



REGULAR MEETING OF THE FINANCE COMMITTEE

**Tuesday, October 5, 2021 – 1:30 p.m.
Laguna Woods Village Board Room/Virtual Meeting
24351 El Toro Road
Laguna Woods, CA 92637**

AGENDA

1. Call to Order
2. Acknowledgment of Media
3. Approval of the Agenda
4. Approval of Meeting Report for September 7, 2021
5. Chair Remarks
6. Member Comments (Items Not on the Agenda)

At this time Members only may address the Committee regarding items not on the agenda and within the jurisdiction of this Committee. The Committee reserves the right to limit the total amount of time allotted for the Open Forum. Members can attend the meeting by joining the Zoom link <https://us06web.zoom.us/j/81161366511> or by calling (669) 900-6833 and enter the meeting ID 81161366511# or email meeting@vmsinc.org to request to speak.

7. Department Head Update

Reports

8. Preliminary Financial Statements dated August 31, 2021

Items for Discussion and Consideration

9. Review 2022 Collection and Lien Enforcement Policy (issued before meeting)
10. Other Endorsements from Standing Committees

Future Agenda Items

Concluding Business:

11. Committee Member Comments
12. Date of Next Meeting – Tuesday, November 2, 2021 at 1:30 p.m.
13. Recess to Closed Session

Robert Mutchnick, Chair
Steve Hormuth, Staff Officer
Telephone: 949-597-4229



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

Tuesday, September 7, 2021 – 1:30 p.m.
Board Room/Virtual Meeting

MEMBERS PRESENT: Robert Mutchnick – Chair, Ralph Engdahl, Reza Karami, Lynn Jarrett, John Frankel, Craig Wayne, Donna Rane-Szostak
Advisors: Wei-Ming Tao

MEMBERS ABSENT: Steve Parsons, Annie McCary, Cush Bhada, Advisor: John Hess

STAFF PRESENT: Jose Campos, Christopher Swanson

Call to Order

Director Mutchnick chaired and called the meeting to order at 1:31pm

Acknowledgement of Media

Director Mutchnick acknowledged the media at a distance.

Approval of Meeting Agenda

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

Approval of Meeting Report for August 3, 2021

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

Chair Remarks

None.

Member Comments

None

Department Head Update

Jose Campos, Financial Services Manager, provided updates on the 2022 budget, banking services, and insurance.

Preliminary Financial Statements dated July 31, 2021

Steve Hormuth, presented the Preliminary Financial Statements dated June 30, 2021 and questions were addressed from the committee.

Future Agenda Items

None

Committee Member Comments

None

Date of Next Meeting

Tuesday, October 5, 2021 at 1:30 p.m.

Recess to Closed Session

The meeting recessed at 2:11 p.m.

DRAFT

Robert Mutchnick, Chair



MEMORANDUM

To: Third Finance Committee
 From: Steve Hormuth, Interim Finance Director
 Date: October 5, 2021
 Re: Department Head Update

Financial Highlights

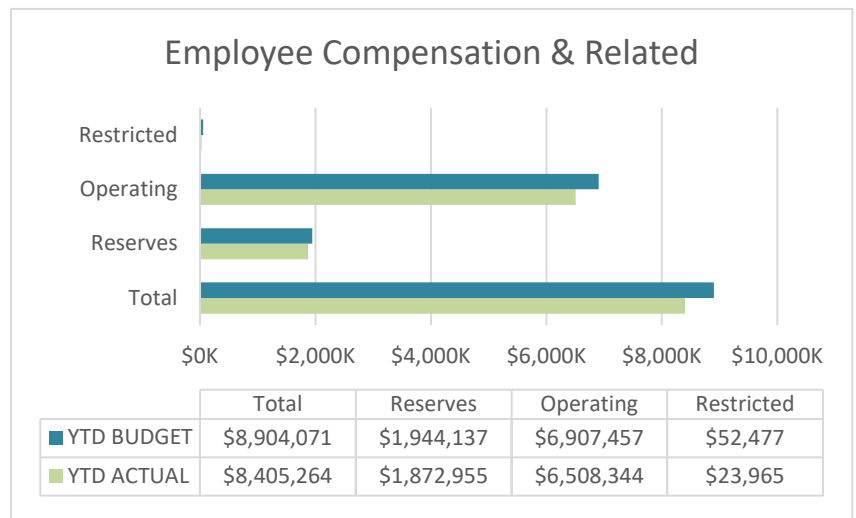
SUMMARY:

For the year-to-date period ending August 31, 2021, Third Mutual was better than budget by \$1,938K primarily due to timing of expenditures, affecting the areas of outside services, compensation, and materials.

INCOME STATEMENT (in Thousands)			
	Actual	Budget	Variance
Assessment Revenues	\$23,067	\$23,067	\$0
Other Revenues	1,101	1,445	(344)
Expenses	23,007	25,289	2,282
Revenue/(Expense)	\$1,161	(\$777)	\$1,938

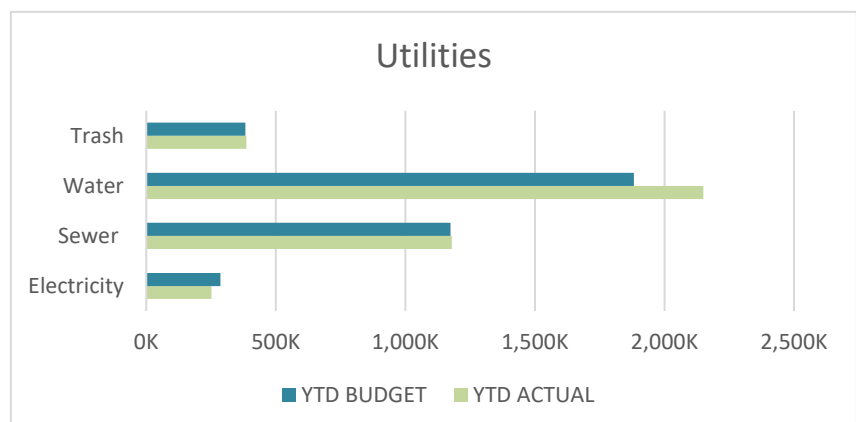
COMPENSATION:

Actual compensation and related costs came in at \$8,405, with \$6,508K in operations and \$1,873K in reserves, and \$24K in restricted. Combined, this category is 5.6% favorable to budget. For Third, the most significant savings were in Maintenance and Landscape due to open positions and timing of programs.



UTILITIES:

In total, this category was unfavorable to budget by (\$242K) mainly due to water coming in higher than budget. Water consumption was higher than a seasonally distributed budget due to less rainfall than prior years. Budget was based on a 5-year average that is 30% higher rainfall than current year experience.



Discussions

Budget 2022: On September 21, 2021, Third Board of Directors approved the 2022 Business Plan via resolution 03-21-59. Including the assessment for Golden Rain Foundation, total basic assessment will increase by \$104.90 or 15.6% when compared to current year.

Banking Services: At the direction of the Finance Committee and in agreement with the GRF and United boards, VMS staff contacted additional banks, two headquartered in CA and one national, to request pricing quotes for similar services. Quotes from all three banks have been received and a cost comparison is being compiled by staff. Updates will be provided to the board treasurers as further information becomes available.

Insurance Update: Effective March 18, 2021, the broker services agreement with Beecher Carlson was terminated and Arthur J. Gallagher & Co. was named the broker of record. Currently, property insurance for up to \$675M in coverage has been renewed with the new broker along with Crime, Earthquake, and D&O insurance policies.

Fee Review: A procedure to formalize the review of all fees is underway. The targeted outcome is an explicit plan to lists all fees within the mutual, a justification for the fee, a market comparison and a specific timeline for approval (i.e. yearly, every other year, etc).

Calendar

The following scheduled meetings will be held remotely during COVID-19 stay home orders:

- Oct 5, 2021 @ 1:30 p.m. Third Finance Committee Meeting (August Financials)
- Oct 8, 2021 @ 9:30 a.m. Third Board Agenda Prep Meeting
- Oct 19, 2021 @ 9:30 a.m. Third Board Meeting
- Nov 2, 2021 @ 1:30 p.m. Third Finance Committee Meeting (September Financials)

September 2021							October 2021							November 2021						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4						1	2		1	2	3	4	5	6
5	6	7	8	9	10	11	3	4	5	6	7	8	9	7	8	9	10	11	12	13
12	13	14	15	16	17	18	10	11	12	13	14	15	16	14	15	16	17	18	19	20
19	20	21	22	23	24	25	17	18	19	20	21	22	23	21	22	23	24	25	26	27
26	27	28	29	30			24	25	26	27	28	29	30	28	29	30				
							31													

Third Laguna Hills Mutual
Statement of Revenues & Expenses - Preliminary
8/31/2021
(\$ IN THOUSANDS)

		CURRENT MONTH			YEAR TO DATE			PRIOR YEAR	TOTAL
		ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
Revenues:									
Assessments:									
1	Operating	\$1,747	\$1,747		\$13,978	\$13,979		\$13,486	\$20,968
2	Additions to restricted funds	1,136	1,136		9,088	9,088		8,623	13,632
3	Total assessments	2,883	2,883		23,066	23,067		22,109	34,600
Non-assessment revenues:									
4	Fees and charges for services to residents	85	57	29	495	448	47	235	674
5	Laundry	17	20	(3)	143	160	(17)	150	240
6	Investment income	1	33	(33)	80	268	(188)	314	402
7	Unrealized gain/(loss) on AFS investments		18	(18)		142	(142)	669	213
8	Miscellaneous	47	53	(7)	384	427	(43)	372	640
9	Total non-assessment revenue	150	181	(31)	1,101	1,445	(344)	1,740	2,170
10	Total revenue	3,033	3,065	(31)	24,168	24,512	(344)	23,849	36,770
Expenses:									
11	Employee compensation and related	1,170	1,125	(45)	8,405	8,904	499	7,766	13,340
12	Materials and supplies	118	124	6	960	1,017	57	666	1,526
13	Utilities and telephone	529	564	35	3,968	3,726	(242)	3,568	5,685
14	Legal fees	11	42	31	266	333	67	390	500
15	Professional fees	10	9	(2)	57	114	57	85	150
16	Equipment rental	5	1	(4)	34	12	(22)	13	18
17	Outside services	914	1,211	296	3,787	7,105	3,318	4,554	11,122
18	Repairs and maintenance	24	29	5	190	235	44	199	353
19	Other Operating Expense	12	15	3	86	125	40	71	192
20	Income taxes							20	
21	Property and sales tax				2		(2)		
22	Insurance	516	328	(188)	4,194	2,624	(1,570)	1,376	3,936
23	Investment expense	13		(13)	21	11	(11)	6	21
24	Uncollectible Accounts	26		(26)	29	38	8	20	75
25	(Gain)/loss on sale or trade				15		(15)	108	
26	Depreciation and amortization	11	11		90	90		91	135
27	Net allocation to mutuals	117	119	2	902	956	54	942	1,426
28	Total expenses	3,477	3,578	101	23,007	25,289	2,282	19,876	38,479
29	Excess of revenues over expenses	(\$444)	(\$513)	\$69	\$1,161	(\$777)	\$1,938	\$3,973	(\$1,710)

**Third Laguna Hills Mutual
Operating Statement
8/31/2021
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$13,978,386	\$13,978,547	(\$161)	0.00%	\$20,967,820
Total Operating	13,978,386	13,978,547	(161)	0.00%	20,967,820
Additions To Restricted Funds					
41002000 - Monthly Assessments - Disaster Fund	1,220,400	1,220,400	0	0.00%	1,830,600
41003000 - Monthly Assessments - Unappropriated Expenditures Fund	390,528	390,528	0	0.00%	585,792
41003500 - Monthly Assessments - Replacement Fund	7,127,136	7,127,136	0	0.00%	10,690,704
41004000 - Monthly Assessments - Elevator Replacement Fund	244,080	244,080	0	0.00%	366,120
41004500 - Monthly Assessments - Laundry Replacement Fund	48,816	48,816	0	0.00%	73,224
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	57,132	57,132	0	0.00%	85,698
Total Additions To Restricted Funds	9,088,092	9,088,092	0	0.00%	13,632,138
Total Assessments	23,066,478	23,066,639	(161)	0.00%	34,599,958
Non-Assessment Revenues:					
Fees and Charges for Services to Residents					
46501000 - Permit Fee	207,414	106,404	101,010	94.93%	159,607
46501500 - Inspection Fee	77,357	51,012	26,345	51.65%	76,520
46502000 - Resident Maintenance Fee	210,337	291,002	(80,665)	(27.72%)	438,029
Total Fees and Charges for Services to Residents	495,108	448,417	46,691	10.41%	674,157
Laundry					
46005000 - Coin Op Laundry Machine	142,697	160,000	(17,303)	(10.81%)	240,000
Total Laundry	142,697	160,000	(17,303)	(10.81%)	240,000
Investment Income					
49001000 - Investment Income - Nondiscretionary	1,409	7,997	(6,587)	(82.37%)	12,000
49002000 - Investment Income - Discretionary	78,167	260,000	(181,833)	(69.94%)	390,000
Investment Interest Income	79,577	267,997	(188,420)	(70.31%)	402,000
Unrealized Gain/(Loss) On AFS Investments					
49008100 - Unrealized Gain/(Loss) On Available For Sale Investments	0	142,000	(142,000)	(100.00%)	213,000
Total Unrealized Gain/(Loss) On AFS Investments	0	142,000	(142,000)	(100.00%)	213,000
Miscellaneous					
46004500 - Resident Violations	6,750	20,000	(13,250)	(66.25%)	30,000
44501510 - Lease Processing Fee - Third	155,710	172,976	(17,266)	(9.98%)	259,475
44502500 - Non-Sale Transfer Fee - Third	1,000	1,000	0	0.00%	1,500
44503520 - Resale Processing Fee - Third	129,808	108,712	21,096	19.41%	163,072
44505500 - Hoa Certification Fee	9,600	5,200	4,400	84.62%	7,800
44507000 - Golf Cart Electric Fee	43,595	46,664	(3,069)	(6.58%)	70,000
44507200 - Electric Vehicle Plug-In Fee	8,445	7,336	1,109	15.11%	11,000
44507500 - Cartport/Carport Space Rental Fee	2,880	3,064	(184)	(6.01%)	4,600
47001500 - Late Fee Revenue	23,160	40,000	(16,840)	(42.10%)	60,000
47002020 - Collection Administrative Fee - Third	225	4,000	(3,775)	(94.38%)	6,000
47002500 - Collection Interest Revenue	63	16,664	(16,601)	(99.62%)	25,000
47501000 - Recycling	2,941	1,336	1,605	120.11%	2,000
49009000 - Miscellaneous Revenue	(119)	0	(119)	0.00%	0
Total Miscellaneous	384,057	426,952	(42,895)	(10.05%)	640,447
Total Non-Assessment Revenue	1,101,438	1,445,366	(343,928)	(23.80%)	2,169,604
Total Revenue	24,167,916	24,512,005	(344,089)	(1.40%)	36,769,562
Expenses:					
Employee Compensation					
51011000 - Salaries & Wages - Regular	1,746,963	1,898,376	151,413	7.98%	2,854,473
51021000 - Union Wages - Regular	3,294,120	3,612,261	318,141	8.81%	5,425,824
51041000 - Wages - Overtime	18,856	13,826	(5,031)	(36.39%)	20,749
51051000 - Union Wages - Overtime	59,164	23,504	(35,660)	(151.72%)	35,281
51061000 - Holiday & Vacation	509,033	464,483	(44,551)	(9.59%)	697,928
51071000 - Sick	179,854	189,460	9,605	5.07%	284,681
51081000 - Sick - Part Time	37	171	134	78.40%	262

**Third Laguna Hills Mutual
Operating Statement
8/31/2021
THIRD LAGUNA HILLS MUTUAL**

	YEAR TO DATE				TOTAL
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	BUDGET
51091000 - Missed Meal Penalty	2,554	810	(1,744)	(215.39%)	1,236
51101000 - Temporary Help	34,556	12,930	(21,627)	(167.27%)	19,400
51981000 - Compensation Accrual	96,121	0	(96,121)	0.00%	0
Total Employee Compensation	5,941,260	6,215,819	274,559	4.42%	9,339,833
Compensation Related					
52411000 - F.I.C.A.	432,114	470,406	38,292	8.14%	702,023
52421000 - F.U.I.	7,425	9,872	2,447	24.79%	9,872
52431000 - S.U.I.	50,439	50,211	(228)	(0.45%)	50,211
52441000 - Union Medical	1,157,376	1,200,695	43,320	3.61%	1,801,043
52451000 - Workers' Compensation Insurance	255,414	340,274	84,860	24.94%	511,213
52461000 - Non Union Medical & Life Insurance	226,411	234,306	7,896	3.37%	351,459
52471000 - Union Retirement Plan	274,431	299,858	25,428	8.48%	450,404
52481000 - Non-Union Retirement Plan	44,919	82,628	37,709	45.64%	124,243
52981000 - Compensation Related Accrual	15,475	0	(15,475)	0.00%	0
Total Compensation Related	2,464,004	2,688,252	224,248	8.34%	4,000,469
Materials and Supplies					
53001000 - Materials & Supplies	300,073	344,809	44,736	12.97%	514,232
53003000 - Materials Direct	652,688	670,138	17,450	2.60%	1,007,648
53004000 - Freight	7,353	2,530	(4,822)	(190.56%)	3,816
Total Materials and Supplies	960,113	1,017,477	57,364	5.64%	1,525,696
Utilities and Telephone					
53301000 - Electricity	251,505	286,600	35,095	12.25%	365,300
53301500 - Sewer	1,179,834	1,174,000	(5,834)	(0.50%)	1,773,600
53302000 - Water	2,150,402	1,881,984	(268,418)	(14.26%)	2,971,182
53302500 - Trash	386,428	383,209	(3,218)	(0.84%)	574,820
Total Utilities and Telephone	3,968,168	3,725,793	(242,375)	(6.51%)	5,684,902
Legal Fees					
53401500 - Legal Fees	266,317	333,326	67,009	20.10%	499,985
Total Legal Fees	266,317	333,326	67,009	20.10%	499,985
Professional Fees					
53402020 - Audit & Tax Preparation Fees - Third	41,000	44,000	3,000	6.82%	45,400
53403500 - Consulting Fees	10,644	11,162	517	4.64%	15,780
53403520 - Consulting Fees - Third	5,326	58,944	53,618	90.96%	88,436
Total Professional Fees	56,971	114,106	57,135	50.07%	149,616
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	34,185	11,858	(22,327)	(188.28%)	18,217
Total Equipment Rental	34,185	11,858	(22,327)	(188.28%)	18,217
Outside Services					
53601000 - Bank Fees	21,774	21,115	(659)	(3.12%)	31,679
53601500 - Credit Card Transaction Fees	7,193	0	(7,193)	0.00%	0
53604500 - Marketing Expense	3,840	3,336	(504)	(15.11%)	5,000
54603500 - Outside Services Cost Collection	3,702,030	7,015,723	3,313,693	47.23%	10,988,267
53704000 - Outside Services	51,805	64,411	12,606	19.57%	97,088
Total Outside Services	3,786,642	7,104,585	3,317,943	46.70%	11,122,035
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	4,367	10,179	5,813	57.10%	15,968
53703000 - Elevator /Lift Maintenance	186,093	224,389	38,296	17.07%	336,584
Total Repairs and Maintenance	190,460	234,569	44,108	18.80%	352,552
Other Operating Expense					
53801000 - Mileage & Meal Allowance	1,516	9,629	8,113	84.26%	14,478
53801500 - Travel & Lodging	0	1,840	1,840	100.00%	2,764
53802000 - Uniforms	43,696	56,262	12,567	22.34%	87,700
53802500 - Dues & Memberships	617	1,781	1,163	65.34%	2,866
53803000 - Subscriptions & Books	1,388	1,540	152	9.88%	2,322
53803500 - Training & Education	2,038	13,108	11,070	84.45%	20,157
53903000 - Safety	790	669	(121)	(18.05%)	1,008
54001020 - Board Relations - Third	1,498	5,016	3,518	70.14%	7,525
54002000 - Postage	33,978	35,320	1,342	3.80%	52,980
54002500 - Filing Fees / Permits	141	314	173	55.08%	503

**Third Laguna Hills Mutual
Operating Statement
8/31/2021
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Total Other Operating Expense	85,661	125,478	39,817	31.73%	192,303
Property and Sales Tax					
54302000 - Property Taxes	2,248	0	(2,248)	0.00%	0
Total Property and Sales Tax	2,248	0	(2,248)	0.00%	0
Insurance					
54401000 - Hazard & Liability Insurance	538,782	477,621	(61,161)	(12.81%)	716,432
54401500 - D&O Liability	53,795	83,334	29,539	35.45%	125,000
54402000 - Property Insurance	3,600,190	2,058,428	(1,541,762)	(74.90%)	3,087,644
54403000 - General Liability Insurance	1,124	4,715	3,591	76.17%	7,072
Total Insurance	4,193,890	2,624,097	(1,569,793)	(59.82%)	3,936,148
Investment Expense					
54201000 - Investment Expense	21,457	10,718	(10,739)	(100.20%)	21,430
Total Investment Expense	21,457	10,718	(10,739)	(100.20%)	21,430
Uncollectible Accounts					
54602000 - Bad Debt Expense	29,175	37,500	8,325	22.20%	75,000
Total Uncollectible Accounts	29,175	37,500	8,325	22.20%	75,000
(Gain)/Loss on Sale or Trade					
54101500 - (Gain)/Loss On Investments	14,797	0	(14,797)	0.00%	0
Total (Gain)/Loss on Sale or Trade	14,797	0	(14,797)	0.00%	0
Depreciation and Amortization					
55001000 - Depreciation And Amortization	89,920	89,920	0	0.00%	134,880
Total Depreciation and Amortization	89,920	89,920	0	0.00%	134,880
Net Allocation to Mutuals					
54602500 - Allocated Expenses	902,125	955,638	53,513	5.60%	1,426,122
Total Net Allocation to Mutuals	902,125	955,638	53,513	5.60%	1,426,122
Total Expenses	23,007,393	25,289,136	2,281,744	9.02%	38,479,186
Excess of Revenues Over Expenses	\$1,160,523	(\$777,131)	\$1,937,655	249.33%	(\$1,709,624)

**Third Laguna Hills Mutual
Balance Sheet - Preliminary
8/31/2021**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
	Assets		
1	Cash and cash equivalents	\$2,203,060	\$1,412,574
2	Non-discretionary investments	2,499,900	3,999,894
3	Discretionary investments	25,171,404	25,579,833
4	Receivable/(Payable) from mutuals	992,784	436,199
5	Accounts receivable and interest receivable	261,710	172,270
6	Prepaid expenses and deposits	2,939,701	3,290,394
7	Property and equipment	141,239	141,239
8	Accumulated depreciation property and equipment	(141,239)	(141,239)
9	Beneficial interest in GRF of Laguna Hills Trust	5,099,717	5,189,637
10	Non-controlling interest in GRF	39,594,122	39,594,122
11	Total Assets	<u>\$78,762,397</u>	<u>\$79,674,923</u>
	Liabilities and Fund Balances		
	Liabilities:		
12	Accounts payable and accrued expenses	\$2,043,727	\$3,654,600
13	Accrued compensation and related costs	593,709	548,292
14	Deferred income	772,360	829,005
15	Income tax payable	(26,005)	(26,005)
16	Total liabilities	<u>\$3,383,791</u>	<u>\$5,005,891</u>
	Fund balances:		
17	Fund balance prior years	74,218,083	72,530,282
18	Change in fund balance - current year	1,160,523	1,687,802
19	Net fund balances	<u>75,378,607</u>	<u>74,218,083</u>
20	Accumulated unrealized gain/(loss) on investments		450,949
21	Total fund balances	<u>75,378,607</u>	<u>74,669,033</u>
22	Total Liabilities and Fund Balances	<u>\$78,762,397</u>	<u>\$79,674,923</u>

**Third Laguna Hills Mutual
Fund Balance Sheet - Preliminary
8/31/2021**

	Operating Fund	Unappropriated Expenditures Fund	Disaster Fund	Replacement Fund	Elevator Replacement Fund	Laundry Replacement Fund	Garden Villa Rec Room Fund	Total
Assets								
1 Cash and cash equivalents	\$1,398,726	\$48,904	\$81,834		\$645,854	\$11,455	\$16,288	\$2,203,060
2 Non-discretionary investments				2,499,900				2,499,900
3 Discretionary investments		2,877,971	4,949,393	15,259,014	1,652,012	361,966	71,049	25,171,404
4 Receivable/(Payable) from mutuals	992,784							992,784
5 Accounts receivable and interest receivable	261,710							261,710
6 Prepaid expenses and deposits	335,097	1,302,302	1,302,302					2,939,701
7 Property and equipment	141,239							141,239
8 Accumulated depreciation property and equipment	(141,239)							(141,239)
9 Beneficial interest in GRF of Laguna Hills Trust	5,099,717							5,099,717
10 Non-controlling interest in GRF	39,594,122							39,594,122
11 Total Assets	<u>\$47,682,155</u>	<u>\$4,229,177</u>	<u>\$6,333,529</u>	<u>\$17,758,914</u>	<u>\$2,297,866</u>	<u>\$373,421</u>	<u>\$87,336</u>	<u>\$78,762,397</u>
Liabilities and Fund Balances								
Liabilities:								
12 Accounts payable and accrued expenses	\$1,223,666		\$49,320	\$769,894	(\$11,059)		\$11,906	\$2,043,727
13 Accrued compensation and related costs	593,709							593,709
14 Deferred income	772,360							772,360
15 Income tax payable	(26,005)							(26,005)
16 Total liabilities	<u>\$2,563,730</u>		<u>\$49,320</u>	<u>\$769,894</u>	<u>(\$11,059)</u>		<u>\$11,906</u>	<u>\$3,383,791</u>
Fund balances:								
17 Fund balance prior years	45,578,511	4,270,569	6,843,420	14,931,917	2,117,684	387,389	88,593	74,218,083
18 Change in fund balance - current year	<u>(460,085)</u>	<u>(41,392)</u>	<u>(559,211)</u>	<u>2,057,103</u>	<u>191,240</u>	<u>(13,969)</u>	<u>(13,163)</u>	<u>1,160,523</u>
19 Net fund balances	45,118,425	4,229,177	6,284,209	16,989,020	2,308,925	373,421	75,431	75,378,607
20 Total fund balances	<u>45,118,425</u>	<u>4,229,177</u>	<u>6,284,209</u>	<u>16,989,020</u>	<u>2,308,925</u>	<u>373,421</u>	<u>75,431</u>	<u>75,378,607</u>
21 Total Liabilities and Fund Balances	<u>\$47,682,155</u>	<u>\$4,229,177</u>	<u>\$6,333,529</u>	<u>\$17,758,914</u>	<u>\$2,297,866</u>	<u>\$373,421</u>	<u>\$87,336</u>	<u>\$78,762,397</u>

**Third Laguna Hills Mutual
Changes in Fund Balances - Preliminary
8/31/2021**

	Operating Fund	Unappropriated Expenditures Fund	Disaster Fund	Replacement Fund	Elevator Replacement Fund	Laundry Replacement Fund	Garden Villa Rec Room Fund	Total
Revenues:								
Assessments:								
1 Operating	\$13,978,386							\$13,978,386
2 Additions to restricted funds		390,528	1,220,400	7,127,136	244,080	48,816	57,132	9,088,092
3 Total assessments	13,978,386	390,528	1,220,400	7,127,136	244,080	48,816	57,132	23,066,478
Non-assessment revenues:								
4 Fees and charges for services to residents	492,243			2,865				495,108
5 Laundry	142,697							142,697
6 Interest income		10,269	24,285	43,851	786	178	208	79,577
7 Miscellaneous	384,057							384,057
8 Total non-assessment revenue	1,018,997	10,269	24,285	46,716	786	178	208	1,101,438
9 Total revenue	14,997,382	400,797	1,244,685	7,173,852	244,866	48,994	57,340	24,167,916
Expenses:								
10 Employee compensation and related	6,508,345		17,889	1,857,673		15,281	6,075	8,405,264
11 Materials and supplies	518,382		5,097	389,176		34,185	13,272	960,113
12 Utilities and telephone	3,960,036		196	7,936				3,968,168
13 Legal fees	266,317							266,317
14 Professional fees	49,997		6,974					56,971
15 Equipment rental	7,239		406	26,526			14	34,185
16 Outside services	599,976		409,325	2,632,881	76,188	17,513	50,759	3,786,642
17 Repairs and maintenance	188,950		7	1,502			2	190,460
18 Other Operating Expense	72,888		118	12,510		103	42	85,661
19 Property and sales tax	2,248							2,248
20 Insurance	2,407,257	434,101	1,352,533					4,193,890
21 Investment expense		2,697	6,746	11,960			54	21,457
22 Uncollectible Accounts	29,175							29,175
23 (Gain)/loss on sale or trade	(13,540)	5,392	3,880	46,624	(22,562)	(5,113)	116	14,797
24 Depreciation and amortization	89,920							89,920
25 Net allocations to mutuals	770,279		725	129,961		993	167	902,125
26 Total expenses	15,457,468	442,190	1,803,896	5,116,749	53,625	62,963	70,502	23,007,393
27 Excess of revenues over expenses	(\$460,085)	(\$41,392)	(\$559,211)	\$2,057,103	\$191,240	(\$13,969)	(\$13,163)	\$1,160,523
28 Excluding unrealized gain/(loss) and depreciation	(\$370,165)	(\$41,392)	(\$559,211)	\$2,057,103	\$191,240	(\$13,969)	(\$13,163)	\$1,250,443

THIRD LAGUNA HILLS MUTUAL
Provision For Doubtful Accounts
As of August 31, 2021

Month	Delinquent Assessments ⁽¹⁾	Assessments Write-Offs ⁽²⁾	Bad Debt Small Claims ⁽³⁾	Delinquent Fines, Fees, and Chargeable Services ⁽⁴⁾	Chargeable Services Write-Offs ⁽⁵⁾	Change in Provision ⁽⁶⁾	Total Delinquent Units ⁽⁷⁾
December-20	187,773			500,499			16
January-21	187,810	-	-	494,545		(5,916)	15
February-21	175,422		-	492,584	-	(14,349)	15
March-21	182,340		-	492,080	-	6,414	16
April-21	186,860		-	494,620	-	7,060	16
May-21	188,050		-	485,236	-	(8,193)	14
June-21	213,223		-	486,430	-	26,367	12
July-21	203,915		-	487,255	-	(8,483)	14
August-21	213,905		-	503,541	-	26,276	14
September-21			-		-	-	
October-21			-		-	-	
November-21			-		-	-	
December-21		-	-		-	-	
YTD TOTAL						29,175	

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

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

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

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

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

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

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

INVESTMENT REPORT
August 1, 2021 - August 31, 2021



Envelope # BLJCVCBBBMVRX

THIRD LAGUNA HILLS MUTUAL
PO BOX 2220
LAGUNA HILLS CA 92654-2220

Brokerage THIRD LAGUNA HILLS MUTUAL

Your Account Value: **\$25,171,494.21**

Change from Last Period: ▼ **\$11,840.03**

	This Period	Year-to-Date
Beginning Account Value	\$25,183,334.24	\$25,579,833.38
Subtractions	-12,591.60	-21,688.38
Change in Investment Value *	751.57	-386,650.79
Ending Account Value **	\$25,171,494.21	\$25,171,494.21
Accrued Interest (AI)	0.00	
Ending Account Value Incl. AI	\$25,171,494.21	

Your Advisor/Agent

SAGEVIEW ADVISORY GROUP, LLC
RANDALL LONG
4000 MACARTHUR BLVD
SUITE 1050
NEWPORT BEACH CA 92660

Phone: (949) 955-1395

- * Reflects appreciation or depreciation of your holdings due to price changes, transactions from Other Activity In or Out and Multi-currency transactions, plus any distribution and income earned during the statement period.
- ** Excludes unpriced securities.

Your Advisor is an independent organization and is not affiliated with Fidelity Investments. Brokerage services provided by **Fidelity Brokerage Services LLC (FBS)**, Member NYSE, SIPC (800) 544-6666. Brokerage accounts carried with National Financial Services LLC (NFS), Member NYSE, SIPC.





THIRD LAGUNA HILLS MUTUAL - CORPORATION

Account Summary

Account Value: **\$25,171,494.21**

Change in Account Value ▼ **\$11,840.03**

	This Period	Year-to-Date
Beginning Account Value	\$25,183,334.24	\$25,579,833.38
Subtractions	-12,591.60	-21,688.38
Transaction Costs, Fees & Charges	-12,591.60	-21,688.38
Change in Investment Value *	751.57	-386,650.79
Ending Account Value	\$25,171,494.21	\$25,171,494.21
Accrued Interest (AI)	0.00	
Ending Account Value Incl. AI	\$25,171,494.21	

* Reflects appreciation or depreciation of your holdings due to price changes, transactions from Other Activity In or Out and Multi-currency transactions, plus any distribution and income earned during the statement period.

Income Summary

	This Period	Year-to-Date
Taxable	\$1.57	\$150,891.36
Dividends	1.57	77,944.57
Short-term Capital Gains	-	1,283.67
U.S. Government Interest	-	13,535.73
Long-term Capital Gains	-	58,127.39
Total	\$1.57	\$150,891.36

Top Holdings

Description	Value	Percent of Account
United States Treas Bills Zero Cpn Zero Coupon	\$24,998,000.00	99%
Fidelity Government Cash Reserves	173,494.21	1
Total	\$25,171,494.21	100%

Core Account and Credit Balance Cash Flow

Core Account: FIDELITY GOVERNMENT CASH RESERVES

	This Period	Year-to-Date
Beginning Balance	\$186,084.24	\$372,857.25
Investment Activity		
Securities Bought	-	-\$75,444,518.74
Securities Sold	-	50,029,257.06
Dividends, Interest & Other Income ^D	1.57	137,355.63
Other Activity Out	-	25,100,000.00
Total Investment Activity	\$1.57	-\$177,906.05
Cash Management Activity		
Fees & Charges	-12,591.60	-21,456.99
Total Cash Management Activity	-\$12,591.60	-\$21,456.99
Ending Balance	\$173,494.21	\$173,494.21

^D Includes dividend reinvestments.





Account Summary

Realized Gains and Losses from Sales

(May not reflect all gains and losses due to incomplete cost basis)

	This Period	Year-to-Date
Net Short-term Gain/Loss	-	-19,050.25
Short-term Gain	-	5,217.78
Short-term Loss	-	-24,268.03
Net Long-term Gain/Loss	-	-55,137.19
Long-term Gain	-	191,051.96
Long-term Loss	-	-246,189.15
Net Gain/Loss	-	-\$74,187.44

- The CARES Act temporarily suspended required minimum distributions (RMDs) for 2020 for certain defined contribution plans and IRAs. The suspension is no longer in effect for 2021 and beyond. You can take your RMD online at [Fidelity.com/learnRMD](https://www.fidelity.com/learnRMD) and set up an automatic withdrawal plan for 2021. 924400.2.0



Account Summary

Estimated Cash Flow

(Rolling as of August 31, 2021)

Month	Bond & CD Income	Bond & CD Principal	Stock Income	ETP Income	Mutual Fund Income	Other Income	Total Est. Cash Flow
September 2021	--	--	--	--	\$1	--	\$1
October	--	25,000,000	--	--	1	--	25,000,001
November	--	--	--	--	1	--	1
December	--	--	--	--	1	--	1
January 2022	--	--	--	--	1	--	1
February	--	--	--	--	1	--	1
March	--	--	--	--	1	--	1
April	--	--	--	--	1	--	1
May	--	--	--	--	1	--	1
June	--	--	--	--	1	--	1
July	--	--	--	--	1	--	1
August	--	--	--	--	1	--	1
Total	--	\$25,000,000	--	--	\$12	--	\$25,000,012

This table presents the estimated monthly interest and dividend income and return of principal that your current holdings may generate over the next rolling 12 months. The cash flows displayed are estimates provided for informational purposes only and there is no guarantee that you will actually receive any of the amounts displayed. These estimates should not be relied upon for making investment, trading or tax decisions. The estimates for fixed income are calculated using the security's coupon rate. The estimates for all other securities are calculated using an indicated annual dividend (IAD). The IAD is an estimate of a security's dividend payments for the next 12 months calculated based on prior and/or declared dividends for that security. IADs are sourced from third party vendors believed to be reliable, but no assurance can be made as to accuracy. There are circumstances in which these estimates will not be presented for a specific security you hold.

Bond & CD Income includes interest payments for fixed and variable rate bonds, international bonds that pay in USD, and Certificates of Deposit (CDs).

Bond & CD Principal includes maturing principal payments for fixed and variable rate bonds, international bonds that pay in USD, and Certificates of Deposit (CDs).

Stock Income includes estimated dividend payments for common stocks, preferred stocks, ADRs, closed-end mutual funds, and MLPs.

ETP Income includes estimated dividend payments for Exchange Traded Funds (ETFs) and Exchange Traded Notes (ETNs).

Mutual Fund Income includes estimated dividend payments for Fidelity and non-Fidelity mutual funds.

Other Income includes, but is not limited to estimated dividend payments for Unit Investment Trusts (UITs), REITs, and LPs.

This table does not include cash flow from foreign denominated fixed income.

-- not available





THIRD LAGUNA HILLS MUTUAL - CORPORATION

Holdings

Core Account

Description	Quantity	Price Per Unit	Total Market Value	Total Cost Basis	Unrealized Gain/Loss	Est. Annual Income (EAI)	Est. Yield (EY)
FIDELITY GOVERNMENT CASH RESERVES (FDRXX)	173,494.210	\$1.0000	\$173,494.21	not applicable	not applicable	\$17.35	0.010%
-- 7-day yield: 0.01%							
Total Core Account (1% of account holdings)			\$173,494.21			\$17.35	

Bonds

Description	Maturity	Quantity	Price Per Unit	Total Market Value Accrued Interest (AI)	Total Cost Basis	Unrealized Gain/Loss	Est. Annual Income (EAI)	Coupon Rate
US Treasury/Agency Securities								
UNITED STATES TREAS BILLS ZERO CPN ZERO COUPON CUSIP: 912796G60	10/21/21	25,000,000.000	\$99.9920	\$24,998,000.00	\$24,997,909.72	\$90.28	-	-
Total US Treasury/Agency Securities (99% of account holdings)				\$24,998,000.00	\$24,997,909.72	\$90.28	-	
Total Bonds (99% of account holdings)				\$24,998,000.00	\$24,997,909.72	\$90.28	-	
Total Holdings				\$25,171,494.21	\$24,997,909.72	\$90.28	\$17.35	

All positions held in cash account unless indicated otherwise.

Cost Basis - the original amount paid for a security, including the amount of reinvested dividends and capital gains, plus or minus certain adjustments. See last page of statement for details. Total Cost Basis does not include the cost basis on core, money market or other positions where cost basis is unknown or not applicable.

EAI **Estimated Annual Income (EAI) & Estimated Yield (EY)**- EAI is an estimate of annual income for a specific security position over the next rolling 12 months. EAI may be negative on short & EY positions. EY is calculated by dividing the current EAI for a security position by its statement closing date market value. EAI and EY are estimates only and may include return of principal and/or capital gains, which would render them overstated. Actual income and yield might be lower or higher than the estimated amounts. **For calculation details, refer to the "Additional Information and Endnotes" section.**

-- not available





Activity

Dividends, Interest & Other Income

(Includes dividend reinvestment)

Settlement Date	Security Name	Symbol/ CUSIP	Description	Quantity	Price	Amount
08/31	FIDELITY GOVERNMENT CASH RESERVES	316067107	Dividend Received	-	-	\$1.57
Total Dividends, Interest & Other Income						\$1.57

Fees and Charges

Date	Description	Amount
08/27	Advisor Fee	-\$12,591.60
Total Fees and Charge		-\$12,591.60

Core Fund Activity

For more information about the operation of your core account, please refer to your Customer Agreement.

Settlement Date	Account Type	Transaction	Description	Quantity	Price	Amount	Balance
08/30	CASH	You Sold	FIDELITY GOVERNMENT CASH RESERVES @ 1 AS OF 08-27-21	-12,591.600	\$1.0000	-\$12,591.60	\$173,492.64
08/31	CASH	You Bought	FIDELITY GOVERNMENT CASH RESERVES @ 1	1.570	1.0000	1.57	173,494.21
Total Core Fund Activity						-\$12,590.03	

Additional Information and Endnotes

A COPY OF YOUR INVESTMENT REPORT IS AVAILABLE TO:





Additional Information and Endnotes

SAGEVIEW ADVISORY GROUP, LLC
4000 MACARTHUR BLVD
SUITE 1050
NEWPORT BEACH CA 92660

STEVE HORMUTH
PO BOX 2220
LAGUNA HILLS CA 92654-2220

- If your brokerage account is established with asset based pricing, please review the terms and conditions governing this program:
<https://clearingcustody.fidelity.com/app/literature/item/868856.html>. If you have any questions, please contact your advisor. 911663.1.0

Estimated Annual Income (EAI) & Estimated Yield (EY) - EAI for fixed income is calculated using the coupon rate. For all other securities, EAI is calculated using an indicated annual dividend (IAD). The IAD is an estimate of a security's dividend payments for the next 12 months calculated based on prior and/or declared dividends for that security. EY reflects only the income generated by an investment and not changes in its price which may fluctuate. Interest and dividend rates are subject to change at any time and may be affected by current and future economic, political and business conditions. EAI and EY are provided for informational purposes only and should not be used or relied on for making investment, trading or tax decisions. EAI and EY are based on data obtained from information providers believed to be reliable, but no assurance can be made as to accuracy, timeliness or completeness.

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If you have a question about your account or require service, please call your investment advisor/authorized agent.

Lost or Stolen Cards - For Fidelity® Debit Card, call 800-323-5353. For details refer to your Fidelity Check Card Agreement and Disclosure Statement.

Additional Investments with Fidelity - Please make all checks payable to Fidelity Brokerage Services LLC (FBS). Please include your account number on the check. Do not include trading instructions with check deposits. We mail statements at least quarterly for any account with a balance. Please review your statement and report any inaccuracies or discrepancies immediately. Questions regarding your brokerage account or the activity therein should be directed to FBS at 800-544-6666, and National Financial Services LLC ("NFS"), who carries your brokerage accounts, at 866-408-1138. Any oral communications regarding inaccuracies or discrepancies should be reconfirmed in writing to protect your rights, including those under the Securities Investor Protection Act ("SIPA"). Please contact Fidelity or your authorized agent promptly of any material changes in your investment objectives or financial situation related to your brokerage account(s). If you request a reprint of your statement, the disclosure information may not be the same as the original.

Terms and Conditions of the Statement - Other than with respect to Fidelity-advised products and services, Fidelity does not endorse or recommend any particular investment, trading activity, or investment advisor/authorized agent, or have any responsibility for and will not review, monitor or supervise suitability of trading by any investment advisor/authorized agent. Fidelity has not verified the content of any logo or artwork on this statement identifying a firm other than Fidelity. The firm represented by such a logo or artwork is not an agent of or affiliated with Fidelity.

Changes in Portfolio Value and Account Summary - Shows activity in your portfolio and in each of your accounts for the statement period. To confirm that an authorized, direct deposit was made to your Fidelity Account, call Fidelity at 1-800-544-5555.

Value by Account - Shows the value of your account(s), for the current and previous statement periods.

Income Summary - Shows income by tax status for the statement and year-to-date periods. Except for interest earned on, or distributed by, tax-exempt securities, Fidelity reports dividends and capital gains held in taxable accounts as taxable income. A portion of this **tax-exempt** income may be subject to state and local taxes and the federal alternative minimum tax. Fidelity reports earnings on investments in Traditional IRAs, Rollover IRAs, SEP-IRAs and Keoghs as tax-deferred income. Earnings on Roth-IRAs are reported as tax-exempt income, since distributions may be tax-exempt after meeting the five-year aging requirement and certain other conditions.

Cost Basis, Gain/Loss, and Holding Period Information - NFS is required to report certain cost basis and holding period information to the IRS on Form 1099-B. Unless otherwise specified, NFS applies the average cost method for open-end mutual funds and the first-in, first-out (FIFO) method for all other securities. Cost basis is adjusted for wash sales on securities with the same CUSIP held in the same account (unless your account receives mark-to-market reporting). Your statement may not reflect all adjustments required for tax purposes. Customers should consult their tax advisors for further information.

Cost - Fidelity provides purchase cost information for securities held in retirement accounts. Such information may be adjusted for certain transactions and does not reflect reinvestments of dividends or capital gains. Fidelity reports transaction profit or loss information when securities are sold within a retirement account. Transaction profit or loss is calculated by subtracting purchase cost from sales proceeds using the FIFO method if shares were purchased at different times or prices.

Contributions/Distributions - Summarizes Traditional IRA and Roth IRA contributions, and taxable and non-taxable retirement distributions for these statement and year-to-date periods.

Total Value - The reported market value of an investment at the beginning or end of a statement period.

Unrealized Gain/Loss - For long positions, ending market value minus cost basis in non-retirement accounts and ending market value minus cost in retirement accounts. For short positions, proceeds minus ending market value. Unrealized gain/loss is calculated for pending sales because they are still in holdings. Unrealized gain/loss is not calculated for pending purchases because they are not in holdings.

Holding Type Percentage - Percentages by holding type only include long positions. Holding type percentages are rounded to the nearest percent and summed. If the sum is less than 100%, the difference between 100% and the sum is added to the holding type with the largest percentage.

Account Protection - Securities in accounts carried by NFS, a Fidelity Investments company, are protected in accordance with the Securities Investor Protection Corporation (SIPC) up to \$500,000 (including cash claims limited to \$250,000). For more information, including the SIPC brochure, please see www.sipc.org or call 1-202-371-8300. NFS has arranged for additional protection for cash and covered securities to supplement its SIPC coverage. Neither coverage protects against a decline in the market value of securities. Mutual funds and/or other securities are not backed or guaranteed by any bank, nor are they insured by the FDIC and involve investment risk including possible loss of principal. Bank deposits are not securities and are not covered by SIPC. Funds used to purchase or sweep to a bank deposit are SIPC protected until deposited to a Program Bank at which time funds may be eligible for FDIC insurance.

Information About Mutual Funds and Their Performance - Before investing consider the fund's or insurance product's investment objectives, risks, charges and expenses. Contact Fidelity or visit Fidelity.com for a prospectus containing this information. Read it carefully before investing. Performance data shown represents past performance, and is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a loss or a gain when shares are sold. Current performance may be higher or lower than that quoted. Visit Fidelity.com/performance for most recent month-end performance. Each fund reserves the right to terminate or modify its exchange privilege. Foreign investment, especially those in emerging markets, may involve greater risks than U.S. investments. **Sales Loads and Fees.** In connection with (i) access to, purchase or redemption of, and/or maintenance of positions in mutual funds and other investment products such as alternative investments or private placements ("funds") or (ii) infrastructure needed to support such funds, some funds, or their investment

affiliates, pay FBS and/or NFS sales loads and 12b-1 fees described in the Offering Materials as well as additional compensation for shareholder services, start-up fees, infrastructure support and maintenance, and marketing, engagement and analytics programs. Additional information about the source(s) and amount(s) of compensation as well as other remuneration received by FBS or NFS will be furnished to you upon written request. At the time you purchase shares of funds those shares will be assigned either a load, transaction fee (TF) or no transaction fee (NTF) status. When you subsequently sell those shares, any fees applicable to your transaction will be assessed based on the status assigned to the shares at the time of purchase.

Customer Free Credit Balance - Free credit balances (FCB) are funds payable to you on demand. FCB are subject to open commitments such as uncleared checks and exclude proceeds from sales of certificated securities without delivery of the certificate. If your FCB is swept to a core position, you can liquidate the core position and have the proceeds sent to you or held in your account subject to the terms of your account agreement. Required rule 10b-10(a) information not contained herein will be provided on written request. Fidelity may use this free credit balance in connection with its business, subject to applicable law.

Assets Separate From Your Brokerage Account - Only securities in the margin portion of your brokerage account contribute to margin and maintenance requirements. Other Assets, that may be reported on your statement, maintained with Fidelity Investments Life Insurance Company and mutual fund only accounts held directly with the fund (Fidelity Mutual Fund Accounts) are not carried by NFS, not covered by the Securities Investor Protection Corporation (SIPC) and do not count toward your margin and maintenance requirements. Assets held in brokerage accounts managed by Fidelity Personal and Workplace Advisors LLC (FPWA) are carried by NFS and covered by SIPC but do not contribute to your margin and maintenance requirements.

Short Account Balances - Securities sold short are held in a segregated short account. These securities are marked-to-market for margin purposes and increase or decrease from the short sale price is transferred weekly to your margin account. Your short account balance is shown as of the last weekly mark-to-market, not statement end date.

Information About Your Option Transactions - Each transaction confirmation previously delivered to you contains full information about commissions and other charges, and such information is available promptly upon request. Assignments of American and European-style options are allocated among customer short positions pursuant to a random allocation procedure, a description is available upon request. Short positions in American-style options are liable for assignment anytime. The writer of a European-style option is subject to exercise assignment only during the exercise period. For more information about these, please call Fidelity at 800-544-6666.

Equity Dividend Reinvestment - Shares credited to your account resulted from transactions by FBS acting as agent for your account, or the Depository Trust Company (DTC).

Price Information/Total Market Value - The Total Market Value has been calculated to 9 decimal places; however, the individual unit price is displayed in 5 decimal places. The Total Market Value represents prices obtained from various sources, may be impacted by the frequency with which such prices are reported and such prices are not guaranteed. Prices received from pricing vendors are generally based on current market quotes, but when such quotes are not available pricing vendors use a variety of techniques to estimate value. These estimates, particularly for fixed income securities, may be based on certain minimum principal amounts (e.g. \$1 million) and may not reflect all factors that affect the value of the security, including liquidity risk. The prices provided are not firm bids or offers. Certain securities may reflect N/A or unavailable where the price for such security is generally not available from a pricing source. The Market Value of a security, including those priced at par value, may differ from its purchase price and may not closely reflect the value at which the security may be sold or purchased based on various market factors. The sale or redemption of any fixed income security prior to maturity may result in a loss. Prices for Certificates of Deposit (CDs) are generally estimates and are not based on actual market prices. The secondary market for CDs is generally illiquid. You should always request a current valuation for your securities prior to making a financial decision or placing an order. In executing orders on the Floor, the Floor broker may permit the Designated Market Maker to trade on parity with the order for some or all of the executions associated with filling that order, where such permission would not be inconsistent with the brokers best execution obligations.

Fidelity Investments - Fidelity Distributors Company LLC (FDC) is the distributor for Fidelity Funds with marketing and shareholder services provided by FBS or NFS. Brokerage services are provided by FBS, which clears all transactions through its affiliate NFS. NFS carries all brokerage accounts. FBS and NFS are members of the NYSE and SIPC. Upon written request, Fidelity will mail a NFS financial statement, which is also available at its office. Fidelity Investments (with pyramid logo) is a trademark of FMR LLC. Insurance products are distributed by FBS, Fidelity Insurance Agency, Inc., and Fidelity Investments Insurance Agency of Texas, Inc. **FPWA Services** - Fidelity Go®, Fidelity® Personalized Planning & Advice and Fidelity® Strategic Disciplines are advisory services offered by FPWA, a registered investment adviser. Fidelity® Strategic Disciplines includes the Breckinridge Intermediate Municipal Strategy, the Fidelity® Equity-Income Strategy, the Fidelity® U.S. Large Cap Equity Strategy, the Fidelity® Tax-Managed U.S. Equity Index Strategy, the Fidelity® International Equity Strategy, the Fidelity® Tax-Managed International Equity Index Strategy, the Fidelity® Intermediate Municipal Strategy and the Fidelity® Core Bond Strategy. Fidelity® Wealth Services are advisory services offered by FPWA or Fidelity Personal Trust Company, FSB (FPTC), a federal savings bank. Nondeposit investment products and trust services offered by FPTC and its affiliates are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, are not obligations of any bank, and are subject to risk, including possible loss of principal. **These advisory services are provided for a fee.** FBS, NFS, FDC, FPWA and FPTC are direct or indirect subsidiaries of FMR LLC.

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Third Laguna Hills Mutual
Supplemental Appropriation Schedule
Period Ending: 8/31/2021

Fund/Item	Resolution	BUDGET	EXPENDITURES I-T-D*		
		Total Appropriations	2021	Prior Years	Total
Disaster Fund					
Insurance Renewal	3-20-76	\$1,800,000	\$918,432	\$918,432	\$1,836,864
Insurance Renewal	3-21-44	1,736,403	434,101	0	434,101
Moisture Intrusion Relandscaping at 3129-B		86,915	65,506	11,800	77,306
Total		\$3,623,318	\$1,418,039	\$930,232	\$2,348,271

Fund/Item	Resolution	BUDGET	EXPENDITURES I-T-D*		
		Total Appropriations	2021	Prior Years	Total
Unappropriated Expenditures Fund					
Insurance Renewal	3-21-44	1,736,403	434,101	0	434,101
	Total	\$1,736,403	\$434,101	\$0	\$434,101

*Incurred To Date

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF AUGUST 31, 2021**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL	%	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET *	EXPENDED	\$	%
REPLACEMENT FUND - MAINTENANCE & CONSTRUCTION								
BUILDING NUMBERS	\$0	\$2,500	\$3,561	\$20,000	\$30,000	12%	\$16,439	82%
BUILDING STRUCTURES	302,595	352,337	1,066,569	2,431,620	3,599,789	30%	1,365,050	56%
ELECTRICAL SYSTEMS	0	4,957	3,780	39,656	59,495	6%	35,876	90%
EXTERIOR LIGHTING	0	6,249	11,131	49,992	75,000	15%	38,861	78%
FENCING	7,827	4,953	49,802	39,299	58,920	85%	(10,503)	(27%)
GARDEN VILLA LOBBY	17,669	12,500	91,418	87,500	112,500	81%	(3,918)	(4%)
GARDEN VILLA MAILROOM	29	37	201	290	439	46%	89	31%
GARDEN VILLA RECESSED AREA	0	5,909	0	41,091	65,000	0%	41,091	100%
GV REC ROOM WATER HEATER/HEAT PUMP	79	502	7,067	4,009	6,017	117%	(3,058)	(76%)
GUTTER REPLACEMENTS	(6,217)	6,371	(29,064)	50,804	76,206	-38%	79,868	157%
MAILBOXES	(10,441)	4,341	36,307	34,608	51,899	70%	(1,699)	(5%)
PAINT PROGRAM - EXTERIOR	214,244	126,681	1,029,164	1,004,842	1,506,039	68%	(24,322)	(2%)
PRIOR TO PAINT	126,798	90,503	640,860	712,966	1,071,350	60%	72,106	10%
PAVING	0	125,000	114,756	175,000	694,149	17%	60,244	34%
ROOF REPLACEMENTS	175,682	172,943	740,999	856,906	1,439,294	51%	115,907	14%
WALL REPLACEMENTS	0	0	0	35,000	35,000	0%	35,000	100%
WASTE LINE REMEDIATION	0	83,333	234,227	666,664	1,000,000	23%	432,437	65%
WATER LINES - COPPER PIPE REMEDIATION	104,874	100,000	181,788	500,000	500,000	36%	318,212	64%
TOTAL	\$933,139	\$1,099,116	\$4,182,566	\$6,750,247	\$10,381,097	40%	\$2,567,682	38%
REPLACEMENT FUND - GENERAL SERVICES								
PRIOR TO PAINT	\$935	\$998	\$6,456	\$7,912	\$11,856	54%	\$1,456	18%
PAVING	6,550	6,642	41,712	52,706	79,002	53%	10,996	21%
EXTERIOR WALLS	0	4,095	11,200	32,760	49,147	23%	21,560	66%
TOTAL	\$7,485	\$11,735	\$59,368	\$93,378	\$140,005	42%	\$34,011	36%
REPLACEMENT FUND - LANDSCAPE SERVICES								
LANDSCAPE MODIFICATION	\$39,818	\$40,662	\$216,674	\$325,212	\$487,823	44%	\$108,538	33%
IMPROVEMENT & RESTORATION	(9,448)	10,621	61,428	84,397	126,524	49%	22,969	27%
TREE MAINTENANCE	107,458	77,076	538,130	613,963	920,872	58%	75,833	12%
TOTAL	\$137,828	\$128,359	\$816,232	\$1,023,572	\$1,535,219	53%	\$207,340	20%
ELEVATOR REPLACEMENT FUND								
ELEVATOR REPLACEMENT	\$0	\$31,875	\$76,188	\$159,375	\$255,000	30%	\$83,187	52%
TOTAL	\$0	\$31,875	\$76,188	\$159,375	\$255,000	30%	\$83,187	52%
LAUNDRY REPLACEMENT FUND								
LAUNDRY APPLIANCES	\$4,136	\$7,759	\$40,005	\$61,963	\$92,955	43%	\$21,959	35%
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	4,692	4,920	28,071	39,268	58,888	48%	11,197	29%
TOTAL	\$8,828	\$12,679	\$68,076	\$101,231	\$151,843	45%	\$33,156	33%
GARDEN VILLA RECREATION ROOM FUND								
GARDEN VILLA RECREATION ROOMS	(\$3,895)	\$5,948	\$70,332	\$48,111	\$71,831	98%	(\$22,221)	(46%)
TOTAL	(\$3,895)	\$5,948	\$70,332	\$48,111	\$71,831	98%	(\$22,221)	(46%)

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF AUGUST 31, 2021**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
OPERATING FUND - MAINTENANCE & CONSTRUCTION								
APPLIANCE REPAIRS	\$7,092	\$7,640	\$54,804	\$60,577	\$90,825	60%	\$5,773	10%
CARPENTRY SERVICE	76,762	38,349	283,789	304,144	455,942	62%	20,355	7%
ELECTRICAL SERVICE	10,182	11,396	81,553	90,255	135,290	60%	8,702	10%
FIRE PROTECTION	3,166	9,496	31,663	75,935	133,931	24%	44,271	58%
MISC REPAIRS BY OUTSIDE SERVICE	437	4,888	14,389	39,104	58,664	25%	24,715	63%
PEST CONTROL	27,501	97,171	141,262	316,078	645,800	22%	174,816	55%
PLUMBING SERVICE	67,951	56,847	455,134	451,237	676,492	67%	(3,897)	(1%)
SOLAR MAINTENANCE	6,216	2,083	20,695	16,664	25,000	83%	(4,031)	(24%)
TOTAL	\$199,306	\$227,870	\$1,083,289	\$1,353,994	\$2,221,944	49%	\$270,705	20%
OPERATING FUND - GENERAL SERVICES								
CONCRETE REPAIR/REPLACEMENT	\$29,155	\$31,915	\$279,959	\$253,441	\$379,831	74%	(\$26,519)	(10%)
JANITORIAL SERVICE	80,913	80,940	640,342	643,130	962,945	66%	2,788	0%
GUTTER CLEANING	3,216	15,012	22,682	119,862	179,758	13%	97,180	81%
TRAFFIC CONTROL	1,745	1,849	12,419	14,662	21,974	57%	2,243	15%
WELDING	9,107	9,676	79,949	76,759	115,027	70%	(3,190)	(4%)
TOTAL	\$124,137	\$139,391	\$1,035,352	\$1,107,854	\$1,659,535	62%	\$72,502	7%
OPERATING FUND - LANDSCAPE SERVICES								
LANDSCAPE ADMINISTRATION	\$26,652	\$28,016	\$206,027	\$221,759	\$332,008	62%	\$15,731	7%
NURSERY & COMPOSTING	20,061	24,233	196,169	193,361	290,340	68%	(2,808)	(1%)
GROUPS MAINTENANCE	282,352	265,979	1,981,116	2,117,665	3,173,855	62%	136,550	6%
IRRIGATION	89,018	88,461	658,004	702,226	1,053,027	62%	44,222	6%
SMALL EQUIPMENT REPAIR	16,607	18,980	134,563	150,933	226,338	59%	16,370	11%
PEST CONTROL	33,080	26,525	254,603	210,687	316,113	81%	(43,916)	(21%)
TOTAL	\$467,771	\$452,193	\$3,430,483	\$3,596,632	\$5,391,681	64%	\$166,149	5%
DISASTER FUND - MAINTENANCE & CONSTRUCTION								
MOISTURE INTRUSION - RAIN LEAKS	\$21,341	\$19,792	\$63,194	\$158,336	\$237,513	27%	\$95,142	60%
MOISTURE INTRUSION - PLUMBING LEAKS	75,610	33,333	152,674	266,664	400,000	38%	113,990	43%
MOISTURE INTRUSION - PLUMBING STOPPAGES	11,938	4,166	29,748	33,328	50,000	59%	3,580	11%
MOISTURE INTRUSION - MISCELLANEOUS	0	3,879	(29,305)	31,032	46,548	-63%	60,337	194%
DAMAGE RESTORATION SERVICES	(28,608)	18,420	83,551	146,933	220,370	38%	63,382	43%
TOTAL	\$80,281	\$79,590	\$299,862	\$636,293	\$954,431	31%	\$336,431	53%
DISASTER FUND - FINANCIAL SERVICES								
INSURANCE PREMIUMS	\$144,700	\$177,586	\$1,352,533	\$1,420,686	\$2,131,029	63%	\$68,153	5%
TOTAL	\$144,700	\$177,586	\$1,352,533	\$1,420,686	\$2,131,029	63%	\$68,153	5%
DISASTER FUND - LANDSCAPE SERVICES								
RISK FIRE MANAGEMENT	\$27,648	\$15,000	\$75,367	\$120,000	\$180,000	42%	\$44,633	37%
SUPPLEMENTAL APPROPRIATIONS	0	0	65,506	65,506	65,506	100%	0	0%
TOTAL	\$27,648	\$15,000	\$140,874	\$185,506	\$245,506	57%	\$44,633	24%

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF AUGUST 31, 2021**

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

BUILDING NUMBERS	\$3,561	\$0	\$0	\$3,561
BUILDING STRUCTURES	1,066,569	198,079	55,864	812,626
ELECTRICAL SYSTEMS	3,780	0	0	3,780
EXTERIOR LIGHTING	11,131	0	0	11,131
FENCING	49,802	31,092	18,710	0
GARDEN VILLA LOBBY	91,418	0	0	91,418
GARDEN VILLA MAILROOM	201	201	0	0
GARDEN VILLA RECESSED AREA	0	0	0	0
GV REC ROOM WATER HEATER/HEAT PUMP	7,067	1,968	4,211	888
GUTTER REPLACEMENTS	(29,064)	15,546	3,391	(48,000)
MAILBOXES	36,307	1,769	34,539	0
PAINT PROGRAM - EXTERIOR	1,029,164	886,838	142,326	0
PRIOR TO PAINT	640,860	581,770	59,090	0
PAVING	114,756	0	0	114,756
ROOF REPLACEMENTS	740,999	0	0	740,999
WALL REPLACEMENTS	0	0	0	0
WASTE LINE REMEDIATION	234,227	0	0	234,227
WATER LINES - COPPER PIPE REMEDIATION	181,788	0	0	181,788
TOTAL	\$4,182,566	\$1,717,263	\$318,130	\$2,147,173

RESERVE FUND - GENERAL SERVICES

PRIOR TO PAINT	\$6,456	\$6,456	\$0	\$0
PAVING	41,712	41,096	616	0
EXTERIOR WALLS	11,200	0	0	11,200
TOTAL	\$59,368	\$47,552	\$616	\$11,200

RESERVE FUND - LANDSCAPE

LANDSCAPE MODIFICATION	\$216,674	\$8,941	\$0	\$207,732
IMPROVEMENT & RESTORATION	61,428	61,428	0	0
TREE MAINTENANCE	538,130	272,349	0	265,781
TOTAL	\$816,232	\$342,718	\$0	\$473,513

RESERVE FUND - ELEVATOR

ELEVATOR REPLACEMENT	\$76,188	\$0	\$0	\$76,188
TOTAL	\$76,188	\$0	\$0	\$76,188

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF AUGUST 31, 2021**

DESCRIPTION	YTD TOTAL EXPENDITURES	LABOR	MATERIALS	OUTSIDE SERVICES
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RESERVE FUND - LAUNDRY

LAUNDRY APPLIANCES	\$40,005	\$10,037	\$29,968	\$0
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	28,071	7,190	3,401	17,480
TOTAL	\$68,076	\$17,227	\$33,369	\$17,480

GARDEN VILLA REC ROOM FUND - MAINTENANCE & CONSTRUCTION

GARDEN VILLA RECREATION ROOMS	\$70,332	\$11,326	\$8,247	\$50,759
TOTAL	\$70,332	\$11,326	\$8,247	\$50,759

OPERATING FUND - MAINTENANCE & CONSTRUCTION

APPLIANCE REPAIRS	\$54,804	\$43,400	\$11,404	\$0
CARPENTRY SERVICE	283,789	261,960	21,830	0
ELECTRICAL SERVICE	81,553	75,192	6,361	0
FIRE PROTECTION	31,663	2,323	295	29,046
MISC REPAIRS BY OUTSIDE SERVICE	14,389	0	0	14,389
PEST CONTROL	141,262	0	0	141,262
PLUMBING SERVICE	455,134	372,856	27,177	55,101
SOLAR MAINTENANCE	20,695	0	0	20,695
TOTAL	\$1,083,289	\$755,731	\$67,065	\$260,493

OPERATING FUND - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	\$279,959	\$263,472	\$16,487	\$0
JANITORIAL SERVICE	640,342	621,761	18,581	0
GUTTER CLEANING	22,682	22,682	0	0
TRAFFIC CONTROL	12,419	12,419	0	0
WELDING	79,949	71,801	863	7,285
TOTAL	\$1,035,352	\$992,136	\$35,931	\$7,285

OPERATING EXPENDITURES - LANDSCAPE SERVICES

LANDSCAPE ADMINISTRATION	\$206,027	\$206,027	\$0	\$0
NURSERY & COMPOSTING	196,169	196,169	0	0
GROUPS MAINTENANCE	1,981,116	1,817,887	4,882	158,346
IRRIGATION	658,004	577,987	80,017	0
SMALL EQUIPMENT REPAIR	134,563	134,563	0	0
PEST CONTROL	254,603	254,603	0	0
TOTAL	\$3,430,483	\$3,187,237	\$84,900	\$158,346

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF AUGUST 31, 2021**

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

MOISTURE INTRUSION - RAIN LEAKS	\$63,194	\$0	\$0	\$63,194
MOISTURE INTRUSION - PLUMBING LEAKS	152,674	0	0	152,674
MOISTURE INTRUSION - PLUMBING STOPPAGES	29,748	0	0	29,748
MOISTURE INTRUSION - MISCELLANEOUS	(29,305)	0	0	(29,305)
DAMAGE RESTORATION SERVICES	83,551	20,398	4,039	59,114
TOTAL	\$299,862	\$20,398	\$4,039	\$275,425

DISASTER FUND - FINANCIAL SERVICES

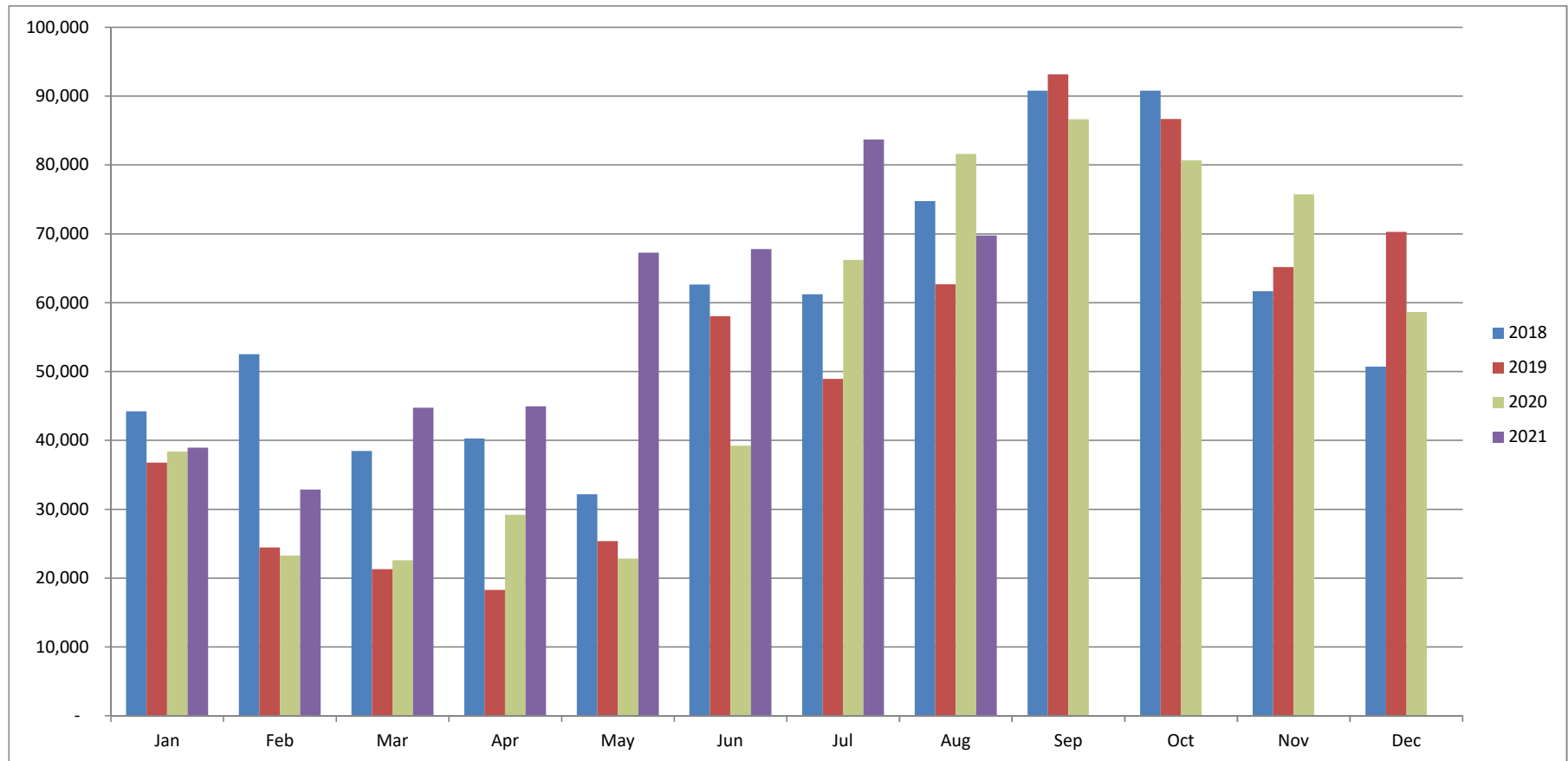
INSURANCE PREMIUMS	\$1,352,533	\$0	\$0	\$1,352,533
TOTAL	\$1,352,533	\$0	\$0	\$1,352,533

DISASTER FUND - LANDSCAPE SERVICES

RISK FIRE MANAGEMENT	\$75,367	\$0	\$0	\$75,367
SUPPLEMENTAL APPROPRIATIONS	\$65,506	\$0	\$0	\$65,506
TOTAL	\$140,874	\$0	\$0	\$140,874

Third Mutual Water Usage in 100 cubic feet units

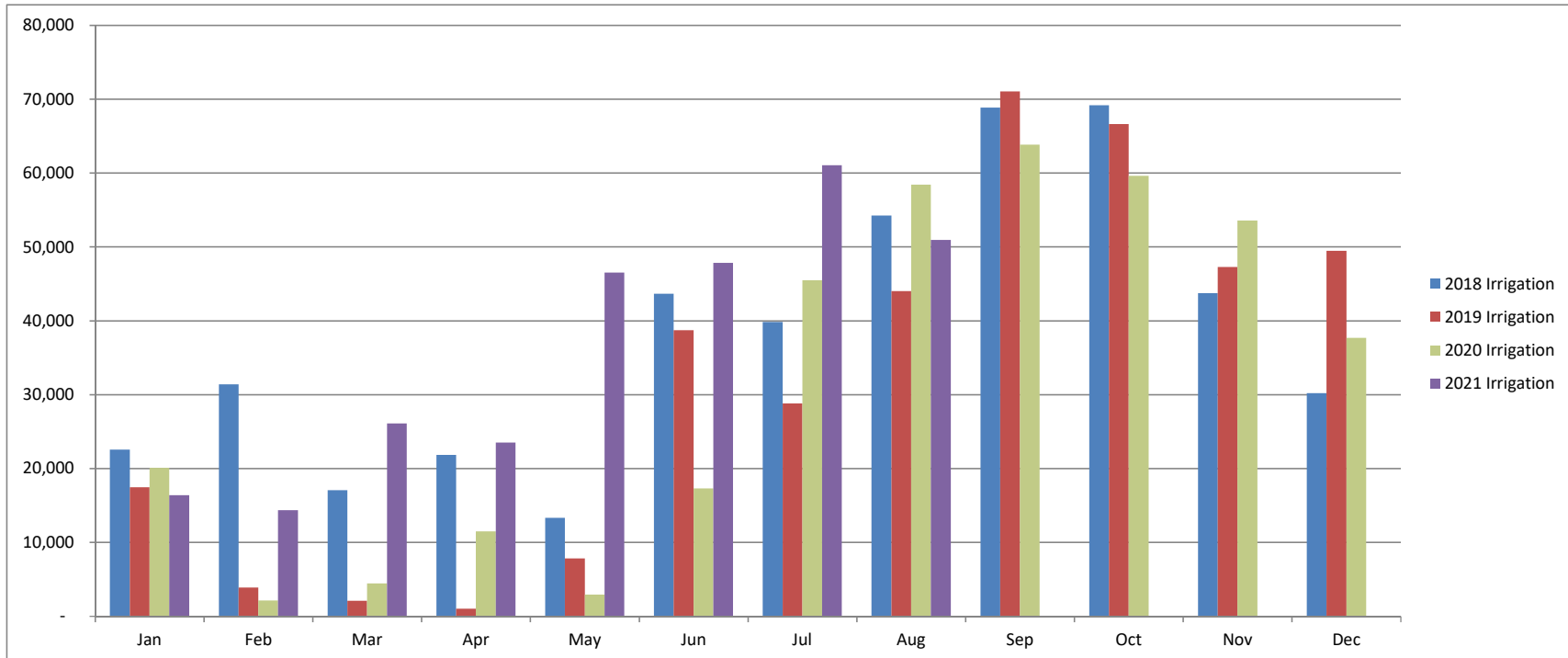
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2018	44,191	52,495	38,446	40,263	32,183	62,631	61,214	74,756	90,767	90,776	61,661	50,693	406,179	700,076
2019	36,777	24,432	21,298	18,269	25,378	58,015	48,914	62,672	93,135	86,655	65,159	70,254	295,755	610,958
2020	38,350	23,285	22,570	29,169	22,804	39,197	66,203	81,581	86,612	80,664	75,700	58,608	323,159	624,743
2021	38,929	32,844	44,745	44,946	67,232	67,759	83,660	69,752	-	-	-	-	449,867	449,867



Third Mutual

Irrigation Water Usage in 100 cubic feet units

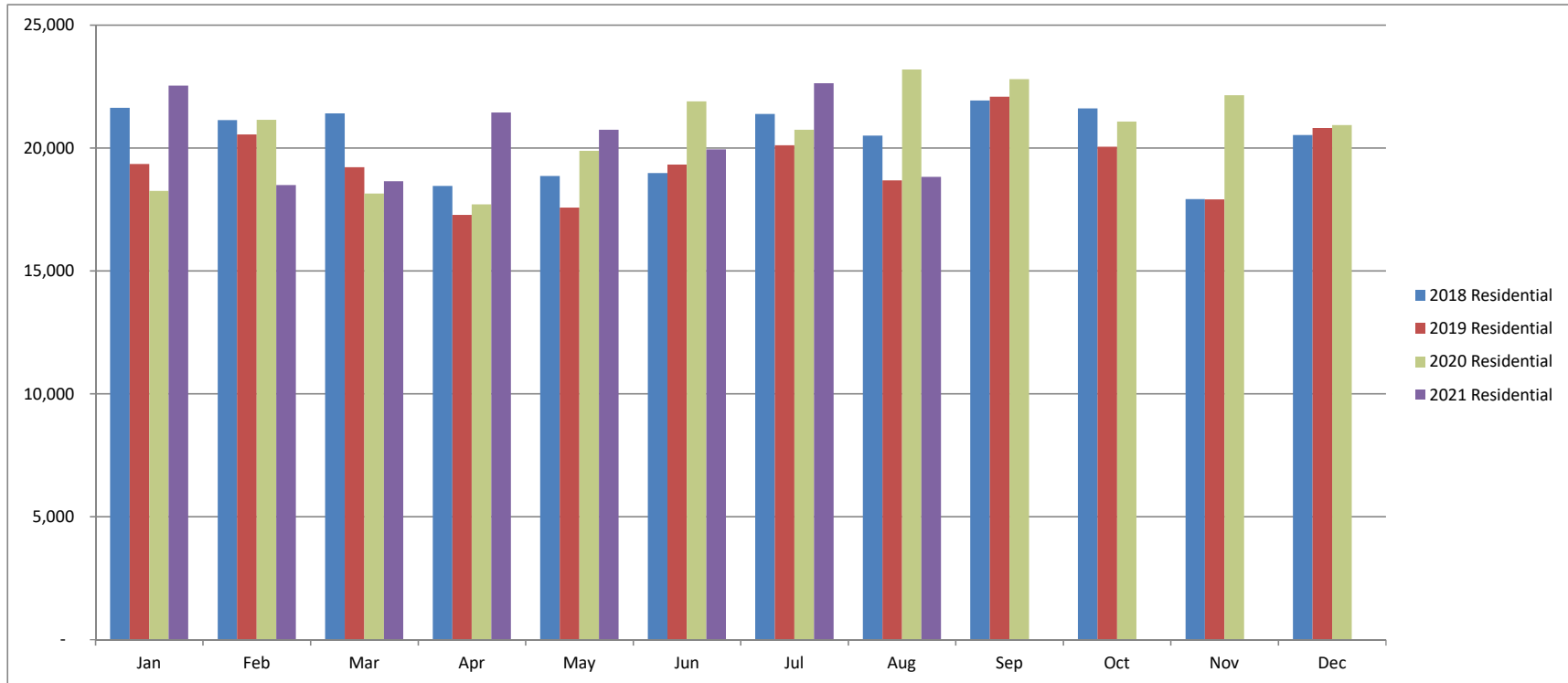
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2018 Irrigation	22,567	31,368	17,039	21,814	13,332	43,653	39,833	54,254	68,843	69,176	43,741	30,171	243,860	455,791
2019 Irrigation	17,434	3,892	2,081	1,000	7,803	38,696	28,811	43,994	71,052	66,612	47,254	49,451	143,711	378,080
2020 Irrigation	20,096	2,146	4,430	11,464	2,923	17,310	45,463	58,399	63,816	59,592	53,554	37,681	162,231	376,874
2021 Irrigation	16,390	14,356	26,104	23,513	46,497	47,822	61,029	50,929	-	-	-	-	286,640	286,640



Third Mutual

Residential Water Usage in 100 cubic feet units

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2018 Residential	21,624	21,127	21,407	18,449	18,851	18,978	21,381	20,502	21,924	21,600	17,920	20,522	162,319	244,285
2019 Residential	19,343	20,540	19,217	17,269	17,575	19,319	20,103	18,678	22,083	20,043	17,905	20,803	152,044	232,878
2020 Residential	18,254	21,139	18,140	17,705	19,881	21,887	20,740	23,182	22,796	21,072	22,146	20,927	160,928	247,869
2021 Residential	22,539	18,488	18,641	21,433	20,735	19,937	22,631	18,823	-	-	-	-	163,227	163,227





YEAR 20212022 COLLECTION AND LIEN ENFORCEMENT POLICY AND PROCEDURES FOR ASSESSMENT DELINQUENCIES

PURPOSE STATEMENT

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

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

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

~~WE SINCERELY TRUST THAT ALL MEMBERS, IN THE SPIRIT OF COOPERATION AND RECOGNIZING THEIR LEGAL OBLIGATIONS, WILL FAILURE TO MAKE~~ TIMELY PAYMENTS ~~AND AVOID~~ CAN RESULT IN THE IMPOSITION OF LATE CHARGES, INTEREST, COSTS OF COLLECTION, POSSIBLE RESULTANT LEGAL ACTION, ~~AND THE LEGAL OBLIGATION~~ AGREE MEMBERS CAN BE REQUIRED TO REIMBURSE THE MUTUAL FOR ~~THE COSTS OF~~ SUCH LEGAL COSTS, REGARDLESS OF WHETHER FORMAL LEGAL ACTION IS TAKEN. IT IS IN ~~THE BEST INTEREST OF YOU YOUR~~ AND EVERY OTHER ~~MEMBER OF THE MUTUAL 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 ~~made prepared~~ monthly by the Mutual’s managing agent to the Mutual’s Board of Directors ~~of the Mutual~~ (“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 ~~Mutual's~~ 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 ~~California~~ 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, ~~finer~~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

~~If the current~~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 ~~if a, for special assessment 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 Reminder Notice is~~. A reminder notice may be sent to the Member. It is each Member's responsibility to pay assessments in full each month regardless of whether a reminder notice is received.

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

IN ADDITION TO THE FOREGOING, CHARGEABLE SERVICES ARE LATE IF NOT PAID WITHIN 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 ~~the~~ files for delivery to the Mutual's legal counsel and/or collection agent in order to carry out authorized legal and/or collection actions ~~authorized hereunder~~, as well as direct costs incurred in recording and/or mailing documents attendant to ~~this~~~~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 ~~THE DELINQUENCY DATE. THEY BECOME DELINQUENT.~~ Any notices or invoices for assessments (Are these "regular" monthly assessments and/or "special" assessments???) will be sent to Members by first-class and/or certified mail addressed to the Member at his ~~or~~ /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 ~~Sixty~~Seventy-Five Dollars (\$~~60~~75.00) and will be imposed on any assessment payment that is more than fifteen (15) days in arrears. ~~Further, both state law~~Civil Code section 5650 and the Mutual's Governing Documents provide for interest on ~~the all sums imposed in accordance with Section 5650, including on~~ delinquent assessment, reasonable fees and ~~the late charge costs of collection, and accordingly interest~~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%) ~~as allowed by Civil Code section 5650. %).~~ Such interest may be imposed and collected ~~per the foregoing sentence~~ regardless of whether the Member's delinquent account is referred to the Mutual's legal counsel and/or collection agent for ~~further~~ handling. Non-assessment fines, fees, and chargeable services are also subject to a late fee and interest, in an amount determined by Board resolution.

5. Demand Letter (aka Pre-Lien 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 ~~the Reminder Notice,~~ a Demand Letter (also known 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 Pre-Lien Notice demand letter pursuant to ~~California Civil Code sections~~section 5660), (a "Pre-Lien Notice"), as detailed ~~further~~ below, will be sent to the Member by Certified Mail. The Mutual, through its managing agent, ~~will~~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 ~~the Demand Letter/Pre-Lien Notice~~ 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") ~~which is governed by the Mutual,~~), on the thirtieth (30th) day after receipt of ~~the Demand Letter/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 ~~GRF~~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 ~~vote on matters as to which the Member would otherwise be entitled to vote (based on applicable law and/or the Mutual's governing documents), or to use facilities or receive services provided by the Mutual, or both, until the delinquency is paid in full, including interest, late charges, and/or the Administrative Costs of Collection Fee, as may have been imposed or incurred in a particular instance. Failure to pay the assessments, interest, late charges, and/or the Administrative Collection Fee in full such amounts~~ may also result in suspension of certain Membership rights and the ability to use the facilities or services provided by ~~the Golden Rain Foundation of Laguna Woods~~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 ~~proceeding~~; and (b) in the discretion of the court, an additional amount equal to the amount owed for the period from the date the complaint is filed until satisfaction of the judgment, which total amount may include accruing unpaid assessments, fines, fees, or chargeable services, and any reasonable late charges, fees and Costs of Collection (~~which costs shall, as stated above, include, without limitation, the Administrative Collection Fee~~), attorney's fees 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 county~~Orange County~~ recorder ~~of the county in which the Manor is located.~~

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 ~~subdivision (b) of Section 5650 of the California~~ Civil Code; section 5650(b); a legal description of the owner's Manor ~~against which the assessment and other sums are levied~~; and the name of the record owner of the Manor ~~against which the lien is imposed~~.

~~The~~ An itemized statement of the ~~charges~~ debt owed by the owner, as described in ~~subdivision (b) of Section 5660 of the California~~ 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 ~~Sections Civil Code sections 5700 to 5710 of the California Civil Code~~, inclusive, the notice of delinquent assessment shall state the name and address of the trustee authorized by the ~~association~~ 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 ~~association~~ Mutual for that purpose, or if no one is designated, by the president of the ~~association~~ 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 ~~association's~~ Mutual's records, and ~~the notice~~ shall be mailed no later than ten (10) calendar days after recordation.

~~The Mutual is prohibited from recording a lien or initiating a foreclosure action without participating in dispute resolution or ADR procedures if so requested by the Member.~~ If it is determined that 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, ~~costs and~~ Costs of ~~collection, costs imposed for the notice prescribed in Section 5660 of the California Civil Code, and costs of recordation and release of the lien authorized under subdivision (b) of Section 5720~~ 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 ~~the expiration of~~ thirty (30) days following the recording of a delinquent assessment ~~lien created pursuant to California Civil Code Section 5675~~, the lien may be enforced in any manner permitted by law. Once the amount of delinquent assessments (not including any late charges, fees, ~~attorney's fees~~, interest, or Costs of Collection), exceeds One Thousand Eight Hundred Dollars (\$1,800), ~~or~~ OR any unpaid assessments are more than twelve (12) months delinquent, then, subject to the conditions specified ~~conditions 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 ~~must~~ 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~~ 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, ~~a proceeding may be commenced to foreclose~~ 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-~~or~~-her/their/its Manor.

10. Board Decision to Initiate Foreclosure

The decision to initiate foreclosure of a ~~lien for delinquent assessments that has been~~ 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-~~or Members~~. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale or judicial foreclosure.

~~The Board must~~ 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, ~~if the Board votes to foreclose.~~ For a non-occupying owner, the Board ~~must~~ 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 ~~California~~ Civil Code section 5715.

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

Moreover, pursuant to ~~the Davis-Stirling Common Interest Development Act~~ 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 to the Delinquent Member

Before a lien ~~can~~may be recorded ~~in the chain of title to the~~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 ~~dispute resolution~~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 ~~California~~ 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 ~~DISPUTE RESOLUTION~~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 ~~California~~ 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 ~~Dispute Resolution~~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 ~~dispute resolution~~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-~~or~~/her/~~their~~/~~its~~ right to participate in ~~alternative dispute resolution~~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-~~of Directors~~ to discuss a payment plan for the delinquent assessment, as long as the request for a meeting is made within fifteen (15) days following the postmark on the Mutual's Pre-Lien Notice to the Member. That meeting must take place within forty-five (45) days (calculated from the postmark on the Member's request) and must be conducted in executive session. When a Member has made a timely request for a meeting to discuss a payment plan, the Mutual must provide the requesting Member with the Mutual's standards for payment plans, if any standards have been adopted. There is no statutory authorization for the Board to delegate this meeting obligation to a property manager, but the Board may designate a committee of one or more directors to meet with the Member ~~if there is no regularly scheduled Board~~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

~~Additionally, in~~In accordance with state law, unless otherwise waived in writing by the Member, payments received on delinquent assessments shall be applied to the Member's account in the following order of priority: ~~first, to the principal assessments owed;~~ then ~~to accrued interest fees~~ and ~~late charges;~~ ~~then to costs of collection, attorney's fees;~~ ~~then to title company and foreclosure service company charges~~ ~~and other Costs of Collection-;~~ 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 ~~onsite manor~~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 (\$25.00) fee for the first check tendered to the Mutual that is returned unpaid by the Member's bank, and thereafter, the Mutual may charge a thirty-five dollar (\$35.00) fee for any subsequent check that is returned based on insufficient funds. If a Member's check cannot be negotiated for any reason, then the Mutual may also seek to recover damages of the greater of (a) one hundred dollars (\$100.00); or (b) three (3) times the amount of the check up to fifteen hundred dollars (\$1,500.00) in accordance with ~~California~~Civil Code section 1719.

20. Charges and Fees Subject to Change

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

21. Overnight Payments

The mailing address for overnight payment of assessments is:

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

22. Rights Reserved by Mutual

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

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

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

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

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

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

PAYMENTS

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

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

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

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

MEETINGS AND PAYMENT PLANS

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

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

ATTACHMENT "B"

The following Disclosure is made pursuant to 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.”



2022 COLLECTION AND LIEN ENFORCEMENT POLICY AND PROCEDURES FOR ASSESSMENT DELINQUENCIES

PURPOSE STATEMENT

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

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

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

FAILURE TO MAKE TIMELY PAYMENTS CAN RESULT IN THE IMPOSITION OF LATE CHARGES, INTEREST, COSTS OF COLLECTION, POSSIBLE RESULTANT LEGAL ACTION AND AGREE MEMBERS 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 reminder notice may be sent 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 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 (Are these "regular" monthly 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 (\$75.00) 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, unless otherwise waived in writing by the Member, 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 (\$25.00) fee for the first check tendered to the Mutual that is returned unpaid by the Member's bank, and thereafter, the Mutual may charge a thirty-five dollar (\$35.00) fee for any subsequent check that is returned based on insufficient funds. If a Member's check cannot be negotiated for any reason, then the Mutual may also seek to recover damages of the greater of (a) one hundred dollars (\$100.00); or (b) three (3) times the amount of the check up to fifteen hundred dollars (\$1,500.00) in accordance with 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 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

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

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

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

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

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

PAYMENTS

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

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

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

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

MEETINGS AND PAYMENT PLANS

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

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

ATTACHMENT "B"

The following Disclosure is made pursuant to 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.”