



REGULAR MEETING OF THE FINANCE COMMITTEE

**Tuesday, January 31, 2023 – 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 the Meeting Report for December 27, 2022
5. Chair Remarks
6. Member Comments (Items Not on the Agenda)

*At this time Members only may address the Board of Directors regarding items not on the agenda and within the jurisdiction of this Board of Directors. The Board reserves the right to limit the total amount of time allotted for the Open Forum. Members can join the Zoom Meeting by clicking on the link <https://us06web.zoom.us/j/85040223813> or call the one tap number using your mobile phone **+16699006833,,85040223813#** or email meeting@vmsinc.org to request to speak.*

7. Department Head Update

Reports

8. Preliminary Financial Statements dated December 31, 2022
 - a) Items for Correction
 - b) Compensation and Outside Services
 - c) United Leasing Report
 - d) HR Staffing Report

Items for Discussion and Consideration

9. Website Updates: 2021 Operating Surplus/(Deficit) Analysis
10. Discuss Private Loan Research Ad Hoc Committee
11. Endorsements from Standing Committees
 - a) M&C Committee – Approve a Supplemental Appropriation for Shepherd's Crook Installation
 - b) Landscape Committee – Approve a Supplemental for United Turf Reduction Projects
 - c) Governing Docs. Review Committee – Loans in United Laguna Woods Mutual

Future Agenda Items

Azar Asgari, Chair
Steve Hormuth, Staff Officer
Telephone: 949-597-4201

United Laguna Woods Mutual
Finance Committee
Regular Open Session
January 31, 2023
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Concluding Business:

12. Committee Member Comments
13. Date of Next Meeting – Tuesday, February 28, 2023 at 1:30 p.m.
14. Recess to Closed Session



FINANCE COMMITTEE MEETING REPORT OF THE REGULAR OPEN SESSION

Tuesday, December 27, 2022 – 1:30 p.m.
Hybrid Meeting

DIRECTORS PRESENT: Azar Asgari – Chair, Lenny Ross (Substitute for Thomas Tuning)
DIRECTORS ABSENT: Mary Simon, Thomas Tuning (excused)
ADVISORS PRESENT: Mike Daillak
STAFF PRESENT: Steve Hormuth, Jose Campos, Erika Hernandez
OTHERS PRESENT: United – Diane Casey, Maggie Blackwell
GRF – Juanita Skillman

Call to Order

Director Azar Asgari, Treasurer, chaired the meeting and called it to order at 1:35 p.m.

Acknowledgment of Media

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

Approval of Agenda

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

Approval of the Regular Meeting Report of November 29, 2022

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

Chair Remarks

Director Asgari thanked members and committee members for their participation in 2022 and briefly mentioned the investment changes that took place in November 2022.

Member Comments (Items Not on the Agenda)

None.

Department Head Update

Steve Hormuth, Director of Financial Services, summarized the United 2023 monthly assessment and changes and shared that the Annual Budget report and Policy Statements have been mailed to members.

Report of United Finance Committee Regular Open Meeting

December 27, 2022

Page 2 of 2

Review Preliminary Financial Statements dated November 30, 2022

The committee reviewed financial statements for November 30, 2022 and questions were addressed and noted by staff.

Compensation and Outside Services

The committee reviewed the report. No actions were taken or requested.

Investment Policy

Steve Hormuth briefly shared that he is working with Pacific Financial Planners to rewrite the United Investment Policy.

United Demographics Availability

Steve Hormuth verbally provided the committee the information available on the United Mutual demographics. A report with the number of residents will be provided to the committee at the end of the day.

Endorsements from Standing Committees

None.

Future Agenda Items

Appliance by Category Update
Savings Compared to Prior Year

Committee Member Comments

None.

Date of Next Meeting

Tuesday, January 31, 2023 at 1:30 p.m.

Recess to Closed Session

The meeting recessed to closed session at 2:30 p.m.

Azar Asgari

Azar Asgari (Jan 25, 2023 21:58 PST)

Azar Asgari, Chair

MEMORANDUM

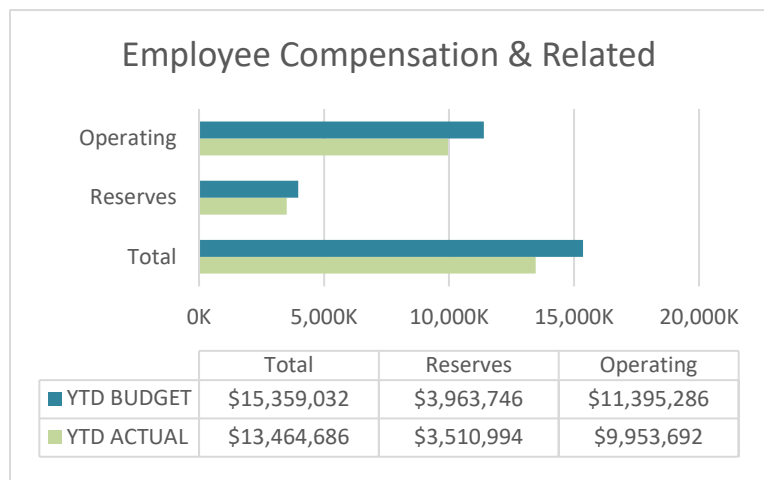
To: United Finance Committee
 From: Steve Hormuth, Director of Financial Services
 Date: January 31, 2023
 Re: Department Head Update

Financial Highlights

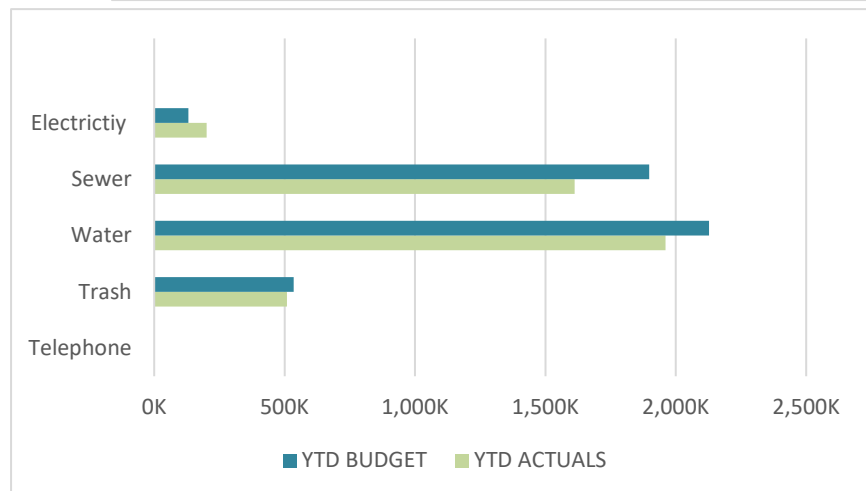
- **SUMMARY:** For the year-to-date period ending December 31, 2022, United Laguna Woods Mutual was better than budget by \$987K primarily resulting from open positions; affecting the area of compensation \$1,894K. The variance was partially offset by a loss on the sale of discretionary investments of (\$1,476K).

	INCOME STATEMENT		
	Actual	Budget	Variance
Assessment Revenues	\$45,885,374	\$45,696,179	\$189,195
Other Revenues	1,983,333	1,832,526	150,807
Expenses	49,123,453	51,160,052	2,036,599
Other Changes	(1,389,289)	0	(1,389,289)
Revenue / (Expense)	(\$2,644,035)	(\$3,631,347)	\$987,312

- **COMPENSATION:** Actual compensation and related costs came in at \$13.4 million, with \$9.9 million in operations and \$3.5 million in reserves. Combined, this category is 12% favorable to budget. The most significant impacts were in Maintenance and Landscape due to open positions.



- **UTILITIES:** In total, this category was favorable to budget by \$409K primarily from savings resulting from lower residential sewer rates that went into effect in July, 2022. Moreover, water conservation efforts in irrigation within the mutual began in August. The variance was partially offset by an overage in electricity stemming from higher rates and usage than anticipated.



Discussions

2023 Annual Budget Report and Annual Policy Statement: During November 2022, staff mailed out the 2023 Business Plan to owners. The United portion of the basic assessment increased \$26.53 compared to compared to current year primarily due to increased reserve fund contributions. Including the assessment for Golden Rain Foundation, total basic assessment (excluding property taxes and insurance) increased by \$30.34 or 4.94% when compared to 2022. The 2023 Annual Assessment packet is available on the lagunawoodsvillage.com website. Additionally, coupon books were mailed out in early December to those not currently enrolled in EZ pay.

Calendar

- January 31, 2023 @ 1:30 p.m. United Finance Committee (December Financials)
- February 14, 2023 @ 9:30 a.m. United Board Meeting
- February 23, 2023 @ 2:00 p.m. United Agenda Prep Meeting
- February 28, 2023 @ 1:30 p.m. United Finance Committee (January Financials)
- March 14, 2023 @ 9:30 a.m. United Board Meeting
- March 23, 2023 @ 2:00 p.m. United Agenda Prep Meeting
- March 28, 2023 @ 1:30 p.m. United Finance Committee (February Financials)

January 2023							February 2023							March 2023						
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	5	6	7				1	2	3	4				1	2	3	4
8	9	10	11	12	13	14	5	6	7	8	9	10	11	5	6	7	8	9	10	11
15	16	17	18	19	20	21	12	13	14	15	16	17	18	12	13	14	15	16	17	18
22	23	24	25	26	27	28	19	20	21	22	23	24	25	19	20	21	22	23	24	25
29	30	31					26	27	28					26	27	28	29	30	31	

United Laguna Woods Mutual
Statement of Revenues & Expenses - Preliminary
12/31/2022
(\$ IN THOUSANDS)

	CURRENT MONTH			YEAR TO DATE			PRIOR YEAR	TOTAL
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
Revenues:								
Assessments:								
1 Operating	\$2,926	\$2,910	\$16	\$35,109	\$34,920	\$190	\$33,780	\$34,920
2 Additions to restricted funds	898	898		10,776	10,776		11,535	10,776
3 Total assessments	3,824	3,808	16	45,885	45,696	189	45,314	45,696
Non-assessment revenues:								
4 Merchandise sales				5	3	2	23	3
5 Fees and charges for services to residents	79	66	13	753	789	(35)	614	789
6 Laundry	18	23	(4)	234	270	(36)	244	270
7 Investment income	40	12	28	355	148	207	157	148
8 Miscellaneous	42	52	(10)	636	623	13	617	623
9 Total non-assessment revenue	180	153	27	1,983	1,833	151	1,656	1,833
10 Total revenue	4,004	3,961	43	47,869	47,529	340	46,970	47,529
Expenses:								
11 Employee compensation and related	1,175	1,294	120	13,465	15,359	1,894	13,775	15,359
12 Materials and supplies	248	255	7	2,480	3,009	528	2,316	3,009
13 Utilities and telephone	95	358	264	4,283	4,692	409	4,580	4,692
14 Legal fees	33	33		184	247	62	171	247
15 Professional fees	10	8	(2)	127	96	(31)	56	96
16 Equipment rental	2	4	2	28	43	14	42	43
17 Outside services	1,834	735	(1,099)	9,527	9,199	(328)	8,232	9,199
18 Repairs and maintenance	3	4		34	44	10	38	44
19 Other Operating Expense	14	15	1	135	201	66	140	201
20 Income taxes	5		(5)	5		(5)	8	
21 Property and sales tax	1,663	1,033	(629)	13,165	12,401	(763)	12,324	12,401
22 Insurance	372	346	(27)	4,020	4,148	128	4,067	4,148
23 Investment expense		1	1	10	10		11	10
24 Uncollectible Accounts	7	1	(6)	35	15	(20)	(17)	15
25 Depreciation and amortization	(26)	16	42	153	196	42	196	196
26 Net allocation to mutuals	145	126	(19)	1,473	1,500	27	1,398	1,500
27 Total expenses	5,581	4,229	(1,351)	49,124	51,160	2,036	47,335	51,160
28 Excess of revenues over expenses	<u>(\$1,577)</u>	<u>(\$268)</u>	<u>(\$1,309)</u>	<u>(\$1,255)</u>	<u>(\$3,631)</u>	<u>\$2,376</u>	<u>(\$365)</u>	<u>(\$3,631)</u>
Other Changes								
29 Unrealized gain/(loss) on AFS investments				87		87	(427)	
30 Miscellaneous							1,533	
31 (Gain)/loss on sale or trade	97		(97)	1,476		(1,476)	36	
32 Total other changes	(97)		(97)	(1,389)		(1,389)	1,070	
33 Excess of revenues over expenses	<u>(\$1,674)</u>	<u>(\$268)</u>	<u>(\$1,406)</u>	<u>(\$2,645)</u>	<u>(\$3,631)</u>	<u>\$987</u>	<u>\$705</u>	<u>(\$3,631)</u>

United Laguna Woods Mutual
Statement of Revenues & Expenses - By Fund Type - Preliminary
12/31/2022
(\$ IN THOUSANDS)

	OPERATING YEAR TO DATE			RESERVE: YEAR TO DATE			RESTRICTED: YEAR TO DATE			COMBINED: YEAR TO DATE		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
Revenues:												
Assessments:												
1 Operating	\$22,519	\$22,519	\$1				\$12,590	\$12,401	\$189	\$35,109	\$34,920	\$190
2 Additions to restricted funds				10,776	10,776					10,776	10,776	
3 Total assessments	22,519	22,519	1	10,776	10,776		12,590	12,401	189	45,885	45,696	189
Non-assessment revenues:												
4 Merchandise sales	4	3	1							5	3	2
5 Fees and charges for services to residents	753	789	(36)	1		1				753	789	(35)
6 Laundry	234	270	(36)							234	270	(36)
7 Investment income				355	141	215		7	(7)	355	148	207
8 Miscellaneous	636	623	13							636	623	13
9 Total non-assessment revenue	1,627	1,685	(57)	356	141	216		7	(7)	1,983	1,833	151
10 Total revenue	24,146	24,203	(57)	11,132	10,917	215	12,590	12,409	181	47,869	47,529	340
Expenses:												
11 Employee compensation and related	9,954	11,395	1,442	3,511	3,964	453				13,465	15,359	1,894
12 Materials and supplies	831	759	(72)	1,649	2,250	600				2,480	3,009	528
13 Utilities and telephone	4,275	4,682	406	8	11	3				4,283	4,692	409
14 Legal fees	184	247	62							184	247	62
15 Professional fees	127	96	(31)							127	96	(31)
16 Equipment rental	7	8	1	21	35	14				28	43	14
17 Outside services	2,973	1,478	(1,495)	6,554	7,722	1,168				9,527	9,199	(328)
18 Repairs and maintenance	30	38	8	4	6	2				34	44	10
19 Other Operating Expense	111	167	56	24	34	10				135	201	66
20 Income taxes	5		(5)							5		(5)
21 Property and sales tax							13,165	12,401	(763)	13,165	12,401	(763)
22 Insurance	4,020	4,148	128							4,020	4,148	128
23 Investment expense				10	10					10	10	
24 Uncollectible Accounts	35	15	(20)							35	15	(20)
25 Depreciation and amortization	153	196	42							153	196	42
26 Net allocation to mutuals	1,161	1,171	10	312	329	17				1,473	1,500	27
27 Total expenses	23,866	24,399	533	12,094	14,359	2,266	13,165	12,402	(763)	49,124	51,160	2,036
28 Excess of revenues over expenses	\$280	(\$196)	\$476	(\$961)	(\$3,443)	\$2,481	(\$574)	\$7	(\$582)	(\$1,255)	(\$3,631)	\$2,376
Other Changes												
29 Unrealized gain/(loss) on AFS investments				87		87				87		87
30 Miscellaneous												
31 (Gain)/loss on sale or trade				1,476		(1,476)				1,476		(1,476)
32 Total other changes				(1,389)		(1,389)				(1,389)		(1,389)
33 Excess of revenues over expenses	\$280	(\$196)	\$476	(\$2,351)	(\$3,443)	\$1,092	(\$574)	\$7	(\$582)	(\$2,645)	(\$3,631)	\$987

United Laguna Woods Mutual
Operating Statement - Preliminary
12/31/2022
UNITED LAGUNA WOODS MUTUAL

	Actual	Budget	YEAR TO DATE VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$19,299,819	\$19,299,232	\$587	0.00%	\$19,299,232
41007000 - Monthly Assessments - Property Taxes	12,254,584	12,401,160	(146,576)	(1.18%)	12,401,160
41007500 - Monthly Assessments - Supplemental Property Taxes	335,514	0	335,514	0.00%	0
41008000 - Monthly Assessments - Property Insurance	3,219,547	3,219,547	0	0.00%	3,219,547
Total Operating	35,109,465	34,919,939	189,526	0.54%	34,919,939
Additions To Restricted Funds					
41003500 - Monthly Assessments - Replacement Fund	10,775,910	10,776,240	(330)	0.00%	10,776,240
Total Additions To Restricted Funds	10,775,910	10,776,240	(330)	0.00%	10,776,240
Total Assessments	45,885,374	45,696,179	189,195	0.41%	45,696,179
Non-Assessment Revenues:					
Merchandise Sales					
41501500 - Merchandise Sales - Warehouse	4,533	3,001	1,532	51.04%	3,001
Total Merchandise Sales	4,533	3,001	1,532	51.04%	3,001
Fees and Charges for Services to Residents					
46501000 - Permit Fee	220,310	245,478	(25,168)	(10.25%)	245,478
46501500 - Inspection Fee	58,169	77,993	(19,824)	(25.42%)	77,993
46502000 - Resident Maintenance Fee	474,877	465,100	9,777	2.10%	465,100
Total Fees and Charges for Services to Residents	753,356	788,570	(35,214)	(4.47%)	788,570
Laundry					
46005000 - Coin Op Laundry Machine	233,760	270,000	(36,240)	(13.42%)	270,000
Total Laundry	233,760	270,000	(36,240)	(13.42%)	270,000
Investment Income					
49001000 - Investment Income - Nondiscretionary	134,371	4,000	130,371	3259.28%	4,000
49002000 - Investment Income - Discretionary	220,933	144,000	76,933	53.43%	144,000
Investment Interest Income	355,305	148,000	207,305	140.07%	148,000
Miscellaneous					
46004500 - Resident Violations	20,100	58,202	(38,102)	(65.46%)	58,202
44501000 - Additional Occupant Fee	32,275	44,000	(11,725)	(26.65%)	44,000
44501500 - Lease Processing Fee - United	162,180	124,540	37,640	30.22%	124,540
44502000 - Variance Processing Fee	1,650	15,888	(14,238)	(89.61%)	15,888
44503000 - Stock Transfer Fee	9,950	13,605	(3,655)	(26.87%)	13,605
44503510 - Resale Processing Fee - United	152,790	142,000	10,790	7.60%	142,000
44507000 - Golf Cart Electric Fee	49,117	65,000	(15,883)	(24.43%)	65,000
44507200 - Electric Vehicle Plug-In Fee	24,218	18,000	6,218	34.55%	18,000
44507500 - Cartport/Carport Space Rental Fee	1,894	2,400	(506)	(21.09%)	2,400
47001500 - Late Fee Revenue	59,680	50,000	9,680	19.36%	50,000
47002010 - Collection Administrative Fee - United	116,669	80,320	36,349	45.26%	80,320
47002500 - Collection Interest Revenue	207	5,000	(4,793)	(95.86%)	5,000
47501000 - Recycling	4,580	4,001	579	14.48%	4,001
49009000 - Miscellaneous Revenue	1,069	0	1,069	0.00%	0
Total Miscellaneous	636,379	622,955	13,424	2.15%	622,955
Total Non-Assessment Revenue	1,983,333	1,832,526	150,806	8.23%	1,832,526
Total Revenue	47,868,707	47,528,705	340,002	0.72%	47,528,705
Expenses:					
Employee Compensation					
51011000 - Salaries & Wages - Regular	2,898,680	3,227,871	329,191	10.20%	3,227,871
51021000 - Union Wages - Regular	5,161,052	6,182,456	1,021,404	16.52%	6,182,456
51041000 - Wages - Overtime	36,909	27,869	(9,040)	(32.44%)	27,869
51051000 - Union Wages - Overtime	169,103	108,022	(61,081)	(56.54%)	108,022
51061000 - Holiday & Vacation	945,550	794,626	(150,924)	(18.99%)	794,626
51071000 - Sick	281,504	324,124	42,619	13.15%	324,124
51091000 - Missed Meal Penalty	7,335	5,639	(1,696)	(30.08%)	5,639

United Laguna Woods Mutual
Operating Statement - Preliminary
12/31/2022
UNITED LAGUNA WOODS MUTUAL

	YEAR TO DATE			TOTAL
	Actual	Budget	VAR\$ B/(W)	BUDGET
51101000 - Temporary Help	91,959	116,647	24,688	116,647
51981000 - Compensation Accrual	(12,410)	0	12,410	0
Total Employee Compensation	9,579,683	10,787,254	1,207,571	10,787,254
Compensation Related				
52411000 - F.I.C.A.	709,430	798,773	89,343	798,773
52421000 - F.U.I.	8,214	10,758	2,544	10,758
52431000 - S.U.I.	41,085	54,705	13,620	54,705
52441000 - Union Medical	1,744,956	2,002,482	257,526	2,002,482
52451000 - Workers' Compensation Insurance	491,209	573,203	81,995	573,203
52461000 - Non Union Medical & Life Insurance	361,942	457,591	95,650	457,591
52471000 - Union Retirement Plan	460,894	532,946	72,052	532,946
52481000 - Non-Union Retirement Plan	69,203	141,320	72,117	141,320
52981000 - Compensation Related Accrual	(1,929)	0	1,929	0
Total Compensation Related	3,885,003	4,571,778	686,776	4,571,778
Materials and Supplies				
53001000 - Materials & Supplies	476,297	596,779	120,482	596,779
53003000 - Materials Direct	2,000,587	2,406,139	405,551	2,406,139
53004000 - Freight	3,577	5,756	2,179	5,756
Total Materials and Supplies	2,480,461	3,008,674	528,213	3,008,674
Utilities and Telephone				
53301000 - Electricity	200,475	130,789	(69,686)	130,789
53301500 - Sewer	1,611,769	1,898,400	286,631	1,898,400
53302000 - Water	1,960,741	2,127,288	166,547	2,127,288
53302500 - Trash	509,660	535,299	25,639	535,299
53304000 - Telephone	592	706	114	706
Total Utilities and Telephone	4,283,237	4,692,482	409,245	4,692,482
Legal Fees				
53401500 - Legal Fees	184,179	246,652	62,473	246,652
Total Legal Fees	184,179	246,652	62,473	246,652
Professional Fees				
53402000 - Audit & Tax Preparation Fees	47	0	(47)	0
53402010 - Audit & Tax Preparation Fees - United	42,500	47,670	5,170	47,670
53403500 - Consulting Fees	33,673	13,371	(20,301)	13,371
53403510 - Consulting Fees - United	50,680	35,000	(15,680)	35,000
Total Professional Fees	126,900	96,041	(30,858)	96,041
Equipment Rental				
53501500 - Equipment Rental/Lease Fees	28,470	42,879	14,409	42,879
Total Equipment Rental	28,470	42,879	14,409	42,879
Outside Services				
53601000 - Bank Fees	33,237	42,678	9,441	42,678
53601500 - Credit Card Transaction Fees	9,624	0	(9,624)	0
54603500 - Outside Services Cost Collection	9,237,419	9,007,726	(229,693)	9,007,726
53704000 - Outside Services	246,539	148,769	(97,770)	148,769
Total Outside Services	9,526,819	9,199,173	(327,646)	9,199,173
Repairs and Maintenance				
53701000 - Equipment Repair & Maint	5,247	13,553	8,306	13,553
53703000 - Elevator /Lift Maintenance	28,368	30,166	1,798	30,166
Total Repairs and Maintenance	33,615	43,719	10,104	43,719
Other Operating Expense				
53801000 - Mileage & Meal Allowance	2,813	10,963	8,150	10,963
53801500 - Travel & Lodging	7	2,581	2,574	2,581
53802000 - Uniforms	68,373	93,604	25,230	93,604
53802500 - Dues & Memberships	1,111	2,375	1,264	2,375
53803000 - Subscriptions & Books	209	1,788	1,579	1,788
53803500 - Training & Education	3,338	24,459	21,121	24,459
53903000 - Safety	476	1,084	608	1,084
54001010 - Board Relations - United	6,165	7,525	1,360	7,525
54001500 - Public Relations	(8)	0	8	0
54002000 - Postage	52,598	56,312	3,714	56,312

United Laguna Woods Mutual
Operating Statement - Preliminary
12/31/2022
UNITED LAGUNA WOODS MUTUAL

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
54002500 - Filing Fees / Permits	248	354	106	29.84%	354
Total Other Operating Expense	135,330	201,043	65,714	32.69%	201,043
Income Taxes					
54301000 - State & Federal Income Taxes	5,000	0	(5,000)	0.00%	0
Total Income Taxes	5,000	0	(5,000)	0.00%	0
Property and Sales Tax					
54302000 - Property Taxes	13,164,598	12,401,160	(763,438)	(6.16%)	12,401,160
Total Property and Sales Tax	13,164,598	12,401,160	(763,438)	(6.16%)	12,401,160
Insurance					
54401000 - Hazard & Liability Insurance	773,613	844,276	70,663	8.37%	844,276
54401500 - D&O Liability	69,055	76,776	7,722	10.06%	76,776
54402000 - Property Insurance	3,159,483	3,219,547	60,063	1.87%	3,219,547
54403000 - General Liability Insurance	17,680	7,450	(10,230)	(137.31%)	7,450
Total Insurance	4,019,831	4,148,049	128,218	3.09%	4,148,049
Investment Expense					
54201000 - Investment Expense	10,186	10,440	254	2.43%	10,440
Total Investment Expense	10,186	10,440	254	2.43%	10,440
Uncollectible Accounts					
54602000 - Bad Debt Expense	34,714	15,000	(19,714)	(131.43%)	15,000
Total Uncollectible Accounts	34,714	15,000	(19,714)	(131.43%)	15,000
Depreciation and Amortization					
55001000 - Depreciation And Amortization	153,398	195,758	42,360	21.64%	195,758
Total Depreciation and Amortization	153,398	195,758	42,360	21.64%	195,758
Net Allocation to Mutuals					
54602500 - Allocated Expenses	1,472,705	1,499,949	27,245	1.82%	1,499,949
Total Net Allocation to Mutuals	1,472,705	1,499,949	27,245	1.82%	1,499,949
Total Expenses	49,124,127	51,160,052	2,035,925	3.98%	51,160,052
Excess of Revenues Over Expenses Before Other Changes	(\$1,255,420)	(\$3,631,346)	\$2,375,927	65.43%	(\$3,631,346)
Other Changes					
49008100 - Unrealized Gain/(Loss) On Available For Sale Investments	86,678	0	86,678	0.00%	0
54101000 - (Gain)/Loss - Warehouse Sales	(86)	0	86	0.00%	0
54101500 - (Gain)/Loss On Investments	1,379,255	0	(1,379,255)	0.00%	0
54103000 - Asset Retirement Obligation	96,798	0	(96,798)	0.00%	0
Total Other Changes	(1,389,289)	0	(1,389,289)	0.00%	0
Excess of Revenues Over Expenses	(\$2,644,709)	(\$3,631,346)	\$986,638	27.17%	(\$3,631,346)

**United Laguna Woods Mutual
Balance Sheet - Preliminary
12/31/2022**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
	Assets		
1	Cash and cash equivalents	\$606,490	\$6,230,045
2	Non-discretionary investments		999,883
3	Discretionary investments	19,028,105	15,204,873
4	Receivable/(Payable) from mutuals	(348,372)	(350,215)
5	Accounts receivable and interest receivable	622,417	784,588
6	Prepaid expenses and deposits	3,180,462	2,587,073
7	Property and equipment	91,989,605	91,989,605
8	Accumulated depreciation property and equipment	(83,765,378)	(83,762,315)
9	Beneficial interest in GRF of Laguna Hills Trust	5,260,669	5,411,004
10	Non-controlling interest in GRF	42,560,838	42,560,838
11	Total Assets	<u>\$79,134,837</u>	<u>\$81,655,380</u>
	Liabilities and Fund Balances		
	Liabilities:		
12	Accounts payable and accrued expenses	\$3,340,816	\$3,393,537
13	Accrued compensation and related costs	551,668	518,105
14	Deferred income	943,798	897,272
15	Asset retirement obligation	1,479,624	1,382,827
16	Total liabilities	<u>\$6,315,906</u>	<u>\$6,191,740</u>
	Fund balances:		
17	Fund balance prior years	75,463,640	74,758,941
18	Change in fund balance - current year	(2,644,709)	704,699
19	Total fund balances	<u>72,818,931</u>	<u>75,463,640</u>
20	Total Liabilities and Fund Balances	<u>\$79,134,837</u>	<u>\$81,655,380</u>

**United Laguna Woods Mutual
Fund Balance Sheet - Preliminary
12/31/2022**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Contingency Fund</u>	<u>Property Taxes Fund</u>	<u>Total</u>
Assets					
1 Cash and cash equivalents	\$331,241	\$275,250			\$606,490
2 Discretionary investments		19,028,105			19,028,105
3 Receivable/(Payable) from mutuals	(348,372)				(348,372)
4 Receivable/(Payable) from operating fund	(1,152,613)	719,868	1,113,771	(681,026)	
5 Accounts receivable and interest receivable	610,242	12,175			622,417
6 Prepaid expenses and deposits	3,177,942	2,520			3,180,462
7 Property and equipment	91,989,605				91,989,605
8 Accumulated depreciation property and equipment	(83,765,378)				(83,765,378)
9 Beneficial interest in GRF of Laguna Hills Trust	5,260,669				5,260,669
10 Non-controlling interest in GRF	42,560,838				42,560,838
11 Total Assets	<u>\$58,664,173</u>	<u>\$20,037,918</u>	<u>\$1,113,771</u>	<u>(\$681,026)</u>	<u>\$79,134,837</u>
Liabilities and Fund Balances					
Liabilities:					
12 Accounts payable and accrued expenses	\$1,599,913	\$1,740,902			\$3,340,815
13 Accrued compensation and related costs	551,668				551,668
14 Deferred income	943,798				943,798
15 Asset retirement obligation		1,479,624			1,479,624
16 Total liabilities	<u>\$3,095,379</u>	<u>\$3,220,527</u>			<u>\$6,315,906</u>
Fund balances:					
17 Fund balance prior years	55,288,317	19,168,078	1,113,771	(106,526)	75,463,640
18 Change in fund balance - current year	280,477	(2,350,686)		(574,500)	(2,644,709)
19 Total fund balances	<u>55,568,794</u>	<u>16,817,391</u>	<u>1,113,771</u>	<u>(681,026)</u>	<u>72,818,931</u>
20 Total Liabilities and Fund Balances	<u>\$58,664,173</u>	<u>\$20,037,918</u>	<u>\$1,113,771</u>	<u>(\$681,026)</u>	<u>\$79,134,837</u>

**United Laguna Woods Mutual
Changes in Fund Balances - Preliminary
12/31/2022**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Contingency Fund</u>	<u>Property Taxes Fund</u>	<u>Total</u>
Revenues:					
Assessments:					
1 Operating	\$22,519,366			\$12,590,098	\$35,109,465
2 Additions to restricted funds		10,775,910			10,775,910
3 Total assessments	<u>22,519,366</u>	<u>10,775,910</u>		<u>12,590,098</u>	<u>45,885,374</u>
Non-assessment revenues:					
4 Merchandise sales	4,300	233			4,533
5 Fees and charges for services to residents	752,596	760			753,356
6 Laundry	233,760				233,760
7 Interest income		355,305			355,305
8 Miscellaneous	636,379				636,379
9 Total non-assessment revenue	<u>1,627,035</u>	<u>356,297</u>			<u>1,983,333</u>
10 Total revenue	<u>24,146,402</u>	<u>11,132,207</u>		<u>12,590,098</u>	<u>47,868,707</u>
Expenses:					
11 Employee compensation and related	9,953,692	3,510,994			13,464,686
12 Materials and supplies	831,175	1,649,285			2,480,461
13 Utilities and telephone	4,275,485	7,752			4,283,237
14 Legal fees	184,179				184,179
15 Professional fees	126,900				126,900
16 Equipment rental	7,144	21,326			28,470
17 Outside services	2,972,823	6,553,995			9,526,819
18 Repairs and maintenance	29,964	3,651			33,615
19 Other Operating Expense	111,085	24,245			135,330
20 Income taxes	5,000				5,000
21 Property and sales tax				13,164,598	13,164,598
22 Insurance	4,019,831				4,019,831
23 Investment expense		10,186			10,186
24 Uncollectible Accounts	34,714				34,714
25 Depreciation and amortization	153,398				153,398
26 Net allocations to mutuals	1,160,621	312,083			1,472,705
27 Total expenses	<u>23,866,011</u>	<u>12,093,518</u>		<u>13,164,598</u>	<u>49,124,127</u>
28 Excess of revenues over expenses before other changes	<u>\$280,391</u>	<u>(\$961,311)</u>		<u>(\$574,500)</u>	<u>(\$1,255,420)</u>

Other Changes:

United Laguna Woods Mutual
Changes in Fund Balances - Preliminary
12/31/2022

		Operating Fund	Replacement Fund	Contingency Fund	Property Taxes Fund	Total
29	Unrealized gain/(loss) on AFS investments		86,678			86,678
30	(Gain)/loss on sale or trade	(86)	1,476,053			1,475,967
31	Total other changes	\$86	(\$1,389,375)			(\$1,389,289)
32	Excess of revenues over expenses after other changes	\$280,477	(\$2,350,686)		(\$574,500)	(\$2,644,709)
33	Excluding unrealized gains and depreciation	\$433,875	(\$2,437,364)		(\$574,500)	(\$2,577,988)

**UNITED LAGUNA WOODS MUTUAL
FUND EXPENDITURES REPORT
AS OF DECEMBER 31, 2022**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		2022	%	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	EXPENDED	\$	%
OPERATING EXPENDITURES - MAINTENANCE & CONSTRUCTION								
PLUMBING SERVICE	\$271,559	\$102,421	\$1,677,861	\$1,216,188	\$1,216,188	138%	(\$461,674)	(38%)
DAMAGE RESTORATION	(263,973)	62,540	972,322	750,051	750,051	130%	(222,271)	(30%)
CARPENTRY SERVICE	9,092	47,802	570,455	567,600	567,600	101%	(2,855)	(1%)
ELECTRICAL SERVICE	82,024	31,376	393,672	372,361	372,361	106%	(21,311)	(6%)
APPLIANCE REPAIRS	28,501	27,722	286,154	329,042	329,042	87%	42,888	13%
INTERIOR PREVENTIVE MAINTENANCE	(43,150)	31,832	332,939	377,755	377,755	88%	44,816	12%
PEST CONTROL	(2,695)	2,424	159,053	186,500	186,500	85%	27,447	15%
COUNTERTOP/FLOOR/TILE REPAIRS	(19,834)	10,746	112,909	127,371	127,371	89%	14,462	11%
ENERGY PROGRAM	2,137	2,087	27,242	25,000	25,000	109%	(2,242)	(9%)
MISC. REPAIRS BY OUTSIDE SERVICE	5,755	2,087	13,222	25,000	25,000	53%	11,778	47%
FIRE PROTECTION	(10,114)	1,627	24,474	32,431	32,430	75%	7,956	25%
TOTAL	\$59,303	\$322,664	\$4,570,305	\$4,009,298	\$4,009,298	114%	(\$561,006)	(14%)
OPERATING EXPENDITURES - GENERAL SERVICES								
CONCRETE REPAIR/REPLACEMENT	\$29,217	\$33,782	\$341,500	\$401,522	\$401,522	85%	\$60,022	15%
JANITORIAL SERVICE	32,057	31,081	364,088	369,653	369,653	98%	5,565	2%
GUTTER CLEANING	1,593	22,137	129,493	85,351	85,351	152%	(44,143)	(52%)
WELDING	7,939	9,787	94,606	116,345	116,345	81%	21,739	19%
TRAFFIC CONTROL	1,502	1,664	16,818	19,592	19,592	86%	2,774	14%
TOTAL	\$72,309	\$98,452	\$946,504	\$992,463	\$992,463	95%	\$45,959	5%
OPERATING EXPENDITURES - LANDSCAPE SERVICES								
LANDSCAPE ADMINISTRATION	\$23,627	\$20,332	\$238,853	\$241,405	\$241,403	99%	\$2,552	1%
NURSERY & COMPOSTING	16,232	15,784	168,044	187,602	187,602	90%	19,558	10%
GROUPS MAINTENANCE	221,326	232,147	2,566,304	2,760,599	2,760,602	93%	194,295	7%
IRRIGATION	71,425	69,175	792,677	822,735	822,735	96%	30,058	4%
SMALL EQUIPMENT REPAIR	19,092	17,640	214,095	209,627	209,626	102%	(4,467)	(2%)
PEST CONTROL	21,476	23,130	280,098	274,512	274,513	102%	(5,587)	(2%)
TOTAL	\$373,178	\$378,207	\$4,260,072	\$4,496,479	\$4,496,480	95%	\$236,407	5%

**UNITED LAGUNA WOODS MUTUAL
FUND EXPENDITURES REPORT
AS OF DECEMBER 31, 2022**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		2022	%	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	EXPENDED	\$	%
RESERVE FUND - MAINTENANCE & CONSTRUCTION								
REPLACEMENTS								
BUILDING STRUCTURES	\$395,894	\$139,353	\$1,008,147	\$1,492,903	\$1,492,903	68%	\$484,756	32%
ELECTRICAL SYSTEMS	147,963	55,469	628,037	660,595	660,595	95%	32,558	5%
EXTERIOR WALKWAY LIGHTING	10,542	6,739	46,046	75,635	75,635	61%	29,589	39%
FOUNDATIONS	0	3,627	49,387	43,436	43,436	114%	(5,951)	(14%)
GUTTER REPLACEMENT	8,668	10,624	52,874	126,889	126,889	42%	74,015	58%
PAINT - EXTERIOR	(27,049)	146,318	1,497,742	1,739,285	1,739,285	86%	241,543	14%
PRIOR TO PAINT	8,938	75,122	731,374	882,584	882,584	83%	151,210	17%
PLUMBING	201,016	54,116	344,352	646,769	646,769	53%	302,417	47%
PAVING	0	0	379,026	389,319	389,319	97%	10,293	3%
ROOF REPLACEMENTS	75,246	8,337	1,013,167	1,020,439	1,020,439	99%	7,272	1%
WALL REPLACEMENT	0	0	30,944	35,000	35,000	88%	4,056	12%
WASTE LINE REMEDIATION	392,487	230,000	2,134,194	2,300,000	2,300,000	93%	165,806	7%
WATER LINE - COPPER PIPE REMEDIATION	334,221	0	334,221	100,000	100,000	334%	(234,221)	(234%)
WINDOW/SLIDING SCREEN DOOR	26,775	11,212	94,609	133,896	133,896	71%	39,287	29%
SUB-TOTAL	\$1,574,700	\$740,917	\$8,344,119	\$9,646,750	\$9,646,750	86%	\$1,302,630	14%
APPLIANCE AND FIXTURE REPLACEMENTS								
COOKTOPS	\$7,370	\$5,891	\$89,574	\$70,442	\$70,442	127%	(\$19,132)	(27%)
DISHWASHERS	17,955	8,166	93,120	97,526	97,526	95%	4,406	5%
BASINS/SINKS/TOILETS	5,765	19,467	185,741	232,333	232,333	80%	46,592	20%
GARBAGE DISPOSALS	24,383	9,868	113,801	117,647	117,647	97%	3,846	3%
HOODS	10,550	3,355	20,790	40,005	40,005	52%	19,215	48%
COUNTER TOPS/FLOORS/SHOWER ENCLOSURES	84,954	114,095	1,025,671	1,363,868	1,363,868	75%	338,198	25%
OVENS	15,349	11,197	135,988	134,125	134,125	101%	(1,863)	(1%)
RANGES	5,960	1,068	8,896	12,613	12,613	71%	3,717	29%
REFRIGERATORS	31,100	18,709	171,606	223,841	223,841	77%	52,235	23%
WATER HEATERS & PERMITS	195,600	63,804	526,556	762,029	762,029	69%	235,473	31%
DRYERS	902	3,191	8,831	38,247	38,247	23%	29,416	77%
WASHING MACHINES	7,818	7,633	44,215	91,380	91,380	48%	47,165	52%
SUB-TOTAL	\$407,706	\$266,442	\$2,424,790	\$3,184,057	\$3,184,055	76%	\$759,267	24%
TOTAL	\$1,982,406	\$1,007,359	\$10,768,909	\$12,830,807	\$12,830,805	84%	\$2,061,898	16%

RESERVE FUND - GENERAL SERVICES

PRIOR TO PAINT	\$725	\$805	\$8,119	\$9,565	\$9,565	85%	\$1,446	15%
PAVING	4,584	5,136	52,252	60,820	60,820	86%	8,568	14%
WALL REPLACEMENT	0	1,298	0	15,400	15,400	0%	15,400	100%
TOTAL	\$5,309	\$7,239	\$60,371	\$85,785	\$85,785	70%	\$25,414	30%

**UNITED LAGUNA WOODS MUTUAL
FUND EXPENDITURES REPORT
AS OF DECEMBER 31, 2022**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		2022	%	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	EXPENDED	\$	%
<i>RESERVE FUND - LANDSCAPE</i>								
<u>REPLACEMENTS</u>								
LANDSCAPE MODIFICATION	\$24,513	\$9,346	\$101,504	\$111,925	\$111,925	91%	\$10,421	9%
IMPROVEMENTS & RESTORATION	18,230	31,372	181,286	373,213	373,213	49%	191,927	51%
TREE MAINTENANCE	155,428	79,369	857,973	947,657	947,657	91%	89,684	9%
SUPPLEMENTAL APPROPRIATION	53,644	0	113,289	0	0	0%	(113,289)	0%
TOTAL	\$251,816	\$120,088	\$1,254,051	\$1,432,795	\$1,432,795	88%	\$178,744	12%
<i>PROPERTY TAXES FUND - NON WORK CENTER</i>								
PROPERTY TAXES	1,662,787	1,033,430	13,164,598	12,401,160	12,401,160	106%	(763,438)	(6%)
TOTAL	\$1,662,787	\$1,033,430	\$13,164,598	\$12,401,160	\$12,401,160	106%	(\$763,438)	(6%)

**RESERVES EXPENDITURES COMPARED TO RESERVE STUDY
AS PRESENTED IN THE 2022 BUSINESS PLAN
AS OF DECEMBER 31, 2022**

	2022	2022	2022	2022	2022
	YTD Actual	YTD Budget	YTD Variance	Annual Budget	% Expended
Paving	\$234,899	\$239,319	\$4,420	\$239,319	98%
Asphalt & Concrete Repair/Replace	196,379	210,820	14,441	210,820	93%
Roofs - Built-Up	1,013,167	1,020,439	7,272	1,020,439	99%
Roofs - Comp Shingle	0	0	0	0	0%
Roofs - Tile	0	0	0	0	0%
Infrastructure/Buildings	730,996	1,105,876	374,880	1,105,876	66%
Carport Siding Renovation	0	0	0	0	0%
Manor Components	2,351,489	3,041,917	690,428	3,041,917	77%
Lighting & Electrical	674,083	726,735	52,652	726,735	93%
Laundry Rooms	73,288	151,636	78,349	151,636	48%
Off Cycle Decking	106,137	126,159	20,022	126,159	84%
Prior To Painting	633,356	765,990	132,634	765,990	83%
Interior & Exterior Painting	1,493,373	1,739,285	245,913	1,739,285	86%
Walls, Fencing, Railings & Gates	30,944	50,400	19,456	50,400	61%
Grounds & Miscellaneous	1,139,910	1,432,795	292,885	1,432,795	80%
Building Structures	478,390	691,248	212,858	691,248	69%
Plumbing	2,813,619	3,046,769	233,150	3,046,769	92%
Total	\$11,970,030	\$14,349,388	\$2,379,358	\$14,349,388	83%

**UNITED LAGUNA WOODS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF DECEMBER 31, 2022
YTD ACTUAL**

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

PLUMBING SERVICE	\$1,677,861	\$1,054,292	\$121,290	\$502,279
DAMAGE RESTORATION	972,322	0	0	972,322
CARPENTRY SERVICE	570,455	480,102	90,353	0
ELECTRICAL SERVICE	393,672	319,585	32,270	41,817
APPLIANCE REPAIRS	286,154	254,921	31,233	0
INTERIOR PREVENTIVE MAINTENANCE	332,939	331,204	1,735	0
PEST CONTROL	159,053	0	0	159,053
COUNTERTOP/FLOOR/TILE REPAIRS	112,909	104,285	4,989	3,635
ENERGY PROGRAM	27,242	0	0	27,242
MISC. REPAIRS BY OUTSIDE SERVICE	13,222	0	0	13,222
FIRE PROTECTION	24,474	4,599	9,766	10,110
TOTAL	\$4,570,305	\$2,548,987	\$291,636	\$1,729,681

OPERATING EXPENDITURES - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	\$341,500	\$318,793	\$19,063	\$3,644
JANITORIAL SERVICE	364,088	364,088	0	0
GUTTER CLEANING	129,493	17,833	0	111,660
WELDING	94,606	88,151	2,033	4,422
TRAFFIC CONTROL	16,818	16,818	0	0
TOTAL	\$946,504	\$805,683	\$21,096	\$119,726

OPERATING EXPENDITURES - LANDSCAPE SERVICES

LANDSCAPE ADMINISTRATION	\$238,853	\$238,853	\$0	\$0
NURSERY & COMPOSTING	168,044	168,044	0	0
GROUND MAINTENANCE	2,566,304	2,130,786	1,648	433,870
IRRIGATION	792,677	696,065	96,612	0
SMALL EQUIPMENT REPAIR	214,095	214,095	0	0
PEST CONTROL	280,098	280,098	0	0
TOTAL	\$4,260,072	\$3,727,942	\$98,260	\$433,870

**UNITED LAGUNA WOODS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF DECEMBER 31, 2022
YTD ACTUAL**

DESCRIPTION	TOTAL EXPENDITURES	LABOR	MATERIALS	OUTSIDE SERVICES
RESERVE FUND - MAINTENANCE & CONSTRUCTION				
BUILDING STRUCTURES	\$1,008,147	\$215,454	\$61,280	\$731,412
ELECTRICAL SYSTEMS	628,037	0	0	628,037
EXTERIOR WALKWAY LIGHTING	46,046	7,676	0	38,370
FOUNDATIONS	49,387	0	0	49,387
GUTTER REPLACEMENT	52,874	47,451	5,423	0
PAINT - EXTERIOR	1,497,742	1,345,436	152,306	0
PRIOR TO PAINT	731,374	651,725	79,104	545
PLUMBING	344,352	201,120	0	143,232
PAVING	379,026	0	0	379,026
ROOF REPLACEMENTS	1,013,167	0	0	1,013,167
WALL REPLACEMENT	30,944	0	0	30,944
WASTE LINE REMEDIATION	2,134,194	0	0	2,134,194
WATER LINE - COPPER PIPE REMEDIATION	334,221	0	0	334,221
WINDOW/SLIDING SCREEN DOOR	94,609	48,842	42,992	2,775
COOKTOPS	89,574	12,992	64,244	12,339
DISHWASHERS	93,120	29,895	53,983	9,242
BASINS/SINKS/TOILETS	185,741	54,460	131,281	0
GARBAGE DISPOSALS	113,801	52,585	61,216	0
HOODS	20,790	12,387	6,537	1,866
COUNTER TOPS/FLOORS/SHOWER ENCLOSURES	1,025,671	379,421	372,950	273,300
OVENS	135,988	12,979	92,005	31,003
RANGES	8,896	6,554	1,218	1,123
REFRIGERATORS	171,606	45,516	88,506	37,584
WATER HEATERS & PERMITS	526,556	278,396	248,160	0
DRYERS	8,831	3,230	5,601	0
WASHING MACHINES	44,215	7,825	36,390	0
TOTAL	\$10,768,909	\$3,413,944	\$1,503,198	\$5,851,767

**UNITED LAGUNA WOODS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF DECEMBER 31, 2022**

YTD ACTUAL

DESCRIPTION	TOTAL EXPENDITURES	LABOR	MATERIALS	OUTSIDE SERVICES
-------------	-----------------------	-------	-----------	---------------------

RESERVE FUND - GENERAL SERVICES

PRIOR TO PAINT	\$8,119	\$8,119	\$0	\$0
PAVING	52,252	51,325	927	0
WALL REPLACEMENT	0	0	0	0
TOTAL	\$60,371	\$59,444	\$927	\$0

RESERVE FUND - LANDSCAPE

LANDSCAPE MODIFICATION	\$101,504	\$10,663	\$852	\$89,989
IMPROVEMENTS & RESTORATION	181,286	180,299	987	0
TREE MAINTENANCE	857,973	365,298	0	492,675
SUPPLEMENTAL APPROPRIATION	113,289	0	0	113,289
TOTAL	\$1,254,051	\$556,259	\$1,839	\$695,953

PROPERTY TAXES FUND - NON WORK CENTER

PROPERTY TAXES	\$13,164,598	\$13,164,598	\$0	\$0
TOTAL	\$13,164,598	\$13,164,598	\$0	\$0

**UNITED LAGUNA WOODS MUTUAL
OUTSIDE SERVICES - COST COLLECTION
AS OF DECEMBER 31, 2022**

	YTD ACTUAL	YTD BUDGET	YTD Variance
DESCRIPTION	TOTAL OS EXPENDITURES	OUTSIDE SERVICES	OUTSIDE SERVICES
OPERATING EXPENDITURES - MAINTENANCE & CONSTRUCTION			
PLUMBING SERVICE	\$502,279	\$45,000	(\$457,279)
DAMAGE RESTORATION	\$972,322	\$750,051	(\$222,271)
CARPENTRY SERVICE	0	4,500	4,500
ELECTRICAL SERVICE	41,817	2,000	(39,817)
APPLIANCE REPAIRS	0	0	0
INTERIOR PREVENTIVE MAINTENANCE	0	0	0
PEST CONTROL	159,053	186,500	27,447
COUNTERTOP/FLOOR/TILE REPAIRS	3,635	7,500	3,865
ENERGY PROGRAM	27,242	25,000	(2,242)
MISC. REPAIRS BY OUTSIDE SERVICE	13,222	25,000	11,778
FIRE PROTECTION	10,110	26,200	16,090
TOTAL	\$1,729,681	\$1,071,751	(\$657,930)

OPERATING EXPENDITURES - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	\$3,644	\$0	(\$3,644)
JANITORIAL SERVICE	0	0	0
GUTTER CLEANING	111,660	65,000	(46,660)
WELDING	4,422	15,000	10,578
TRAFFIC CONTROL	0	0	0
TOTAL	\$119,726	\$80,000	(\$39,726)

OPERATING EXPENDITURES - M&C CHARGEABLE SERVICES

CHARGEABLES	\$404,570	\$144,500	(\$260,070)
TOTAL	\$404,570	\$144,500	(\$260,070)

OPERATING EXPENDITURES - LANDSCAPE SERVICES

LANDSCAPE SHRUB-BED MAINTENANCE	\$433,870	\$0	(\$433,870)
TOTAL	\$433,870	\$0	(\$433,870)

**UNITED LAGUNA WOODS MUTUAL
OUTSIDE SERVICES - COST COLLECTION
AS OF DECEMBER 31, 2022**

	YTD ACTUAL	YTD BUDGET	YTD Variance
DESCRIPTION	TOTAL OS EXPENDITURES	OUTSIDE SERVICES	OUTSIDE SERVICES
RESERVE FUND - MAINTENANCE & CONSTRUCTION			
BUILDING STRUCTURES	\$731,412	\$1,190,051	\$458,639
CDS SIGNAGE	0	0	0
ELECTRICAL SYSTEMS	628,037	660,595	32,558
EXTERIOR WALKWAY LIGHTING	38,370	62,000	23,630
FOUNDATIONS	49,387	43,436	(5,951)
GUTTER REPLACEMENT	0	70,000	70,000
PAINT - EXTERIOR	0	8,495	8,495
PRIOR TO PAINT	545	55,000	54,455
PLUMBING	143,232	380,000	236,768
PAVING	379,026	389,319	10,293
ROOF REPLACEMENTS	1,013,167	1,020,439	7,272
WALL REPLACEMENT	30,944	35,000	4,056
WASTE LINE REMEDIATION	2,134,194	2,300,000	165,806
WATER LINE - COPPER PIPE REMEDIATION	334,221	100,000	(234,221)
WINDOW/SLIDING SCREEN DOOR	2,775	30,000	27,225
SUPPL. APPROPRIATIONS	0	0	0
COOKTOPS	12,339	15,300	2,961
DISHWASHERS	9,242	11,900	2,658
BASINS/SINKS/TOILETS	0	0	0
GARBAGE DISPOSALS	0	0	0
HOODS	1,866	4,300	2,434
COUNTER TOPS/FLOORS/SHOWER ENCLOSURES	273,300	540,447	267,147
OVENS	31,003	21,643	(9,360)
RANGES	1,123	2,600	1,477
REFRIGERATORS	37,584	43,400	5,816
WATER HEATERS & PERMITS	0	58,183	58,183
DRYERS	0	0	0
WASHING MACHINES	0	0	0
TOTAL	\$5,851,767	\$7,042,108	\$1,190,341

**UNITED LAGUNA WOODS MUTUAL
OUTSIDE SERVICES - COST COLLECTION
AS OF DECEMBER 31, 2022**

DESCRIPTION	YTD ACTUAL	YTD BUDGET	YTD Variance
	TOTAL OS EXPENDITURES	OUTSIDE SERVICES	OUTSIDE SERVICES
RESERVE FUND - GENERAL SERVICES			
PRIOR TO PAINT	\$0	\$0	\$0
WALL REPLACEMENT	0	15,400	15,400
TOTAL	\$0	\$15,400	\$15,400
RESERVE FUND - LANDSCAPE			
LANDSCAPE MODIFICATION	\$89,989	\$100,847	\$10,858
IMPROVEMENTS & RESTORATION	\$0	\$50,000	\$50,000
TREE MAINTENANCE	492,675	503,120	10,445
SUPPLEMENTAL APPROPRIATION	113,289	0	(113,289)
TOTAL	\$695,953	\$653,967	(\$41,986)



Bank of America, N.A.
P.O. Box 2010
Lakewood, NJ 08701

UNITED LAGUNA WOODS MUTUAL
ATTN: STEVE HORMUTH
P O BOX 2220
LAGUNA HILLS, CA
92654-2220

**Account
Representative:**
JULIA
ERICKSON

JULIA.A.ERICKSON@BOFA.COM
Office Servicing Your Account:
901 MAIN ST
63RD FLOOR
TX1-492-63-05
DALLAS TX 75202-3714
Fax: 980.233.7103

Account Summary

Current Period Ending Value		\$19,093,809.47
Portfolio Holdings	Quantity as of 12/31/2022	Market Value as of 12/31/2022
.....		
Treasuries	19,570,000	\$19,093,809.47
Total Portfolio Value		\$19,093,809.47



Portfolio Holdings

Securities positions are valued at or about the close of the statement period if prices are available from reference sources deemed reliable. For money market positions, if price is shown as N/A, a derived valuation (unadjusted for the credit quality) is provided based on the original cost basis reported to the Bank and adjusted by the amount of any accrued discount from the purchase date to the end of the statement period. The month-end valuations of your portfolio are for guidance only and do not necessarily reflect prices at which each position could be sold or, if short, covered on the valuation date, particularly in the case of inactivity or infrequently traded securities. Bank cannot guarantee the accuracy of such information. N/A=Information not applicable or available at the time of statement creation.

PENDING STABILIZATION OF THE AUCTION RATE SECURITIES MARKET, BANK OF AMERICA, N.A. ("BANA") HAS CEASED PROVIDING MARKET VALUES AND MARKET PRICE INFORMATION WITH RESPECT TO AUCTION RATE SECURITIES ON CLIENT STATEMENTS. UNTIL BANA RESUMES PROVIDING THIS INFORMATION, NO VALUE WILL BE GIVEN TO AUCTION RATE SECURITIES IN CALCULATING PORTFOLIO VALUE. THIS RESULTS FROM THE "CLOSING MARKET PRICE" AND "MARKET VALUE" FIELDS BEING INPUT AS "N/A"; IT DOES NOT IMPLY THAT YOUR AUCTION RATE SECURITIES HAVE NO VALUE.

Security Description	CUSIP/ Security #	Acquired Ticket #	Quantity	Original Price Market Price	Original Cost Basis	Market Value	Next Coupon Date	Next Coupon Amount
U.S. TREASURY BILL TREASURY Coupon 0% Maturity 05/18/2023	912796W47	11/23/2022 334165665	2,000,000	97.8929 98.3071	1,957,857.78	\$1,966,142.00	05/18/2023	\$0.00
U.S. TREASURY BILL TREASURY Coupon 0% Maturity 05/18/2023	912796W47	11/25/2022 334165717	570,000	97.9168 98.3071	558,125.95	\$560,350.47	05/18/2023	\$0.00
U.S. TREASURY BILL TREASURY Coupon 0% Maturity 08/10/2023	912796XY0	11/23/2022 334165666	2,000,000	97.0389 97.3028	1,940,777.78	\$1,946,056.00	08/10/2023	\$0.00
U.S. TREASURY BILL TREASURY Coupon 0% Maturity 11/02/2023	912796YT0	11/23/2022 334165667	2,000,000	95.7956 96.2049	1,915,911.11	\$1,924,098.00	11/02/2023	\$0.00
U.S. TREASURY BILL TREASURY Coupon 0% Maturity 02/07/2023	912796ZT9	10/31/2022 334164762	2,000,000	98.9495 99.6199	1,978,990.00	\$1,992,398.00	02/07/2023	\$0.00
US TREASURY NOTES US GOVT NATIONAL Coupon 2.125% Maturity 02/29/2024	912828W48	11/23/2022 334165694	2,000,000	96.8906 97.1133	1,937,812.50	\$1,942,266.00	02/28/2023	\$21,250.00
US TREASURY NOTES US GOVT NATIONAL Coupon 2% Maturity 05/31/2024	912828XT2	11/23/2022 334165695	2,000,000	96.1719 96.3828	1,923,437.50	\$1,927,656.00	05/31/2023	\$20,000.00
U.S. TREASURY BILL TREASURY Coupon 0% Maturity 02/21/2023	912796Y60	11/23/2022 334165664	2,000,000	99.02 99.4343	1,980,400.00	\$1,988,686.00	02/21/2023	\$0.00
U.S. TREASURY NOTES TREASURY Coupon 0.375% Maturity 08/15/2024	91282CCT6	11/23/2022 334165696	2,000,000	93.125 93.457	1,862,500.00	\$1,869,140.00	02/15/2023	\$3,750.00
U.S. TREASURY BILL TREASURY Coupon 0% Maturity 03/09/2023	912796YK9	10/31/2022 334164761	3,000,000	98.5953 99.2339	2,957,860.00	\$2,977,017.00	03/09/2023	\$0.00

Total Portfolio Holdings

\$19,013,672.62
Total original
Cost Basis \$19,093,809.47

Transaction Activity	Date	CUSIP/ Security #	Description	Transaction	Quantity	Price	Net Amount
	12/06/2022	912796YX1	U.S. TREASURY BILL TREASURY	Maturity	1,000,000.00	0.00	1,000,000.00
TOTAL TRANSACTION ACTIVITY							\$1,000,000.00

Announcements:

USA PATRIOT ACT DISCLOSURE

BANA, like all financial institutions, is required by Federal law to obtain, verify and record information that identifies each customer who opens an account with us. When you open an account, we will ask for your name, address and government-issued identification number and other information that will allow us to form a reasonable belief as to your identity, such as documents that establish legal status.

INVESTMENT REPORT
December 1, 2022 - December 31, 2022



Envelope # BNHFTHBBBCMGX

UNITED LAGUNA WOODS MUTUAL
PO BOX 2220
LAGUNA HILLS CA 92654-2220

BROKERAGE UNITED LAGUNA WOODS MUTUAL

Your Account Value:

\$14,432.49

Change from Last Period:

▲ \$5,128.39

	This Period	Year-to-Date
Beginning Account Value	\$9,304.10	\$15,204,873.33
Subtractions	-	-14,118,872.06
Change in Investment Value *	5,128.39	-1,071,568.78
Ending Account Value **	\$14,432.49	\$14,432.49
Accrued Interest (AI)	0.00	
Ending Account Value Incl. AI	\$14,432.49	

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.





Account Summary

Account Value: **\$14,432.49**

Change in Account Value **▲ \$5,128.39**

	This Period	Year-to-Date
Beginning Account Value	\$9,304.10	\$15,204,873.33
Subtractions	-	-14,118,872.06
Withdrawals	-	-14,108,611.14
Transaction Costs, Fees & Charges	-	-10,260.92
Change in Investment Value *	5,128.39	-1,071,568.78
Ending Account Value	\$14,432.49	\$14,432.49
Accrued Interest (AI)	0.00	
Ending Account Value Incl. AI	\$14,432.49	

* 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	\$5,128.39	\$220,933.49
Dividends	5,128.39	220,933.49
Total	\$5,128.39	\$220,933.49

Top Holdings

Description	Value	Percent of Account
Fidelity Government Cash Reserves	\$14,432.49	100%
Total	\$14,432.49	100%

Core Account and Credit Balance Cash Flow

	This Period	Year-to-Date
Beginning Balance	\$9,304.10	\$77,185.61
Investment Activity		
Securities Sold	-	13,835,110.45
Dividends, Interest & Other Income ^D	5,128.39	220,933.49
Total Investment Activity	\$5,128.39	\$14,056,043.94
Cash Management Activity		
Withdrawals	-	-14,108,611.14
Fees & Charges	-	-10,185.92
Total Cash Management Activity	-	-\$14,118,797.06
Ending Balance	\$14,432.49	\$14,432.49

^D Includes dividend reinvestments.

Realized Gains and Losses from Sales

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

	This Period	Year-to-Date
Net Long-term Gain/Loss	-	-1,379,254.79
Long-term Loss	-	-1,379,254.79
Net Gain/Loss	-	-\$1,379,254.79





Account Summary

Estimated Cash Flow

(Rolling as of December 31, 2022)

Month	Bond & CD Income	Bond & CD Principal	Stock Income	ETP Income	Mutual Fund Income	Other Income	Total Est. Cash Flow
January 2023	--	--	--	--	\$12	--	\$12
February	--	--	--	--	12	--	12
March	--	--	--	--	12	--	12
April	--	--	--	--	12	--	12
May	--	--	--	--	12	--	12
June	--	--	--	--	12	--	12
July	--	--	--	--	12	--	12
August	--	--	--	--	12	--	12
September	--	--	--	--	12	--	12
October	--	--	--	--	12	--	12
November	--	--	--	--	12	--	12
December	--	--	--	--	12	--	12
Total	--	--	--	--	\$144	--	\$144

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





UNITED LAGUNA WOODS MUTUAL - CORPORATION

Holdings

Core Account

Description	Quantity	Price Per Unit	Total Market Value	Est. Annual Income (EAI)	Est. Yield (EY)
FIDELITY GOVERNMENT CASH RESERVES (FDRXX) -- 7-day yield: 3.85%	14,432.490	\$1.0000	\$14,432.49	\$147.37	1.020%
Total Core Account (100% of account holdings)			\$14,432.49	\$147.37	
Total Holdings			\$14,432.49	\$147.37	

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.**

Activity

Dividends, Interest & Other Income

(Includes dividend reinvestment)

Settlement Date	Security Name	Symbol/ CUSIP	Description	Quantity	Price	Amount
11/30	VANGUARD SHORT TERM TREASURY ADMIRAL	922031851	Dividend Received	-	-	\$5,084.35
12/30	FIDELITY GOVERNMENT CASH RESERVES	316067107	Dividend Received	-	-	44.04
Total Dividends, Interest & Other Income						\$5,128.39





UNITED LAGUNA WOODS MUTUAL - CORPORATION

Activity

Core Fund Activity

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

Settlement Account							
Date	Type	Transaction	Description	Quantity	Price	Amount	Balance
12/01	CASH	You Bought	FIDELITY GOVERNMENT CASH RESERVES @ 1	5,084.350	\$1.0000	\$5,084.35	\$14,388.45
12/30	CASH	You Bought	FIDELITY GOVERNMENT CASH RESERVES @ 1	44.040	1.0000	44.04	14,432.49
Total Core Fund Activity						\$5,128.39	

Additional Information and Endnotes

A COPY OF YOUR INVESTMENT REPORT IS AVAILABLE TO:

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

STEVE HORMUTH
PO BOX 2220
LAGUNA HILLS CA 92654-2220

- National Financial Services LLC ("NFS") an affiliate of Fidelity Brokerage Services LLC (FBS) provides custody and clearing services on behalf of FBS. In that capacity, NFS is required to provide you with written notice on the manner in which you may gain website access to information regarding NFS' Impartial Callable Securities Lottery Process (the "Lottery Process").

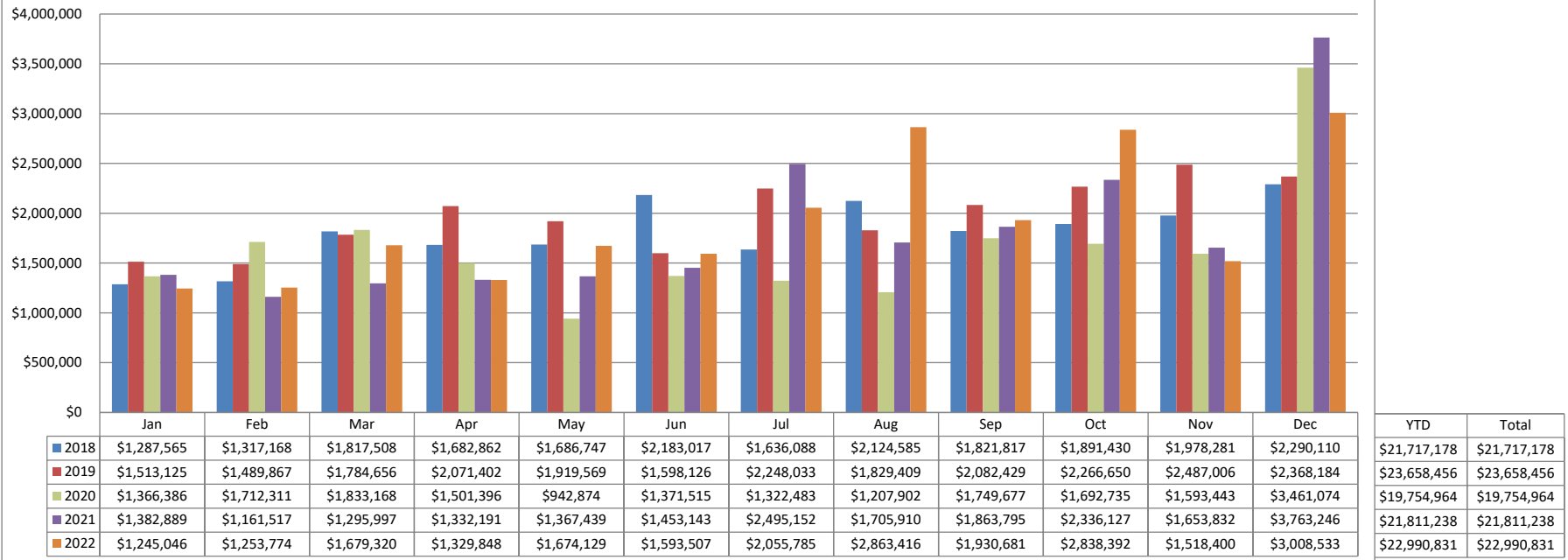
We are also providing you with the following description of the Lottery Process: When street name or bearer securities held for you are subject to a partial call or partial redemption by the issuer, National Financial Services LLC (NFS) may or may not receive an allocation of called/redeemed securities by the issuer, transfer agent, and/or depository. If NFS is allocated a portion of the called/redeemed securities, NFS utilizes an impartial lottery allocation system, in accordance with applicable rules, that randomly selects the securities within customer accounts that will be called/redeemed. NFS' allocations are not made on a pro rata basis and it is possible for you to receive a full or partial allocation, or no allocation.

A more detailed description of the Lottery Process may be accessed by visiting [Fidelity.com/callable-securities](https://www.fidelity.com/callable-securities). You may also request a hard copy of the Lottery Process by writing to National Financial Services LLC, P.O Box 770001, Cincinnati, OH 45277. 695949.2.0

- In order to comply with new industry regulations (FINRA Rule 4512), Fidelity is asking clients for trusted contact information. This is notification that Fidelity may treat authorized individuals acting on behalf of entity accounts (such as a corporation, partnership, or trust that is not an institutional account) as trusted contacts for such

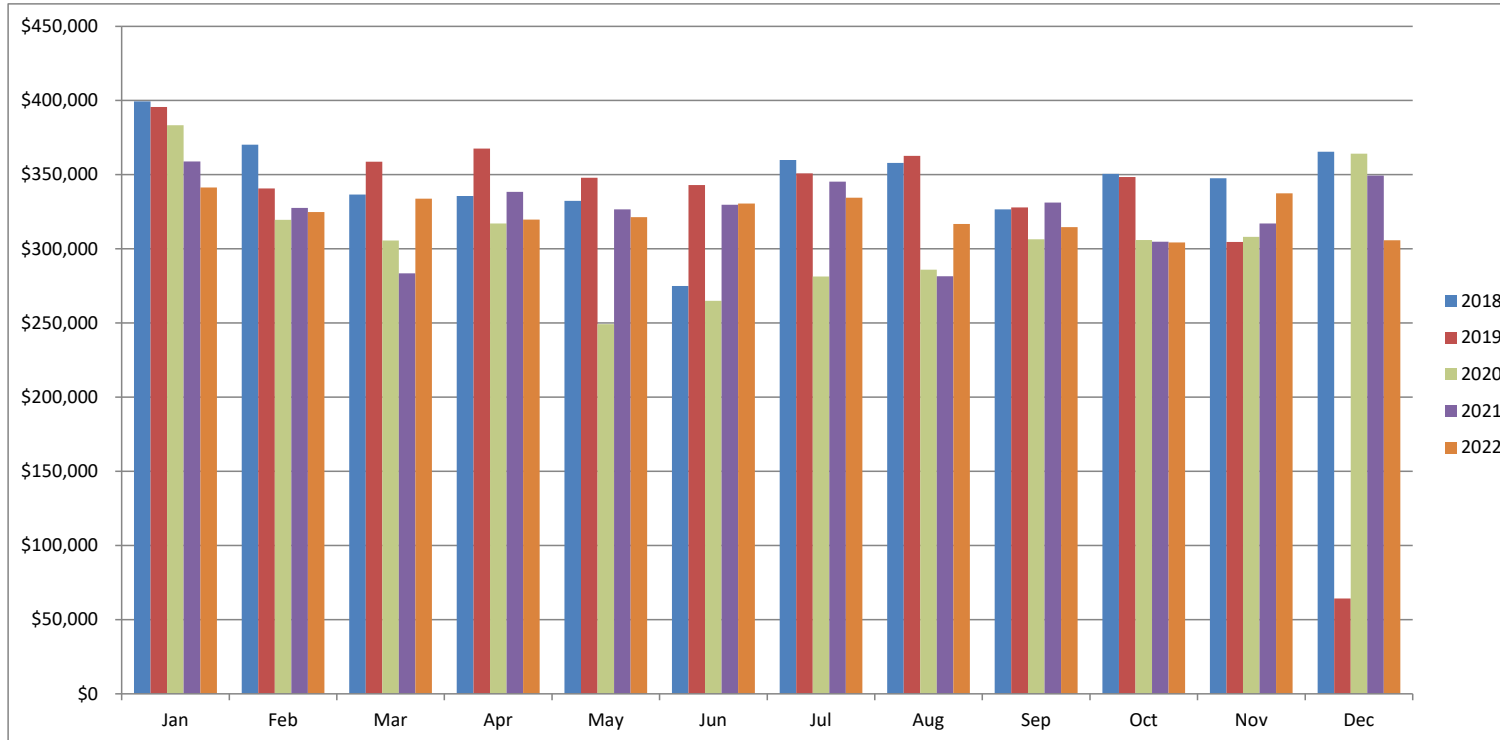


United Mutual Employee Compensation, Related, and Outside Services

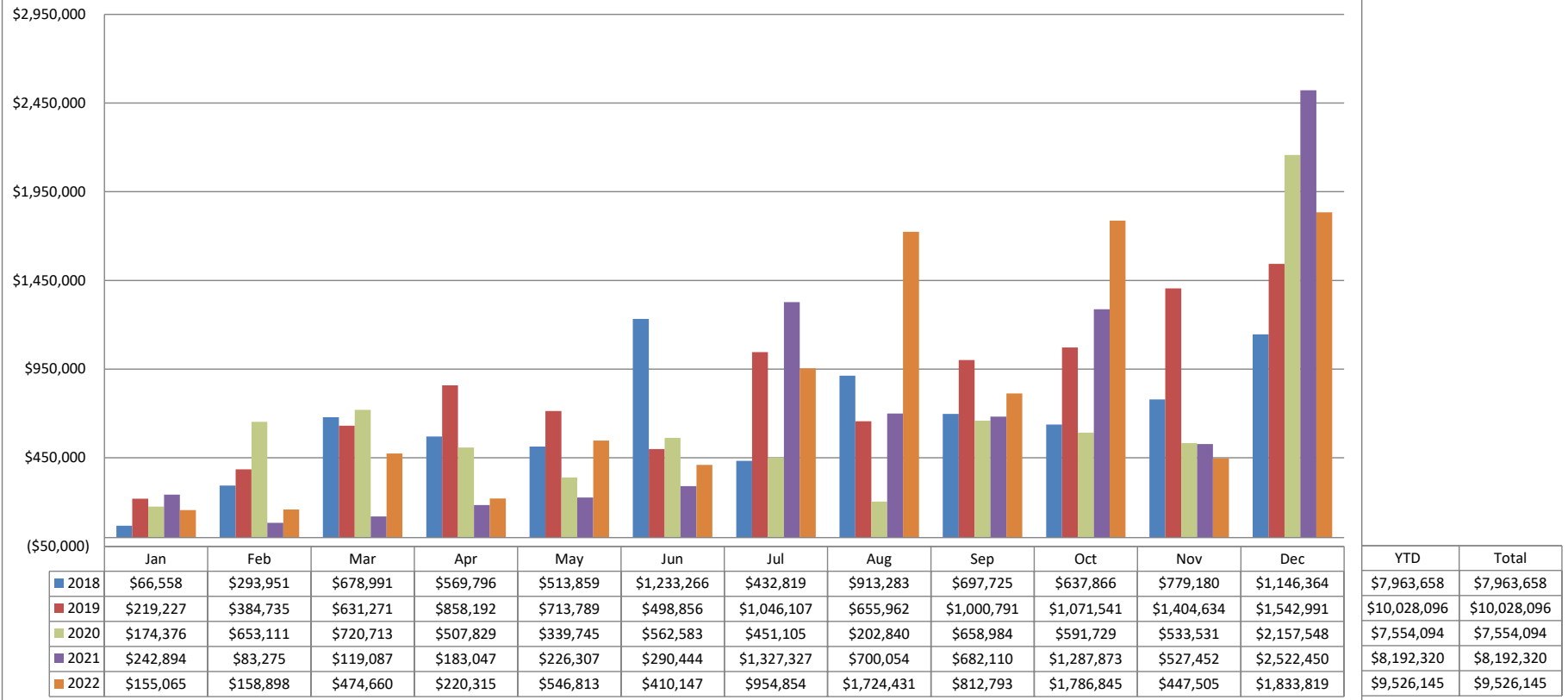


**United Mutual
Employee Compensation Related**

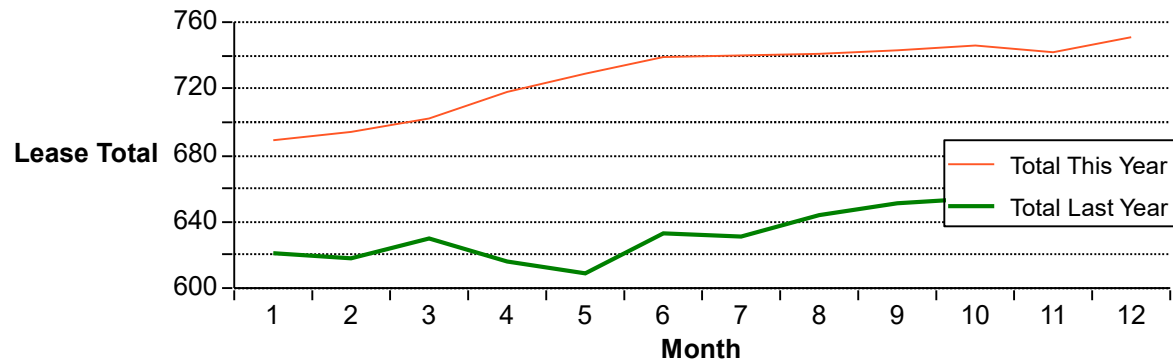
Date	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2018	\$399,453	\$370,281	\$336,601	\$335,686	\$332,391	\$275,046	\$359,850	\$357,989	\$326,588	\$350,639	\$347,582	\$365,431	\$4,157,537	\$4,157,537
2019	\$395,632	\$340,723	\$358,688	\$367,603	\$347,878	\$343,002	\$350,922	\$362,725	\$327,865	\$348,348	\$304,629	\$64,302	\$3,912,317	\$3,912,317
2020	\$383,392	\$319,487	\$305,572	\$317,180	\$249,276	\$264,958	\$281,391	\$285,992	\$306,466	\$305,932	\$308,122	\$364,157	\$3,691,925	\$3,691,925
2021	\$358,866	\$327,578	\$283,495	\$338,457	\$326,682	\$329,709	\$345,280	\$281,473	\$331,288	\$304,892	\$317,085	\$349,377	\$3,894,182	\$3,894,182
2022	\$341,434	\$324,758	\$333,838	\$319,723	\$321,391	\$330,531	\$334,504	\$316,716	\$314,617	\$304,322	\$337,434	\$305,735	\$3,885,003	\$3,885,003



United Mutual Outside Services



Monthly Active Leasing Report 2022 Period 12 (Mutual 1)



Year	Month	1 to 3 Month	4 to 6 Month	7 to 12 Month	12+ Month	Total This Year	Total Last Year	% Leased	% Leased Last Year	% Change	Total Renewals	Total Expirations
2022	January	17	28	74	570	689	621	10.9	9.8	1.1	40	17
2022	February	17	25	88	564	694	618	11.0	9.8	1.2	50	18
2022	March	17	25	102	558	702	630	11.1	10.0	1.1	39	25
2022	April	14	29	127	548	718	616	11.4	9.7	1.7	66	25
2022	May	15	30	144	540	729	609	11.5	9.6	1.9	32	28
2022	June	17	34	156	532	739	633	11.7	10.0	1.7	67	24
2022	July	21	30	162	527	740	631	11.7	10.0	1.7	49	22
2022	August	24	32	170	515	741	644	11.7	10.2	1.5	35	20
2022	September	20	33	179	511	743	651	11.8	10.3	1.5	45	34
2022	October	17	36	195	498	746	654	11.8	10.3	1.5	40	39
2022	November	15	33	209	485	742	673	11.7	10.6	1.1	37	24
2022	December	16	37	219	479	751	679	11.9	10.7	1.2	33	34



DATE: December, 2022
 TO: VMS Board of Directors
 RE: Monthly Staffing Report

New Hires YTD:

December

192 (87 Full-time, 105 Part-time)

28 (13 Full-time, 15 Part-Time)

Active Recruiting Vacancies as of December 31, 2022

Total: 80

Full-time: 62

Part-time: 18

Vacancies by Divisions	Full-Time	Part-Time	Total Vacancies	Total Budgeted
General Services	10	1	11	
Bus Driver	1	1	2	10.00
Custodian (WC 945)	4		4	30.00
Paving Trade Aid	1		1	1.00
General Paving Worker	2		2	7.00
Auto/Truck/Bus Technician	1		1	2.00
Mechanic Helper	1		1	2.00
Maintenance and Construction	14		14	
Senior Maintenance Plumber	1		1	11.80
Maintenance Painter	3		3	27.00
Maintenance Carpenter	1		1	21.80
Administrative Specialist (WC 910)	1		1	1.00
Operations Specialist (WC 900) (WC 909)	2		2	2.00
Moisture Intrusion Coordinator	1		1	3.00
Building Permits & Inspections Manager	1		1	-
Senior Facilities Services Technician	1		1	4.00
Inspector II	1		1	3.00
Senior General Maintenance Worker	1		1	6.00
Maintenance Operations Manager	1		1	1.00
Landscape Services	24		24	
Gardener (WC 520, WC 530 & WC 510)	24		24	79.00
Security Services	8		8	
Gate Ambassador		-	-	43.00
Security Patrol Officer	5		5	14.00



Dispatcher	2		2	5.00
Scheduler	1		1	1.00
Recreation Services	3	17	20	
Recreation Leader		11	11	9.58
P/T Sr Recreation Leader	1		1	1.00
P/T Stables Hand		1	1	0.33
Fitness Assistant II		4	4	2.65
Gold Course Sprayer	1		1	-
P/T Clubhouse Tech I		1	1	.25
Bowling Greenskeeper	1			1.00
Resident Services	3		3	
Customer Services Representative I	2		2	15.00
Customer Services Representative II	1		1	2.00
Media and Communications	1		1	
Broadband Technician	1		1	5.00
Financial Services	1		1	
Sr. Buyer	1		1	1.00
Total	64	18	82	

Terminations YTD:

December

158 (114 Full-time, 44 Part-time)

9 (5 Full-time, 4 Part-time)

Resignations and Terminations for December 2022 by Length of Service

	Less than 1 year		Less than 2 years		Leave after 2-5 years		Leave after 5+ years		Grand Total
	FT	PT	FT	PT	FT	PT	FT	PT	
Resigned		2		1			3		6
Terminated	2					1			3
Grand Total	2	2		1		1	3		9

The stated reasons for resignations in December are as follows:

- 1. Retirement** – 1 in Landscape Services, 1 in Recreation Services
- 2. Termination** – 1 in Maintenance and Construction Services, 1 in Resident Services and 1 in Security Services
- 3. Voluntary Resignation** – 1 in Maintenance and Construction Services
- 4. Health Reasons** - 1 in Security Services
- 5. Return to School** – 1 in Recreation Services
- 6. Dissatisfied with Hours** – 1 in Recreation Services



STAFF REPORT

DATE: January 31, 2023
FOR: Finance Committee
SUBJECT: Request for Supplemental Appropriation to Install Shepherd's Crook Fencing

RECOMMENDATION

Approve and endorse a recommendation from the Maintenance & Construction Committee for a supplemental appropriation in the amount of \$40,000 from the Reserve Fund to install approximately 400 linear feet of additional Shepherd's Crook fencing along El Toro Rd., east of Gate 1.

BACKGROUND

In 2017, the Laguna Woods City Council approved Conditional Use Permit 1135 to allow for placement of Shepherd's Crook fencing as a suitable replacement for the existing barbed wire fencing for perimeter walls located around Laguna Woods Village (Attachment 1).

The 2023 Business Plan approved by the United Board allocates \$35,000, from the Reserve Fund to install approximately 300 linear feet of Shepherd's Crook fencing along El Toro Rd. (Attachment 2).

DISCUSSION

At the December 28, 2022, M&C Committee meeting, the committee endorsed a recommendation for a supplemental appropriation in the amount of \$40,000 to install an additional 400 linear feet of Shepherd's Crook along El Toro Rd., east of Gate 1 (Attachment 2).

FINANCIAL ANALYSIS

Funding in the amount of \$35,000 from the Reserve Fund is allocated to install Shepherd's Crook fencing in 2023. The recommended action would approve a supplemental appropriation in the amount of \$40,000 from the Reserve Fund to install an additional 400 linear feet of Shepherd's Crook fencing along El Toro Rd., east of Gate 1.

Prepared By: Guy West, Projects Division Manager

Reviewed By: Jose Campos, Assistant Finance Director
Bart Mejia, Maintenance and Construction Assistant Director
Manuel Gomez, Maintenance and Construction Director

ATTACHMENT(S)

Attachment 1 – Conditional Use Permit 1135

Attachment 2 – Photo of Area Scheduled for Shepherd's Crook Installation

Attachment 3 – Resolution

Attachment 1 – Conditional Use Permit 1135

RESOLUTION NO. 17-12

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, APPROVING CONDITIONAL USE PERMIT CUP-1135 TO ALLOW FOR EXCEEDANCES OF MAXIMUM FENCE AND WALL HEIGHT PROVISIONS OF THE LAGUNA WOODS MUNICIPAL CODE, ALONG ALL PERIMETER FENCES AND WALLS OF LAGUNA WOODS VILLAGE, LAGUNA WOODS, CA 92637

WHEREAS, on May 17, 2017, the City Council of the City of Laguna Woods, after giving notice thereof as required by law, held a public hearing concerning the requested conditional use permit to allow for exceedances of maximum fence and wall height provisions of the Laguna Woods Municipal Code, along all perimeter fences and walls of Laguna Woods Village; and

WHEREAS, the City Council has carefully considered all pertinent testimony, as well as all information contained in the agenda report prepared for this application, as presented at the public hearing; and

WHEREAS, staff has reviewed the environmental form submitted by the applicant in accordance with the City's procedures. Based upon the information received and staff's assessment of the information, the project has been determined to be categorically exempt pursuant to sections 15301 (Existing Facilities) and 15303(e) (Small Structures) of the California Environmental Quality Act (CEQA); and

WHEREAS, all legal prerequisites have occurred prior to the adoption of this resolution; and

WHEREAS, the City Council makes the following findings subject to the conditions of approval:

1. The proposed use or project is consistent with the City of Laguna Woods General Plan.

The proposed project is consistent with the Residential Community (RC) land use designation of the City's General Plan. Additionally, Objective 1 of the General Plan Housing Element is to maintain and improve residential neighborhoods and support quality housing for all residents. The proposal would allow for the exceedances of maximum fence and wall height

provisions of the Laguna Woods Municipal Code, up to a maximum height of seven feet along all perimeter fences and walls of Laguna Woods Village. Conditions of approval would also provide for the replacement of barbed wire with masonry, shepherd's hook, or similar materials. As such, the applicant would be able to maintain and improve existing perimeter walls by increasing height or modifying materials.

2. The use, activity or improvements proposed are consistent with the provisions of the City Zoning Code.

The proposed project, which seeks an exception and modification of the maximum fence and wall height provisions of Section 13.16.230 of the Laguna Woods Municipal Code, is permitted under the City's Zoning Code contingent upon receiving a conditional use permit and making certain findings that the project will not result in or create a traffic hazard and will not create conditions or situations that may be objectionable, detrimental or incompatible with other permitted uses in the vicinity.

3. The approval of the permit application is in compliance with the requirements of the California Environmental Quality Act.

Based upon the information received from the applicant and staff's assessment of the information, the proposed project has been determined to be categorically exempt under sections 15301 (Existing Facilities) and 15303(e) (Small Structures) of the California Environmental Quality Act (CEQA) guidelines.

4. The location, size, design and operating characteristics of the proposed use will not create conditions or situations that may be incompatible with other permitted uses in the vicinity.

The proposal to allow for exceedances of maximum fence and wall height provisions of the Laguna Woods Municipal Code, along all perimeter fences and walls of Laguna Woods Village shall have no demonstrable adverse effect upon abutting properties. The project boundaries are generally similar to the City's jurisdiction lines. The project area also abuts the cities of Aliso Viejo, Laguna Beach, and Laguna Hills, as well as unincorporated areas. Neighboring properties in all cardinal directions have a wide variety of land uses, most of which include the use of fences and/or walls of varying heights and materials.

5. The approval of the permit application will not result in conditions or circumstances contrary to the public health, safety and the general welfare.

With the approval of the conditional use permit, conditions of approval have been added, which would regulate the modification of the perimeter fences and walls in a manner that is consistent with the purpose and intent of Section 13.16.230 of the Laguna Woods Municipal Code. Such conditions will assist in protecting the general public from any potential hazard.

6. The approval of the permit application is in compliance with all City-required public facilities regulations.

The proposal to allow for exceedances of maximum fence and wall height provisions of the Laguna Woods Municipal Code, up to a maximum height of seven feet, along all perimeter fences and walls of Laguna Woods Village has been evaluated against all City regulations through the conditional use permit process and is deemed in compliance, subject to the conditions of approval.

7. The height and location of the fence or wall as proposed will not result in or create a traffic hazard.

The current locations of the existing perimeter fences and walls included in the proposal do not present any known traffic hazard. The applicant has represented the same. The potential maximum height of fences and walls in excess of what is permitted by right is minimal (one foot). For modification of existing fences and walls, the applicant may be required to obtain building permits. For construction of new fences and walls, the applicant may be required to obtain building permits and planning approval (setback review, etc.). Existing law and the Laguna Woods Municipal Code gives the City the ability to challenge and abate hazardous conditions.

8. The location, size, design and other characteristics of the fence or wall will not create conditions or situations that may be objectionable, detrimental or incompatible with other permitted uses in the vicinity.

Permitted uses in the vicinity include a wide variety of land uses, most of which include the use of fences and/or walls of varying heights and materials. The potential maximum height of fences and walls in excess of what is permitted by right is minimal (one foot). The permitted materials for

the increased fence height are ordinary, consisting of shepherd's hook, masonry, or similar materials. The proposed modifications would not create conditions or situations that would be objectionable, detrimental, or incompatible to the uses in the abutting area.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The above recitals are true and correct.

SECTION 2. The City Council approves Conditional Use Permit CUP-1135 subject to the conditions of approval found in Exhibit A.

SECTION 3. The Deputy City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED on this 17th day of May 2017.


SHARI L. HORNE, Mayor

ATTEST:


YOLIE TRIPPY, Deputy City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LAGUNA WOODS)

I, YOLIE TRIPPY, Deputy City Clerk of the City of Laguna Woods, do
HEREBY CERTIFY that the foregoing **Resolution No. 17-12** was duly adopted by
the City Council of the City of Laguna Woods at a regular meeting thereof, held on
the 17th day of May 2017, by the following vote:

AYES: COUNCILMEMBERS: Conners, Hatch, Horne, Moore

NOES: COUNCILMEMBERS: -

ABSENT: COUNCILMEMBERS: Hack



YOLIE TRIPPY, Deputy City Clerk

Exhibit A to Resolution No. 17-12

Conditions of Approval for Conditional Use Permit CUP-1135

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

revocation of the CUP as to all then-remaining unmodified portions of the perimeter walls and fencing, under Laguna Woods Municipal Code Section 13.24.080(a)(3). The Applicant(s)/Owner(s) shall provide the City with a report on each December 31, beginning on December 31, 2018, indicating the amount of lineal feet of fencing and walls that the Applicant(s)/Owner(s) have succeeded in modifying over the preceding calendar year, the location and nature of such modifications, and the location(s) of modifications planned for the upcoming calendar year. Upon the Applicant(s)/Owner(s)' failure to modify at least 900 lineal feet of the perimeter walls and fencing in any given calendar year, the City may notice a public hearing on the revocation of this conditional use permit for all remaining unmodified portions of the perimeter walls and fencing. Such revocation shall not affect those portions of perimeter walls and fencing previously modified in compliance with the approvals granted hereunder, but the Applicant(s)/Owner(s)' completion of such portions does not and shall not create any vested rights to any continued completion of any remaining, unmodified portions if the Applicant(s)/Owner(s) fail to modify the required 900 lineal feet per year.

7. The Applicant(s)/Owner(s), or successor in interest, shall as a condition of issuance of this permit, at its sole expense, defend, indemnify, and hold harmless the City and its respective elected and appointed boards, officials, officers, agents, employees and volunteers from any claim, action, or proceeding against the City and its respective elected and appointed boards, officials, officers, agents, employees and volunteers to attach, set aside, void or annul an approval of the City Council, Planning Agency, or other decision-making body, or staff action concerning this conditional use permit approval, or its implementation. The Applicant(s)/Owner(s) shall pay all of the City's defense costs incurred by counsel of the City's choosing, and shall reimburse the City for any and all court costs and other parties' attorney fees that the City may be required by a court to pay as a result of such defense. The Applicant(s)/Owner(s) may its sole discretion participate in the defense of any such action under this condition, with its own counsel.

Attachment 2 – Photo of Area Scheduled for Shepherd's Crook Installation



Attachment 3 – Resolution

Resolution 03-23-XX

**Supplemental Appropriation for
Shepherd's Crook Installation**

WHEREAS, in May 2017, the City of Laguna Woods issued CUP-1135 governing the replacement of barbed-wire fencing with Shepherd's Crook fence; and

WHEREAS, The 2023 Business Plan approved by the United Board allocates \$35,000, from the Reserve Fund to install approximately 300 linear feet of Shepherd's Crook fencing along El Toro Road; and

WHEREAS, on December 28, 2022 and on January 31, 2023, the United M&C and Finance Committees endorsed a recommendation for a supplemental appropriation in the amount of \$40,000 to install an additional 400 linear feet of Shepherd's Crook along El Toro Road, east of Gate 1;

NOW THEREFORE BE IT RESOLVED, on February 14, 2023 the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$40,000 to be funded from the Reserve Fund; and

RESOLVED FURTHER, a supplemental appropriation is authorized from the Reserve Fund in the amount of \$40,000 to be used for this project; and

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



STAFF REPORT

DATE: January 31, 2023
FOR: Finance Committee
SUBJECT: Supplemental Funding for Turf Reduction Projects

RECOMMENDATION

Approve a supplemental appropriation in the amount of \$189,480 to fund a portion of the United Turf Reduction Projects.

BACKGROUND

In the 2022 Business Plan, \$388,294 was budgeted for turf removal/landscape modernization in the Reserve Fund. Due to the extended time frame for designing the projects they are not complete as of the end of the fiscal year, resulting in a remaining balance of \$189,480; this supplemental appropriation represents those funds.

On January 23, 2023, the Landscape Committee discussed the supplemental appropriation in depth and voted to recommend award by the United Board of Directors.

DISCUSSION

The Governor of California issued Executive Order M-7-22, calling for increased restrictions on outdoor potable water irrigation and tasking local water agencies with developing plans for further restrictions on irrigating non-functional turf.

United Mutual is responsible for the maintenance of 236.7 acres of irrigated landscape, 138 of those acres are turf, all of which is irrigated with potable water. In the 2022 Business plan development, the Landscape Committee recognized that the State of California is experiencing record drought conditions and budgeted \$388,294 for turf reduction and replacement of high water use plant material.

FINANCIAL ANALYSIS

A supplemental appropriation of \$189,480 is required to complete the project.

Prepared By: Kurt Wiemann, Director of Landscape Services

Reviewed By: Jayanna Abolmoloki, Landscape Administrative Assistant

ATTACHMENT(S)

Attachment 1: Resolution 01-23-XX Supplemental Appropriation

ATTACHMENT 1

**RESOLUTION 01-23-XX
Supplemental Appropriation for Turf Reduction**

WHEREAS, the 2022 Business Plan allocated \$388,294 for turf reduction and replacement of high water use plant material; and

WHEREAS, the United Landscape Committee directed staff to develop turf removal locations and strategies; and

WHEREAS, as a result of the extended design time frames, the budgeted funds for turf reduction for Fiscal Year 2022 were not fully expended, with a balance of \$189,480.

NOW THEREFORE BE IT RESOLVED, on February 14, 2023, that the Board of Directors of this Corporation hereby authorizes a supplemental appropriation of \$189,480 to complete the Turf Removal Projects budgeted in Fiscal Year 2022 to be funded from the Reserve Fund;

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

ENDORSEMENT (to Finance Committee)

Discuss and Consider Loans in United Laguna Woods Mutual:

At the Governing Documents Review Committee (Committee) held on January 19, 2023 Loans in the United Laguna Woods Mutual was reviewed.

There are five types of private lenders in the private commercial real estate lending industry: 1) a private individual, 2) a private equity fund or firm, 3) a family office, 4) a hedge fund and lastly, 5) a self-funded specialty finance company. Unlike banks and other traditional lending institutions, private lenders are asset-based. That means when considering a loan, they focus less on buyer credentials and more on the property's value and cash flow potential. Interest on private money loans reportedly tends to be higher than loans from licensed lenders.

A multi-committee examination of the pros and cons of lending in United may result in the best responses and/or solutions to questions of lending in United. Such examination could and should look into questions of who regulates private lenders, annual percentage rates by financial institutions compared to private lenders, and risk and liability to United when comparing loans from financial institutions to private loans, etc. Nonetheless, research performed by established United committees, each with divergent interests, could provide United with the best course of action, now and in the future.

Ms. Pamela Bashline, Community Services Manager, discussed Loans in United Laguna Woods Village. The Committee members made comments and asked questions.

Director Blackwell, Chair made a motion to direct Staff to forward the resale and information package to the Finance Committee for use by Ad Hoc Loans Committee. Director Asgari seconded the motion.

By way of consensus the motion passed.



STAFF REPORT

DATE: January 19, 2023
FOR: Governing Documents Review Committee
SUBJECT: Loans in United Laguna Woods Mutual

RECOMMENDATION

Staff recommends that United Laguna Woods Mutual's (Mutual) committee structure, perhaps involving multiple committees with divergent disciplines and expertise, be engaged simultaneously to research the pros and cons of lending in the common interest development.

BACKGROUND

Membership in United is not tied to real property ownership, and thus a mechanism was necessary to permit a lender to secure its loan with collateral owned by the Corporation. United developed a Recognition Agreement to protect the financial integrity and solvency of the Corporation. Since 1988, 21 different bodies have executed United's Recognition Agreement (Agreement). A list of those financial institutions with existing share loans has been reduced to 15 lenders (ATT 1).

United has authorized multiple financial institutions as well as individual lenders to make loans to members of the Corporation by way of signing United's Recognition Agreement (ATT 2; 3) and recording the Agreement with the Orange County Recorder's Office. The benefit to United was that the lender was able to initiate foreclosure proceedings when a Member defaulted on the loan; the Agreement further provided that the lender must make monthly assessment payments in timely fashion until the membership was either terminated, returned to good standing and/or was re-sold. Additionally, the lender was obligated to facilitate the pursuit of select non-monetary defaults arising from the Member's failure to comply with the terms and conditions of either the Occupancy Agreement or the Mutual's Bylaws. The strict terms and conditions of the Agreement were more favorable to United than to commercial banks. Accordingly, over the years, National Cooperative Bank (NCB) was the lone remaining financial institution willing to adhere to the Agreement.

In November 2016, United adopted Resolution 01-16-107 (ATT 4), discontinuing the use of individual recognition agreements because of abuses by some individuals.

In 2019, a third-party consultant caused a re-evaluation of United's assets which increased the Corporation's property value from millions to billions of dollars. Simultaneously wildfires and a host of other natural disasters across the country resulted in significantly higher insurance premiums; full replacement insurance coverage for United became unaffordable. Without insurance for the full replacement value of the units, NCB was unable to continue to make loans insured by Fannie Mae and was left no choice but to cease making new loans after August 2021.

DISCUSSION

There are five types of private lenders in the private commercial real estate lending industry: 1) a private individual, 2) a private equity fund or firm, 3) a family office, 4) a hedge fund and lastly, 5) a self-funded specialty finance company. Unlike banks and other traditional lending institutions, private lenders are asset-based. That means when considering a loan, they focus less on buyer credentials and more on the property's value and cash flow potential. Interest on private money loans reportedly tends to be higher than loans from licensed lenders.

A multi-committee examination of the pros and cons of lending in United may result in the best responses and/or solutions to questions of lending in United. Such examination could and should look into questions of who regulates private lenders, annual percentage rates by financial institutions compared to private lenders, and risk and liability to United when comparing loans from financial institutions to private loans, etc. Nonetheless, research performed by established United committees, each with divergent interests, could provide United with the best course of action, now and in the future.

FINANCIAL ANALYSIS

None.

Prepared By: Pamela Bashline, Community Services Manager

Reviewed By: Jeff Spies, Community Services Supervisor

ATTACHMENT(S)

ATT 1 – Existing United Lenders
ATT 2 – Recognition Agreement for Financial Institutions
ATT 3 – Recognition Agreement for Individual Lenders
ATT 4 – Resolution 01-16-107



United Lenders

California Bank & Trust

El Dorado Bank

Financial Freedom Bank

NCB Bank

Wells Fargo Bank

Quaker City Federal S & L

Loan Link Financial

Financial Freedom

Trust One Mortgage Corp

PHH Mortgage Services

Cendant Mortgage

PNC Mortgage

National City Mortgage

VA Desert Pacific Fed CU

First Interstate Bank

When recorded return to:

Community Services Department
Village Management Services, Inc. ("VMS")
P. O. Box 2220
Laguna Hills, California 92654

RECOGNITION AGREEMENT

This Recognition Agreement (the "Agreement") is made this ____ day of _____(month), _____(year), by and between UNITED LAGUNA WOODS MUTUAL, a California nonprofit mutual benefit corporation (the "Mutual") and _____("Lender"). The Mutual and Lender may collectively be referred to herein as the "Parties" and, sometimes, singularly as a "Party."

RECITALS:

- A. The Mutual is the owner of certain dwelling units located at Laguna Woods, California (the "Project"), more particularly described in Exhibit A to this document.
- B. Each member of the Mutual (the "Member") owns a membership in the Mutual and the Golden Rain Foundation of Laguna Woods (collectively, the "Membership") and the "right to occupy" a specified unit owned by the Mutual. The "right to occupy" a unit is subject to the terms of an Occupancy Agreement (the "Occupancy Agreement") entered into between the Mutual and the Member.
- C. Lender desires to continue to make secured loans to qualified Members. The loans are to be secured by a pledge to Lender of the Member's Membership, the Member's membership certificate in the Mutual and the Member's membership

certificate in Golden Rain Foundation of Laguna Woods, together with the Member's rights and interest under the Occupancy Agreement (collectively, "Member's Interest"). For the purposes of this document, the term "pledge" shall include either or both an assignment and an encumbrance as security for repayment of a loan.

D. The Parties intend that this Agreement shall replace and supersede in its entirety that certain recognition agreement previously executed on behalf of _____(Lender) and recorded on _____as Instrument No. 94-0706813.

E. A Member's Interest may not be pledged to Lender without the consent of the Mutual.

F. In order to avoid the administrative expenses to the Mutual and the Lender arising from Lender's submission to the Mutual of requests on an individual basis for approval of the pledge to Lender of a Member's Interest as security for a loan from Lender to the Member, the Mutual and Lender desire to set forth the terms and conditions under which the Mutual consents to all such pledges by Members to Lender.

TERMS

1. Mutual Protection. Lender, for itself and its successors and assigns, covenants and agrees that all of its rights and powers under any obligation entered into with any Member shall be in accordance with all terms and conditions of this Agreement (a "share loan") and shall be subordinate and subject to rights of the Mutual to collect monthly assessments, which are in turn utilized to fulfill the Mutual's responsibilities to State, County or local authorities to pay any and all taxes and similar expenses assessed against the Project, for which the Mutual as owner of the underlying property is responsible. Moreover, in the event the Mutual acquires the Member's Interest based

on the foreclosure process pursuant to the Davis-Stirling Common Interest Development Act and in accordance with the Mutual's governing documents (whether under judicial foreclosure or nonjudicial foreclosure), the Lender's lien or any interest in the Project that the Lender had shall automatically terminate, subject to the conditions hereinafter described. The Lender may cure the Member's default to the Mutual prior to any such foreclosure action.

The Mutual shall give written notice to the Lender of a proposed tender of the Member's Interest in the event that: (1) the Mutual proceeds to record a Notice of Default; or (2) the Mutual decides to accept the Member's Interest in lieu of foreclosure. The Mutual will give such written notice if the Lender provides a written request for such written notice and the opportunity to cure any Member's default to the Mutual. The Lender shall have thirty (30) days to cure the default after the notice of the Member's default to the Mutual or notice of the Mutual's intent to accept the Member's Interest in lieu of foreclosure is mailed.

2. Conditions of Applicability. Although this Agreement provides a general structure for the relationship between Lender and the Mutual, it shall apply only in cases where the affected Member specifically consents in writing to subordinate the Member's rights under his Occupancy Agreement and the Bylaws of the Mutual to those of the Lender set forth in this document.

3. Consent to Pledge. Until termination of this Agreement as provided in Paragraph 19 below, the Mutual hereby irrevocably consents to the pledge of the following to Lender by any Member as security for any loan from Lender to the Member:

- (a) The Member's Membership;

- (b) The Member's Certificate; and,
- (c) All of the Member's rights and interest under the Occupancy

Agreement between the Member and the Mutual.

Notwithstanding the Member's pledge to the Lender, the Member shall retain all rights, privileges, and obligations of membership (specifically including the right to occupy and use the dwelling unit and community facilities, the right to vote, and the obligation to comply with the Occupancy Agreement and Bylaws of the Mutual) until and unless the Occupancy Agreement and membership rights are terminated under the provisions of the Occupancy Agreement and the Mutual's Bylaws or the pledged collateral is foreclosed or accepted in lieu of foreclosure by the Lender under the terms of the lending relationship between the Lender and the Member.

4. Notification of Pledges. From time to time, Lender may furnish in writing to Mutual, a list of all Members who have made pledges to Lender of the items listed in Paragraph 3(a), 3(b) and 3(c) above. The most current such list is hereinafter called the "List."

5. Notices by Mutual to Lender. The Mutual agrees to furnish Lender written notification of the name of each Member on the List (a) who is in default (monetary or otherwise) for more than thirty (30) days under the terms of either the Occupancy Agreement between the Mutual and the Member or the Mutual's Bylaws or (b) who actually or constructively gives the Mutual notice of an intention to leave the Project, as provided in Article III, Section 4 of the Mutual's Bylaws or in any other fashion that indicates an intent to surrender the Member's right to occupy the dwelling unit, the Membership and the Certificate.

6. Right to Cure in the Event of Default. The Mutual agrees that it will not commence action to terminate the Occupancy Agreement or Membership of any Member on the List for a default under the terms of the Member's Occupancy Agreement or the Mutual's Bylaws without giving Lender prior written notice and the opportunity to cure said default or acquire such Member's Membership, Certificate and Occupancy Agreement in accordance with the following:

(a) Monetary Default. If the default arises from the Member's failure to make any payment due the Mutual (including late charges, interest and any other cost associated with the delinquency), and Lender or the Member cures said default within thirty (30) days after Lender's receipt of the Mutual's notice furnished pursuant to Paragraph 5 above, the Mutual shall not commence action to terminate the Member's Occupancy Agreement or membership. The Mutual's acceptance of any amounts paid by Lender to cure a Member's monetary default shall not constitute a waiver of the Mutual's rights under the Mutual's Bylaws concerning the occupancy and use of the Member's dwelling unit or the transfer of the Member's membership in the Mutual.

(b) Nonmonetary Default. If the default arises from the Member's failure to comply with a term or condition of either the Occupancy Agreement or the Mutual's Bylaws which does not require a payment of money to the Mutual and all amounts due under the terms of the Occupancy Agreement are kept current, the Mutual will not commence action to terminate the Member's Occupancy Agreement or Membership provided either the Lender causes the Member to cure such default within sixty (60) days of Lender's receipt of Mutual's

notice furnished pursuant to Paragraph 5 above or the Lender provides the Mutual with a photocopy of a document commencing foreclosure of the pledge within such sixty (60) day period and continues with reasonable diligence to foreclose Lender's pledge by nonjudicial or judicial foreclosure.

Nothing in this Agreement shall make Lender a guarantor of any Member on the List, nor obligate Lender to cure a monetary default, to cause a Member to cure a nonmonetary default, to diligently foreclose its pledge or to pay any amount due under an Occupancy Agreement.

7. Mutual's Transfer of Memberships and Termination of Occupancy Agreements in the Event of Default or Surrender. The Mutual retains its right to terminate and transfer the membership and terminate the Member's rights under the Occupancy Agreement of any Member on the List in accordance with Section 5 of Article III of the Mutual's Bylaws if:

- (a) Lender consents to the transfer and termination by reconveyance of Lender's deed of trust or otherwise; or,
- (b) The Member's monetary default is not cured within the thirty (30) day period for which provision is made in Paragraph 6(a) above; or,
- (c) The Member's nonmonetary default is not cured within the sixty (60) day period for which provision is made in Paragraph 6(b) above or the Lender does not (1) provide the Mutual a photocopy of a document commencing foreclosure of the pledge within said sixty (60) day period and (2) diligently pursue the foreclosure of its pledge.

In the event there is a nonmonetary default and, before it is cured, a monetary default occurs also, the Mutual may terminate the Member's Membership and transfer the Member's Membership and terminate the Member's rights under the Occupancy Agreement wherever it is entitled to do so under the provisions of any of subparagraphs (a), (b) or (c).

If Lender pays the Mutual all amounts which become due the Mutual from the defaulting Member and Lender furnishes Mutual with evidence of Lender's having acquired Member's rights and interest under the Occupancy Agreement, the Certificate, and Member's Membership prior to the Mutual's termination of the Member's Membership and the Member's rights under the Occupancy Agreement, the Mutual will issue a new Certificate and enter into a new Occupancy Agreement with a designee of Lender approved by the Mutual (as provided in Paragraph 8 below) as soon as reasonably possible after such termination or surrender.

Notwithstanding the provisions of the Mutual's Bylaws and any failure by Lender diligently to foreclose its pledge, the Mutual shall deliver to Lender (instead of the Member) any amount that may become due the Member under either Section 4 or Section 5 of the Article III of the bylaws of the Mutual, up to the amount due Lender under the provisions of its note and pledge, as provided in Paragraph 8 below.

8. Lender's Right to Proceeds or to Designate Transferee If Mutual Redeems or Accepts Surrender of Membership. If the Mutual exercises its option to purchase the Membership of any Member on the List in accordance with Section 4 of Article III of Mutual's bylaws upon a Member's actual or constructive notice of an intention to leave the Project, Mutual shall pay Lender from the funds otherwise payable to the Member

an amount not exceeding the Member's indebtedness to Lender. In the event the amount otherwise payable to the Member is less than the Member's indebtedness to Lender, then if Lender pays Mutual all amounts owed to the Mutual by the Member under the provisions of Section 4 of Article III and any other provision of the Mutual's bylaws or Occupancy Agreement within 30 days after the Mutual exercises its option to purchase the Membership or after the Mutual accepts a surrender of the Member's Membership, right to occupy, and Certificate, the Mutual will issue a new Certificate and enter into a new Occupancy Agreement with a designee of Lender approved by the Mutual (as provided in Paragraph 9 below) as soon as reasonably possible after all payments due are received by the Mutual.

9. Approval of Transferee. If Lender forecloses its pledge or accepts an assignment of the Occupancy Agreement encumbered by the deed of trust, the Membership, and the Certificate in lieu of foreclosure. Lender will use its best efforts to sell the membership (or lease the dwelling unit as allowed by Paragraph 11 below) as rapidly as reasonably possible. When Lender seeks the Mutual's approval of a designee pursuant to Paragraph 7 or Paragraph 8 above, the Mutual will not unreasonably withhold its approval of such designee who meets the Mutual's customary requirements. The Mutual shall review the qualifications of the designee in the same manner as it reviews the qualifications of a prospective purchaser of a Certificate from any Member, and the Mutual's requirements or standards for membership shall not be applied capriciously or arbitrarily. (During the period between Lender's foreclosure or acceptance of an assignment in lieu of foreclosure and the sale of the Membership to a designee approved by the Mutual, Lender shall not be considered a member, *per se*,

and shall have no right to occupy or use the dwelling unit or common facilities or to vote. Lender's rights shall be limited to those specified in this Agreement. However, during this period Lender shall have the same duties and responsibilities under the Mutual's bylaws and the former Member's Occupancy Agreement as the former Member had — specifically including the former Member's obligation to pay the monthly carrying charges promptly. Moreover, the Mutual shall have the same remedies against Lender in the event of default that it had against the former Member.)

10. Indemnification of the Mutual. Lender shall indemnify the Mutual against, and hold the Mutual free and harmless from, any loss, liability or expense (including reasonable attorneys' fees and the cost of litigation) incurred by the Mutual in connection with any claim by a Member or the Member's successors in interest which arises out of Lender's representations or actions pursuant to this Agreement.

11. Lender's Right to Lease or Sublease. Lender shall have the same right to lease or sublease the dwelling unit of a Member whose Membership, Certificate, and right to occupy are obtained by Lender through foreclosure or assigned to Lender in lieu of foreclosure to the same extent and on the same terms and conditions as the Member otherwise would have.

12. Amendment to Occupancy Agreement and Bylaws. The Mutual agrees that it will not consent to or make any amendment that is materially detrimental to Lender's rights under this Agreement to any Occupancy Agreement between the Mutual and any Member on the List or to the Mutual's Bylaws without obtaining Lender's prior written consent, which consent shall not be withheld unreasonably.

13. Estoppel Statement. Within ten (10) days after receipt of a request for an estoppel statement, either Party shall deliver to the other a written statement of the magnitude and nature of any amounts which the Party alleges is due from a Member on the List. Such statement shall be binding upon the Party providing the statement as of the date of the statement. The party providing the statement shall have the right to require the Party requesting the statement to pay a reasonable fee for the provider's cost to prepare and reproduce such statement.

14. Inspection Rights. Lender shall have the same rights of inspection of the books and records of the Mutual as are granted to a Member by the Bylaws of the Mutual and the California Corporations Code.

15. Fire and Casualty Insurance. The Mutual warrants that it has and will maintain until the termination of this Agreement fire and casualty insurance with extended coverage of all buildings containing a dwelling unit which is the subject of an Occupancy Agreement with a Member on the List in an amount as near as reasonably possible to the full replacement value of such buildings (including, without limitation, all portions of such dwelling unit consisting of built-in or set-in appliances and cabinets, as initially installed or replacements thereof, or as installed by or at the expense of the Member), without deduction for depreciation. To the extent reasonably possible, each such policy of fire and casualty insurance shall provide for waiver of subrogation of claims against residents of Laguna Woods Village.

16. Casualty Losses. The Mutual hereby waives and releases all claims against Lender resulting from an insured or uninsured casualty to the extent of the insurance proceeds available plus any deductible under insurance coverage, whether or

not the damage or injury is caused by the Member's negligence, fault or misuse.

Notwithstanding any provision of the bylaws or of the Occupancy Agreement with a Member on the List, the Mutual shall repair or replace the dwelling unit subject to the Occupancy Agreement with a Member on the List that is damaged or destroyed as a result of an insured casualty in a manner that restores the dwelling unit to substantially its condition and value prior to the damage or destruction if the cost of doing so does not exceed the insurance proceeds plus the deductible under the insurance coverage.

If the cost of repairing or replacing such damaged dwelling unit in a manner that restores it to substantially its condition and value prior to the damage is greater than the insurance proceeds available to the Mutual for such purpose plus the deductible under the insurance coverage and the Mutual elects not to repair and replace it, then the Mutual shall pay Lender from funds otherwise payable to the Member an amount not exceeding the Member's indebtedness to Lender prior to paying any portion of such insurance proceeds to such Member or using any portion of such proceeds for any purpose other than to satisfy any amounts owed by such Member to the Mutual.

17. Condemnation Awards. If the Mutual receives an award for condemnation or taking of all or any portion of a dwelling unit which is subject to an Occupancy Agreement in favor of a Member on the List or any other award for condemnation or taking a portion of which is allocable to a Member on the List, the Mutual shall pay Lender from the funds otherwise payable to the Member an amount not exceeding the Member's indebtedness to Lender prior to paying any portion of the condemnation or taking award to the Member or using any portion of such proceeds for any purpose other than to satisfy any amounts owed by such Member to the Mutual.

18. Further Blanket Encumbrances. The Mutual agrees that it will not consent to any further blanket lien or blanket deed of trust encumbering real property which is subject to Occupancy Agreements owned by Members on the List without giving Lender sixty (60) days prior written notice.

19. Termination. This Agreement may be terminated at any time by either party by giving sixty (60) days prior written notice of said termination to the other party; provided, however, that following any such termination, the terms and provisions of this Agreement shall remain in effect as to all Memberships, Certificates, and Occupancy Agreements then transferred or pledged to Lender as of the date of such termination, until (a) such time as the obligations secured by such transferred or pledged Memberships, Certificates, and Occupancy Agreements have been satisfied or (b) Lender has acquired such Memberships, Certificates, and Occupancy Agreements pursuant to its right of foreclosure or assignment in lieu of foreclosure and such Memberships, Certificates, and Occupancy Agreements have been transferred to eligible Members approved by the Mutual, whichever occurs first.

20. Recording of Memorandum of Occupancy Agreement. Upon Lender's request, the Mutual shall execute, acknowledge and deliver to Lender a Memorandum of Occupancy Agreement in a form that will permit recordation of such Memorandum of Occupancy Agreement in the Official Records of Orange County, California.

21. Notices. Any notice or consent required pursuant to the terms hereof shall be deemed given when personally delivered to an authorized representative of a party or if mailed, it shall be deemed given five (5) days after mailed by registered or certified mail, postage prepaid, addressed as follows:

If to Mutual:

UNITED LAGUNA WOODS MUTUAL
c/o Community Services Office
24351 El Toro Road
P. O. Box 2220
Laguna Hills, California 92653

If to Lender:

_____(Lender)
Attn:
Street Address
City, State and Zip Code

With Copy to: (if applicable)

_____(Lender)
Attn:
Street Address
City, State and Zip Code

or to such other address as a party may specify from time to time.

23. Superseding and Replacing Existing Agreement. As set forth in the Recitals above, the parties expressly intend and agree that this Agreement shall replace and supersede in its entirety that certain earlier Recognition Agreement executed by _____(Lender Representative) on behalf of _____(Lender), which was recorded on _____(Date) as **Instrument No. 94-0706813**.

24. Successors and Assigns. The provisions of this Agreement shall bind and inure to the benefit of the respective successors and assigns of the Parties. As used herein, the term "Lender" includes, in addition to the lender named herein, (1) any other lender; (2) any investor of any type which has then succeeded to the Lender's right and interest in all or any part of the loans subject to this Agreement; (3) any person or institution which may service the loans for such institutional lender or investor; and,

(4) any institutional insurer or institutional guarantor of all or any part of any loan to a Member of the Mutual that is subject to this Agreement. The Mutual shall have an obligation to notify any person or institution other than the Lender named herein only if that person or institution has provided written notice of its interest in a specified dwelling unit as provided in Paragraph 21 above.

24. Miscellaneous. As used herein, words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa. In Witness herewith this Agreement as been executed as of the date set forth above.

Lender:

_____(Lender)

Mutual:

UNITED LAGUNA WOODS MUTUAL,
a California nonprofit mutual benefit
corporation

By: _____
Signature

Type

Its: _____

By: _____
Signature

Type

Its: _____

By: _____
Signature

Typed

Its: _____

By: _____
Signature

Typed

Its: President

By: _____
Signature

Typed

Its: Secretary

By: _____
Signature

Typed

Its: Treasurer

ACKNOWLEDGMENT

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

State of California)
County of Orange)

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)

ACKNOWLEDGMENT

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

State of California)
County of Orange)

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)

Exhibit "A"

PARCEL 1:

LOTS 1 AND 2 OF TRACT NO. 4920, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 223 PAGE(S) 43 TO 46 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

LOTS 4, 9, 10, 11, 12 AND 13 OF TRACT NO. 5041, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 183, PAGE(S) 4 TO 8 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 3:

LOTS 1, 2, 3, 4, 5, 6, 7, 8 AND 9 OF TRACT 5093, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 192, PAGE(S) 21 TO 31 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 4:

LOTS 1, 2, AND 5 OF TRACT NO. 5094, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 201, PAGE(S) 9 TO 13 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 5:

LOTS 1, 2, 3, 4 AND 5 OF TRACT NO. 5095, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 203, PAGE(S) 37 TO 40 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 6:

LOTS 1, 2, 3, 4 AND 5 OF TRACT NO. 5096, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 204, PAGE(S) 42 TO 48 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 7:

LOTS 1, 2, 3, 4 AND 5 OF TRACT NO. 5097, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 207, PAGE(S) 1 TO 6 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 8:

LOTS 1, 2, 3, 4 AND 5 OF TRACT NO. 5098, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 218, PAGE(S) 30 TO 34 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 9:

LOTS 1, 2 AND 3 OF TRACT NO. 5099, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 215, PAGE(S) 31 TO 35 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 10:

LOTS 1, 2 AND 3 OF TRACT NO. 6033, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 222, PAGE(S) 18 TO 20 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 11:

LOTS 1 AND 2 OF TRACT NO. 6034, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 222, PAGE(S) 44 TO 46 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 12:

LOTS 4 OF TRACT NO. 6157, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 231, PAGE(S) 41 TO 45 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 13:

LOTS 2 AND 3 OF TRACT NO. 6204, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 229, PAGE(S) 10 TO 12 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 14:

LOTS 2 AND 3 OF TRACT NO. 6306, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 230, PAGE(S) 10 TO 12 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 15:

LOTS 1 AND 2 OF TRACT NO. 6319, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 232, PAGE(S) 23 TO 25 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Recoding requested by and
when recorded, return to:
Laguna Woods Village
Community Services Department
PO Box 2220
Laguna Hills, CA 92654-2220

RECOGNITION AGREEMENT
(For Use with an Individual Lender)

This Agreement is made this _____ day of _____, 20____, by and between UNITED LAGUNA WOODS MUTUAL, formally known as United Laguna Hills Mutual, a California nonprofit mutual benefit corporation (hereinafter called the "Mutual") and _____ (hereinafter called the "Lender"). The Mutual and the Lender may collectively be referred to herein as the "Parties" and sometimes singularly as a "Party".

RECITALS:

- A. The Mutual is the owner of certain dwelling units (each, a "Unit") located in Laguna Woods Village, Laguna Woods, California (hereinafter sometimes called the "Project", more particularly described in Exhibit "A", attached hereto and incorporated herein by this reference.
- B. _____, as a member of the Mutual (hereinafter called the "Member") the Member owns a membership in the Mutual, as evidenced by a Membership Certificate in the Mutual's corporation and the exclusive right to occupy a specified Unit in and owned by United located in the Project. The "right to occupy" a Unit is subject to the terms of an Occupancy Agreement (hereinafter called the "Occupancy Agreement") entered into between the Mutual and the Member. Members are collectively referred to as, the "Membership"). The member also obtains by its Membership an automatic membership in the Golden Rain Foundation of Laguna Hills (hereinafter referred to as "GRF").
- C. Lender desires to make a secured loan to the Member evidenced by a promissory note dated the same date as this Recognition Agreement (the "Loan"). The Loan is to be secured by a pledge to Lender of the Member's Membership, as evidenced by the Membership Certificate in the Mutual (the "Certificate"), together with a deed of trust covering the Member's right, title and interest under the Occupancy Agreement all of which, if applicable, are included, by reference in the terms of this Recognition Agreement (Recognition Agreement). For the purposes of this document, the term "pledge" shall include either or both an assignment and an encumbrance as security for repayment of the Loan to Lender.
- D. The Member's Membership, as evidenced by the Membership Certificate and the Member's right, title and interest under the Member's Occupancy Agreement may not be pledged to Lender without the prior written consent of the Mutual.

TERMS

1. Project Lender Protection. Lender, for itself and its successors and assigns, covenants and agrees that all of its rights and powers under any pledge, loan, obligation, deed of trust or mortgage entered into pursuant to this Recognition Agreement (collectively defined as a "Unit Shared Loan or "Unit Deed of Trust") are subordinate and subject to rights of the Project Lender or the Mutual, if applicable, if any, now or in the future. A Unit Deed of Trust is evidenced by the holding of a security interest in the real property owned by the Mutual as identified by the

Mutual by notice as referenced below and the security agreement executed concurrently with the Unit Deeds of Trust, if applicable. As applicable, the Mutual will give written notice if, at the time of recording the subordinate lien (which is the Unit Deed of Trust), the Mutual receives notification that (1) the Unit Deed of Trust has been recorded; and (2) an acknowledgement that the Mutual shall give notice to the Parties of any proposed resolution of the Board to foreclose on such recorded lien. Such notice shall be given at the address specified below or such other address as may subsequently, upon written notice by the Project Lender or Mutual, as applicable and, designated by the holder of the Unit Deed of Trust as its legal business address. The holder of the Unit Deed of Trust shall have ninety days (90) days to cure the default after the sale of the applicable Unit Deed of Trust. The Mutual shall give written notice to the Lender of a proposed tender of the Member's Interest, giving the Lender the opportunity to cure the Member's default, in the event that: (1) the Mutual proceeds to record a Notice of Default; or (2) the Mutual decides to accept the Member's Interest in lieu of foreclosure. Notwithstanding the foregoing, if the Mutual decides to accept the Member's Interest in lieu of foreclosure, in no event shall the Mutual be liable to or responsible for the Member's pledge or loan obligations to the Lender. The Mutual will give such written notice if the Lender provides a written request for such written notice and the opportunity to cure any Member's default to the Mutual. The Lender shall have thirty (30) days to cure the default after the notice of the Member's default to the Mutual or notice of the Mutual's intent to accept the Member's Interest in lieu of foreclosure is mailed to the Lender.

2. **Consent to Pledge.** The Mutual hereby irrevocably consents to the pledge of the following to Lender by the Member as security for the loan from Lender to the Member.
 - (a) The Member's Membership in the Mutual, the Property and its share of stock in the Mutual corporation;
 - (b) The Member's Certificate providing evidence of same; and
 - (c) All of the Member's right, title and interest under the Occupancy Agreement between the Member and the Mutual.

Notwithstanding the foregoing and the Member's pledge to the Lender, the Member shall retain all rights, privileges and obligations of membership (specifically including the right to occupy and use the designated Unit and community facilities, the right to vote in Mutual elections, and the obligation to comply with the Occupancy Agreement and Bylaws of the Mutual) until and unless the rights referenced above are suspended by the Mutual in a manner consistent with the Mutual's authority under its governing documents and state statute. Similarly, the Member shall retain all rights, privileges and obligations unless the Occupancy Agreement and membership rights are terminated under the provisions of the Occupancy Agreement and the Mutual's Bylaws or the pledged collateral is foreclosed or accepted in lieu of foreclosure by the Lender under the terms of the lending relationship between the Lender and the Member.

3. **Notice by Mutual to Lender.** The Mutual agrees to furnish Lender written notification (a) if the Member is in default (monetary or otherwise) for more than thirty (30) days, unless the Mutual's Collection Policy provides a longer period of time before the Member is deemed to be in default, under the terms of either the Occupancy Agreement between the Mutual and the Member or the Mutual's Bylaws or (b) if the Member actually or constructively gives the Mutual notice of an intention to leave the Project, as provided in Article III, Section 4 of the Mutual's Bylaws, which indicates an intent to surrender the Member's right to occupy the Unit, the Membership and the Membership Certificate.
4. **Right to Cure in the Event of Default.** The Mutual agrees that it will not commence action to terminate the Occupancy Agreement or Membership of the Member for a default under the terms of the Member's Occupancy Agreement or Mutual's Bylaws without giving Lender prior written notice and the opportunity to cure said default or acquire the Member's Membership, as evidenced by the Membership Certificate and assignment of the Member's Occupancy Agreement in accordance with the following:
 - (a) **Monetary Default.** If the default arises from the Member's failure to make any payment due the Mutual for assessments and/or chargeable services, money judgments and/or any other money owed by the Member to the Mutual (including late charges, interest and any other cost associated with the delinquency), and Lender or the Member cures said default within thirty (30) days after the Mutual's notice furnished to Lender pursuant to Paragraph 2 above, the Mutual shall not commence action to terminate the Member's Occupancy Agreement or Membership. The Mutual's acceptance of any

amounts paid by Lender to cure a Member's monetary default shall not constitute a waiver of the Mutual's right under the Mutual's Bylaws concerning the occupancy and use of the Member's Unit or the transfer of the Member's Membership in the Mutual.

- (b) Non-Monetary Default: If the default arises from the Member's failure to comply with a term or condition of either the Occupancy Agreement, the Mutual's Bylaws and/or any Rule or Regulation promulgated by the Mutual that requires compliance by the Members but which does not require a payment of money to the Mutual and all amounts due to the Mutual by the Member under the terms of the Occupancy Agreement are kept current, the Mutual will not commence action to terminate the Member's Occupancy Agreement or Membership provided either the Lender causes the Member to cure such default within sixty (60) days of Lender's receipt of Mutual's notice furnished pursuant to Paragraph 2 above or the Lender provides the Mutual with proof that the Lender has commenced foreclosure of the pledge within such sixty (60) day period and continues with reasonable diligence to foreclose Lender's pledge by non judicial or judicial foreclosure.

5. **Mutual's Transfer of Membership and Termination of Occupancy Agreement in the Event of Default or Surrender.** The Mutual retains its right to terminate and transfer the Member's Membership and terminate the Member's rights under the Occupancy Agreement of the Member in accordance with Section 5 of Article III of Mutual's Bylaws if:

- (a) Lender consents to the transfer and termination by reconveyance of Lender's deed of trust or otherwise; or
- (b) The Member's monetary default is not cured within the thirty (30) day period for which provision is made in Paragraph 4(a) above; or
- (c) The Member's non monetary default is not cured within the sixty (60) day period for which provision is made in Paragraph 4(b) above or the Lender does not (1) provide the Mutual proof that the Lender commenced the foreclosure of the pledge within said sixty (60) day period and (2) diligently pursues the foreclosure of its pledge.

In the event there is a non monetary default and, before it is cured, a monetary default occurs also, the Mutual may terminate the Member's Membership and transfer the Member's Membership and Membership Certificate and terminate the Member's rights under the Occupancy Agreement wherever it is entitled to do so under the provisions of any of Subparagraphs of Section 4 (a), (b) or (c) herein.

If Lender pays the Mutual all amounts which become due the Mutual from the defaulting Member and Lender furnishes Mutual with evidence of Lender's having acquired Member's right, title and interest under the Occupancy Agreement as evidenced by the Membership Certificate, and Member's Membership prior to the Mutual's termination of the Member's Membership and the Member's rights under the Occupancy Agreement, the Mutual will issue a new Membership Certificate and enter into a new Occupancy Agreement with a designee of Lender if approved, in advance, in writing, by the Mutual (as provided in Paragraph 6 below) as soon as reasonably possible after such termination or surrender.

Notwithstanding the provisions of the Mutual's Bylaws and any failure by Lender to diligently foreclose its pledge, if the Mutual forecloses on the Member's interest and a third party makes payment for same, the Mutual, after recouping all monies due to the Mutual from the Member, shall deliver to Lender (instead of the Member) any amount that may become due to Member under either Section 4 or Section 5 of Article III of the Bylaws of the Mutual, up to the amount due Lender under the provisions of its note and pledge, as provided in Paragraph 6 below.

Should the Mutual comply with the provisions of the foregoing paragraph, without limiting the Lender's other obligations to the Mutual, the Lender agrees to indemnify and hold harmless the Mutual, its Board of Directors,

agents and employees (collectively referred to as the "Indemnified Parties"), from any claim or lawsuit brought against the Indemnified Parties resulting from same.

6. **Lender's Right to Proceeds or to Designate Transferee if Mutual Redeems or Accepts Surrender of Membership.** If the Mutual exercises its option to purchase the Member's Membership as evidenced by the Membership Certificate, in accordance with Section 4 of Article III of the Mutual's Bylaws upon the Member's actual or constructive notice of an intention to leave the project and abandon the Member's Unit, the Mutual shall pay Lender from the funds otherwise payable to the Member an amount not exceeding the Member's indebtedness to Lender. In the event the amount otherwise payable to the Member is less than the Member's indebtedness to Lender, Lender shall be obligated to pay to the Mutual all amounts owed to the Mutual by the Member under the provisions of Section 4 of Article III of the By-laws and any other provision of the Mutual's Bylaws or Occupancy Agreement or any other Mutual Governing Document within thirty (30) days after the Mutual exercises its option to purchase the Membership or after Mutual accepts a surrender of the Member's Membership, right to occupy, and Membership Certificate. Upon payment by the Lender to the Mutual for all of the Members financial obligations to the Mutual, the Mutual will issue a new Membership Certificate and enter into a new Occupancy Agreement with a designee of Lender approved in advance, in writing, by the Mutual (as provided in Paragraph 7 below) as soon as reasonably possible after all payments due from the Member, including, without limitation, costs of collection, are received by the Mutual.
7. **Approval of Transferee.** If Lender forecloses its pledge or accepts an assignment of the Occupancy Agreement encumbered by the deed of trust, the Membership, and the Membership Certificate in lieu of foreclosure, Lender will use its best efforts to sell the Membership (or lease the Unit as allowed by Paragraph 9 below) as rapidly as reasonably possible. When Lender seeks the Mutual's approval of a designee pursuant to Paragraph 5 or Paragraph 6 above, the Mutual will not unreasonably withhold its approval of such designee so long as the designee meets the Mutual's customary approval requirements. The Mutual shall review the qualifications of the designee in the same manner as it reviews the qualifications of a prospective purchaser of a Certificate from any prospective Member, and the Mutual's requirements or standards for Membership shall not be applied capriciously or arbitrarily. During the period between Lender's foreclosure or acceptance of an assignment in lieu of foreclosure and the sale of the Membership to a designee approved by the Mutual, Lender shall not be considered a Member, *per se*, and shall have no right to occupy or use the Unit or common facilities or to vote on Mutual matters. Notwithstanding the rights of a Member, the Mutual's governing documents or as provided by state statute, Lender's rights shall be limited to those specified in this Agreement. However, during this period of ownership, Lender shall have the same duties and responsibilities under the Mutual's Bylaws and the former Member's Occupancy Agreement as the former Member had – specifically including, without limitation, the former Member's obligation to promptly pay the monthly assessments, and in no event later than the due date. Moreover, the Mutual shall have the same remedies against Lender in the event of default that it had against the former Member.
8. **Indemnification of the Mutual.** Lender shall indemnify the Indemnified Parties against, and hold the Indemnified Parties free and harmless from, any loss, liability or expense (including reasonable attorneys' fees and the cost of litigation) incurred by the Indemnified Parties in connection with any claim by the Member or the Member's successors in interest which arises out of Lender's representations, violation of or actions or inactions pursuant to this Recognition Agreement and as required pursuant to the terms of the Occupancy Agreement to which the former Member was bound.
9. **Lender's Right to Lease or Sublease.** Lender shall have the same right to lease or sublease the Unit of the Member if the Member's Membership, Membership Certificate, and right to occupy are obtained by Lender through foreclosure or assigned to Lender in lieu of foreclosure to the same extent and on the same terms and conditions as the Member otherwise would have. Notwithstanding the foregoing, in no event shall Lender lease or sublease a Unit without prior written consent of the Mutual.
10. **Amendment to Occupancy Agreement and Bylaws.** The Mutual agrees that it will not consent to or make any amendment that is materially detrimental to Lender's rights under this Recognition Agreement to the Occupancy Agreement between the Mutual and any Member or to the Mutual's By-laws without obtaining Lender's prior written consent, which consent shall not be unreasonably withheld.

11. **Estoppel Statement.** Within ten (10) days after receipt of a request for an estoppel statement, either Party shall deliver to the other a written statement of the amounts of money which the Party alleges is due from a Member of the Mutual. Such statement shall be binding upon the Party providing the statement as of the date of the statement. The Party providing the statement shall have the right to require the Party requesting the statement to pay a reasonable fee for the provider's cost to prepare and reproduce such statement.
12. **Inspection Rights.** Lender shall have the same rights of inspection of the books and records of the Mutual as are granted to a Member pursuant to the Bylaws of the Mutual and state statute.
13. **Fire and Casualty Insurance.** The Mutual warrants that it has and will maintain until the termination of this Recognition Agreement fire and casualty insurance with extended coverage of the building containing the Member's Unit in an amount as near as reasonably practicable, if commercially feasible and economically viable, for the full replacement value of such building (including, without limitation, all portions of such Unit consisting of built-in or set-in appliances and cabinets, as initially installed or replacements thereof), with deduction for depreciation unless same is not depreciated by the Fire and Casualty Insurance carrier. To the extent reasonably possible, each such policy of fire and casualty insurance shall provide for waiver of subrogation of claims against residents of Laguna Woods Village, Laguna Woods, California. Notwithstanding anything to the contrary contained herein, if the Mutual's governing documents do not require the Mutual to be responsible for the Members' Unit, betterments and/or improvements, as such insurance term is used in the Common Interest Development industry, then the Mutual shall not be responsible to the Lender for same.
14. **Casualty Losses.** The Mutual hereby waives and releases all claims against Lender resulting from an insured or uninsured casualty to the extent of the insurance proceeds available plus any deductible under insurance coverage, whether or not the damage or injury is caused by the Member's negligence, fault or misuse so long as such insurance was obtained by the Lender and, at the time it was purchased, provided coverage equal to the covered loss. Consistent with the Mutual's By-laws and/or Occupancy Agreement with the Member, the Mutual shall repair or replace the Unit if it is damaged or destroyed as a result of the insured casualty in a manner that restores the Unit to substantially its condition and value prior to the damage or destruction if the cost of doing so does not exceed the insurance proceeds plus the deductible under the insurance policy. If the cost of repairing or replacing such damaged Unit in a manner that restores it to substantially its condition and value prior to the damage is greater than the insurance proceeds available to the Mutual for such purpose plus the deductible under the insurance coverage and the Mutual elects not to repair or replace it, then the Mutual shall pay Lender from funds otherwise payable to the Member an amount not exceeding the Member's indebtedness to Lender prior to paying any portion of such insurance proceeds to the Member or using any portion of such proceeds for any purpose other than to satisfy any amounts owed by the Member to the Mutual.
15. **Condemnation Awards.** If the Mutual receives an award for condemnation or taking of all or any portion of the Member's Unit or any other award for condemnation or taking a portion of which is allocable to the Member, the Mutual shall pay Lender from the funds otherwise payable to the Member an amount not exceeding the Member's indebtedness to Lender prior to paying any portion of the condemnation or taking award to the Member or using any portion of such proceeds for any purpose other than to satisfy any amounts owed by the Member to the Mutual.
16. **Further Blanket Encumbrances.** The Mutual agrees that it will not consent to any further blanket lien or blanket deed of trust encumbering real property which is subject to the Member's Occupancy Agreement without giving Lender sixty (60) days prior written notice.
17. **Termination.** This Agreement shall terminate: (1) when Lender reconveys its deed of trust and returns the pledged Membership Certificate; (2) when Lender specifically agrees in writing to termination; or (3) when Lender has acquired Member's Membership Certificate, and Occupancy Agreement pursuant to its right of foreclosure or by deed or assignment in lieu of foreclosure and such Membership, Membership Certificate, and Occupancy Agreement have been transferred to an eligible Member approved, in advance, in writing, by the Mutual, whichever occurs first.
18. **Recording of Memorandum of Occupancy Agreement.** Upon Lender's request, the Mutual shall execute, acknowledge and deliver to Lender a Memorandum of Occupancy Agreement in a form that will permit

recordation of such Memorandum of Occupancy Agreement in the Official Records of Orange County, California.

19. **Notices.** Any notice or consent required pursuant to the terms of the Agreement hereof shall be deemed given when personally delivered to an authorized representative of a party or if mailed, it shall be deemed given five (5) days after mailed by registered or certified mail, postage prepaid, addressed as follows:

If to the Mutual:

UNITED LAGUNA WOODS MUTUAL
c/o Community Services Department
24351 El Toro Road
P. O. Box 2220
Laguna Hills, California 92654

If to Lender:

or to such other address as a party may specify from time to time.

20. **Successors and Assigns.** The provisions of this Agreement shall bind and inure to the benefit of the respective successors and assigns of the Parties. As used herein, the term "Lender" includes, in addition to the Lender named herein, (1) any other lender; (2) any investor of any type which has then succeeded to the Lender's right, title and interest in all or any part of the loan or which is subject to this Agreement; (3) any person or institution which may service the loan; and, (4) any institutional insurer or guarantor of all or any part of the loan to Member. The Mutual shall have an obligation to notify any person or institution other than the Lender named herein only if that person or institution has provided written notice of its interest in a specified Unit as provided in Paragraph 19 above.
21. **Miscellaneous.** As used herein, words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and visa versa.

"Lender"

By: _____

Name: _____

Its: _____

UNITED LAGUNA WOODS MUTUAL,
A California nonprofit mutual benefit corporation

By: _____

Name: _____

Its: _____

CONSENT OF MEMBER

I have received and reviewed this Recognition Agreement, and I specifically consent to subordinate my rights under my Occupancy Agreement and the Bylaws of United Laguna Woods Mutual to those of the Lender set forth in this document. By way of illustration (and not to the exclusion of other rights), I agree that the Lender's consent may be required to transfer my Unit and that the Lender may be entitled to receive money I otherwise would receive from proceeds of sale or in the event of redemption or surrender of my Membership, casualty loss, or condemnation.

DATED: _____

Member

Member

Member

Member

EXHIBIT "A"

PARCEL 1:

LOTS 1 AND 2 OF TRACT NO. 4920, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 223 PAGE(S) 43 TO 46 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

LOTS 4, 9, 10, 11, 12 AND 13 OF TRACT NO. 5041, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 183, PAGE(S) 4 TO 8 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 3:

LOTS 1, 2, 3, 4, 5, 6, 7, 8 AND 9 OF TRACT 5093, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 192, PAGE(S) 21 TO 31 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 4:

LOTS 1, 2 AND 5 OF TRACT NO. 5094, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 201, PAGE(S) 9 TO 13 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 5:

LOTS 1, 2, 3, 4, AND 5 OF TRACT NO. 5095, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 203 PAGE(S) 37 TO 40 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 6:

LOTS 1, 2, 3, 4 AND 5 OF TRACT NO. 5096, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 204 PAGE(S) 42 TO 48 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 7:

LOTS 1, 2, 3, 4 AND 5 OF TRACT NO. 5097, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 207 PAGE(S) 1 TO 6 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 8:

LOTS 1, 2, 3, 4 AND 5 OF TRACT NO. 5098, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 218 PAGE(S) 30 TO 34 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 9:

LOTS 1, 2 AND 3 OF TRACT NO. 5099, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 215 PAGE(S) 31 TO 35 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 10:

LOTS 1, 2 AND 3 OF TRACT NO. 6033 , IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 222 PAGE(S) 18 TO 20 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 11:

LOTS 1 AND 2 OF TRACT NO. 6034 , IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 222 PAGE(S) 44 TO 46 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 12:

LOT 4 OF TRACT NO. 6157 , IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 231 PAGE(S) 41 TO 45 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 13:

LOTS 2 AND 3 OF TRACT NO. 6204 , IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 229 PAGE(S) 10 TO 12 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 14:

LOTS 2 AND 3 OF TRACT NO. 6306 , IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 230 PAGE(S) 10 TO 12 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 15:

LOTS 1 AND 2 OF TRACT NO. 6319 , IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 232 PAGE(S) 23 TO 25 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ACKNOWLEDGMENT

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

State of California)
County of Orange)

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)

ACKNOWLEDGMENT

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

State of California)
County of Orange)

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)

Resolution 01-16-107
Discontinued Use of Individual Recognition Agreements

WHEREAS, the United Laguna Woods Mutual Board of Directors is aware of its fiduciary duty to protect the financial well-being of the Corporation; and

WHEREAS, United Laguna Woods Mutual Bylaws, Article III, Section 1 provides that prospective members unable to satisfy financial requirements may be approved for Membership if another financially qualified person enters into an Agreement with the Corporation to become financially responsible for expenses associated with such membership and that other person meets the financial requirements established by the Corporation; and

WHEREAS, a Guarantor Agreement has been developed to comport with the Article III, Section 1 of the Bylaws and has been in use for many years; and

WHEREAS, no financial qualifications were ever developed for individual (private) lenders and, historically, Individual Recognition Agreements have not been honored and/or have been subject to abuse; and

WHEREAS, prospective members currently have ~~three~~ **two** avenues available to satisfy United Laguna Woods Mutual financial requirements: 1. they may qualify financially on their own merits; ~~2. they may obtain~~ **with or without a** loan from a ~~recognized~~ qualified financial institution who ~~have~~ has entered into an individual recognition agreement with the Corporation ~~such as NCB; or~~ **2.** they may obtain a Guarantor who meets the financial qualifications established by United Laguna Woods Mutual from time to time; and

NOWHEREFORE BE IT RESOLVED, November 8, 2016, that United Laguna Woods Mutual hereby discontinues the practice of entering into Individual Recognition Agreements with individual (private) lenders; and

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