



## **OPEN MEETING**

### **REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL FINANCE COMMITTEE\***

**Tuesday, October 4, 2022 – 1:30 p.m.  
24351 El Toro Road, Laguna Woods, CA 92637  
Board Room and Virtual with Zoom**

Laguna Woods Village owners/residents are welcome to participate in all open committee meetings in-person and virtually. To submit comments or questions virtually for committee meetings, please use one of the following options:

1. Join the committee meeting via Zoom by clicking this link:  
<https://us06web.zoom.us/j/81161366511> or by calling 1-669-900-6833, Webinar ID: 81161366511.
2. Via email to [meeting@vmsinc.org](mailto:meeting@vmsinc.org) any time before the meeting is scheduled to begin or during the meeting. Please use the name of the committee in the subject line of the email. Name and unit number must be included.

### **NOTICE AND AGENDA**

*This Meeting May Be Recorded*

1. Call Meeting to Order
2. Approval of the Agenda
3. Approval of the Meeting Report for September 6, 2022
4. Remarks of the Chair
5. Member Comments - (Items Not on the Agenda)
6. Response to Member Comments
7. Department Head Update
8. Items for Discussion and Consideration
  - a. Preliminary Financial Statements dated July 31, 2022
  - b. 2023 Collection & Lien Enforcement Policy
  - c. Endorsements from Standing Committee
    - i. Maintenance & Construction Committee – Request for Supplemental Appropriation for Shepherd's Crook Conditional Use Permit Amendment
9. Future Agenda Items: *All matters listed under Future Agenda Items are items for a future committee meeting. No action will be taken by the committee on these agenda items at this meeting.*
  - a. Discretionary Investments – Treasury Bill Reinvestment (Dec 6, 2022 recommendation)
10. Committee Member Comments
11. Date of Next Meeting – Tuesday, November 1, 2022 at 1:30 p.m.

12. Recess to Closed Session – At this time, the meeting will recess for a short break and reconvene to Closed Session to discuss the following matters.

Closed Session Agenda

*Approval of the Agenda*  
*Approval of the Meeting Report*  
*Remarks of the Chair*  
*Review Legal Tracker Analysis*  
*Review Delinquency Reports*  
*Adjournment*

\*A quorum of the Third Board or more may also be present at the meeting.





## **FINANCE COMMITTEE MEETING REPORT OF THE REGULAR OPEN SESSION**

Tuesday, September 6, 2022 – 1:30 p.m.  
Hybrid Meeting

**DIRECTORS PRESENT:** Donna Rane-Szostak – Chair, Mark Laws, Annie McCary, Ralph Engdahl, Cris Prince, Cush Bhada, Jim Cook, Ira Lewis, John Frankel, Jules Zalon

**DIRECTORS ABSENT:** None.

**ADVISORS PRESENT:** Wei-Ming Tao

**STAFF PRESENT:** Steve Hormuth, Erika Hernandez

### **Call to Order**

Director Donna Rane-Szostak, Treasurer, chaired and called the meeting to order at 1:50 p.m.

### **Acknowledgement of Media**

The meeting was streamed through Granicus and made available via Zoom for members of the community to participate virtually.

### **Approval of Meeting Agenda**

A motion was made and by consensus the agenda was approved as presented. Director Jim Cook and Director Ira Lewis abstained.

### **Approval of Meeting Report for August 2, 2022**

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

### **Chair Remarks**

Director Rane-Szostak commented on the no-change for 2023 Third Mutual assessment and shared that the 2023 Business Plan will be presented at the next Board meeting scheduled September 20<sup>th</sup>.

### **Member Comments (Items Not on the Agenda)**

None.

### **Department Head Update**

Steve Hormuth, Director of Financial Services, mentioned the upcoming 2023 Business Plan is scheduled to be voted upon and adopted at the next board meeting. The update also mentioned that the 2022 Collection and Lien Enforcement Policy is currently in review with legal counsel and shared the upcoming maturity date for discretionary investments is on February 23, 2023.

### **Preliminary Financial Statements dated July 31, 2022**

Steve Hormuth presented the Preliminary Financial Statements dated July 31, 2022.

**Endorsements from Standing Committees**

None.

**Future Agenda Items**

None.

**Committee Member Comments**

Director Rane-Szostak encouraged residents who are interested in participating in committees to apply to become an advisor by contacting the Board members and submitting their resume.

**Date of Next Meeting**

Tuesday, October 4, 2022 at 1:30 p.m.

**Recess to Closed Session**

The meeting recessed at 2:25 p.m.

*Donna Rane-Szostak*

Donna Rane-Szostak (Sep 13, 2022 12:43 PDT)

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Donna Rane-Szostak, Chair



## MEMORANDUM

To: Third Finance Committee  
 From: Steve Hormuth, Director of Financial Services  
 Date: Oct 4, 2022  
 Re: Department Head Update

### Financial Highlights

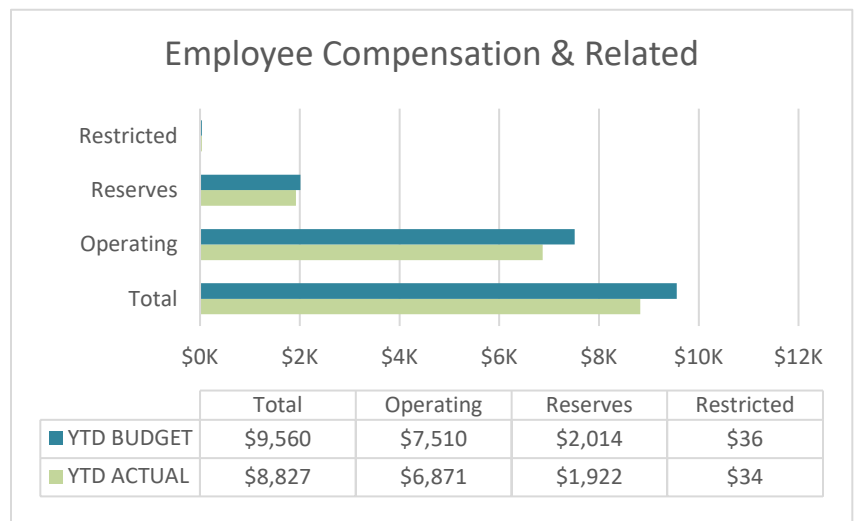
#### SUMMARY:

For the year-to-date period ending August 31, 2022, Third Laguna Hills Mutual was better than budget by \$3,176K primarily due to late start of programs affecting the areas of outside services and materials. Furthermore, favorable variance in compensation amounted to \$733K due to open positions.

INCOME STATEMENT (in Thousands)			
	Actual	Budget	Variance
Assessment Revenues	\$27,609	\$27,610	(\$1)
Other Revenues	\$1,422	\$1,396	\$25
Expenses	\$24,693	\$27,845	\$3,152
<b>Revenue/(Expense)</b>	<b>\$4,337</b>	<b>\$1,161</b>	<b>\$3,176</b>

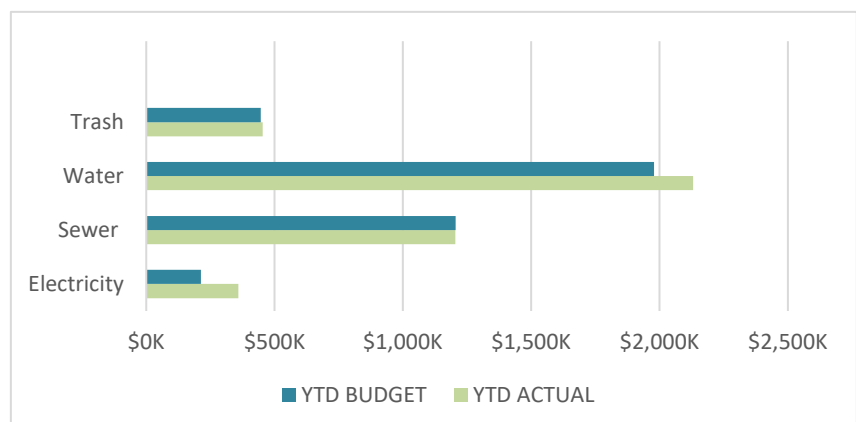
#### COMPENSATION:

Actual compensation and related costs came in at \$8,827K with \$6,871K in operations, \$1,922K in reserves, and \$34K in restricted. Combined, this category is 7.7% favorable to budget. For Third, the most significant savings were due to open positions in Maintenance & Construction as well as Landscape.



#### UTILITIES:

In total, this category was unfavorable to budget by (\$302K) due to water and electricity. At the end of 2021, SCE was going through a system change and the company was not notified of approximately \$100K of bills. Water expense was budgeted based on a five-year average of water consumption, which was 3.4% over the budgeted usage. The variance was partially offset by an 8.1% lower real rate per CCF than anticipated at the time of budget preparation.



## Discussions

**2023 Business Plan:** The Board approved and adopted the 2023 Business Plan during the last board meeting held on September 20, 2022. Mutual portion of the final version of the 2023 Business Plan shows no assessment change compared to 2022. Including the GRF portion, total basic assessment contains an increase of \$3.81 PMPM compared to the current year.

## Calendar

Oct 4, 2022 @ 1:30 p.m. Third Finance Committee (August Financials)  
Oct 6, 2022 @ 9:30 a.m. Third Board Annual Organizational Meeting  
Oct 7, 2022 @ 8:30 a.m. Agenda Prep  
Oct 10, 2022 @ 1:30 p.m. Third Special Open Meeting  
Oct 18, 2022 @ 9:30 a.m. Third Board Meeting  
Nov 1, 2022 @ 1:30 p.m. Third Finance Committee Meeting (September Financials)  
Nov 4, 2022 @ 9:30 a.m. Third Board Agenda Prep meeting  
Nov 15, 2022 @ 9:30 a.m. Third Board Meeting  
Dec 2, 2022 @ 9:30 a.m. Third Board Agenda Prep  
Dec 6, 2022 @ 1:30 p.m. Third Finance Committee Meeting (October Financials)  
Dec 20, 2022 @ 9:30 a.m. Third Board Meeting

October 2022							November 2022							December 2022						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
						1			1	2	3	4	5					1	2	3
2	3	4	5	6	7	8	6	7	8	9	10	11	12	4	5	6	7	8	9	10
9	10	11	12	13	14	15	13	14	15	16	17	18	19	11	12	13	14	15	16	17
16	17	18	19	20	21	22	20	21	22	23	24	25	26	18	19	20	21	22	23	24
23	24	25	26	27	28	29	27	28	29	30				25	26	27	28	29	30	31
30	31																			

**Third Laguna Hills Mutual**  
**Statement of Revenues & Expenses - Preliminary**  
**8/31/2022**  
(\$ IN THOUSANDS)

		CURRENT MONTH			YEAR TO DATE			PRIOR YEAR	TOTAL
		ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
Revenues:									
Assessments:									
1	Operating	\$2,384	\$2,384		\$19,068	\$19,069	(\$1)	\$13,978	\$28,603
2	Additions to restricted funds	1,068	1,068		8,541	8,541		9,088	12,811
3	Total assessments	3,451	3,451		27,609	27,610	(1)	23,066	41,415
Non-assessment revenues:									
4	Fees and charges for services to residents	69	81	(11)	680	638	42	495	960
5	Laundry	16	18	(2)	146	140	6	143	210
6	Investment income	19	20	(2)	121	163	(42)	80	244
7	Miscellaneous	53	57	(4)	475	455	19	384	683
8	Total non-assessment revenue	157	175	(18)	1,422	1,396	25	1,101	2,097
9	Total revenue	3,608	3,627	(18)	29,031	29,006	25	24,168	43,512
Expenses:									
10	Employee compensation and related	1,134	1,208	73	8,827	9,560	733	8,405	14,324
11	Materials and supplies	135	117	(18)	932	937	6	960	1,411
12	Utilities and telephone	615	587	(28)	4,146	3,844	(302)	3,968	5,968
13	Legal fees	46	44	(2)	145	339	193	266	527
14	Professional fees	2	12	10	87	112	25	57	155
15	Equipment rental	4	4	(1)	16	30	14	34	45
16	Outside services	1,410	766	(644)	3,671	5,519	1,848	3,787	8,624
17	Repairs and maintenance	31	29	(2)	211	232	21	190	349
18	Other Operating Expense	14	16	2	74	124	50	86	193
19	Property and sales tax							2	
20	Insurance	737	754	17	5,374	6,033	659	4,194	9,049
21	Investment expense		2	2		14	14	21	21
22	Uncollectible Accounts	9	5	(3)	107	43	(64)	29	65
23	(Gain)/loss on sale or trade				4		(4)	15	
24	Depreciation and amortization	11	11		90	90		90	134
25	Net allocation to mutuals	152	121	(31)	1,011	969	(42)	902	1,449
26	Total expenses	4,300	3,676	(624)	24,693	27,845	3,152	23,007	42,314
27	Excess of revenues over expenses	(\$691)	(\$49)	(\$642)	\$4,337	\$1,161	\$3,176	\$1,161	\$1,198



**Third Laguna Hills Mutual**  
**Statement of Revenues & Expenses - By Fund Type - Preliminary**  
**8/31/2022**  
(\$ IN THOUSANDS)

	OPERATING YEAR TO DATE			RESERVE: YEAR TO DATE			RESTRICTED: YEAR TO DATE			COMBINED: YEAR TO DATE		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
Revenues:												
Assessments:												
1 Operating	\$19,068	\$19,069	(\$1)							\$19,068	\$19,069	(\$1)
2 Additions to restricted funds				7,420	7,420		1,121	1,121		8,541	8,541	
3 Total assessments	19,068	19,069	(1)	7,420	7,420		1,121	1,121		27,609	27,610	(1)
Non-assessment revenues:												
4 Fees and charges for services to residents	680	638	42							680	638	42
5 Laundry	146	140	6							146	140	6
6 Investment income				88	92	(4)	33	70	(37)	121	163	(42)
7 Miscellaneous	475	455	19							475	455	19
8 Total non-assessment revenue	1,301	1,234	67	88	92	(4)	33	70	(37)	1,422	1,396	25
9 Total revenue	20,369	20,303	66	7,508	7,512	(4)	1,154	1,191	(37)	29,031	29,006	25
Expenses:												
10 Employee compensation and related	6,871	7,510	639	1,922	2,014	91	34	36	3	8,827	9,560	733
11 Materials and supplies	558	514	(44)	360	411	51	13	12	(1)	932	937	6
12 Utilities and telephone	4,140	3,834	(306)	6	10	4				4,146	3,844	(302)
13 Legal fees	145	339	193							145	339	193
14 Professional fees	81	112	31	2		(2)	4		(4)	87	112	25
15 Equipment rental	4	5	1	12	25	13				16	30	14
16 Outside services	996	554	(443)	2,296	4,231	1,934	378	734	356	3,671	5,519	1,848
17 Repairs and maintenance	209	228	20	2	3	1				211	232	21
18 Other Operating Expense	62	107	45	12	17	4				74	124	50
19 Property and sales tax												
20 Insurance	5,374	6,033	659							5,374	6,033	659
21 Investment expense					8	8		6	6		14	14
22 Uncollectible Accounts	107	43	(64)							107	43	(64)
23 (Gain)/loss on sale or trade				3		(3)	1		(1)	4		(4)
24 Depreciation and amortization	90	90								90	90	
25 Net allocation to mutuals	830	816	(14)	179	151	(28)	2	2		1,011	969	(42)
26 Total expenses	19,466	20,185	718	4,795	6,869	2,075	432	791	359	24,693	27,845	3,152
27 Excess of revenues over expenses	\$903	\$118	\$785	\$2,713	\$643	\$2,070	\$722	\$400	\$322	\$4,337	\$1,161	\$3,176

**Third Laguna Hills Mutual  
Operating Statement  
8/31/2022  
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Revenues:					
Assessments:					
<b>Operating</b>					
41001000 - Monthly Assessments	\$19,068,090	\$19,068,995	(\$906)	0.00%	\$28,603,493
<b>Total Operating</b>	<b>19,068,090</b>	<b>19,068,995</b>	<b>(906)</b>	<b>0.00%</b>	<b>28,603,493</b>
<b>Additions To Restricted Funds</b>					
41002000 - Monthly Assessments - Disaster Fund	1,061,260	1,061,260	0	0.00%	1,591,890
41003500 - Monthly Assessments - Replacement Fund	7,127,136	7,127,136	0	0.00%	10,690,704
41004000 - Monthly Assessments - Elevator Replacement Fund	244,080	244,080	0	0.00%	366,120
41004500 - Monthly Assessments - Laundry Replacement Fund	48,816	48,816	0	0.00%	73,224
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	59,616	59,616	0	0.00%	89,424
<b>Total Additions To Restricted Funds</b>	<b>8,540,908</b>	<b>8,540,908</b>	<b>0</b>	<b>0.00%</b>	<b>12,811,362</b>
<b>Total Assessments</b>	<b>27,608,997</b>	<b>27,609,903</b>	<b>(906)</b>	<b>0.00%</b>	<b>41,414,855</b>
Non-Assessment Revenues:					
<b>Fees and Charges for Services to Residents</b>					
46501000 - Permit Fee	206,270	158,814	47,456	29.88%	238,222
46501500 - Inspection Fee	61,138	49,023	12,115	24.71%	73,537
46502000 - Resident Maintenance Fee	413,008	430,450	(17,442)	(4.05%)	648,636
<b>Total Fees and Charges for Services to Residents</b>	<b>680,416</b>	<b>638,287</b>	<b>42,129</b>	<b>6.60%</b>	<b>960,396</b>
<b>Laundry</b>					
46005000 - Coin Op Laundry Machine	145,999	140,000	5,999	4.28%	210,000
<b>Total Laundry</b>	<b>145,999</b>	<b>140,000</b>	<b>5,999</b>	<b>4.28%</b>	<b>210,000</b>
<b>Investment Income</b>					
49001000 - Investment Income - Nondiscretionary	2,805	2,661	144	5.41%	4,000
49002000 - Investment Income - Discretionary	117,996	160,000	(42,004)	(26.25%)	240,000
<b>Investment Interest Income</b>	<b>120,802</b>	<b>162,661</b>	<b>(41,860)</b>	<b>(25.73%)</b>	<b>244,000</b>
<b>Miscellaneous</b>					
46004500 - Resident Violations	16,700	36,130	(19,430)	(53.78%)	54,198
44501000 - Additional Occupant Fee	18,150	0	18,150	0.00%	0
44501510 - Lease Processing Fee - Third	180,500	172,976	7,524	4.35%	259,475
44502000 - Variance Processing Fee	0	10,588	(10,588)	(100.00%)	15,888
44502500 - Non-Sale Transfer Fee - Third	1,150	1,104	46	4.17%	1,666
44503520 - Resale Processing Fee - Third	125,456	127,824	(2,368)	(1.85%)	191,740
44505500 - Hoa Certification Fee	8,525	8,000	525	6.56%	12,000
44507000 - Golf Cart Electric Fee	41,104	46,664	(5,560)	(11.91%)	70,000
44507200 - Electric Vehicle Plug-In Fee	9,856	7,336	2,520	34.36%	11,000
44507500 - Cartport/Carport Space Rental Fee	2,240	2,936	(696)	(23.71%)	4,400
47001500 - Late Fee Revenue	67,550	34,000	33,550	98.68%	51,000
47002020 - Collection Administrative Fee - Third	0	1,800	(1,800)	(100.00%)	2,700
47002500 - Collection Interest Revenue	(413)	3,336	(3,749)	(112.39%)	5,000
47501000 - Recycling	3,680	2,664	1,016	38.16%	4,000
49009000 - Miscellaneous Revenue	11	0	11	0.00%	0
<b>Total Miscellaneous</b>	<b>474,510</b>	<b>455,358</b>	<b>19,152</b>	<b>4.21%</b>	<b>683,067</b>
<b>Total Non-Assessment Revenue</b>	<b>1,421,726</b>	<b>1,396,306</b>	<b>25,420</b>	<b>1.82%</b>	<b>2,097,463</b>
<b>Total Revenue</b>	<b>29,030,723</b>	<b>29,006,209</b>	<b>24,514</b>	<b>0.08%</b>	<b>43,512,318</b>
Expenses:					
<b>Employee Compensation</b>					
51011000 - Salaries & Wages - Regular	1,920,197	2,120,878	200,682	9.46%	3,188,996
51021000 - Union Wages - Regular	3,341,916	3,716,133	374,218	10.07%	5,581,847
51041000 - Wages - Overtime	28,585	16,813	(11,771)	(70.01%)	25,234
51051000 - Union Wages - Overtime	48,759	33,387	(15,372)	(46.04%)	50,106
51061000 - Holiday & Vacation	528,991	492,863	(36,129)	(7.33%)	740,584
51071000 - Sick	194,851	201,036	6,186	3.08%	302,080
51091000 - Missed Meal Penalty	3,077	2,361	(716)	(30.30%)	3,572
51101000 - Temporary Help	43,955	73,065	29,110	39.84%	109,606
51981000 - Compensation Accrual	96,670	0	(96,670)	0.00%	0

**Third Laguna Hills Mutual  
Operating Statement  
8/31/2022  
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
<b>Total Employee Compensation</b>	<b>6,207,000</b>	<b>6,656,538</b>	<b>449,538</b>	<b>6.75%</b>	<b>10,002,024</b>
<b>Compensation Related</b>					
52411000 - F.I.C.A.	456,720	497,931	41,211	8.28%	742,748
52421000 - F.U.I.	7,748	10,220	2,472	24.19%	10,220
52431000 - S.U.I.	34,866	51,947	17,081	32.88%	51,947
52441000 - Union Medical	1,200,062	1,270,914	70,852	5.57%	1,906,370
52451000 - Workers' Compensation Insurance	312,439	353,238	40,799	11.55%	530,688
52461000 - Non Union Medical & Life Insurance	239,624	288,559	48,935	16.96%	432,813
52471000 - Union Retirement Plan	308,609	337,781	29,172	8.64%	507,367
52481000 - Non-Union Retirement Plan	47,968	92,960	44,992	48.40%	139,778
52981000 - Compensation Related Accrual	12,011	0	(12,011)	0.00%	0
<b>Total Compensation Related</b>	<b>2,620,048</b>	<b>2,903,551</b>	<b>283,503</b>	<b>9.76%</b>	<b>4,321,933</b>
<b>Materials and Supplies</b>					
53001000 - Materials & Supplies	305,111	334,627	29,516	8.82%	503,088
53003000 - Materials Direct	623,956	599,034	(24,922)	(4.16%)	902,417
53004000 - Freight	2,457	3,732	1,275	34.16%	5,630
<b>Total Materials and Supplies</b>	<b>931,524</b>	<b>937,393</b>	<b>5,869</b>	<b>0.63%</b>	<b>1,411,135</b>
<b>Utilities and Telephone</b>					
53301000 - Electricity	358,591	213,158	(145,433)	(68.23%)	372,829
53301500 - Sewer	1,204,169	1,205,400	1,231	0.10%	1,829,400
53302000 - Water	2,130,214	1,978,420	(151,794)	(7.67%)	3,095,794
53302500 - Trash	452,990	446,661	(6,329)	(1.42%)	669,993
<b>Total Utilities and Telephone</b>	<b>4,145,963</b>	<b>3,843,639</b>	<b>(302,324)</b>	<b>(7.87%)</b>	<b>5,968,016</b>
<b>Legal Fees</b>					
53401500 - Legal Fees	216,144	338,881	122,737	36.22%	526,652
53401550 - Legal Fees Contra	(70,655)	0	70,655	0.00%	0
<b>Total Legal Fees</b>	<b>145,489</b>	<b>338,881</b>	<b>193,392</b>	<b>57.07%</b>	<b>526,652</b>
<b>Professional Fees</b>					
53402020 - Audit & Tax Preparation Fees - Third	38,500	41,730	3,230	7.74%	47,670
53403500 - Consulting Fees	14,044	9,685	(4,359)	(45.01%)	13,597
53403520 - Consulting Fees - Third	34,694	60,984	26,290	43.11%	93,500
<b>Total Professional Fees</b>	<b>87,237</b>	<b>112,399</b>	<b>25,161</b>	<b>22.39%</b>	<b>154,767</b>
<b>Equipment Rental</b>					
53501500 - Equipment Rental/Lease Fees	15,676	29,772	14,097	47.35%	45,077
<b>Total Equipment Rental</b>	<b>15,676</b>	<b>29,772</b>	<b>14,097</b>	<b>47.35%</b>	<b>45,077</b>
<b>Outside Services</b>					
53601000 - Bank Fees	25,229	28,211	2,982	10.57%	42,322
53601500 - Credit Card Transaction Fees	9,624	0	(9,624)	0.00%	0
53604500 - Marketing Expense	0	3,336	3,336	100.00%	5,000
54603500 - Outside Services Cost Collection	3,554,369	5,436,641	1,882,272	34.62%	8,470,258
53704000 - Outside Services	81,571	50,315	(31,256)	(62.12%)	106,430
<b>Total Outside Services</b>	<b>3,670,792</b>	<b>5,518,503</b>	<b>1,847,711</b>	<b>33.48%</b>	<b>8,624,010</b>
<b>Repairs and Maintenance</b>					
53701000 - Equipment Repair & Maint	3,261	8,208	4,946	60.27%	12,340
53703000 - Elevator /Lift Maintenance	207,414	223,464	16,050	7.18%	336,584
<b>Total Repairs and Maintenance</b>	<b>210,675</b>	<b>231,672</b>	<b>20,997</b>	<b>9.06%</b>	<b>348,924</b>
<b>Other Operating Expense</b>					
53801000 - Mileage & Meal Allowance	1,999	7,004	5,005	71.46%	10,540
53801500 - Travel & Lodging	9	1,672	1,663	99.44%	2,511
53802000 - Uniforms	34,017	59,587	25,571	42.91%	89,998
53802500 - Dues & Memberships	925	1,802	877	48.67%	2,683
53803000 - Subscriptions & Books	162	1,281	1,118	87.33%	1,931
53803500 - Training & Education	2,521	12,981	10,460	80.58%	21,162
53903000 - Safety	474	990	516	52.13%	1,489
54001020 - Board Relations - Third	2,902	5,016	2,114	42.14%	7,525
54001500 - Public Relations	(3)	0	3	0.00%	0
54002000 - Postage	31,012	33,537	2,525	7.53%	54,488
54002500 - Filing Fees / Permits	196	331	135	40.87%	510
<b>Total Other Operating Expense</b>	<b>74,214</b>	<b>124,200</b>	<b>49,986</b>	<b>40.25%</b>	<b>192,837</b>

**Third Laguna Hills Mutual  
Operating Statement  
8/31/2022  
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
<b>Insurance</b>					
54401000 - Hazard & Liability Insurance	567,440	569,174	1,734	0.30%	853,762
54401500 - D&O Liability	57,370	59,170	1,799	3.04%	88,758
54402000 - Property Insurance	4,742,375	5,399,676	657,300	12.17%	8,099,520
54403000 - General Liability Insurance	6,341	4,793	(1,547)	(32.28%)	7,190
<b>Total Insurance</b>	<b>5,373,526</b>	<b>6,032,812</b>	<b>659,287</b>	<b>10.93%</b>	<b>9,049,230</b>
<b>Investment Expense</b>					
54201000 - Investment Expense	30	14,080	14,050	99.79%	21,120
<b>Total Investment Expense</b>	<b>30</b>	<b>14,080</b>	<b>14,050</b>	<b>99.79%</b>	<b>21,120</b>
<b>Uncollectible Accounts</b>					
54602000 - Bad Debt Expense	107,044	43,336	(63,708)	(147.01%)	65,000
<b>Total Uncollectible Accounts</b>	<b>107,044</b>	<b>43,336</b>	<b>(63,708)</b>	<b>(147.01%)</b>	<b>65,000</b>
<b>(Gain)/Loss on Sale or Trade</b>					
54101500 - (Gain)/Loss On Investments	3,699	0	(3,699)	0.00%	0
<b>Total (Gain)/Loss on Sale or Trade</b>	<b>3,699</b>	<b>0</b>	<b>(3,699)</b>	<b>0.00%</b>	<b>0</b>
<b>Depreciation and Amortization</b>					
55001000 - Depreciation And Amortization	89,664	89,664	0	0.00%	134,496
<b>Total Depreciation and Amortization</b>	<b>89,664</b>	<b>89,664</b>	<b>0</b>	<b>0.00%</b>	<b>134,496</b>
<b>Net Allocation to Mutuals</b>					
54602500 - Allocated Expenses	1,010,738	968,829	(41,909)	(4.33%)	1,449,122
<b>Total Net Allocation to Mutuals</b>	<b>1,010,738</b>	<b>968,829</b>	<b>(41,909)</b>	<b>(4.33%)</b>	<b>1,449,122</b>
<b>Total Expenses</b>	<b>24,693,320</b>	<b>27,845,270</b>	<b>3,151,950</b>	<b>11.32%</b>	<b>42,314,341</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$4,337,403</b>	<b>\$1,160,939</b>	<b>\$3,176,464</b>	<b>273.61%</b>	<b>\$1,197,976</b>

**Third Laguna Hills Mutual  
Balance Sheet - Preliminary  
8/31/2022**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
	<b>Assets</b>		
1	Cash and cash equivalents	\$3,324,170	\$3,967,068
2	Discretionary investments	25,182,483	25,180,400
3	Receivable/(Payable) from mutuals	1,228,558	532,799
4	Accounts receivable and interest receivable	157,946	218,076
5	Prepaid expenses and deposits	5,870,072	2,818,713
6	Property and equipment	141,239	141,239
7	Accumulated depreciation property and equipment	(141,239)	(141,239)
8	Beneficial interest in GRF of Laguna Hills Trust	4,965,476	5,055,140
9	Non-controlling interest in GRF	41,073,262	41,073,262
<b>10</b>	<b>Total Assets</b>	<u><u><b>\$81,801,968</b></u></u>	<u><u><b>\$78,845,457</b></u></u>
	<b>Liabilities and Fund Balances</b>		
	Liabilities:		
11	Accounts payable and accrued expenses	\$2,104,988	\$3,429,790
12	Accrued compensation and related costs	596,103	596,103
13	Deferred income	681,085	737,176
14	Income tax payable	(26,005)	(26,005)
15	Total liabilities	<u><u><b>\$3,356,171</b></u></u>	<u><u><b>\$4,737,064</b></u></u>
	Fund balances:		
16	Fund balance prior years	74,108,394	74,218,083
17	Change in fund balance - current year	4,337,403	(109,690)
18	Net fund balances	<u><u><b>78,445,797</b></u></u>	<u><u><b>74,108,394</b></u></u>
19	Total fund balances	<u><u><b>78,445,797</b></u></u>	<u><u><b>74,108,394</b></u></u>
<b>20</b>	<b>Total Liabilities and Fund Balances</b>	<u><u><b>\$81,801,968</b></u></u>	<u><u><b>\$78,845,457</b></u></u>

**Third Laguna Hills Mutual  
Fund Balance Sheet - Preliminary  
8/31/2022**

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Elevator Replacement Fund</b>	<b>Laundry Replacement Fund</b>	<b>Garden Villa Rec Room Fund</b>	<b>Disaster Fund</b>	<b>Unappropriated Expenditures Fund</b>	<b>Total</b>
<b>Assets</b>								
1 Cash and cash equivalents	\$616,726	\$17,262	\$692,413	\$98,542	\$38,832	\$1,025,974	\$834,421	\$3,324,170
2 Discretionary investments		14,761,697	1,916,571	262,032	71,062	5,150,302	3,020,819	25,182,483
3 Receivable/(Payable) from mutuals	1,228,558							1,228,558
4 Receivable/(Payable) from operating fund	(5,000,000)	5,000,000						
5 Accounts receivable and interest receivable	157,946							157,946
6 Prepaid expenses and deposits	5,870,072							5,870,072
7 Property and equipment	141,239							141,239
8 Accumulated depreciation property and equipment	(141,239)							(141,239)
9 Beneficial interest in GRF of Laguna Hills Trust	4,965,476							4,965,476
10 Non-controlling interest in GRF	41,073,262							41,073,262
<b>11 Total Assets</b>	<b><u>\$48,912,040</u></b>	<b><u>\$19,778,959</u></b>	<b><u>\$2,608,984</u></b>	<b><u>\$360,574</u></b>	<b><u>\$109,894</u></b>	<b><u>\$6,176,276</u></b>	<b><u>\$3,855,240</u></b>	<b><u>\$81,801,968</u></b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
12 Accounts payable and accrued expenses	\$1,111,622	\$966,171			\$19,753	\$7,442		\$2,104,988
13 Accrued compensation and related costs	596,103							596,103
14 Deferred income	681,085							681,085
15 Income tax payable	(26,005)							(26,005)
16 Total liabilities	<u>\$2,362,805</u>	<u>\$966,171</u>			<u>\$19,753</u>	<u>\$7,442</u>		<u>\$3,356,171</u>
Fund balances:								
17 Fund balance prior years	45,646,657	16,348,615	2,355,983	364,571	104,231	5,441,633	3,846,704	74,108,394
18 Change in fund balance - current year	<u>902,578</u>	<u>2,464,174</u>	<u>253,002</u>	<u>(3,997)</u>	<u>(14,091)</u>	<u>727,201</u>	<u>8,536</u>	<u>4,337,403</u>
19 Net fund balances	46,549,235	18,812,789	2,608,984	360,574	90,140	6,168,834	3,855,240	78,445,797
20 Total fund balances	<u>46,549,235</u>	<u>18,812,789</u>	<u>2,608,984</u>	<u>360,574</u>	<u>90,140</u>	<u>6,168,834</u>	<u>3,855,240</u>	<u>78,445,797</u>
<b>21 Total Liabilities and Fund Balances</b>	<b><u>\$48,912,040</u></b>	<b><u>\$19,778,959</u></b>	<b><u>\$2,608,984</u></b>	<b><u>\$360,574</u></b>	<b><u>\$109,894</u></b>	<b><u>\$6,176,276</u></b>	<b><u>\$3,855,240</u></b>	<b><u>\$81,801,968</u></b>

**Third Laguna Hills Mutual  
Changes in Fund Balances - Preliminary  
8/31/2022**

	Operating Fund	Replacement Fund	Elevator Replacement Fund	Laundry Replacement Fund	Garden Villa Rec Room Fund	Disaster Fund	Unappropriated Expenditures Fund	Total
Revenues:								
Assessments:								
1 Operating	\$19,068,090							\$19,068,090
2 Additions to restricted funds		7,127,136	244,080	48,816	59,616	1,061,260		8,540,908
3 Total assessments	19,068,090	7,127,136	244,080	48,816	59,616	1,061,260		27,608,997
Non-assessment revenues:								
4 Fees and charges for services to residents	680,416							680,416
5 Laundry	145,999							145,999
6 Interest income		76,862	9,206	1,739	341	23,631	9,022	120,802
7 Miscellaneous	474,510							474,510
8 Total non-assessment revenue	1,300,924	76,862	9,206	1,739	341	23,631	9,022	1,421,726
9 Total revenue	20,369,014	7,203,998	253,286	50,555	59,957	1,084,891	9,022	29,030,723
Expenses:								
10 Employee compensation and related	6,871,066	1,904,758		17,665	14,740	18,819		8,827,048
11 Materials and supplies	558,083	324,896		35,400	10,782	2,364		931,524
12 Utilities and telephone	4,140,240	5,558			28	137		4,145,963
13 Legal fees	145,489							145,489
14 Professional fees	81,232	1,954				4,052		87,237
15 Equipment rental	3,652	11,795			63	166		15,676
16 Outside services	996,249	2,296,387		28	47,525	330,395	207	3,670,792
17 Repairs and maintenance	208,551	2,102			12	10		210,675
18 Other Operating Expense	61,792	12,096		117	96	113		74,214
19 Insurance	5,373,526							5,373,526
20 Investment expense		19	2			6	2	30
21 Uncollectible Accounts	107,044							107,044
22 (Gain)/loss on sale or trade		2,354	282	53	10	723	276	3,699
23 Depreciation and amortization	89,664							89,664
24 Net allocations to mutuals	829,848	177,906		1,288	792	904		1,010,738
25 Total expenses	19,466,436	4,739,825	284	54,552	74,048	357,690	486	24,693,320
26 Excess of revenues over expenses	\$902,578	\$2,464,174	\$253,002	(\$3,997)	(\$14,091)	\$727,201	\$8,536	\$4,337,403
27 Excluding unrealized gain/(loss) and depreciation	\$992,242	\$2,464,174	\$253,002	(\$3,997)	(\$14,091)	\$727,201	\$8,536	\$4,427,067

**THIRD LAGUNA HILLS MUTUAL  
FUND EXPENDITURES REPORT  
AS OF AUGUST 31, 2022**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
OPERATING FUND - MAINTENANCE & CONSTRUCTION								
APPLIANCE REPAIRS	\$7,279	\$7,846	\$56,761	\$62,206	\$93,270	61%	\$5,445	9%
CARPENTRY SERVICE	40,575	42,900	293,820	340,196	510,004	58%	46,376	14%
ELECTRICAL SERVICE	12,583	9,762	81,369	77,339	115,944	70%	(4,030)	(5%)
FIRE PROTECTION	24,724	15,455	69,223	86,902	144,380	48%	17,679	20%
MISC REPAIRS BY OUTSIDE SERVICE	3,584	4,888	7,972	39,104	58,664	14%	31,132	80%
PEST CONTROL	93,879	22,645	115,303	96,160	174,633	66%	(19,143)	(20%)
PLUMBING SERVICE	59,423	59,196	449,842	469,883	704,474	64%	20,041	4%
SOLAR MAINTENANCE	5,619	2,083	14,604	16,664	25,000	58%	2,060	12%
TOTAL	\$247,667	\$164,775	\$1,088,894	\$1,188,454	\$1,826,369	60%	\$99,560	8%
OPERATING FUND - GENERAL SERVICES								
CONCRETE REPAIR/REPLACEMENT	\$21,273	\$31,052	\$208,778	\$246,520	\$369,462	57%	\$37,741	15%
JANITORIAL SERVICE	79,990	82,195	656,727	652,958	977,822	67%	(3,770)	(1%)
GUTTER CLEANING	7,712	10,415	72,968	82,589	160,758	45%	9,621	12%
TRAFFIC CONTROL	1,351	1,857	12,779	14,728	22,074	58%	1,949	13%
WELDING	6,952	10,620	66,737	84,309	126,349	53%	17,572	21%
TOTAL	\$117,277	\$136,139	\$1,017,990	\$1,081,103	\$1,656,465	61%	\$63,113	6%
OPERATING FUND - LANDSCAPE SERVICES								
LANDSCAPE ADMINISTRATION	\$30,348	\$28,820	\$219,257	\$227,867	\$341,287	64%	\$8,610	4%
NURSERY & COMPOSTING	22,212	24,430	173,609	193,998	290,925	60%	20,388	11%
GROUNDS MAINTENANCE	322,748	269,974	2,246,925	2,143,841	3,211,030	70%	(103,084)	(5%)
IRRIGATION	92,835	87,455	701,553	694,054	1,040,845	67%	(7,499)	(1%)
SMALL EQUIPMENT REPAIR	21,244	19,088	154,603	151,528	227,135	68%	(3,075)	(2%)
PEST CONTROL	28,556	32,260	276,566	255,735	383,391	72%	(20,831)	(8%)
TOTAL	\$517,943	\$462,028	\$3,772,514	\$3,667,023	\$5,494,612	69%	(\$105,491)	(3%)
REPLACEMENT FUND - MAINTENANCE & CONSTRUCTION								
BUILDING NUMBERS	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
BUILDING STRUCTURES	266,887	214,634	997,743	1,644,788	2,502,042	40%	647,044	39%
ELECTRICAL SYSTEMS	0	3,000	0	18,000	30,000	0%	18,000	100%
ENERGY PROJECTS	0	0	0	0	0	0%	(1)	0%
EXTERIOR LIGHTING	788	2,082	10,131	16,656	25,000	41%	6,525	39%
FENCING	6,577	5,380	40,942	42,684	63,996	64%	1,741	4%
GARDEN VILLA LOBBY	0	0	1,828	12,000	12,000	15%	10,172	85%
GARDEN VILLA MAILROOM	24	34	190	272	412	46%	83	30%
GARDEN VILLA RECESSED AREA	0	0	0	0	0	0%	0	0%
GV REC ROOM WATER HEATER/HEAT PUMP	91	249	2,937	1,987	2,984	98%	(950)	(48%)
GUTTER REPLACEMENTS	2,344	6,600	18,826	52,618	78,926	24%	33,792	64%
MAILBOXES	252	764	1,827	6,094	9,143	20%	4,267	70%
PAINT PROGRAM - EXTERIOR	123,176	133,377	948,086	1,058,133	1,586,079	60%	110,046	10%
PRIOR TO PAINT	99,209	99,423	693,585	772,700	1,166,430	59%	79,115	10%
PAVING	0	0	0	0	433,960	0%	0	0%
ROOF REPLACEMENTS	105,369	227,053	551,275	1,003,413	1,461,792	38%	452,138	45%
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0	0	0%	0	0%
WALL REPLACEMENTS	29,994	0	29,994	35,000	35,000	86%	5,006	14%
WASTE LINE REMEDIATION	94,376	70,000	354,579	420,000	700,000	51%	65,421	16%
WATER LINES - COPPER PIPE REMEDIATION	0	0	0	500,000	500,000	0%	500,000	100%
PLUMBING REPLACEMENT	0	0	0	0	0	0%	0	0%
TOTAL	\$729,089	\$762,596	\$3,651,943	\$5,584,344	\$8,607,764	42%	\$1,932,401	35%
REPLACEMENT FUND - GENERAL SERVICES								
PRIOR TO PAINT	\$773	\$1,069	\$7,316	\$8,483	\$12,712	58%	\$1,168	14%
PAVING	4,562	5,686	45,637	45,106	67,606	68%	(530)	(1%)
EXTERIOR WALLS	0	2,012	0	16,096	24,150	0%	16,096	100%
TOTAL	\$5,336	\$8,767	\$52,953	\$69,685	\$104,469	51%	\$16,733	24%
REPLACEMENT FUND - LANDSCAPE SERVICES								
LANDSCAPE MODIFICATION	\$266,697	\$68,647	\$348,789	\$549,124	\$823,702	42%	\$200,335	36%
IMPROVEMENT & RESTORATION	10,294	10,852	73,816	86,183	129,214	57%	12,367	14%
TREE MAINTENANCE	244,345	78,976	609,951	628,990	943,424	65%	19,039	3%
TOTAL	\$521,336	\$158,476	\$1,032,556	\$1,264,297	\$1,896,339	54%	\$231,741	18%
ELEVATOR REPLACEMENT FUND								
ELEVATOR REPLACEMENT	\$0	\$8,750	\$0	\$70,000	\$105,000	0%	\$70,000	100%
TOTAL	\$0	\$8,750	\$0	\$70,000	\$105,000	0%	\$70,000	100%
LAUNDRY REPLACEMENT FUND								
LAUNDRY APPLIANCES	\$10,036	\$7,823	\$44,816	\$62,468	\$93,712	48%	\$17,652	28%
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	1,380	1,350	9,682	10,692	16,028	60%	1,010	9%
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0	0	0%	0	0%
TOTAL	\$11,416	\$9,173	\$54,498	\$73,160	\$109,740	50%	\$18,662	26%
DISASTER FUND - MAINTENANCE & CONSTRUCTION								
MOISTURE INTRUSION - RAIN LEAKS	(\$52,493)	\$19,792	\$46,741	\$158,336	\$237,513	20%	\$111,595	70%



**THIRD LAGUNA HILLS MUTUAL  
FUND EXPENDITURES REPORT  
AS OF AUGUST 31, 2022**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
MOISTURE INTRUSION - PLUMBING LEAKS	260,087	33,333	208,326	266,664	400,000	52%	58,338	22%
MOISTURE INTRUSION - PLUMBING STOPPAGES	10,163	4,166	42,696	33,328	50,000	85%	(9,368)	(28%)
MOISTURE INTRUSION - MISCELLANEOUS	(8,333)	3,879	13,823	31,032	46,548	30%	17,209	55%
DAMAGE RESTORATION SERVICES	8,064	15,941	33,848	127,293	190,935	18%	93,446	73%
<b>TOTAL</b>	<b>\$217,489</b>	<b>\$77,111</b>	<b>\$345,433</b>	<b>\$616,653</b>	<b>\$924,996</b>	<b>37%</b>	<b>\$271,220</b>	<b>44%</b>

**DISASTER FUND - LANDSCAPE SERVICES**

RISK FIRE MANAGEMENT	\$0	\$15,000	\$11,527	\$120,000	\$180,000	6%	\$108,473	90%
<b>TOTAL</b>	<b>\$0</b>	<b>\$15,000</b>	<b>\$11,527</b>	<b>\$120,000</b>	<b>\$180,000</b>	<b>6%</b>	<b>\$108,473</b>	<b>90%</b>

**RESERVE EXPENDITURES COMPARED TO RESERVE STUDY  
AS PRESENTED IN THE 2022 BUSINESS PLAN  
AS OF JUNE 30, 2022**

	2022	2022	2022	2022	2022
	YTD Actual	YTD Budget	YTD Variance	Annual Budget	% Expended
Paved Surfaces	\$45,637	\$45,106	(\$531)	\$501,566	9%
Roofing & Gutters	\$570,101	\$1,056,031	\$485,930	\$1,540,718	37%
Building Structures	\$997,743	\$1,644,788	\$647,045	\$2,502,043	40%
Decking Projects	\$251,877	\$289,460	\$37,582	\$436,454	58%
Prior to Painting & Painting Projects	\$1,397,110	\$1,549,856	\$152,746	\$2,328,768	60%
Elevators	\$0	\$70,000	\$70,000	\$105,000	0%
Garden Villas	\$4,954	\$14,259	\$9,305	\$15,396	32%
Lighting Replacement Projects	\$10,131	\$16,656	\$6,525	\$25,000	41%
Walls, Fencing, and Railings	\$70,937	\$95,644	\$24,707	\$125,952	56%
Laundry Facilities	\$54,498	\$71,296	\$16,798	\$106,934	51%
Sewer Lines, Water Lines and Elect	\$354,579	\$938,000	\$583,420	\$1,230,000	29%
Grounds & Miscellaneous	\$1,827	\$6,094	\$4,267	\$9,143	20%
Landscape Projects	\$1,032,556	\$1,264,297	\$231,741	\$1,896,339	54%
<b>Total</b>	<b>\$4,791,950</b>	<b>\$7,061,487</b>	<b>\$2,269,537</b>	<b>\$10,823,313</b>	<b>44%</b>

**THIRD LAGUNA HILLS  
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES  
REPORT AS OF AUGUST 31, 2022**

DESCRIPTION	YTD TOTAL EXPENDITURES	LABOR	MATERIALS	OUTSIDE SERVICES
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**OPERATING FUND - MAINTENANCE & CONSTRUCTION**

APPLIANCE REPAIRS	\$56,761	\$48,776	\$7,986	\$0
CARPENTRY SERVICE	293,820	272,981	20,839	0
ELECTRICAL SERVICE	81,369	68,251	7,862	5,255
FIRE PROTECTION	69,223	3,105	981	65,137
MISC REPAIRS BY OUTSIDE SERVICE	7,972	0	0	7,972
PEST CONTROL	115,303	0	0	115,303
PLUMBING SERVICE	449,842	334,710	39,776	75,356
SOLAR MAINTENANCE	14,604	0	0	14,604
<b>TOTAL</b>	<b>\$1,088,894</b>	<b>\$727,823</b>	<b>\$77,444</b>	<b>\$283,627</b>

**OPERATING FUND - GENERAL SERVICES**

CONCRETE REPAIR/REPLACEMENT	\$208,778	\$196,540	\$11,973	\$265
JANITORIAL SERVICE	656,727	637,854	18,873	0
GUTTER CLEANING	72,968	72,968	0	0
TRAFFIC CONTROL	12,779	12,779	0	0
WELDING	66,737	65,652	1,085	0
<b>TOTAL</b>	<b>\$1,017,990</b>	<b>\$985,793</b>	<b>\$31,932</b>	<b>\$265</b>

**OPERATING EXPENDITURES - LANDSCAPE SERVICES**

LANDSCAPE ADMINISTRATION	\$219,257	\$219,257	\$0	\$0
NURSERY & COMPOSTING	173,609	173,609	0	0
GROUNDS MAINTENANCE	2,246,925	1,937,349	1,692	307,885
IRRIGATION	701,553	598,161	103,392	0
SMALL EQUIPMENT REPAIR	154,603	154,603	0	0
PEST CONTROL	276,566	276,566	0	0
<b>TOTAL</b>	<b>\$3,772,514</b>	<b>\$3,359,545</b>	<b>\$105,084</b>	<b>\$307,885</b>

**OPERATING - CHARGEABLE SERVICES**

CHARGEABLE SERVICES	\$506,224	\$92,246	\$116,819	\$297,159
<b>TOTAL</b>	<b>\$506,224</b>	<b>\$92,246</b>	<b>\$116,819</b>	<b>\$297,159</b>

**RESERVE FUND - MAINTENANCE & CONSTRUCTION**

BUILDING NUMBERS	\$0	\$0	\$0	\$0
BUILDING STRUCTURES	997,743	209,105	34,437	754,200
ELECTRICAL SYSTEMS	0	0	0	0
EXTERIOR LIGHTING	10,131	0	0	10,131
FENCING	40,942	32,428	8,514	0
GARDEN VILLA LOBBY	1,828	0	410	1,418
GARDEN VILLA MAILROOM	190	190	0	0
GARDEN VILLA RECESSED AREA	0	0	0	0
GV REC ROOM WATER HEATER/HEAT PUMP	2,937	607	2,330	0
GUTTER REPLACEMENTS	18,826	16,214	2,612	0
MAILBOXES	1,827	1,827	0	0
PAINT PROGRAM - EXTERIOR	948,086	836,320	108,823	2,944
PRIOR TO PAINT	693,585	606,772	81,731	5,082
PAVING	0	0	0	0
ROOF REPLACEMENTS	551,275	0	0	551,275
WALL REPLACEMENTS	29,994	0	0	29,994
WASTE LINE REMEDIATION	354,579	0	0	354,579
WATER LINES - COPPER PIPE REMEDIATION	0	0	0	0
PLUMBING REPLACEMENT	0	0	0	0
<b>TOTAL</b>	<b>\$3,651,943</b>	<b>\$1,703,463</b>	<b>\$238,858</b>	<b>\$1,709,623</b>

**RESERVE FUND - GENERAL SERVICES**

PRIOR TO PAINT	\$7,316	\$7,316	\$0	\$0
PAVING	45,637	38,240	7,397	0
EXTERIOR WALLS	0	0	0	0

**THIRD LAGUNA HILLS  
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES  
REPORT AS OF AUGUST 31, 2022**

DESCRIPTION	YTD TOTAL EXPENDITURES	LABOR	MATERIALS	OUTSIDE SERVICES
<b>TOTAL</b>	<b>\$52,953</b>	<b>\$45,556</b>	<b>\$7,397</b>	<b>\$0</b>

**RESERVE FUND - LANDSCAPE**

LANDSCAPE MODIFICATION	\$348,789	\$5,585	\$0	\$343,204
IMPROVEMENT & RESTORATION	73,816	73,816	0	0
TREE MAINTENANCE	609,951	365,930	0	244,021
<b>TOTAL</b>	<b>\$1,032,556</b>	<b>\$445,331</b>	<b>\$0</b>	<b>\$587,225</b>

**RESERVE FUND - ELEVATOR**

ELEVATOR REPLACEMENT	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**RESERVE FUND - LAUNDRY**

LAUNDRY APPLIANCES	\$44,816	\$10,097	\$34,718	\$0
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	9,682	9,682	0	0
<b>TOTAL</b>	<b>\$54,498</b>	<b>\$19,780</b>	<b>\$34,718</b>	<b>\$0</b>

**DISASTER FUND - MAINTENANCE & CONSTRUCTION**

MOISTURE INTRUSION - RAIN LEAKS	\$46,741	\$0	\$0	\$46,741
MOISTURE INTRUSION - PLUMBING LEAKS	208,326	0	0	208,326
MOISTURE INTRUSION - PLUMBING STOPPAGES	42,696	0	0	42,696
MOISTURE INTRUSION - MISCELLANEOUS	13,823	0	0	13,823
DAMAGE RESTORATION SERVICES	33,848	21,238	1,283	11,327
<b>TOTAL</b>	<b>\$345,433</b>	<b>\$21,238</b>	<b>\$1,283</b>	<b>\$322,912</b>

**DISASTER FUND - LANDSCAPE SERVICES**

RISK FIRE MANAGEMENT	\$11,527	\$4,052	\$0	\$7,475
SUPPLEMENTAL APPROPRIATIONS	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$11,527</b>	<b>\$4,052</b>	<b>\$0</b>	<b>\$7,475</b>

**THIRD LAGUNA HILLS  
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES  
REPORT AS OF AUGUST 31, 2022**

DESCRIPTION	OS Actuals	OS Budget	OS Variance
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**OPERATING FUND - MAINTENANCE & CONSTRUCTION**

APPLIANCE REPAIRS	\$0	\$0	\$0
CARPENTRY SERVICE	0	11,664	11,664
ELECTRICAL SERVICE	5,255	1,664	(3,591)
FIRE PROTECTION	65,137	82,748	17,611
MISC REPAIRS BY OUTSIDE SERVICE	7,972	39,104	31,132
PEST CONTROL	115,303	96,160	(19,143)
PLUMBING SERVICE	75,356	63,328	(12,028)
SOLAR MAINTENANCE	14,604	16,664	2,060
<b>TOTAL</b>	<b>\$283,627</b>	<b>\$311,332</b>	<b>\$27,706</b>

**OPERATING FUND - GENERAL SERVICES**

CONCRETE REPAIR/REPLACEMENT	\$265	\$0	(\$265)
JANITORIAL SERVICE	0	0	0
GUTTER CLEANING	0	0	(0)
TRAFFIC CONTROL	0	0	0
WELDING	0	10,000	10,000
<b>TOTAL</b>	<b>\$265</b>	<b>\$10,000</b>	<b>\$9,735</b>

**OPERATING EXPENDITURES - LANDSCAPE SERVICES**

LANDSCAPE ADMINISTRATION	\$0	\$0	\$0
NURSERY & COMPOSTING	0	0	0
GROUNDS MAINTENANCE	307,885	0	(307,885)
IRRIGATION	0	0	0
SMALL EQUIPMENT REPAIR	0	0	0
PEST CONTROL	0	0	0
<b>TOTAL</b>	<b>\$307,885</b>	<b>\$0</b>	<b>(\$307,885)</b>

**OPERATING - CHARGEABLE SERVICES**

CHARGEABLE SERVICES	\$297,159	\$155,048	(142,111)
<b>TOTAL</b>	<b>\$297,159</b>	<b>\$155,048</b>	<b>(142,111)</b>

**OPERATING - SECURITY SERVICES**

Smoke Detector Services	\$0	\$0	0
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>

**RESERVE FUND - MAINTENANCE & CONSTRUCTION**

BUILDING NUMBERS	\$0	\$0	\$0
BUILDING STRUCTURES	754,200	1,349,664	595,464
ELECTRICAL SYSTEMS	0	18,000	18,000
ENERGY PROJECTS	0	0	0
EXTERIOR LIGHTING	10,131	16,656	6,525
FENCING	0	0	0
GARDEN VILLA LOBBY	1,418	12,000	10,582
GARDEN VILLA MAILROOM	0	0	0
GARDEN VILLA RECESSED AREA	0	0	0
GV REC ROOM WATER HEATER/HEAT PUMP	0	0	0
GUTTER REPLACEMENTS	0	33,328	33,328
MAILBOXES	0	0	0

**THIRD LAGUNA HILLS  
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES  
REPORT AS OF AUGUST 31, 2022**

DESCRIPTION	OS Actuals	OS Budget	OS Variance
PAINT PROGRAM - EXTERIOR	2,944	38,320	35,376
PRIOR TO PAINT	5,082	33,000	27,919
PAVING	0	0	0
ROOF REPLACEMENTS	551,275	1,003,413	452,138
SUPPLEMENTAL APPROPRIATIONS	0	0	0
WALL REPLACEMENTS	29,994	35,000	5,006
WASTE LINE REMEDIATION	354,579	420,000	65,421
WATER LINES - COPPER PIPE REMEDIATION	0	500,000	500,000
PLUMBING REPLACEMENT	0	0	0
<b>TOTAL</b>	<b>\$1,709,623</b>	<b>\$3,459,381</b>	<b>\$1,749,758</b>

**RESERVE FUND - GENERAL SERVICES**

PRIOR TO PAINT	\$0	\$0	\$0
PAVING	0	0	0
EXTERIOR WALLS	0	16,096	16,096
<b>TOTAL</b>	<b>\$0</b>	<b>\$16,096</b>	<b>\$16,096</b>

**RESERVE FUND - LANDSCAPE**

LANDSCAPE MODIFICATION	\$343,204	\$343,432	\$228
IMPROVEMENT & RESTORATION	0	0	0
TREE MAINTENANCE	244,021	335,408	91,387
<b>TOTAL</b>	<b>\$587,225</b>	<b>\$678,840</b>	<b>\$91,615</b>

**RESERVE FUND - ELEVATOR**

ELEVATOR REPLACEMENT	\$0	\$70,000	\$70,000
<b>TOTAL</b>	<b>\$0</b>	<b>\$70,000</b>	<b>\$70,000</b>

**RESERVE FUND - LAUNDRY**

LAUNDRY APPLIANCES	\$0	\$1,864	\$1,864
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	0	0	0
<b>TOTAL</b>	<b>\$0</b>	<b>\$1,864</b>	<b>\$1,864</b>

**DISASTER FUND - MAINTENANCE & CONSTRUCTION**

MOISTURE INTRUSION - RAIN LEAKS	\$46,741	\$158,336	\$111,595
MOISTURE INTRUSION - PLUMBING LEAKS	208,326	266,664	58,338
MOISTURE INTRUSION - PLUMBING STOPPAGES	42,696	33,328	(9,368)
MOISTURE INTRUSION - MISCELLANEOUS	13,823	31,032	17,209
DAMAGE RESTORATION SERVICES	11,327	103,328	92,001
<b>TOTAL</b>	<b>\$322,912</b>	<b>\$592,688</b>	<b>\$269,776</b>

**DISASTER FUND - LANDSCAPE SERVICES**

RISK FIRE MANAGEMENT	\$7,475	\$120,000	\$112,525
SUPPLEMENTAL APPROPRIATIONS	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$7,475</b>	<b>\$120,000</b>	<b>\$112,525</b>

**DISASTER FUND - FINANCIAL SERVICES**

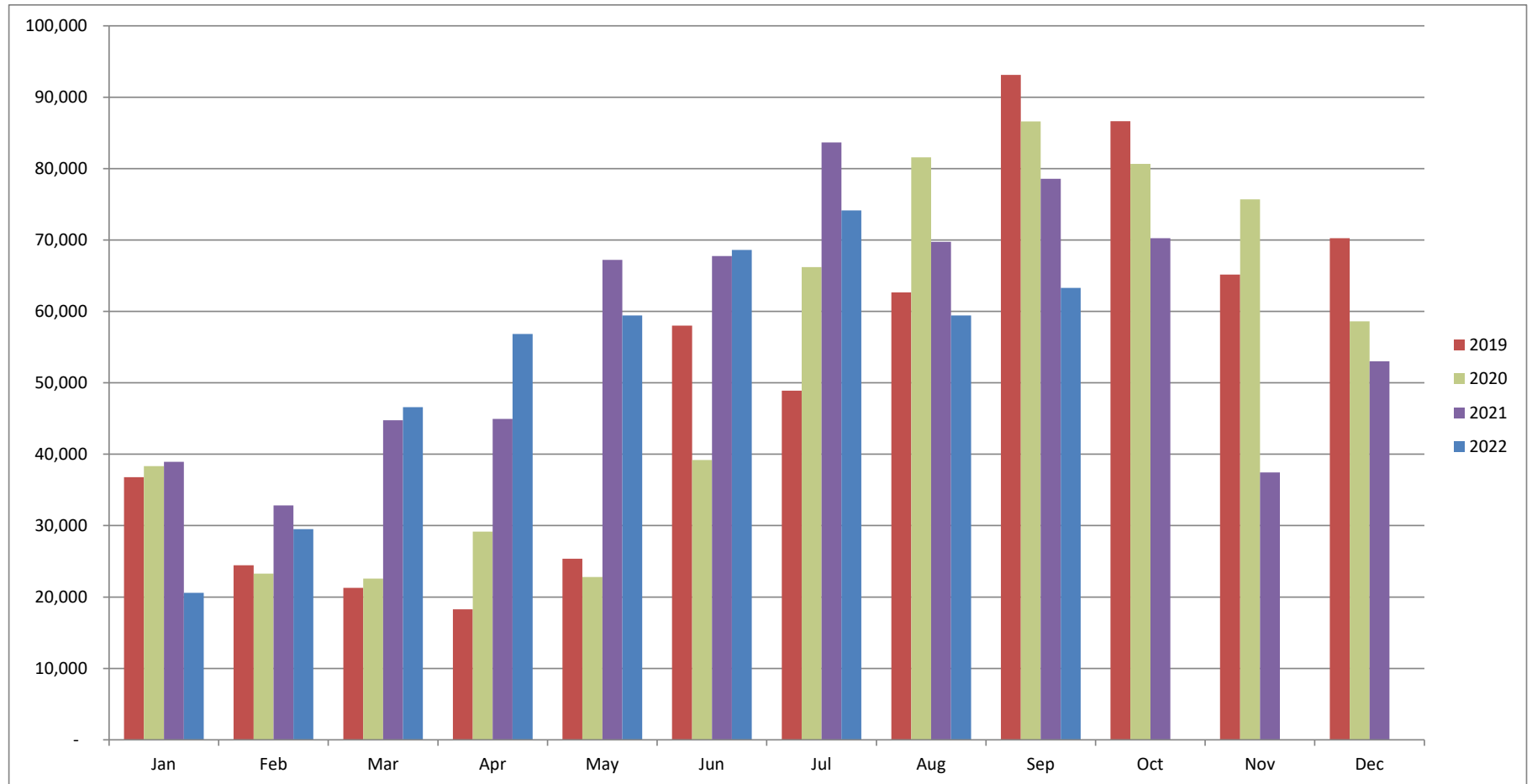
INSURANCE PREMIUMS	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**THIRD LAGUNA HILLS  
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES  
REPORT AS OF AUGUST 31, 2022**

DESCRIPTION	OS Actuals	OS Budget	OS Variance
<i>GARDEN VILLA REC ROOM FUND - MAINTENANCE &amp; CONSTRUCTION</i>			
GARDEN VILLA RECREATION ROOMS	\$47,505	\$21,392	(\$26,113)
<b>TOTAL</b>	<b>\$47,505</b>	<b>\$21,392</b>	<b>(\$26,113)</b>

### Third Mutual Water Usage in 100 cubic feet units

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD \$*	YTD ccf	Total
2019	36,777	24,432	21,298	18,269	25,378	58,015	48,914	62,672	93,135	86,655	65,159	70,254	\$1,586,176	295,755	610,958
2020	38,350	23,285	22,570	29,169	22,804	39,197	66,203	81,581	86,612	80,664	75,700	58,608	\$1,702,234	323,159	624,743
2021	38,929	32,844	44,745	44,946	67,232	67,759	83,660	69,752	78,563	70,259	37,446	53,014	\$1,977,694	449,867	689,149
2022	20,573	29,523	46,594	56,831	59,443	68,617	74,150	59,427	63,281	-	-	-	\$1,931,860	415,158	478,439



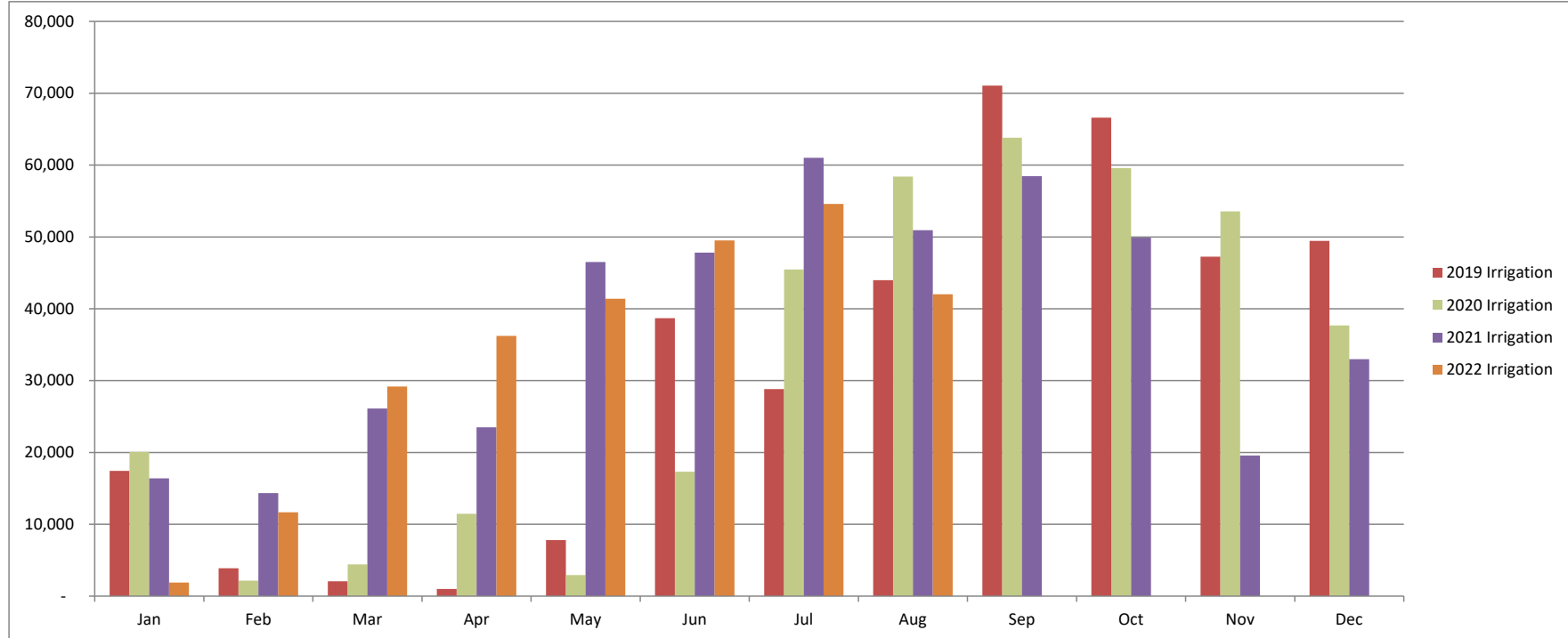
\*Derived From ETWD Billing Statements



### Third Mutual

#### Irrigation Water Usage in 100 cubic feet units

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD \$*	YTD ccf	Total
2019 Irrigation	17,434	3,892	2,081	1,000	7,803	38,696	28,811	43,994	71,052	66,612	47,254	49,451	\$786,314	143,711	378,080
2020 Irrigation	20,096	2,146	4,430	11,464	2,923	17,310	45,463	58,399	63,816	59,592	53,554	37,681	\$831,655	162,231	376,874
2021 Irrigation	16,390	14,356	26,104	23,513	46,497	47,822	61,029	50,929	58,456	49,890	19,563	32,992	\$1,079,411	286,640	447,541
2022 Irrigation	1,884	11,681	29,185	36,237	41,399	49,498	54,596	42,026	-	-	-	-	\$1,048,837	266,506	266,506

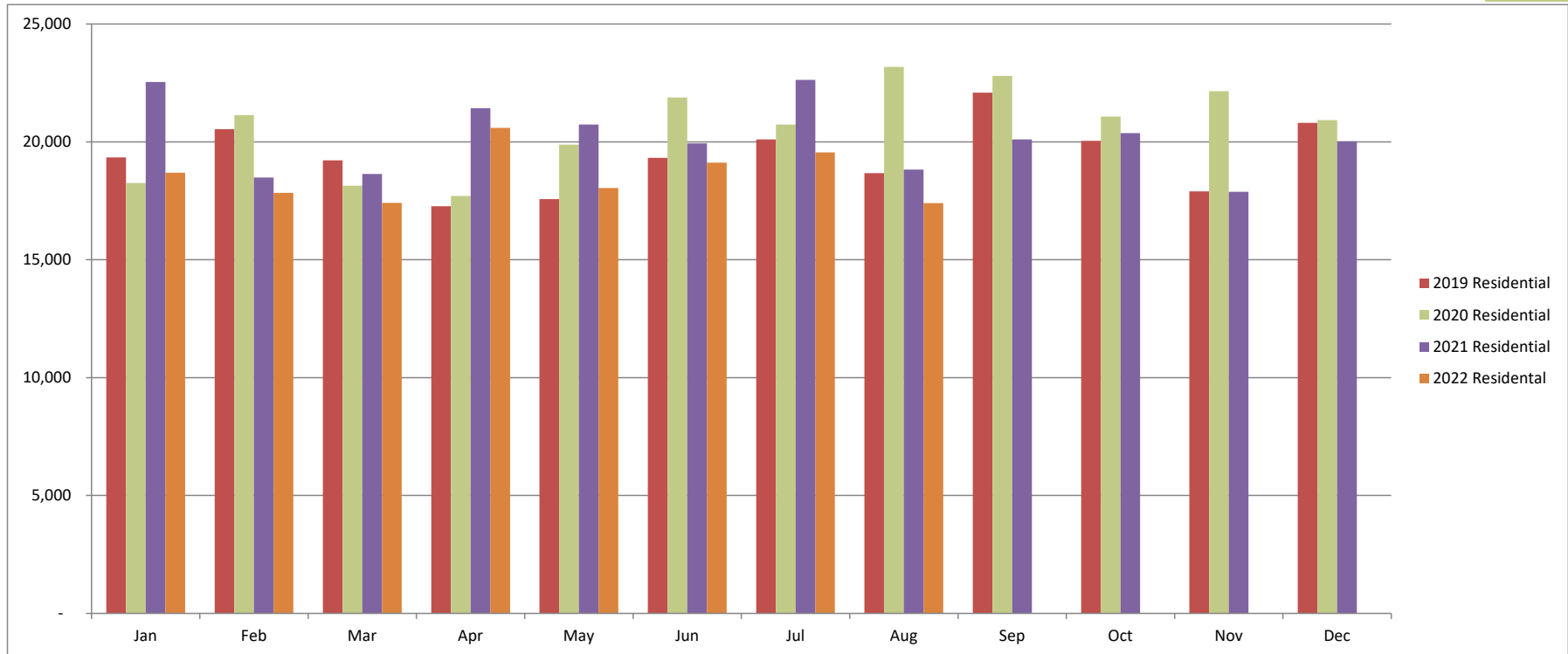


\*Derived From ETWD Billing Statements

### Third Mutual

#### Residential Water Usage in 100 cubic feet units

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD \$*	YTD ccf	Total
2019 Residential	19,343	20,540	19,217	17,269	17,575	19,319	20,103	18,678	22,083	20,043	17,905	20,803	\$799,865	152,044	232,878
2020 Residential	18,254	21,139	18,140	17,705	19,881	21,887	20,740	23,182	22,796	21,072	22,146	20,927	\$870,579	160,928	247,869
2021 Residential	22,539	18,488	18,641	21,433	20,735	19,937	22,631	18,823	20,107	20,369	17,883	20,022	\$898,284	163,227	241,608
2022 Residential	18,689	17,842	17,409	20,594	18,044	19,119	19,554	17,401	-	-	-	-	\$883,023	148,652	148,652



\*Derived From ETWD Billing Statements

**THIRD LAGUNA HILLS MUTUAL**  
**Provision For Doubtful Accounts**  
**As of Augus 31, 2022**

Month	Delinquent Assessments <sup>(1)</sup>	Assessments Write-Offs <sup>(2)</sup>	Bad Debt Small Claims <sup>(3)</sup>	Delinquent Fines, Fees, and Chargeable Services <sup>(4)</sup>	Chargeable Services Write-Offs <sup>(5)</sup>	Change in Provision <sup>(6)</sup>	Total Delinquent Units <sup>(7)</sup>
December-21	241,289			56,026			16
January-22	245,082	-	-	60,563	-	8,330	14
February-22	269,247		-	55,971	-	19,574	14
March-22	253,843		(2,630)	61,153	-	(12,852)	13
April-22	277,196		-	70,749	-	32,949	19
May-22	290,924		-	72,539	-	15,517	20
June-22	328,687		-	76,854	-	42,079	29
July-22	326,027		-	72,444	-	(7,070)	26
August-22	340,452		-	66,537	-	8,518	23
September-22			-		-	-	
October-22			-		-	-	
November-22			-		-	-	
December-22		-	-		-	-	
YTD TOTAL						107,044	

(1) Delinquent Assessments: Represents the balance from the monthly Delinquency Report presented in the Closed Session of the Finance Committee and accounted for as a specific allowance against Accounts Receivable balance.

(2) Assessments Write-Offs: Represents write-off activities approved by the Third Board.

(3) Bad Debt Small Claims: Represents the change in the Small Claims Receivable account balance.

(4) Delinquent Fines, Fees and Chargeable Services: Balances represents a combination of a general allowance percentage and a specific allowance amount recorded for the purpose of reducing the Account Receivable balance to the amount the company anticipates to be collectible.

(5) Chargeable Services Write-Offs: Represents Chargeable Service write-off activities approved by the Third Board.

(6) Change in Provision: Calculated as the difference between the current and prior month Delinquent Assessments and Delinquent Fine, Fees and Chargeable Services balances plus current month activities from Assessment Write-Offs, Bad Debt Small Claims, and Chargeable Services Write-Offs.

(7) Total Delinquent Units: Units reported on the monthly Delinquency Reports - Assessments



## **2022-2023 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.

FAILURE TO MAKE TIMELY PAYMENTS CAN RESULT IN THE IMPOSITION OF LATE CHARGES, INTEREST, COSTS OF COLLECTION, POSSIBLE RESULTANT LEGAL ACTION AND ~~AGREE~~-MEMBERS AGREE THAT THEY CAN BE REQUIRED TO REIMBURSE THE MUTUAL FOR SUCH LEGAL COSTS, REGARDLESS OF WHETHER FORMAL LEGAL ACTION IS TAKEN. IT IS IN YOUR AND EVERY OTHER MEMBER’S BEST INTEREST FOR EACH OF YOU TO MAKE YOUR MONTHLY ASSESSMENT 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 prepared monthly by the Mutual’s managing agent to the Mutual’s Board of Directors (“Board”), 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 Board, 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 written policies) (collectively, the “Governing Documents”) and the Civil Code, to ensure the prompt payment of monthly assessments, the Mutual employs the following collection and lien enforcement policies and procedures, including for the collection of assessments, late charges, interest, 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 (1<sup>st</sup>) 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 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**

A monthly assessment becomes delinquent if it is not received by the Mutual on or before the close of business on the sixteenth (16<sup>th</sup>) day of the month (or, for special assessments, if it is not received by the Mutual on or before the close of business on the fifteenth (15<sup>th</sup>) day after it is due). A written reminder notice may be sent and emailed to the Member. It is each Member’s responsibility to pay assessments in full each month regardless of whether a reminder notice is received.

TO BE CONSIDERED TIMELY, PAYMENT MUST BE **RECEIVED** BY THE MUTUAL WITHIN THE FIFTEEN (15) DAY GRACE PERIOD. SIMPLY PLACING THE PAYMENT IN THE MAIL BEFORE THE GRACE PERIOD EXPIRES IS INSUFFICIENT.

IN ADDITION TO THE FOREGOING, CHARGEABLE SERVICES ARE LATE IF NOT PAID WITHIN TWENTY-FIVE (25) DAYS AFTER BECOMING DUE.

### **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 files for delivery to the Mutual’s legal counsel and/or collection agent in order to carry out authorized legal and/or collection actions, as well as direct costs incurred in recording and/or mailing documents attendant to the legal and/or collection process.

The Administrative Collection Fee may be increased by majority vote of the Mutual’s Board and may be collected by the Mutual’s legal counsel and/or collection agent on its behalf, and remitted to the Mutual’s managing agent, or may be directly collected by the Mutual’s managing agent. Any change to the Administrative Collection Fee shall not be deemed a change to this Policy and shall not require rule change or member review period procedures to be undertaken by the Board.

#### **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 THEY BECOME DELINQUENT. Any notices or invoices for assessments and/or special assessments will be sent to Members by first-class and/or certified mail addressed to the Member at his/her/their/its 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 amounts and 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 seventy-five dollars (\$75) and will be imposed on any assessment payment that is more than fifteen (15) days in arrears. Further, both Civil Code Section 5650 and the Mutual's Governing Documents provide for interest on all sums imposed in accordance with Section 5650, including on delinquent assessment, reasonable fees and costs of collection, and reasonable attorney's fees, which may be imposed thirty (30) days after the assessment is due, at an annual percentage rate of twelve percent (12%). Such interest may be imposed and collected regardless of whether the Member's delinquent account is referred to the Mutual's legal counsel and/or collection agent for 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 Notice)**

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 a reminder notice, as described in Section 2 above, or if no reminder notice was sent, then within thirty (30) days after the date when the delinquent amount became due, then a demand letter pursuant to Civil Code Section 5660 (a "Pre-Lien Notice"), as detailed below, will be sent to the Member by Certified Mail. The Mutual, through its managing agent, may 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 reminder notice or 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 charges and interest) is not received by the close of business on the thirtieth (30<sup>th</sup>) day after the date of a demand letter for payment of same (and with respect to recording a lien against a Member's separate interest in the condominium project ("Manor"), on the thirtieth (30<sup>th</sup>) day after receipt of a Pre-Lien Notice) the Mutual may, at its option, in accordance with the requirements and conditions herein and applicable law, 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 Manor) to use Mutual or Golden Rain Foundation of Laguna Woods ("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.

A demand letter and/or Pre-Lien Notice is presumed to have been received in the regular course of mail within five (5) days of mailing if the mailing address is within California and within ten (10) days if the

mailing address is within the United States but outside of California and within twenty (20) days if the mailing address is outside of the United States.

The Mutual may, after following appropriate procedures prescribed by law and the Mutual's Governing Documents, suspend a delinquent Member's right to use facilities or receive services provided by the Mutual, or both, until the delinquency is paid in full, including interest, late charges, and/or Costs of Collection, as may have been imposed or incurred in a particular instance. Failure to pay in full such amounts may also result in suspension of certain Membership rights and the ability to use the facilities or services provided by GRF 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 (LIEN), 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; 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 (including 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 notice of delinquent assessment (lien) on the owner's Manor with the Orange County recorder. The debt shall be a lien on the owner's Manor 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 Civil Code Section 5650(b); a legal description of the owner's Manor; and the name of the record owner of the Manor.

An itemized statement of the debt owed by the owner, as described in Civil Code Section 5660(b), shall be recorded together with the notice of delinquent assessment. In order for the lien to be enforced by nonjudicial foreclosure as provided in Civil Code Sections 5700 to 5710, inclusive, the notice of delinquent assessment shall state the name and address of the trustee authorized by the Mutual to enforce the lien by sale of the Manor. The notice of delinquent assessment shall be signed by the person designated in the declaration or by the Mutual for that purpose, or if no one is designated, by the president of the Mutual. 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 Manor in the Mutual's records, and shall be mailed no later than ten (10) calendar days after recordation.

If it is determined that the Mutual has recorded a lien for a delinquent assessment in error, the Mutual shall promptly reverse all related late charges, fees, interest, attorney's fees, and Costs of Collection, and pay all costs incurred by the Mutual related to any related an internal dispute resolution (IDR) or alternative dispute resolution (ADR).

## **9. Foreclosure/ADR**

After thirty (30) days following the recording of a delinquent assessment lien, the lien may be enforced in any manner permitted by law. Once the amount of delinquent assessments (not including any late charges, 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 the conditions specified below, 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 shall 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.

Civil Code Section 5965 requires the following statement to be included 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 statutory minimum as to the delinquent amount or duration of the delinquency has been met, the Mutual may commence foreclosing the lien against the Member's Manor and sell the Manor at a private sale or by a judicial sale. If this occurs, the Member may lose title to his/her/their/its Manor.

## **10. Board Decision to Initiate Foreclosure**

The decision to initiate foreclosure of a validly recorded delinquent assessment lien 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. 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.

If the Board votes to foreclose upon an owner's Manor, the Board shall provide notice by personal service to an owner of a Manor if the owner occupies the Manor or to their legal representative. For a non-occupying owner, the Board shall 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 Manor 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 Manor may be redeemed from a foreclosure sale ends ninety (90) days after the sale, per 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 California law, applicable regulations, and the Covenants, Conditions and Restrictions (CC&Rs), the delinquent amount, as well as late charges on the delinquent assessments and/or interest charges and/or Costs of Collection (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 California law, 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 IDR/ADR and Thirty (30) Day Pre-Lien Notice**

Before a lien may be recorded against a Manor of a delinquent Member, the Mutual must offer the Member, and if so requested by the Member, the Mutual must participate in IDR 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 Civil Code.

Any choice by a Member to pursue IDR or 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 IDR/ADR, whether it is before a lien 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 IDR/ADR. A Member's right to pursue IDR/ADR may be triggered by, among other things, a decision by the Board and/or Executive Hearing Committee, as applicable, following any right to appeal pursuant to the Mutual's Appeal Policy.

THE DECISION TO PURSUE IDR 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**

Prior to recording a lien against a Member's Manor, 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.

The Pre-Lien Notice must include the following information (per Civil Code Section 5660):

- (a) A general description of the collection and lien enforcement procedures of the Mutual and the method of calculation of the amount, a statement that the owner of the Manor 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 Manor, 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 IDR 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 IDR 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/her/their/its right to participate in ADR with a neutral third party under Civil Code Sections 5925-5965 before the Mutual may initiate foreclosure against the owner's Manor, 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 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 in a specially called executive session 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 Pre-Lien Notice. 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 Manor 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.

### **16. Application of Payments**

In accordance with state law payments received on delinquent assessments shall be applied to the Member's account in the following order of priority: assessments owed, then fees and costs of collection, attorney's fees, late charges, interest. 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.

### **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 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 Civil Code 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 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 and related charges 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) 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) 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); or (b) three (3) times the amount of the check up to one thousand five hundred dollars (\$1,500) in accordance with 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 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**

Notice of Assessments and Foreclosure (pursuant to Civil Code Section 5730): Attachment A.

State Rosenthal Fair Debt Collection Practices Act and the Federal Fair Debt Collection Practices Act disclosures: Attachment B.

**BOARD OF DIRECTORS**

**THIRD LAGUNA HILLS MUTUAL**

**ATTACHMENT A**  
**NOTICE OF**  
**ASSESSMENTS AND FORECLOSURE**

*The following notice is provided pursuant to California 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 fifteen (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 thirty (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 twenty-one (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 California Civil Code Sections 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](http://www.ftc.gov).”



## 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 1 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





## 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, if applicable) 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 reinstatement, 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



## STAFF REPORT

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**DATE:** October 4, 2022  
**FOR:** Finance Committee  
**SUBJECT:** Request for Supplemental Appropriation for Shepherd's Crook Conditional Use Permit Amendment

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### **RECOMMENDATION**

Recommend that the Third Laguna Hills Mutual Board of Directors approve a supplemental appropriation in the amount of \$10,000 from the Replacement Reserve Fund for the proposed Conditional Use Permit (CUP) amendment application process with the City of Laguna Woods to revise the height restriction contained in CUP-1135 from 7 feet up to 11 feet measured from either side of the perimeter wall.

### **BACKGROUND**

In May 2017, the City of Laguna Woods issued CUP-1135 (Attachment 1) governing the replacement of barbed-wire fencing with wrought-iron shepherd's crook fence. The CUP limits the height of the shepherd's crook installation to a height of 7 feet "when viewed from adjoining properties." This is interpreted to require the measurement of the fence height from the exterior side of the perimeter walls. Third Mutual has approximately 33,760 linear feet of fencing to be replaced. To date, 7,000 linear feet of shepherd's crook has been installed with 26,760 linear feet remaining to be completed.

Several residents in Gate 11 have expressed safety concerns due to the height of recently installed shepherd's crook fence at certain locations. The concerns arise at locations where the ground level is higher on the inside of the wall and at places where utility boxes are located adjacent to the exterior walls (Attachment 2). Staff estimates that approximately 10% (2,700 l.f.) of the remaining areas would benefit from a higher fence installation to address similar potential safety concerns.

On September 12, 2022, the Third M&C Committee, by a vote of 2/1/0 (Directors Cook and Bhada in favor; Director Laws opposed), approved a motion recommending the Board approve the request for a supplemental appropriation in the amount of \$10,000 for the City required application process.

### **DISCUSSION**

The existing CUP limits the height of the fencing installations to 7 feet measured from the exterior side of the perimeter walls. Staff is recommending that the mutual authorize the submittal of an application to the City requesting that the height restriction be revised or amended to allow for:

1. The height restriction to be measured from the highest ground level on either side of the wall, and

2. Allow for a height of up to 11 feet at locations where the presence of utility structures create a potential trespassing risk.

The City application process requires an initial fee deposit of \$6,000 to process the application. It is anticipated that the City will also require the mutual to submit engineering plans to confirm the structural integrity of the proposed installations for any wall extension higher than the currently allowed 7 feet. Staff recommends allocating an additional \$4,000 for a total of \$10,000 to cover the cost of the application fee and preparing structural plans.

### **FINANCIAL ANALYSIS**

A supplemental appropriation from the Replacement Reserve Fund in the amount of \$10,000 will be needed if the board approves the submittal of the recommended CUP amendment application.

The current contract price for shepherd's crook installations up to 7 feet in height is approximately \$120 per linear foot. Bid pricing would need to be obtained for installations at specific locations that are selected to receive fencing up to 11 feet in height. Staff estimates the cost for these installations to be in the range of \$200 per linear foot. The 2023 Business Plan includes an allocation of \$35,000 for the shepherd's crook program in 2023.

**Prepared By:** Bart Mejia, Maintenance & Construction Assistant Director

**Reviewed By:** Eric Nunez, Director of Security Services  
Steve Hormuth, Director of Financial Services

### **ATTACHMENT(S)**

**Attachment 1: Conditional Use Permit CUP-1135**

**Attachment 2: Shepherd's Crook Presentation**

# **ATTACHMENT 1 - CONDITIONAL USE PERMIT CUP-1135**

## **CITY OF LAGUNA WOODS**

### **Exhibit A to Resolution No. 17-12**


#### **Conditions of Approval for Conditional Use Permit CUP-1135**

1. The proposed project shall be constructed, developed, used, operated, and permanently maintained in accordance with the terms of the application, plans, drawing, and conditions imposed in the resolution of approval.
2. The Applicant(s)/Owner(s) shall comply with all of the requirements of Resolution No. 17-12, adopted as part of Conditional Use Permit CUP-1135.
3. The Applicant(s)/Owner(s) shall comply with all requirements of the City of Laguna Woods Municipal Code, as it pertains to this application, and such requirements are made a condition of permit approval. This includes, but is not limited to, all requirements related to building permits, engineering review, and plan review, generally, of proposed construction plans.
4. This conditional use permit allows exceedances of maximum fence and wall height provisions of the Laguna Woods Municipal Code, up to a maximum height of seven feet when viewed from adjoining properties, along all perimeter fences and walls of Laguna Woods Village. Permitted materials for any portion of a fence or wall in excess of six feet in height include shepherd's hook, masonry, or other materials as permitted by the Laguna Woods Municipal Code.
5. Subject to the termination provisions below, this conditional use permit shall remain in effect, indefinitely, provided that at least 900 lineal feet of perimeter fencing and walls for Laguna Woods Village is modified each calendar year with the first requirement of 900 lineal feet due no later than December 31, 2018. For the purpose of this section, "modified" shall mean increased in height in excess of six feet and/or the removal and replacement of barbed wire with shepherd's hook, masonry, or similar materials as determined by the City Manager. After completion of the modification of the perimeter fencing and walls, the 900 foot per calendar year requirement shall be deemed satisfied, and the remainder of this conditional use permit, and all conditions thereon, shall remain in full force and effect.

**OWNER(S)/APPLICANT(S) AGREEMENT TO CONDITIONS OF APPROVAL FOR  
CONDITIONAL USE PERMIT CUP-1135 ("AGREEMENT")**

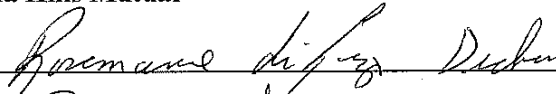
1. **AGREEMENT TO CONDITIONS OF APPROVAL.** The person or persons executing this AGREEMENT on behalf of the respective Owner(s)/Applicant(s) has reviewed all Conditions of Approval for Conditional Use Permit CUP-1135 that were approved by the Laguna Woods City Council on May 17, 2017, has had the opportunity to consult with legal counsel regarding them as the Owner(s)/Applicant(s) has deemed appropriate, and understands and agrees, without exception, to each and all of the conditions.
2. **AUTHORITY TO EXECUTE.** The person or persons executing this AGREEMENT on behalf of the respective Owner(s)/Applicant(s) represents and warrants that he/she/they has/have the authority to so execute this AGREEMENT and to bind the respective Owner(s)/Applicant(s) to the performance of its obligations hereunder.
3. **BINDING EFFECT.** This AGREEMENT shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.
4. **SEVERABILITY.** If any term, condition or covenant of this AGREEMENT is declared or determined by any court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this AGREEMENT shall not be affected thereby and the AGREEMENT shall be read and construed without the invalid, void or unenforceable provision(s).

**Golden Rain Foundation**

Signature:  Date: 5/19/2017  
Full Name: JOHN R. PARKER Title: PRESIDENT GRF

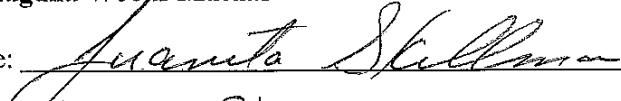
SIGNATURE MUST BE NOTARIZED; ATTACH JURAT.

**Third Laguna Hills Mutual**

Signature:  Date: 5-19-17  
Full Name: ROSEMARIE DI LORENZO Title: PRESIDENT  
DI LORENZO

SIGNATURE MUST BE NOTARIZED; ATTACH JURAT.

**United Laguna Woods Mutual**

Signature:  Date: 5/19/17  
Full Name: Juanita Skillman Title: PRESIDENT

SIGNATURE MUST BE NOTARIZED; ATTACH JURAT.

**CALIFORNIA JURAT WITH AFFIANT STATEMENT**

**GOVERNMENT CODE § 8202**

- ☒ See Attached Document (Notary to cross out lines 1-6 below)  
☐ See Statement Below (Lines 1-6 to be completed only by document signer[s], *not* Notary)

1 \_\_\_\_\_  
 2 \_\_\_\_\_  
 3 \_\_\_\_\_  
 4 \_\_\_\_\_  
 5 \_\_\_\_\_  
 6 *[Signature]* \_\_\_\_\_

Signature of Document Signer No. 1

Signature of Document Signer No. 2 (if any)

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

County of Orange

Subscribed and sworn to (or affirmed) before me

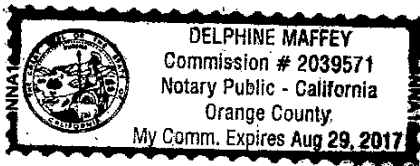
on this 19 day of May, 2017,  
 by \_\_\_\_\_ Date Month Year

(1) John Parker

(and (2) Rosemarie delorenzo),  
 Name(s) of Signer(s)

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature *[Signature]*  
 Signature of Notary Public



Seal  
 Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: Conditions of Approval for Conditional Document Date: 5.19.17  
 Number of Pages: 3 Signer(s) Other Than Named Above: Juanita Killman  
Use Permit CUP-1135

# Laguna Woods Village – Shepherd's Crook Fencing





## SANTA MARIA



INTERIOR HEIGHT: 8'  
EXTERIOR HEIGHT: 7'  
UTILITY BOX HEIGHT: 3'-5", 4'  
UTILITY DIST TO WALL: 7" - 9"

TOTAL PROPOSED HEIGHTS:  
INTERIOR HEIGHT: 12'  
EXTERIOR HEIGHT: 11'



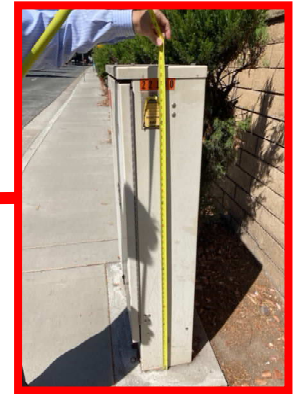
INTERIOR HEIGHT: 7'-3"  
EXTERIOR HEIGHT: 7'  
UTILITY BOX HEIGHT: 4'  
UTILITY DIST TO WALL: 7"

TOTAL PROPOSED HEIGHTS:  
INTERIOR HEIGHT: 11'-3"  
EXTERIOR HEIGHT: 11'



INTERIOR HEIGHT: 7'-7"  
EXTERIOR HEIGHT: 7'  
UTILITY BOX HEIGHT: 4' - 7"  
UTILITY DIST TO WALL: 2' - 6"

TOTAL PROPOSED HEIGHTS:  
INTERIOR HEIGHT: 11'-7"  
EXTERIOR HEIGHT: 11'



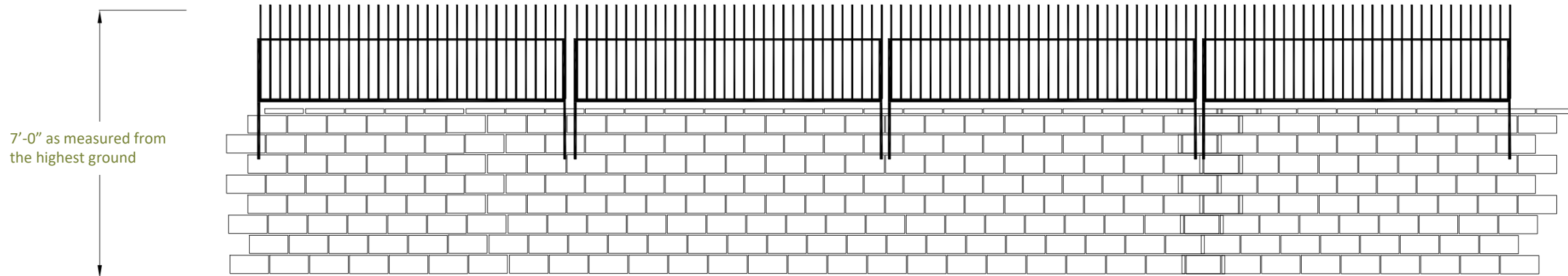


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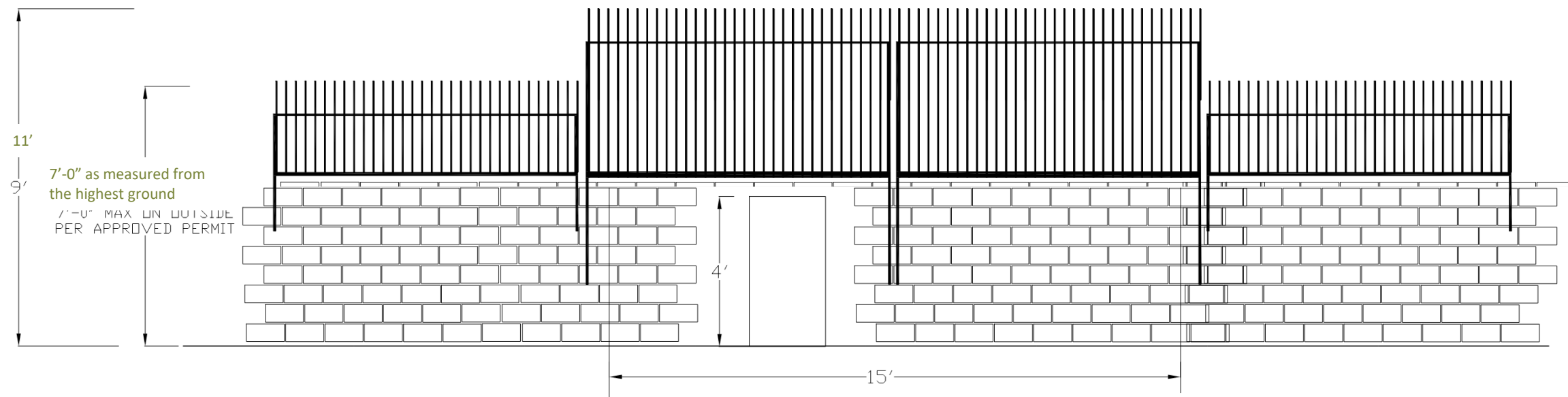


INTERIOR HEIGHT: 5'  
EXTERIOR HEIGHT: 7'

TOTAL PROPOSED HEIGHTS:  
INTERIOR HEIGHT: 7'  
EXTERIOR HEIGHT: 9'



TYPICAL FENCE PROFILE AS MEASURED FROM THE HIGHEST GROUND ELEVATION



TYPICAL FENCE PROFILE AS MEASURED FROM THE HIGHEST GROUND ELEVATION AT UTILITY STRUCTURES