



November, 2022

Dear Owner(s):

Enclosed are the **annual budget report** and the **annual policy statement** required pursuant to California Civil Code Sections 5300 and 5310, commonly referred to as the Davis-Stirling Act.

The **annual budget report includes** the 2023 business and reserves plans, related disclosures and the insurance summary for Third Laguna Hills Mutual and the Golden Rain Foundation and Trust.

The **annual policy statement includes** additional disclosures regarding collection and lien enforcement policies, dispute resolution procedures, the architectural review process and many others.

Please see the attached table of contents for a listing of all reports and disclosures included herein. Should you have any questions concerning the enclosed materials, please contact Financial Services at 949-597-4201.

Sincerely,

Steve Hormuth, Director of Financial Services

ENCLOSURES



2023 Annual Disclosures & Notices

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Cut Clutter Electronic Authorization Form
Cable Act Disclosure



ANNUAL BUDGET REPORT

ASSESSMENT DEFINITIONS

The **total monthly assessment** for members of Third Laguna Hills Mutual is comprised of:

- (1) **MUTUAL OPERATING:** Non-assessment revenues generated from items such as chargeable services, late fees, electric cart fees and carport rental fees; and expenses, for which a housing mutual is directly responsible, such as maintenance programs, utilities and property insurance. Also included are expenses accumulated community-wide then allocated to each of the housing mutuals, such as administration, materials and supplies, and liability insurance.
- (2) **MUTUAL FUND CONTRIBUTIONS:** Contributions to funds used for reserve components, preventive maintenance and contingency expenditures not included in the operating budget:
 - (a) **RESERVE FUNDS:** *Replacement reserve, Elevator Replacement reserve and Laundry Replacement reserve* provide for the repair, replacement or restoration of structural components and mechanical equipment including, but not limited to, plumbing, roofs, elevators, paving and laundry equipment.
 - (b) **RESTRICTED FUNDS:** *Garden Villa Recreation Room Fund* provides a reserve for all expenditures within the Garden Villa recreation rooms related to repair, replacement, restoration or preventive maintenance, excluding janitorial services, water heaters and heat pumps. *Disaster Fund* provides a measure of financial stability during periods of unforeseen or catastrophic occurrences. *Unappropriated Expenditures Fund* provides for significant and unanticipated expenditures not otherwise identified in the business plan.
- (3) **GRF OPERATING & RESERVES CONTRIBUTIONS (GRF):** Provides for the operation of the Golden Rain Foundation and Trust-owned facilities and equipment, including broadband, clubhouses, recreational programs, security and transportation services. Includes reserve contributions for the improvement and/or replacement of facilities and equipment. These costs are assessed equally to all units in the community.



2023 BUSINESS PLAN - BY ACCOUNT

DESCRIPTION	2019 ACTUAL	2020 ACTUAL*	2021 ACTUAL*	2022 PLAN	2023 PLAN	ASSESSMENT		
						Per Manor Per Month		
						2022	2023	Change
REVENUES								
Non-Assessment Revenues								
Fees and Charges to Residents	\$1,087,533	\$401,033	\$732,032	\$960,396	\$1,075,119	\$13.12	\$14.68	(\$1.56)
Laundry Revenue	210,085	198,525	214,443	210,000	210,000	2.87	2.87	0.00
Miscellaneous	995,189	543,647	604,039	683,067	752,512	9.33	10.28	(0.95)
Total Revenue	\$2,292,807	\$1,143,205	\$1,550,514	\$1,853,463	\$2,037,631	\$25.32	\$27.83	(\$2.51)
EXPENSES								
Employee Compensation	\$6,604,601	\$6,594,953	\$7,074,776	\$7,919,157	\$7,978,557	\$108.14	\$108.96	\$0.82
Expenses Related to Compensation	2,647,957	2,842,894	2,972,229	3,332,343	3,447,867	45.51	47.09	1.58
Material and Supplies	759,948	633,276	790,544	772,386	726,964	10.55	9.93	(0.62)
Electricity	360,114	295,759	348,719	362,837	399,821	4.96	5.46	0.50
Sewer	1,685,382	1,698,515	1,774,945	1,829,400	1,494,600	24.98	20.41	(4.57)
Water	2,610,093	2,817,315	3,093,848	3,095,794	3,009,336	42.28	41.10	(1.18)
Trash	531,455	546,524	583,345	655,275	1,058,445	8.95	14.45	5.50
Legal Fees	726,416	627,448	245,767	526,652	393,325	7.19	5.37	(1.82)
Professional Fees	149,906	216,775	62,024	154,767	149,357	2.11	2.04	(0.07)
Equipment Rental	5,128	4,688	9,043	7,368	7,957	0.10	0.11	0.01
Outside Services	1,293,726	1,255,418	1,638,025	945,798	1,296,140	12.92	17.70	4.78
Repairs and Maintenance	5,990	2,554	3,874	7,104	7,673	0.10	0.10	0.00
Other Operating Expense	226,844	123,010	115,394	167,123	156,704	2.28	2.14	(0.14)
Insurance	495,924	542,735	888,596	949,710	1,073,454	12.97	14.66	1.69
Property Insurance	1,016,612	1,368,240	2,658,682	8,099,520	7,849,953	110.61	107.20	(3.41)
Uncollectible Accounts	361,190	71,798	45,737	65,000	65,000	0.89	0.89	0.00
Net Allocation to Mutuals	1,162,127	1,291,881	1,173,905	1,220,146	1,213,710	16.66	16.58	(0.08)
Total Expenses	\$20,643,412	\$20,933,783	\$23,479,453	\$30,110,380	\$30,328,863	\$411.20	\$414.19	\$2.99
RESERVE CONTRIBUTIONS								
Replacement Fund	\$10,251,360	\$10,690,704	\$10,690,704	\$10,690,704	\$11,276,496	\$146.00	\$154.00	\$8.00
Elevator Replacement Fund	439,344	366,120	366,120	366,120	366,120	5.00	5.00	0.00
Laundry Replacement Fund	0	73,224	73,224	73,224	146,448	1.00	2.00	1.00
Total Reserve Contribution	\$10,690,704	\$11,130,048	\$11,130,048	\$11,130,048	\$11,789,064	\$152.00	\$161.00	\$9.00
RESTRICTED CONTRIBUTIONS								
Disaster Fund	\$2,028,305	\$1,133,508	\$1,830,600	\$1,591,890	\$897,726	\$21.74	\$12.26	(\$9.48)
Unappropriated Exp. Fund	585,792	585,792	585,792	0	0	0.00	0.00	0.00
Total Restricted Contribution	\$2,614,097	\$1,719,300	\$2,416,392	\$1,591,890	\$897,726	\$21.74	\$12.26	(\$9.48)
Total Reserve/Restricted Contribution	\$13,304,801	\$12,849,348	\$13,546,440	\$12,721,938	\$12,686,790	\$173.74	\$173.26	(\$0.48)
TOTAL MUTUAL	\$31,655,406	\$32,639,926	\$35,475,379	\$40,978,855	\$40,978,022	\$559.62	\$559.62	\$0.00
GOLDEN RAIN FOUNDATION								
GRF Operating	\$13,460,408	\$13,297,478	\$13,663,283	\$14,316,115	\$14,960,469	\$195.50	\$204.31	\$8.81
GRF Reserve Contributions	1,244,808	1,391,256	1,391,256	1,244,808	1,244,808	17.00	17.00	0.00
GRF Contingency Contributions	146,448	366,120	0	366,120	0	5.00	0.00	(5.00)
Total GRF	\$14,851,664	\$15,054,854	\$15,054,539	\$15,927,043	\$16,205,277	\$217.50	\$221.31	\$3.81
TOTAL BASIC ASSESSMENTS	\$46,507,070	\$47,694,780	\$50,529,918	\$56,905,898	\$57,183,299	\$777.12	\$780.93	\$3.81
SURCHARGES (unique to units with common laundry facilities, elevators, and/or Garden Villa Rec Rooms)								
Elevator Operating	363,183	303,146	315,135	346,576	366,252	15.64	16.52	0.88
Laundry Replacement Fund	73,224	73,224	0	0	0	0.00	0.00	0.00
Garden Villa Rec Room Fund	81,972	85,698	89,424	89,424	93,150	6.00	6.25	0.25
	\$518,379	\$462,068	\$404,559	\$436,000	\$459,402	\$21.64	\$22.77	\$1.13
TOTAL BUSINESS PLAN	\$47,025,449	\$48,156,848	\$50,934,477	\$57,341,898	\$57,642,701			

*2020 and 2021 actuals were affected by COVID-19 Pandemic



2023 BUSINESS PLAN MONTHLY ASSESSMENT BY MANOR TYPE

MANOR TYPE	2022	2023	Increase/ (Decrease)
SINGLE FAMILY DETACHED HOMES			
BASIC ASSESSMENT	\$777.12	\$780.93	\$3.81
TOTAL ASSESSMENT	\$777.12	\$780.93	\$3.81
CONVENTIONAL MANORS			
BASIC ASSESSMENT	\$777.12	\$780.93	\$3.81
TOTAL ASSESSMENT	\$777.12	\$780.93	\$3.81
CONVENTIONAL W/COMMON LAUNDRIES			
BASIC ASSESSMENT	\$777.12	\$780.93	\$3.81
TOTAL ASSESSMENT	\$777.12	\$780.93	\$3.81
8 UNIT BUILDINGS (2294, 2295)			
BASIC ASSESSMENT	\$777.12	\$780.93	\$3.81
SURCHARGES:			
Elevator Operating	15.64	16.52	0.88
TOTAL SURCHARGES	15.64	16.52	0.88
TOTAL ASSESSMENT	\$792.76	\$797.45	\$4.69
21 UNIT BUILDINGS			
BASIC ASSESSMENT	\$777.12	\$780.93	\$3.81
SURCHARGES:			
Elevator Operating	15.64	16.52	0.88
TOTAL SURCHARGES	15.64	16.52	0.88
TOTAL ASSESSMENT	\$792.76	\$797.45	\$4.69
22 UNIT BUILDINGS			
BASIC ASSESSMENT	\$777.12	\$780.93	\$3.81
SURCHARGES:			
Elevator Operating	15.64	16.52	0.88
Garden Villa Rec Room Fund	6.00	6.25	0.25
TOTAL SURCHARGES	21.64	22.77	1.13
TOTAL ASSESSMENT	\$798.76	\$803.70	\$4.94
24 UNIT BUILDINGS			
BASIC ASSESSMENT	\$777.12	\$780.93	\$3.81
SURCHARGES:			
Elevator Operating	15.64	16.52	0.88
Garden Villa Rec Room Fund	6.00	6.25	0.25
TOTAL SURCHARGES	21.64	22.77	1.13
TOTAL ASSESSMENT	\$798.76	\$803.70	\$4.94



2023 RESERVES PLAN

Summary & Disclosures

California Civil Code §5300 requires that homeowner associations maintain a reserve study, a plan by which the mutual anticipates and prepares for inevitable future expenses of major components. Ideally, all such expenditures to repair, replace or restore will be covered by those funds set aside each year and accounted for separately as reserves. A summary of the reserves plan prepared by Association Reserves™ is included herein.

The study identifies estimated current replacement costs at about \$94.8 million. The fully funded balance (based on the formula defined in Civil Code §5570(b)(4)) is \$50.0 million as of January 1, 2023. Projected reserve fund balances are estimated to be \$20.2 million, or 40.3% funded. These figures shall not be construed to require the board to fund reserves in accordance with this calculation.

The reserves receive monies through assessments and through interest earned on invested fund balances. In 2023, the basic monthly assessment for all mutual reserve funds is set at \$161.00 per manor per month.

The full reserves study can be obtained by contacting the Financial Services Department at 949-597-4201 or by visiting the community website at www.lagunawoodsvillage.com.

Third Laguna Hills Mutual has no outstanding loans.

Assessment and Reserve Funding Disclosure Summary

Third Mutual - Laguna Woods Village, Laguna Woods

For Fiscal Year Beginning: 1/1/2023

of units: 6102

1) Budgeted Amounts:	Total	Average Per Unit*
Reserve Contributions:	\$11,789,064.00	\$1,932.00
Total Assessment Income:	\$57,183,299.00	\$9,371.24

per: Year

- 2) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Year	Total Amount Per Unit*	Purpose
Total: \$0.00		

- 3) Based on the most recent Reserve Study and other information available to the Board of Directors, at this point in time does it appear that currently projected Reserve account balances will be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? **Yes**
- 4) If the answer to #3 is no, what additional assessments or other contributions/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment Will Be Due	Average Total Amount Per Unit*

Total: \$0.00

- 5) All major components appropriate for Reserve Funding (components that are a common area maintenance responsibility with a limited life expectancy and predictable remaining useful life, above a minimum threshold cost of significance) are included in this Reserve Funding Plan: **Yes**

6) All computations/disclosures are based on the fiscal year start date of:	1/1/2023
Fully Funded Balance (based on formula defined in 5570(b)4):	\$50,041,299
Projected Reserve Fund Balance:	\$20,182,762
Percent Funded:	40.3 %
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$4,893

From the 8/2/2022 Reserve Study by Association Reserves and any minor changes since that date.

* If assessments vary by the size or type of unit, allocate as noted within your Governing Documents.

- 7) See attached 30-yr Summary Table, showing the projected Reserve Funding Plan, Reserve Balance, Percent Funded, and assumptions for interest and inflation.

Prepared by: Sean Andersen

Date: 10/4/2022

The financial representations at the time of preparation are based on the Reserve Study for the fiscal year shown at the top of this page and the best estimates of the preparer. These estimates should be expected to change from year to year. Some information on this form has been provided to Association Reserves, and has not been independently verified.



30-Year Reserve Plan Summary (Alternate Funding Plan)

Report # 31071-3
With-Site-Visit

Fiscal Year Start: 2023

Interest:

2.00 %

Inflation:

3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded		Special Assmt Risk	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2023	\$20,182,762	\$50,041,299	40.3 %		Medium	\$11,495,000	\$0	\$415,002	\$10,739,346
2024	\$21,353,418	\$53,697,003	39.8 %		Medium	\$11,724,900	\$0	\$423,550	\$12,463,623
2025	\$21,038,245	\$56,182,640	37.4 %		Medium	\$11,959,398	\$0	\$416,991	\$12,717,650
2026	\$20,696,984	\$58,559,938	35.3 %		Medium	\$12,198,586	\$0	\$412,233	\$12,745,790
2027	\$20,562,013	\$61,006,969	33.7 %		Medium	\$12,442,558	\$0	\$408,346	\$13,104,919
2028	\$20,307,998	\$63,564,070	31.9 %		Medium	\$12,691,409	\$0	\$401,508	\$13,523,349
2029	\$19,877,565	\$65,338,111	30.4 %		Medium	\$12,945,237	\$0	\$401,356	\$12,931,300
2030	\$20,292,858	\$58,377,275	34.8 %		Medium	\$13,204,142	\$0	\$407,566	\$13,405,545
2031	\$20,499,021	\$60,522,864	33.9 %		Medium	\$13,468,225	\$0	\$395,281	\$15,299,207
2032	\$19,063,320	\$60,921,359	31.3 %		Medium	\$13,804,930	\$0	\$372,762	\$14,995,804
2033	\$18,245,208	\$62,074,543	29.4 %		High	\$14,150,053	\$0	\$360,399	\$14,929,767
2034	\$17,825,893	\$63,795,626	27.9 %		High	\$14,503,805	\$0	\$347,609	\$15,712,210
2035	\$16,965,096	\$65,166,766	26.0 %		High	\$14,866,400	\$0	\$329,201	\$16,177,161
2036	\$15,983,537	\$66,569,367	24.0 %		High	\$15,238,060	\$0	\$308,117	\$16,674,811
2037	\$14,854,903	\$67,627,797	22.0 %		High	\$15,619,011	\$0	\$283,675	\$17,220,433
2038	\$13,537,156	\$68,643,081	19.7 %		High	\$16,009,487	\$0	\$261,265	\$17,195,964
2039	\$12,611,943	\$69,766,174	18.1 %		High	\$16,409,724	\$0	\$238,917	\$17,960,171
2040	\$11,300,412	\$70,516,784	16.0 %		High	\$16,819,967	\$0	\$222,396	\$17,384,296
2041	\$10,958,479	\$72,487,992	15.1 %		High	\$17,240,466	\$0	\$192,545	\$20,078,810
2042	\$8,312,680	\$70,522,325	11.8 %		High	\$17,671,478	\$0	\$171,800	\$17,273,762
2043	\$8,882,196	\$71,883,115	12.4 %		High	\$18,113,265	\$0	\$195,502	\$16,506,049
2044	\$10,684,913	\$74,588,074	14.3 %		High	\$18,566,096	\$0	\$226,852	\$17,457,907
2045	\$12,019,955	\$76,920,259	15.6 %		High	\$19,030,249	\$0	\$252,859	\$18,015,176
2046	\$13,287,888	\$79,231,500	16.8 %		High	\$19,506,005	\$0	\$260,383	\$20,281,335
2047	\$12,772,941	\$79,834,713	16.0 %		High	\$19,993,655	\$0	\$266,782	\$19,104,982
2048	\$13,928,396	\$82,241,147	16.9 %		High	\$20,493,496	\$0	\$285,842	\$20,027,176
2049	\$14,680,558	\$84,360,599	17.4 %		High	\$21,005,834	\$0	\$299,480	\$20,692,461
2050	\$15,293,412	\$83,165,407	18.4 %		High	\$21,530,980	\$0	\$317,373	\$20,670,394
2051	\$16,471,371	\$85,944,624	19.2 %		High	\$22,069,254	\$0	\$306,879	\$24,604,340
2052	\$14,243,164	\$85,271,471	16.7 %		High	\$22,620,986	\$0	\$281,973	\$23,167,596

**Third Mutual - Laguna Woods Village**

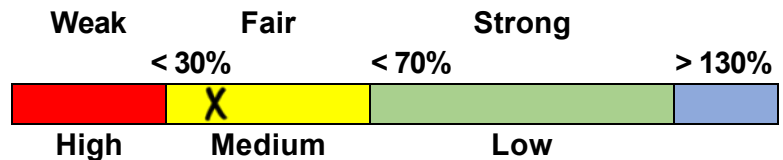
Laguna Woods, CA

Level of Service: **Update "With-Site-Visit"**Report #: **31071-3**

of Units: 6,102

January 1, 2023 through December 31, 2023**Findings & Recommendations****as of January 1, 2023**

Projected Starting Reserve Balance	\$20,182,762
Current Full Funding Reserve Balance	\$50,041,299
Average Reserve Deficit (Surplus) Per Unit	\$4,893
Percent Funded	40.3 %
Recommended 2023 "Annual Full Funding Contributions"	\$13,300,000
Alternate minimum contributions to keep Reserve above \$8,290,000	\$11,495,000
Most Recent Reserve Contribution Rate	\$11,130,048
Annual Deterioration Rate	\$19,595,307

Reserve Fund Strength: 40.3%**Risk of Special Assessment:****Economic Assumptions:**Net Annual "After Tax" Interest Earnings Accruing to Reserves **2.00 %**Annual Inflation Rate **3.00 %**

This is an Update "With-Site-Visit", and is based on a prior Report prepared by Association Reserves for your 2022 Fiscal Year. We performed the site inspection on 5/26/2022.

This Reserve Study was prepared by a credentialed Reserve Specialist, Sean Erik Andersen RS #68.

The Association is Mutual Community Association.

The Reserve Fund is between the 30% funded level and the 70% funded level at 40.3 % Funded, which is a fair position for the fund to be in. This means that the association's special assessment & deferred maintenance risk is currently medium. The objective of your multi-year Funding Plan is to Fully Fund Reserves and ultimately achieve a position of strength in the fund, where associations enjoy a low risk of Reserve cash flow problems.

The Annual Deterioration rate for your Reserve Components is \$19,595,307.

Based on this starting point, your annual deterioration rate, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions to \$13,300,000.

*The Alternative Contribution rate, also called Baseline Funding will keep the Reserve Funds above \$8,290,000. This figure for your association is \$11,495,000.

To receive a copy of the full Reserve Study, contact the Association.



Budget Summary

Report # 31071-3
With-Site-Visit

	Useful Life		2023 Rem. Useful Life		Estimated Replacement Cost in 2023	2023 Expenditures	01/01/2023 Current Fund Balance	01/01/2023 Fully Funded Balance	Remaining Bal. to be Funded	2023 Contributions
	Min	Max	Min	Max						
Paved Surfaces	1	25	0	24	\$11,725,675	\$503,675	\$3,045,821	\$6,158,225	\$8,679,854	\$478,762
Roofing & Gutters	1	40	0	29	\$57,640,495	\$1,582,095	\$7,224,120	\$30,549,255	\$50,416,375	\$1,606,213
Building Structures	1	20	0	19	\$8,431,740	\$2,004,840	\$2,673,640	\$2,980,345	\$5,758,100	\$4,032,117
Decking Projects	1	1	0	3	\$600,698	\$423,698	\$423,698	\$423,698	\$177,000	\$407,714
Prior To Painting & Painting Projects	1	1	0	1	\$4,389,793	\$2,404,793	\$2,404,793	\$2,404,793	\$1,985,000	\$2,979,501
Elevators	1	40	0	29	\$6,217,000	\$125,000	\$402,485	\$3,464,518	\$5,814,515	\$405,517
Garden Villas	1	10	0	28	\$906,176	\$5,276	\$200,516	\$245,736	\$705,660	\$248,108
Lighting Replacement Projects	1	1	0	1	\$65,500	\$12,500	\$12,500	\$12,500	\$53,000	\$44,457
Walls, Fencing & Railings	1	1	0	1	\$193,415	\$141,915	\$141,915	\$141,915	\$51,500	\$131,277
Laundry Facilities	1	10	0	18	\$366,945	\$161,145	\$202,305	\$208,345	\$164,640	\$163,806
Sewer Lines, Water Lines & Elect	1	1	0	23	\$2,288,000	\$1,730,000	\$1,730,000	\$1,730,000	\$558,000	\$1,552,943
Grounds & Miscellaneous	1	10	0	9	\$35,180	\$25,180	\$25,180	\$26,180	\$10,000	\$17,769
Landscape Projects	1	5	0	2	\$1,891,429	\$1,619,229	\$1,695,789	\$1,695,789	\$195,640	\$1,231,813
					\$94,752,046	\$10,739,346	\$20,182,762	\$50,041,299	\$74,569,284	\$13,300,000

Percent Funded: 40.3%



ANNUAL INSURANCE DISCLOSURE AND POLICY SUMMARY - October 1, 2022

PROPERTY INSURANCE

Blanket property insurance for fire and special form with Lloyd's of London and other program participants insures residential, common and community buildings and business property (coverage for Unit as originally built; no coverage for improvements, alterations, additions or personal property of unit owners or residents).

Policy amount: \$675,000,000 per occurrence

Deductible: \$100,000 per occurrence

Key exclusions: earthquake, landslide, (and others)

COMMERCIAL GENERAL LIABILITY INSURANCE

The commercial general liability insurance for the Housing Mutuals and Golden Rain Foundation (GRF) is with Philadelphia Insurance Companies, insuring against liability arising out of the ownership and use of common areas.

Policy amount: \$1,000,000 per occurrence
\$2,000,000 aggregate

Deductible: None for bodily injury claims

There is also an Umbrella Liability policy with Great American, Lexington, and AXA XL Insurance Company.

Policy amount: \$25,000,000 per occurrence

Deductible: Excess over General Liability insurance policy

CRIME/FIDELITY INSURANCE

Third Mutual has a crime/fidelity policy with Hartford and Great American Insurance Companies.

Policy limits: \$31,500,000 Employee Theft, Computer & Fund Transfer Fraud Deductible: \$50,000

EARTHQUAKE INSURANCE

Third Laguna Hills Mutual has a Difference in Conditions insurance policy with Princeton Excess & Surplus Lines Insurance Company for earthquake insurance on residential and common area buildings.

Policy limit: \$10,000,000 Deductible for earthquake: 5% of the building value, \$100,000 minimum

GRF has a Difference in Conditions insurance policy with Arrowhead General Insurance Company including earthquake and flood for GRF facilities such as clubhouses, streets and the cable system.

Policy limit: \$15,000,000 Deductible: \$25,000 per occurrence except earthquake and flood
Deductible for flood: \$50,000 Deductible for earthquake: 5% of the building value, \$50,000 minimum

This summary of the Association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association member may, upon request and provision of reasonable notice, review the Association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Association maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.

The total amount of insurance was discussed with the insurance broker and the Board followed their guidance.

For questions regarding proof of insurance coverage have your escrow company or trust contact:

AJ Gallagher Insurance Services (Property, Crime and Earthquake): Email: Southwest.InterimCerts.GGBUS@ajg.com
(All requests for certificates must be sent via email and cannot be fulfilled over the phone. Standard turnaround time for issuance is within 24 hours and any request that is indicated as a "Rush" in the subject line is fulfilled same day if received by 12:00 p.m. PST. Requests should have "Third Laguna Hills Mutual" in the subject line)

If you have questions about the Mutual's insurance policies, please call Risk Management 949-597-4202

The following insurance information should be discussed with your personal insurance agent.

THIRD LAGUNA HILLS MUTUAL INSURANCE DISCLOSURE AND POLICY SUMMARY

THE INSURANCE CARRIED BY THIRD MUTUAL AND GRF DOES NOT COVER YOUR PERSONAL LIABILITY OR ITEMS THAT ARE YOUR PERSONAL RESPONSIBILITY such as improvements, alterations and additions, personal property, or loss of use. The Mutual's property insurance only covers the Unit as originally built. **OWNERS SHOULD PURCHASE a "CONDOMINIUM OWNERS" (HO-6) INSURANCE POLICY** to protect against unexpected expense in the event a loss occurs. **This is also a requirement for many lenders. Please advise tenants/lessees that they should purchase "renters" insurance** for their personal liability, personal property, and loss of use.

SOME* ITEMS YOU SHOULD CONSIDER WHEN REVIEWING YOUR OWN PERSONAL INSURANCE:

- ◆ **Owners are responsible for damage to the interior of their Unit (property for their exclusive use) as well as improvements, alterations and additions** (CC&Rs Article XIII, Section 3). This includes carpet and floor coverings, paint, wall, and window coverings, cabinets, appliances, water heater, air conditioning, kitchen, bathroom, and lighting fixtures, and other property inside your manor (CC&Rs Article I, Section 40). **Repair of damage to such items, including personal property, from a loss such as a plumbing failure in your manor or an adjacent manor, is the responsibility of the individual owner or tenant.** If the repair estimate exceeds the deductible on the Mutual's property policy, which is currently \$100,000, a claim will be submitted to the Mutual's insurer which will include the cost to repair the "standard interior" (as originally built). The Mutual's property insurer does not accept claims for damage to improvements, alterations, additions, personal property, etc.
- ◆ **Owners are responsible for damage to Mutual-controlled property** caused by the Owners' misuse or neglect, by additions or alterations, or by guests or lessees. If the damage is your responsibility, Third Mutual can charge you for the repairs (CC&Rs Article IV, Section 3). If the repair costs exceed the deductible on the Mutual's insurance, currently \$100,000, a claim will be submitted to the Mutual's property insurer. In such cases, both the Mutual and its property insurer reserve the right to charge the Owner to recover the costs, including the Mutual's deductible. Your own insurance may help cover your obligations, although some homeowner's insurance companies will not cover the Mutual's deductible. Consult with your agent about your insurer's practices and increasing your policy limits accordingly.
- ◆ **Personal Property/Contents insurance** for items such as appliances, furniture, clothing, household goods and for special property like jewelry, coins, artwork, antiques, furs, silver, and collectibles.
- ◆ **Personal Liability insurance** for your actions and responsibilities both inside and outside your manor. Everyone should have liability insurance to protect their equity and retirement savings.
- ◆ **Loss of Use or Additional Living Expense insurance** if your manor/building is damaged and cannot be lived in until repaired, in accordance with the Davis-Stirling Act Civil Code §4775(b), members, residents and lessees are responsible for paying to live elsewhere while work is done. Monthly assessments must still be paid during this time.
- ◆ **Loss assessment insurance** to protect against a special assessment from the Mutual for damage. While there has not yet been this type of assessment in Laguna Woods Village, we are required to tell you that this is a possibility. (Show your agent/broker the limits listed in this disclosure.)
- ◆ **Earthquake and/or Flood insurance** for the interior of your Unit, additions, alterations, personal property, and loss of use.
- ◆ **Earthquake Loss Assessment insurance** to protect against a special assessment from the Mutual for damage caused by an earthquake.
- ◆ **Automobile insurance** on your car, truck, van, motorcycle, or motor home.
- ◆ **Liability and Physical Damage insurance** for your golf cart.

Please report building damage to:

Resident Services (Monday-Friday, 8:00 AM to 5:00 PM)
Resident Services e-mail address:

phone: (949) 597-4600
residentservices@vmsinc.org

After business hours, or to report personal injury, please call:

Security Dispatch: phone: (949) 580-1400

In an emergency: CALL 911

*The above list is not exhaustive. Please discuss insurance questions with your agent or broker.

THIRD LAGUNA HILLS MUTUAL INSURANCE DISCLOSURE AND POLICY SUMMARY

PROPERTY INSURANCE - Continued

Primary \$10,000,000

Lloyd's of London, Limit: \$6,600,000
National Fire & Marine Ins. Co., Limit: \$1,400,000
National Fire & Marine Ins. Co., Limit: \$2,000,000

\$25,000,000 Excess of \$10,000,000

Evanston Ins. Co., Limit: \$5,000,000
Ironshore Specialty, Limit: \$2,500,000
Lloyd's of London, Limit: \$4,625,000
National Fire & Marine Ins. Co., Limit: \$2,500,000
General Star Indemnity Company, Limit: \$2,500,000
Lloyd's of London, Limit: \$1,000,000
Westfield Specialty Ins. Co., Limit: \$1,500,000
Lloyd's of London, Limit: \$4,375,000
Lloyd's of London, Limit: \$1,000,000

\$30,000,000 Excess of \$35,000,000

Westchester Surplus Lines Ins. Co., Limit: \$5,000,000
Aspen Specialty Ins. Co., Limit: \$2,500,000
Kinsale Ins. Co., Limit: \$2,000,000
Endurance American Specialty Ins. Co., Limit: \$2,500,000
Starr Surplus Lines Ins. Co., Limit: \$13,000,000
Princeton Excess & Surplus Lines Ins. Co., Limit: \$5,000,000

\$35,000,000 Excess of \$65,000,000

Lloyd's of London, Limit: \$1,750,000
North American Capacity, Limit: \$5,000,000
Axis Surplus Ins. Co., Limit: \$5,000,000
Starr Surplus Lines Ins. Co., Limit: \$8,750,000
Lloyd's of London, Limit: \$7,000,000
Kinsale Ins. Co., Limit: \$3,000,000
Lloyd's of London, Limit: \$750,000
Crum & Forster Specialty Ins. Co., Limit: \$2,000,000
Lloyd's of London, Limit: \$1,750,000

\$25,000,000 Excess of \$100,000,000

Somers Re, Limit: \$25,000,000

\$20,000,000 Excess of \$125,000,000

Star Surplus Lines Ins. Co., Limit: \$2,500,000

\$20,000,000 Excess of \$145,000,000

Evanston Ins. Co., Limit: \$2,500,000

\$20,000,000 Excess of \$165,000,000

Kinsale Ins. Co., Limit: \$2,500,000

\$60,000,000 Excess of \$125,000,000

Lloyd's of London, Limit: \$3,000,000
Lloyd's of London, Limit: \$1,500,000

\$40,000,000 Excess of \$185,000,000

Star Surplus Lines Ins. Co., Limit: \$8,000,000

\$100,000,000 Excess of \$125,000,000

Princeton Excess & Surplus Lines Ins. Co., Limit: \$30,000,000
QBE Specialty Ins. Co., Limit: \$5,000,000
General Security Indemnity Co. of AZ, Limit: \$5,000,000
Steadfast Ins. Co., Limit: \$5,000,000
Tranverse Specialty, Limit: \$5,000,000
Accredited Specialty, Limit: \$5,000,000
Homeland Ins. Co. of NY, Limit: \$25,000,000

\$100,000,000 Excess of \$225,000,000

Allianz Global Corporate & Specialty SE, Limit: \$5,000,000
Lloyd's of London (Hiscox), Limit: \$10,000,000
Lloyd's of London (MAP & Atrium), Limit: \$5,000,000
Lloyd's of London (AUW), Limit: \$7,500,000
Lloyd's of London (Fidelis), Limit: \$25,000,000
Travelers Excess and Surplus Lines, Limit: \$20,000,000
Starr Specialty Insurance Company, Limit: \$7,500,000

\$100,000,000 Excess of \$325,000,000

Mitsui Sumitomo Ins. Company of America, Limit: \$10,000,000
Lloyd's of London (Fidelis), Limit: \$28,000,000
Sampo BDA, Limit: \$5,000,000
Lloyd's of London (HCC), Limit: \$19,500,000
Lloyd's of London, Limit: \$17,500,000

\$200,000,000 Excess of \$225,000,000

Ironshore Specialty Insurance Company, Limit: \$22,500,000
Landmark American Insurance Company, Limit: \$17,500,000

\$250,000,000 Excess of \$425,000,000

Chubb Bermuda, Limit: \$250,000,000



Charges for Documents Provided as Required by Section 4525*

Property address _____

Owner of Property _____

Owner mailing address (if different from above) _____

Provider of the Section 4525 items

Print name _____

Position or title _____

Association or agent _____

Date form completed _____

Please complete applicable column(s) below:

Document	Civil Code Section	Included	Not Available (N/A) or Not Applicable (N/App)
Articles of Incorporation or statement that not incorporated	Section 4525(a)(1)	Included	
Occupancy Agreement		Included	
CC&Rs	Section 4525(a)(1)	Included	
Bylaws	Section 4525(a)(1)	Included	
Operating rules	Section 4525(a)(1)	Included	
Age restrictions, if any	Section 4525(a)(2)	Included	
Pro forma operating budget or summary, including reserve study	Sections 5300 and 4525(a)(4)	Included	
Assessment and reserve funding disclosure summary	Sections 5300 and 4525(a)(4)	Included	
Financial statement review	Sections 5305 and 4525(a)(3)	Included	
Assessment enforcement policy	Sections 5310 and 4525(a)(4)	Included	

Document	Civil Code Section	Included	Not Available(N/A) or Not Applicable (N/App)
Insurance summary	Sections 5300 and 4525(a)(4)	Included	
Regular assessment	Section 4525(a)(4)	Included	
Special assessment	Section 4525(a)(4)		N/App
Emergency assessment	Section 4525(a)(4)		N/App
Other unpaid obligations of seller	Sections 5675 and 4525(a)(4)	Included	
Approved changes to assessments	Section 5300 and 4525(a)(4),(8)	Included	
Settlement notice regarding common area defects	Sections 4525(a)(6),(7) and 6100		N/App
Preliminary list of defects	Sections 4525(a)(6), 6000 and 6100		N/App
Notice(s) of violation	Sections 5855 and 4525(a)(5)	Included	
Required statement of fees	Section 4525	Included	
Most recent 12 months of minutes	Section 4525(a)(10)	Included	

Total fees for these documents: \$200

*The information provided by this form may not include all fees that may be imposed before the close of escrow. Additional fees that are not related to the requirements of Section 4525 may be charged separately.

Note:

1. Additional documents and fees may be applicable during the purchase or transfer, such as first and final inspections (\$60 and \$55, respectively), administration fee to transfer all membership information (\$400) and the facilities fee (\$7,500). Notation of these fees in this form is being provided as an additional notice to the prospective buyer.
2. Many of the documents noted on the statutory form above can be found free of charge at lagunawoodsvillage.com.



NOTICE TO MEMBERS

FHA Approval Status Statement

Civil Code §5300(b)(10)

Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development is a condominium project. The association of this common interest development [is / is not (circle one)] certified by the Federal Housing Administration.

VA Approval Status Statement

Civil Code §5300(b)(11)

Certification by the Federal Department of Veterans Affairs may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development is a condominium project. The association of this common interest development [is / is not (circle one)] certified by the federal Department of Veterans Affairs.



ANNUAL BUDGET REPORT ASSESSMENT DEFINITIONS

RESOLUTION 90-16-52

WHEREAS, the Board determines assessments in an amount meeting operational and reserve expenditures; and

WHEREAS, expenditures from the funds are authorized by the Board through the annual business plan or supplemental appropriations;

NOW THEREFORE BE IT RESOLVED, the Board hereby adopts the following definitions to define the purpose and use of each of the restricted funds:

Operating Fund – The Operating Fund accounts for all revenues and expenditures related to the services and operations of the Golden Rain Foundation, including but not limited to security, transportation, broadband services, recreation services, administration, insurance and taxes, utilities, and professional services.

Equipment Reserve Fund – The Equipment Reserve Fund is used for the purchase of new and replacement equipment, including but not limited to vehicles, machinery, office equipment, and furniture. This fund receives monies through assessments, interest earnings, and a transfer of operating surplus if directed by the Board. Balances are used to fund the 30-year reserves plan.

Facilities Reserve Fund – The Facilities Reserve Fund is used for the acquisition, addition, replacement or improvement of Foundation and Trust facilities and their components. This fund receives monies through assessments, interest earnings, and a transfer of operating surplus if directed by the Board. Balances are used to fund the 30-year reserves plan.

Trust Facilities Fee Fund – The Trust Facilities Fee Fund was established in 2012 to maintain and improve the recreational and other amenities available to all residents of Laguna Woods Village. A fee, allowed under Civil Code §4580, is imposed on all transactions involving the purchase of a separate interest in any of the Community's common interest developments (United Mutual, Third Mutual, and Mutual Fifty). The Trust Facilities Fee is a fixed amount, as determined from time to time by the Trustee of the Golden Rain Foundation Trust. This fund receives monies through the aforementioned fee and interest earnings. Although this is not a required fund, the Board shall determine the appropriate allocation to meet reserve expenditures.

Contingency Fund – The Contingency Fund provides for unanticipated expenditures not otherwise identified in the operating budget or reserves plan and provides funding for uninsured damages to property. This fund receives monies through assessments, interest earnings, and a transfer of operating surplus if directed by the Board.

Trust Improvement Fund – Established in 1974, this fund was established in the Trust to provide funding for improvement to certain existing community facilities. Contributions to this fund were discontinued in 1985 and improvements to GRF and Trust assets are funded through the funds mentioned above.



2023 BUSINESS PLAN - BY ACCOUNT

DESCRIPTION	2019 ACTUAL	2020 ACTUAL*	2021 ACTUAL*	2022 PLAN	2023 PLAN	ASSESSMENT		
						Per Manor Per Month		
						2022	2023	Change
Revenues:								
Golf Greens Fees	\$1,351,798	\$1,241,594	\$1,656,161	\$1,602,000	\$1,744,500	\$10.48	\$11.41	(\$0.93)
Golf Operations	231,543	273,504	318,827	356,190	379,300	2.33	2.48	(0.15)
Merchandise Sales	338,214	269,630	522,651	468,050	609,006	3.06	3.98	(0.92)
Clubhouse Rentals and Event Fees	720,100	123,440	113,331	640,906	653,971	4.19	4.28	(0.09)
Rentals	125,879	142,958	140,779	165,400	197,500	1.08	1.29	(0.21)
Broadband Services	4,797,351	5,186,355	5,038,208	5,818,200	5,554,800	38.07	36.35	1.72
Miscellaneous	1,115,511	655,785	659,087	1,117,904	1,217,629	7.31	7.97	(0.66)
Total Revenue	\$8,680,396	\$7,893,266	\$8,449,044	\$10,168,650	\$10,356,706	\$66.52	\$67.76	(\$1.24)
Expenses:								
Employee Compensation	\$17,950,037	\$16,656,527	\$17,060,816	\$19,392,615	\$20,123,612	\$126.89	\$131.67	\$4.78
Exp. Related to Compensation	5,145,248	4,913,404	5,058,750	6,003,011	6,331,723	39.28	41.43	2.15
Materials and Supplies	1,757,167	1,564,387	1,570,108	1,765,658	1,801,729	11.55	11.79	0.24
Cost of Merchandise Sold	238,432	192,232	431,568	315,315	440,638	2.06	2.88	0.82
Community Events	563,596	125,189	45,229	463,081	410,910	3.03	2.69	(0.34)
Electricity	875,691	705,598	881,645	886,055	918,102	5.80	6.01	0.21
Sewer	77,338	67,047	75,868	84,696	126,163	0.55	0.82	0.27
Water	605,107	645,378	762,448	700,310	723,350	4.58	4.73	0.15
Trash	220,868	191,847	128,609	148,028	148,815	0.97	0.97	0.00
Natural Gas	244,948	164,840	237,215	232,781	334,415	1.52	2.19	0.67
Telephone	284,506	316,676	308,599	359,369	342,957	2.35	2.24	(0.11)
Fuel & Oil for Vehicles	511,609	370,940	489,252	544,500	628,490	3.56	4.11	0.55
Legal Fees	994,184	336,669	737,723	329,196	245,850	2.15	1.61	(0.54)
Professional Fees	597,035	571,281	416,867	564,743	829,009	3.70	5.42	1.72
Rentals	213,295	200,704	258,816	216,114	289,655	1.41	1.90	0.49
Outside Services	2,036,707	2,252,750	2,829,913	2,961,494	2,900,604	19.38	18.98	(0.40)
Repairs and Maintenance	660,523	954,116	886,507	1,215,359	999,673	7.95	6.54	(1.41)
Other Operating Expense	598,345	443,005	648,436	850,860	938,280	5.57	6.14	0.57
Income, Property, and Sales Tax	157,559	718,919	43,622	27,822	35,991	0.19	0.24	0.05
Insurance	1,374,364	2,008,550	2,658,323	2,844,644	2,987,766	18.61	19.55	0.94
Cable TV Programming	5,127,580	3,792,055	3,966,508	4,328,000	4,415,500	28.32	28.89	0.57
Uncollectible Accounts	9,432	1,416	12,184	12,100	12,100	0.08	0.08	0.00
(Gain)/Loss on Sale or Trade	(520)	(56,922)	(180,899)	(25,000)	0	(0.16)	0.00	0.16
Cost Allocation to Mutuals	(2,547,224)	(2,900,667)	(2,775,315)	(2,949,071)	(2,875,047)	(19.32)	(18.81)	0.51
Total Expenses	\$37,695,827	\$34,235,941	\$36,552,792	\$41,271,680	\$43,110,285	\$270.02	\$282.07	\$12.05
(Surplus)/Deficit Recovery	\$0	\$0	\$0	(\$1,222,656)	(\$1,528,320)	(\$8.00)	(\$10.00)	(\$2.00)
Net Operating	\$29,015,431	\$26,342,675	\$28,103,748	\$29,880,374	\$31,225,259	\$195.50	\$204.31	\$8.81
Fund Contributions:								
Reserve Funds	\$2,598,144	\$2,903,808	\$2,903,808	\$2,598,144	\$2,598,144	\$17.00	\$17.00	\$0.00
Contingency Fund	305,664	764,160	0	764,160	0	5.00	0.00	(5.00)
Total Fund Contributions	\$2,903,808	\$3,667,968	\$2,903,808	\$3,362,304	\$2,598,144	\$22.00	\$17.00	(\$5.00)
TOTAL BASIC ASSESSMENTS	\$31,919,239	\$30,010,643	\$31,007,556	\$33,242,678	\$33,823,403	\$217.50	\$221.31	\$3.81

*2020 and 2021 actuals were affected by COVID-19 Pandemic.



2023 RESERVES PLAN

Summary & Disclosures

California Civil Code §5300 requires that homeowner associations maintain a reserve study, a plan by which the mutual anticipates and prepares for inevitable future expenses of major components. Ideally, all such expenditures to repair, replace or restore will be covered by those funds set aside each year and accounted for separately as reserves. A summary of the reserves plan prepared by Association Reserves™ is included herein.

The study identifies estimated current replacement costs at nearly \$73.8 million. The fully funded balance (based on the formula defined in Civil Code §5570(b)(4)) is \$42.4 million as of January 1, 2023. Projected reserve fund balances are estimated to be \$21.9 million, or 51.6% funded. These figures shall not be construed to require the board to fund reserves in accordance with this calculation.

The reserves receive monies through assessments and through interest earned on invested fund balances. Additionally, the reserves receive periodic transfers, approved by the GRF board of directors, from the Trust Facilities Fee Fund. This revenue is derived through a fee charged at the close of each escrow, where applicable, per Resolution 90-21-38, currently set at \$7,500. In 2023, the basic monthly assessment for GRF reserves is set at \$17 per manor per month.

The full reserves study can be obtained by contacting the Financial Services Department at 949-597-4201 or by visiting the community website at www.lagunawoodsvillage.com.

GRF has no outstanding loans.

Assessment and Reserve Funding Disclosure Summary

Golden Rain Foundation of Laguna Woods - Laguna Woods

For Fiscal Year Beginning: 1/1/2023

of units: 12736

1) Budgeted Amounts:	Total	Average Per Unit*
Reserve Contributions:	\$8,709,144.00	\$683.82
Total Assessment Income:	\$33,823,403.00	\$2,655.73

per: Year

- 2) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Year	Total Amount Per Unit*	Purpose
Total: \$0.00		

- 3) Based on the most recent Reserve Study and other information available to the Board of Directors, at this point in time does it appear that currently projected Reserve account balances will be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? **Yes**
- 4) If the answer to #3 is no, what additional assessments or other contributions/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment Will Be Due	Average Total Amount Per Unit*

Total: \$0.00

- 5) All major components appropriate for Reserve Funding (components that are a common area maintenance responsibility with a limited life expectancy and predictable remaining useful life, above a minimum threshold cost of significance) are included in this Reserve Funding Plan: **Yes**

6) All computations/disclosures are based on the fiscal year start date of:	1/1/2023
Fully Funded Balance (based on formula defined in 5570(b)4):	\$42,379,236
Projected Reserve Fund Balance:	\$21,850,200
Percent Funded:	51.6%
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$1,611

From the 6/20/2022 Reserve Study by Association Reserves and any minor changes since that date.

* If assessments vary by the size or type of unit, allocate as noted within your Governing Documents.

- 7) See attached 30-yr Summary Tables, showing the projected Reserve Funding Plan, Reserve Balance, Percent Funded, and assumptions for interest and inflation.

Prepared by: Sean Andersen

Date: 10/10/2022

The financial representations at the time of preparation are based on the Reserve Study for the fiscal year shown at the top of this page and the best estimates of the preparer. These estimates should be expected to change from year to year. Some information on this form has been provided to Association Reserves, and has not been independently verified.



30-Year Reserve Plan Summary - Equipment Fund

Report # 43604-0
With-Site-Visit

Fiscal Year Start: 2023

Interest:

1.00 %

Inflation:

3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2023	\$6,773,809	\$16,994,176	39.9 %	Medium	\$5,598,100	\$0	\$54,711	\$8,253,640
2024	\$4,172,980	\$13,386,083	31.2 %	Medium	\$5,710,062	\$0	\$54,437	\$3,218,400
2025	\$6,719,079	\$14,987,544	44.8 %	Medium	\$5,824,263	\$0	\$78,087	\$3,716,439
2026	\$8,904,991	\$16,268,621	54.7 %	Medium	\$5,940,749	\$0	\$100,402	\$3,762,150
2027	\$11,183,992	\$17,680,828	63.3 %	Medium	\$6,059,563	\$0	\$116,753	\$5,183,812
2028	\$12,176,496	\$17,768,694	68.5 %	Medium	\$6,211,053	\$0	\$126,443	\$5,391,204
2029	\$13,122,787	\$17,493,972	75.0 %	Low	\$6,200,000	\$0	\$143,448	\$3,887,178
2030	\$15,579,058	\$18,876,683	82.5 %	Low	\$6,200,000	\$0	\$163,958	\$4,716,579
2031	\$17,226,437	\$19,592,442	87.9 %	Low	\$6,200,000	\$0	\$179,238	\$4,969,349
2032	\$18,636,325	\$20,219,547	92.2 %	Low	\$6,200,000	\$0	\$195,976	\$4,456,844
2033	\$20,575,457	\$21,548,078	95.5 %	Low	\$6,200,000	\$0	\$203,255	\$6,885,959
2034	\$20,092,753	\$20,573,852	97.7 %	Low	\$6,300,000	\$0	\$208,570	\$4,962,271
2035	\$21,639,052	\$21,715,953	99.6 %	Low	\$6,307,000	\$0	\$228,848	\$4,024,852
2036	\$24,150,049	\$24,026,941	100.5 %	Low	\$6,464,675	\$0	\$247,782	\$5,435,058
2037	\$25,427,448	\$25,128,898	101.2 %	Low	\$6,626,292	\$0	\$265,090	\$4,705,667
2038	\$27,613,164	\$27,194,565	101.5 %	Low	\$6,791,949	\$0	\$263,097	\$9,639,534
2039	\$25,028,677	\$24,425,078	102.5 %	Low	\$6,961,748	\$0	\$245,568	\$8,130,277
2040	\$24,105,715	\$23,317,342	103.4 %	Low	\$7,135,792	\$0	\$249,521	\$5,671,333
2041	\$25,819,694	\$24,905,097	103.7 %	Low	\$7,314,186	\$0	\$264,954	\$6,205,198
2042	\$27,193,636	\$26,034,680	104.5 %	Low	\$7,497,041	\$0	\$286,638	\$4,819,003
2043	\$30,158,312	\$28,973,634	104.1 %	Low	\$7,684,467	\$0	\$287,732	\$10,717,988
2044	\$27,412,523	\$26,122,945	104.9 %	Low	\$7,876,579	\$0	\$284,440	\$6,073,955
2045	\$29,499,587	\$28,189,677	104.6 %	Low	\$8,073,493	\$0	\$300,555	\$7,236,739
2046	\$30,636,896	\$29,346,920	104.4 %	Low	\$8,275,331	\$0	\$317,233	\$6,392,841
2047	\$32,836,617	\$31,641,057	103.8 %	Low	\$8,482,214	\$0	\$334,547	\$7,552,135
2048	\$34,101,243	\$33,049,896	103.2 %	Low	\$8,694,269	\$0	\$334,929	\$10,217,448
2049	\$32,912,994	\$32,002,878	102.8 %	Low	\$8,911,626	\$0	\$344,210	\$6,210,659
2050	\$35,958,170	\$35,306,005	101.8 %	Low	\$9,134,417	\$0	\$366,337	\$8,118,589
2051	\$37,340,334	\$37,005,258	100.9 %	Low	\$9,362,777	\$0	\$370,780	\$10,226,694
2052	\$36,847,197	\$36,854,208	100.0 %	Low	\$9,596,846	\$0	\$375,168	\$8,600,875

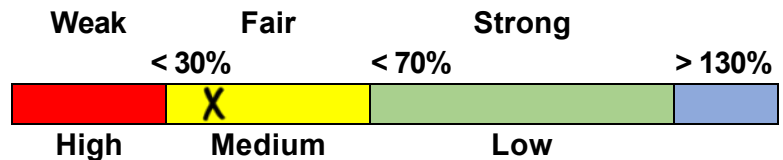
**Laguna Woods Golden Rain Foundation - Equipment**Report #: **43604-0**

Laguna Woods, CA

of Units: 12,736

Level of Service: **Update "With-Site-Visit"****January 1, 2023 through December 31, 2023****Findings & Recommendations****as of January 1, 2023**

Projected Starting Reserve Balance	\$6,773,809
Current Full Funding Reserve Balance	\$16,994,176
Average Reserve Deficit (Surplus) Per Unit	\$802
Percent Funded	39.9 %
Recommended 2023 "Annual Full Funding Contributions"	\$5,598,100
Alternate minimum contributions to keep Reserve above \$2,900,000	\$4,400,000
Most Recent Reserve Contribution Rate	\$5,377,500
Annual Deterioration Rate	\$4,298,994

Reserve Fund Strength: 39.9%**Risk of Special Assessment:****Economic Assumptions:**

Net Annual "After Tax" Interest Earnings Accruing to Reserves	1.00 %
Annual Inflation Rate	3.00 %

This is an Update "With-Site-Visit", and is based on a prior in-house Report prepared by the Village Management Services for your 2022 Fiscal Year. We performed the site inspection on 4/12/2022. This Reserve Study was prepared by credentialed Reserve Specialists, Sean Erik Andersen RS #68, Sabrina C. Willison RS #334, Sean Kargari RS #115, Matthew Swain RS #134, Will Simons RS #190, Johannes Koerm RS #266 and Dusty Burgmans.

The Reserve Fund is between the 30% funded level and the 70% funded level at 39.9 % Funded, which is a fair position for the fund to be in. This means that the association's special assessment & deferred maintenance risk is currently medium. The objective of your multi-year Funding Plan is to Fully Fund Reserves and ultimately achieve a position of strength in the fund, where associations enjoy a low risk of Reserve cash flow problems.

The Annual Deterioration rate for your Reserve Components is \$4,298,994.

Based on this starting point, your annual deterioration rate, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions to \$5,598,100.

*The Alternative Contribution rate, also called Threshold Funding will keep the Reserve Funds above \$2,900,000. This figure for your association is \$4,400,000.

To receive a copy of the full Reserve Study, contact the Association.



Budget Summary - Equipment Fund

Report # 43604-0
With-Site-Visit

	Useful Life		2023 Rem. Useful Life		Estimated Replacement Cost in 2023	2023 Expenditures	01/01/2023 Fully Funded Balance	Remaining Bal. to be Funded	2023 Contributions
	Min	Max	Min	Max					
Vehicles/Equip	5	30	0	27	\$17,371,920	\$2,842,890	\$9,431,330	\$16,008,861	\$1,404,066
Entry Areas	8	20	4	19	\$411,700	\$0	\$173,558	\$411,700	\$62,418
Golf Course Equipment: Mowers	7	7	0	4	\$919,750	\$269,250	\$765,143	\$650,500	\$171,098
Golf Course Equipment : Other	6	40	0	12	\$908,500	\$105,000	\$665,278	\$803,500	\$102,387
Landscape & Irrigation	1	30	0	10	\$2,055,600	\$2,021,500	\$2,048,270	\$34,100	\$529,806
System Equipment & Software	1	15	0	10	\$4,667,000	\$2,465,000	\$3,198,892	\$2,202,000	\$2,546,776
Broadband Facility	1	30	0	24	\$1,036,000	\$550,000	\$711,705	\$486,000	\$781,549
					\$27,370,470	\$8,253,640	\$16,994,176	\$20,596,661	\$5,598,100
								Percent Funded:	39.9%



30-Year Reserve Plan Summary - Facilities Fund

Report # 43604-0
With-Site-Visit

Fiscal Year Start: 2023

Interest: 1.00 %

Inflation: 3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date					Projected Reserve Balance Changes			
Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2023	\$15,076,391	\$25,385,060	59.4 %	Medium	\$3,111,000	\$0	\$144,615	\$4,473,200
2024	\$13,858,806	\$24,495,905	56.6 %	Medium	\$3,282,105	\$0	\$148,293	\$1,476,814
2025	\$15,812,389	\$26,755,053	59.1 %	Medium	\$3,462,621	\$0	\$164,256	\$2,386,495
2026	\$17,052,772	\$28,236,367	60.4 %	Medium	\$3,653,065	\$0	\$173,901	\$3,137,547
2027	\$17,742,191	\$29,082,638	61.0 %	Medium	\$3,853,983	\$0	\$188,904	\$1,730,414
2028	\$20,054,664	\$31,500,571	63.7 %	Medium	\$4,065,953	\$0	\$191,416	\$6,067,177
2029	\$18,244,857	\$29,624,009	61.6 %	Medium	\$4,289,580	\$0	\$195,032	\$1,951,320
2030	\$20,778,148	\$32,033,310	64.9 %	Medium	\$4,525,507	\$0	\$212,852	\$3,706,225
2031	\$21,810,282	\$32,813,253	66.5 %	Medium	\$4,774,410	\$0	\$227,378	\$3,127,339
2032	\$23,684,732	\$34,321,936	69.0 %	Medium	\$4,917,642	\$0	\$250,765	\$2,363,531
2033	\$26,489,607	\$36,774,966	72.0 %	Low	\$5,065,171	\$0	\$237,757	\$10,710,610
2034	\$21,081,925	\$30,819,829	68.4 %	Medium	\$5,217,126	\$0	\$225,068	\$2,573,291
2035	\$23,950,829	\$33,186,683	72.2 %	Low	\$5,373,640	\$0	\$251,208	\$3,263,495
2036	\$26,312,182	\$35,036,415	75.1 %	Low	\$5,534,849	\$0	\$271,765	\$4,054,915
2037	\$28,063,881	\$36,252,942	77.4 %	Low	\$5,700,895	\$0	\$299,244	\$2,253,728
2038	\$31,810,291	\$39,491,447	80.5 %	Low	\$5,871,922	\$0	\$300,107	\$9,745,631
2039	\$28,236,689	\$35,244,615	80.1 %	Low	\$6,048,079	\$0	\$301,766	\$2,444,369
2040	\$32,142,165	\$38,528,872	83.4 %	Low	\$6,229,522	\$0	\$337,024	\$3,417,428
2041	\$35,291,283	\$41,051,744	86.0 %	Low	\$6,416,407	\$0	\$367,153	\$3,904,360
2042	\$38,170,484	\$43,295,370	88.2 %	Low	\$6,608,900	\$0	\$396,940	\$3,925,136
2043	\$41,251,187	\$45,735,914	90.2 %	Low	\$6,807,167	\$0	\$405,621	\$8,556,452
2044	\$39,907,523	\$43,634,955	91.5 %	Low	\$7,011,382	\$0	\$421,582	\$2,895,735
2045	\$44,444,753	\$47,461,709	93.6 %	Low	\$7,221,723	\$0	\$441,805	\$8,154,457
2046	\$43,953,824	\$46,151,791	95.2 %	Low	\$7,438,375	\$0	\$458,931	\$3,979,737
2047	\$47,871,392	\$49,272,497	97.2 %	Low	\$7,661,526	\$0	\$501,216	\$3,619,695
2048	\$52,414,440	\$53,032,727	98.8 %	Low	\$7,891,372	\$0	\$520,805	\$9,035,803
2049	\$51,790,813	\$51,507,481	100.6 %	Low	\$8,128,113	\$0	\$542,446	\$3,716,885
2050	\$56,744,487	\$55,600,684	102.1 %	Low	\$8,371,956	\$0	\$579,268	\$6,537,365
2051	\$59,158,347	\$57,102,879	103.6 %	Low	\$8,623,115	\$0	\$600,321	\$7,424,897
2052	\$60,956,886	\$57,933,012	105.2 %	Low	\$8,881,809	\$0	\$636,841	\$4,010,003

**Golden Rain Foundation of Laguna Woods - Facilities**

Laguna Woods, CA

Level of Service: **Update "With-Site-Visit"**Report #: **43604-0**

of Units: 12,736

January 1, 2023 through December 31, 2023**Findings & Recommendations****as of January 1, 2023**

Projected Starting Reserve Balance	\$15,076,391
Current Full Funding Reserve Balance	\$25,385,060
Average Reserve Deficit (Surplus) Per Unit	\$809
Percent Funded	59.4 %
Recommended 2023 "Annual Full Funding Contributions"	\$3,111,000
Alternate minimum contributions to keep Reserve above \$4,800,000	\$2,195,000
Most Recent Reserve Contribution Rate	\$2,598,144
Annual Deterioration Rate	\$2,870,572

Reserve Fund Strength: 59.4%**Weak****Fair****Strong**

< 30%

< 70%

> 130%

**Risk of Special Assessment:****High****Medium****Low****Economic Assumptions:**Net Annual "After Tax" Interest Earnings Accruing to Reserves **1.00 %**Annual Inflation Rate **3.00 %**

This is an Update "With-Site-Visit", and is based on a prior in-house Report prepared by the Village Management Services for your 2022 Fiscal Year. We performed the site inspection on 3/8/2022. This Reserve Study was prepared by credentialed Reserve Specialists, Sean Erik Andersen RS #68, Sabrina C. Willison RS #334, Sean Kargari RS #115, Matthew Swain RS #134, Will Simons RS #190, Johannes Koerm RS #266 and Dusty Burgmans.

The Reserve Fund is between the 30% funded level and the 70% funded level at 59.4 % Funded, which is a fair position for the fund to be in. This means that the association's special assessment & deferred maintenance risk is currently medium. The objective of your multi-year Funding Plan is to Fully Fund Reserves and ultimately achieve a position of strength in the fund, where associations enjoy a low risk of Reserve cash flow problems.

The Annual Deterioration rate for your Reserve Components is \$2,870,572.

Based on this starting point, your annual deterioration rate, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions to \$3,111,000.

*The Alternative Contribution rate, also called Threshold Funding will keep the Reserve Funds above \$4,800,000. This figure for your association is \$2,195,000.

To receive a copy of the full Reserve Study, contact the Association.



Budget Summary - Facilities Fund

Report # 43604-0
With-Site-Visit

	Useful Life		2023 Rem. Useful Life		Estimated Replacement Cost in 2023	2023 Expenditures	01/01/2023 Fully Funded Balance	Remaining Bal. to be Funded	2023 Contributions
	Min	Max	Min	Max					
Paving & Pavers	1	30	0	29	\$16,402,700	\$1,017,400	\$8,484,488	\$11,554,243	\$909,905
Roofing Projects	20	40	2	39	\$2,737,400	\$0	\$1,414,901	\$2,207,160	\$93,936
HVAC Equipment	1	20	0	18	\$2,591,000	\$398,500	\$970,700	\$1,949,433	\$199,285
Gatehouses	20	20	0	19	\$801,600	\$50,000	\$442,580	\$387,850	\$43,437
Library & History Center	10	30	5	15	\$402,350	\$0	\$191,133	\$259,467	\$30,464
Community Center	4	30	0	23	\$2,568,700	\$556,750	\$1,737,357	\$1,405,543	\$205,291
CH 1 Facilities	1	50	0	15	\$2,793,150	\$487,200	\$1,890,671	\$1,743,550	\$166,693
CH2 Facilities	1	50	0	20	\$2,650,100	\$592,900	\$1,803,211	\$1,819,176	\$205,803
CH3 Facilities	10	30	0	20	\$1,669,950	\$60,500	\$1,050,143	\$947,455	\$119,906
CH4 Facilities	1	30	0	25	\$1,982,850	\$434,650	\$1,228,420	\$977,392	\$143,122
CH5 Facilities	1	40	0	16	\$1,808,850	\$287,250	\$1,327,187	\$784,288	\$123,274
CH6 Facilities	1	30	0	19	\$794,450	\$32,500	\$432,187	\$693,750	\$54,990
CH7 Facilities	5	40	0	20	\$913,000	\$38,950	\$492,776	\$653,984	\$59,544
CH7 Tennis Center	4	40	2	20	\$325,250	\$0	\$164,983	\$240,117	\$25,418
Village Green - Golf Building	3	30	0	20	\$1,396,900	\$70,300	\$650,833	\$1,160,617	\$80,451
Village Green Golf Courses	3	30	0	22	\$3,500,400	\$57,300	\$1,526,533	\$2,300,550	\$243,934
Village Green Pickleball Courts	6	30	4	28	\$112,150	\$0	\$23,217	\$95,050	\$8,977
Equestrian Center	1	40	0	20	\$421,050	\$25,500	\$165,460	\$334,455	\$55,243
Garden Center 1	10	30	5	20	\$70,260	\$0	\$20,531	\$65,260	\$5,235
Garden Center 2	5	30	1	28	\$114,020	\$0	\$24,058	\$102,020	\$8,429
Maintenance Buildings	1	30	0	26	\$526,250	\$42,750	\$284,253	\$371,280	\$45,125
Lighting & Electrical Projects	5	25	0	20	\$348,750	\$105,350	\$201,610	\$216,040	\$32,759
Walls, Fencing, Railings & Gates	1	35	0	29	\$995,100	\$205,400	\$630,736	\$710,850	\$131,963
Grounds & Miscellaneous	2	20	0	15	\$497,500	\$10,000	\$227,090	\$367,810	\$117,815
					\$46,423,730	\$4,473,200	\$25,385,060	\$31,347,339	\$3,111,000
Percent Funded:									59.4%



ANNUAL POLICY STATEMENT

OFFICIAL ASSOCIATION CONTACT

Your board of directors is required by California Civil Code §4035 to provide members with the name and address of the person designated to receive official communications to the association. Communications can be sent by email, fax or other electronic means or by personal delivery to:

Catherine Laster
Community Center
24351 El Toro Road
Laguna Woods, CA 92637
GeneralManager@vmsinc.org
949-587-1915 (fax)

or

Addressed to a director by name at the address listed above

SECONDARY ADDRESS

Your board of directors is required by California Civil Code §4040(b) to notify members of the right to submit secondary addresses to the association for the purpose of receiving notices. Upon receipt of a written request by an owner identifying a secondary address, the association must send additional copies of any notices required by Section 4040(b) of the California Civil Code to the secondary address, commencing upon the date that the written request was received.

The owner's request must be in writing and must be mailed to the association in a manner that establishes whether the association has received it, such as certified or registered mail.

If you have questions regarding the above information, please contact the Community Services Manager during regular business hours at 949-268-2337.

P. O. BOX 2220 LAGUNA HILLS, CALIFORNIA 92654-2220

GENERAL NOTICE LOCATIONS

Pursuant to §4045(a)(3), the following locations are hereby designated for the purpose of meeting general notice posting requirements by Board Resolution 03-13-109:

Community website at www.lagunawoodsvillage.com
Residents > Third Laguna Hills Mutual > Documents

INDIVIDUAL DELIVERY

Pursuant to §4045(b), notice must be given of a member's option to receive general notices by individual delivery. Notices shall be delivered by one of the following methods:

- (1) First-class mail, postage prepaid, registered or certified mail, express mail or overnight delivery by an express service carrier.
- (2) Email, fax or other electronic means, if the recipient has consented in writing to that method of delivery.

BOARD MINUTES

Pursuant to §4950(a), minutes of any open meeting of the board are available to members within 30 days of the meeting. The minutes, proposed minutes or summary minutes may be obtained at 24351 El Toro Road, Laguna Woods, CA 92637 by contacting the Corporate Secretary at 949-268-2295. In addition, the minutes, proposed minutes or summary will be distributed to any member of the association upon request and upon reimbursement of the association's costs for making that distribution.

OVERNIGHT PAYMENT MAILING ADDRESS

Pursuant to §5655(c), the following mailing address is provided for overnight payment of assessments:

Third Laguna Hills Mutual
Attn: Assessment Payments
24351 El Toro Road
Laguna Woods, CA 92637

P. O. BOX 2220 LAGUNA HILLS, CALIFORNIA 92654-2220



MEMBER DISCIPLINARY PROCESS

The following notice is provided pursuant to Civil Code Section §5310 and §5850.

Resolution 03-04-12, adopted July 20, 2004, by the Third Laguna Hills Mutual (Third) Board of Directors (Board), established a member discipline process for the purposes of holding disciplinary hearings in a timely manner and ensuring progressive discipline. The board of directors is obligated to evaluate and impose, if appropriate, member discipline under its bylaws and Civil Code §5855.

Each member of Third is obligated to comply with the rules, terms and conditions as set forth in the governing documents. Following is the disciplinary process adopted by the board of directors when violations occur:

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

Violations include but are not limited to abandoned/inoperable vehicles, unauthorized alterations, alteration maintenance, animal nuisance, balcony clutter, breezeway clutter, carport clutter; common area clutter, interior clutter, patio clutter, unauthorized occupancy, unauthorized caregiver occupancy, landscape maintenance, nuisance, harassment, smoking nuisance,

excessive traffic citations, real estate signage, and nonpayment (assessments, chargeable services, monetary penalties, traffic citations, etc.).

The member disciplinary process is coordinated by the Compliance Division. A complaint may be registered by calling the Department of Security Services at 949-580-1400; the Compliance Division at 949-268-CALL; or by emailing compliance@vmsinc.org.



MEMBER DISCIPLINARY PROCESS

The following notice is provided pursuant to Civil Code Section §5310 and §5850.

Resolution 90-04-72, adopted October 5, 2004, by the Golden Rain Foundation (GRF) Board of Directors (Board), established a member discipline process for the purposes of holding disciplinary hearings in a timely manner and ensuring progressive discipline. The board of directors is obligated to evaluate and impose, if appropriate, member discipline under its bylaws and Civil Code §5855.

Each member of GRF is obligated to comply with the rules, terms and conditions as set forth in the governing documents. Following is the disciplinary process adopted by the board of directors when violations occur:

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

Violations include but are not limited to abandoned/inoperable vehicles, nuisance, harassment, abuse, intimidation, amenity operating rules (equestrian center, garden center, etc.), the golf course, recreational vehicles and Department of Recreation policies, etc.

The member disciplinary process is coordinated by the Compliance Division. A complaint may be registered by calling the Department of Security Services at 949-580-1400; the Compliance Division at 949-268-CALL; or by emailing compliance@vmsinc.org.



SCHEDULE OF MONETARY PENALTIES

The following notice is provided pursuant to Civil Code Section §5310 and §5850.

The following schedules identify the violations and potential monetary penalties which may be imposed upon a member. Such penalties may be imposed following a hearing by Third Laguna Hills Mutual (Third) Board of Directors (Board) for a violation of the governing documents and rules and regulations by the member, co-occupant, guest or lessee.

Type of Violation	Penalty Ranges
Alteration	
Examples: Debris, work without a permit, work beyond the allowed hours, expired permit, noncompliance with approved variance request, use of community trash bins, failure to maintain alteration, etc.	\$25 - \$500
Clutter Restrictions	
Examples: Balcony, breezeway, carport, common area, interior, patio, vehicle, etc.	\$25 - \$500
Landscape Restrictions	
Examples: Saucers/casters not present, too many plants (refer to landscape maintenance manual), vegetable plants, vines attached to walls, wind chimes, etc.	\$25 - \$500
Maintenance/Repair	
Examples: (Major) failure to correct fire, safety, health hazard or other dangerous condition; (minor) broken blinds, etc., violation of the paint program, interior pest policy, moisture intrusion event, etc.	\$50 - \$500
Nonpayment	
Examples: Nonpayment of assessments, chargeable services, disciplinary penalties, facilities or services use charges, traffic citations, etc.	\$25 - \$500
Nuisance/Harassment Restrictions	
Behavior/Disturbances: Assault, theft, trespassing, yelling, etc.	\$25 - \$500
Noise: Activities that interfere with quiet enjoyment such as improperly installed hardwood floors, neighbors playing music or television too loud, loud conversation, barking dogs, etc.	\$25 - \$500
Odors: Strong cooking odors, BBQ smoke entering other units, etc.	\$25 - \$500
Visual: Draping articles over balcony rails, etc.	\$25 - \$500

Health/Safety: Hoarders who allow unsanitary conditions to exist that attract insects and rodents, or residents who wash dog feces and urine off their balcony onto the property below them, etc.	\$25 - \$500
Violation of laws: Violations of federal, state or local ordinances. Examples include public nudity or a resident engaged in drug dealing etc.	\$25 - \$500
Occupancy Restrictions	
Examples: Caregiver policy, short-term rentals, advertisement of short-term/vacation rentals, lease policy, unapproved occupancy, qualifying resident not in unit, room rentals, guest visitations exceeding 60 calendar days within a 12-month period, etc.	\$25 - \$500
Other	
Illegal business, nonsmoking policy, portable storage container policy	\$25 - \$500
Pet Restrictions	
Examples: Dog not on leash, dog not under control, unreasonable noise (barking), not picking up and disposing of feces, etc.	\$25 - \$500
Examples: Breeding of animals for sale or commercial gain, injury to persons or damage to property caused by animal, etc.	\$50 - \$500
Traffic Rules and Regulations	
Examples: Abandoned vehicle, commercial vehicles, excessive vehicles, vehicle oil, etc.	\$25 - \$500
Any violation of the governing documents or rules and regulations not specifically identified in this schedule.	\$25 - \$500
Second or Subsequent Violations of the Same Rule	
Ongoing violation of the same event may result in a daily fine in accordance with current monetary penalty schedule until compliance is achieved and/or double of fines imposed.	

In addition to, or instead of the monetary penalty, the board of directors may impose the following penalties, following a noticed hearing, for a violation of the governing documents or rules and regulations:

1. Suspension of the right to use any facilities owned, operated or managed by Third, for a period not to exceed 30 days for each breach, and/or any facilities owned, operated or managed by the Golden Rain Foundation (GRF) for a period not to exceed 90 days for each breach.
2. Third may also make an application to a court of competent jurisdiction for legal or equitable relief.

Third bylaws and rules and regulations provide that members/residents who receive a traffic citation may elect to waive their right to a hearing and attend traffic school or forfeit a fine for certain violations and under certain circumstances. (See schedule of traffic monetary penalties).

Delinquent regular or special assessments, plus any costs of collection, late charges and interest, shall become a lien on the owner's interest in the common interest development upon recordation of a Notice of Delinquent Assessment in the Official Records of Orange County, California; and said lien may be enforced as provided by Sections 5650-5690 of the California Civil Code, and as otherwise permitted by law.

If you have questions regarding the above information, please contact the Compliance Division during regular business hours at 949-268-CALL or at compliance@vmsinc.org.



SCHEDULE OF MONETARY PENALTIES

The following notice is provided pursuant to Civil Code Section §5310 and §5850.

The following schedules identify the violations and potential monetary penalties that may be imposed upon a member. Such penalties may be imposed following a hearing by the Golden Rain Foundation (GRF) Board of Directors (Board) for a violation of those governing documents and rules and regulations by the member, co-occupant, guest or lessee.

Type of Violation	Penalty Ranges
Golf Course Restrictions	
Examples: Slow play, failure to rake traps or repair ball marks, improper operation of golf cart, playing holes out of order, practicing on golf course, hitting more than one ball to each green, playing without payment, etc.	\$25 - \$200
Nonpayment	
Examples: Nonpayment of chargeable services, disciplinary penalties, facilities or services use charges, traffic citations, etc.	\$25 - \$500
Nuisance/Harassment/Abuse/Intimidation Restrictions	
Behavior/Disturbances: Assault, theft, trespassing, yelling, etc.	\$25 - \$500
Noise: Activities that interfere with quiet enjoyment of another person such as playing music or television too loud, loud conversation, etc.	\$25 - \$500
Violation of Laws: Violation of federal, state or local ordinances. An example would be public nudity, resident engaged in drug dealings, etc.	\$25 - \$500
Harassment, Abuse, Intimidation: Please see Inter-Board Anti-Harassment, Anti-Abuse and Anti-Intimidation Policy.	\$25 - \$500
Other	
Illegal business, nonsmoking policy	\$25 - \$500
Pet Restrictions	
Examples: Dog not on leash, dog not under control, unreasonable noise (barking), not picking up and disposing of feces, etc.	\$25 - \$500
Department of Recreation Services Policy	
Examples: Operating rules, soliciting without a permit, tree signage, unauthorized advertisement, room reservation, etc.	\$25 - \$500
Traffic Rules and Regulations	
Examples: Abandoned vehicle, commercial vehicles, excessive vehicles, vehicle oil, recreational vehicle policy, etc.	\$25 - \$500
Any violation of the governing documents or rules and regulations not specifically identified in this schedule.	\$25 - \$500

Second or Subsequent Violations of the Same Rule

Ongoing violation of the same event may result in a daily fine in accordance with current monetary penalty schedule until compliance is achieved and/or double of fines imposed.

In addition to, or instead of the monetary penalty, the board of directors may impose the following penalties, following a noticed hearing, for a violation of the governing documents or rules and regulations:

1. Suspension of the right to use any facilities owned, operated or managed by GRF for a period not to exceed 90 days for each breach.
2. GRF may also make an application to a court of competent jurisdiction for legal or equitable relief.
3. GRF may recommend that United Laguna Woods Mutual (United) or Third Laguna Hills Mutual (Third) take disciplinary action against a resident member of GRF, to the extent possible under United/Third's governing documents.

GRF bylaws and rules and regulations provide that members/residents who receive a traffic citation may elect to waive their right to a hearing and attend traffic school or forfeit a fine for certain violations and under certain circumstances. (See Schedule of Traffic Monetary Penalties.)

Delinquent regular or special assessments, plus any costs of collection, late charges and interest, shall become a lien on the owner's interest in the common interest development upon recordation of a Notice of Delinquent Assessment in the Official Records of Orange County, California, and said lien may be enforced as provided by Sections 5650-5690 of the California Civil Code and as otherwise permitted by law.

If you have questions regarding the above information, please contact the Compliance Division during regular business hours at 949-268-CALL or via email at compliance@vmsinc.org.

Schedule of Traffic Monetary Penalties

Moving Violations	1st	2nd	3rd	4th (or more)
600 - Speeding (6 - 10 MPH)	\$25	\$50		
601 - Speeding (11 - 15 MPH)	\$50	\$100		
602 - Speeding (16 MPH and over)	\$100	\$200		
610 - Failure to stop	\$50	\$100	\$200	
620 - Right of way	\$25	\$50		
630 - Turn signal	\$25	\$50		
640 - Left of center	\$25	\$50		
* 650 - Hit and run	\$200	\$400		
* 660 - Valid driver's license not produced	\$200	\$400		
* 680 – Reckless	\$150	\$300	\$300	\$300
* 690 - Headlight violation	\$25	\$25	\$25	\$25
691 - Riding a bicycle on sidewalk	\$25	\$25	\$50	\$50
695 - Other moving	\$25	\$50		
Parking Violations	1st	2nd	3rd	4th (or more)
* 010 - Abandoned vehicle	\$25	\$25	\$50	\$50
* 700 - No parking zone	\$25	\$50	\$75	\$100
* 714 - Unpermitted electric plug-in (EV)	\$240	\$480	\$480	\$480
* 715 - Unpermitted electric plug-in (Golf Cart)	\$100	\$150	\$200	\$250
* 716 - Unattended extension cords and battery charger	\$50	\$100	\$150	\$150
* 720 - Limited time parking	\$25	\$25	\$50	\$75
* 721 - Recreational vehicle parked over six-hour limit	\$25	\$25	\$50	\$75
* 722 - Advertising on vehicle parked overnight	\$25	\$25	\$50	\$75
* 723 - Vehicle used for storage	\$50	\$100	\$150	\$200
* 724 - Parked on sidewalk or grass	\$25	\$25	\$50	\$75
* 725 - Expired vehicle registration	\$50	\$100	\$150	\$150
* 726 - Parked obstructing access	\$25	\$25	\$50	\$75
* 727 - No valid decal or parking permit displayed	\$25	\$25	\$50	\$75
* 730 - Other parking violations	\$25	\$25	\$50	\$75
* 800 - Fire hydrant	\$25	\$50	\$50	\$50
* 810 - Handicapped parking with placard and handicap I.D. verification	\$0	\$25	\$50	\$75
* 811 - Handicapped parking with no placard or handicap I.D. verification	\$150	\$200	\$250	\$275
Pedestrian Violations	1st	2nd	3rd	4th (or more)
* 750 -Pedestrian violations	\$25	\$25	\$50	\$50
RV Parking Violations	1st	2nd	3rd	4th (or more)
* 820 - Hazardous material	\$75	\$100	\$150	
* 830 - Wheel block	\$25	\$50	\$75	\$100
* 840 - Jack support (R&R Section "W" violation)	\$25	\$50	\$75	\$100
* 850 - Maintenance or repair	\$25	\$50	\$75	\$100
* 860 - Miscellaneous (Minor)	\$25	\$50	\$75	
* 870 - Miscellaneous (Major)	\$50	\$100	\$150	
Miscellaneous (Minor): Flat tires; failure to provide paperwork				
Miscellaneous (Major): Expired registration, living in RV, clutter, storage outside of vehicle, wash-rack violation, unauthorized vehicle, vehicle used for storage, unattended generator in use, portable sheds/tents erected, illegal jack				
Make check payable to: GRF and reference the case number on the check Mail check to: Attention: Security Services Division, 24351 El Toro Road, Laguna Woods, CA 92637 In person: Payment can be dropped off in the payment box located in the Laguna Woods Village Community Center and in the Security Services Building				

* Violation is ineligible for Traffic School

Last Updated: 9/29/21



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 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 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 (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. 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 (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 thirtieth (30th) 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.”



NOTICE TO MEMBERS
November 1, 2022

ALTERNATIVE DISPUTE RESOLUTION
Summary of Civil Code §§ 5925-5965

Sections 5925 to 5965 of the civil code require that before owners and associations file lawsuits against each other for declaratory, injunctive or writ relief or such relief in connection with a claim for money damages not in excess of the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure, the parties endeavor to submit their dispute to alternative dispute resolution (ADR).

Pursuant to Sections 116.220 and 116.221 of the Code of Civil Procedure, the demand for monetary damages cannot exceed \$10,000 if brought by a natural person, and if brought by an entity other than a natural person, the demand for monetary damages cannot exceed \$5,000. This section does not apply to a small claims action. Except as otherwise provided by law, this section does not apply to an assessment dispute.

“Declaratory relief” means that a party seeks a judicial determination of rights, even though no monetary damages are sought.

“Injunctive relief” means that a party seeks a court order prohibiting someone from doing some specified act.

“Alternative dispute resolution” basically means that instead of litigation, the parties will pursue an alternative such as mediation or arbitration, which may be either binding or nonbinding at the option of the parties. In mediation, a mediator attempts to resolve the differences between the parties by enabling them to agree to a compromise. In arbitration, an arbitrator (usually a retired judge or lawyer or other individual with special expertise in a relevant field) listens to both parties and makes a decision much like a judge would in a court of law.

Attached is the form for a request for resolution, which the Laguna Woods Village corporations will use, and which members of any of the mutuals may use to comply with the statute.

The ADR process is initiated by one party serving a request for resolution upon the other parties to the dispute. The request must include (i) a brief description of the dispute, (ii) a request for ADR, (iii) a notice that a response must be received within 30 days or it will be deemed rejected and (iv) a copy of Civil Code Sections 5925 to 5965.

THIRD LAGUNA HILLS MUTUAL ALTERNATIVE DISPUTE RESOLUTION

If the individual receiving the request agrees to ADR, the process must be completed within 90 days unless otherwise extended by agreement. The cost of ADR is to be paid by the participating parties. If a civil suit is filed, the filing party must submit to the court a certificate of compliance indicating the party has complied with the requirements of Sections 5925 to 5965. Failing to do so would be grounds for challenging the lawsuit.

Although the prevailing party is entitled to reasonable attorneys' fees and costs, the court may consider a party's refusal to participate in ADR when making the award.

A description of the association's internal dispute resolution process, as required by Civil Code Section 5920, is attached.

Note: Failure by any member of the association to comply with the alternative dispute resolution requirements of Civil Code §5930 may result in the loss of your rights to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.

DESCRIPTION OF INTERNAL DISPUTE RESOLUTION PROCEDURE

Civil Code Section 5900

1. This policy applies to a dispute between the association and a member involving their rights, duties or liabilities under the Davis-Stirling Act, under the provisions of the corporations code relating to mutual benefit corporations (commencing with Corporations Code Section 7110), or under the association's governing documents.
2. Either party to a dispute within the scope of this article may invoke the following procedure:
 - a. The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
 - b. A member of the association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.
 - c. The association's board of directors shall designate a member of the board to meet and confer.
 - d. The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.
 - e. A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.
3. A member of the association will not be charged a fee to participate in the process.



REQUEST FOR ALTERNATIVE DISPUTE RESOLUTION

Date	
Requesting party	
Address	
Responding party	
Address	
Nature of dispute	

This request for alternative dispute resolution (ADR) is being made in accordance with the provisions of California Civil Code §§ 5925-5965 (a copy accompanies this Request). Costs will be shared equally between the parties. You are required to respond within 30 days or this request will be deemed rejected. If accepted, ADR must be completed within 90 days from the date of acceptance, unless extended by written stipulation signed by both parties.

This request for resolution is made for declaratory relief or injunctive relief, or for declaratory relief or injunctive relief in conjunction with a claim for monetary damages (other than association assessments). The demand for monetary damages cannot exceed \$10,000 if brought by a natural person. The demand for monetary damages cannot exceed \$5,000 if brought by an entity other than a natural person.

TYPE OF ADR REQUESTED

- ☐ Mediation
- ☐ Arbitration, nonbinding
- ☐ Arbitration, binding (not an option if association intends to initiate a judicial foreclosure)

FAILURE OF A MEMBER OF THE ASSOCIATION TO COMPLY WITH THE ALTERNATIVE DISPUTE RESOLUTION REQUIREMENTS OF §§ 5925 to 5965 OF THE CIVIL CODE MAY RESULT IN THE LOSS OF YOUR RIGHT TO SUE THE ASSOCIATION OR ANOTHER MEMBER OF THE ASSOCIATION REGARDING ENFORCEMENT OF THE GOVERNING DOCUMENTS OF THE APPLICABLE LAW.

NOTE: THIS REQUEST FOR RESOLUTION MUST BE SERVED IN THE SAME MANNER AS PRESCRIBED FOR SERVICE IN A SMALL CLAIMS ACTION AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE 116.340.



NOTICE TO MEMBERS

October 10, 2022

ARCHITECTURAL REVIEW PROCEDURES

Summary of Civil Code §4765

Section a) of Civil Code §4765 requires that this section applies if the association's governing documents require association approval before an owner of a separate interest may make a physical change to the owner's separate interest or the common area, the association shall satisfy (specific) requirements.

Civil Code §4765 applies to Third Laguna Hills Mutual and references Article X – Architectural Control and Standards Committee (ACSC) of the Third Laguna Hills Mutual Covenants, Conditions and Restrictions (CCRs), which states:

1. Architectural Control:

(a) Except for the purposes of proper maintenance and repair and as provided in Paragraph (c) hereof, no person, persons, entity or entities shall install, erect, attach, apply, paste, hinge, screw, nail, paint, build or construct any lighting, shades, screens, awnings, patio covers, decorations, fences, aerials, antennas, radio or television broadcasting or receiving devices, or make any change or otherwise alter whatsoever the exterior of any residential dwelling unit, residential carport, or residential garage constructed on or to be constructed on the above described property. For the purpose of this provision the term "exterior" shall mean any outside walls, outward surfaces, roofs, outside doors or other outside structures of said residential dwelling units, but not limited to, the roof, outside wall, outward surface, outside doors, and outside structures of all atrium type residential dwelling units.

(b) Except for the purposes of proper maintenance and repair and as provided in Paragraph (c) hereof, no person, persons, entity or entities shall install, construct or build any walkways, slabs, sidewalks, curbs, gutters, patios, porches, driveways, fences, lighting, decorations, aerials, antennas, radio or television broadcasting or receiving devices, or other structures of any kind, on the property developed for residential use.

(c) Except for the purposes of proper maintenance and repair, no person, persons, entity or entities shall perform any of the acts specifically set forth in Paragraphs (a) and (b) above until the Architectural Control & Standards Committee or a representative designated by a majority of the members of the Architectural Control & Standards Committee, has approved in writing the following as being in conformity and harmony of external design with existing structures of the property developed for residential use:

(i) *the complete plans and specifications, showing the kind, nature, shape, height, material, type of construction, scheme, and all information specified by the hereinafter named committee for the proposed alteration, modification, addition, deletion or any other proposed form of change to the exterior of any residential dwelling unit, residential carport or residential garage, as set forth in Paragraph (a), or changes to the property developed for residential use, as set forth in Paragraph (b); and*

(ii) *the block plan showing the location of such proposed alteration, modification, addition, deletion or any other proposed form of change. The Board is authorized to act as the Architectural Control & Standards Committee or, if the Board so elects, the Architectural Control & Standards Committee may consist of not less than five (5) and not more than nine (9) members appointed by the Board and the Board shall appoint replacement members to fill any vacancies. In the event any member is unable or unwilling to serve on the Architectural Control & Standards Committee, the remaining member or members shall have full authority to approve or disapprove such proposed alteration, modification, addition, deletion or other proposed form of change and location. In the event the Architectural Control & Standards Committee fails to approve or disapprove such proposed alteration, modification, addition, deletion or other proposed form of change and location within sixty (60) days after complete plans and specifications therefor have been submitted to it, such approval will not be required and this covenant will be deemed to have been fully complied with. Such complete plans and specifications shall be personally delivered or mailed to the Architectural Control & Standards Committee in care of the Manager. The plans and specifications shall be deemed submitted to the Architectural Control & Standards Committee upon the date such plans and specifications are received by the Manager. The members of the Architectural Control & Standards Committee shall not be entitled to any compensation for the services performed pursuant to this covenant.*

(d) *In the event plans and specifications submitted to the Architectural Control & Standards Committee are disapproved, the party or parties making such submission may appeal in writing to the Board. The written request must be received by the Board not more than thirty (30) days following the final decision of the Architectural Control & Standards Committee. Within sixty (60) days following receipt of the request for appeal, the Board shall render its written decision. The failure of the Board to render a decision within the sixty (60) days' period shall be deemed a decision in favor of the appellant.*

(e) *The Board shall, from time to time, adopt and promulgate architectural standards to be administered through the Architectural Control & Standards Committee. Neither the Board, the Architectural Control & Standards Committee, any member of either nor any representative appointed by the Architectural Control & Standards Committee assumes any liability or responsibility for the design, engineering, structural safety or conformance of the plans and specifications with building codes and other applicable laws. The review and approval or disapproval of any plans and*

specifications submitted to the Architectural Control & Standards Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of the buildings, landscaping, color schemes, exterior finishes and materials and similar features as well as the architectural standards promulgated by the Board and the overall benefit or detriment which would result to the immediate vicinity and the Project generally. In considering modifications to facilitate access by persons who are blind, visually handicapped, deaf or physically disabled or to alter conditions which could be hazardous to these persons, the Architectural Control & Standards Committee shall exercise its authority as contemplated by the Davis-Stirling Common Interest Development Act or any successor provision.

(f) On a case-by-case basis, the Board shall determine in its sole discretion whether the responsibility for the repair and maintenance of any proposed alteration, addition or improvement described in Sections 1 (a) and (b) of this Article X shall be borne by the Owner who proposes to make, or cause to be made, the alteration, addition or improvement or by the Mutual. In the event that the Board determines that the Mutual shall discharge such repair and maintenance responsibilities, the cost of such repair and maintenance shall be borne by the Owner of the Unit which has been altered, added to or improved and shall be binding upon the successors and assigns of the Owner. The Board shall estimate the annual cost (including reasonable reserves) for such maintenance and repair and may collect such costs as part of the Carrying Charges payable by such Owner. In the event the Mutual determines that the Owner shall be responsible for such repair and maintenance and the Owner fails to perform such repair or maintenance within a reasonable time after the need therefor arises, the Board may, at its option, elect to have the Mutual perform such repair or maintenance and levy a special assessment against the owner for the cost thereof. Whether the responsibility for repair and maintenance shall be discharged by the Mutual or the owner, the costs thereof shall be borne solely by such owner and shall become a lien upon the Condominium of such Owner under the circumstances described in Section 9 of Article IX.

Further to the requirements provided by Civil Code §4765, the mutual makes available to all its members the Third Laguna Hills Mutual alterations standards. The standards are available upon request at the Laguna Woods Village Community Center and available on the Laguna Woods Village website. These standards identify established alterations that have been previously approved by the mutual's board of directors. The alterations standards are reviewed and updated as needed by the mutual's Alterations Standards Subcommittee, the ACSC and the board. Typically, a proposed alteration that meets the alterations standards requirements can be permitted without board review.

The committee shall require neighbor awareness and approval forms for all alteration requests including requests that appear to conform to standards.

The committee may impose conditions upon approvals to ensure the structural, architectural or common area integrity of the member's request.

The committee shall ensure that all structural alterations, including any internal and external physical changes, performed or caused to be performed by a member, shall not be performed without prior written consent of the mutual. Consent is given either by proper processing of approved alteration standard, or use of the variance request process. The committee will recommend a disciplinary hearing for all alterations preceding approval or deviation from approved changes.

GUIDELINES FOR SUBMITTALS FOR PERMITS FOR STANDARD ALTERATION PERMITS

1. An application for mutual consent must be submitted to the Manor Alterations Division to perform previously approved standard plan alterations or alterations conforming in all aspects to board-approved mutual alteration standards.
2. A mutual consent is required for all alterations to the building. A City of Laguna Woods building and/or demolition permit may be required. All fees for both mutual and city permits shall be paid for by the member and/or the member's contractor.
3. The member applying for a mutual consent shall provide to the Manor Alterations Division a completed mutual consent application, detailed plan(s), for approval, indicating all work to be done, i.e., size, location, description and specifications in a clear and concise manner.
4. Prior to the issuance of a mutual consent, the member contractor and member's signature are required to indicate that the member and the member contractor has received, read, understands and agrees to follow and adhere to all current mutual standards, rules, and regulations regarding the alteration.
5. A signed mutual consent form is required in order to allow Manor Alterations to review the proposed work and allow the potential issuance of a mutual consent.
6. A neighbor awareness notification may be required in order to obtain a mutual consent if conditions warrant such a notice.
7. Mutual Consent Fees are to be collected from the contractor or member prior to issuance of the mutual consent. Mutual consent fees may include other inspection or service fees depending on the scope of work requested by the member. The Fee Schedule is published on the mutual's website.

In order that a member may propose an alteration that is not an established alteration standard, the mutual provides the member the opportunity to submit a request for

variance. Guidelines for submittals for variance requests and submittals for alteration applications are described as follows.

GUIDELINES FOR SUBMITTALS FOR VARIANCE REQUESTS

Variance requests are submitted to obtain approval for a variance to construct a nonstandard alteration, that which is different from the mutual's alteration standards and/or standard plans. Variance requests are submitted to the Manor Alterations Division for consideration by the mutual's ACSC. A variance fee, per the current fee schedule, paid via credit card, is required at time of submittal. Variance requests are processed as follows:

1. Over The Counter Variance ("OTCV") is for those non-standard requests which have been approved by the ACSC in the past as a typical Variance. This OTCV is reviewed by staff to determine if the work would qualify for this category, including but not limited to, raising of ceiling height, structural and non-structural wall removals, interior doorway enlargement and relocations, etc.
 - a. The variance request will be reviewed by the mutual inspector, variance inspector, and supervisor. The Notice of Adjacent Neighbor Awareness (NAN) form will be issued minimum of 10 days prior to the approval of the variance. If no objections are received within the 10-day notification period, approval of the variance will be issued by the Manor Alterations Manager.
 - b. The list of approved OTCV's are presented to the ACSC at the next available regular meeting following the approval of the variance.
2. Variances of a nature that have not previously been approved by the ACSC, are processed by the ACSC in an open forum voted on by the Committee. These types of requests would include but not be limited to: extensive exterior aesthetic revision and common area requests. Manor Alterations staff will categorize the variance request by its general nature and place the request into either the OTCV or ACSC Variance procedure. The submitted proposal for a variance request must be legible, clear and concise and should not require assumptions on the part of the reviewing staff.
3. All variance requests must include a variance application form letter signed by the mutual member that describes the proposed alteration(s). Other documents such as a Neighbor Consent Form may also be required. The submittal must also include conceptual drawings, details, specifications and plans of the proposed variance alteration.
4. The plans must represent a true replication of both the existing floor plan (label all rooms) and proposed floor plan modifications, inclusive of specific dimensional details of each. If the plans include any exclusive use common area and common area improvements, details of the exterior and surrounding areas are also required.

5. The plans must identify the precise location of the proposed alteration and any related alterations/installations. For example, if the proposal is for a room expansion, the re-location of doors, if necessary, should be identified.
6. The plans must provide specific details of how the proposed alteration would be constructed. For example, if a window is being installed, information detailing its size and whether it would be constructed of white-vinyl, dual-pane glass, etc., should be included.
7. Where a variance request is for an alteration that is visible from the outside of a manor (room expansion, window installation, door relocation, etc.), an exterior elevation must be submitted, inclusive of the alteration's proposed roofline. If a modification to the existing roofline is to be considered, include a minimal of one section through the new area to depict the roof slope, slab elevations and interior usable space.
8. All plans must be site specific and original. Plans submitted for another manor for a similar requested alteration would not be considered.
9. Do not change or alter standard plans; if an alteration will differ slightly from a standard plan, provide written documentation with a new manor plan indicating how the proposed alteration would vary from the standard plan.
10. The Manor Alterations Division must be informed in writing of any deviations from an approved alteration that is being performed, prior to making any field changes. Any deviations from an approved plan must be approved by the Manor Alterations Division before it is made on the manor. Deviations from approved plans may require ACSC approval of an additional variance, thus a waiting period may result.

Further to the requirements provided by Civil Code §4765, pursuant to Article 7 of the bylaws and Article X of the Amended and Restated Declaration of CCRs, the ACSC is hereby established as a standing committee of this corporation; and the board of directors of this corporation assigns the duties and responsibilities of the ACSC of the corporation as follows:

The ACSC shall have the responsibility to approve or deny all requests for nonstandard alterations and modifications, or alterations that have generated neighbor objection. Final determinations shall be noted on the mutual's monthly board meeting agenda committee reports.

Variance requests are processed as follows:

Variance requests, and all required documentation, shall be submitted, and deemed complete by the Manor Alterations Division, a minimum of 30 days prior to the next regularly scheduled ACSC meeting in order to be considered.

Staff will prepare a variance request matrix on all proposed alterations that includes a summary, recommendation, and any recommended conditions of approval.

Using the matrix and documentation, the committee considers the variance request based on the following criteria:

- Compliance with existing standards
- Aesthetic effect
- Cost impact on the mutual
- Value impact
- Potential maintenance impact

By a counted vote of committee members present at the meeting, the ACSC decides for approval or denial of the request.

The member is notified in writing explaining the ACSC's decision, which may include, in the case of approval, required contingencies. The member is notified that, in the case the member wants to appeal a decision of the ACSC, in accordance with Resolution 03-19-79, the member may appeal the ACSC's decision within 30 days to the mutual board. The board will make a final decision upon review.

Appeals

Should the mutual member decide to appeal, the member submits a request for appeal in writing to the ACSC via the Alterations Division.

A memorandum regarding the appeal is prepared by staff and presented to the board for review, and by a counted vote of board members present at the meeting, the board decides for approval or denial of the original proposed alteration.

The member is notified in writing explaining the board's final decision, which may include, in the case of approval, required condition of approval. The member is notified that, in the case that the board upholds the ACSC denial of the proposed alteration, that, per Resolution 03-03-48, no further appeals will be granted for a 12-month period from the date of the board's decision on the appeal. This 12-month period shall apply to both the original requesting mutual member and the subsequent member(s) if any.

Unauthorized Alterations

With respect to a member's disregard for the rules on alterations, such as the installation of an alteration that is not in compliance with the board's determination, the member will ultimately be brought forth for a member disciplinary hearing. The member is notified via certified and first-class mail of a member disciplinary hearing. This notification includes background information regarding the subject violation, the reasons for a hearing, the

time and place of the hearing and possibility of any and/or all of the following: suspension, discipline and fines.

Upon the discovery of an unauthorized alteration, the Manor Alterations Division provides the member with a notice of unauthorized alteration, which includes the requirements under which an alteration may be permitted.

Upon receipt of a notice of unauthorized alteration, all work must cease immediately and the member must obtain all required mutual consents and city permits before performing additional work.

A re-inspection of the unauthorized alteration is performed no sooner than 30 days after the notice of unauthorized alteration was issued.

Should the inspection reveal that the member's alteration continues to be in violation, the member is notified, in writing, of the violation and of the board's requirement that the unauthorized alteration must be corrected within a specified time period. The member is advised that failure to comply will result in member disciplinary action in the form of a hearing before the board of directors. The member is notified via certified and first-class mail of a member disciplinary hearing. This notification includes background information regarding the subject violation, the reasons for a hearing, the time and place of the hearing, and the possibility of any and/or all of the following: suspension, discipline and fines.

A second inspection is performed 30 days after the date of the notification and should the inspection reveal that the member's alteration continues to be in violation after the previous requests to comply have gone unheeded, then the member is notified via certified and first-class mail of a member disciplinary hearing. This notification includes background information regarding the subject violation, the reasons for a hearing, the time and place of the hearing, and the possibility of any and/or all of the following: suspension, discipline and fines. The member is provided a copy of the mutual's bylaws with respect to discipline:

THIRD – ARTICLE 4.5 AND 4.6 OF THE BYLAWS

4.5 DISCIPLINE OR SUSPENSION.

4.5.1 *Grounds for Discipline or Suspension. The Board may discipline or suspend a Membership for the willful or repetitive failure of the Mutual Member to observe or perform the obligations of a Mutual Member as set forth in these Bylaws, the Covenants Conditions & Restrictions, the Articles of Incorporation, or any rules or regulations of this Corporation. The discipline or suspension may include the restriction of the right to use any facility managed by this Corporation for a period not to exceed ninety (90) days for each breach to run successively. The Board shall make a determination in each case of a discipline or suspension as to which common facilities shall be denied to the Mutual Member. The Board may also suspend or restrict the use of common facilities by all other*

persons claiming or exercising rights derived from the Mutual Member, such as Qualifying Resident, Co-occupant, Tenant, and Guests.

4.5.2 Disciplinary Action by Board. *The Board may take disciplinary action against any Mutual Member of this Corporation, Qualifying Resident, Co-occupant, Tenant, and their Guests for breach of these Bylaws, of the Restrictions, the Articles of Incorporation, or of any Rules or regulations of this Corporation on the part of the Mutual Member or Mutual Member's Guest(s), any Co-occupant of the Mutual Member's Manor or any Lessee of the Mutual Member's Manor who may use the facilities of this Corporation or the Foundation. Any disciplinary action authorized hereunder shall not act as a bar to the exercise of any other right or remedy available to this Corporation against any other party for any such breach.*

4.5.3 Disciplinary or Suspension Action Authorized. *Disciplinary or suspension action authorized hereunder may consist of any or all of the following: (1) a fine for each breach, not to exceed the maximum established in the adopted Schedule of Monetary Penalties; (2) suspension of the right to use any facilities operated or managed by the corporation for a period not to exceed ninety (90) days for each breach, and (3) suspension of the right to vote, whether by voice, ballot or written consent, on any or all matters brought before the Members for a period not to exceed one (1) year; and (4) may recommend to GRF to take disciplinary action against the Mutual Member, such as suspension of the right to use GRF's facilities, to the extent permissible under its Bylaws, rules or regulations; this Corporation may also make an application to a court of competent jurisdiction for legal or equitable relief.*

4.5.4 Right to Hearing. *Before any disciplinary action is taken, the party charged with a violation shall be entitled to a hearing pursuant to the provisions of 4.6, except for traffic violations governed by 4.5.7 and 7.3, and except for the exercise of the remedies provided for in § 1367 of the Common Interest Development Law for collection of delinquent assessments, and monetary penalties for reimbursement of costs.*

4.5.5 Additional Remedies. *The prevailing party shall be entitled to recover costs of suit and a reasonable sum for attorney's fees incurred in enforcing these Bylaws, or any rule or regulation of this Corporation.*

4.5.6 Authority to Adopt Rules. *The Board is hereby authorized to adopt rules and regulations to carry out the purpose of this Section.*

4.5.7 Exception for Certain Traffic Violations. *Except when a hearing is required by the traffic enforcement program approved by the Board of Directors of this Corporation, a Member, Qualifying Resident, Co-occupant, Lessee, or Guest who is cited for a traffic violation of any type may, in certain instances specified in the traffic rules enforcement program as revised and approved by the Board of Directors from time to time, elect to waive his/her right to a hearing and commit to a traffic violation disciplinary action alternative as specified in the traffic rules enforcement program then in effect.*

4.6 PROCEDURE FOR SUSPENSION OR DISCIPLINE.

A Membership may be suspended or a Mutual Member disciplined according to the procedure set forth below. The term "Mutual Member" in this Section shall include persons claiming or exercising rights under the Mutual Member, including Qualifying Resident, Co-occupant, Lessee or Guest or invitee of Mutual Member.

4.6.1 *Notice to Mutual Member. A notice shall be sent to the Mutual Member not less than fifteen (15) days prior to the effective date of the proposed suspension or proposed discipline, by First Class mail, to the most recent address of the Mutual Member shown on the Mutual records. Such notice shall set forth the proposed action to be taken against the Mutual Member or the Membership, the reasons therefore, the right to be heard, orally or in writing, at a time which is not less than five (5) days before the effective date of the suspension or discipline, and the date, time and place of the hearing on the proposed suspension or discipline.*

4.6.2 *Opportunity to be Heard and Present Evidence. The Mutual Member shall be given an opportunity to be heard and present evidence either in person, by counsel, or by both, or in writing, at a hearing before the Board of Directors to be held not less than five (5) days before the effective date of the proposed suspension or discipline.*

4.6.3 *Decision, Communication. Following the hearing, the Board of Directors shall decide in good faith and in a fair and reasonable manner whether the Mutual Member should be suspended or disciplined and the terms and period of the suspension or discipline. The decision of a majority of the Board of Directors shall be final and binding upon the Mutual Member, and shall be communicated together with notice of the right to appeal the decision as set forth in 4.6.4, in writing to the Mutual Member.*

4.6.4 *Limitation on Challenge. Any action challenging a suspension, or other disciplinary action taken against a Mutual Member, including a claim of defective notice, must be commenced within one year after the effective date of the suspension or other action.*

4.6.5 *No Relief from Obligations. The suspension of a Membership in this Corporation or disciplinary action against a Mutual Member shall not relieve the Mutual Member from any obligation for charges incurred, services or benefits actually rendered, or dues, assessments or fees relating thereto, or from any obligation arising from contract, a condition of ownership, or otherwise.*

4.6.6 *Effect of Termination. In the event of a termination of a Membership, this Corporation, at its election, thereupon shall either (1) repurchase said Membership at its market value, or (2) proceed with reasonable diligence to affect a sale of the Membership to a purchaser at a sales price acceptable to this Corporation.*



NOTICE

TO: VMS EMPLOYEES, CONTRACTORS EMPLOYED BY THE LAGUNA WOODS VILLAGE ASSOCIATIONS, MEMBERS AND PROSPECTIVE PURCHASERS OF DWELLING UNITS AT LAGUNA WOODS VILLAGE, LAGUNA WOODS

FROM: SIOBHAN FOSTER, CEO/GENERAL MANAGER

SUBJECT: DISCLOSURE NOTICE: LAGUNA WOODS VILLAGE BUILDINGS CONSTRUCTED WITH ASBESTOS-CONTAINING CONSTRUCTION MATERIALS

Health & Safety Code 25915.2 and 25915.5 require the Mutual to provide annual notice about the existence of asbestos-containing materials ("ACM") in non-residential "public" buildings in the Mutual to all employees and contractors performing work within said buildings, and to all Members of the Mutual.

In addition, the Mutual is required to disclose to new owners, within 15 days of acquiring title to a Manor, the existence of asbestos-containing material in non-residential "public" buildings within the Mutual.

Village Management Services, Inc., as Employer, and as Agent, for the Associations which own or manage the buildings at Laguna Woods Village, Laguna Woods for their Members, hereby notifies all its Employees, Contractors and all Mutual Members and Transferees, that some buildings within Laguna Woods Village have been surveyed and found to contain asbestos. The analytical method used to determine asbestos content was polarized light microscopy/dispersion staining. Since the community has an active Asbestos Operations and Maintenance program, testing is ongoing. Because of the high cost to conduct a complete asbestos survey and analysis of all buildings, surveys are conducted only upon repair, remodel, addition to or removal of a building or part of a building suspected to contain asbestos materials, as required by Labor Codes. The Certificates of Analysis for any testing received to date are available to employees, contractors, owners and tenants and transferees for review and photocopying from the Laguna Woods Village Human Resources/Safety Office, 24351 El Toro Road, Laguna Woods, CA., between 9:00 a.m. and 5:00 p.m., Monday through Friday.

The following buildings in Laguna Woods Village, Laguna Woods were constructed prior to 1979 and thus may contain asbestos in one or more construction materials: All community facilities buildings (with the exception of Clubhouse Seven, the Mini-Gym at Clubhouse One, the Broadband Services Bldg., the Laguna Woods Village Community Center Bldg., the Vehicle Maintenance Bldg., the Village Greens, Gatehouses 1 and 7, and a portion of the Warehouse -- all constructed after 1979), including Clubhouses and outbuildings, Library, Maintenance Warehouse Bldg., Stables, Gatehouses (with the exception of Gatehouses 1 and 7), Garden Center buildings, all detached laundry buildings, and residential buildings Nos. 1 through 5543 inclusive.

At the time most of the buildings in Laguna Woods Village were constructed, asbestos-containing materials met local codes as well as state and federal regulations and were extensively used in many building products including but not limited to: ceiling tile, floor tile/linoleum and mastic, textured wall surfaces, sprayed acoustical ceilings, fire doors, structural fireproofing, pipe/boiler insulation, attic insulation, and heating duct material/insulation.

According to the National Cancer Institute and the Environmental Protection Agency, any asbestos in these materials does not present a threat to health so long as the asbestos is not disturbed and does not become airborne.

However, because breathing asbestos has been known in some instances to cause cancer and other forms of lung disease, sanding, scraping, drilling, sawing, crushing, tearing/breaking up, or otherwise disturbing asbestos-containing materials presents a potential health risk. Therefore, you are directed not to perform such tasks in areas with ACM present or suspected unless the area/materials have been tested and found not to contain asbestos or if specifically assigned or contracted to do such work and it is in accordance with all federal, state, and local laws as well as internal guidelines called for in the Asbestos Operations and Maintenance plan and other company safety and environmental policies and procedures.

VMS employees whose work orders require them to construct, repair, maintain or otherwise disturb construction materials that may contain asbestos are hereby directed to follow the current regulations and policies noted above and to wear the required protective equipment, prior to performing such work. Questions concerning instructions and equipment should be directed to the HR/Safety Supervisor at 949-597-4321.

It is illegal to place asbestos materials or debris in Laguna Woods Village trash dumpsters. Such materials must be disposed of separately in accordance with State and County regulations to avoid fines. Contact the HR/Safety Supervisor at 949-597-4321 for details.

If you become aware of any asbestos-containing material becoming damaged or otherwise disturbed, please contact Laguna Woods Village Customer Service at 949-597-4600, or the HR/Safety Supervisor at 949-597-4321.

September 26, 2022

Sincerely,

Siobhan Foster

Siobhan Foster, CEO/General Manager