)
Total Equipment Rental	25,462	40,090	(14,628)	(57%)
Outside Services				
53601000 - Bank Fees	3,929	3,929		0%
53704000 - Outside Services	77,476	121,480	(44,003)	(57%)
54603500 - Outside Services CC	10,377,739	10,846,711	(468,972)	(5%)
Total Outside Services	10,459,144	10,972,120	(512,975)	(5%)
Repairs and Maintenance				
53701000 - Equipment Repair & Maint	12,108	16,240	(4,133)	(34%)
53703000 - Elevator /Lift Maintenance	320,480	328,520	(8,040)	(3%)
Total Repairs and Maintenance	332,588	344,760	(12,173)	(4%)
Other Operating Expense				
53801000 - Mileage & Meal Allowance	7,694	15,252	(7,558)	(98%)
53801500 - Travel & Lodging	1,574	968	606	39%
53802000 - Uniforms	70,674	82,843	(12,169)	(17%)
53802500 - Dues & Memberships	3,204	1,992	1,212	38%
53803000 - Subscriptions & Books	1,851	2,004	(153)	(8%)
53803500 - Training & Education	11,016	14,902	(3,886)	(35%)
53901500 - Volunteer Support	1,175	1,175		0%
53903000 - Safety	41	186	(145)	(352%)
54001000 - Board Relations	5,000	3,666	1,333	27%
54001020 - Board Relations - Third	4,000	10,000	(6,000)	(150%)
54002000 - Postage	51,712	47,672	4,040	8%
54002500 - Filing Fees / Permits	1,497	761	736	49%
Total Other Operating Expense	159,438	181,422	(21,985)	(14%)
Insurance				
54401000 - Hazard & Liability Insurance	403,965	405,194	(1,229)	0%
54401500 - D&O Liability	47,514	47,818	(304)	(1%)
54402000 - Property Insurance	857,745	852,719	5,026	1%
54403000 - General Liability Insurance	7,072	7,072		0%
Total Insurance	1,316,295	1,312,803	3,493	0%
Uncollectible Accounts				
54602000 - Bad Debt Expense	100,000	138,200	(38,200)	(38%)
Total Uncollectible Accounts	100,000	138,200	(38,200)	(38%)

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2019 BUSINESS PLAN
Revenue and Expenditure Report
THIRD LAGUNA HILLS MUTUAL

	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>VAR\$ B/(W)</u>	<u>VAR %</u>
Total Expenses	<u>32,013,982</u>	<u>33,335,726</u>	<u>(1,321,745)</u>	<u>(4%)</u>
Unallocated Revenue / (Expense)	<u>(\$30,761,443)</u>	<u>(\$32,036,287)</u>	<u>(\$1,274,844)</u>	<u>(4%)</u>
Allocated Expenses				
Allocated From Departments	<u>1,279,046</u>	<u>1,204,782</u>	<u>74,264</u>	<u>6%</u>
Total Allocated Expenses	<u>1,279,046</u>	<u>1,204,782</u>	<u>74,264</u>	<u>6%</u>
Net Revenue / (Expense)	<u>(\$32,040,489)</u>	<u>(\$33,241,068)</u>	<u>(\$1,200,580)</u>	<u>(4%)</u>

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**THIRD LAGUNA HILLS MUTUAL
2019 BUSINESS PLAN
Landscape Expenditures by Program**

DESCRIPTION	2015 ACTUALS	2016 ACTUALS	2017 ACTUALS	2018 BUDGET	2019 BUDGET	Increase/(Decrease) \$ %	
OPERATING FUND							
LAWN MAINTENANCE	\$1,205,299	\$1,209,523	\$1,414,141	\$1,315,839	\$1,396,778	\$80,939	6%
SHRUB-BED MAINTENANCE	2,199,557	2,255,070	2,010,200	2,300,782	2,385,680	84,898	4%
SLOPE MAINTENANCE	314,442	327,497	282,570	335,045	412,199	77,154	23%
TREE MAINTENANCE	733,911	0	4,031	0	0	0	0%
RESIDENT CHARGEABLE SERVICES	0	0	0	0	0	0	0%
PEST CONTROL	74,089	130,250	132,306	155,466	148,624	(6,842)	(4%)
CARPORT CLEANING	12,856	0	0	0	0	0	0%
GARDEN VILLA MAINTENANCE	67,656	139,786	107,962	65,718	50,063	(15,655)	(24%)
MISCELLANEOUS TASKS	146,175	137,668	287,394	148,723	177,375	28,652	19%
SUPPORT	524,295	314,800	381,147	422,727	429,628	6,901	2%
TOTAL OPERATING FUND	\$5,278,280	\$4,514,594	\$4,619,751	\$4,744,300	\$5,000,347	\$256,047	5%

**THIRD LAGUNA HILLS MUTUAL
2019 BUSINESS PLAN
Maintenance Expenditures by Program**

DESCRIPTION	2015 ACTUALS	2016 ACTUALS	2017 ACTUAL	2018 BUDGET	2019 BUDGET	Increase/(Decrease) \$ %	
OPERATING FUND							
JANITORIAL SERVICE	\$657,065	\$653,906	\$701,593	\$785,925	\$996,545	\$210,619	27%
PLUMBING SERVICE	540,721	676,691	776,888	562,159	674,483	112,324	20%
CARPENTRY SERVICE	359,579	418,726	469,859	370,816	385,731	14,915	4%
CONCRETE REPAIR/REPLACEMENT	256,288	272,459	344,015	277,636	375,171	97,535	35%
PEST CONTROL	212,391	240,244	279,081	298,968	260,405	(38,563)	(13%)
FIRE PROTECTION	82,236	71,824	72,010	100,820	175,556	74,736	74%
GUTTER CLEANING	128,022	206,502	144,723	166,799	151,554	(15,246)	(9%)
ELECTRICAL SERVICE	106,550	122,876	115,399	142,279	121,615	(20,665)	(15%)
APPLIANCE REPAIRS	89,256	113,354	129,690	93,901	85,379	(8,522)	(9%)
WELDING	54,814	41,294	97,283	75,046	85,307	10,260	14%
MISCELLANEOUS REPAIRS BY OUTSIDE SERVICES	43,599	71,831	41,725	66,061	58,050	(8,011)	(12%)
TRAFFIC CONTROL	17,830	14,495	15,717	29,721	30,359	638	2%
SOLAR MAINTENANCE	0	0	0	40,000	25,000	(15,000)	(38%)
CURB CUTS	0	0	0	20,000	10,000	(10,000)	(50%)
PAINT PROGRAM	1,553,188	4,005	0	0	0	0	0%
REPAIRS PRIOR-TO-PAINT	988,080	6,138	0	0	0	0	0%
GV MAILROOM RENOVATIONS	10,036	8,504	53,786	0	0	0	0%
BALCONY/BREEZEWAY RESURFACING	575,227	373,619	291,946	411,008	0	(411,008)	(100%)
BUILDING REHAB/DRY ROT	114,569	116,009	154,877	320,666	0	(320,666)	(100%)
ROOF REPAIRS	338,275	245,943	349,416	290,000	0	(290,000)	(100%)
PAINT- TOUCHUP	103,060	128,039	165,742	118,034	0	(118,034)	(100%)
PAVING MAINTENANCE & REPAIRS	149,686	129,474	84,634	163,751	0	(163,751)	(100%)
STAIR TREAD REPLACEMENTS	0	0	0	0	0	0	0%
TOTAL MAINTENANCE	\$6,380,471	\$3,915,932	\$4,288,384	\$4,333,590	\$3,435,153	(\$898,437)	(21%)

Lines 18-23 moved to reserves in 2019.

Line 17 moved to reserves in 2018.

Lines 15 and 16 moved to the reserves in 2016.

**THIRD LAGUNA HILLS MUTUAL
2019 RESERVES PLAN
Projected Fund Balances**

Fund	Year	Beginning Balance	Interest	Contributions	Assessment PMPM	Planned Expenditures	ENDING BALANCE
REPLACEMENT RESERVE FUND	2018	\$ 14,097,022	\$ 186,332	\$ 9,885,240	\$ 135.00	\$ (11,460,472)	\$ 12,708,122
	2019	\$ 12,708,122	\$ 163,915	\$ 10,251,360	\$ 140.00	\$ (12,251,171)	\$ 10,872,226
	2020	\$ 10,872,226	\$ 178,445	\$ 10,617,480	\$ 145.00	\$ (11,968,171)	\$ 9,699,980
	2021	\$ 9,699,980	\$ 155,680	\$ 10,983,600	\$ 150.00	\$ (12,591,593)	\$ 8,247,667
	2022	\$ 8,247,667	\$ 142,626	\$ 11,349,720	\$ 155.00	\$ (11,544,912)	\$ 8,195,102
	2023	\$ 8,195,102	\$ 142,533	\$ 11,715,840	\$ 160.00	\$ (11,816,576)	\$ 8,236,899
ELEVATOR REPLACEMENT RESERVE FUND	2018	\$ 1,627,889	\$ 23,042	\$ 366,120	\$ 5.00	\$ (330,189)	\$ 1,686,862
	2019	\$ 1,686,862	\$ 24,265	\$ 439,344	\$ 6.00	\$ (346,698)	\$ 1,803,773
	2020	\$ 1,803,773	\$ 33,090	\$ 512,568	\$ 7.00	\$ (338,444)	\$ 2,010,987
	2021	\$ 2,010,987	\$ 36,642	\$ 512,568	\$ 7.00	\$ (346,905)	\$ 2,213,292
	2022	\$ 2,213,292	\$ 37,658	\$ 512,568	\$ 7.00	\$ (635,365)	\$ 2,128,153
	2023	\$ 2,128,153	\$ 36,029	\$ 512,568	\$ 7.00	\$ (651,250)	\$ 2,025,500
LAUNDRY REPLACEMENT RESERVE FUND	2019	\$ 849,079	\$ 11,948	\$ 73,224	\$ 1.00	\$ (64,542)	\$ 869,709
	2020	\$ 869,709	\$ 15,193	\$ 73,224	\$ 1.00	\$ (76,337)	\$ 881,790
	2021	\$ 881,790	\$ 15,387	\$ 73,224	\$ 1.00	\$ (78,245)	\$ 892,156
	2022	\$ 892,156	\$ 15,241	\$ 73,224	\$ 1.00	\$ (115,652)	\$ 864,968
	2023	\$ 864,968	\$ 15,386	\$ 146,448	\$ 2.00	\$ (118,012)	\$ 908,791
DISASTER FUND	2018	\$ 8,728,229	\$ 123,972	\$ 2,028,305	\$ 27.70	\$ (1,774,461)	\$ 9,106,045
	2019	\$ 9,106,045	\$ 129,682	\$ 2,028,305	\$ 27.70	\$ (1,714,446)	\$ 9,549,586
	2020	\$ 9,549,586	\$ 135,593	\$ 2,028,305	\$ 27.70	\$ (1,757,000)	\$ 9,956,484
	2021	\$ 9,956,484	\$ 140,982	\$ 2,028,305	\$ 27.70	\$ (1,801,000)	\$ 10,324,771
	2022	\$ 10,324,771	\$ 145,823	\$ 2,028,305	\$ 27.70	\$ (1,846,000)	\$ 10,652,899
	2023	\$ 10,652,899	\$ 150,095	\$ 2,028,305	\$ 27.70	\$ (1,892,000)	\$ 10,939,299
UNAPPROPRIATED EXPENDITURES FUND	2018	\$ 2,762,888	\$ 37,949	\$ 732,240	\$ 10.00	\$ (836,680)	\$ 2,696,397
	2019	\$ 2,696,397	\$ 38,350	\$ 585,792	\$ 8.00	\$ (500,000)	\$ 2,820,539
	2020	\$ 2,820,539	\$ 39,997	\$ 585,792	\$ 8.00	\$ (513,000)	\$ 2,933,328
	2021	\$ 2,933,328	\$ 41,485	\$ 585,792	\$ 8.00	\$ (526,000)	\$ 3,034,605
	2022	\$ 3,034,605	\$ 42,812	\$ 585,792	\$ 8.00	\$ (539,000)	\$ 3,124,209
	2023	\$ 3,124,209	\$ 43,975	\$ 585,792	\$ 8.00	\$ (552,000)	\$ 3,201,976
TOTAL	2018	\$ 27,216,028	\$ 371,295	\$ 13,011,905	\$ 177.70	\$ (14,401,802)	\$ 26,197,426
	2019	\$ 27,046,504	\$ 368,160	\$ 13,378,025	\$ 182.70	\$ (14,876,856)	\$ 25,915,833
	2020	\$ 25,915,833	\$ 402,318	\$ 13,817,369	\$ 188.70	\$ (14,652,951)	\$ 25,482,569
	2021	\$ 25,482,569	\$ 390,176	\$ 14,183,489	\$ 193.70	\$ (15,343,743)	\$ 24,712,492
	2022	\$ 24,712,492	\$ 384,160	\$ 14,549,609	\$ 198.70	\$ (14,680,930)	\$ 24,965,331
	2023	\$ 24,965,331	\$ 388,018	\$ 14,988,953	\$ 204.70	\$ (15,029,837)	\$ 25,312,465
SURCHARGE:							
LAUNDRY REPLACEMENT RESERVE	2018	\$ 814,024	\$ 11,561	\$ 82,896	\$ 2.00	\$ (59,402)	\$ 849,079
	Note: Laundry Replacement Fund is transferred to shared cost in 2019.						
SURCHARGE:							
GARDEN VILLA REC ROOM FUND	2018	\$ 63,639	\$ 824	\$ 59,616	\$ 4.00	\$ (69,139)	\$ 54,940
	2019	\$ 54,940	\$ 660	\$ 81,972	\$ 5.50	\$ (97,580)	\$ 39,992
	2020	\$ 39,992	\$ 637	\$ 81,972	\$ 5.50	\$ (70,900)	\$ 51,701
	2021	\$ 51,701	\$ 789	\$ 81,972	\$ 5.50	\$ (72,700)	\$ 61,762
	2022	\$ 61,762	\$ 917	\$ 81,972	\$ 5.50	\$ (74,500)	\$ 70,151
	2023	\$ 70,151	\$ 1,021	\$ 81,972	\$ 5.50	\$ (76,400)	\$ 76,744
Note: Garden Villa Rec Room Fund surcharge applies only to manors within Garden Villa buildings.							

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**THIRD LAGUNA HILLS MUTUAL
2019 RESERVES PLAN
Reserve Expenditures by Program**

DESCRIPTION		2015 ACTUALS	2016 ACTUALS	2017 ACTUAL	2018 BUDGET	2019 BUDGET	Increase/(Decrease) \$ %	
1	ALARM SYSTEMS	\$7,880	\$9,790	\$0	\$0	\$0	\$0	0%
2	BUILDING NUMBERS	0	2,391	4,196	33,970	33,970	0	0%
3	BUILDING STRUCTURES	1,057,800	1,448,293	1,588,675	3,152,327	2,732,992	(419,334)	(13%)
4	ELECTRICAL SYSTEMS	22,148	14,868	5,322	55,046	58,610	3,564	6%
5	ENERGY PROJECTS	0	40,000	5,157	50,000	50,000	0	0%
6	EXTERIOR LIGHTING	34,147	0	112,857	500,000	800,000	300,000	60%
7	FENCING	67,073	35,618	107,210	0	136,817	136,817	100%
8	GARDEN VILLA LOBBY	7,978	42,485	36,751	114,126	119,560	5,434	5%
9	GARDEN VILLA MAILROOM	0	0	0	23,649	70,173	46,524	197%
10	GARDEN VILLA RECESSED AREAS	0	0	36,350	195,000	250,440	55,440	28%
11	GARDEN VILLA REC ROOM HEAT PUMP/WATER HEATER	489	941	6,313	18,000	19,505	1,505	8%
12	GUTTERS	79,831	66,379	272,815	137,118	37,000	(100,118)	(73%)
13	LANDSCAPE MODERNIZATION	(3,164)	0	0	250,000	1,099,890	849,890	340%
14	MAILBOXES	11,104	2,454	12,988	19,389	36,483	17,094	88%
15	PAINT PROGRAM	0	1,347,231	1,703,787	1,602,744	2,008,631	405,886	25%
16	PRIOR TO PAINT	0	830,582	640,460	857,243	1,277,033	419,791	49%
17	PAVING/CONCRETE	68,128	273,304	296,129	597,000	844,499	247,499	41%
18	ROOFS	1,154,649	1,644,110	1,210,590	1,598,050	1,311,937	(286,113)	(18%)
19	TREE MAINTENANCE	0	88,966	738,686	826,476	213,630	(612,846)	(74%)
20	EXTERIOR WALLS	4,863	0	15,375	75,000	200,000	125,000	167%
21	WASTE LINE REMEDIATION	507,671	292,004	750,800	750,000	750,000	0	0%
22	WATER LINES - COPPER PIPE REMEDIATION	59,764	119,843	109,199	100,000	200,000	100,000	100%
23	ELEVATORS	295,105	306,727	306,380	330,189	346,698	16,509	5%
24	LAUNDRY COUNTERTOP/FLOOR REPLACEMENT	12,675	16,619	32,872	34,688	54,697	20,010	58%
25	LAUNDRY APPLIANCES REPLACEMENTS	41,461	32,890	17,075	24,714	9,844	(14,870)	(60%)
	OTHER SUPPL. APPROPRIATIONS	0	0	0	0	0	0	0%
TOTAL REPLACEMENT FUNDS		\$3,429,602	\$6,615,496	\$8,009,987	\$11,344,729	\$12,662,410	\$1,317,682	12%

Lines 3, 15, 16, 17 and 18 include major repairs moved from operations in 2019.

Line 7 was moved to operating in 2018 under Carpentry Services.

Line 9 was moved from operations to reserves in 2018.

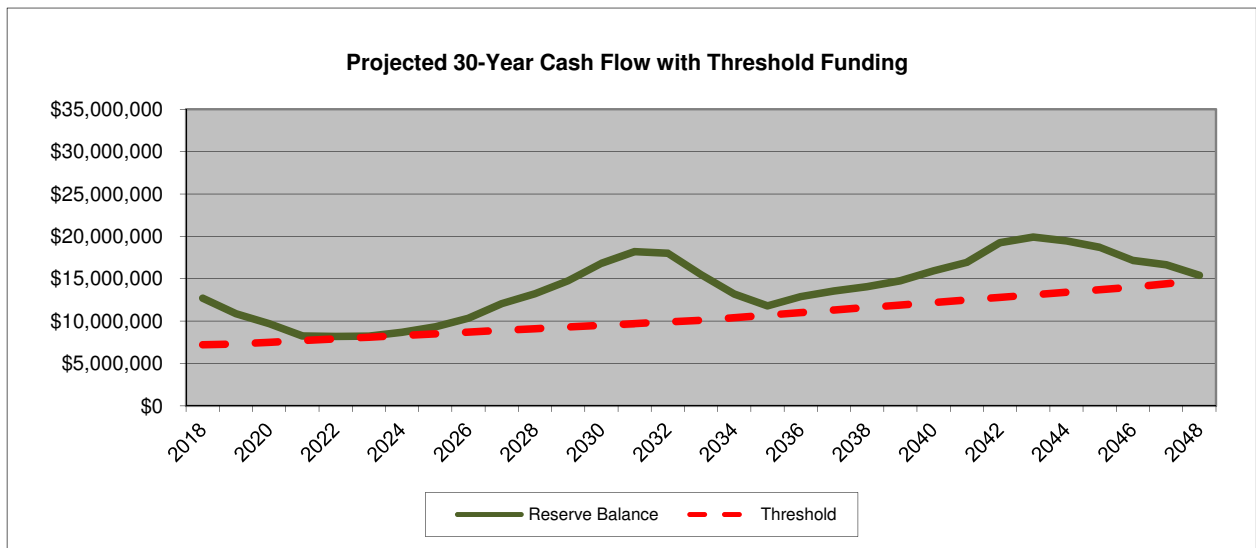
Line 9 was moved from operations to reserves in 2018.

GARDEN VILLA RECREATION ROOMS	\$46,517	\$65,036	\$114,123	\$69,139	\$97,580	\$28,441	41%
TOTAL GARDEN VILLA RECREATION ROOM FUND	\$46,517	\$65,036	\$114,123	\$69,139	\$97,580	\$28,441	41%

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

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

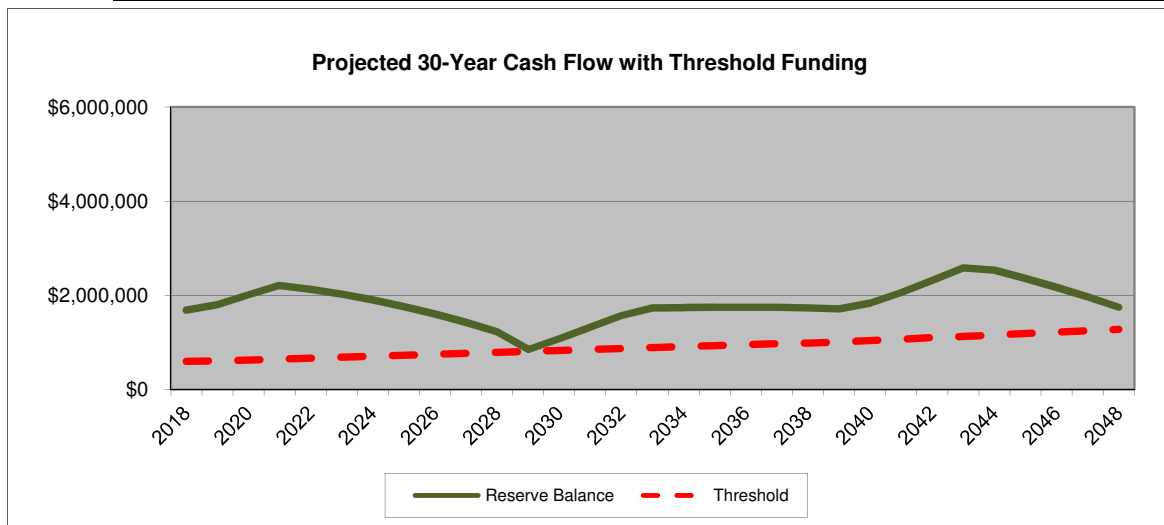
Year	Assessment		Interest Earnings	Other Additions	Planned Expenditures	Reserve Balance
	Per Manor Per Month	Total Contribution				
2018	\$ 135.00	\$ 9,885,240	\$ 186,332		\$ 11,460,472	\$ 12,708,122
2019	\$ 140.00	\$ 10,251,360	\$ 163,915		\$ 12,251,171	\$ 10,872,226
2020	\$ 145.00	\$ 10,617,480	\$ 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>	Assessment		<i>Interest Earnings</i>	<i>Planned Expenditures</i>	<i>Reserve Balance</i>
	<i>Per Manor Per Month</i>	<i>Total 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

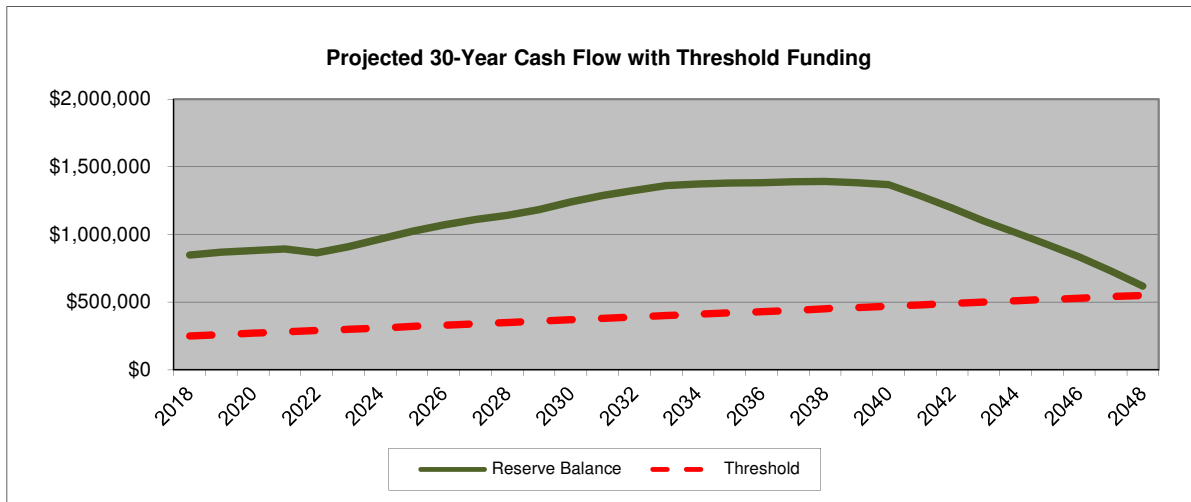


**THIRD LAGUNA HILLS MUTUAL
2019 RESERVES PLAN
Laundry Reserve 30-Year Funding Plan**

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

Year	Assessment		Interest Earnings	Planned Expenditures	Reserve Balance
	Per Manor Per Month*	Total 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



THIRD LAGUNA HILLS MUTUAL

2019 RESERVES PLAN

Replacement Reserves Planned Expenditures

			<i>Building Structures</i>		<i>Electrical Systems</i>					
<i>Program</i>	<i>Alarm Systems</i>	<i>Building Numbers</i>	<i>Building Structures</i>	<i>Building Rehab Dry Rot (New)</i>	<i>Electrical Alternate Heat Source</i>	<i>Electrical Panel Maintenance</i>	<i>Electrical Systems</i>	<i>Energy Projects</i>	<i>Exterior Lighting</i>	<i>Fencing Split Rail</i>
Life in Years	40	40	Various	As Needed	30	As Needed	50	As Needed	As Needed	10
Quantity	81	3,397	Various		Various		6,102		Various	70,000
Unit	ea	ea	Various		ea		Manors		Street Lights	Linear Feet
Unit Cost	\$35,000	\$100	Various		\$356 - \$1,326		Various	Various	Various	\$14.56
Total Cost	\$2,835,000	\$339,700	\$146,162,450		\$9,223,052		\$0	\$50,000	\$3,120,000	\$1,019,050
2019	\$0	\$33,970	\$2,427,578	\$305,414	\$8,610	\$50,000	\$0	\$50,000	\$800,000	\$136,817
2020	\$51,250	\$34,819	\$2,774,447	\$202,567	\$5,088	\$51,250	\$51,250	\$51,250	\$82,000	\$104,453
2021	\$441,263	\$35,690	\$2,851,426	\$217,655	\$5,215	\$52,531	\$52,531	\$52,531	\$84,050	\$107,064
2022	\$452,294	\$36,582	\$1,797,911	\$221,667	\$5,345	\$53,845	\$53,845	\$53,845	\$86,151	\$109,741
2023	\$463,601	\$37,497	\$1,851,413	\$149,813	\$5,479	\$55,191	\$55,191	\$55,191	\$88,305	\$112,484
2024	\$0	\$38,434	\$1,906,750	\$174,859	\$5,616	\$56,570	\$56,570	\$56,570	\$90,513	\$115,296
2025	\$0	\$39,395	\$1,962,536	\$132,406	\$5,756	\$57,985	\$57,985	\$57,985	\$92,775	\$118,179
2026	\$0	\$40,380	\$1,568,814	\$139,456	\$5,900	\$59,434	\$59,434	\$59,434	\$95,095	\$121,133
2027	\$0	\$0	\$1,082,598	\$188,004	\$6,047	\$60,920	\$60,920	\$60,920	\$97,472	\$124,161
2028	\$0	\$0	\$1,109,663	\$400,468	\$6,199	\$62,443	\$62,443	\$0	\$99,909	\$127,265
2029	\$0	\$0	\$1,137,405	\$390,956	\$6,354	\$64,004	\$64,004	\$0	\$102,407	\$130,447
2030	\$0	\$0	\$1,165,840	\$259,303	\$6,512	\$65,604	\$65,604	\$0	\$104,967	\$133,708
2031	\$0	\$0	\$1,194,986	\$278,617	\$6,675	\$67,244	\$67,244	\$0	\$107,591	\$137,051
2032	\$0	\$0	\$1,224,861	\$283,753	\$6,842	\$68,926	\$68,926	\$0	\$110,281	\$140,477
2033	\$0	\$0	\$1,255,482	\$191,773	\$7,013	\$70,649	\$70,649	\$0	\$113,038	\$143,989
2034	\$0	\$0	\$1,286,869	\$223,835	\$7,189	\$72,415	\$72,415	\$0	\$115,864	\$147,589
2035	\$0	\$0	\$1,319,041	\$169,491	\$7,368	\$74,225	\$74,225	\$0	\$118,760	\$151,279
2036	\$0	\$0	\$1,352,017	\$178,516	\$7,552	\$76,081	\$76,081	\$0	\$121,729	\$155,061
2037	\$0	\$0	\$886,349	\$240,660	\$7,741	\$77,983	\$77,983	\$0	\$124,773	\$158,937
2038	\$0	\$0	\$908,508	\$512,633	\$7,935	\$79,933	\$79,933	\$0	\$127,892	\$162,910
2039	\$0	\$0	\$931,221	\$500,457	\$8,133	\$81,931	\$81,931	\$0	\$131,089	\$166,983
2040	\$0	\$0	\$954,501	\$331,930	\$8,337	\$83,979	\$83,979	\$0	\$134,367	\$171,158
2041	\$0	\$0	\$978,364	\$356,653	\$8,545	\$86,079	\$86,079	\$0	\$137,726	\$175,437
2042	\$0	\$0	\$1,002,823	\$363,228	\$8,759	\$88,231	\$88,231	\$0	\$141,169	\$179,823
2043	\$0	\$0	\$1,027,894	\$245,486	\$8,978	\$90,436	\$90,436	\$0	\$144,698	\$184,318
2044	\$0	\$0	\$1,053,591	\$286,527	\$9,202	\$92,697	\$92,697	\$0	\$148,316	\$188,926
2045	\$0	\$0	\$1,079,931	\$216,963	\$9,432	\$95,015	\$95,015	\$0	\$152,023	\$193,649
2046	\$0	\$0	\$1,106,929	\$228,515	\$9,668	\$97,390	\$97,390	\$0	\$155,824	\$198,491
2047	\$0	\$0	\$1,134,602	\$308,066	\$9,910	\$99,825	\$99,825	\$0	\$159,720	\$203,453
2048	\$0	\$0	\$1,162,967	\$656,213	\$10,157	\$102,320	\$102,320	\$0	\$163,713	\$208,539
TOTAL	\$1,408,408	\$296,766	\$41,497,320	\$8,355,884	\$221,556	\$2,195,135	\$2,145,135	\$497,726	\$4,232,216	\$4,508,817

THIRD LAGUNA HILLS MUTUAL

2019 RESERVES PLAN

Replacement Reserves Planned Expenditures

Program	Garden Villa Lobby	Garden Villa Mailrooms	Garden Villa Recessed Area	Garden Villa Rec Room		Gutter Replacement	Landscape Modernization	Mailboxes	Paint Program	
				GV Rec Room Heat Pumps	GV Rec Room Water Heaters				Paint Exterior	Touch Up Paint (New)
Life in Years	20	10	Various	15	10	Various	As Needed	40	10	As Needed
Quantity	53	53	53	53	53	Various		4,271	16,495,223	
Unit	Building	Building	Building	ea	ea	Various		Manor	Sq ft	
Unit Cost	\$11,956	\$5,000	\$4,044 - \$75,000	\$932	\$647	Various		\$233	Various	
Total Cost	\$633,668	\$265,000	\$4,189,332	\$49,396	\$34,291	\$5,205,020	\$17,039,890	\$995,236	\$17,996,443	
						0.9%				
2019	\$119,560	\$70,173	\$250,440	\$18,000	\$1,505	\$37,000	\$1,099,890	\$36,483	\$1,813,338	\$195,293
2020	\$122,549	\$15,375	\$274,563	\$3,375	\$3,515	\$37,925	\$1,107,000	\$25,503	\$1,867,371	\$200,175
2021	\$125,613	\$0	\$281,427	\$3,460	\$3,603	\$38,873	\$1,134,675	\$26,141	\$1,877,337	\$205,180
2022	\$64,377	\$0	\$288,463	\$3,546	\$3,693	\$39,845	\$1,163,042	\$26,794	\$1,936,820	\$210,309
2023	\$0	\$0	\$295,674	\$3,635	\$3,785	\$40,841	\$993,432	\$27,464	\$1,981,693	\$215,567
2024	\$0	\$0	\$303,066	\$3,726	\$3,880	\$41,862	\$1,131,408	\$28,150	\$2,025,173	\$220,956
2025	\$0	\$0	\$310,643	\$3,819	\$3,977	\$42,909	\$1,043,724	\$28,854	\$2,113,281	\$226,480
2026	\$0	\$59,434	\$318,409	\$3,914	\$4,076	\$43,981	\$950,949	\$29,576	\$2,110,238	\$232,142
2027	\$0	\$60,920	\$326,369	\$4,012	\$4,178	\$45,081	\$974,722	\$30,315	\$2,183,501	\$237,945
2028	\$0	\$62,443	\$334,528	\$4,113	\$4,282	\$46,208	\$999,090	\$31,073	\$2,234,825	\$243,894
2029	\$0	\$64,004	\$342,892	\$4,215	\$4,390	\$47,363	\$1,152,076	\$31,850	\$2,303,098	\$249,991
2030	\$0	\$65,604	\$351,464	\$4,321	\$4,499	\$48,547	\$918,461	\$32,646	\$2,390,705	\$256,241
2031	\$0	\$20,173	\$360,251	\$4,429	\$4,612	\$49,761	\$806,933	\$33,462	\$2,403,261	\$262,647
2032	\$82,407	\$0	\$369,257	\$4,540	\$4,727	\$51,005	\$827,107	\$34,299	\$2,480,631	\$269,213
2033	\$84,468	\$0	\$378,488	\$4,653	\$4,845	\$52,280	\$847,784	\$35,156	\$2,538,518	\$275,944
2034	\$0	\$0	\$387,950	\$4,769	\$4,966	\$53,587	\$868,979	\$36,035	\$2,590,507	\$282,842
2035	\$0	\$0	\$397,649	\$4,889	\$5,091	\$54,927	\$1,039,154	\$36,936	\$2,691,918	\$289,913
2036	\$0	\$76,081	\$65,226	\$5,011	\$5,218	\$56,300	\$912,971	\$37,859	\$2,689,969	\$297,161
2037	\$186,473	\$77,983	\$66,857	\$5,136	\$5,348	\$57,707	\$935,795	\$38,806	\$2,783,457	\$304,590
2038	\$191,135	\$79,933	\$68,528	\$5,264	\$5,482	\$59,150	\$959,190	\$39,776	\$2,847,903	\$312,205
2039	\$195,913	\$81,931	\$70,242	\$5,396	\$5,619	\$60,629	\$983,170	\$40,770	\$2,936,705	\$320,010
2040	\$200,811	\$83,979	\$71,998	\$5,531	\$5,759	\$272,092	\$1,175,707	\$41,790	\$3,049,798	\$328,010
2041	\$205,831	\$25,824	\$73,798	\$5,669	\$5,903	\$278,895	\$1,032,943	\$42,834	\$3,063,562	\$336,211
2042	\$63,293	\$0	\$75,643	\$5,811	\$6,051	\$285,867	\$1,058,766	\$43,905	\$3,160,732	\$344,616
2043	\$0	\$0	\$77,534	\$5,956	\$6,202	\$293,014	\$1,085,236	\$45,003	\$3,234,986	\$353,231
2044	\$0	\$0	\$79,472	\$6,105	\$6,357	\$300,339	\$1,112,366	\$46,128	\$3,303,864	\$362,062
2045	\$0	\$0	\$81,459	\$6,258	\$6,516	\$307,847	\$1,330,205	\$47,281	\$3,446,329	\$371,114
2046	\$0	\$97,390	\$83,495	\$6,414	\$6,679	\$315,544	\$1,168,680	\$48,463	\$3,443,564	\$380,391
2047	\$0	\$99,825	\$85,583	\$6,575	\$6,846	\$323,432	\$1,197,897	\$49,675	\$3,565,292	\$389,901
2048	\$0	\$102,320	\$87,722	\$6,739	\$7,017	\$101,297	\$1,227,844	\$50,916	\$3,648,472	\$399,649
TOTAL	\$1,642,429	\$1,143,393	\$6,559,089	\$159,281	\$148,623	\$3,484,108	\$31,239,197	\$1,103,941	\$78,716,848	\$8,573,885

THIRD LAGUNA HILLS MUTUAL

2019 RESERVES PLAN

Replacement Reserves Planned Expenditures

	Prior to Paint		Paving/Concrete					Roofs				
Program	Prior to Paint	Balcony Breezeway Resurfacing (New)	Paving: Asphalt	Paving: Parkway Concrete	Paving: Seal Coat	Concrete and Paving Repairs (New)	Golf Cart Parking & Striping (New)	Roofs Built-Up PVC Cool Roof	Roofs Metal	Roofs Tile	Roofs Preventive Maint.	Roof Emergency Repairs (New)
Life in Years	10	As Needed	30	60	5	As Needed		25	40	40	20	As Needed
Quantity	16,495,223		3,010,084	Varies	3,006,420		Varies	4,027,825	502,525	3,760,897	4,023,624	
Unit	Sq ft		sf	SF	sf		ea	sf	sf	sf	sf	
Unit Cost	Various		\$4.13	\$10	\$0.11		\$2,500	\$6.65	\$4.69	\$4.43	\$0.36	
Total Cost	\$9,943,320		\$12,431,600		\$322,649			\$26,785,000	\$2,356,800	\$16,660,800	\$1,448,505	
2019	\$848,669	\$428,364	\$543,223	\$50,000	\$72,300	\$128,976	\$50,000	\$1,098,632	\$0	\$0	\$103,305	\$110,000
2020	\$995,710	\$2,402	\$584,401	\$153,750	\$47,713	\$12,103	\$25,625	\$1,048,271	\$0	\$0	\$126,140	\$251,893
2021	\$1,027,506	\$284,909	\$441,775	\$157,594	\$64,363	\$69,059	\$26,266	\$1,012,897	\$0	\$0	\$63,572	\$285,692
2022	\$1,051,310	\$325,852	\$135,064	\$161,534	\$69,562	\$81,570	\$26,922	\$1,112,125	\$0	\$0	\$72,035	\$214,983
2023	\$1,073,781	\$335,740	\$138,440	\$165,572	\$70,886	\$55,681	\$27,595	\$1,177,687	\$0	\$0	\$70,208	\$277,003
2024	\$1,120,339	\$360,552	\$141,901	\$169,711	\$73,156	\$126,112	\$28,285	\$1,206,873	\$0	\$0	\$48,095	\$436,328
2025	\$1,119,052	\$666,119	\$145,449	\$173,954	\$74,992	\$110,087	\$28,992	\$1,226,850	\$0	\$0	\$31,986	\$387,110
2026	\$1,158,248	\$446,687	\$149,085	\$178,303	\$76,675	\$94,277	\$29,717	\$1,284,579	\$0	\$0	\$86,693	\$292,349
2027	\$1,185,064	\$354,757	\$152,812	\$182,760	\$78,703	\$65,967	\$30,460	\$1,301,971	\$0	\$0	\$57,882	\$425,730
2028	\$1,212,541	\$513,293	\$156,633	\$187,329	\$80,201	\$187,774	\$31,222	\$1,351,371	\$0	\$0	\$160,513	\$362,170
2029	\$1,086,368	\$548,343	\$160,548	\$192,013	\$82,769	\$165,101	\$32,002	\$1,362,682	\$0	\$0	\$136,293	\$140,809
2030	\$925,966	\$3,074	\$164,562	\$196,813	\$84,847	\$15,493	\$0	\$1,409,227	\$701,896	\$16,392	\$141,834	\$322,445
2031	\$955,770	\$364,707	\$168,676	\$201,733	\$86,751	\$88,401	\$0	\$1,452,194	\$1,176,127	\$0	\$47,324	\$365,709
2032	\$977,849	\$417,118	\$172,893	\$206,777	\$89,045	\$104,416	\$0	\$1,478,470	\$1,305,974	\$508,586	\$190,829	\$275,196
2033	\$998,620	\$429,775	\$177,215	\$211,946	\$90,740	\$71,276	\$0	\$0	\$0	\$5,805,868	\$184,720	\$354,587
2034	\$1,042,590	\$461,537	\$181,646	\$217,245	\$93,645	\$161,434	\$0	\$2,089,187	\$0	\$2,723,042	\$296,451	\$558,536
2035	\$1,040,413	\$852,689	\$186,187	\$222,676	\$95,996	\$140,921	\$0	\$3,374,651	\$0	\$0	\$38,010	\$495,534
2036	\$1,077,240	\$571,797	\$190,842	\$228,243	\$98,150	\$120,682	\$0	\$1,700,761	\$0	\$0	\$0	\$374,231
2037	\$1,102,107	\$454,119	\$195,613	\$233,949	\$100,746	\$84,443	\$0	\$1,927,161	\$0	\$0	\$0	\$544,970
2038	\$1,127,588	\$657,058	\$200,503	\$239,798	\$102,664	\$240,367	\$0	\$1,878,300	\$0	\$0	\$0	\$463,609
2039	\$1,331,718	\$701,925	\$205,516	\$245,792	\$105,951	\$211,343	\$0	\$1,286,694	\$0	\$931,324	\$0	\$180,248
2040	\$1,185,315	\$3,935	\$210,653	\$251,937	\$108,611	\$19,832	\$0	\$597,966	\$0	\$1,427,782	\$0	\$412,756
2041	\$1,223,467	\$466,856	\$215,920	\$258,236	\$111,048	\$113,161	\$0	\$1,729,735	\$0	\$631,822	\$0	\$468,139
2042	\$1,251,730	\$533,946	\$221,318	\$264,692	\$113,985	\$133,662	\$0	\$1,210,583	\$0	\$411,264	\$0	\$352,275
2043	\$1,278,318	\$550,148	\$226,851	\$271,309	\$116,155	\$91,239	\$0	\$2,126,832	\$0	\$631,670	\$0	\$453,901
2044	\$1,334,603	\$590,807	\$232,522	\$278,092	\$119,874	\$206,650	\$0	\$1,943,291	\$0	\$1,720,174	\$144,776	\$714,973
2045	\$1,331,817	\$1,091,514	\$238,335	\$285,044	\$122,883	\$180,390	\$0	\$1,943,437	\$0	\$1,379,329	\$233,856	\$634,326
2046	\$1,378,958	\$731,949	\$244,293	\$292,170	\$125,641	\$154,483	\$0	\$1,877,855	\$0	\$1,896,971	\$117,859	\$479,048
2047	\$1,410,790	\$581,311	\$250,401	\$299,474	\$128,964	\$108,095	\$0	\$2,061,816	\$0	\$831,699	\$133,548	\$697,608
2048	\$1,443,408	\$841,090	\$256,661	\$306,961	\$131,418	\$307,690	\$0	\$2,183,365	\$0	\$975,965	\$130,162	\$593,458
TOTAL	\$34,296,855	\$14,572,374	\$6,689,938	\$6,485,405	\$2,818,434	\$3,650,686	\$337,087	\$45,455,463	\$3,183,996	\$19,891,890	\$2,616,090	\$11,925,617

THIRD LAGUNA HILLS MUTUAL

2019 RESERVES PLAN

Replacement Reserves Planned Expenditures

Program	Tree Maintenance	Exterior Walls		Waste Lines		Water Lines Copper	Total Replacement Fund
		Common Walls	Perimeter Walls	Waste Lines	Waste Lines GV Garage		
Life in Years	34 Months	As Needed	Varies	70	35	70	
Quantity	26,265		30,184	6,102	53	6,102	
Unit	Hours		lf	Manors	Building	Manors	
Unit Cost	\$63		\$100 - \$200	\$8,000	\$19,900	\$5,125	
Total Cost	\$1,641,563	\$25,000/yr	\$9,055,261	\$8,500,000	\$1,054,700	\$31,272,750	
			2%				
2019	\$213,630	\$25,000	\$175,000	\$750,000	\$0	\$200,000	\$12,251,171
2020	\$546,876	\$25,625	\$172,146	\$768,750	\$0	\$141,040	\$11,968,171
2021	\$426,449	\$26,266	\$176,450	\$787,969	\$0	\$144,566	\$12,591,593
2022	\$522,211	\$26,922	\$180,861	\$807,668	\$0	\$148,180	\$11,544,912
2023	\$795,007	\$27,595	\$185,382	\$827,860	\$0	\$151,885	\$11,816,576
2024	\$597,589	\$28,285	\$190,017	\$848,556	\$0	\$155,682	\$11,790,881
2025	\$442,249	\$28,992	\$194,767	\$869,770	\$0	\$159,574	\$11,958,631
2026	\$976,186	\$29,717	\$199,637	\$891,514	\$0	\$163,563	\$11,959,031
2027	\$587,681	\$30,460	\$204,628	\$913,802	\$0	\$167,652	\$11,288,418
2028	\$454,641	\$31,222	\$209,743	\$936,647	\$0	\$171,844	\$11,875,991
2029	\$1,034,580	\$32,002	\$214,987	\$64,004	\$0	\$176,140	\$11,524,097
2030	\$663,170	\$32,802	\$220,361	\$65,604	\$0	\$180,543	\$11,019,056
2031	\$527,423	\$33,622	\$225,871	\$67,244	\$0	\$185,057	\$11,751,547
2032	\$1,027,809	\$34,463	\$231,517	\$68,926	\$0	\$189,683	\$13,306,802
2033	\$700,658	\$35,324	\$237,305	\$70,649	\$0	\$194,425	\$15,637,838
2034	\$696,351	\$36,207	\$243,238	\$72,415	\$115,285	\$199,286	\$15,343,906
2035	\$863,555	\$37,113	\$249,319	\$74,225	\$118,167	\$204,268	\$14,428,590
2036	\$771,270	\$38,040	\$255,552	\$76,081	\$121,121	\$209,375	\$11,946,219
2037	\$974,904	\$38,991	\$261,941	\$77,983	\$124,149	\$214,609	\$12,372,265
2038	\$824,494	\$39,966	\$268,489	\$79,933	\$127,253	\$219,974	\$12,918,304
2039	\$773,980	\$40,965	\$39,568	\$81,931	\$130,434	\$225,474	\$13,094,993
2040	\$1,247,373	\$41,990	\$40,557	\$83,979	\$133,695	\$231,111	\$13,001,219
2041	\$909,302	\$43,039	\$41,571	\$86,079	\$137,037	\$236,888	\$13,572,650
2042	\$663,130	\$44,115	\$42,611	\$88,231	\$140,463	\$242,811	\$12,631,759
2043	\$1,480,340	\$45,218	\$43,676	\$90,436	\$143,975	\$248,881	\$14,692,357
2044	\$894,227	\$46,349	\$44,768	\$92,697	\$147,574	\$191,327	\$15,791,354
2045	\$691,790	\$47,507	\$45,887	\$95,015	\$151,263	\$196,110	\$16,107,540
2046	\$1,583,087	\$48,695	\$47,034	\$97,390	\$155,045	\$201,013	\$16,876,319
2047	\$997,973	\$49,912	\$48,210	\$99,825	\$158,921	\$206,038	\$15,805,011
2048	\$744,982	\$51,160	\$49,415	\$102,320	\$162,894	\$211,189	\$16,530,347
TOTAL	\$23,632,916	\$1,097,568	\$4,740,509	\$10,037,502	\$2,067,274	\$5,768,190	\$397,397,549

THIRD LAGUNA HILLS MUTUAL

2019 RESERVES PLAN

Replacement Reserves Planned Expenditures

	<i>Elevators</i>								
<i>Program</i>	<i>Elevator Cab Door</i>	<i>Elevator Cab Door Operators</i>	<i>Elevator Cab Refurbish</i>	<i>Elevator Flooring</i>	<i>Elevator Call Buttons</i>	<i>Elevator Controllers</i>	<i>Elevator Hoistway Doors (3 stop)</i>	<i>Elevator Hoistway Doors (4 stop)</i>	<i>Elevator Machine Room Power Units</i>
Life in Years	30 Years	30 Years	40 Years	40 Years	30 Years	30 Years	30 Years	40 Years	30 Years
Quantity	82	82	82	82	82	82	29	82	82
Unit	ea	ea	ea	ea	ea	ea	ea	ea	ea
Unit Cost	\$12,234	\$4,733	\$8,160	\$2,040	\$8,400	\$50,600	\$4,906	\$4,906	\$9,557
Total Cost	\$1,003,188	\$388,106	\$669,120	\$167,280	\$688,800	\$4,149,200	\$142,280	\$260,029	\$783,707
2019	\$0	\$47,739	\$81,600	\$33,592	\$0	\$0	\$0	\$49,544	\$96,700
2020	\$0	\$48,932	\$83,640	\$17,510	\$0	\$0	\$0	\$50,783	\$99,118
2021	\$0	\$50,156	\$85,731	\$17,948	\$0	\$0	\$0	\$52,052	\$101,595
2022	\$0	\$0	\$0	\$0	\$90,459	\$544,907	\$0	\$0	\$0
2023	\$0	\$0	\$0	\$0	\$92,720	\$558,529	\$0	\$0	\$0
2024	\$0	\$0	\$0	\$0	\$95,038	\$572,493	\$0	\$0	\$0
2025	\$0	\$0	\$0	\$0	\$97,414	\$586,805	\$0	\$0	\$0
2026	\$0	\$0	\$0	\$0	\$99,850	\$601,475	\$0	\$0	\$0
2027	\$0	\$0	\$0	\$0	\$102,346	\$616,512	\$0	\$0	\$0
2028	\$0	\$0	\$0	\$0	\$104,904	\$631,925	\$0	\$0	\$0
2029	\$0	\$0	\$0	\$0	\$129,033	\$777,267	\$0	\$0	\$0
2030	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2032	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2033	\$86,432	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2034	\$212,622	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2035	\$217,937	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2036	\$223,386	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2037	\$228,970	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2038	\$234,695	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2039	\$240,562	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2040	\$102,740	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2041	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2042	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2043	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2044	\$0	\$87,743	\$0	\$0	\$0	\$0	\$0	\$45,479	\$177,189
2045	\$0	\$107,924	\$0	\$0	\$0	\$0	\$111,879	\$0	\$217,942
2046	\$0	\$110,623	\$0	\$0	\$0	\$0	\$114,676	\$0	\$223,391
2047	\$0	\$113,388	\$0	\$0	\$0	\$0	\$117,542	\$0	\$228,976
2048	\$0	\$116,223	\$0	\$0	\$0	\$0	\$120,481	\$0	\$234,700
TOTAL	\$1,547,343	\$682,729	\$250,971	\$69,050	\$811,764	\$4,889,912	\$464,578	\$197,858	\$1,379,611

THIRD LAGUNA HILLS MUTUAL

2019 RESERVES PLAN

Replacement Reserves Planned Expenditures

Program	Elevators				Laundry Counters	Laundry Dryers	Laundry Floors	Laundry Washers	Laundry Water Heaters	TOTAL LAUNDRY FUND
	Elevator Door Protective Devices	Elevator Fuse	Elevator Solid State Soft Starters	TOTAL ELEVATOR FUND						
Life in Years	40 Years	30 Years	20 Years		20	10	25	15	10	
Quantity	82	82	82		287	415	243	457	159	
Unit	ea	ea	ea		ea	ea	ea	ea	ea	
Unit Cost	\$1,836	\$224	\$1,622		\$482	\$1,025	\$2,017	\$1,646	\$437	
Total Cost	\$150,552	\$18,401	\$132,988		\$138,334	\$467,400	\$383,993	\$684,600	\$69,483	
2019	\$18,475	\$2,244	\$16,804	\$346,698	\$14,903	\$0	\$39,794	\$5,933	\$3,911	\$64,542
2020	\$18,937	\$2,300	\$17,224	\$338,444	\$15,316	\$0	\$37,221	\$13,497	\$10,302	\$76,337
2021	\$19,410	\$2,358	\$17,655	\$346,905	\$15,698	\$0	\$38,152	\$13,835	\$10,560	\$78,245
2022	\$0	\$0	\$0	\$635,365	\$16,091	\$0	\$39,106	\$49,632	\$10,824	\$115,652
2023	\$0	\$0	\$0	\$651,250	\$15,961	\$0	\$40,083	\$50,873	\$11,094	\$118,012
2024	\$0	\$0	\$0	\$667,531	\$0	\$0	\$41,086	\$52,144	\$11,372	\$104,602
2025	\$0	\$0	\$0	\$684,219	\$0	\$0	\$42,113	\$53,448	\$11,656	\$107,217
2026	\$0	\$0	\$0	\$701,325	\$0	\$6,614	\$43,166	\$54,784	\$11,947	\$116,511
2027	\$0	\$0	\$0	\$718,858	\$0	\$13,559	\$44,245	\$56,154	\$12,246	\$126,204
2028	\$0	\$0	\$0	\$736,829	\$0	\$20,847	\$45,351	\$57,558	\$12,552	\$136,308
2029	\$0	\$0	\$0	\$906,300	\$0	\$28,491	\$23,242	\$58,997	\$12,866	\$123,596
2030	\$0	\$0	\$0	\$0	\$0	\$36,504	\$0	\$60,471	\$13,188	\$110,163
2031	\$0	\$0	\$0	\$0	\$0	\$44,900	\$0	\$61,983	\$13,517	\$120,401
2032	\$0	\$0	\$0	\$0	\$0	\$53,693	\$0	\$63,533	\$13,855	\$131,081
2033	\$0	\$0	\$0	\$86,432	\$0	\$55,035	\$0	\$65,121	\$14,202	\$134,358
2034	\$0	\$0	\$28,186	\$240,808	\$21,640	\$56,411	\$0	\$66,749	\$14,557	\$159,358
2035	\$0	\$0	\$24,076	\$242,013	\$22,181	\$57,821	\$0	\$68,418	\$14,921	\$163,342
2036	\$0	\$0	\$24,678	\$248,063	\$22,736	\$59,267	\$0	\$70,128	\$15,294	\$167,425
2037	\$0	\$0	\$25,295	\$254,265	\$15,035	\$60,749	\$0	\$71,882	\$15,676	\$163,341
2038	\$0	\$0	\$25,927	\$260,622	\$15,411	\$62,267	\$0	\$73,679	\$16,068	\$167,425
2039	\$0	\$0	\$27,535	\$268,097	\$24,421	\$63,824	\$0	\$75,521	\$16,470	\$180,235
2040	\$0	\$0	\$28,224	\$130,964	\$25,096	\$65,420	\$0	\$77,409	\$16,881	\$184,806
2041	\$0	\$0	\$28,929	\$28,929	\$25,724	\$67,055	\$62,517	\$79,344	\$17,304	\$251,943
2042	\$0	\$0	\$0	\$0	\$26,367	\$68,732	\$64,079	\$81,327	\$17,736	\$258,241
2043	\$0	\$0	\$0	\$0	\$26,154	\$70,450	\$65,681	\$83,361	\$18,180	\$263,826
2044	\$0	\$0	\$0	\$310,411	\$0	\$72,211	\$73,776	\$85,445	\$18,634	\$250,066
2045	\$0	\$0	\$0	\$437,745	\$0	\$74,016	\$69,007	\$87,581	\$19,100	\$249,703
2046	\$0	\$0	\$0	\$448,689	\$0	\$75,867	\$70,732	\$89,770	\$19,577	\$255,946
2047	\$0	\$0	\$0	\$459,906	\$0	\$77,763	\$72,500	\$92,014	\$20,067	\$262,345
2048	\$0	\$0	\$0	\$471,404	\$0	\$79,708	\$74,313	\$94,315	\$20,568	\$268,903
TOTAL	\$56,822	\$6,902	\$264,532	\$10,622,071	\$302,736	\$1,271,206	\$986,162	\$1,914,904	\$435,126	\$4,910,133

**THIRD LAGUNA HILLS MUTUAL
2019 RESERVES PLAN
Reserves Component 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>
Replacement Fund							
ALARM SYSTEMS						\$ 1,310,000	\$ 1,214,250
Alarm Systems	81	EA	\$ 35,000	40	3	\$ 1,310,000	\$ 1,214,250
BUILDING NUMBERS						\$ 271,760	\$ 247,982
Lighted Building Numbers	3,397	EA	\$ 100	40	4	\$ 271,760	\$ 247,982
FOUNDATIONS/STRUCTURES						\$ 31,597,533	\$ 14,860,017
Building Structures	1,405	BLDG	\$ 25,000	60	9	\$ 6,550,000	\$ 3,275,000
Building Structures Maint Ops	1,405	BLDG	\$ 5,000	60	9	\$ 3,342,330	\$ 1,671,165
Building Structures Carpentry	1,405	BLDG	\$ 12,000	60	13	\$ 8,633,279	\$ 3,377,890
Building Structures Carport Panels	1,866	STALL	\$ 350	40	15	\$ 539,424	\$ 269,712
Storage Cabinet GV	1,272	STALL	\$ 500	30	3	\$ 545,000	\$ 272,500
Foundations	1,405	BLDG	\$ 10,000	40	15	\$ 2,250,000	\$ 1,125,000
Building Structures Dry Rot Replacements	1,405	BLDG	\$ 50,000	60	9	\$ 9,737,500	\$ 4,868,750
Parapet Wall	35	WALL	\$ 46,000	60	3	\$ 1,877,500	\$ 938,750
ELECTRICAL SYSTEMS						\$ 5,172,550	\$ 3,460,585
Electrical Alternate Heat Source - Heat Pumps	4,274	EA	\$ 1,326	30	14	\$ 118,178	\$ 63,395
Electrical Alternate Heat Source - Wall Heater	9,988	EA	\$ 356	30	15	\$ 34,372	\$ 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
FENCING						\$ 1,053,962	\$ 595,392
Fencing - Split Rail	70,000	LF	\$ 15	10	4	\$ 1,053,962	\$ 595,392
GUTTERS						\$ 1,012,500	\$ 183,750
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
MAILBOXES						\$ 758,029	\$ 487,450
Mailboxes	4,271	MNR	\$ 233	40	14	\$ 758,029	\$ 487,450
PAINT - EXTERIOR						\$ 17,984,977	\$ 9,912,480
Full Cycle Exterior Paint	16,495,223	SF	\$ 1.02	10	4	\$ 16,838,187	\$ 9,275,745
Deck Topcoat Paint Follow-Up	16,495,223	SF	\$ 0.06	10	5	\$ 911,745	\$ 499,419
Lexan Signs	16,495,223	SF	\$ 0.01	10	5	\$ 155,044	\$ 79,816
Lead Abatement and Testing	16,495,223	SF	\$ 0.01	10	3	\$ 80,000	\$ 57,500
PAINT - PRIOR TO PAINT DRY ROT						\$ 9,620,244	\$ 5,237,423
Dry Rot Repairs	16,495,223	SF	\$ 0.43	10	5	\$ 6,968,088	\$ 3,784,037
Decking Repairs	16,495,223	SF	\$ 0.13	10	5	\$ 2,127,530	\$ 1,164,909
Balcony Dry Rot Repairs	16,495,223	SF	\$ 0.01	10	5	\$ 115,031	\$ 63,197
Lead Abatement and Testing	32,990,446	SF	\$ 0.01	10	5	\$ 409,596	\$ 225,280
PAVING						\$ 17,154,296	\$ 11,634,316
Paving	3,010,084	SF	\$ 4.13	30	10	\$ 12,431,647	\$ 8,123,114
Seal Coat	3,006,420	SF	\$ 0.11	5	2	\$ 322,649	\$ 198,702
Parkway Concrete Replacement	1,308,594	SF	\$ 9.50	60	10	\$ 4,400,000	\$ 3,312,500
PLUMBING						\$ 53,637,639	\$ 7,598,921
Water Lines - Copper	6,102	MNR	\$ 5,125	70	14	\$ 3,627,639	\$ 2,899,435
Waste Lines	6,102	MNR	\$ 8,000	70	20	\$ 48,816,000	\$ 4,256,000
Waste Lines - GV Garage	53	BLDG	\$ 19,900	35	22	\$ 1,194,000	\$ 443,486
REC ROOMS, GARDEN VILLA						\$ 1,196,687	\$ 438,056
GV Lobby	53	BLG	\$ 11,956	20	17	\$ 633,668	\$ 101,028
GV Mailrooms	53	BLG	\$ 5,000	10	4	\$ 265,000	\$ 149,500
GV Recessed Areas	53	BLG	\$ 4,044	5	2	\$ 214,332	\$ 137,496
GV Rec Room Heat Pumps	53	EA	\$ 932	15	4	\$ 49,396	\$ 29,264
GV Rec Room Water Heaters	53	EA	\$ 647	10	4	\$ 34,291	\$ 20,768

**THIRD LAGUNA HILLS MUTUAL
2019 RESERVES PLAN
Reserves Component 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>
ROOFS							
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
TREE MAINTENANCE							
Tree Maintenance	26,265	HRS	\$ 63	3	1	\$ 1,153,067	\$ 704,622
WALLS							
Perimeter Walls	60,368	LF	\$ 150	60	10	\$ 3,607,473	\$ 2,977,039
Common Walls		Various		Various		\$ 750,000	\$ 387,500
Elevator Replacement Fund							
ELEVATOR							
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	20	\$ 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
Laundry Replacement Fund							
LAUNDRY							
Countertops	287	EA	\$ 482	20	9	\$ 138,295	\$ 77,226
Dryers	415	EA	\$ 1,025	10	10	\$ 425,375	\$ 2,666
Floors	243	EA	\$ 2,017	25	9	\$ 493,715	\$ 320,862
Washers	457	EA	\$ 1,646	15	6	\$ 752,222	\$ 460,442
Water Heaters	159	EA	\$ 437	10	4	\$ 69,483	\$ 44,226
GRAND TOTAL						\$ 210,034,577	\$ 90,841,888

<i>Summary</i>	
Projected Reserves Balance:	\$ 13,215,078
Fully Funded Balance:	\$ 90,841,888
Percent Funded:	15%
Projected Reserves Deficiency:	\$ (77,626,810)
Deficiency Per Unit:	\$ (12,722)



STAFF REPORT

DATE: September 18, 2018
FOR: Board of Directors
SUBJECT: Resolution Interpreting Golden Rain Foundation Bylaw 2.1.4

RECOMMENDATION

That the Board adopt the attached resolution interpreting Golden Rain Foundation (GRF) Bylaw 2.1.4.

BACKGROUND

At the January 30, 2018 meeting of the Corporate Members, counsel for United and GRF related concerns regarding undefined terms within of Bylaw 2.1.4. At this meeting the potential for inefficiency, waste and dispute was raised with respect to whether Corporate Member approval pursuant to Bylaw 2.1.5 would be required for a particular project. A resolution detailing a process for obtaining Corporate Member approval, defining the total project cost for determining when Bylaw 2.1.4 would be triggered and providing classes of projects that either do or do not require approval was proposed.

Since then counsel for United, Third, and GRF have been working cooperatively and in conjunction with their respective Boards, and have now come to an agreement with respect to the attached resolution. The final resolution has been circulated for placement on the September agendas of each of the four corporations for adoption.

DISCUSSION

Following adoption by each of the four Boards, counsel recommends the Bylaw 2.1.4 resolution be placed on the agenda of the annual meeting of the members for adoption. On September 4, 2018, the GRF Board adopted the resolution and approved its inclusion on the agenda of the GRF Annual Meeting of Corporate Members scheduled for November 14, 2018.

On September 11, 2018, the Third Board adopted the resolution in concept and authorized its legal representative to work with counsel from the other corporations to incorporate suggested language revisions prior to finalization of the resolution and presentation for adoption at the GRF Annual Meeting of Corporate Members.

FINANCIAL ANALYSIS

There is no financial impact associated with the Board's adoption of the resolution.

Prepared By: Siobhan Foster, COO

Reviewed By: Brad Hudson, CEO
Sandra L. Gottlieb, Third Laguna Hills Mutual Counsel

ATTACHMENT(S)

ATT 1: Resolution 90-18-xx

RESOLUTION 03-18-xx

WHEREAS, GRF is required to obtain approval of the Corporate Members prior to engaging in any business or activity specified in Paragraph 2.1.4 of its Bylaws (Bylaw 2.1.5) not included in a previously approved budget; and

WHEREAS, GRF and the Housing Mutuals desire to create a routine process for presenting information to the Housing Mutuals relating to those facilities that do require approval and to confirm what does not require approval, in accordance with the express terms and spirit of Paragraph 2.1.4 of the GRF Bylaws; and

WHEREAS, the Bylaw Section 2.1.4(4) limits the discretion of the GRF Corporation as to either the construction of a new facility or an addition or expansion of or to an existing facility of at least one thousand (1,000) new or additional square feet and a cost of Five Hundred Thousand Dollars (\$500,000) or more; and

WHEREAS, the term “facilities” is defined in the GRF Trust Agreement Section VII(M)(4) (Bylaw 2.1.4(4)); and

WHEREAS, the GRF Trust Agreement Section VII(M)(4) defines “facilities” to mean a single Structure or addition to an existing Structure of a minimum cost or minimum size as stated in the Bylaws in total floor space and intended for office, residential, recreational or commercial use or any combination thereof; and

WHEREAS, the term “Structure” is not defined in either the GRF Bylaws, Articles of Incorporation or GRF Trust Agreement, rendering Bylaw Section 2.1.4 vague and ambiguous; and

WHEREAS, the vague and ambiguous term “Structure” introduces uncertainty as to whether certain GRF business or activity requires the approval of the Corporate Members under Bylaws Sections 2.1.4 and 2.1.5; and

WHEREAS, the uncertainty whether certain GRF business or activity requires approval of the Corporate Members introduces inefficiency, waste, delay and strife to the process of undertaking certain GRF business and activities; and

WHEREAS, GRF, in conjunction with the Housing Mutuals, as defined in the GRF Bylaws, desires to eliminate this potential for inefficiency, waste, delay and strife by defining the term “Structure” as it relates to GRF Bylaws Sections 2.1.4 and 2.1.5;

NOW THEREFORE BE IT RESOLVED, that a Special Meeting of the Corporate Members shall be held in or about July of each year so that GRF can present any business or activity projects that require approval by the Corporate Members. May it be resolved further that the Corporate Members shall be permitted to vote personally at such meeting, or by written ballot prior to such meeting, in the same manner that votes are solicited and cast at each Annual Meeting of the Corporate Members, and that the GRF Board may appoint a member of VMS staff to serve as inspector of election for all such Special Meetings of the Corporate Members.

NOW THEREFORE, BE IT FURTHER RESOLVED, that, for the purposes of this resolution, the term “**Total Project Cost**” shall be understood to refer to the aggregate expense associated with the construction of a building or recreational facility intended for use by GRF Members, including pre-construction costs, such as the cost of preliminary designs and concepts and cost appraisals. It is understood that costs may be incurred in the development of such preliminary designs and cost estimates before they are presented to and approved by the Corporate Members in order to develop a meaningful understanding of the cost and scope of a project, and that these preliminary costs shall be included in the **Total Project Cost**. The **Total Project Cost** shall include the cost of engineering to generate a final plan, as is typically associated with the process for obtaining City permits, as well as the estimated project cost, including the estimated construction cost, design costs, consultant costs, and construction support by architects and engineers. The **Total Project Cost** shall take into account the estimated costs of new equipment and refurbishments associated with such construction. In addition, the **Total Project Cost** shall include a ten percent (10%) contingency above the actual estimated cost for cost overruns. For example, a project that is expected to incur an aggregate expense of Four Hundred Seventy-Five Thousand Dollars (\$475,000) shall be understood and presented as having an expected Total Project Cost of Five Hundred Twenty-Two Thousand Five Hundred Dollars (\$522,500) (i.e. Four Hundred Seventy-Five Thousand Dollars (\$475,000) + Forty-Seven Thousand Five Hundred Dollars (\$47,500)).

NOW THEREFORE, BE IT FURTHER RESOLVED, that the following types of business and activities shall require the approval of the Corporate Members, as described in GRF Bylaws Sections 2.1.4 & 2.1.5:

1. **Construction of a new building** intended for use by GRF Members or VMS employees, agents or invitees. The following lists examples of buildings that would be considered Structures

requiring Corporate Member approval if they involve a Total Project Cost over Five Hundred Thousand Dollars (\$500,000):

- a. A new clubhouse;
- b. A new gym facility;
- c. A new office building.

2. **Construction of a new recreational facility** intended for use by GRF Members or GRF's employees, agents or invitees, which may be comprised of court surface areas, restrooms, seating areas, covered shade structures, etc. The following are examples of recreational facilities that would be considered Structures requiring Corporate Member approval if they involve a Total Project Cost over Five Hundred Thousand Dollars (\$500,000):

- a. A new Pickleball Court;
- b. A new Bocce Ball Court;
- c. A new Tennis Court;
- d. A new Lawn Bowling area.

3. **Construction of an addition** to an existing building or recreational facility that involves a Total Project Cost of Five Hundred Thousand Dollars (\$500,000) or more or that expands the total square footage of the building or recreational facility by more than one thousand (1,000) square feet.

4. **Modification or repurposing** of an existing building or recreational facility that involves a Total Project Cost of Five Hundred Thousand Dollars (\$500,000) or more. For the purposes of this Resolution, "modification or repurposing" refers to the modification or renovation of an existing facility from its original purpose or use to a significantly different purpose or use. For example, the following changes would be a "modification or repurposing":

- a. The removal of the Club 19 Restaurant and its replacement with meeting rooms;
- b. The removal of the community gym and its replacement with additional office space;
- c. The removal of open space park and its replacement with a golf facility;
- d. The renovation of Clubhouse 3 to serve a purpose other than its present purpose as a performing arts center; or
- e. The closure of a clubhouse.

The following changes would NOT be considered a "modification or replacement":

- a. The renovation of the Board Meeting Room;

- b. The relocation of the gym from the second floor to the first floor;
- c. The renovation of Clubhouse 3 in a manner where it retains its use as a performing arts center;
- d. The renovation of a gatehouse to incorporate cameras, computer equipment and programs associated with access control;
- e. The partial renovation of a clubhouse or other facility to bring it into compliance with ADA or with other City or State Code requirements (e.g. widening a door, expanding a bathroom; adding equipment for the vision impaired, etc.); or
- f. Replacement of existing equipment associated with a facility (e.g. air conditioners, boilers, camera systems, or alarm systems).

NOW THEREFORE, BE IT FURTHER RESOLVED, that the following types of business and activities shall **NOT** require the approval of the Corporate Members pursuant to GRF Bylaws Sections 2.1.4 & 2.1.5:

1. **Construction involving less than Five Hundred Thousand Dollars (\$500,000) in Total Project Cost for new buildings and recreational facilities.**
2. **Repair, replacement or maintenance of existing improvements, assets and/or vehicles.** For example, purchase, repair, replacement or maintenance of the following:
 - a. Streets & parking lots (i.e. resurfacing, slurry sealing and/or striping);
 - b. Street signs;
 - c. Exterior lighting;
 - d. Computer equipment and software;
 - e. Cameras and other surveillance equipment, whether located in the interior or exterior of buildings, in recreational facilities or at access gates;
 - f. Vehicles used by GRF or its agents (including, but not limited to, VMS employees) such as buses, vans, cars, golf carts, bull dozers, construction vehicles, boom trucks, etc.;
 - g. Landscaping (e.g. hydro-seeding, installation of straw waddles or the implementation of other anti-erosion measures);
 - h. Perimeter fencing/walls;
 - i. Air conditioning or heating units, water heaters and other associated plumbing;
 - j. Sewers;

- k. Irrigation pipes and controllers, including relocation;
- l. Equipment at Restaurant 19;
- m. Landscaping (i.e. non-building improvements) of the golf course;
- n. Sidewalks & other outdoor walking areas;
- o. Modifications or additions to existing buildings and recreational facilities required to bring the building or facility into compliance with the Americans with Disabilities Act, the Fair Housing Act, or any similar laws.

3. **Acquisitions that do not involve any expense to GRF** (e.g. by will, gift or otherwise gratuitously). For example:
- a. A bequest or donation;
 - b. A conveyance of property from the City for general maintenance or for a specified purpose;
 - c. A grant of easement from a neighboring property owner for maintenance to be performed.

NOW THEREFORE, BE IT FURTHER RESOLVED, that the term “demolition” as used in Subparagraph 5, of Paragraph M, of Section VII of the Trust Agreement shall mean to completely remove a Facility (as that term is defined in Subparagraph 4, of Paragraph M, of Section VII of the Trust Agreement) and not replace it; that the term “rebuilding” refers to reconstruction of an existing facility after its “complete demolition”; and neither the term “demolition” nor “rebuilding” shall refer to the renovation of an existing facility that does not involve a complete demolition; and

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

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STAFF REPORT

DATE: September 18, 2018
FOR: Board of Directors
SUBJECT: Bylaws of Third Laguna Hills Mutual, Article 6, Section 6.4.5

RECOMMENDATION

Entertain a motion to amend Article 6, Section 6.4.5 of the Bylaws of Third Laguna Hills Mutual.

BACKGROUND

Article 6, Section 6.4.5 of the Bylaws generally provides for the automatic removal of any director serving on the Mutual's Board of Directors who fails to attend four (4) regular monthly meetings of the Board within any twelve (12) month period. The Board has determined that the Bylaws lack sufficient clarification as to the circumstances giving rise to the automatic removal provisions set forth in Article 6, Section 6.4.5.

DISCUSSION

The proposed amendment would delete Article 6, Section 6.4.5 of the Bylaws in its entirety and replace the Section to read as follows:

6.4.5 Director Removal for Absences.

- a) Should any Director miss four (4) regularly noticed monthly Board meetings within the twelve (12) month period beginning on October 1st and ending on September 30th of any given year, such Director may be removed by a vote of the majority of the Board of Directors at any regularly noticed monthly Board meeting that follows the fourth (4th) such missed meeting. The Board of Directors shall consider and conduct the removal vote in Executive Session. Immediately following an affirmative removal vote, the President shall, by mail (and email, if known), notify the Director so removed. Such removal shall be effective immediately upon the mailing of such notice.
- b) If a removal vote held pursuant to subsection (a) does not pass, the Director at issue shall not be subject to another removal vote on the same grounds, unless that Director subsequently misses one or more additional regularly noticed monthly Board meetings before September 30th during the same twelve (12) month period when the first removal vote was held. Each subsequent removal vote shall be conducted and effective as provided in subsection (a).

Article 14, Section 14.2 of the Bylaws states that the Bylaws may be amended by obtaining the approval of at least two-thirds (2/3) of the entire Board ("Required Approval"); provided that the Board is permitted to make such amendment under California Corporations Code Section 7150.

After consulting with the Mutual's legal counsel, the Board has determined that California Corporations Code Section 7150 permits the Board to adopt the proposed amendment upon obtaining the Required Approval. Legal counsel has further advised the Board that the Mutual's governing documents, Mutual precedent and other applicable law permit the Board to adopt the proposed amendment upon obtaining the Required Approval.

Following the adoption of the Proposed Amendment on September 18, 2018, general notice of the adoption must be provided to the Mutual's membership. The proposed amendment shall be effective upon the provision of such notice to the membership.

FINANCIAL ANALYSIS

None.

Prepared By: Siobhan Foster, COO

Reviewed By: Brad Hudson, CEO

ATTACHMENT(S)

ATT 1: Bylaws of Third Laguna Hills Mutual, Article 6, Section 6.4.5

ATT 1: Resolution 03-18-xx

6.4.1.8 a declaration by resolution of the Board of Directors, upon adequate evidence, that a Director is concurrently a councilmember of a city in which this Corporation is located.

6.4.2 Resignations. A Director may resign by giving written notice to the President, the Secretary, or the Board of Directors. Unless a later time is specified, the resignation is effective upon receipt. If the resignation is effective at a future time, the successor may be elected to take office when the resignation becomes effective.

6.4.3 Removal of Directors by Mutual Members. At any regular or special meeting of the Mutual Members of this Corporation, any Director may be removed, without cause, by a majority vote of the Members voting, and a successor then and there may be elected to fill the vacancy thus created. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

6.4.4 Replacement of Removed Director(s).

6.4.4.1 A removed Director may not be a candidate to fill a vacancy at the election where removed.

6.4.4.2 Election to fill a vacancy created by removal of a Director shall be held at the meeting at which the vacancy was created; and nominations in anticipation of removal, and election shall conform to 8.4.

6.4.5 Automatic Vacancy. Any Director who misses four (4) regular monthly meetings within any twelve (12) month period shall automatically be removed from the Board of Directors, with such removal to be effective upon mailing notice to such director from the President.

6.4.6 Vacancies Filled by Board of Directors.

6.4.6.1 Vacancies on the Board of Directors, except for a vacancy created by the removal of a director, under 6.4.3, may be filled by a majority vote of the Directors then in office, although less than a quorum, or by a sole remaining director, and each director so elected shall hold office for the unexpired term of the predecessor.

6.4.6.2 In filling a vacancy or vacancies on the Board of Directors, the Board shall, at an open meeting: (a) elect an individual with the expertise needed, or (b) elect any one of the candidates at the preceding election whose special qualification may be needed on the Board, or (c) elect the candidate who received the next highest vote count at the preceding election, or (d) not elect anyone and leave the vacancy until the next election, if the remaining term is one hundred (100) days or less.

6.4.7 Vacancies Filled by Mutual Members. The Mutual Members may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Board of Directors. For purposes of filling vacancies on the Board by the Mutual Members, the Nominating Committee shall nominate candidates to fill any vacancy or vacancies, and petitions for candidacy shall be filed, at least ten (10) days before the mailing of the notice of meeting of the Mutual Members to fill such vacancy or vacancies.

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RESOLUTION 03-18-xx
Bylaws of Third Laguna Hills Mutual, Article 6, Section 6.4.5

WHEREAS, certain policies and procedures pertaining to the governance of Third Laguna Hills Mutual (“Mutual”) are set forth in the *Bylaws of Third Laguna Hills Mutual* (“Bylaws”), as amended.

WHEREAS, Article 6, Section 6.4.5 of the Bylaws generally provides for the automatic removal of any director serving on the Mutual’s Board of Directors (“Board”) who fails to attend four (4) regular monthly meetings of the Board within any twelve (12) month period.

WHEREAS, the Board has determined that the Bylaws lack sufficient clarification as to the circumstances giving rise to the automatic removal provisions set forth in Article 6, Section 6.4.5.

WHEREAS, the Board proposes that Article 6, Section 6.4.5 of the Bylaws be deleted in its entirety and amended to read as follows:

6.4.5 Director Removal for Absences.

(a) Should any Director miss four (4) regularly noticed monthly Board meetings within the twelve (12) month period beginning on October 1st and ending on September 30th of any given year, such Director may be removed by a vote of the majority of the Board of Directors at any regularly noticed monthly Board meeting that follows the fourth (4th) such missed meeting. The Board of Directors shall consider and conduct the removal vote in Executive Session. Immediately following an affirmative removal vote, the President shall, by mail (and email, if known), notify the Director so removed. Such removal shall be effective immediately upon the mailing of such notice.

(b) If a removal vote held pursuant to subsection (a) does not pass, the Director at issue shall not be subject to another removal vote on the same grounds, unless that Director subsequently misses one or more additional regularly noticed monthly Board meetings before September 30th during the same twelve (12) month period when the first removal vote was held. Each subsequent removal vote shall be conducted and effective as provided in subsection (a).

WHEREAS, the above-stated proposed amendment is herein referred to as the “Proposed Amendment”.

WHEREAS, Article 14, Section 14.2 of the Bylaws states that the Bylaws may be amended by obtaining the approval of at least two-thirds (2/3) of the entire Board (“Required Approval”); provided that the Board is permitted to make such amendment under California Corporations Code Section 7150.

WHEREAS, after consulting with the Mutual’s legal counsel, the Board has determined that California Corporations Code Section 7150 permits the Board to adopt the Proposed Amendment upon obtaining the Required Approval.

WHEREAS, said legal counsel has further advised the Board that the Mutual’s governing documents, Mutual precedent and other applicable law permit the Board to adopt the Proposed Amendment upon obtaining the Required Approval.

WHEREAS, at a duly held regular meeting of the Board at least two-thirds (2/3) of the entire Board approved the decision to amend the Bylaws by adopting the Proposed Amendment.

NOW THEREFORE BE IT RESOLVED, that the Proposed Amendment is hereby adopted on August 21, 2018; general notice of said adoption shall be provided to the Mutual’s membership; and the Proposed Amendment shall be effective upon the provision of such notice to the membership.

**CERTIFICATE OF SECRETARY
OF
THIRD LAGUNA HILLS MUTUAL**

I, the undersigned, do hereby certify that:

1. I am the duly appointed and acting Secretary of Third Laguna Hills Mutual, a California nonprofit mutual benefit corporation.

2. The foregoing amendment to Article 6, Section 6.4.5 of the *Bylaws of Third Laguna Hills Mutual*, was adopted by at least two-thirds (2/3) of the entire Board of Directors by resolution made at a regular meeting of said Board, duly held on _____, 2018

IN WITNESS WHEREOF, I have hereunto subscribed my hand this ____ day of _____, 2018.

By: _____

Name: Burt Baum

Title: Secretary

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STAFF REPORT

DATE: September 18, 2018
FOR: Board of Directors
SUBJECT: Delinquent Charges – Payment Plan Agreement

RECOMMENDATION

Staff and the Finance Committee recommend the Board approve a new payment plan agreement for unpaid fines, fees, and chargeable services, initiating a monthly charge for interest at the rate of 10% per annum, and introducing an administrative fee of \$25 per month.

BACKGROUND

As indicated in the Third Mutual Collection and Lien Enforcement Policy, any Member who is unable to timely pay fines, fees, and chargeable services is entitled to make a written request for a payment plan to the Board. The Board considers payment plan requests on a case-by-case basis, and is under no obligation to grant requests.

A form is used to create an agreement between the delinquent Member and the Mutual. The form includes terms and conditions of repayment. Once completed by the Member, the form is submitted for review by the Finance Committee with a Staff recommendation for approval, denial, or modification. To date, the form for assessments has been used to propose and review member requests for payment plans associated with delinquent fines, fees, and chargeable services.

The Finance Committee requested that legal counsel provide a payment plan agreement form specific to unpaid fines, fees, and chargeable services, including collection language if terms of the agreement are breached and to recover costs associated with accepting payments over time.

DISCUSSION

On September 4, 2018 the Third Finance Committee reviewed the proposed Payment Plan Agreement Form submitted by legal counsel for use with unpaid fines, fees, and chargeable services. The agreement includes language to reinforce collection activity that will occur if a member breaches the agreed-to payment plan for delinquent charges. The agreement also incorporates an interest rate of 10% per annum and an administrative fee of \$25 for every month the agreement is in effect.

FINANCIAL ANALYSIS

The terms of the payment plan agreement are likely to result in additional compliance and repayment of delinquent fines, fees, and chargeable services.

Prepared By: Betty Parker, Chief Financial Officer

ATTACHMENT(S)

ATT1 – Delinquent Charges – Payment Plan Agreement

ATT2 – Resolution



DELINQUENT CHARGES - PAYMENT PLAN AGREEMENT

Manor Number: _____

Charges Delinquency: _____

This Payment Plan Agreement (this "Payment Agreement") is a binding contract and agreement and is executed by the undersigned, Third Laguna Hills Mutual (the "Mutual"), on the one hand, and _____ ("Owner"), on the other hand. The Mutual and Owner may sometimes be collectively referred to as the "Parties."

1. Scope of Agreement. Owner is the legal owner of that certain real property commonly referred to as _____ (the "Subject Property"). This shall be a payment plan agreement between Owner and the Mutual, relative to the payment of all fines, fees, monetary penalties, reimbursement assessments, charges, late fees, interest, attorneys' fees and costs of collection, accruing on the Subject Property and owed by Owner to the Mutual on the account. The total amount as of the date of this Payment Agreement is \$_____.

2. Required Payments. Owner shall tender an upfront payment in the amount of \$_____ on or before _____. Thereafter, Owner shall make the following monthly payments:

a. Payment of \$_____ on or before _____;

b. _____

3. Monthly Statements. The Mutual shall not be obligated to send Owner monthly statements.

4. Continuing Monthly Assessments. Owner shall pay all regular and special assessments that come due in a timely manner and in addition to the payments required in paragraph 2 above.

5. Payment Destination. All payments and assessments required pursuant to this Payment Agreement shall be paid and sent directly to the Mutual. Notwithstanding this paragraph, at any time during the course of this Payment Agreement, the Mutual may require Owner to change the destination of the payments and the payee of such payments.

6. Sale; Refinance; Lien. If the Subject Property is sold or refinanced, the balance owing on the account must be paid in full and this Payment Agreement shall create a lien against the funds held in escrow relating to any such transaction.

7. Breach; Remedies. If any one payment is not received by the deadline stated or if this Payment Agreement is breached in any other way, the Mutual shall, after five days' written notice to Owner (or Owner's attorney) by email transmission, have the power and authority to pursue any and all collection remedies against Owner and/or Owner's property, including but not limited to non-judicial foreclosure, judicial foreclosure, or a lawsuit for purposes of securing a money judgment. Any additional late fees, interest, attorneys' fees and costs incurred will be charged to Owner's account.

8. Obligation to Pay All Charges. If this Payment Agreement is breached and the Board of Directors for the Mutual allows re-instatement, Owner will be responsible for payment of all attorneys' fees, costs, interest, late fees and other charges incurred as a result of said breach before this agreement will be deemed "paid in full."

9. Contact Information. Owner must keep the Mutual up to date regarding Owner's contact information and any changes to same.

10. Compliance with Governing Documents. In addition to any obligation stated herein, Owner shall comply with the Mutual's governing documents in all respects. Any violation of the governing documents shall be considered a breach of this Payment Agreement.

11. Assignment of Rents. Owner hereby irrevocably assigns to the Mutual, absolutely and regardless of possession of the property, all money now due or to become due under any agreement for the use or occupation of the Subject Property, for the

purpose of collecting all assessments and amount owed pursuant to this Payment Agreement and the Mutual's governing documents, including late fees, costs, interest, expenses and attorneys' fees which are in default.

12. Waiver of Defenses. Owner acknowledges that all amounts claimed by the Mutual to be owed are in fact owed. Owner waives any defenses available related to or arising out of the Subject Property, the amounts owed under this Payment Agreement, and any other obligation stated herein.

13. Homestead Waiver. Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created against Subject Property and pursuant to law, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of California now in effect, or in effect from time to time hereafter.

14. Not Construed against Drafter. Neither the Mutual nor Owner shall be deemed to have been the drafter of this Agreement or of any of the particular provisions or provisions hereof and no part of this Agreement shall be construed against the Mutual or Owner.

15. Laws of California; Severability of Provisions. This Payment Agreement shall be controlled by and interpreted according to the laws of the State of California. The invalidity or unenforceability of any provision of this Agreement shall in no way affect the validity or enforceability of any other provision or the remainder of this Agreement.

16. Binding on Successors. The provisions of this Payment Agreement shall be deemed to obligate, extend to, and inure to the benefit of the successors, assigns, transferees, granters, heirs and representatives of each of the persons and entities referred to herein.

17. Enforcement; Attorneys' Fees and Costs. In the event litigation is commenced to enforce any of the provisions hereof or enforce this Payment Agreement in any other way, the prevailing party shall be entitled to recover attorney fees, costs and expenses from the opposing party related to such litigation, including such amounts that accrue prior to the litigation being initiated.

The undersigned, the Mutual and Owner, have read the foregoing Payment Agreement, have had an opportunity to fully consider the rights and consequences regarding executing same, fully understand the terms of this Payment Agreement and knowingly and voluntarily execute this Agreement.

IN WITNESS WHEREOF, THE MUTUAL AND OWNER CAUSE THIS PAYMENT AGREEMENT TO BE DULY EXECUTED ON THE DATE SET FORTH BELOW.

[CAUTION: PLEASE READ THIS ENTIRE AGREEMENT CAREFULLY BEFORE SIGNING.]

Print Name: _____

DL#: _____

SS#: _____

Mailing Address: _____

Cell Phone: _____

E-Mail: _____

Member Signature: _____

Date: _____

Mutual Officer Signature: _____

Date: _____

Return signed form by mail to:

Payment Representative
PO Box 2220
Laguna Woods, CA 92654-2220

Or deliver in person to:

Payment Representative
24351 El Toro Road
Laguna Woods, CA 92637
Phone: (949) 597-4221 Fax: (949) 472-4154

Resolution 03-18-XX

Delinquent Charges Payment Plan Agreement

WHEREAS, any Member who is unable to timely pay fines, fees, or chargeable services is entitled to make a written request for a payment plan to the Board;

WHEREAS, each request for a payment plan is approved or denied on a case-by-case basis after review by the Finance Committee;

WHEREAS, a Delinquent Charges – Payment Plan form is used to create an agreement between the delinquent Member and the Mutual;

WHEREAS, the Third Finance Committee recommends a Payment Plan Agreement Form submitted by legal counsel to help reinforce collection activity that will occur if a member breaches the agreed-to payment plan for delinquent fines, fees, and chargeable services; and

WHEREAS, the Finance Committee recommends recovering costs associated with accepting payments over time including the initiation of interest charges and an administrative fee for every month the agreement is in effect;

NOW THEREFORE BE IT RESOLVED, on October 16, 2018, the Board of Directors of this Corporation hereby introduces the Delinquent Charges - Payment Plan Agreement form, as attached to this Corporate record, initiating a monthly charge for interest at the rate of 10% per annum, and introducing a new payment plan administrative fee of \$25 per month; and

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.

SEPTEMBER Initial Notification

Should the Board endorse the proposed revisions, Staff recommends that a motion be made and seconded to accept the resolution and allow discussion to ensure that the resolution reads to the satisfaction of the Board. Staff then recommends that a Board Member postpones the resolution to the next available Board Meeting no less than 30-days from the postponement to comply with Civil Code §4360.

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STAFF REPORT

DATE: September 18, 2018
FOR: Board of Directors
SUBJECT: Damage Reimbursement Administrative Fee

RECOMMENDATION

Approve the Damage Reimbursement Administrative Fee.

BACKGROUND

Per Civil Code §5855, the Board is required to hold hearings to “impose a monetary charge as a means of reimbursing the association for costs incurred by the association in the repair of damage to common area and facilities caused by a member or the member’s guest or tenant.”

DISCUSSION

At the direction of the Board, Staff has evaluated the processes and costs involved with damage restoration and reimbursement. Staff has determined that the Staff costs for these processes vary greatly, as each case has different circumstances. In the last six months, Staff has processed 40 damage reimbursement cases for the Board’s review. These 40 cases total \$149,462.89, ranging from \$32,738.74 to \$535.19, with an average cost of \$3,736.57.

Staff has evaluated the administrative costs for coordinating the restoration, handling the invoice payment process, and compilation of the data for the Reimbursement Hearing Report. Using a random sampling of five projects, Staff has determined the average Staff cost per project to be 13 percent.

Following the direction of the Board, Staff recommends that the proposed Administrative Fee be set at ten percent of the reimbursement cost. Evaluating the 40 cases brought to the Board and discarding those under \$1,000 (8 cases), using the 10 percent model, the administrative fees would be range from \$107.59 to \$3,273.87, with an average fee of \$448.28.

FINANCIAL ANALYSIS

Additional fee revenue will offset existing administrative costs in operations, as outlined above.

Prepared By: Kurt Wiemann, Permits, Inspections and Restoration Manager

Reviewed By: Eve Morton, Alterations Coordinator

Attachments:

Attachment 1: Proposed Resolution 03-18-XX

ATTACHMENT 1

RESOLUTION 03-18-XX

Administrative Fee for Damage Reimbursements

WHEREAS, pursuant to Civil Code §5855, the Mutual is required to hold hearings to impose any monetary charges to reimburse the Mutual for costs incurred in the repair of damage to common area or facilities caused by the actions or inactions of a member, their tenant, or their guest;

WHEREAS, significant staff time is necessary to investigate, document, and prepare concise reports for Damage Reimbursement Hearings for damage caused by a member; and,

WHEREAS, the Mutual has seen an increase in administrative costs related to these damage reimbursement proceedings.

NOW THEREFORE BE IT RESOLVED, September 18, 2018, that the Board of Directors hereby introduces the Damage Reimbursement Administrative Fee;

RESOLVED FURTHER, effective November 1, 2018, the fee for costs related to damage reimbursement proceedings will be ten percent of the total reimbursement decision amount for all decisions of one thousand dollars or more;

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.

SEPTEMBER Initial Notification

Should the Board endorse the proposed revisions, Staff recommends that a motion be made and seconded to accept the resolution and allow discussion to ensure that the resolution reads to the satisfaction of the Board. Staff then recommends that a Board Member postpones the resolution to the next available Board Meeting no less than 30-days from the postponement to comply with Civil Code §4360.

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Financial Report

As of July 31, 2018



INCOME STATEMENT

ACTUAL

(in Thousands)

TOTAL REVENUE

\$19,751

TOTAL EXPENSE

17,126

Revenue over Expense

\$2,625

Financial Report

As of July 31, 2018



INCOME STATEMENT - OPERATING

ACTUAL

(in Thousands)

Assessment Revenue	\$11,013
--------------------	-----------------

Non-assessment Revenue	\$803
------------------------	--------------

Total Revenue	\$11,816
---------------	-----------------

Total Expense	\$11,546
---------------	-----------------

Net Revenue/(Expense)	\$270
-----------------------	--------------

w/o Depreciation	\$355
------------------	--------------

Financial Report

As of July 31, 2018



INCOME STATEMENT – NON OPERATING

ACTUAL

(in Thousands)

Assessment Revenue	\$7,673
---------------------------	----------------

Non-assessment Revenue	\$263
-------------------------------	--------------

Total Revenue	\$7,936
----------------------	----------------

Total Expense	5,580
----------------------	--------------

Net Revenue/(Expense)	\$2,356
------------------------------	----------------

Financial Report

As of July 31, 2018



Through July, Third was better than budget by \$2,500K primarily in outside services:

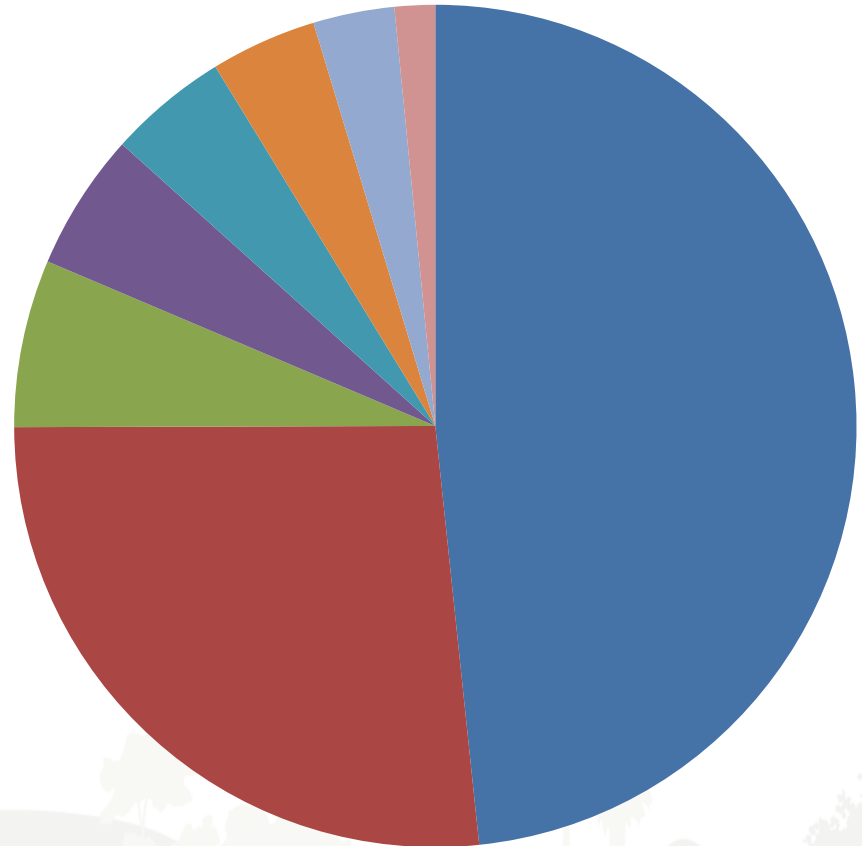
- **Building Structures;** staff presented consultant report in July; bid process is underway.
- **Disaster Fund;** contingency funds for emergency expenditures not covered by insurance.
- **Paving;** Concrete work completed in June and asphalt work is scheduled for August.
- **Exterior Lighting;** for acquisition of street lights from Edison, which was approved by the CPUC.

Financial Report

As of July 31, 2018

Total Operating Expenses \$11,546,087

- 48% Employee Compensation & Related
- 27% Utilities and Telephones
- 6% Insurance
- 5% Net Allocation to Mutuals
- 5% Outside Services
- 4% Material and Supplies
- 3% Other Operating Expense
- 2% Repairs and Maintenance



Financial Report

As of July 31, 2018



NON OPERATING FUND BALANCES

ACTUAL

(in Thousands)

Beginning Balances: 1/1/18

\$28,094

Contributions & Interest

7,936

Expenditures

(5,580)

Current Balances: 7/31/18

\$30,450



Financial Report for September 18, 2018 Board Meeting

SLIDE 1 – Total revenue for Third through July 31, 2018 was \$19,751K compared to expenses of \$17,126K, resulting in more revenue than expense by \$2,625K.

SLIDE 2 – Now we look at those same results with a distinction between operating and reserve funds. This chart shows how much of our revenue went into operations, with \$11,013K coming in from assessments and \$803K coming from non-assessment revenue. This is compared to operating expenditures of \$11,546K. After backing out depreciation, which is not funded through operations, we can see a bottom line operating surplus of \$355K as of the reporting period.

SLIDE 3 – This chart shows how much of our revenue went into reserve funds and the amount expended to date.

SLIDE 4 – Through July, Third was better than budget by \$2,500K primarily due to outside service work on reserve programs:

- Building Structures, timing. Staff presented consultant's report to M&C in July, dry rot RFP has been advertised, and bids are due late September.
- Disaster Fund, less use of contingency. The disaster fund includes funding for emergency expenditures not covered by insurance, including insurance policy deductibles. If damage restoration expense exceeds the deductible amount, insurance payouts are coded to this fund. The budget was based on historical data and to date fewer events have occurred than budgeted. Further, several reimbursements have been received from insurance and booked to this fund.
- Paving, timing. Concrete work completed in June and asphalt work is scheduled for August.
- Exterior Lighting, timing. This program is for the acquisition of street lights from Edison which was approved by the California Public Utility Commission (CPUC).

SLIDE 5 – On this pie chart, we see the Operating expenses to date of \$11.5 Million by category, showing that our largest categories of expense are for compensation and utilities.

SLIDE 6 – The reserve balances on July 31, 2018 were just over \$30 Million. To date, contributions to reserves including assessments and interest earnings totaled over \$7.9 Million and expenditures to date totaled just under \$5.6 Million.

[No slide] – In closed session, we reviewed delinquencies for unpaid assessments totaling \$234K, which represents less than 1% of the annual assessment budget. We are able to maintain such a relatively low level of delinquencies by following prescribed collection policies to pursue payment on these accounts, either through the non-judicial foreclosure process or by obtaining personal judgments in small claims court. The Board has been working closely with our collection firm and legal counsel to pursue further collection activity for unpaid accounts. We also reviewed delinquencies for fines, fees and chargeable services totaling \$182K. The Board is pursuing further collection activity such as cable TV disconnection and small claims.

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REPORT OF THE REGULAR OPEN MEETING OF THE THIRD LAGUNA HILLS MUTUAL FINANCE COMMITTEE

Tuesday, September 4, 2018 – 1:30 p.m.

Laguna Woods Village Community Center Board Room, 24351 El Toro Road

MEMBERS PRESENT: Steve Parsons – Chair, Bunny Carpenter, Bill Walsh, James Tung, Burt Baum, Roy Bruninghaus, Jules Zalon, Cush Bhada, John Frankel, Jack Connelly
Advisors: Wei-Ming Tao, John Hess, Michael Cunningham

MEMBERS ABSENT: Rosemarie diLorenzo

STAFF PRESENT: Betty Parker, Steve Hormuth

Call to Order

Director Steve Parsons, Treasurer, chaired the meeting and called it to order at 1:32 p.m.

Acknowledgment of Media

None.

Approval of Meeting Agenda

A motion was made and carried unanimously to approve the agenda with the following additions:

- Building 2370 waste line remediation.
- Streetlight Video Recording.

Approval of Meeting Report for August 7, 2018

A motion was made and carried unanimously to approve the Committee report as presented.

Chair Remarks

None.

Member Comments (Items Not on the Agenda)

None.

Preliminary Financial Statements Dated July 31, 2018

The Committee reviewed and commented on the financial statements dated July 31, 2018 and requested more information on the following items:

- Additional hours required for prior to paint repair program.
- Delineation of legal fees.

- Use of account 48001000 for legal fee reimbursement.
- Janitorial Services.
- Provision for bad debt related to small claims judgements.
- Holiday Pay compared to Budget and Prior Year.

Solar Audit Update

Two new buildings were evaluated, demonstrating credits earned to offset electricity charges from Southern California Edison; additional solar audits will be provided next month.

Fee Schedule

The Committee reviewed the 2018 Fee Schedule and requested an analysis of the current fees for electric vehicle and electric golf cart charging.

Chargeable Services Payment Plan Form

The Committee reviewed a form prepared by legal counsel and through consensus, recommended the Board approve the use of a new Payment Plan Agreement Form to help evaluate requests from delinquent members for repayment of fines, fees, and chargeable services.

Building 2370 Waste-line Remediation

Director Walsh provided a brief update.

Streetlight Video Recoding

Director Walsh recommended a video of streetlights at night to evaluate lighting before implementing changes.

Future Agenda Items

Audit of SCE Billing for Solar.
Discussion of Accruals.

Committee Member Comments

Director Bruninghaus commented that Landscape will be considering a supplemental appropriation for tree trimming to complete required work in 2018.

Date of Next Meeting

Tuesday, October 2, 2018 at 1:30 p.m. in the Board Room.

Recess to Closed Session

The meeting recessed at 2:53 p.m.


Steve Parsons, Chair

Monthly Resale Report

PREPARED BY

MUTUAL

REPORT PERIOD

Community Services Department

Third

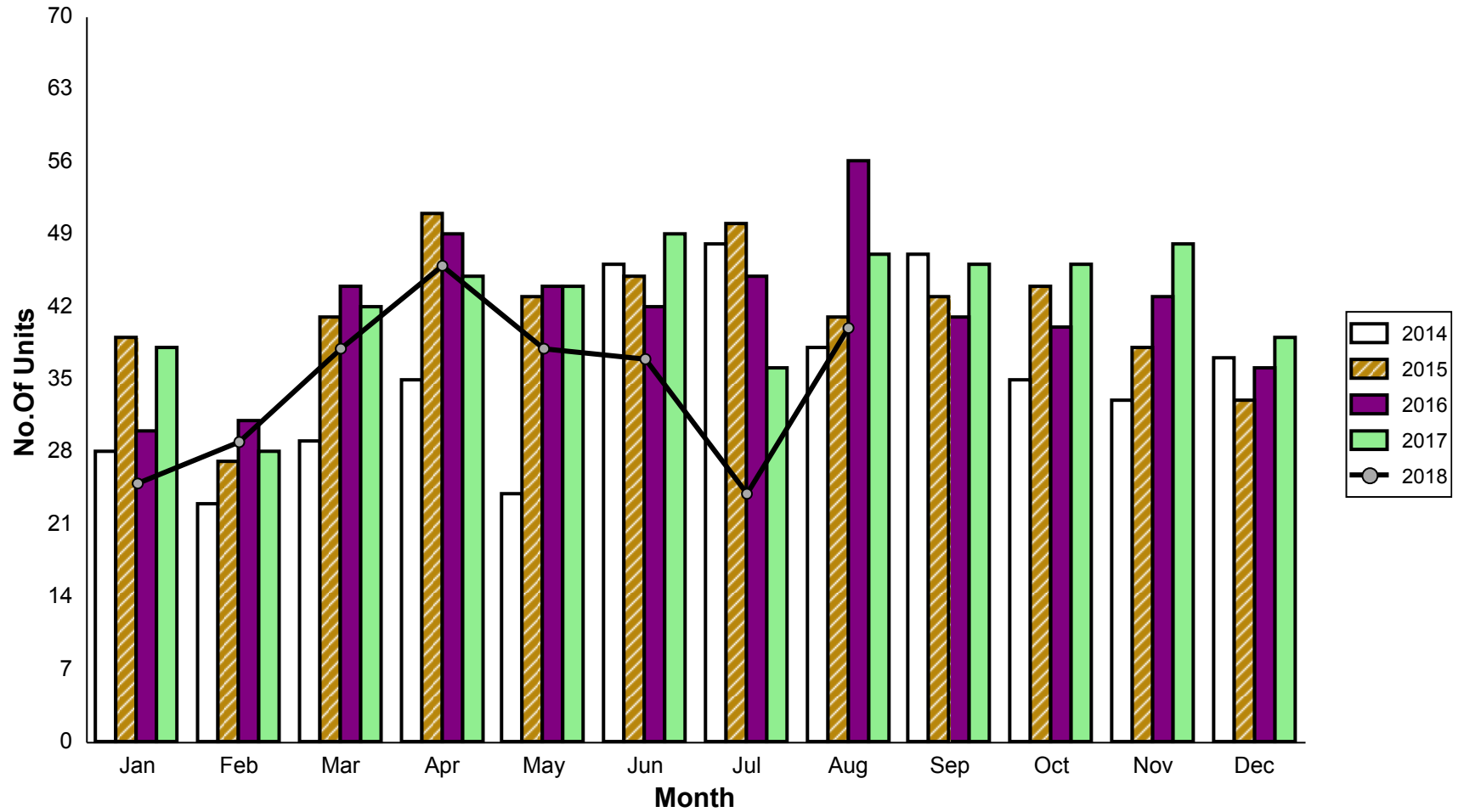
August, 2018

MONTH	NO. OF REALES		TOTAL SALES VOLUME IN \$\$		AVG RESALE PRICE	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
January	25	38	\$8,807,150	\$14,513,062	\$352,286	\$381,923
February	29	28	\$12,600,892	\$9,887,500	\$434,514	\$353,125
March	38	42	\$16,909,199	\$15,185,800	\$444,979	\$361,567
April	46	45	\$18,869,626	\$18,847,150	\$410,209	\$418,826
May	38	44	\$15,452,990	\$18,157,951	\$406,658	\$412,681
June	37	49	\$16,981,138	\$21,011,450	\$458,950	\$428,805
July	24	36	\$9,892,800	\$13,526,020	\$412,200	\$375,723
August	40	47	\$17,327,000	\$17,967,189	\$433,175	\$382,281
September		* 46		* \$16,020,038		* \$356,001
October		* 46		* \$18,804,700		* \$408,798
November		* 49		* \$19,847,200		* \$405,045
December		* 39		* \$18,834,275		* \$482,930
TOTAL	277.00	329.00	\$116,840,795	\$129,096,122		
MON AVG	34.00	41.00	\$14,605,099	\$16,137,015	\$419,121	\$389,366
% CHANGE - YTD	-15.8%		-9.5%		7.6%	

% Change calculated (ThisYear - LastYear)/LastYear

* Amount is excluded from percent calculation

Resales - 5 Year Comparison



Monthly Resale Report

PREPARED BY

Community Services Department

MUTUAL

All Mutuals

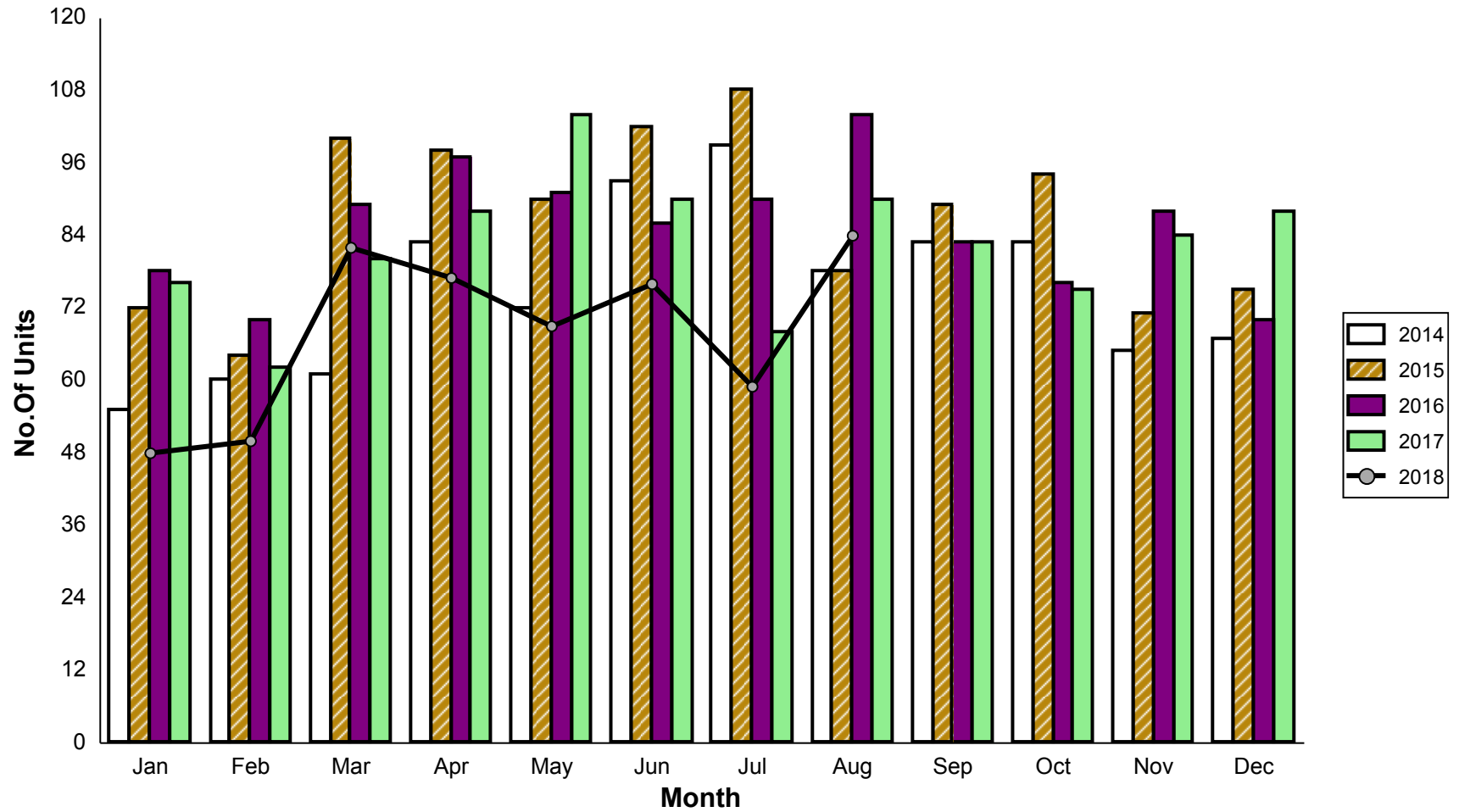
REPORT PERIOD

August, 2018

MONTH	NO. OF REALES		TOTAL SALES VOLUME IN \$\$		AVG RESALE PRICE	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
January	48	76	\$14,821,540	\$23,481,992	\$308,782	\$308,974
February	50	63	\$18,660,142	\$18,400,200	\$373,203	\$292,067
March	82	80	\$28,065,799	\$24,765,800	\$359,818	\$309,573
April	77	88	\$27,694,226	\$29,024,579	\$364,398	\$329,825
May	69	105	\$24,187,990	\$34,046,751	\$350,551	\$327,373
June	76	90	\$28,002,538	\$31,945,600	\$378,413	\$354,951
July	59	68	\$19,434,100	\$21,413,120	\$329,392	\$314,899
August	85	90	\$28,767,100	\$29,277,556	\$338,436	\$325,306
September		* 83		* \$25,481,938		* \$310,755
October		* 75		* \$26,703,200		* \$356,043
November		* 86		* \$29,641,100		* \$344,664
December		* 88		* \$31,413,715		* \$356,974
TOTAL	546.00	660.00	\$189,633,435	\$212,355,598		
MON AVG	68.00	82.00	\$23,704,179	\$26,544,450	\$350,374	\$320,371

* Amount is excluded from percent calculation

Resales - 5 Year Comparison



Resales Report

Third Laguna Hills Mutual

August, 2018

Close	Manor	Mutual	Price	Model/Style	Listing Realtor	Buyer Realtor	Escrow
08/17/2018	2117-P	3	\$255,000	Castilla	HomeSmart Evergreen	Realty One Group	Escrow Options Group
08/31/2018	2126-D	3	\$195,000	Monterey	Laguna Premier Realty, Inc	Seniority Realty	Pacific Closing Services
08/16/2018	2176-D	3	\$385,000	Monterey	Re/Max Select One	Re/Max Select One	Homestead Escrow
08/10/2018	2207-B	3	\$345,000	Casa Contenta	Keller Williams Real Estate	Keller Williams Real Estate	Stonegate Escrow
08/10/2018	2231-P	3	\$355,000	Casa Linda	Laguna Premier Realty, Inc	First Team Estates	Granite Escrow
08/10/2018	2237-N	3	\$225,000	Casa Contenta	Laguna Premier Realty, Inc	BUILD Real Estate	Granite Escrow
08/21/2018	2244-A	3	\$218,000	Casa Contenta	CENTURY 21	Laguna Premier Realty, Inc	Escrow Network Group, Inc
08/06/2018	2287-D	3	\$240,000	Castilla	Century 21 Masters	Laguna Premier Realty, Inc	Pacific Closing Services
08/20/2018	2384-2C	3	\$295,000	Garden Villa	First Team Estates	Tarbell Realtors	Homestead Escrow
08/10/2018	2385-3A	3	\$429,000	Garden Villa	Century 21 Rainbow	FATHOM REALTY	Homestead Escrow
08/22/2018	2390-1F	3	\$277,500	Garden Villa	Remax Tiffany	Laguna Premier Realty, Inc	Integra Escrow
08/21/2018	2400-1F	3	\$240,000	Villa Capri	Village Real Estate	Christine Donovan, Broker	Granite Escrow
08/07/2018	2404-1B	3	\$400,000	Villa Capri	Help U Sell	No Broker	Granite Escrow
08/21/2018	2404-3A	3	\$582,000	Villa Capri	First Team Estates	Realty One Group	Granite Escrow
08/03/2018	3000-B	3	\$505,000	Villa Nova	HomeSmart Evergreen	Century 21 Astro	Escrow Options Group
08/01/2018	3030-A	3	\$190,000	La Casita	First Team Estates	Surterre Properties, Inc.	Coast Cities Escrow
08/10/2018	3094-B	3	\$330,000	Encanto	Meagher Realty	Century 21 Rainbow	Homestead Escrow
08/20/2018	3131-B	3	\$385,000	Hermosa	Century 21 Rainbow Realty	Laguna Woods Properties	Granite Escrow
08/02/2018	3143-Q	3	\$359,000	Casa Vista	Regency Real Estate	HomeSmart Evergreen	Escrow Leaders
08/20/2018	3165-C	3	\$408,000	Hermosa	Laguna Beach Properties	Laguna Premier Realty, Inc	Granite Escrow
08/08/2018	3185-A	3	\$615,000	El Doble	Laguna Premier Realty, Inc	HomeSmart Evergreen	Pacific Closing Services
08/06/2018	3226-B	3	\$565,000	El Doble	HomeSmart Evergreen	IRN Realty	Escrow Options Group
08/17/2018	3242-2F	3	\$315,000	Villa Puerta	Century 21 Rainbow	Niguel Point Properties	Homestead Escrow

Resales Report

Third Laguna Hills Mutual

August, 2018

Close	Manor	Mutual	Price	Model/Style	Listing Realtor	Buyer Realtor	Escrow
08/10/2018	3243-3A	3	\$440,000	Villa Puerta	Keller Williams Real Estate	Keller Williams Real Estate	Granite Escrow
08/31/2018	3245-B	3	\$354,000	La Brisa	Century 21 Rainbow Realty	HomeSmart Evergreen	Granite Escrow
08/03/2018	3284-C	3	\$770,000	La Reina	Laguna Premier Realty, Inc	Laguna Premier Realty, Inc	Homestead Escrow
08/09/2018	3302-O	3	\$312,000	Casa Vista	CBS Realty	Prea Realty	Homestead Escrow
08/14/2018	3312-B	3	\$537,000	Las Flores	HomeSmart Evergreen	Pacific Sun Real Estate	Escrow Options Group
08/24/2018	3335-1E	3	\$264,000	Sierra	JIREH REALTY GROUP	Village Real Estate	Homestead Escrow
08/08/2018	3451-A	3	\$775,000	Navarro	Laguna Premier Realty, Inc	RE/Max Premier	Granite Escrow
08/21/2018	4005-2D	3	\$305,000	Villa Nueva	Spectrum Realty	RE/Max Premier	Brickstone Escrow
08/09/2018	4011-1D	3	\$475,000	El Mirador	Seven Gables Real Estate	Seven Gables Real Estate	Granite Escrow
08/31/2018	5341-A	3	\$475,000	La Princesa	Tarbell Realtors	Surterre Properties, Inc.	Homestead Escrow
08/30/2018	5369-1F	3	\$218,500	Sierra	HomeSmart Evergreen	HomeSmart Evergreen	Escrow Options Group
08/27/2018	5374-A	3	\$700,000	Cabrillo	Laguna Premier Realty, Inc	Seniority Realty	Pacific Closing Services
08/13/2018	5438	3	\$771,000	San Marco	Fiduciary Real Estate	Laguna Premier Realty, Inc	Mor Escrow
08/10/2018	5471-B	3	\$799,000	Cabrillo	The Uhrik Group	Century 21 Rainbow	Homestead Escrow
08/06/2018	5519-2D	3	\$390,000	El Mirador	Century 21 Rainbow	Laguna Premier Realty, Inc	Granite Escrow
08/21/2018	5523-C	3	\$369,000	Villa Lugano	ReMax	Laguna Premier Realty, Inc	Integra Escrow
08/29/2018	5589-B	3	\$1,259,000	Casa Lorenzo	HomeSmart Evergreen	HomeSmart Evergreen	Escrow Options Group

Number of Resales: 40

Total Resale Price: \$17,327,000

Average Resale Price: \$433,175

Median Resale Price: \$377,000

Revised

Monthly Resale Report

PREPARED BY
Community Services Department

MUTUAL
Third

August 2018

Period	Month	NO. OF RESALES				TOTAL SALES VOLUME IN \$\$				AVG RESALE PRICE			
		2018	2017	2016	2015	2018	2017	2016	2015	2018	2017	2016	2015
1	January	25	38	30	39	\$8,807,150	\$14,513,062	\$10,663,350	\$11,735,750	\$352,286	\$381,923	\$355,445	\$300,917
2	February	29	28	31	27	\$12,600,892	\$9,887,500	\$11,354,000	\$7,690,000	\$434,514	\$353,125	\$366,258	\$284,815
3	March	38	42	44	41	\$16,909,199	\$15,185,800	\$14,408,861	\$16,302,100	\$444,979	\$361,567	\$327,474	\$397,612
4	April	46	45	49	51	\$18,869,626	\$18,847,150	\$18,170,528	\$14,509,805	\$410,209	\$418,826	\$370,827	\$284,506
5	May	38	44	44	43	\$15,452,990	\$18,157,951	\$13,703,900	\$12,983,750	\$406,658	\$412,681	\$311,452	\$301,948
6	June	37	49	42	45	\$16,981,138	\$21,011,450	\$12,838,300	\$15,321,388	\$458,950	\$428,805	\$305,674	\$340,475
7	July	24	36	46	50	\$9,892,800	\$13,526,020	\$16,112,500	\$16,392,300	\$412,200	\$375,723	\$350,272	\$327,846
8	August	40	47	56	41	\$17,327,000	\$17,967,189	\$21,085,200	\$12,231,250	\$433,175	\$382,281	\$376,521	\$298,323
9	September		46	41	43		\$16,020,038	\$12,651,500	\$15,332,500		\$356,001	\$308,573	\$356,570
10	October		46	40	44		\$18,804,700	\$13,386,500	\$12,924,787		\$408,798	\$334,663	\$293,745
11	November		49	43	38		\$19,847,200	\$16,453,200	\$12,332,000		\$405,045	\$382,633	\$324,526
12	December		38	36	33		\$18,509,275	\$12,528,800	\$11,532,800		\$487,086	\$348,022	\$349,479
TOTAL		277	329	342	337	\$116,840,795	\$129,096,122	\$118,336,639	\$107,166,343				
MON AVG		34.6	41.1	42.8	42.1	\$14,605,099	\$16,137,015	\$14,792,080	\$13,395,793	\$419,121	\$389,366	\$345,490	\$317,055
% CHANGE-YTD		-15.8%	-3.8%	1.5%	23.9%	-9.5%	9.1%	10.4%	18.3%	7.6%	12.7%	9.0%	-1.4%

% Change calculated (This Year - Last Year)/Last Year

Percent calculation only includes YTD figures in black.



MONTHLY LEASING REPORT

Report Period:
August-2018

MONTH	LEASES IN EFFECT				Total this year	Total last year	Total Expirations	New Monthly Transactions		
	3 Months	6 Months	12 Months	12+Months				Leases	Renewals	Extensions
January	21	22	378	1192	1613	1678	75	31	95	0
February	21	24	386	1220	1651	1664	38	50	138	1
March	14	22	375	1233	1644	1667	52	45	124	0
April	9	22	385	1240	1656	1630	50	46	93	0
May	15	20	381	1209	1625	1653	66	54	110	0
June	29	25	379	1229	1662	1652	53	78	151	2
July	30	26	390	1227	1673	1659	40	72	146	1
August	24	24	383	1247	1678	1667	48	58	132	2
September					0	1648				
October					0	1646				
November					0	1656				
December					0	1669				

Monthly Average	20.4	23.1	382.1	1224.6	1650.3	Jan-Aug 1658.8	52.8	54.3	123.6	0.8
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Percentage Leased	1678 / 6102 = 27%				
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OPEN MEETING

**REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL
ARCHITECTURAL CONTROL AND STANDARDS COMMITTEE**

**Monday, August 27, 2018 – 9:30 a.m.
Laguna Woods Village Community Center Sycamore Room
24351 El Toro Road**

REPORT

COMMITTEE MEMBERS PRESENT: Chair – Bill Walsh, Roy Bruninghaus, Rosemarie diLorenzo, Steve Parsons, John Frankel

COMMITTEE MEMBERS ABSENT: None

ADVISORS PRESENT: Bob Hatch, Mike Butler, Michael Plean

STAFF PRESENT: Kurt Wiemann, Gavin Fogg, Eve Morton

1. Call to Order

Chair Walsh called the meeting to order at 9:35 a.m.

2. Acknowledgement of Media

No media were present.

3. Approval of July 23, 2018 Report

Advisor Plean moved to approve the Report. Director Bruninghaus seconded. The motion passed with a unanimous vote.

4. Approval of the Agenda

Director Bruninghaus moved to approve the Agenda. Director Parsons seconded. The motion passed with a unanimous vote.

5. Committee Chair Remarks

None.

6. Member Comments - (Items Not on the Agenda)

Resident at 5191 thanked Chair Walsh for all his hard work on this committee. Advisor Plean thanked Chair Walsh also.

Several other comments were made.

7. Department Head Update

Mr. Wiemann reported that the new Alteration office is coming along and should be up and running by the end of September. President diLorenzo stated it is important to inform residents where the new office will be and that they will be able to take appointments.

Consent:

All matters listed under the Consent Calendar are considered routine and will be enacted by the Committee by one motion. In the event that an item is removed from the Consent Calendar by members of the Committee, such item(s) shall be the subject of further discussion and action by the Committee.

None.

Items for Discussion and Consideration:

8. 3140-C (La Princesa, PL203C, 41) - Room Expansion onto Front Walled Patio (Original Footprint)

Director Bruninghaus made a motion to accept Staff's recommendation to approve this request. Director Frankel seconded. The motion passed with a unanimous vote.

9. Review Updates to Architectural Standard 30: Storage Cabinets

President diLorenzo made a motion to accept Staff's recommendation. Director Bruninghaus seconded.

Staff was asked to add a requirement that new cabinets be labeled with the carport number on them.

Staff was asked to make separate sections of the Standard; one for breezeways and one for balconies.

Other updates were requested. Staff asked to make the additional updates and bring the proposed changes back to the next committee meeting for review.

10. Review Updates to Architectural Standard 31: Washer/Dryer Installations

Director Parsons made a motion to accept Staff's recommendation. Director Bruninghaus seconded. The motion passed with a unanimous vote.

The committee discussed whether the cost of retrofitting three-story buildings for washer/dryers has ever been done or should be done.

Mr. Krantz from 3499-3B was present at the committee meeting and offered to pay for the plumbing upgrades to his building to allow him to install a washer/dryer in his manor. He asked if the committee would consider allowing him to do so. The committee informed him that they don't have the data needed to give him an answer at this time. Advisor Walsh informed him the potential for damage to surrounding units when there is a leak from a washing machine is the main purpose of not allowing washing machines in three-story buildings.

The committee decided there are two main issues regarding allowing washer/dryers in three-story buildings:

- Can plumbing in three-story buildings handle waste water?
- Is there too much liability with flooding of neighboring units to start allowing washer/dryers?

Chair Walsh stated he will ask Mr. Munoz to write a Staff Report for the next Board meeting regarding conducting a study on the feasibility and cost of retrofitting a Garden Villa building for washer/dryers.

Reports:

11. Discuss and Review the Proposed Key Policy

Director Bruninghaus moved to accept Staff's recommendation. Advisor Hatch seconded. The motion passed with a unanimous vote.

Mr. Wiemann recommended Staff do more advertising of the Key Policy to residents so the remaining one-third of residents not participating may opt to do so. It is important to stress how safe the keys are kept and also that if their manor is re-keyed, is their responsibility to submit the new key to Resident Services.

The committee made some changes to Security's key SOP which Staff will pass on to them.

Advisor Butler suggested referencing the Unoccupied Unit Policy in the Key Policy since they are linked.

12. Discuss and Review the Permanent Version of the Unoccupied Unit Policy

Director Parsons made motion to accept Staff's recommendation. Director Bruninghaus seconded. The motion passed with a unanimous vote.

13. Discuss Revisions to the Common Area Use Policy

The committee requested come changes to the Policy.

Discussion ensued.

Director Parsons made a motion to accept Staff's recommendation with the committee's minor changes to the Policy. Director Bruninghaus seconded. With the exception of Advisor Hatch, all were in favor as amended.

Advisor Hatch expressed concern on wording of the resolution that states that absolutely no common area expansion will be allowed.

Items for Future Agendas

None.

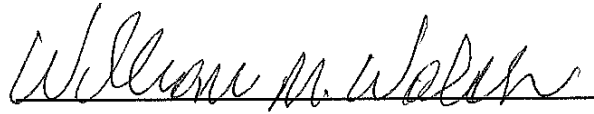
Concluding Business:

14. Committee Member Comments

None.

15. Date of next meeting – Monday, September 24, 2018

16. Adjourned at 12:25 p.m.

A handwritten signature in cursive script, appearing to read "William M. Walsh", written over a horizontal line.

Chair, Bill Walsh

Kurt Wiemann, Staff Officer

Eve Morton, Alterations Coordinator, 268-2565

**REPORT OF THE REGULAR MEETING OF THE
THIRD LAGUNA WOODS MUTUAL LANDSCAPE COMMITTEE**

Thursday, September 6, 2018 – 9:00 a.m.
Laguna Woods Village Community Center Sycamore Room – 24351 El Toro Road

MEMBERS PRESENT: James Tung – Chair, Jules Zalon, John Frankle, Roy Bruninghaus, Cush Bhada

MEMBER ABSENT: Jack Connelly, Violet Lawrence (Advisor)

OTHER DIRECTORS:

STAFF PRESENT: Bruce Hartley, Larry Hernandez, Tiffany Rivas, Lulu Boctor, Liz Cortez, Eileen Paulin

1. Call to Order

Chair Blackwell called the meeting to order at 8:59 a.m.

2. Acknowledgement of the Press

No media was present.

3. Approval of the Agenda

Chair Tung added item # 16 "Irrigation Status Report" to the agenda. The amended agenda was approved by consensus.

4. Approval of Committee Report for July 5, 2018

The meeting report of August 2, 2018, was approved by consensus.

5. Chair's Remarks

Chair Tung mentioned we stopped using Round Up August, 27 2018. Mr. Tung spoke about the necessity of converting landscape to drought tolerant. Mr. Tung limited speakers to two minutes.

6. Member Comments (Items Not on the Agenda)

Ed McGill 2390-2C- Spoke on landscape issues.

Michael Mullen 2251-B – Spoke about ridge route brush clearing project.

Christy Diller 5513-A- Spoke about maintenance issues.

Mary Agnelly 2251-N- Spoke about ridge route brush clearing project.

Lloyd Silverman 5144- had landscaping complaints.

Dorothy Woods 3366-3G- Spoke about turf and re-landscaping.

Sherie Merchant 3364-1G – Spoke about a compliance issue.

Kay Heavens 5353-B- Spoke about the fuel modification

7. Response to Member's Comments

None

8. Department Head Update

Mr. Hartley talked about the new supervisors, the pesticide update and artificial turf.

Consent:

9. Supplemental Funding for Tree Trimming

Mr. Hartley gave an overview of the supplemental funding for tree trimming.

Director Frank made motion to approved \$150,000, second by Director Brunninghaus.

Approved by Committee unanimously.

Reports

10. Water Efficient Landscape

PowerPoint presentation by Director Jules Zalon.

Eileen Lazar 5220- Spoke about PowerPoint presentation.

11. Project Log

Mr. Hartley gave an overview of the log.

ITEMS FOR DISCUSSION AND CONSIDERATION

12. Yellow Stake Program

Bruce explained the "Yellow Stake Program"

Bruce provided a report on the current status of program. There is no "Yellow Stake Program" it is on moratorium and looking for direction on how to move forward.

Director Frankle spoke about areas not being maintained.

Director Tung spoke about the reasons for stopping this program.

Director Zalon agreed to end the "Yellow Stake Program".

Director Frankle inquired about residents currently managing their areas.

Director Brunninghaus spoke about complaints regarding common area planting and neighbor to neighbor disputes and he does not support the "Yellow Stake Program".

Director Frankle commented on possible method to grandfather current "Yellow Stake Program".

Director Tung commented that there will not be grandfathering unless they are drought to tolerant.

Director Bhada suggested for people who want to garden to use the garden plot or tree lot.

Eileen Lazar 5220- Spoke about gate 11 fruit trees.

Mr. Hartley responded to Ms. Lazar that the trees will remain.

Director Brunninghaus made motion to end the "Yellow Stake Program", second by Director Jules Zalon. Approved by Committee unanimously.

13. Tree Trimming for Solar Panels

Mr. Hartley explained the tree trimming for solar panels report.

Director Roy Brunninghaus made motion to support staff recommendation, second by Director Jules Zalon. Approved by Committee unanimously.

14. Landscape Design Alteration Request 5232 Moya (Watkin)

Mr. Hartley explained the request.

Ms. Watkin- Spoke about her request and agreed to not use stepping stones. Ms. Waking pointed out previously approved brick in another location.

Director Tung requested a photo of stepping stones

Ms. Watkin described them as being gray in color.

Director Tung talked about making a conditional approval.

Mr. Hernandez spoke about the need for specifications.

Mr. Tung stated that we need a design and sample.
Director John Frankle made motion to approve the landscape request without stepping stones.
Second by Director Jules Zalon. Approved by Committee unanimously.

15. Tree Removal/Off-Schedule Trim Request

- a) 3113-D Via Serena South (Erskine) – Director Jules Zalon made motion to support the request of removal of one Weeping Fig tree due to damage to surrounding hardscape and a high potential for damage to the manor.
- b) 5076 Tero (Asner) – Ms. Asner spoke about her tree trimming request and stated it was a viewing problem. Request denied by consensus.
- c) 3429-O Bahia Blanca West (Kremer) - Director Brunninghaus made a motion to remove one Pine tree due to repetitive damage to adjacent driveway. Second by Director Jules Zalon. Approved by Committee unanimously.
- d) 5354-Q (tour visit only) – Committee directed staff to provide a report to compliance giving direction to remove all edible plants, keep the citrus and remove the papaya.

Items for Future Agendas

16. Irrigation Status Report (Oct.)

17. Water Efficient Plant Palette (Oct.)

Concluding Business

16. Committee Member Comments

None

17. Date of Next Meeting October 4, 2018

18. Adjournment

Meeting was adjourned at **11:07 a.m.**

DRAFT

James Tung, Chair