



OPEN MEETING

REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL FINANCE COMMITTEE

**Tuesday, June 4, 2024 – 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 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 OF MEETING AND AGENDA

This Meeting May Be Recorded

1. Call Meeting to Order
2. Approval of the Agenda
3. Approval of the Meeting Report for April 2, 2024
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 April 30, 2024
 - b. 2025 Collection and Lien Enforcement Policy
 - c. Purchasing Task Force (Oral)
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.*
10. Committee Member Comments
11. Date of Next Meeting – Tuesday, August 6, 2024 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.

Third Laguna Hills Mutual
Finance Committee
Regular Open Session
June 4, 2024
Page 2 of 2

Closed Session Agenda
Approval of the Agenda
Approval of the Meeting Report
Remarks of the Chair
Discuss legal Matters
Discuss Contractual Matters
Adjournment

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

Andy Ginocchio, Chair
Steve Hormuth, Staff Officer
Telephone: 949-597-4201



FINANCE COMMITTEE MEETING REPORT OF THE REGULAR OPEN SESSION

Tuesday, April 2, 2024 – 1:30 p.m.
Hybrid Meeting

DIRECTORS PRESENT: Brad Rinehart – Chair, Reza Karimi, S.K. Park, Moon Yun
DIRECTORS ABSENT: Andy Ginocchio
ADVISORS PRESENT: None
STAFF PRESENT: Steve Hormuth, Jose Campos, Erika Hernandez, Karina Vargas
OTHERS PRESENT: Cris Prince

Call to Order

Director Brad Rinehart, chaired and called the meeting to order at 1:30 p.m.

Approval of Meeting Agenda

A motion was made and the agenda was approved as presented.

Approval of Meeting Report for February 6, 2024

A motion was made to approve the meeting report as presented; no changes were requested, and the report was approved by consent.

Remarks of the Chair

Director Brad Rinehart, filling in for the chair, there were no remarks made.

Member Comments (Items Not on the Agenda)

A member commented regarding residential and commercial rate increases relating to SCE, are we factoring in rate increases when creating budgets.

Department Head Update

Steve Hormuth, Director of Financial Services, shared that the 2023 Audit performed by KPMG will be finalized and the final report to be announced during the Select Audit Taskforce meeting on April 4, 2024 further inviting all boards to participate.

Preliminary Financial Statements dated February 29, 2023

Jose Campos, Assistant Director of Financial Services, presented the Preliminary Financial Statements dated February 29, 2024. Questions and comments were noted by staff.

Endorsements from Standing Committees

None.

Investment Policy Review

Steve Hormuth presented a staff report recommending that the committee review the investment policy adopted in 2023 for the purpose of seeking guidance for recommended changes. A motion was made by Director S.K. Park to table investment policy to review at the subsequent meeting. Director Reza Karimi seconded. The motion passed unanimously. In addition, Steve requested guidance from the committee on how to reinvest the \$6M treasury that is scheduled to mature on April 2, 2024. Director Moon Yun made motion to re-invest the \$6M matured bill into a 12-month or 2-year maturity. The motion was not seconded thus the motion failed. A third motion was made by Director Reza Karimi to re-invest the matured \$6M into a 2-month treasury and revisit the discussion at the subsequent meeting. Director Rinehart seconded. The motion passed unanimously.

Future Agenda Items

Third Annual Policy Review

- a) Finance Committee Charter
- b) Collections and Lien Enforcement

Committee Member Comments


None.

Date of Next Meeting

Tuesday, June 4, 2024 at 1:30 p.m.

Recess to Closed Session

The meeting recessed at 3:00 p.m.


Brad Rinehart (May 13, 2024 21:51 PDT)

Brad Rinehart, Substitute Chair



MEMORANDUM

To: Third Finance Committee
 From: Steve Hormuth, Director of Financial Services
 Date: June 4, 2024
 Re: Department Head Update

Financial Highlights

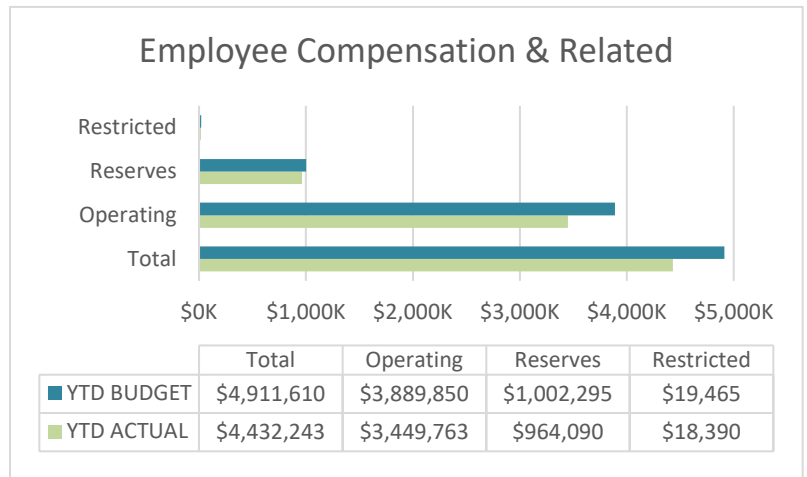
SUMMARY:

For the year-to-date period ending April 30, 2024, Third Laguna Hills Mutual was better than budget by \$116K primarily due to open positions in addition to timing of outside services expenses and more investment income, offset by less fees and charges to residents to residents due to the timing of billing and more income tax expense than anticipated.

INCOME STATEMENT (in Thousands)			
	Actual	Budget	Variance
Assessment Revenues	\$14,491	\$14,491	\$0
Other Revenues	\$1,259	\$1,708	(\$449)
Expenses	\$13,326	\$13,891	\$565
Revenue/(Expense)	\$2,424	\$2,308	\$116

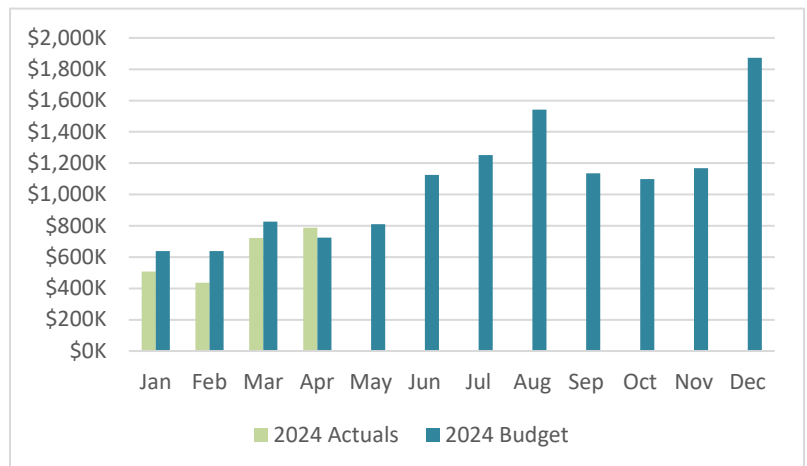
COMPENSATION:

Actual compensation and related costs came in at \$4,432K with \$3,450K in operations, \$964K in reserves, and \$18K in restricted. Combined, this category is 9.8% favorable to budget. The most significant impact was in Landscape due to open positions.



OUTSIDE SERVICES:

Actual outside services cost came in at \$2,455K. In total, this category was favorable to budget by \$373K primarily in Landscape as a result of timing of the prior-to-paint landscaping program. The tree maintenance program furthered the variance due to timing of work compared to the annual budget spread. Work is in progress. The favorable variance was partially offset by more moisture intrusion events caused by rain than anticipated through the first quarter.



Discussions

Budget: Third kicked off the 2025 Business Plan development in March by holding a meeting to review current service levels. The Third Board conducted a review of Version 1 of the Maintenance & Construction budget on May 23 and the Landscape budget on June 3. Budgets continue to be reviewed and adjusted with Version 2 scheduled for review on July 15. All budget meetings have been updated on the TeamUp calendar available on [LagunaWoodsVillage.com](https://www.lagunawoodsvillage.com).

Calendar

- June 4, 2024 @ 1:30 p.m. Third Finance Committee (April Financials)
- June 7, 2024 @ 9:30 a.m. Third Board Agenda Prep
- June 18, 2024 @ 9:30 a.m. Third Board Meeting
- July 5, 2024 @ 9:30 a.m. Third Board Agenda Prep
- July 15, 2024 @ 9:30 a.m. Third Budget Business Plan Review (Version 2)
- July 16, 2024 @ 9:30 a.m. Third Board Meeting
- August 2, 2024 @ 9:30 a.m. Third Board Agenda Prep
- August 6, 2024 @ 1:30 p.m. Third Finance Committee (June Financials)
- August 16, 2024 @ 10:30 a.m. Third Board Special Open Meeting (Meet the Candidates)
- August 19, 2024 @ 1:30 p.m. Third Budget Business Plan Review - Televised (Version 3)
- August 20, 2024 @ 9:30 a.m. Third Board Meeting
- September 6, 2024 @ 9:30 a.m. Third Board Agenda Prep
- September 17, 2024 @ 9:30 a.m. Third Board Meeting

June 2024							July 2024							August 2024							September 2024						
Su	Mo	Tu	We	Th	Fr	Sa	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	6					1	2	3	1	2	3	4	5	6	7
2	3	4	5	6	7	8	7	8	9	10	11	12	13	4	5	6	7	8	9	10	8	9	10	11	12	13	14
9	10	11	12	13	14	15	14	15	16	17	18	19	20	11	12	13	14	15	16	17	15	16	17	18	19	20	21
16	17	18	19	20	21	22	21	22	23	24	25	26	27	18	19	20	21	22	23	24	22	23	24	25	26	27	28
23	24	25	26	27	28	29	28	29	30	31				25	26	27	28	29	30	31	29	30					
30																											

Third Laguna Hills Mutual
Statement of Revenues & Expenses - Preliminary
4/30/2024
(\$ IN THOUSANDS)

		CURRENT MONTH			YEAR TO DATE			PRIOR YEAR	TOTAL
		ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
Revenues:									
Assessments:									
1	Operating	\$2,312	\$2,312		\$9,249	\$9,249		\$9,552	\$27,746
2	Additions to restricted funds	1,311	1,311		5,243	5,243		4,260	15,728
3	Total assessments	3,623	3,623		14,491	14,491		13,812	43,474
Non-assessment revenues:									
4	Fees and charges for services to residents	41	293	(252)	492	1,170	(678)	430	3,515
5	Laundry	20	17	3	72	70	3	71	209
6	Investment income	128	55	73	494	220	274	282	660
7	Miscellaneous	53	62	(9)	201	248	(48)	199	745
8	Total non-assessment revenue	242	427	(185)	1,259	1,708	(449)	983	5,130
9	Total revenue	3,865	4,050	(185)	15,750	16,199	(449)	14,795	48,604
Expenses:									
10	Employee compensation and related	1,075	1,217	142	4,432	4,912	479	4,156	14,816
11	Materials and supplies	137	131	(6)	467	515	48	496	1,546
12	Community Events					1	1		2
13	Utilities and telephone	489	493	5	1,911	1,928	17	1,666	6,777
14	Legal fees	46	26	(20)	212	95	(117)	107	300
15	Professional fees	30	14	(16)	31	55	24	50	168
16	Equipment rental	3	4	1	9	16	7	10	47
17	Outside services	787	724	(63)	2,455	2,828	373	2,050	12,832
18	Repairs and maintenance	21	30	9	127	120	(6)	100	361
19	Other Operating Expense	16	17	1	40	56	16	46	180
20	Income taxes	265		(265)	265		(265)		
21	Insurance	695	702	8	2,795	2,809	14	2,963	9,167
22	Uncollectible Accounts	11	7	(4)	57	28	(28)	(24)	85
23	Depreciation and amortization	8	8		32	32		35	95
24	Cost Allocations	119	123	4	493	497	4	384	1,503
25	Total expenses	3,701	3,496	(204)	13,326	13,892	566	12,039	47,879
26	Excess of revenues over expenses	\$164	\$554	(\$389)	\$2,424	\$2,307	\$116	\$2,757	\$725

Third Laguna Hills Mutual
Statement of Revenues & Expenses - By Fund Type - Preliminary
4/30/2024
(\$ 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	\$9,249	\$9,249								\$9,249	\$9,249	
2 Additions to restricted funds				3,979	3,979		1,264	1,264		5,243	5,243	
3 Total assessments	9,249	9,249		3,979	3,979		1,264	1,264		14,491	14,491	
Non-assessment revenues:												
4 Fees and charges for services to residents	492	1,170	(678)							492	1,170	(678)
5 Laundry	72	70	3							72	70	3
6 Investment income				409	205	204	85	15	70	494	220	274
7 Miscellaneous	201	248	(48)							201	248	(48)
8 Total non-assessment revenue	765	1,488	(723)	409	205	204	85	15	70	1,259	1,708	(449)
9 Total revenue	10,014	10,737	(723)	4,387	4,183	204	1,349	1,280	70	15,750	16,199	(449)
Expenses:												
10 Employee compensation and related	3,450	3,890	440	964	1,002	38	18	19	1	4,432	4,912	479
11 Materials and supplies	280	276	(4)	186	230	44	1	9	7	467	515	48
12 Community Events		1	1								1	1
13 Utilities and telephone	1,909	1,923	13	2	5	3				1,911	1,928	17
14 Legal fees	212	95	(117)							212	95	(117)
15 Professional fees	30	55	25	1		(1)				31	55	24
16 Equipment rental	2	3	1	7	13	5				9	16	7
17 Outside services	622	347	(275)	1,356	2,060	704	477	421	(56)	2,455	2,828	373
18 Repairs and maintenance	126	119	(7)		2	1				127	120	(6)
19 Other Operating Expense	35	47	12	5	9	4				40	56	16
20 Income taxes	265		(265)							265		(265)
21 Insurance	2,795	2,809	14							2,795	2,809	14
22 Uncollectible Accounts	57	28	(28)							57	28	(28)
23 Depreciation and amortization	32	32								32	32	
24 Cost Allocations	428	431	3	63	64	1	1	1		493	497	4
25 Total expenses	10,244	10,056	(188)	2,584	3,385	801	499	451	(48)	13,326	13,892	566
26 Excess of revenues over expenses	(\$230)	\$681	(\$910)	\$1,803	\$798	\$1,005	\$851	\$829	\$22	\$2,424	\$2,307	\$116

**Third Laguna Hills Mutual
Operating Statement - Preliminary
4/30/2024
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$9,248,654	\$9,248,717	(\$63)	0.00%	\$27,746,482
Total Operating	9,248,654	9,248,717	(63)	0.00%	27,746,482
Additions To Restricted Funds					
41002000 - Monthly Assessments - Disaster Fund	610,200	610,200	0	0.00%	1,830,600
41003000 - Monthly Assessments - Unappropriated Expenditures Fund	621,672	621,672	0	0.00%	1,865,015
41003500 - Monthly Assessments - Replacement Fund	3,807,648	3,807,648	0	0.00%	11,422,944
41004000 - Monthly Assessments - Elevator Replacement Fund	122,040	122,040	0	0.00%	366,120
41004500 - Monthly Assessments - Laundry Replacement Fund	48,816	48,816	0	0.00%	146,448
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	32,292	32,292	0	0.00%	96,876
Total Additions To Restricted Funds	5,242,668	5,242,668	0	0.00%	15,728,003
Total Assessments	14,491,322	14,491,385	(63)	0.00%	43,474,485
Non-Assessment Revenues:					
Fees and Charges for Services to Residents					
46501000 - Permit Fee	45,004	104,701	(59,696)	(57.02%)	314,105
46501500 - Inspection Fee	22,849	28,309	(5,459)	(19.29%)	84,928
46502000 - Resident Maintenance Fee	135,139	286,867	(151,728)	(52.89%)	866,366
46502999 - Resident Maintenance Fee Backlog	288,954	750,000	(461,046)	(61.47%)	2,250,000
Total Fees and Charges for Services to Residents	491,947	1,169,877	(677,930)	(57.95%)	3,515,398
Laundry					
46005000 - Coin Op Laundry Machine	72,330	69,768	2,562	3.67%	209,300
Total Laundry	72,330	69,768	2,562	3.67%	209,300
Investment Income					
49001000 - Investment Income	493,807	219,912	273,895	124.55%	659,736
Total Investment Income	493,807	219,912	273,895	124.55%	659,736
Miscellaneous					
46004500 - Resident Violations	0	20,672	(20,672)	(100.00%)	62,022
44501000 - Additional Occupant Fee	15,650	33,432	(17,782)	(53.19%)	100,305
44501510 - Lease Processing Fee - Third	71,480	83,264	(11,784)	(14.15%)	249,803
44502000 - Variance Processing Fee	900	500	400	80.00%	1,500
44502500 - Non-Sale Transfer Fee - Third	1,050	1,000	50	5.00%	3,000
44503520 - Resale Processing Fee - Third	46,256	54,400	(8,144)	(14.97%)	163,200
44505500 - Hoa Certification Fee	1,045	4,500	(3,455)	(76.78%)	13,500
44507000 - Golf Cart Electric Fee	21,712	22,000	(288)	(1.31%)	66,000
44507200 - Electric Vehicle Plug-In Fee	13,011	4,068	8,943	219.84%	12,200
44507500 - Cartport/Carport Space Rental Fee	1,600	1,400	200	14.29%	4,200
47001500 - Late Fee Revenue	26,209	19,732	6,477	32.83%	59,200
47002020 - Collection Administrative Fee - Third	150	432	(282)	(65.28%)	1,300
47002500 - Collection Interest Revenue	147	1,632	(1,485)	(91.01%)	4,900
47501000 - Recycling	1,661	1,332	329	24.68%	4,000
49009000 - Miscellaneous Revenue	(7)	0	(7)	0.00%	0
Total Miscellaneous	200,863	248,364	(47,501)	(19.13%)	745,129
Total Non-Assessment Revenue	1,258,948	1,707,921	(448,973)	(26.29%)	5,129,563
Total Revenue	15,750,269	16,199,306	(449,036)	(2.77%)	48,604,048
Expenses:					
Employee Compensation					
51011000 - Salaries & Wages - Regular	953,327	1,042,895	89,569	8.59%	3,201,282
51021000 - Union Wages - Regular	1,415,392	1,897,974	482,582	25.43%	5,774,132
51041000 - Wages - Overtime	22,207	17,434	(4,773)	(27.38%)	52,310
51051000 - Union Wages - Overtime	16,608	13,515	(3,094)	(22.89%)	40,569
51061000 - Holiday & Vacation	309,067	248,444	(60,622)	(24.40%)	757,895
51071000 - Sick	80,720	101,339	20,619	20.35%	309,142
51081000 - Sick - Part Time	0	14	14	100.00%	43

**Third Laguna Hills Mutual
Operating Statement - Preliminary
4/30/2024
THIRD LAGUNA HILLS MUTUAL**

	YEAR TO DATE				TOTAL
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	BUDGET
51091000 - Missed Meal Penalty	884	978	94	9.57%	2,959
51101000 - Temporary Help	98,264	65,609	(32,655)	(49.77%)	196,829
51981000 - Compensation Accrual	234,196	0	(234,196)	0.00%	0
Total Employee Compensation	3,130,665	3,388,202	257,537	7.60%	10,335,161
Compensation Related					
52411000 - F.I.C.A.	209,774	251,735	41,961	16.67%	763,578
52421000 - F.U.I.	6,956	9,705	2,749	28.32%	9,705
52431000 - S.U.I.	24,289	49,284	24,995	50.72%	49,284
52441000 - Union Medical	581,322	645,628	64,306	9.96%	1,936,885
52451000 - Workers' Compensation Insurance	154,476	192,874	38,398	19.91%	587,413
52461000 - Non Union Medical & Life Insurance	111,717	123,956	12,240	9.87%	371,869
52471000 - Union Retirement Plan	154,432	204,474	50,041	24.47%	621,940
52481000 - Non-Union Retirement Plan	28,111	45,752	17,641	38.56%	140,326
52981000 - Compensation Related Accrual	30,499	0	(30,499)	0.00%	0
Total Compensation Related	1,301,577	1,523,409	221,831	14.56%	4,481,001
Materials and Supplies					
53001000 - Materials & Supplies	156,661	217,750	61,089	28.05%	652,254
53003000 - Materials Direct	309,759	296,564	(13,195)	(4.45%)	890,053
53004000 - Freight	875	1,110	234	21.12%	3,366
Total Materials and Supplies	467,295	515,424	48,129	9.34%	1,545,673
Community Events					
53201000 - Community Events	0	798	798	100.00%	2,400
Total Community Events	0	798	798	100.00%	2,400
Utilities and Telephone					
53301000 - Electricity	169,592	135,510	(34,082)	(25.15%)	454,730
53301500 - Sewer	535,673	511,200	(24,473)	(4.79%)	1,659,600
53302000 - Water	695,307	799,882	104,575	13.07%	3,219,638
53302500 - Trash	510,424	481,129	(29,296)	(6.09%)	1,443,389
Total Utilities and Telephone	1,910,996	1,927,721	16,725	0.87%	6,777,357
Legal Fees					
53401500 - Legal Fees	220,038	94,949	(125,089)	(131.74%)	300,000
53401550 - Legal Fees Contra	(7,891)	0	7,891	0.00%	0
Total Legal Fees	212,147	94,949	(117,198)	(123.43%)	300,000
Professional Fees					
53402020 - Audit & Tax Preparation Fees - Third	27,600	16,664	(10,936)	(65.63%)	50,000
53403500 - Consulting Fees	170	5,001	4,830	96.59%	17,327
53403520 - Consulting Fees - Third	3,195	33,492	30,297	90.46%	100,500
Total Professional Fees	30,965	55,157	24,191	43.86%	167,827
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	9,434	15,990	6,555	41.00%	47,135
Total Equipment Rental	9,434	15,990	6,555	41.00%	47,135
Outside Services					
53601000 - Bank Fees	2	0	(2)	0.00%	0
53601500 - Credit Card Transaction Fees	3,891	3,332	(559)	(16.76%)	10,000
53604500 - Marketing Expense	0	1,668	1,668	100.00%	5,000
54603500 - Outside Services Cost Collection	2,439,216	2,785,925	346,709	12.45%	12,700,973
53704000 - Outside Services	11,620	36,986	25,365	68.58%	115,582
Total Outside Services	2,454,728	2,827,911	373,182	13.20%	12,831,555
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	570	3,452	2,882	83.49%	10,390
53702500 - Building Repair & Maint	11,530	0	(11,530)	0.00%	0
53703000 - Elevator /Lift Maintenance	114,502	116,950	2,448	2.09%	350,852
Total Repairs and Maintenance	126,602	120,402	(6,200)	(5.15%)	361,241
Other Operating Expense					
53801000 - Mileage & Meal Allowance	1,040	2,023	984	48.62%	6,071
53801500 - Travel & Lodging	0	249	249	100.00%	749
53802000 - Uniforms	20,599	25,972	5,373	20.69%	90,258

**Third Laguna Hills Mutual
Operating Statement - Preliminary
4/30/2024
THIRD LAGUNA HILLS MUTUAL**

	Actual	Budget	YEAR TO DATE VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
53802500 - Dues & Memberships	1,212	881	(332)	(37.64%)	2,277
53803000 - Subscriptions & Books	609	492	(118)	(23.96%)	1,478
53803500 - Training & Education	582	6,090	5,509	90.45%	19,948
53903000 - Safety	142	384	241	62.91%	1,155
54001000 - Board Relations	10	0	(10)	0.00%	0
54001020 - Board Relations - Third	1,121	3,332	2,211	66.34%	10,000
54002000 - Postage	14,574	16,201	1,627	10.04%	47,786
54002500 - Filing Fees / Permits	343	132	(211)	(160.27%)	408
Total Other Operating Expense	40,233	55,756	15,524	27.84%	180,130
Income Taxes					
54301000 - State & Federal Income Taxes	265,000	0	(265,000)	0.00%	0
Total Income Taxes	265,000	0	(265,000)	0.00%	0
Property and Sales Tax					
54302000 - Property Taxes	409	0	(409)	0.00%	0
Total Property and Sales Tax	409	0	(409)	0.00%	0
Insurance					
54401000 - Hazard & Liability Insurance	349,652	364,939	15,287	4.19%	1,094,820
54401500 - D&O Liability	19,593	22,811	3,218	14.11%	68,436
54402000 - Property Insurance	2,425,282	2,420,073	(5,208)	(0.22%)	8,000,000
54403000 - General Liability Insurance	606	1,179	572	48.56%	3,536
Total Insurance	2,795,133	2,809,002	13,869	0.49%	9,166,792
Uncollectible Accounts					
54602000 - Bad Debt Expense	56,823	28,332	(28,491)	(100.56%)	85,000
Total Uncollectible Accounts	56,823	28,332	(28,491)	(100.56%)	85,000
Depreciation and Amortization					
55001000 - Depreciation And Amortization	31,628	31,628	0	0.00%	94,884
Total Depreciation and Amortization	31,628	31,628	0	0.00%	94,884
Cost Allocations					
54602500 - Allocated Expenses	492,716	497,190	4,475	0.90%	1,503,182
Total Cost Allocations	492,716	497,190	4,475	0.90%	1,503,182
Total Expenses	13,326,352	13,891,869	565,518	4.07%	47,879,338
Excess of Revenues Over Expenses	\$2,423,918	\$2,307,436	\$116,481	5.05%	\$724,710

**Third Laguna Hills Mutual
Balance Sheet - Preliminary
4/30/2024**

		<u>Current Month End</u>	<u>Prior Year Same Period</u>	<u>Prior Year December 31</u>
	Assets			
1	Cash and cash equivalents	\$6,650,249	\$1,189,992	\$5,147,789
2	Investments	30,265,123	34,043,163	28,839,044
3	Receivable/(Payable) from mutuals	349,208	1,091,070	(406,882)
4	Accounts receivable	396,039	181,360	438,553
5	Prepaid expenses and deposits	896,271	927,744	3,082,330
6	Property and equipment	141,239	141,239	141,239
7	Accumulated depreciation property and equipment	(141,239)	(141,239)	(141,239)
8	Beneficial interest in GRF of Laguna Hills Trust	4,823,705	4,915,235	4,855,333
9	Non-controlling interest in GRF	42,272,100	42,272,100	42,272,100
10	Total Assets	<u>\$85,652,694</u>	<u>\$84,620,665</u>	<u>\$84,228,267</u>
	Liabilities and Fund Balances			
	Liabilities:			
11	Accounts payable and accrued expenses	\$1,715,320	\$1,569,569	\$2,833,660
12	Accrued compensation and related costs	577,083	598,365	577,083
13	Deferred income	687,129	624,115	568,278
14	Income tax payable	(31,029)	(31,029)	(31,029)
15	Total liabilities	<u>\$2,948,502</u>	<u>\$2,761,020</u>	<u>\$3,947,992</u>
	Fund balances:			
16	Fund balance prior years	80,280,275	79,103,120	79,103,120
17	Change in fund balance - current year	2,423,918	2,756,526	1,177,155
18	Net fund balances	<u>82,704,192</u>	<u>81,859,646</u>	<u>80,280,275</u>
19	Total fund balances	<u>82,704,192</u>	<u>81,859,646</u>	<u>80,280,275</u>
20	Total Liabilities and Fund Balances	<u>\$85,652,694</u>	<u>\$84,620,665</u>	<u>\$84,228,267</u>

**Third Laguna Hills Mutual
Fund Balance Sheet - Preliminary
4/30/2024**

		Operating Fund	Replacement Fund	Elevator Replacement Fund	Laundry Replacement Fund	Garden Villa Rec Room Fund	Disaster Fund	Unappropriated Expenditures Fund	Total
Assets									
1	Cash and cash equivalents	\$873,560	\$4,474,470	\$284,044	\$37,875	\$51,270	\$276,607	\$652,423	\$6,650,249
2	Investments		17,802,493	2,875,945	274,980	105,438	5,569,286	3,636,981	30,265,123
3	Receivable/(Payable) from mutuals	349,208							349,208
4	Receivable/(Payable) from operating fund	(770,717)	770,717						
5	Accounts receivable	396,039							396,039
6	Prepaid expenses and deposits	896,271							896,271
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	4,823,705							4,823,705
10	Non-controlling interest in GRF	42,272,100							42,272,100
11	Total Assets	<u>\$48,840,165</u>	<u>\$23,047,680</u>	<u>\$3,159,989</u>	<u>\$312,855</u>	<u>\$156,708</u>	<u>\$5,845,893</u>	<u>\$4,289,404</u>	<u>\$85,652,694</u>
Liabilities and Fund Balances									
Liabilities:									
12	Accounts payable and accrued expenses	\$461,961	\$1,014,763			\$17,337	\$219,649	\$1,610	\$1,715,320
13	Accrued compensation and related costs	577,083							577,083
14	Deferred income	687,129							687,129
15	Income tax payable	(31,029)							(31,029)
16	Total liabilities	<u>\$1,695,143</u>	<u>\$1,014,763</u>			<u>\$17,337</u>	<u>\$219,649</u>	<u>\$1,610</u>	<u>\$2,948,502</u>
Fund balances:									
17	Fund balance prior years	47,374,857	20,393,302	3,000,301	309,143	113,559	5,439,495	3,649,618	80,280,275
18	Change in fund balance - current year	(229,835)	1,639,615	159,688	3,711	25,812	186,749	638,177	2,423,918
19	Net fund balances	<u>47,145,022</u>	<u>22,032,917</u>	<u>3,159,989</u>	<u>312,855</u>	<u>139,372</u>	<u>5,626,244</u>	<u>4,287,795</u>	<u>82,704,192</u>
20	Total fund balances	<u>47,145,022</u>	<u>22,032,917</u>	<u>3,159,989</u>	<u>312,855</u>	<u>139,372</u>	<u>5,626,244</u>	<u>4,287,795</u>	<u>82,704,192</u>
21	Total Liabilities and Fund Balances	<u>\$48,840,165</u>	<u>\$23,047,680</u>	<u>\$3,159,989</u>	<u>\$312,855</u>	<u>\$156,708</u>	<u>\$5,845,893</u>	<u>\$4,289,404</u>	<u>\$85,652,694</u>

**Third Laguna Hills Mutual
Changes in Fund Balances - Preliminary
4/30/2024**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Elevator Replacement Fund</u>	<u>Laundry Replacement Fund</u>	<u>Garden Villa Rec Room Fund</u>	<u>Disaster Fund</u>	<u>Unappropriated Expenditures Fund</u>	<u>Total</u>
Revenues:								
Assessments:								
1 Operating	\$9,248,654							\$9,248,654
2 Additions to restricted funds		3,807,648	122,040	48,816	32,292	610,200	621,672	5,242,668
3 Total assessments	<u>9,248,654</u>	<u>3,807,648</u>	<u>122,040</u>	<u>48,816</u>	<u>32,292</u>	<u>610,200</u>	<u>621,672</u>	<u>14,491,322</u>
Non-assessment revenues:								
4 Fees and charges for services to residents	491,947							491,947
5 Laundry	72,330							72,330
6 Investment Income		365,430	37,648	5,456	1,395	67,372	16,505	493,807
7 Miscellaneous	<u>200,863</u>							<u>200,863</u>
8 Total non-assessment revenue	<u>765,141</u>	<u>365,430</u>	<u>37,648</u>	<u>5,456</u>	<u>1,395</u>	<u>67,372</u>	<u>16,505</u>	<u>1,258,948</u>
9 Total revenue	<u>10,013,795</u>	<u>4,173,078</u>	<u>159,688</u>	<u>54,272</u>	<u>33,687</u>	<u>677,572</u>	<u>638,177</u>	<u>15,750,269</u>
Expenses:								
10 Employee compensation and related	3,449,763	955,127		8,962	6,312	12,078		4,432,243
11 Materials and supplies	280,050	145,461		40,429	908	447		467,295
12 Utilities and telephone	1,909,402	1,539			4	50		1,910,996
13 Legal fees	212,147							212,147
14 Professional fees	30,270	695						30,965
15 Equipment rental	2,191	7,093			30	120		9,434
16 Outside services	621,701	1,355,466		172	55	477,333		2,454,728
17 Repairs and maintenance	126,115	484			3			126,602
18 Other Operating Expense	34,846	5,215		75	40	56		40,233
19 Income taxes	265,000							265,000
20 Property and sales tax	409							409
21 Insurance	2,795,133							2,795,133
22 Uncollectible Accounts	56,823							56,823
23 Depreciation and amortization	31,628							31,628
24 Cost Allocations	<u>428,152</u>	<u>62,381</u>		<u>922</u>	<u>521</u>	<u>739</u>		<u>492,716</u>
25 Total expenses	<u>10,243,630</u>	<u>2,533,463</u>		<u>50,561</u>	<u>7,874</u>	<u>490,823</u>		<u>13,326,352</u>
26 Excess (deficit) of revenues over expenses	<u>(\$229,835)</u>	<u>\$1,639,615</u>	<u>\$159,688</u>	<u>\$3,711</u>	<u>\$25,812</u>	<u>\$186,749</u>	<u>\$638,177</u>	<u>\$2,423,918</u>
27 Excluding unrealized gain/(loss) and depreciation	<u>(\$198,207)</u>	<u>\$1,639,615</u>	<u>\$159,688</u>	<u>\$3,711</u>	<u>\$25,812</u>	<u>\$186,749</u>	<u>\$638,177</u>	<u>\$2,455,546</u>

**THIRD LAGUNA HILLS MUTUAL
INVESTMENTS HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
4/30/24**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	BOOK VALUE	4/30/2024	
									MARKET VALUE	UNREALIZED GAIN/(LOSS)
912797FH5	U.S. TREASURY BILL	0.00%	1/26/2024	5/16/2024	\$1,500,000.00	5.160%	\$1,476,875.00	\$1,497,975.22	\$1,496,709.38	(\$1,265.84)
912797JY4	U.S. TREASURY BILL	0.00%	3/18/2024	5/28/2024	\$2,000,000.00	5.130%	\$1,980,277.78	\$1,992,111.12	\$1,992,095.00	(\$16.12)
TOTAL INVESTMENTS: INTENT TO HOLD FOR SHORT-TERM					<u>\$3,500,000.00</u>		<u>\$3,457,152.78</u>	<u>\$3,490,086.34</u>	<u>\$3,488,804.38</u>	<u>(\$1,281.96)</u>

**THIRD LAGUNA HILLS MUTUAL
INVESTMENTS HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
4/30/24**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	BOOK VALUE	4/30/2024	
									MARKET VALUE	UNREALIZED GAIN/(LOSS)
912797JZ1	U.S. TREASURY BILL	0.00%	4/5/2024	6/4/2024	\$6,689,000.00	5.120%	\$6,633,258.33	\$6,661,129.16	\$6,655,628.38	(\$5,500.78)
912797FS1	U.S. TREASURY BILL	0.00%	6/22/2023	6/13/2024	\$6,762,000.00	5.060%	\$6,441,030.40	\$6,716,529.34	\$6,719,377.22	\$2,847.88
912797GL5	U.S. TREASURY BILL	0.00%	9/22/2023	9/5/2024	\$6,847,000.00	5.260%	\$6,515,110.69	\$6,724,345.26	\$6,720,954.74	(\$3,390.52)
912796ZV4	U.S. TREASURY BILL	0.00%	12/28/2023	12/26/2024	\$6,877,000.00	4.620%	\$6,571,049.91	\$6,673,033.27	\$6,646,439.02	(\$26,594.25)
TOTAL INVESTMENTS: INTENT TO HOLD FOR LONG-TERM					<u>\$27,175,000.00</u>		<u>\$26,160,449.33</u>	<u>\$26,775,037.03</u>	<u>\$26,742,399.36</u>	<u>(\$32,637.67)</u>
TOTAL INVESTMENTS					<u>\$ 30,675,000.00</u>		<u>\$ 29,617,602.11</u>	<u>\$ 30,265,123.37</u>	<u>\$ 30,231,203.74</u>	

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF APRIL 30, 2024**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
OPERATING FUND - MAINTENANCE & CONSTRUCTION								
APPLIANCE REPAIRS	\$9,634	\$9,507	\$32,758	\$38,329	\$115,384	28%	\$5,571	15%
CARPENTRY SERVICE	41,199	48,328	181,093	194,872	586,661	31%	13,780	7%
ELECTRICAL SERVICE	10,226	8,591	33,299	34,680	104,443	32%	1,381	4%
FIRE PROTECTION	15,813	12,592	32,005	50,380	151,185	21%	18,376	36%
MISC REPAIRS BY OUTSIDE SERVICE	(12,675)	2,500	38,489	10,000	128,100	30%	(28,489)	(285%)
PEST CONTROL	0	9,915	4,104	36,707	377,116	1%	32,603	89%
PLUMBING SERVICE	102,453	64,841	318,818	261,259	786,186	41%	(57,559)	(22%)
SOLAR MAINTENANCE	774	3,000	11,589	12,000	36,000	32%	411	3%
STREET LIGHT MAINTENANCE	875	1,416	3,323	5,664	17,000	20%	2,341	41%
TOTAL	\$168,298	\$160,689	\$655,477	\$643,891	\$2,302,075	28%	(\$11,585)	(2%)
OPERATING FUND - GENERAL SERVICES								
CONCRETE REPAIR/REPLACEMENT	\$25,285	\$27,692	\$88,246	\$111,729	\$336,286	26%	\$23,483	21%
JANITORIAL SERVICE	67,722	74,145	262,786	300,571	904,120	29%	37,785	13%
GUTTER CLEANING	9,264	17,156	33,633	69,039	207,597	16%	35,406	51%
TRAFFIC CONTROL	1,422	1,490	4,884	6,021	18,129	27%	1,136	19%
WELDING	7,044	8,876	25,986	35,819	107,821	24%	9,833	27%
TOTAL	\$110,736	\$129,359	\$415,535	\$523,179	\$1,573,952	26%	\$107,644	21%
OPERATING FUND - LANDSCAPE SERVICES								
LANDSCAPE ADMINISTRATION	\$32,564	\$32,414	\$127,704	\$129,834	\$393,940	32%	\$2,130	2%
NURSERY & COMPOSTING	20,941	18,862	77,532	76,010	229,670	34%	(1,522)	(2%)
GROUNDS MAINTENANCE	299,956	301,952	1,174,655	1,223,340	3,685,393	32%	48,685	4%
IRRIGATION	13,948	89,760	240,700	361,935	1,092,124	22%	121,235	33%
SMALL EQUIPMENT REPAIR	33,429	19,361	73,386	78,108	235,451	31%	4,722	6%
PEST CONTROL	35,950	30,504	118,198	123,053	371,285	32%	4,855	4%
TOTAL	\$436,787	\$492,852	\$1,812,175	\$1,992,279	\$6,007,865	30%	\$180,104	9%

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF APRIL 30, 2024**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
RESERVE FUND - MAINTENANCE & CONSTRUCTION								
BUILDING STRUCTURES	170,901	149,777	444,543	437,866	2,300,426	19%	(6,678)	(2%)
ELECTRICAL SYSTEMS	0	2,500	0	7,500	30,000	0%	7,500	100%
EXTERIOR LIGHTING	0	1,041	0	3,123	12,500	0%	3,123	100%
FENCING	4,866	6,562	22,157	26,446	79,602	28%	4,288	16%
GARDEN VILLA MAILROOM	24	46	94	184	562	17%	89	49%
GARDEN VILLA REC ROOM	92	5,448	1,435	21,795	65,393	2%	20,360	93%
GUTTER REPLACEMENTS	11,137	10,475	22,141	37,081	126,486	18%	14,940	40%
MAILBOXES	934	2,284	3,816	9,175	27,582	14%	5,359	58%
PAINT PROGRAM - EXTERIOR	118,745	132,844	468,426	531,276	1,613,075	29%	62,850	12%
PRIOR TO PAINT	89,796	100,732	352,470	401,263	1,222,353	29%	48,793	12%
PAVING	0	5,000	0	15,000	431,851	0%	15,000	100%
ROOF REPLACEMENTS	46,845	138,000	173,846	184,845	1,684,823	10%	10,999	6%
WALL REPLACEMENTS	0	2,700	0	8,100	32,400	0%	8,100	100%
WASTE LINE REMEDIATION	207,626	150,000	692,796	300,000	1,500,000	46%	(392,796)	(131%)
WATER LINES - COPPER PIPE REMEDIATION	1,600	83,333	11,250	333,332	1,000,000	1%	322,082	97%
PLUMBING REPLACEMENT	0	0	0	49,998	200,000	0%	49,998	100%
SUPPLEMENTAL APPROPRIATIONS	0	0	187,562	187,562	187,562	100%	0	0%
TOTAL	\$652,565	\$790,742	\$2,380,537	\$2,554,546	\$10,514,615	23%	\$174,009	7%
RESERVE FUND - GENERAL SERVICES								
PRIOR TO PAINT	\$1,025	\$1,186	\$3,722	\$4,789	\$14,418	26%	\$1,067	22%
PAVING	5,670	6,773	20,584	27,347	82,343	25%	6,764	25%
EXTERIOR WALLS	0	2,012	0	6,036	24,150	0%	6,036	100%
TOTAL	\$6,695	\$9,971	\$24,306	\$38,171	\$120,911	20%	\$13,865	36%
RESERVE FUND - LANDSCAPE SERVICES								
LANDSCAPE MODERNIZATION	\$67,397	\$365	\$179,413	\$581,004	\$2,322,587	8%	\$401,591	69%
IMPROVEMENT & RESTORATION	17,706	16,041	74,340	64,997	195,858	38%	(9,343)	(14%)
TREE MAINTENANCE	34,740	32,947	164,717	277,651	980,188	17%	112,934	41%
SUPPLEMENTAL APPROPRIATIONS	0	0	10,150	10,150	10,150	100%	0	0%
TOTAL	\$119,843	\$49,353	\$428,620	\$933,802	\$3,508,783	12%	\$505,182	54%

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF APRIL 30, 2024**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
ELEVATOR REPLACEMENT FUND								
ELEVATOR REPLACEMENT	\$0	\$0	0	\$0	\$125,000	0%	(\$0)	0%
TOTAL	\$0	\$0	\$0	\$0	\$125,000	0%	(\$0)	0%
LAUNDRY REPLACEMENT FUND								
LAUNDRY APPLIANCES	\$1,915	\$9,106	\$47,006	\$36,493	\$109,593	43%	(\$10,513)	(29%)
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	805	4,916	3,555	19,701	59,173	6%	16,146	82%
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0	0	0%	0	0%
TOTAL	\$2,720	\$14,021	\$50,561	\$56,194	\$168,766	30%	\$5,633	10%
DISASTER FUND - MAINTENANCE & CONSTRUCTION								
MOISTURE INTRUSION - RAIN LEAKS	\$60,481	\$18,333	\$213,006	\$73,332	\$220,000	97%	(\$139,674)	(190%)
MOISTURE INTRUSION - PLUMBING LEAKS	31,830	54,166	227,718	216,664	650,000	35%	(11,054)	(5%)
MOISTURE INTRUSION - PLUMBING STOPPAGES	11,171	6,666	54,520	26,664	80,000	68%	(27,856)	(104%)
MOISTURE INTRUSION - MISCELLANEOUS	(1,079)	4,166	12,487	16,664	50,000	25%	4,177	25%
DAMAGE RESTORATION SERVICES	8,428	4,141	18,631	16,699	50,280	37%	(1,931)	(12%)
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0	0	0%	0	0%
TOTAL	\$110,831	\$87,472	\$526,362	\$350,023	\$1,050,280	50%	(\$176,339)	(50%)
DISASTER FUND - LANDSCAPE SERVICES								
RISK FIRE MANAGEMENT	\$0	\$15,000	(\$35,539)	\$60,000	\$180,000	-20%	\$95,539	159%
TOTAL	\$0	\$15,000	(\$35,539)	\$60,000	\$180,000	-20%	\$95,539	159%
GARDEN VILLA RECREATION ROOM FUND								
GARDEN VILLA RECREATION ROOMS	\$2,372	\$8,091	\$7,874	\$32,442	\$97,502	8%	\$24,568	76%
TOTAL	\$2,372	\$8,091	\$7,874	\$32,442	\$97,502	8%	\$24,568	76%
UNAPPROPRIATED EXPENDITURES FUND								
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0	0	0%	0	0%
TOTAL	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%

**RESERVE EXPENDITURES COMPARED TO RESERVE STUDY
AS PRESENTED IN THE 2024 BUSINESS PLAN
AS OF APRIL 30, 2024**

	2024	2024	2024	2024	2024
	YTD Actual	YTD Budget	YTD Variance	Annual Budget	% Expended
Paved Surfaces	\$20,584	\$42,347	\$21,763	\$514,194	4%
Roofing & Gutters	\$201,204	\$221,926	\$20,722	\$1,811,309	11%
Building Structures	\$407,481	\$428,618	\$21,137	\$2,207,931	18%
Decking Projects	\$135,094	\$134,017	(\$1,077)	\$468,116	29%
Prior to Painting & Painting Projects	\$721,369	\$1,250,058	\$528,689	\$4,224,225	17%
Elevators	\$0	\$0	(\$0)	\$125,000	0%
Garden Villas	\$1,529	\$21,978	\$20,449	\$65,955	2%
Lighting Replacement Projects	\$0	\$3,123	\$3,123	\$12,500	0%
Walls, Fencing, and Railings	\$22,157	\$41,514	\$19,356	\$138,958	16%
Laundry Facilities	\$50,561	\$55,262	\$4,701	\$165,960	30%
Sewer Lines, Water Lines and Elect	\$704,046	\$690,830	(\$13,216)	\$2,730,000	26%
Grounds & Miscellaneous	\$3,816	\$9,175	\$5,359	\$27,582	14%
Landscape Projects	\$418,470	\$486,153	\$67,683	\$1,748,633	24%
Total	\$2,686,313	\$3,385,001	\$698,689	\$14,240,363	19%

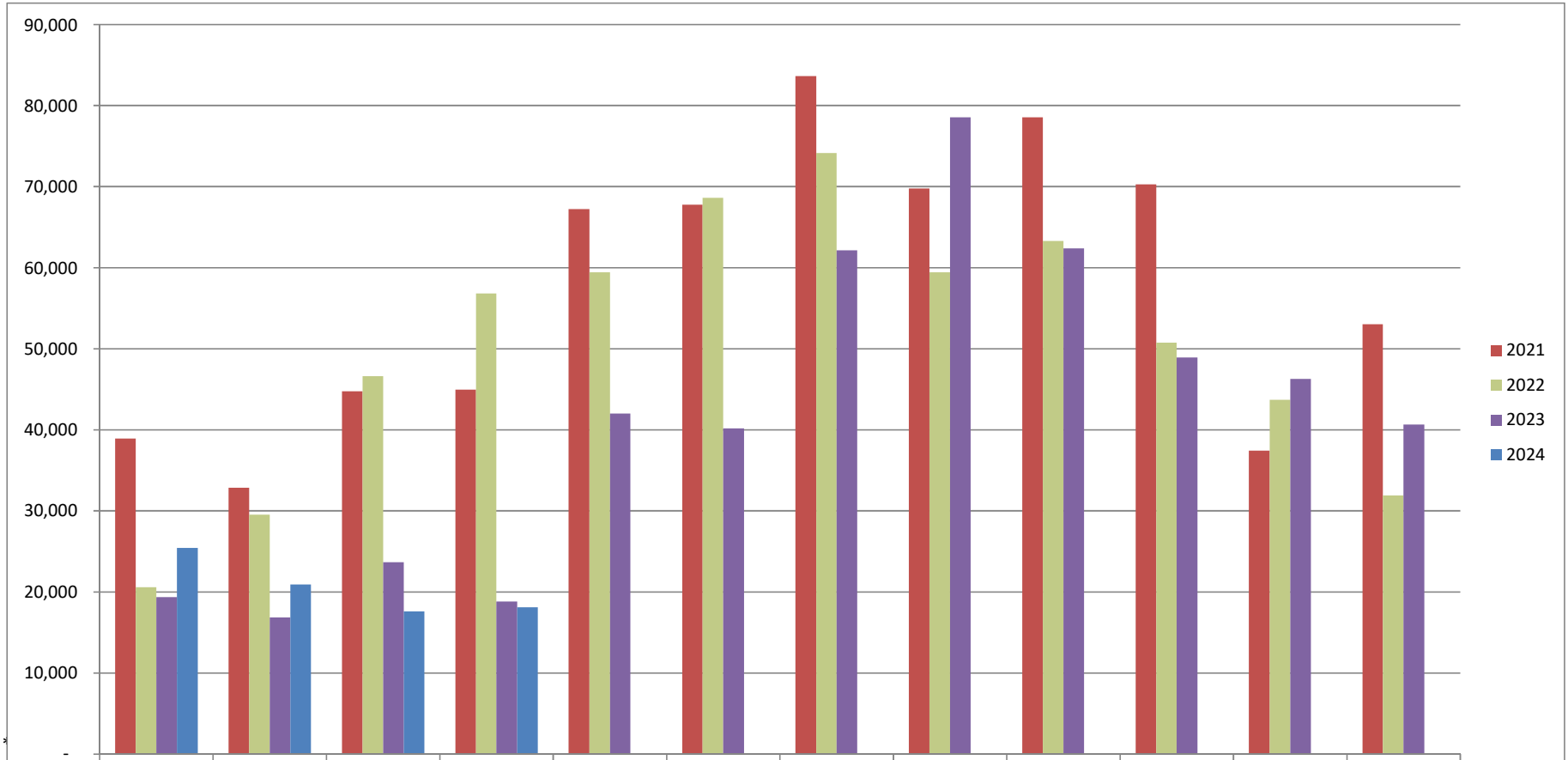
Third Laguna Hills Mutual
Fund Expenditure Schedule
Period Ending: 4/30/2024

Fund/Item	Resolution	BUDGET	EXPENDITURES I-T-D*			Remaining Encumbrance
			2024	Prior Years	Total	
Operating Fund (Approved Unbudgeted Expenses)						
Damage Restoration Reimbursement Backlog Case Load	03-23-71	\$98,100	\$49,937	\$72,211	\$122,148	\$0
Reserve Fund (Supplemental Appropriations)						
Turf Reduction	3-22-137	\$151,000	\$0	\$72,543	\$72,543	\$78,458
Landscape Improvement Projects	3-23-124	\$314,900	\$10,150	\$57,634	\$67,784	\$247,116
Slope Erosion Repairs	3-23-137	\$241,422	\$188,750	\$30,725	\$219,475	\$21,947
Emergency Roof Repairs	03-24-53	\$300,000	\$0	\$0	\$0	\$300,000
Unappropriated Expenditures Fund						
GV Garage Water Seepage	3-24-28	\$25,000	\$0	\$0	\$0	\$25,000
Gate 11 French Drain Construction	3-23-72	\$340,290	\$0	\$199,975	\$199,975	\$140,315
Total		\$1,470,712	\$248,837	\$433,087	\$681,924	\$788,788

*Incurred To Date

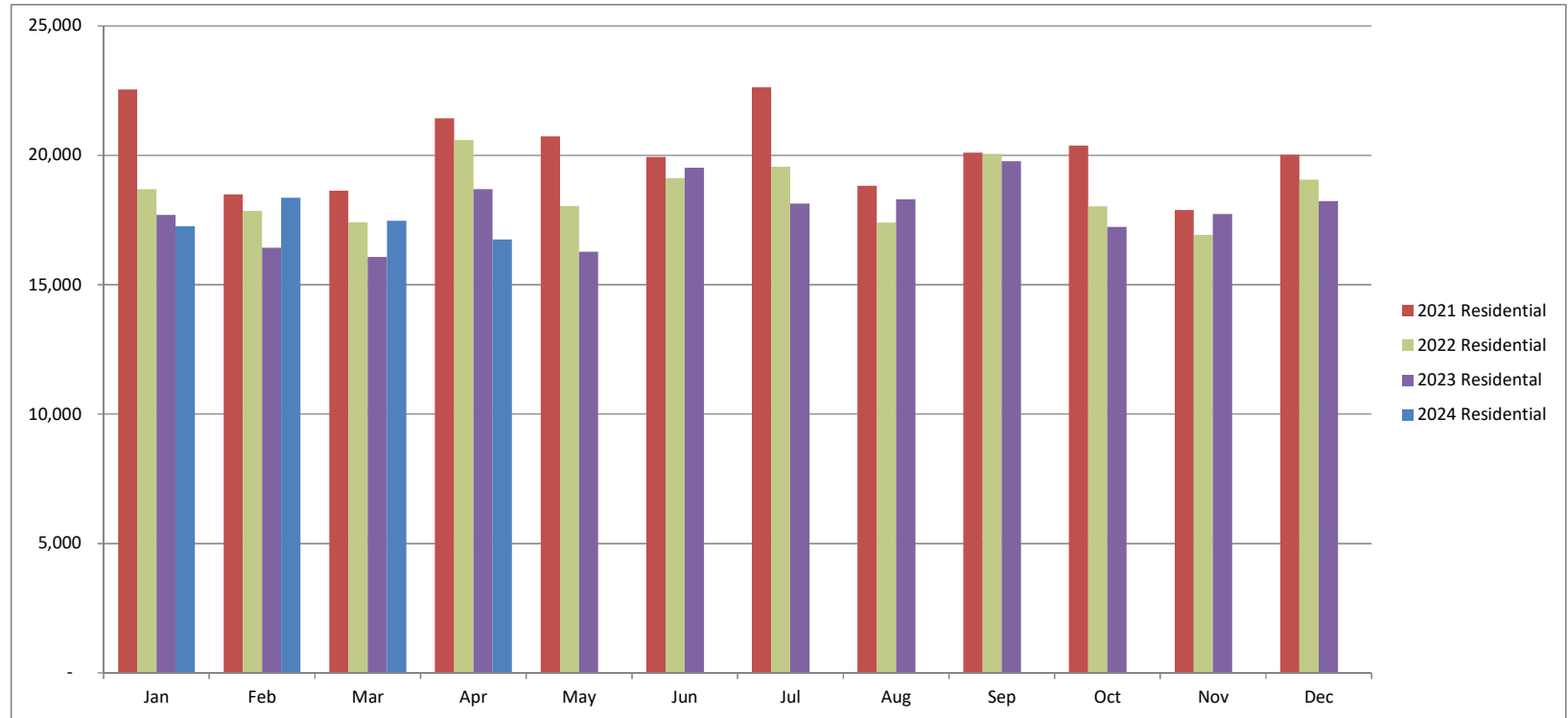
Third Mutual Water Usage in 100 cubic feet units

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD \$*	YTD ccf	Total
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	\$805,457	161,464	689,149
2022	20,573	29,523	46,594	56,831	59,443	68,617	74,150	59,427	63,281	50,772	43,694	31,907	\$811,962	153,521	604,812
2023	19,363	16,857	23,667	18,805	41,986	40,165	62,154	78,546	62,385	48,947	46,302	40,659	\$635,792	78,692	499,836
2024	25,449	20,939	17,604	18,098	-	-	-	-	-	-	-	-	\$693,071	82,090	82,090



Third Mutual
Residential Water Usage in 100 cubic feet units

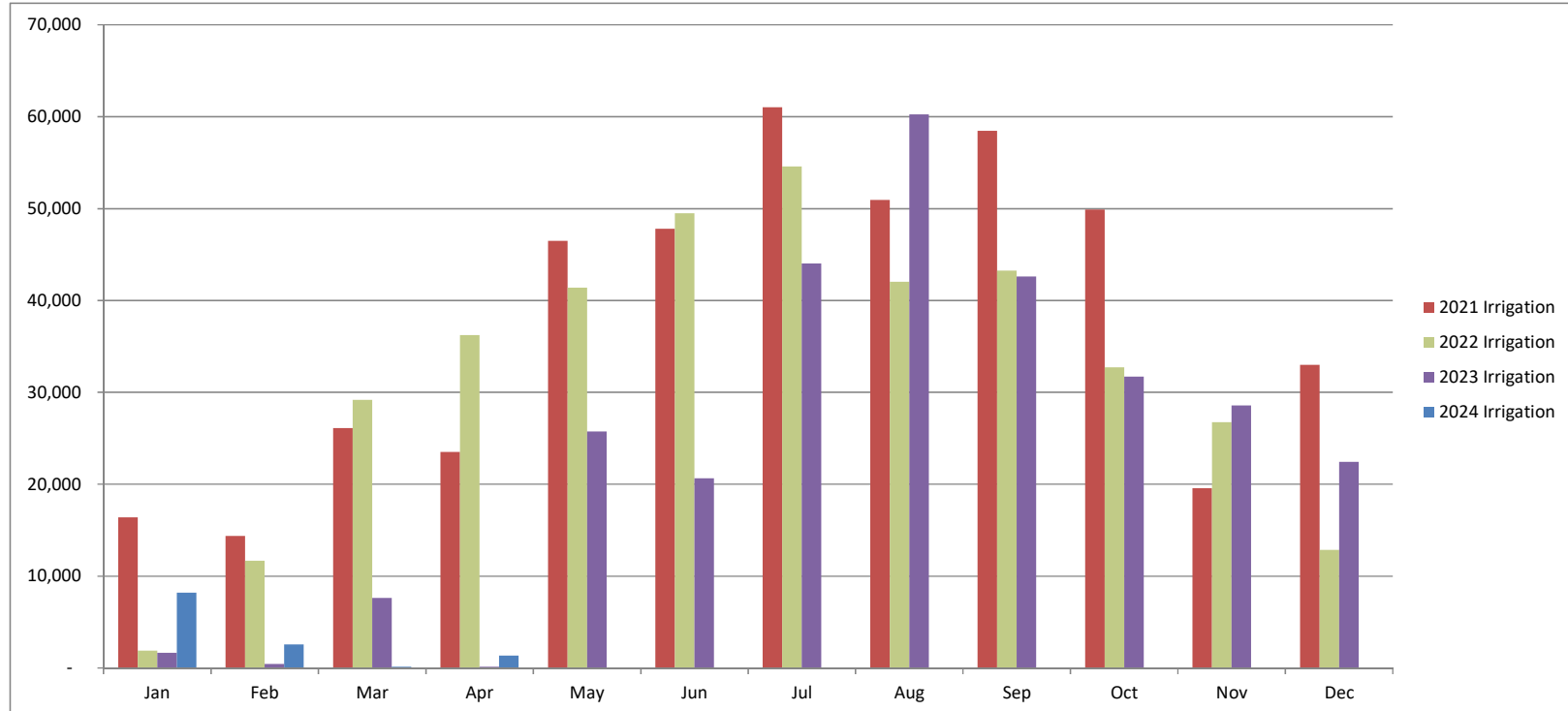
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD \$*	YTD ccf	Total
2021 Residential	22,539	18,488	18,641	21,433	20,735	19,937	22,631	18,823	20,107	20,369	17,883	20,022	\$444,492	81,101	241,608
2022 Residential	18,689	17,842	17,409	20,594	18,044	19,119	19,554	17,401	20,050	18,035	16,920	19,067	\$442,311	74,534	222,724
2023 Residential	17,693	16,435	16,065	18,691	16,268	19,524	18,135	18,302	19,774	17,233	17,734	18,224	\$451,252	68,884	214,078
2024 Residential	17,255	18,362	17,468	16,752	-	-	-	-	-	-	-	-	\$487,135	69,837	69,837



*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
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	\$360,966	80,363	447,541
2022 Irrigation	1,884	11,681	29,185	36,237	41,399	49,498	54,596	42,026	43,231	32,737	26,774	12,840	\$369,651	78,987	382,088
2023 Irrigation	1,670	422	7,602	114	25,718	20,641	44,019	60,244	42,611	31,714	28,568	22,435	\$184,540	9,808	285,758
2024 Irrigation	8,194	2,577	136	1,346	-	-	-	-	-	-	-	-	\$205,936	12,253	12,253



THIRD LAGUNA HILLS MUTUAL
Provision For Doubtful Accounts
As of April 30, 2024

Month	Delinquent Assessments ⁽¹⁾	Assessments Write-Offs ⁽²⁾	Bad Debt Small Claims ⁽³⁾	Delinquent Fines, Fees, and Chargeable Services ⁽⁴⁾	Chargeable Services Write-Offs ⁽⁵⁾	Change in Provision ⁽⁶⁾	Total Delinquent Units ⁽⁷⁾
December-23	291,694			87,565			23
January-24	307,438	-	-	99,901	-	28,080	26
February-24	327,450			91,155		11,266	28
March-24	329,206			95,959		6,560	25
April-24	330,919			105,163		10,918	26
May-24						-	
June-24						-	
July-24						-	
August-24						-	
September-24						-	
October-24						-	
November-24						-	
December-24						-	
YTD TOTAL						56,823	

(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



STAFF REPORT

DATE: June 4, 2024
FOR: Finance Committee
SUBJECT: 2025 Collection and Lien Enforcement Policy

RECOMMENDATION

Staff Recommends approval of the proposed 2025 Collection and Lien Enforcement Policy (Attachment 1).

BACKGROUND

Third Residents receive a copy of the upcoming year's Collection and Lien Enforcement Policy in accordance with Civil Code 5310(a)(6).

Within a 30 – 90 day before the end of its fiscal year, the board shall distribute an annual policy statement that provides member with information about association policies. The annual policy statement shall include all of the following information:

(6) The statement of assessment collections policies required by Section 5730

As part of the review of the Collection and Lien Enforcement Policy, it should be noted that Civil Code Section 5650(b)(1) regulates the amount an association may set for delinquent assessments. Specifically, late fees may not exceed 10% of the delinquent assessment.

DISCUSSION

Per staff research, there have been no law changes affecting assessment collection policies. Therefore, the content of the policy remains consistent with the 2024 Collection and Lien Enforcement Policy. Staff's only recommendation is to update the document title from 2024 to 2025.

FINANCIAL ANALYSIS

None.

Prepared By: Erika Hernandez, Assistant Financial Analyst

Reviewed By: Steve Hormuth, Director of Financial Services

ATTACHMENT(S)

Attachment 1: 2025 Collection and Lien Enforcement Policy



2025 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 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 (1st) 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 notice of the special assessment is provided to Members.

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 (16th) 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 (15th) 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 and/or by other delivery method required by Civil Code Section 4040 where applicable. 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 an amount equal to ten percent (10%) of the delinquent assessment or ten dollars (\$10), whichever is greater, 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, Buta 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 (30th) 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 forty-fifth (45th) day after mailing 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) recording a notice of delinquent assessment (lien); (2) 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; (3) termination of the

delinquent Member's Membership in the Mutual as a result of any foreclosure; (4) legal actions, discussed further below; or (5) other means permitted by law.

The Mutual may, after following appropriate procedures prescribed by law and the Mutual's Governing Documents, suspend a delinquent Member's right to 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 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 or account 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 in accordance with the manner of service of summons 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.

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.

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.

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 forty-five (45) 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 copies of specified 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.”