



REGULAR MEETING OF THE FINANCE COMMITTEE

**Tuesday, June 27, 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 May 30, 2023
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](tel:+16699006833), [85040223813](tel:+185040223813) or email meeting@vmsinc.org to request to speak.

7. Department Head Update

Reports

8. Preliminary Financial Statements dated May 31, 2023
 - a) Items for Correction
 - b) Compensation and Outside Services
 - c) United Leasing Report
 - d) HR Staffing Report

Items for Discussion and Consideration

9. Approve and Endorse the Recognition Agreement for Non-Institutional Lenders
10. Endorsements from Standing Committees

Future Agenda Items

Concluding Business:

12. Committee Member Comments
13. Date of Next Meeting – Tuesday, July 25, 2023 at 1:30 p.m.
14. Recess to Closed Session

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



FINANCE COMMITTEE MEETING REPORT OF THE REGULAR OPEN SESSION

Tuesday, May 30, 2023 – 1:30 p.m.
Hybrid Meeting

DIRECTORS PRESENT: Azar Asgari – Chair, Alison Bok, Thomas Tuning

DIRECTORS ABSENT: None.

ADVISORS PRESENT: Mike Daillak

STAFF PRESENT: Jose Campos, Pam Jensen, Erika Hernandez

OTHERS PRESENT: United – Anthony Liberatore

Call to Order

Director Azar Asgari, Treasurer, chaired the meeting and called it to order at 1:30 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 April 25, 2023

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

Chair Remarks

Director Asgari stated that United mutual had begun the budget process. She recommended members reference the budget calendar and participate in the future budget meetings to have their voice heard as member comments are important and appreciated.

Member Comments (Items Not on the Agenda)

None.

Department Head Update

Jose Campos, Assistant Director of Financial Services, shared that United had kicked off their 2024 Business Plan development phase. He also stated that earlier in the day, the United board reviewed Maintenance and Construction along with General Services 2024 program budgets. He also shared details of the upcoming 2024 Business Plan meetings.

Review Preliminary Financial Statements dated April 30, 2023

The committee reviewed financial statements for April 30, 2023 and questions were addressed and noted by staff.

Compensation and Outside Services

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

2022 Operating Surplus/Deficit

Pam Jensen, Controller, presented a staff report recommending the Board to approve a \$32,246 surplus transfer from the Operating Fund to the Contingency Fund. In accordance with California Civil Code, a Common Interest Development shall not retain significant operating surplus.

The motion passed by unanimous decision to accept this recommendation and present at the next Board meeting.

Endorsements from Standing Committees

None.

Future Agenda Items

Cash Flow Forecast (June)

Committee Member Comments

None.

Date of Next Meeting

Tuesday, June 27, 2023 at 1:30 p.m.

Recess to Closed Session

The meeting recessed to closed session at 3:32 p.m.

Azar Asgari
Azar Asgari (Jun 12, 2023 15:13 PDT)

Azar Asgari, Chair

MEMORANDUM

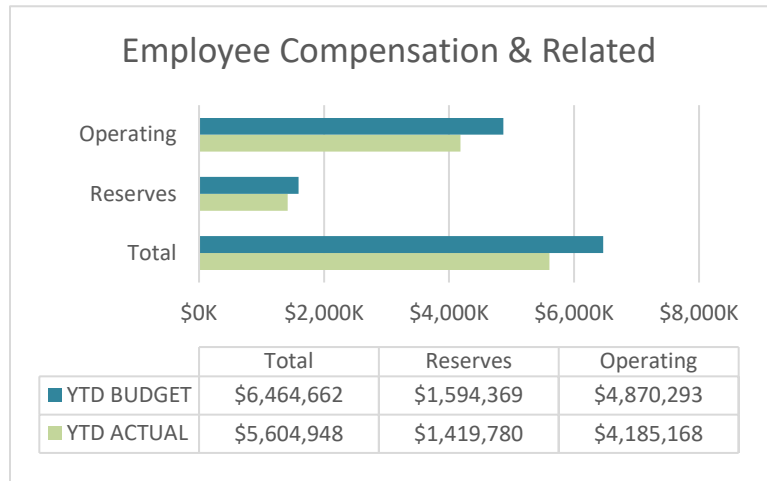
To: United Finance Committee
 From: Jose Campos, Assistant Director of Financial Services
 Date: June 27, 2023
 Re: Department Head Update

Financial Highlights

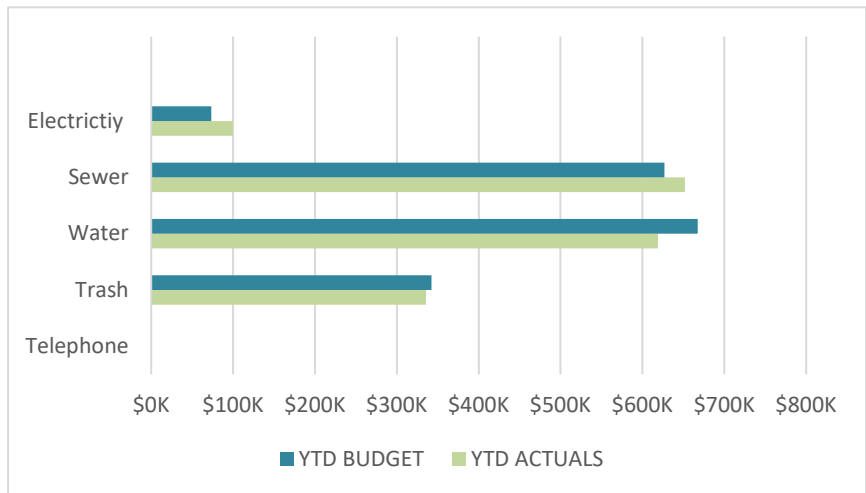
▪ **SUMMARY:** For the year-to-date period ending May 31, 2023, United Laguna Woods Mutual was better than budget by \$1,381K primarily from open positions and investment income. Compensation ended the period with a favorable variance of \$860K.

INCOME STATEMENT			
	Actual	Budget	Variance
Assessment Revenues	\$20,552,242	\$20,123,690	\$428,552
Other Revenues	893,118	798,226	94,892
Expenses	20,197,706	21,055,375	857,669
Revenue / (Expense)	\$1,247,654	(\$133,459)	\$1,381,113

▪ **COMPENSATION:** Actual compensation and related costs came in at \$5.6 million, with \$4.2 million in operations and \$1.4 million in reserves. Combined, this category is 13% favorable to budget. The most significant impacts were in Landscape and Maintenance & Construction due to open positions.



▪ **UTILITIES:** In total, this category was favorable to budget by \$4K primarily due to water savings; a result of community wide conservation efforts that began in 2022. To a lesser extent, sewer rates are better than anticipated at the time of budget preparation.



Discussions

Budget: United kicked off the 2024 Business Plan development in March by holding two meetings to review 2023 service levels. Staff is currently in the budget development portion of the planning process. The United Board conducted a review of Version 1 of the Maintenance, General Services, and Landscape budgets on May 30 and May 31, 2023. Staff reviewed and revised Version 1 of the 2024 Business Plan at the direction of the Board as a result of those meetings held in May. Preparation of Version 2 of the 2024 Business Plan has commenced and will be presented to the Board for changes and revisions at its meeting held on July 13, 2023.

Calendar

- June 27, 2023 @ 1:30 p.m. United Finance Committee (May Financials)
- July 11, 2023 @ 9:30 a.m. United Board Meeting
- July 13, 2023 @ 1:30 p.m. United Business Plan Review
- July 25, 2023 @ 1:30 p.m. United Finance Committee (June Financials)
- July 27, 2023 @ 2:00 p.m. United Agenda Prep Meeting
- August 8, 2023 @ 9:30 a.m. United Board Meeting
- August 9, 2023 @ 1:30 p.m. United Business Plan Review
- August 24, 2023 @ 2:00 p.m. United Agenda Prep Meeting
- August 29, 2023 @ 1:30 p.m. United Finance Committee (July Financials)
- September 12, 2023 @ 9:30 a.m. United Board Meeting
- September 26, 2023 @ 1:30 p.m. United Finance Committee (August Financials)
- September 28, 2023 @ 2:00 p.m. United Agenda Prep Meeting

July 2023							August 2023							September 2023							
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	
						1			1	2	3	4	5							1	2
2	3	4	5	6	7	8	6	7	8	9	10	11	12	3	4	5	6	7	8	9	
9	10	11	12	13	14	15	13	14	15	16	17	18	19	10	11	12	13	14	15	16	
16	17	18	19	20	21	22	20	21	22	23	24	25	26	17	18	19	20	21	22	23	
23	24	25	26	27	28	29	27	28	29	30	31			24	25	26	27	28	29	30	
30	31																				

United Laguna Woods Mutual
Statement of Revenues & Expenses - Preliminary
5/31/2023
(\$ IN THOUSANDS)

	CURRENT MONTH			YEAR TO DATE			PRIOR YEAR ACTUAL	TOTAL BUDGET	
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE			
Revenues:									
Assessments:									
1	Operating	\$3,116	\$3,031	\$86	\$15,581	\$15,153	\$428	\$14,629	\$36,367
2	Additions to restricted funds	994	994		4,971	4,971		4,490	11,930
3	Total assessments	4,110	4,025	86	20,552	20,124	429	19,119	48,297
Non-assessment revenues:									
4	Merchandise sales	1		1	4	2	2	2	5
5	Fees and charges for services to residents	54	70	(16)	263	335	(72)	279	820
6	Laundry	13	23	(9)	92	113	(21)	101	270
7	Investment income	58	13	46	301	63	239	64	150
8	Miscellaneous	50	57	(7)	233	286	(53)	275	687
9	Total non-assessment revenue	177	163	14	893	798	95	721	1,931
10	Total revenue	4,287	4,187	100	21,445	20,922	523	19,840	50,228
Expenses:									
11	Employee compensation and related	1,191	1,312	121	5,605	6,465	860	5,626	15,538
12	Materials and supplies	332	265	(67)	1,325	1,277	(47)	972	3,134
13	Utilities and telephone	363	374	12	1,707	1,711	4	1,807	4,517
14	Legal fees	7	17	10	41	71	30	24	183
15	Professional fees		8	8	50	42	(8)	67	102
16	Equipment rental	3	3	1	11	18	7	10	43
17	Outside services	620	782	162	3,295	3,503	208	1,556	9,316
18	Repairs and maintenance	2	4	2	14	20	6	13	47
19	Other Operating Expense	9	14	5	58	79	21	44	191
20	Property and sales tax	1,052	1,054	2	5,647	5,270	(376)	5,216	12,649
21	Insurance	373	383	10	1,886	1,917	32	1,596	4,601
22	Investment expense		1	1		4	4	5	11
23	Uncollectible Accounts	(5)	1	6	(15)	6	21	34	15
24	Depreciation and amortization	13	13		64	64		82	153
25	Net allocation to mutuals	113	123	10	511	607	96	578	1,463
26	Total expenses	4,073	4,356	283	20,198	21,055	858	17,631	51,964
27	Excess of revenues over expenses	\$214	(\$169)	\$383	\$1,248	(\$133)	\$1,381	\$2,210	(\$1,736)
Other Changes									
28	Unrealized gain/(loss) on AFS investments							(737)	
29	(Gain)/loss on sale or trade	(1)		1	(1)		1		
30	Total other changes	1		1	1		1	(737)	
31	Excess of revenues over expenses	\$215	(\$169)	\$384	\$1,248	(\$133)	\$1,382	\$1,473	(\$1,736)

United Laguna Woods Mutual
Statement of Revenues & Expenses - By Fund Type - Preliminary
5/31/2023
(\$ IN THOUSANDS)

	OPERATING YEAR TO DATE			RESERVE YEAR TO DATE			RESTRICTED YEAR TO DATE			COMBINED YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
Revenues:													
Assessments:													
1	Operating	\$9,882	\$9,882				\$5,699	\$5,270	\$429	\$15,581	\$15,153	\$428	
2	Additions to restricted funds			4,939	4,939		32	32		4,971	4,971		
3	Total assessments	9,882	9,882	4,939	4,939		5,731	5,302	429	20,552	20,124	429	
Non-assessment revenues:													
4	Merchandise sales	4	2	2						4	2	2	
5	Fees and charges for services to residents	263	335	(72)						263	335	(72)	
6	Laundry	92	113	(21)						92	113	(21)	
7	Investment income				301	63	239			301	63	239	
8	Miscellaneous	233	286	(53)						233	286	(53)	
9	Total non-assessment revenue	592	736	(144)	301	63	239			893	798	95	
10	Total revenue	10,474	10,618	(144)	5,240	5,002	239	5,731	5,302	429	21,445	20,922	523
Expenses:													
11	Employee compensation and related	4,185	4,870	685	1,420	1,594	175			5,605	6,465	860	
12	Materials and supplies	395	338	(58)	929	939	10			1,325	1,277	(47)	
13	Utilities and telephone	1,704	1,706	2	2	5	2			1,707	1,711	4	
14	Legal fees	41	71	30						41	71	30	
15	Professional fees	50	42	(8)						50	42	(8)	
16	Equipment rental	4	4		8	14	7			11	18	7	
17	Outside services	1,200	822	(378)	2,094	2,681	586			3,295	3,503	208	
18	Repairs and maintenance	14	17	3		2	2			14	20	6	
19	Other Operating Expense	47	65	18	10	13	3			58	79	21	
20	Property and sales tax							5,647	5,270	(376)	5,647	5,270	(376)
21	Insurance	1,886	1,917	32						1,886	1,917	32	
22	Investment expense					4	4				4	4	
23	Uncollectible Accounts	(15)	6	21						(15)	6	21	
24	Depreciation and amortization	64	64							64	64		
25	Net allocation to mutuals	419	489	70	93	118	26			511	607	96	
26	Total expenses	9,994	10,413	419	4,557	5,372	816	5,647	5,270	(376)	20,198	21,055	858
27	Excess of revenues over expenses	\$480	\$205	\$275	\$684	(\$370)	\$1,054	\$84	\$32	\$52	\$1,248	(\$133)	\$1,381
Other Changes													
28	Unrealized gain/(loss) on AFS investments												
29	(Gain)/loss on sale or trade	(1)		1						(1)		1	
30	Total other changes	1		1						1		1	
31	Excess of revenues over expenses	\$481	\$205	\$276	\$684	(\$370)	\$1,054	\$84	\$32	\$52	\$1,248	(\$133)	\$1,382

Golden Rain Foundation of Laguna Woods
Operating Statement
5/31/2023
GOLDEN RAIN FOUNDATION

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$13,010,461	\$13,010,525	(\$64)	0.00%	\$31,225,259
Total Operating	13,010,461	13,010,525	(64)	0.00%	31,225,259
Additions To Restricted Funds					
41005000 - Monthly Assessments - Equipment Fund	1,082,560	1,082,560	0	0.00%	2,598,144
Total Additions To Restricted Funds	1,082,560	1,082,560	0	0.00%	2,598,144
Total Assessments	14,093,021	14,093,085	(64)	0.00%	33,823,403
Non-Assessment Revenues:					
Trust Facilities Fees					
41006500 - Trust Facilities Fees	1,987,803	2,546,250	(558,447)	(21.93%)	6,111,000
Total Trust Facilities Fees	1,987,803	2,546,250	(558,447)	(21.93%)	6,111,000
Golf Green Fees					
42001000 - Golf Green Fees - Residents	530,081	637,915	(107,834)	(16.90%)	1,531,000
42001500 - Golf Green Fees - Guests	107,212	88,955	18,257	20.52%	213,500
Total Golf Green Fees	637,293	726,870	(89,577)	(12.32%)	1,744,500
Golf Operations					
42002000 - Golf Driving Range Fees	19,700	70,830	(51,130)	(72.19%)	170,000
42003000 - Golf Cart Use Fees	72,184	79,745	(7,561)	(9.48%)	191,400
42004000 - Golf Lesson Fees	1,050	6,250	(5,200)	(83.20%)	15,000
42005000 - Golf Club Storage Fees	3,600	1,000	2,600	260.00%	2,400
42005500 - Golf Club Rental Fees	732	205	527	257.07%	500
Total Golf Operations	97,266	158,030	(60,764)	(38.45%)	379,300
Merchandise Sales					
41501000 - Merchandise Sales - Pro Shop	76,196	129,165	(52,969)	(41.01%)	310,000
41501500 - Merchandise Sales - Warehouse	6,858	11,425	(4,567)	(39.97%)	27,427
41502500 - Merchandise Sales - Fitness	120	385	(265)	(68.83%)	926
41503500 - Merchandise Sales - Broadband	6,108	7,185	(1,078)	(15.00%)	17,250
41504800 - Merchandise Sales - Fuel & Oil	70,708	82,665	(11,957)	(14.46%)	198,403
41505000 - Bar Sales	22,370	22,915	(545)	(2.38%)	55,000
Total Merchandise Sales	182,359	253,740	(71,381)	(28.13%)	609,006
Clubhouse Rentals and Event Fees					
42501000 - Clubhouse Room Rentals - Residents	238,198	173,445	64,753	37.33%	416,287
42501500 - Clubhouse Room Rentals - Exception Rate	16,485	7,325	9,160	125.05%	20,849
42502000 - Clubhouse Event Fees - Residents	84,003	79,436	4,567	5.75%	211,635
42502500 - Clubhouse Event Fees - Non Residents	149	0	149	0.00%	0
42503000 - Village Greens Room Rentals - Residents	5,126	1,665	3,461	207.84%	4,000
42503500 - Village Greens Room Rentals - Non Residents	1,204	500	704	140.84%	1,200
Total Clubhouse Rentals and Event Fees	345,164	262,371	82,793	31.56%	653,971
Rentals					
43001000 - Garden Plot Rental	24,286	31,250	(6,964)	(22.28%)	75,000
43001500 - Shade House Rental Space	396	165	231	140.00%	400
45506500 - Rental Fee	14,154	28,375	(14,221)	(50.12%)	68,100
48001500 - Lease Revenue	29,490	22,500	6,990	31.07%	54,000
Total Rentals	68,326	82,290	(13,964)	(16.97%)	197,500
Broadband Services					
45001000 - Ad Insertion	218,295	291,665	(73,370)	(25.16%)	700,000
45001500 - Premium Channel	108,729	125,000	(16,271)	(13.02%)	300,000
45002000 - Cable Service Call	29,815	36,250	(6,436)	(17.75%)	87,000
45002500 - Cable Commission	11,731	35,415	(23,684)	(66.88%)	85,000
45003000 - High Speed Internet	950,025	916,665	33,360	3.64%	2,200,000
45003500 - Equipment Rental	773,595	783,000	(9,405)	(1.20%)	1,879,200
45004000 - Video Production	19,425	20,830	(1,405)	(6.75%)	50,000
45004500 - Video Re-Production	16	40	(24)	(60.00%)	100
45005000 - Message Board	9,000	10,830	(1,830)	(16.90%)	26,000
45005500 - Advertising	8,125	94,790	(86,665)	(91.43%)	227,500

Golden Rain Foundation of Laguna Woods
Operating Statement
5/31/2023
GOLDEN RAIN FOUNDATION

	YEAR TO DATE				TOTAL BUDGET
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	
Total Broadband Services	2,128,756	2,314,485	(185,729)	(8.02%)	5,554,800
Investment Income					
49001000 - Investment Income	497,966	95,830	402,136	419.63%	230,000
Total Investment Income	497,966	95,830	402,136	419.63%	230,000
Unrealized Gain/(Loss) On AFS Investments					
49008100 - Unrealized Gain/(Loss) On Available For Sale Investments	1,749,368	0	1,749,368	0.00%	0
Total Unrealized Gain/(Loss) On AFS Investments	1,749,368	0	1,749,368	0.00%	0
Miscellaneous					
43501000 - Horse Boarding Fee	42,891	31,665	11,226	35.45%	76,000
43501500 - Horse Feed Fee	9,544	18,500	(8,956)	(48.41%)	44,400
43502000 - Horse Trailer Parking Fee	0	1,000	(1,000)	(100.00%)	1,200
43502500 - Horse Lesson Fee - Resident	10,889	18,000	(7,111)	(39.51%)	43,200
43503500 - Horse Rental & Trail Ride Fee - Resident	0	4,790	(4,790)	(100.00%)	11,500
44002000 - Bridge Room Fee - Guests	13,101	14,580	(1,479)	(10.14%)	35,000
44002500 - Parking Fees - Non Residents	19,158	20,000	(843)	(4.21%)	45,000
44003000 - Class Fees	79,553	54,760	24,793	45.28%	130,600
44003500 - Locker Rental Fee	10,314	8,760	1,554	17.74%	15,350
44004500 - Clubhouse Labor Fee	12,993	14,045	(1,052)	(7.49%)	34,174
44005500 - Clubhouse Catering Fee	8,701	11,240	(2,539)	(22.59%)	27,000
44006000 - Tickets Sales - Residents	0	0	0	0.00%	630
44006500 - Sponsorship Income	16,100	32,495	(16,395)	(50.45%)	80,500
44008000 - Club Group Organization Registration Fee	6,176	0	6,176	0.00%	0
46001000 - RV Storage Fee	47,572	54,165	(6,593)	(12.17%)	130,000
46002000 - Traffic Violation	20,160	62,500	(42,340)	(67.74%)	150,000
46003500 - Security Standby Fee	980	1,455	(475)	(32.65%)	3,500
46004000 - Estate Sale Fee	1,030	1,705	(675)	(39.59%)	4,100
46004500 - Resident Violations	0	1,760	(1,760)	(100.00%)	4,224
44501000 - Additional Occupant Fee	59,700	89,580	(29,880)	(33.36%)	214,995
44503500 - Resale Processing Fee	0	1,500	(1,500)	(100.00%)	3,600
44504000 - Resident Id Card Fee	8,275	4,580	3,695	80.68%	11,000
44506000 - Photo Copy Fee	25,481	27,080	(1,599)	(5.90%)	65,000
44506500 - Auto Decal Fee	21,555	25,000	(3,445)	(13.78%)	60,000
47001000 - Cash Discounts - Accounts Payable	20,190	0	20,190	0.00%	0
47001500 - Late Fee Revenue	3,839	3,330	509	15.29%	8,000
47002800 - Fuel & Oil Administrative Fee	4,500	0	4,500	0.00%	0
46005500 - Disaster Task Force	624	1,875	(1,251)	(66.72%)	4,500
49009000 - Miscellaneous Revenue	15,156	5,885	9,271	157.54%	14,156
Total Miscellaneous	458,481	510,250	(51,769)	(10.15%)	1,217,629
Total Non-Assessment Revenue	8,152,783	6,950,116	1,202,667	17.30%	16,697,707
Total Revenue	22,245,804	21,043,200	1,202,603	5.71%	50,521,110
Expenses:					
Employee Compensation					
51011000 - Salaries & Wages - Regular	5,329,460	6,002,840	673,379	11.22%	14,592,416
51021000 - Union Wages - Regular	1,074,549	1,451,594	377,045	25.97%	3,509,055
51041000 - Wages - Overtime	111,634	68,508	(43,126)	(62.95%)	164,515
51051000 - Union Wages - Overtime	37,845	17,571	(20,274)	(115.38%)	42,202
51061000 - Holiday & Vacation	500,223	518,709	18,486	3.56%	1,259,311
51071000 - Sick	153,351	211,579	58,228	27.52%	513,667
51091000 - Missed Meal Penalty	24,160	12,590	(11,569)	(91.89%)	30,314
51101000 - Temporary Help	76,583	5,052	(71,530)	(1415.78%)	12,134
51981000 - Compensation Accrual	594,380	0	(594,380)	0.00%	0
Total Employee Compensation	7,902,186	8,288,444	386,258	4.66%	20,123,614
Compensation Related					
52411000 - F.I.C.A.	537,106	626,131	89,025	14.22%	1,506,881
52421000 - F.U.I.	17,758	19,860	2,102	10.58%	22,037
52431000 - S.U.I.	68,057	125,526	57,469	45.78%	133,696
52441000 - Union Medical	431,094	497,212	66,118	13.30%	1,193,308
52451000 - Workers' Compensation Insurance	304,947	379,616	74,669	19.67%	921,284
52461000 - Non Union Medical & Life Insurance	511,082	709,808	198,726	28.00%	1,703,473
52471000 - Union Retirement Plan	110,100	139,632	29,532	21.15%	337,520

Golden Rain Foundation of Laguna Woods
Operating Statement
5/31/2023
GOLDEN RAIN FOUNDATION

	YEAR TO DATE				TOTAL BUDGET
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	
52481000 - Non-Union Retirement Plan	142,112	211,248	69,136	32.73%	513,524
52981000 - Compensation Related Accrual	71,474	0	(71,474)	0.00%	0
Total Compensation Related	2,193,729	2,709,032	515,303	19.02%	6,331,723
Materials and Supplies					
53001000 - Materials & Supplies	594,970	606,868	11,898	1.96%	1,394,484
53003000 - Materials Direct	11,193	0	(11,193)	0.00%	0
53003500 - Materials Direct - Grf	(125,687)	151,835	277,522	182.78%	364,494
53004000 - Freight	13,888	18,736	4,849	25.88%	42,751
Total Materials and Supplies	494,364	777,439	283,075	36.41%	1,801,729
Cost of Goods Sold					
53101000 - Cost Of Sales - Warehouse	5,820	4,870	(950)	(19.50%)	11,735
53101500 - Cost Of Sales - Pro Shop	55,828	84,375	28,547	33.83%	202,500
53102000 - Cost Of Sales - Alcohol	7,464	7,500	36	0.48%	18,000
53103400 - Cost Of Sales - Fuel & Oil	70,708	82,665	11,957	14.46%	198,403
53103500 - Earthquake Materials	154	4,165	4,011	96.31%	10,000
Total Cost of Goods Sold	139,974	183,575	43,601	23.75%	440,638
Community Events					
53201000 - Community Events	154,700	149,075	(5,625)	(3.77%)	410,910
Total Community Events	154,700	149,075	(5,625)	(3.77%)	410,910
Utilities and Telephone					
53301000 - Electricity	328,230	297,181	(31,049)	(10.45%)	918,102
53301500 - Sewer	44,438	39,141	(5,297)	(13.53%)	126,163
53302000 - Water	172,777	211,430	38,653	18.28%	723,350
53302500 - Trash	27,146	62,006	34,861	56.22%	148,815
53303500 - Gas	269,452	159,250	(110,202)	(69.20%)	334,415
53304000 - Telephone	134,403	142,895	8,492	5.94%	342,957
Total Utilities and Telephone	976,445	911,903	(64,542)	(7.08%)	2,593,802
Fuel and Oil					
53304500 - Fuel & Oil For Vehicles	229,855	261,870	32,015	12.23%	628,490
Total Fuel and Oil	229,855	261,870	32,015	12.23%	628,490
Legal Fees					
53401500 - Legal Fees	111,796	96,878	(14,919)	(15.40%)	245,850
Total Legal Fees	111,796	96,878	(14,919)	(15.40%)	245,850
Professional Fees					
53402000 - Audit & Tax Preparation Fees	106,500	59,585	(46,915)	(78.74%)	143,010
53402500 - Payroll System Fees	67,273	72,290	5,017	6.94%	173,500
53403500 - Consulting Fees	103,400	211,006	107,606	51.00%	506,499
53404500 - Fees	0	2,500	2,500	100.00%	6,000
Total Professional Fees	277,173	345,381	68,207	19.75%	829,009
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	110,708	121,506	10,798	8.89%	289,655
Total Equipment Rental	110,708	121,506	10,798	8.89%	289,655
Outside Services					
53601000 - Bank Fees	(21,161)	24,996	46,156	184.66%	60,000
53601500 - Credit Card Transaction Fees	124,247	73,285	(50,962)	(69.54%)	176,035
53602000 - Merchant Account Fees	6,344	6,420	76	1.19%	15,449
53602500 - Licensing Fees	5,900	2,500	(3,400)	(136.00%)	6,000
53603000 - Permit Fees	0	1,745	1,745	100.00%	4,200
54603500 - Outside Services CC	(1,020)	0	1,020	0.00%	0
53704000 - Outside Services	1,149,946	1,101,745	(48,201)	(4.37%)	2,638,920
Total Outside Services	1,264,257	1,210,691	(53,566)	(4.42%)	2,900,604
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	327,812	238,121	(89,691)	(37.67%)	620,382
53702000 - Street Repair & Maint	1,646	2,080	434	20.85%	5,000
53702500 - Building Repair & Maint	76,763	149,525	72,762	48.66%	358,930
53703000 - Elevator /Lift Maintenance	3,222	4,625	1,403	30.33%	11,119
53703500 - Water Softener	898	1,755	857	48.83%	4,242

Golden Rain Foundation of Laguna Woods
Operating Statement
5/31/2023
GOLDEN RAIN FOUNDATION

	YEAR TO DATE				TOTAL BUDGET
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	
Total Repairs and Maintenance	410,341	396,106	(14,235)	(3.59%)	999,673
Other Operating Expense					
53604000 - Pest Control Fees	5,150	8,640	3,490	40.39%	20,782
53801000 - Mileage & Meal Allowance	2,520	5,508	2,989	54.26%	13,288
53801500 - Travel & Lodging	1,297	4,635	3,338	72.02%	8,000
53802000 - Uniforms	31,661	52,118	20,457	39.25%	125,279
53802500 - Dues & Memberships	5,313	7,755	2,442	31.49%	18,381
53803000 - Subscriptions & Books	2,987	7,254	4,267	58.82%	17,488
53803500 - Training & Education	15,354	47,037	31,683	67.36%	111,869
53804000 - Staff Support	1,456	37,685	36,229	96.14%	121,230
53901000 - Benefit Administrative Fees	1,929	1,665	(264)	(15.86%)	4,000
53901500 - Volunteer Support	0	9,410	9,410	100.00%	22,600
53902000 - Physical Examinations	17,005	20,815	3,810	18.30%	50,000
53902500 - Recruiting Fees	17,298	37,500	20,202	53.87%	90,000
53903000 - Safety	18,656	45,757	27,101	59.23%	100,768
54001000 - Board Relations	3,947	7,070	3,123	44.17%	16,980
54001500 - Public Relations	3,004	0	(3,004)	0.00%	0
54002000 - Postage	16,576	16,634	57	0.34%	40,530
54002500 - Filing Fees / Permits	90,185	70,024	(20,161)	(28.79%)	174,585
54502500 - Cable Promotions	324	1,040	716	68.82%	2,500
Total Other Operating Expense	234,662	380,547	145,884	38.34%	938,281
Income, Property, and Sales Tax					
54301000 - State & Federal Income Taxes	0	415	415	100.00%	1,000
54301500 - State & Local Taxes	9,733	13,060	3,327	25.47%	31,370
54302000 - Property Taxes	1,576	1,522	(54)	(3.52%)	3,621
Total Income, Property, and Sales Tax	11,309	14,997	3,688	24.59%	35,991
Insurance					
54401000 - Hazard & Liability Insurance	1,056,960	1,108,435	51,475	4.64%	2,660,249
54401500 - D&O Liability	33,144	34,522	1,379	3.99%	82,853
54402000 - Property Insurance	86,451	94,047	7,596	8.08%	225,714
54402500 - Auto Liability Insurance	262	3,125	2,863	91.63%	7,500
54403000 - General Liability Insurance	2,042	1,645	(397)	(24.12%)	3,950
54403500 - Property Damage	(2,931)	3,125	6,056	193.79%	7,500
Total Insurance	1,175,928	1,244,900	68,972	5.54%	2,987,766
Cable Programming/Franchise					
54501000 - Cable - Programming Fees	1,753,174	1,749,995	(3,179)	(0.18%)	4,200,000
54502000 - Cable - City of Laguna Woods Franchise Fees	107,706	89,785	(17,921)	(19.96%)	215,500
Total Cable Programming/Franchise	1,860,880	1,839,780	(21,100)	(1.15%)	4,415,500
Investment Expense					
54201000 - Investment Expense	6,421	6,415	(6)	(0.09%)	15,400
Total Investment Expense	6,421	6,415	(6)	(0.09%)	15,400
Net Allocation to Mutuals					
48501000 - Allocated To Grf Departments	(2,860,152)	(2,985,123)	(124,971)	(4.19%)	(7,184,671)
54602500 - Allocated Expenses	1,862,161	1,791,291	(70,871)	(3.96%)	4,309,622
Total Net Allocation To Mutuals	(997,991)	(1,193,832)	(195,841)	(16.40%)	(2,875,049)
Uncollectible Accounts					
54602000 - Bad Debt Expense	(294)	5,040	5,334	105.83%	12,100
Total Uncollectible Accounts	(294)	5,040	5,334	105.83%	12,100
(Gain)/Loss on Sale or Trade					
54101000 - (Gain)/Loss - Warehouse Sales	(6,909)	0	6,909	0.00%	0
54101500 - (Gain)/Loss On Investments	1,531,819	0	(1,531,819)	0.00%	0
Total (Gain)/Loss on Sale or Trade	1,524,910	0	(1,524,910)	0.00%	0
Depreciation and Amortization					
55001000 - Depreciation And Amortization	2,099,174	2,099,174	0	0.00%	2,099,174
Total Depreciation and Amortization	2,099,174	2,099,174	0	0.00%	2,099,174
Total Expenses	20,180,526	19,848,919	(331,607)	(1.67%)	45,224,859

Golden Rain Foundation of Laguna Woods
Operating Statement
5/31/2023
 GOLDEN RAIN FOUNDATION

	<u>Actual</u>	<u>Budget</u>	<u>YEAR TO DATE VAR\$ B/(W)</u>	<u>VAR% B/(W)</u>	<u>TOTAL BUDGET</u>
Excess of Revenues Over Expenses	<u>\$2,065,277</u>	<u>\$1,194,282</u>	<u>\$870,996</u>	<u>72.93%</u>	<u>\$5,296,251</u>

**United Laguna Woods Mutual
Balance Sheet - Preliminary
5/31/2023**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
Assets			
1	Cash and cash equivalents	\$4,507,016	\$608,243
2	Investments	14,312,007	19,133,813
3	Receivable/(Payable) from mutuals	93,924	(521,303)
4	Accounts receivable and interest receivable	503,719	560,749
5	Prepaid expenses and deposits	2,748,824	3,187,844
6	Property and equipment	91,989,605	91,989,605
7	Accumulated depreciation property and equipment	(83,766,653)	(83,765,378)
8	Beneficial interest in GRF of Laguna Hills Trust	5,198,029	5,260,669
9	Non-controlling interest in GRF	43,803,096	43,803,096
10	Total Assets	<u><u>\$79,389,566</u></u>	<u><u>\$80,257,337</u></u>
Liabilities and Fund Balances			
Liabilities:			
11	Accounts payable and accrued expenses	\$1,544,587	\$3,685,682
12	Accrued compensation and related costs	551,668	551,668
13	Deferred income	968,710	943,798
14	Asset retirement obligation	1,479,624	1,479,624
15	Total liabilities	<u>\$4,544,590</u>	<u>\$6,660,772</u>
Fund balances:			
16	Fund balance prior years	73,596,565	75,463,640
17	Change in fund balance - current year	1,248,412	(1,867,075)
18	Total fund balances	<u>74,844,977</u>	<u>73,596,565</u>
19	Total Liabilities and Fund Balances	<u><u>\$79,389,566</u></u>	<u><u>\$80,257,337</u></u>

**United Laguna Woods Mutual
Fund Balance Sheet - Preliminary
5/31/2023**

	<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	\$2,065,315	\$2,441,701		\$4,507,016
2	Investments		14,312,007		14,312,007
3	Receivable/(Payable) from mutuals	93,924			93,924
4	Receivable/(Payable) from operating fund	(3,341,697)	3,864,684	1,145,386	(1,668,372)
5	Accounts receivable and interest receivable	438,320	64,665		502,984
6	Prepaid expenses and deposits	1,662,909	2,520	1,083,395	2,748,824
7	Property and equipment	91,989,605			91,989,605
8	Accumulated depreciation property and equipment	(83,766,653)			(83,766,653)
9	Beneficial interest in GRF of Laguna Hills Trust	5,198,029			5,198,029
10	Non-controlling interest in GRF	43,803,096			43,803,096
11	Total Assets	<u>\$58,142,847</u>	<u>\$20,685,576</u>	<u>\$1,145,386</u>	<u>(\$584,977)</u>
Liabilities and Fund Balances					
Liabilities:					
12	Accounts payable and accrued expenses	(\$267,317)	\$1,811,904		\$1,544,587
13	Accrued compensation and related costs	551,668			551,668
14	Deferred income	967,976			967,976
15	Asset retirement obligation		1,479,624		1,479,624
16	Total liabilities	<u>\$1,252,327</u>	<u>\$3,291,528</u>		<u>\$4,543,855</u>
Fund balances:					
17	Fund balance prior years	56,409,509	16,710,271	1,113,771	(636,986)
18	Change in fund balance - current year	481,011	683,777	31,615	52,009
19	Total fund balances	<u>56,890,520</u>	<u>17,394,048</u>	<u>1,145,386</u>	<u>(584,977)</u>
20	Total Liabilities and Fund Balances	<u>\$58,142,847</u>	<u>\$20,685,576</u>	<u>\$1,145,386</u>	<u>(\$584,977)</u>

**United Laguna Woods Mutual
Changes in Fund Balances - Preliminary
5/31/2023**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Contingency Fund</u>	<u>Property Taxes Fund</u>	<u>Total</u>
Revenues:					
Assessments:					
1	Operating	\$9,882,418		\$5,698,997	\$15,581,416
2	Additions to restricted funds		4,939,211		4,970,826
3	Total assessments	<u>9,882,418</u>	<u>4,939,211</u>	<u>31,615</u>	<u>20,552,242</u>
Non-assessment revenues:					
4	Merchandise sales	3,909			3,909
5	Fees and charges for services to residents	263,147			263,147
6	Laundry	91,945			91,945
7	Investment income		301,118		301,118
8	Miscellaneous	233,000			233,000
9	Total non-assessment revenue	<u>592,000</u>	<u>301,118</u>		<u>893,118</u>
10	Total revenue	<u>10,474,419</u>	<u>5,240,329</u>	<u>31,615</u>	<u>21,445,360</u>
Expenses:					
11	Employee compensation and related	4,185,167	1,419,781		5,604,948
12	Materials and supplies	395,467	929,264		1,324,730
13	Utilities and telephone	1,704,293	2,395		1,706,688
14	Legal fees	40,652			40,652
15	Professional fees	50,209			50,209
16	Equipment rental	3,692	7,522		11,214
17	Outside services	1,200,250	2,094,418		3,294,668
18	Repairs and maintenance	13,811	404		14,215
19	Other Operating Expense	47,363	10,162		57,525
20	Property and sales tax			5,646,989	5,646,989
21	Insurance	1,885,671			1,885,671
22	Investment expense		30		30
23	Uncollectible Accounts	(15,011)			(15,011)
24	Depreciation and amortization	63,916			63,916
25	Net allocations to mutuals	418,684	92,578		511,262
26	Total expenses	<u>9,994,165</u>	<u>4,556,553</u>		<u>20,197,706</u>
27	Excess of revenues over expenses before other changes	<u>\$480,254</u>	<u>\$683,777</u>	<u>\$31,615</u>	<u>\$52,009</u>
28	Excess of revenues over expenses excluding depreciation before other changes	<u>\$544,169</u>	<u>\$683,777</u>	<u>\$31,615</u>	<u>\$52,009</u>
Other Changes:					
29	(Gain)/loss on sale or trade	(758)			(758)
30	Total other changes	<u>\$758</u>			<u>\$758</u>

**United Laguna Woods Mutual
Changes in Fund Balances - Preliminary
5/31/2023**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Contingency Fund</u>	<u>Property Taxes Fund</u>	<u>Total</u>
31 Excess of revenues over expenses after other changes	\$481,011	\$683,777	\$31,615	\$52,009	\$1,248,412
32 Excluding unrealized gains and depreciation	\$544,927	\$683,777	\$31,615	\$52,009	\$1,312,328

UNITED LAGUNA WOODS MUTUAL
NON-DISCRETIONARY INVESTMENTS HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
5/31/2023

I.D. NO.	DESCRIPTION	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	ORIGINAL COST	BOOK VALUE	5/31/2023	
							MARKET VALUE	UNREALIZED GAIN/(LOSS)
I1: AVAILABLE-FOR-SALE								
I2: HELD-TO-MATURITY								
912796XY0	U.S. TREASURY BILL	11-23-22	08-10-23	2,000,000.00	1,940,777.78	1,982,233.32	1,980,023.26	(2,210.06)
912796YT0	U.S. TREASURY BILL	11-23-22	11-02-23	2,000,000.00	1,915,911.11	1,961,189.77	1,955,489.72	(5,700.05)
912828W48	U.S. TREASURY NOTE	11-25-22	02-29-24	2,000,000.00	1,937,812.50	1,965,019.54	1,953,593.76	(11,425.78)
912828XT2	U.S. TREASURY NOTE	11-25-22	05-31-24	2,000,000.00	1,923,437.50	1,951,644.77	1,937,656.24	(13,988.53)
91282CCT6	U.S. TREASURY NOTE	11-25-22	08-15-24	2,000,000.00	1,862,500.00	1,906,250.00	1,892,734.38	(13,515.62)
9128283P3	U.S. TREASURY NOTE	03-27-23	12-31-24	2,050,000.00	1,996,187.50	2,001,079.54	1,973,685.55	(27,393.99)
91282CGN5	U.S. TREASURY NOTE	05-18-23	02-28-25	2,528,000.00	2,545,380.00	2,544,590.00	2,529,678.74	(14,911.26)
				14,578,000.00	14,122,006.39	14,312,006.94	14,222,861.65	(89,145.29)
TOTAL FOR BANK OF AMERICA INVESTMENTS				\$14,578,000.00	\$14,122,006.39	\$14,312,006.94	\$14,222,861.65	(\$89,145.29)

*Yield is based on all investments held during the year

**UNITED LAGUNA WOODS MUTUAL
FUND EXPENDITURES REPORT
AS OF MAY 31, 2023**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		2023	%	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	EXPENDED	\$	%
OPERATING EXPENDITURES - MAINTENANCE & CONSTRUCTION								
PLUMBING SERVICE	\$216,877	\$132,338	\$743,284	\$656,358	\$1,576,071	47%	(\$86,926)	(13%)
DAMAGE RESTORATION	151,740	86,871	586,285	307,695	885,805	66%	(278,590)	(91%)
CARPENTRY SERVICE	60,505	54,615	268,975	260,115	638,911	42%	(8,860)	(3%)
ELECTRICAL SERVICE	34,968	31,566	159,748	154,934	373,787	43%	(4,814)	(3%)
APPLIANCE REPAIRS	24,399	26,880	115,450	133,071	319,633	36%	17,622	13%
INTERIOR PREVENTIVE MAINTENANCE	30,396	31,537	141,594	155,933	374,517	38%	14,339	9%
PEST CONTROL	15,805	22,137	21,675	102,685	257,655	8%	81,010	79%
COUNTERTOP/FLOOR/TILE REPAIRS	10,104	12,722	43,718	61,147	149,440	29%	17,429	29%
ENERGY PROGRAM	3,759	3,500	10,815	10,500	35,000	31%	(315)	(3%)
MISC. REPAIRS BY OUTSIDE SERVICE	32	2,000	3,032	6,000	20,000	15%	3,000	50%
FIRE PROTECTION	1,583	2,871	22,539	14,326	34,394	66%	(8,213)	(57%)
TOTAL	\$550,169	\$407,036	\$2,117,116	\$1,862,764	\$4,665,212	45%	(\$254,320)	(14%)

OPERATING EXPENDITURES - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	\$31,300	\$34,180	\$145,996	\$169,328	\$406,549	36%	\$23,332	14%
JANITORIAL SERVICE	31,804	33,503	155,273	165,695	397,860	39%	10,422	6%
GUTTER CLEANING	3,368	13,215	16,348	65,888	158,152	10%	49,539	75%
WELDING	7,941	9,485	38,694	46,994	112,840	34%	8,301	18%
TRAFFIC CONTROL	1,497	1,310	7,266	6,484	15,576	47%	(782)	(12%)
TOTAL	\$75,910	\$91,694	\$363,577	\$454,389	\$1,090,978	33%	\$90,814	20%

OPERATING EXPENDITURES - LANDSCAPE SERVICES

LANDSCAPE ADMINISTRATION	\$21,334	\$21,427	\$99,291	\$104,870	\$253,034	39%	\$5,579	5%
NURSERY & COMPOSTING	17,445	16,163	72,438	79,922	192,001	38%	7,484	9%
GROUNDS MAINTENANCE	233,865	237,002	1,093,055	1,174,901	2,816,945	39%	81,846	7%
IRRIGATION	55,260	68,197	246,712	337,127	809,937	30%	90,415	27%
SMALL EQUIPMENT REPAIR	10,923	16,169	64,340	80,043	192,214	33%	15,703	20%
PEST CONTROL	20,222	26,541	105,417	131,254	315,267	33%	25,838	20%
TOTAL	\$359,048	\$385,498	\$1,681,252	\$1,908,116	\$4,579,396	37%	\$226,864	12%

**UNITED LAGUNA WOODS MUTUAL
FUND EXPENDITURES REPORT
AS OF MAY 31, 2023**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		2023	%	VARIANCE		
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	EXPENDED	\$	%	
RESERVE FUND - MAINTENANCE & CONSTRUCTION									
REPLACEMENTS									
BUILDING STRUCTURES	\$91,158	\$111,761	\$333,895	\$543,000	\$1,314,877	25%	\$209,105	39%	
ELECTRICAL SYSTEMS	78,471	42,457	199,795	212,285	509,495	39%	12,490	6%	
EXTERIOR WALKWAY LIGHTING	696	6,919	23,220	27,155	75,550	31%	3,935	14%	
FOUNDATIONS	0	3,619	0	18,095	43,436	0%	18,095	100%	
GUTTER REPLACEMENT	5,269	9,479	25,126	47,115	113,127	22%	21,989	47%	
PAINT - EXTERIOR	127,866	146,051	626,728	721,522	1,734,242	36%	94,795	13%	
PRIOR TO PAINT	127,264	83,782	420,131	414,934	996,471	42%	(5,198)	(1%)	
PLUMBING	18,389	29,675	83,027	131,359	337,826	25%	48,333	37%	
PAVING	0	0	0	0	398,371	0%	0	100%	
ROOF REPLACEMENTS	13,458	102,451	130,735	346,036	1,041,301	13%	215,301	62%	
WALL REPLACEMENT	0	2,916	0	14,580	35,000	0%	14,580	100%	
WASTE LINE REMEDIATION	311,778	191,666	1,062,691	958,330	2,300,000	46%	(104,361)	(11%)	
WATER LINE - COPPER PIPE REMEDIATION	(265,168)	8,333	(206,857)	41,665	100,000	(207%)	248,522	596%	
WINDOW/SLIDING SCREEN DOOR	10,629	11,733	48,461	58,378	140,157	35%	9,917	17%	
SUB-TOTAL	\$519,810	\$750,843	\$2,746,952	\$3,534,455	\$9,139,854	30%	\$787,503	22%	
APPLIANCE AND FIXTURE REPLACEMENTS									
COOKTOPS	\$9,925	\$6,511	\$42,523	\$24,468	\$69,963	61%	(\$18,055)	(74%)	
DISHWASHERS	7,451	8,058	51,980	40,137	96,362	54%	(11,843)	(30%)	
BASINS/SINKS/TOILETS	16,570	18,771	74,976	93,555	224,611	33%	18,578	20%	
GARBAGE DISPOSALS	10,091	9,902	50,179	49,245	118,247	42%	(934)	(2%)	
HOODS	1,378	3,306	9,000	16,468	39,542	23%	7,468	45%	
COUNTER TOPS/FLOORS/SHOWER ENCLOSURES	115,875	128,670	404,621	570,083	1,467,906	28%	165,463	29%	
OVENS	20,682	11,149	92,969	55,678	133,646	70%	(37,291)	(67%)	
RANGES	563	1,034	5,819	5,137	12,345	47%	(682)	(13%)	
REFRIGERATORS	16,240	18,555	85,574	92,537	222,137	39%	6,963	8%	
WATER HEATERS & PERMITS	116,700	62,709	367,504	312,137	749,363	49%	(55,367)	(18%)	
DRYERS	849	3,179	4,680	15,879	38,113	12%	11,200	71%	
WASHING MACHINES	8,664	7,597	47,360	37,943	91,082	52%	(9,416)	(25%)	
SUB-TOTAL	\$324,987	\$279,440	\$1,237,184	\$1,313,266	\$3,263,315	38%	\$76,083	6%	
TOTAL	\$844,797	\$1,030,283	\$3,984,136	\$4,847,721	\$12,403,170	32%	\$863,586	18%	

**UNITED LAGUNA WOODS MUTUAL
FUND EXPENDITURES REPORT
AS OF MAY 31, 2023**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		2023	%	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	EXPENDED	\$	%
RESERVE FUND - GENERAL SERVICES								
PRIOR TO PAINT	\$723	\$804	\$3,508	\$3,981	\$9,558	37%	\$473	12%
PAVING	5,444	4,068	19,320	20,142	48,378	40%	822	4%
WALL REPLACEMENT	0	1,282	0	6,410	15,400	0%	6,410	100%
TOTAL	\$6,167	\$6,154	\$22,828	\$30,533	\$73,335	31%	\$7,705	25%

RESERVE FUND - LANDSCAPE

REPLACEMENTS

LANDSCAPE MODIFICATION	(\$1,983)	\$8,263	\$27,595	\$41,195	\$98,898	28%	\$13,600	33%
IMPROVEMENTS & RESTORATION	13,161	14,951	50,111	74,140	177,744	28%	24,029	32%
TREE MAINTENANCE	18,601	75,241	417,816	374,129	898,360	47%	(43,687)	(12%)
SUPPLEMENTAL APPROPRIATION	(42,859)	(42,859)	54,037	54,037	0	0%	0	(100%)
TOTAL	(\$13,080)	\$55,596	\$549,558	\$543,500	\$1,175,002	47%	(\$6,058)	(1%)

PROPERTY TAXES FUND - NON WORK CENTER

PROPERTY TAXES	1,051,863	1,054,099	5,646,989	5,270,495	12,649,183	45%	(376,494)	(7%)
TOTAL	\$1,051,863	\$1,054,099	\$5,646,989	\$5,270,495	\$12,649,183	45%	(\$376,494)	(7%)

**UNITED LAGUNA WOODS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF MAY 31, 2023**

YTD ACTUAL

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

OPERATING EXPENDITURES - MAINTENANCE & CONSTRUCTION

PLUMBING SERVICE	\$743,284	\$435,507	\$52,035	\$255,742
DAMAGE RESTORATION	586,285	0	0	586,285
CARPENTRY SERVICE	268,975	235,531	33,444	0
ELECTRICAL SERVICE	159,748	136,584	21,279	1,885
APPLIANCE REPAIRS	115,450	104,181	11,269	0
INTERIOR PREVENTIVE MAINTENANCE	141,594	141,167	427	0
PEST CONTROL	21,675	0	0	21,675
COUNTERTOP/FLOOR/TILE REPAIRS	43,718	41,189	2,529	0
ENERGY PROGRAM	10,815	0	0	10,815
MISC. REPAIRS BY OUTSIDE SERVICE	3,032	0	0	3,032
FIRE PROTECTION	22,539	2,266	4,382	15,890
TOTAL	\$2,117,116	\$1,096,426	\$125,366	\$895,325

OPERATING EXPENDITURES - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	\$145,996	\$138,639	\$4,552	\$2,805
JANITORIAL SERVICE	155,273	155,273	0	0
GUTTER CLEANING	16,348	16,348	0	0
WELDING	38,694	37,959	735	0
TRAFFIC CONTROL	7,266	7,266	0	0
TOTAL	\$363,577	\$355,485	\$5,287	\$2,805

OPERATING EXPENDITURES - LANDSCAPE SERVICES

LANDSCAPE ADMINISTRATION	\$99,291	\$99,291	\$0	\$0
NURSERY & COMPOSTING	72,438	72,438	0	0
GROUNDS MAINTENANCE	1,093,055	849,211	2,007	241,838
IRRIGATION	246,712	218,710	28,001	0
SMALL EQUIPMENT REPAIR	64,340	64,340	0	0
PEST CONTROL	105,417	105,417	0	0
TOTAL	\$1,681,252	\$1,409,406	\$30,008	\$241,838

**UNITED LAGUNA WOODS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF MAY 31, 2023**

YTD ACTUAL

DESCRIPTION	TOTAL EXPENDITURES	LABOR	MATERIALS	OUTSIDE SERVICES
RESERVE FUND - MAINTENANCE & CONSTRUCTION				
BUILDING STRUCTURES	\$333,895	\$33,582	\$23,533	\$276,780
ELECTRICAL SYSTEMS	199,795	0	0	199,795
EXTERIOR WALKWAY LIGHTING	23,220	3,270	0	19,950
FOUNDATIONS	0	0	0	0
GUTTER REPLACEMENT	25,126	23,202	1,924	0
PAINT - EXTERIOR	626,728	566,353	51,652	8,723
PRIOR TO PAINT	420,131	330,934	46,620	42,577
PLUMBING	83,027	83,027	0	0
PAVING	0	0	0	0
ROOF REPLACEMENTS	130,735	0	0	130,735
WALL REPLACEMENT	0	0	0	0
WASTE LINE REMEDIATION	1,062,691	0	0	1,062,691
WATER LINE - COPPER PIPE REMEDIATION	(206,857)	0	0	(206,857)
WINDOW/SLIDING SCREEN DOOR	48,461	23,965	21,745	2,750
SUPPLEMENTAL APPROPRIATION	0	0	0	0
COOKTOPS	42,523	5,309	28,346	8,868
DISHWASHERS	51,980	12,199	34,596	5,184
BASINS/SINKS/TOILETS	74,976	23,626	51,350	0
GARBAGE DISPOSALS	50,179	21,718	28,461	0
HOODS	9,000	5,046	3,442	512
COUNTER TOPS/FLOORS/SHOWER ENCLOSURES	404,621	153,741	152,269	98,611
OVENS	92,969	5,309	68,343	19,318
RANGES	5,819	2,655	2,131	1,033
REFRIGERATORS	85,574	18,583	47,704	19,287
WATER HEATERS & PERMITS	367,504	114,835	252,669	0
DRYERS	4,680	1,317	3,362	0
WASHING MACHINES	47,360	3,182	44,178	0
TOTAL	\$3,984,136	\$1,431,853	\$862,325	\$1,689,958

**UNITED LAGUNA WOODS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF MAY 31, 2023**

YTD ACTUAL

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

RESERVE FUND - GENERAL SERVICES

PRIOR TO PAINT	\$3,508	\$3,508	\$0	\$0
PAVING	19,320	17,476	1,844	0
WALL REPLACEMENT	0	0	0	0
TOTAL	\$22,828	\$20,984	\$1,844	\$0

RESERVE FUND - LANDSCAPE

LANDSCAPE MODIFICATION	\$27,595	\$6,747	\$0	\$20,848
IMPROVEMENTS & RESTORATION	50,111	50,111	0	0
TREE MAINTENANCE	417,816	90,493	0	327,323
SUPPLEMENTAL APPROPRIATION	54,037	0	0	54,037
TOTAL	\$549,558	\$147,350	\$0	\$402,208

PROPERTY TAXES FUND - NON WORK CENTER

PROPERTY TAXES	\$5,646,989	\$5,646,989	\$0	\$0
TOTAL	\$5,646,989	\$5,646,989	\$0	\$0

**UNITED LAGUNA WOODS MUTUAL
OUTSIDE SERVICES - COST COLLECTION
AS OF MAY 31, 2023**

DESCRIPTION	YTD ACTUAL TOTAL OS EXPENDITURES	YTD BUDGET OUTSIDE SERVICES	YTD Variance OUTSIDE SERVICES
<i>OPERATING EXPENDITURES - MAINTENANCE & CONSTRUCTION</i>			
PLUMBING SERVICE	\$255,742	\$143,750	(\$111,992)
DAMAGE RESTORATION	\$586,285	\$307,695	(\$278,590)
CARPENTRY SERVICE	0	1,870	1,870
ELECTRICAL SERVICE	1,885	1,800	(85)
APPLIANCE REPAIRS	0	0	0
INTERIOR PREVENTIVE MAINTENANCE	0	0	0
PEST CONTROL	21,675	102,685	81,010
COUNTERTOP/FLOOR/TILE REPAIRS	0	5,200	5,200
ENERGY PROGRAM	10,815	10,500	(315)
MISC. REPAIRS BY OUTSIDE SERVICE	3,032	6,000	2,968
FIRE PROTECTION	15,890	10,915	(4,975)
TOTAL	\$895,325	\$590,415	(\$304,910)
<i>OPERATING EXPENDITURES - GENERAL SERVICES</i>			
CONCRETE REPAIR/REPLACEMENT	\$2,805	\$0	(\$2,805)
JANITORIAL SERVICE	0	0	0
GUTTER CLEANING	0	47,915	47,915
WELDING	0	4,165	4,165
TRAFFIC CONTROL	0	0	0
TOTAL	\$2,805	\$52,080	\$49,275
<i>OPERATING EXPENDITURES - M&C CHARGEABLE SERVICES</i>			
CHARGEABLES	\$27,572	\$99,915	\$72,343
TOTAL	\$27,572	\$99,915	\$72,343
<i>OPERATING EXPENDITURES - LANDSCAPE SERVICES</i>			
LANDSCAPE SHRUB-BED MAINTENANCE	\$241,838	\$0	(\$241,838)
TOTAL	\$241,838	\$0	(\$241,838)

**UNITED LAGUNA WOODS MUTUAL
OUTSIDE SERVICES - COST COLLECTION
AS OF MAY 31, 2023**

DESCRIPTION	YTD ACTUAL	YTD BUDGET	YTD Variance
	TOTAL OS EXPENDITURES	OUTSIDE SERVICES	OUTSIDE SERVICES
RESERVE FUND - MAINTENANCE & CONSTRUCTION			
BUILDING STRUCTURES	\$276,780	\$495,475	\$218,695
CDS SIGNAGE	0	0	0
ELECTRICAL SYSTEMS	199,795	212,285	12,490
EXTERIOR WALKWAY LIGHTING	19,950	21,515	1,565
FOUNDATIONS	0	18,095	18,095
GUTTER REPLACEMENT	0	20,830	20,830
PAINT - EXTERIOR	8,723	3,530	(5,193)
PRIOR TO PAINT	42,577	22,915	(19,662)
PLUMBING	0	24,000	24,000
PAVING	0	0	0
ROOF REPLACEMENTS	130,735	346,036	215,301
WALL REPLACEMENT	0	14,580	14,580
WASTE LINE REMEDIATION	1,062,691	958,330	(104,361)
WATER LINE - COPPER PIPE REMEDIATION	(206,857)	41,665	248,522
WINDOW/SLIDING SCREEN DOOR	2,750	12,500	9,750
SUPPLEMENTAL APPROPRIATION	0	0	0
COOKTOPS	8,868	6,375	(2,493)
DISHWASHERS	5,184	4,955	(229)
BASINS/SINKS/TOILETS	0	0	0
GARBAGE DISPOSALS	0	0	0
HOODS	512	1,790	1,278
COUNTER TOPS/FLOORS/SHOWER ENCLOSURES	98,611	172,440	73,829
OVENS	19,318	9,015	(10,303)
RANGES	1,033	1,080	47
REFRIGERATORS	19,287	18,080	(1,207)
WATER HEATERS & PERMITS	0	24,240	24,240
DRYERS	0	0	0
WASHING MACHINES	0	0	0
TOTAL	\$1,689,958	\$2,429,731	\$739,773

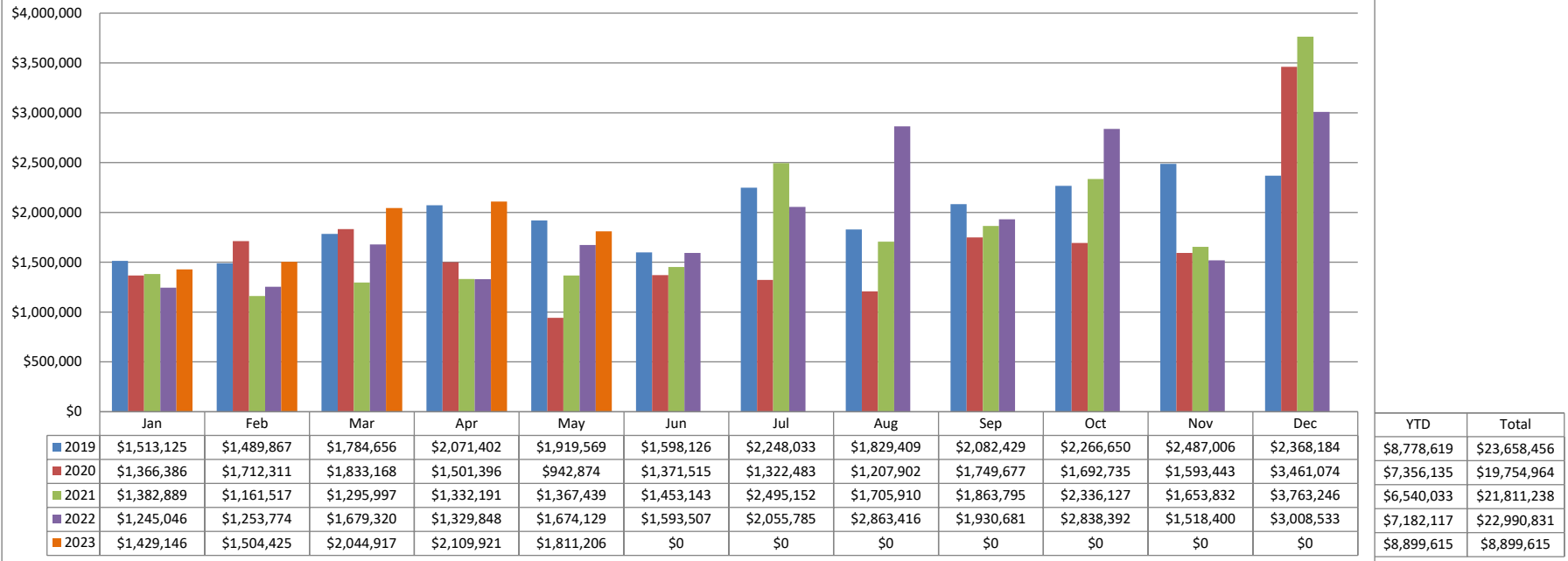
**UNITED LAGUNA WOODS MUTUAL
OUTSIDE SERVICES - COST COLLECTION
AS OF MAY 31, 2023**

DESCRIPTION	YTD ACTUAL TOTAL OS EXPENDITURES	YTD BUDGET OUTSIDE SERVICES	YTD Variance OUTSIDE SERVICES
<i>RESERVE FUND - GENERAL SERVICES</i>			
PRIOR TO PAINT	\$0	\$0	\$0
WALL REPLACEMENT	0	6,410	6,410
TOTAL	\$0	\$6,410	\$6,410
<i>RESERVE FUND - LANDSCAPE</i>			
LANDSCAPE MODIFICATION	\$20,848	\$30,795	\$9,947
IMPROVEMENTS & RESTORATION	\$0	\$0	\$0
TREE MAINTENANCE	327,323	209,630	(117,693)
SUPPLEMENTAL APPROPRIATION	54,037	54,037	0
TOTAL	\$402,208	\$294,462	(\$107,746)

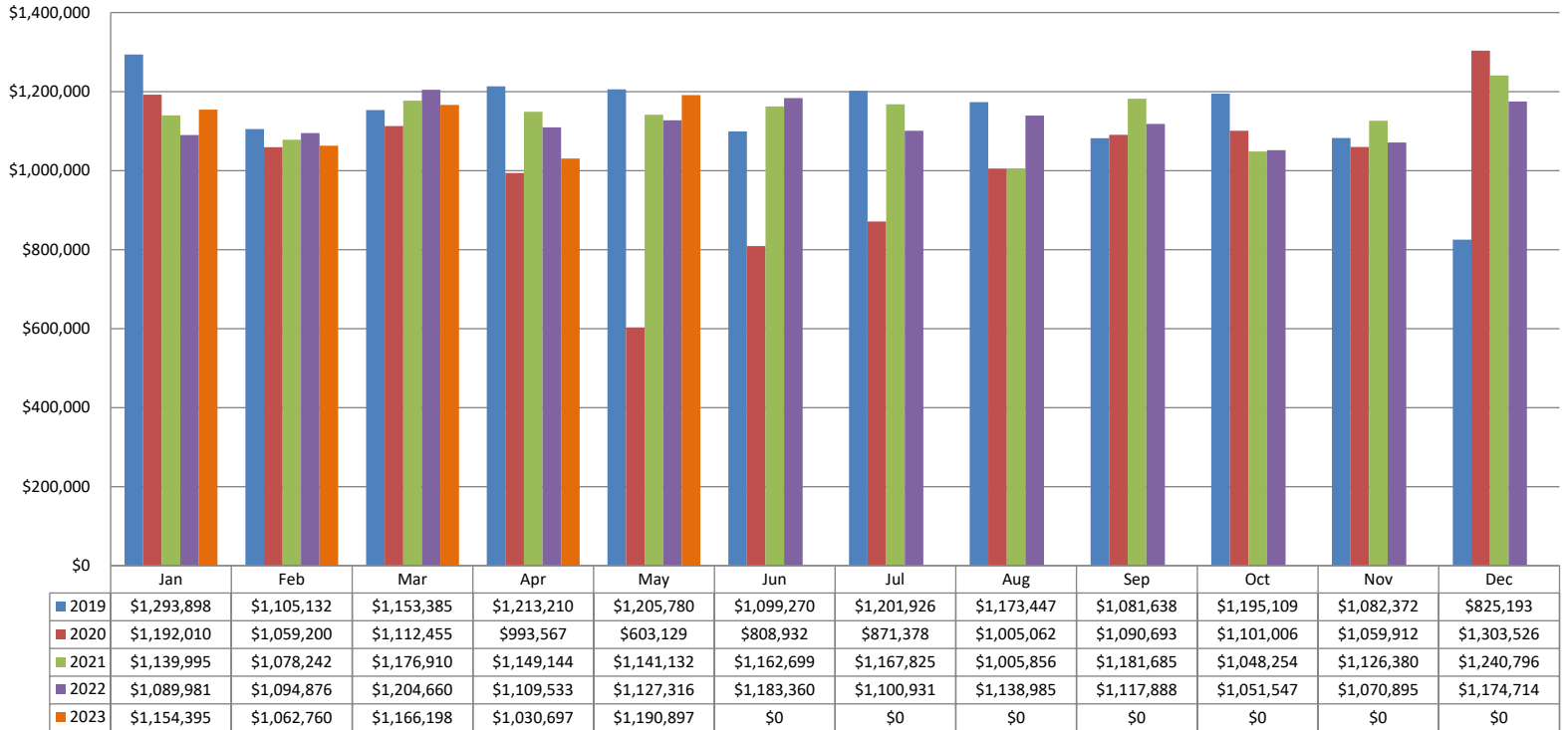
**RESERVES EXPENDITURES COMPARED TO RESERVE STUDY
AS PRESENTED IN THE 2023 BUSINESS PLAN
AS OF APRIL 30, 2023**

	2023	2023	2023	2023	2023
	YTD Actual	YTD Budget	YTD Variance	Annual Budget	% Expended
Paving	\$0	\$0	\$0	\$248,371	0%
Asphalt & Concrete Repair/Replace	19,320	20,142	822	198,378	10%
Roofs - Built-Up	130,735	346,036	215,301	1,041,301	13%
Roofs - Comp Shingle	0	0	0	0	0%
Roofs - Tile	0	0	0	0	0%
Infrastructure/Buildings	344,372	452,859	108,487	1,091,591	32%
Carport Siding Renovation	0	0	0	0	0%
Manor Components	1,166,991	1,247,475	80,484	3,112,570	37%
Lighting & Electrical	223,015	235,485	12,470	575,550	39%
Laundry Rooms	59,365	65,349	5,984	160,243	37%
Off Cycle Decking	50,647	57,917	7,270	139,100	36%
Prior To Painting	372,992	360,998	(11,994)	866,930	43%
Interior & Exterior Painting	626,728	721,522	94,795	1,734,242	36%
Walls, Fencing, Railings & Gates	0	20,990	20,990	50,400	0%
Grounds & Miscellaneous	495,306	489,463	(5,843)	1,175,003	42%
Building Structures	47,999	213,730	165,730	520,006	9%
Plumbing	938,861	1,131,354	192,494	2,737,826	34%
Total	\$4,476,332	\$5,363,320	\$886,989	\$13,651,511	33%

United Mutual Employee Compensation, Related, and Outside Services

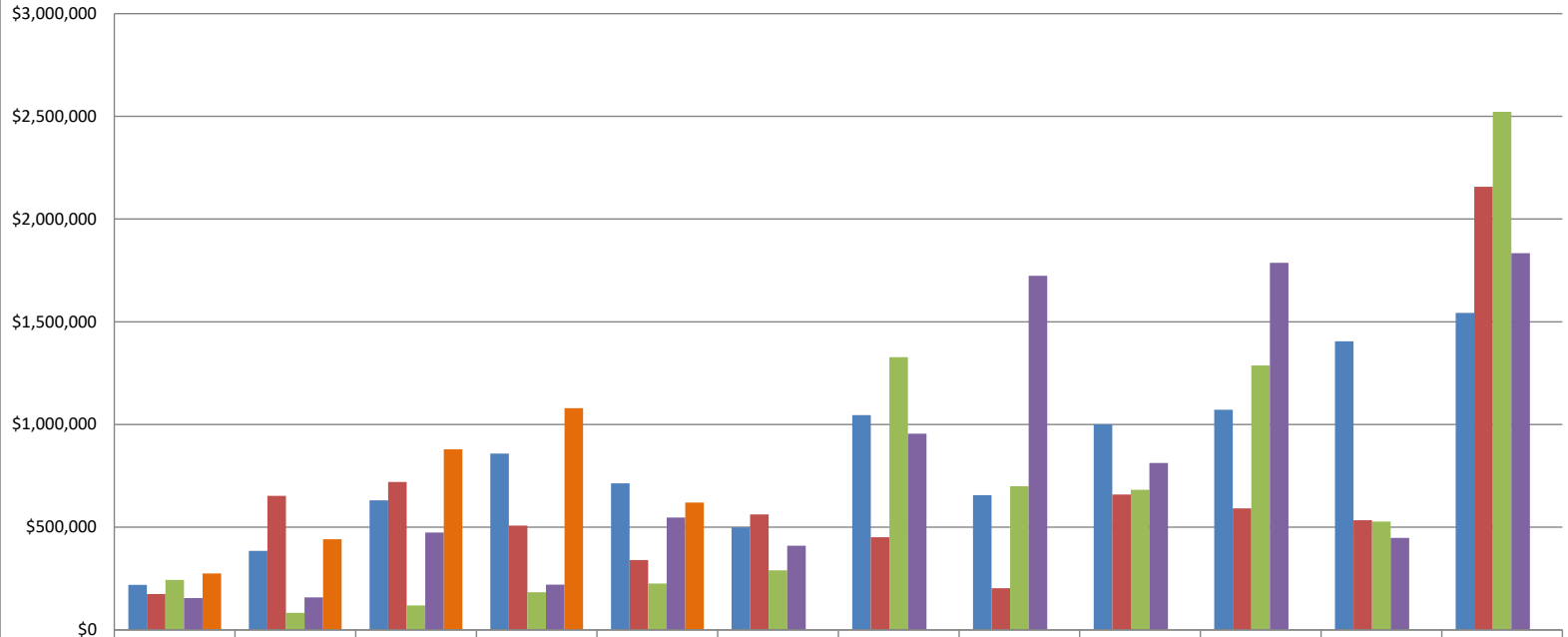


United Mutual Employee Compensation & Related



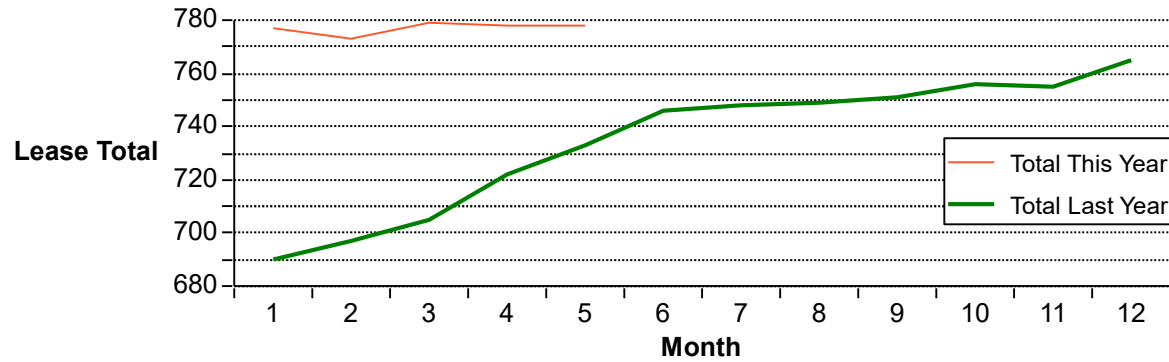
	YTD	Total
2019	\$5,971,405	\$13,630,360
2020	\$4,960,361	\$12,200,870
2021	\$5,685,423	\$13,618,918
2022	\$5,626,366	\$13,464,686
2023	\$5,604,947	\$5,604,947

United Mutual Outside Services



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2019	\$219,227	\$384,735	\$631,271	\$858,192	\$713,789	\$498,856	\$1,046,107	\$655,962	\$1,000,791	\$1,071,541	\$1,404,634	\$1,542,991	\$2,807,214	\$10,028,096
2020	\$174,376	\$653,111	\$720,713	\$507,829	\$339,745	\$562,583	\$451,105	\$202,840	\$658,984	\$591,729	\$533,531	\$2,157,548	\$2,395,774	\$7,554,094
2021	\$242,894	\$83,275	\$119,087	\$183,047	\$226,307	\$290,444	\$1,327,327	\$700,054	\$682,110	\$1,287,873	\$527,452	\$2,522,450	\$854,610	\$8,192,320
2022	\$155,065	\$158,898	\$474,660	\$220,315	\$546,813	\$410,147	\$954,854	\$1,724,431	\$812,793	\$1,786,845	\$447,505	\$1,833,819	\$1,555,751	\$9,526,145
2023	\$274,751	\$441,665	\$878,719	\$1,079,224	\$620,309	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,294,668	\$3,294,668

Monthly Active Leasing Report 2023 Period 5 (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
2023	January	22	40	159	556	777	690	12.3	10.9	1.4	58	17
2023	February	22	39	163	549	773	697	12.2	11.0	1.2	44	21
2023	March	23	39	177	540	779	705	12.3	11.1	1.2	57	27
2023	April	20	38	191	529	778	722	12.3	11.4	0.9	45	44
2023	May	16	33	213	516	778	733	12.3	11.6	0.7	47	41
2023	June						746					
2023	July						748					
2023	August						749					
2023	September						751					
2023	October						756					
2023	November						755					
2023	December						765					



Laguna Woods Village®

DATE: June, 2023
 TO: VMS Board of Directors
 RE: Monthly Staffing/Sourcing Report

New Hires YTD:

May

93 (48 Full-time, 45 Part-time)

17 (8 Full-time, 9 Part-Time)

Active Recruiting Vacancies as of May 31, 2023

Total: **60**

Full-time: **44**

Part-time: **16**

Vacancies by Divisions	Full-Time	Part-Time	Total Vacancies	Total Budgeted
General Services	5	1	6	
Bus Driver (WC 970)	1		1	10.00
Custodian (WC 945)	1		1	14.00
Paving Trade Helper (WC 936)	1		1	2.0
Mechanic Helper (WC 960)	1		1	2.00
Admin Specialist (WC 902)		1	1	1.00
Operations Supervisor (WC 902)	1		1	1.00
Maintenance and Construction	4		4	
Senior Maintenance Plumber (WC 914)	1		1	11.00
Moisture Intrusion Coordinator (WC 909)	1		1	1.00
Senior General Maintenance Worker (WC 917)	1		1	6.00
Project Manager	1		1	5.00
Landscape Services	19		19	
Gardener (WC 520 & WC 530)	17		17	69.00
Lead Land Grounds (WC 530)	1		1	3.00
Equipment Operator (WC 511)	1		1	2.00
Security Services	11	3	14	
Gate Ambassador (WC 400)		2	2	43.00
Security Patrol Officer (WC 400)	6	1	7	14.00
Dispatcher (WC 400)	3		3	5.00
Security Supervisor I (WC 400)	1		1	9.00
Social Services Manager (WC 220)	1		1	1.00



Laguna Woods Village®

Recreation Services	3	12	15	
P/T Recreation Leader (WC 600)		5	5	9.58
Fitness Assistant II (WC 691)		5	5	1.25
Golf Course Sprayer (WC 580)	1		1	0.50
P/T Clubhouse Tech I (WC 613)		1	1	0.50
Sr. Equipment Operator (WC 580)	1		1	1.00
Admin Specialist (WC 613)	1		1	0.00
P/T Stable Hand (WC 620)		1	1	1.00
Information Services	2		2	
Customer Services Representative I (WC 950)	1		1	17.00
Customer Services Representative II (WC 950)	1		1	2.00
Total	53	17	70	

Terminations YTD:

May

63 (39 Full-time, 24 Part-time)

10 (6 Full-time, 4 Part-time)

Resignations and Terminations for April 2023 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	2	0	1	2	0	1	0	8
Terminated	1	0	0	0	0	0	0	1	2
Grand Total	3	2	0	1	2	0	1	1	10

The stated reasons for resignations in April are as follows:

- 1. Other Employment/Career Opportunity (better pay) – 1 in General Services, 1 in Maintenance & Construction Services, 1 in Information Services, 1 in Recreation & Special Events**
- 2. Job Abandonment – 1 in Security Services**
- 3. Family Reasons – 1 in General Services**
- 4. Moving – 1 in Security Services, 1 in General Services**
- 5. Dissatisfied with Supervisor – 1 in General Services**
- 6. Failure to Pass Introductory Period – 1 in Maintenance & Construction Services**



STAFF REPORT

DATE: June 27, 2023
FOR: Finance Committee
SUBJECT: Recognition Agreement for Non-Institutional Lenders

RECOMMENDATION

The Private Loan Research Ad Hoc Committee recommends approval of a revised Recognition Agreement for Non-institutional Lenders.

BACKGROUND

The Private Loan Research Ad Hoc Committee was established via Resolution 01-22-84 for the purpose to research loan options and reexamine prior policies that restricted the use of private loans.

DISCUSSION

The committee held multiple meetings revising and reconstructing the current recognition agreement for noninstitutional lenders. On May 24, 2023, the final drafted lender packet was presented and approved by the committee members and was sent to legal counsel for final review prior to the June 27, 2023 Finance Committee meeting.

If approved by the Finance Committee, the Recognition Agreement for Non-Institutional Lenders will be presented to the board for approval.

Prepared By: Erika Hernandez, Finance Department Administrative Assistant

Reviewed By: Jose Campos, Assistant Director of Financial Services
Ada Montesinos, Senior Financial Analyst

Attachments(s):

Attachment 1: Non-Institutional Recognition Agreement (redline from Legal)

Attachment 2: Non-Institutional Recognition Agreement (clean)

Recognition Agreement of Non-~~I~~stitutional Lenders

THIS RECOGNITION AGREEMENT ("Agreement") is made between United Laguna Woods Mutual, a California Nonprofit Mutual Benefit Corporation, with a mailing address of 24351 El Toro Road, Laguna Woods, California, 92637 ("Corporation") and _____ (insert name of lender) with a mailing address of _____ (insert mailing address for lender) ("Lender") with respect to the pledge and assignment to Lender by _____ (insert borrower's name(s)) ("Borrower") of Borrower's evidence of ownership in the Corporation and right to the possessions and use of Unit No. _____ (insert apartment number) and Garage/Parking Space No. _____ (insert parking space/garage space number) (collectively called the "Unit"), as collateral security for a loan ("Loan") to be made by Lender to Borrower.

NOW, THEREFORE, to induce Lender to make the Loan to Borrower, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation and Lender make the following representations, warranties, and agreements:

THE CORPORATION AND LENDER REPRESENTS AND WARRANTS AS FOLLOWS:

1. The Corporation is a stock cooperative, as defined in Civil Code Section 4190, that is formed to own, operate and manage a common interest development, as defined in Civil Code Section 4100, in Laguna Woods Village, California, consisting of six thousand three hundred and twenty-three (6,323) residential units and common area ("Project").
- 1.2. The Corporation has approved Borrower for membership in the Corporation and occupancy of the Unit.
- 2.3. The Corporation has issued to Borrower or will issue to Borrower to be held by escrow or some other third party agreed between Lender and Borrower ("Third Party"), promptly after settlement, the evidence of Borrower's ownership in the Corporation and possession and use of the Unit which in the case of this Corporation are represented by a Stock Certificate and Occupancy Agreement, and any other documents issued by Corporation related to Borrower's rights of ownership in the Corporation and use of the Unit ("Proprietary Documents").
- 3.4. The Corporation's records do not reflect, and the Corporation does not have knowledge or notice of any encumbrances liens or claims relating to the Proprietary Documents and said Proprietary Documents may be freely pledged and assigned by Borrower to Lender under the rules, by-laws, Articles of Incorporation, and other operative corporate documents of the Corporation's governing documents, as defined by Civil Code Section 4150, including an Occupancy Agreement ("Operative Documents"), copies of which have been provided to Lender and Borrower, both of which hereby acknowledge receipt and reading of same.
- 4.5. The Corporation is the owner in fee simple of the land and all improvements thereon of which said Units is a part, subject only to the loan(s) secured by mortgages or deeds of trust, if applicable. (Needs Jeff correction)
- 5.6. The Corporation is not presently in default with respect to payment of other obligations of any loans.
- 6.7. The Operative Documents and the Proprietary Documents and any encumbrances on the Property do not prohibit the pledge and collateral assignment of the Proprietary Documents to Lender in accordance with this Agreement.
- 7.8. The Corporation consents to the pledge and assignment to Lender by Borrower of the Proprietary Documents issued by the Corporation, and relating to the Unit, as collateral security for the Loan.
- 8.9. If the Borrower is the present owner of the Proprietary Documents, including the Stock Certificate, Borrower is not presently in default under any of the terms of the Proprietary Documents and no notice of default has been given to Borrower, or, if a notice of default has been given to Borrower, the default referred to in such notice has been cured.
- 9.10. If applicable, the Corporation has the right of first refusal in case of sale or foreclosure of the Unit by Lender, and Lender agrees to provide Corporation with reasonable notice prior to proceeding with any sale or foreclosure so Corporation can exercise its right to first refusal.
- 10.11. _____ The Corporation will recognize the priority of Lender over Borrower in the event of any distribution of funds resulting from destruction, condemnation, liquidation or refinancing of the Corporation, or any part thereof, less all sums that may be due the Corporation pursuant to the Proprietary Documents and all reasonable expenses incurred by the Corporation relating to such proceeds.
- 11.12. _____ If applicable, the Corporation may require the collection of fees and escrows at the time of settlement. Such fees shall be collected by the settlement company or escrow.
- 12.13. _____ A Borrowermember's interest may not be pledged to the Lender without the written consent of the Corporation.
- 13.14. _____ Lender, for itself and its successors and assigns, covenants, and agrees that all its right and powers under any obligation entered into with any MemberBorrower, shall be in accordance with all terms and conditions of this Agreement (a "share

Attachment 1

loan”) and shall be subordinate and subject to rights of the Corporation to collect monthly and special assessments from Borrower. Moreover, in the event the Corporation acquires Borrower’s the Member’s Unit and ownership interest based on the foreclosure process pursuant to the Davis-Stirling Common Interest Development Act and in accordance with the Corporation’s governing documents (whether under judicial foreclosure or nonjudicial foreclosure), the Lender’s lien or any interest in the Unit Project that the Lender had shall automatically terminate, subject to the conditions hereinafter described. The Lender may cure the Borrower’s Members default to the Corporation prior to any such foreclosure action.

LENDER IS ENTITLED TO RECEIVE TIMELY WRITTEN NOTICES OF:

1. The generation by the Corporation during a taxable year of 80% or less gross income from “tenant-stockholders” as such terms are defined in Section 216 of the Internal Revenue Code of 1986: as amended.
2. Any surrender, cancellation, termination or similar notification of the Proprietary Documents.
3. Any change in the form of ownership of the Corporation, including the contraction, expansion, or termination of the Corporation’s Cooperative housing project.
4. Obtaining any new financing collateralized by the Unit Property.
5. Any sixty (60) day delinquency by the Borrower tenant-stockholder that is related to the payment of his or her monthly or special assessments or carrying charges.
6. Any 30-day delinquency, by the Corporation eo-up corporation in payments due under any blanket mortgage for real estate taxes, assessments, and charges imposed by a government entity or public utility, or under any ground lease.
7. Any lapse or cancellation of any insurance coverage maintained by the Corporation eo-up project.

LENDER’S RIGHTS UPON BORROWER’S DEFAULT

1. In the event there is a default under the Loan, and Lender becomes owner of the Proprietary Documents, including the Stock Certificate, pursuant to remedies provided in the Loan instruments ~~or otherwise~~, the Corporation will recognize and approve such ownership, and within thirty (30) days after receipt of written notice and delivery of the Proprietary Documents from Lender (as executed by Borrower and pledged or assigned to Lender), the Corporation will cancel such Proprietary Documents and reissue such Proprietary Documents to Lender or Lender’s non-corporate designee as appropriate (nothing herein shall obligate the Corporation to issue Proprietary documents to a LLC with partnership or corporation), and the following provisions shall apply:
 - a. The Ceorporation may exercise an option to purchase any Proprietary Documents obtained and sold, assigned or transferred by Lender pursuant to foreclosure or other proceedings related to enforcement of the Loan obligations, or any deed or assign in lieu of such foreclosure or proceedings, provided Lender is paid an amount equal to the full amount due under the Loan, less any assessments owed Corporation by Borrower, such option to be exercised and payment to be made to Lender within sixty (60) days after notice to the Corporation of the availability of the Proprietary Documents, which option, if not exercised within said sixty (60) day period, shall be deemed null and void.
 - b. Without the approval of the Corporation (if such approval is required by the Operative Documents or the Proprietary Documents), Lender shall have no power or right to transfer, sell, assign, or otherwise dispose of the Proprietary Documents or to sublease the Unit. Any required approval may be withheld only based on failure in meeting reasonable standards of creditworthiness or written cooperative occupancy standards duly adopted by the Corporation or based on potential non-compliance with law, regulation, ~~or administrative rulings~~ or Corporation’s Operative Documents. A failure on the part of the Corporation to disapprove the purchaser of the Proprietary Documents from Lender or a sublessee of Lender within thirty (30) days from the receipt by the Corporation of an application from purchaser, or a request from lender with respect to a sublessee, shall be conclusively deemed to constitute approval thereof.
 - c. The Corporation’s ~~L~~ien for sums due from the Borrower under the Proprietary Documents with respect to the portion of such sums which are attributable to any payments due on any blanket mortgage on the Unit Property, current real estate taxes and ~~any special~~ assessments and up to three (3) months unpaid rent and maintenance expenses is prior to the security of Lender. The Corporation’s lien for any other unpaid ~~rent or maintenance~~ expenses and other sums due under the Proprietary Documents (the “Subordinated Sums”) is subordinated to the security interest of Lender. The acquisition, in fact, by Lender of the Proprietary Documents pursuant to foreclosure or other remedies provided in the Loan instruments or otherwise, shall be free and clear of any claims for the Subordinated Sums which accrued prior to the time Lender acquired said documents, provided, however, that Lender’s security agreement with Borrower shall recognize the Corporation lien(s) aforesaid as follows. The Lender shall distribute any proceeds realized from a sale by the Lender of the Proprietary Documents and other collateral, to the extent of available proceeds, in the following order of priority: (1) to the Lender, reasonable expenses incurred pursuant to the foreclosure, including reasonable attorney’s fees; (2) to the Corporation, sums owing other than the Subordinated Sums; (3) to the Lender, sums owing under the Loan; (4) to the Corporation, an amount sufficient to discharge all of the Subordinated Sums; (5) to the Borrower, any remaining sums. Notwithstanding any of the foregoing provisions, the security interest of the Lender shall be subordinate to ~~(a)~~ any mortgage or deed of trust, including any assignment of rents or assessments or maintenance expenses, now or hereafter secured by the Unit Property, ~~or (b) any Regulatory Agreement entered by the Corporation with the Secretary of HUD as a condition to obtaining HUD mortgage insurance.~~

Attachment 1

2. In the event there is a default under the Loan, and Lender elects not to cure said default or to act to acquire Borrower's interest in the Proprietary Documents, then the Corporation, upon issuance of Proprietary Documents to another party, shall recognize Lender's rights as a lien holder against the net proceeds of any such transaction after reimbursement to the Corporation of sums due under the Proprietary Documents.
3. The Corporation and Borrower, by their execution of the Agreement, agree that the Corporation's rights to terminate and cancel Borrower's Proprietary Documents, pursuant to this ~~Agreement Section C and the Proprietary Documents~~, shall be deemed to amend and supersede the terms of the ~~Operative Documents or the~~ Proprietary Documents, and Borrower agrees that Lender, the Corporation, and their officers, agents and employees shall incur no liability by reason of any action taken or omission by any persons pursuant to ~~the Section and other provisions of~~ this Agreement.

TERMS

1. The Corporation shall give written notice to the Lender if the Corporation proceeds to record a Notice of Delinquent Assessments. The lender shall have sixty (60) days to cure the default after the notice of the Borrower's Member's default to the Corporation or notice of the Corporation's intent to accept the Member Borrower's interest in lieu of foreclosure is mailed.
 2. Notwithstanding the Borrower's Member's pledge to the Lender, the Borrower 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 Proprietary Documents of the Corporation until and unless ~~the Occupancy Agreement said documents~~ and membership rights are terminated under the provisions of the Occupancy Agreement and the Corporation's Bylaws or the pledged collateral is foreclosed or accepted in lieu of the foreclosure by the Lender under the terms of the lending relationship between the Lender and the Borrower Member.
 3. **Right to Cure in the Event of Default.** The Corporation agrees that it will not commence action to terminate the Proprietary Documents, including Occupancy Agreement and or Membership, of any members Borrower for a default under the terms of the Members Occupancy Agreement or the Corporations Bylaws Proprietary Documents, including the Corporation's Bylaws, without giving Lender prior written notice and the opportunity to cure said default or acquire such Borrower's Member's rights under the Proprietary Documents, including the Borrower's Membership, Stock Certificate and Occupancy Agreement in accordance with the ~~Following:~~
 3. a) **Monetary Default.** If the default arises from the Borrower's Member's failure to make any payment due to Corporation (including assessments, late charges, interest and any other cost associated with the delinquency), and Lender or the Member Borrower cures said default within thirty (30) days after Lender's receipt of the Corporation's notice the Corporation shall not commence action to terminate the Borrower's Member's Occupancy Agreement or membership. The Corporation's acceptance of any amounts paid by Lender to cure Borrower's Member's monetary default shall not constitute a waiver of the Corporation's rights under the Corporation's Bylaws or Proprietary Documents concerning the occupancy and use of the Borrower's Member's dwelling Unit or the transfer of the Member's Borrower's membership in the Corporation. ~~(Jeff should Check this with Law)~~
 - a)b)
 4. **Corporation Transfer of Memberships and Termination of Occupancy Agreements in the Event of Default or Surrender.** The Corporation retains its right to terminate and transfer the Borrower's Member's rights under the Occupancy Agreement ~~of any Member~~ in accordance with Section 5 of Article III of the Corporation's Bylaws if:
 - a) Lender consents to transfer and termination by reconveyance of the Lender's security agreement or otherwise; or,
 - b) The Borrower's Member's monetary default is not cured within thirty (30) day period for which provision is made pursuant to this Agreement in Paragraph 6(a) above; or
 - c) If Lender pays the Corporation all amounts which become due to the Corporation from the defaulting Borrower Member and Lender furnishes Corporation with evidence of Lender's having acquired Borrower's Member's rights and interest under the Proprietary Documents Occupancy Agreement, the Certificate, and Member's Membership prior to the Corporation's termination of the Borrower's Member's Membership and the Borrower's Member's rights under the Proprietary Documents Occupancy Agreement, the Corporation will issue a new Stock Certificate and enter into a new Occupancy Agreement with a designee of Lender approved by the Corporation (as provided in Paragraph 8 below) as soon as reasonably possible after such termination or surrender.

Notwithstanding the pProvisions of the Corporation all amounts which become due the Corporation from the defaulting Member and Lender furnish Corporation 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 Corporation's termination of the Member's Membership and the Member's rights under the Occupancy Agreement, the Corporation will issue a new Certificate and enter into a new Occupancy Agreement with a designee of Lender approved by the Corporation (as provided in number 8 below) (ask Jeff about it) as soon as reasonably possible after such termination or surrender.[JB1]
5. **Lender's Right to Proceeds or to Designate Transferee if Corporation Redeems or Accepts Surrender of Membership.** If the

Attachment 1

Corporation exercises its option to purchase the membership of ~~any member~~ Borrower in accordance with ~~Section 6 (b) of Article III of the~~ Corporation's ~~B~~bylaws upon ~~the Borrower's a Member's~~ actual or constructive notice of an intention to leave the Project, Corporation shall pay Lender from the funds otherwise payable to the ~~Borrower Member~~ an amount not exceeding the ~~Borrower's Member's~~ indebtedness to Lender. In the event the amount otherwise payable to the ~~Borrower Member~~ is less than the ~~Member's Borrower's~~ indebtedness to Lender, then if Lender pays Corporation all amounts owed to the Corporation by the ~~Borrower Member pursuant to this under Recognition Agreement (Terms #3 Right to Cure in the event of Default)~~, and any other provision of the Corporation's ~~b~~Bylaws or Occupancy Agreement within 30 days after the Corporation exercises its option to purchase the ~~m~~Membership or after the Corporation accepts a surrender of the ~~Borrower's Member's M~~membership, right to occupy, and ~~Stock Certificate~~, the Corporation will issue a new ~~Stock Certificate~~ and enter into a new Occupancy Agreement with a designee of Lender approved by the Corporation (as provided in ~~this Agreement number 7 below~~) (~~ask Jeff about the reference~~) as soon as reasonably possible after all payments due are received by the Corporation.

6. Foreclosure by Lender.

- a) If ~~L~~ender forecloses its ~~P~~pledge or accepts an assignment of the ~~Proprietary Documents Oecupaney Agreement~~ encumbered by the ~~s~~Security ~~a~~Agreement, the ~~M~~membership, and ~~or~~ the ~~Stock Certificate~~ in lieu of foreclosure ~~as to the Borrower's Loan~~, Lender shall give the Corporation the first right of refusal to purchase ~~Borrower's the M~~membership ~~i~~interest. Thereafter, if the Corporation declines to purchase the ~~m~~Membership ~~i~~interest within a reasonable time, Lender will then use its best efforts to sell ~~Borrower's the M~~membership ~~i~~interest as rapidly as reasonably possible.
- b) When Lender seeks the Corporation's ~~A~~approval of a designee pursuant to ~~this Agreement number 5 and 6 above~~, the Corporation will not unreasonably withhold its approval of such designee who meets the Corporation's customary requirements ~~for membership~~. The Corporation shall review the qualifications of the designee in the same manner as it reviews the qualifications of a prospective purchaser of a ~~Stock Certificate~~ from any ~~prospective M~~member ~~or Corporation~~, and the Corporation's requirements or standards for membership shall not be applied capriciously or arbitrarily.
- c) During the period between Lender's foreclosure or acceptance of an assignment in lieu of foreclosure and the sale of the ~~Borrower's m~~Membership to a designee approved by the Corporation, Lender shall not be considered a member, *per se*, and shall have no right to occupy or use the ~~dwelling-u~~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 Corporation's ~~b~~Bylaws and the ~~Borrower's former Member's~~ Occupancy Agreement as the ~~Borrower, as a former m~~Member, had - specifically including the ~~Borrower's former Member's~~ obligation to pay the ~~assessments monthly carrying charges~~ promptly ~~and obligation to maintain the Unit~~. Moreover, the Corporation shall have the same remedies against the Lender in the event of default that it had against the ~~Borrower and~~ former ~~m~~Member.
- d) The Parties hereto agree and covenant that if Lender forecloses its ~~p~~pledge or accepts an assignment of the ~~p~~pledge in lieu of foreclosure, that Lender's interest in the ~~Unit~~Project is taken subject to all sums due and owing Corporation by the ~~Borrower and~~ former member under the Occupancy Agreement or otherwise ("Defaulted Sums"). Lender agrees to pay all Defaulted Sums to Corporation upon sale or lease of the membership or ~~dwelling-u~~Unit, regardless of whether Corporation has obtained or perfected a lien against the membership and regardless whether the proceeds from any such sale exceed or satisfy sums due and owing Lender by the ~~Borrower and~~ former ~~m~~Member; the Parties agree that under any and all circumstance Lender shall pay Corporation the full amount of the ~~D~~efaulted Sums upon sale of the membership or ~~dwelling-u~~Unit.

7. Indemnification of the Corporation. Lender shall indemnify ~~and defend~~ the Corporation against, and hold the Corporation free and harmless from, any loss, liability or expense incurred by the Corporation in connection with any claim by ~~the Borrower a member or~~ the ~~Borrower's Member's~~ successors in interest which arises out of Lender's representations or actions pursuant to this Agreement.
8. Amendment to Occupancy Agreement. The Corporation 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 Corporation and ~~Borrower any Member~~ or to the Corporation's Bylaws without obtaining Lender's prior written consent, which consent shall not be withheld unreasonably.
9. 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 ~~Borrower a Member~~. Such a 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.
10. Fire and Casualty Insurance. The Corporation warrants that it has and will maintain until the termination of this Agreement fire and casualty insurance with extended coverage of all buildings containing ~~the a dwelling-u~~Unit which is the subject of an Occupancy Agreement with ~~Borrower a Member~~ in an amount as near as reasonably possible to the replacement value of ~~the Unit and its such~~ buildings (including, without limitation, all portions of such ~~dwelling-u~~Unit consisting of built-in or set-in appliances and cabinets, as initially installed, or replacements thereof)- without deduction for depreciation (~~ask Dan or Steve~~). To the extent reasonably possible, each such policy of fire and casualty insurance shall provide for waiver of subrogation of claims against ~~Corporation's members residents of Laguna Woods Village~~.
11. Casualty Losses. The Corporation hereby waives and releases all claims against Lender resulting from an insured or uninsured

Attachment 1

casualty to the extent of the insurance proceeds available plus any deductible under insurance coverage, whether the damage or injury is caused by the ~~Borrower's Member's~~ negligence, fault, or misuse. Notwithstanding any provision of the ~~Corporation's b~~Bylaws or of the Occupancy Agreement with ~~Borrower a Member~~, the Corporation shall repair or replace the ~~dwelling u~~Unit subject to the Occupancy Agreement ~~with a Member~~ that is damaged or destroyed as a result of an insured casualty in a manner that restores the ~~dwelling u~~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 u~~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 Corporation for such purpose plus the deductible under the insurance coverage and the Corporation elects not to repair and replace it, then the Corporation shall pay Lender from funds otherwise payable to the ~~Borrower Member~~ an amount not exceeding the ~~Borrower's Member's~~ indebtedness to Lender prior to paying any portion of such insurance proceeds to such ~~Borrower Member~~ or using any portion of such proceeds for any purpose other than to satisfy any amounts owed by such ~~Borrower Member~~ to the Corporation.

- 12. **Condemnation Awards.** If the Corporation receives an award for condemnation or taking of all or any portion of a ~~dwelling u~~Unit which is subject to ~~the~~an Occupancy Agreement in favor of ~~Borrower a Member~~ or any other award for condemnation or taking a portion of which is allocable to ~~Borrower a Member~~, the Corporation shall pay Lender from the funds otherwise payable to the ~~Borrower Member~~ an amount not exceeding the ~~Borrower's Member's~~ indebtedness to Lender prior to paying any portion of the condemnation or taking award to the ~~Borrower Member~~ or using any portion of such proceeds for any purpose other than to satisfy any amounts owed by such ~~Borrower Member~~ to the Corporation.
- 13. **Further Blanket Encumbrances.** The Corporation 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 ~~Borrower Members~~ on the ~~L~~list without giving Lender sixty (60) days prior written notice.
- 14. **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.
- 15. **Recording of Memorandum of Occupancy Agreement.** Upon Lender's request, ~~Corporation 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.
- 16. **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 Corporation:

United Laguna Woods Corporation
c/o Village Management Services 24351 El Toro Road
P. O. Box 2220
Laguna Hills, California 92654

If to Lender:

Or such other address as either party may specify from time to time.

- 17. **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 ~~in this Agreement~~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- lender or investor; and, (4) any insurer or guarantor of all or any part of any loan to ~~Borrower or a M~~member of the Corporation that is subject to this Agreement. The Corporation 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 number 16 above.
- 18. **Miscellaneous.** As used herein, words of the masculine gender, ~~if any, (ask Jeff)~~ shall mean and include correlative words of the feminine and neuter genders ~~(ask Jeff)~~ and words importing the singular number shall mean and include the plural number and vice versa.

~~18.~~

In Witness herewith this agreement has been executed as of the date set forth above.

Attachment 1

Lender:

Corporation:

UNITED LAGUNA WOODS CORPORATION,
A California nonprofit Corporation benefit corporation

By: _____
Its: _____
By: _____
Its: _____

By: _____
Its: President
By: _____
Its: Secretary

[NOTICE AND ACKNOWLEDGMENT]

BINDING AND ENTIRE AGREEMENT.

This Agreement has been duly signed, attested to, and is authorized by the Corporation’s Board of Directors in accordance with its governing documents~~the Operative Documents~~. This Agreement may be modified or amended only in writing executed by both parties hereto. Notwithstanding any other provisions of the Proprietary Documents to the contrary, the provisions of this Agreement shall control, and no amendment or violation of the Proprietary Documents shall render invalid the rights of Lender granted herein. If any provision of this Agreement is found to be invalid or unenforceable, such invalidity or unenforceable shall not affect the remaining provisions.

CONSENT

THE CORPORATION DOES HEREBY CONSENT, which consent has been approved in accordance with the provisions of the Occupancy Agreement-, to the assignment of _____ (*insert number of shares, if applicable*) shares of stock of the Corporation and the Occupancy Agreement from _____ (*insert borrower’s name(s)*) (the “Assignor”) together, to _____ (*insert lender’s name*) (the “Assignee”).

AND DOES HEREBY CERTIFY THAT:

1. The ~~proprietary~~ assessments, maintenance charges and other charges under the Occupancy Agreement are paid through _____ (*insert settlement date*).
2. The Occupancy Agreement is in full force and effect; the shares of Corporation allocated to the Unit are duly registered in the name of Assignor; Corporation has not been notified of a pledge or disposition of, or lien upon, such shares; and there is no known existing default in respect to any of the terms, covenants, and conditions of the Occupancy Agreement. .

Attachment 1

IN WITNESS WHEREOF, Corporation has caused this instrument to be executed by its authorized officer be hereunto and _____ (insert name of Lender) has caused this instrument to be executed by its authorized officer, on _____ (insert settlement date).

Lender:

Corporation:

UNITED LAGUNA WOODS CORPORATION,
A California Nonprofit Mutual Benefit Corporation ~~benefit corporation~~ (
~~Jeff for wording~~)

By: _____
Its: _____
By: _____
Its: _____

By: _____
Its: President
By: _____
Its: Secretary

**AGREEMENT CONSENT APPROVAL
TO BE SIGNED BY OWNER OF UNIT**

The undersigned, to induce the Corporation to enter into the foregoing Recognition Agreement, (a) agree(s) and consent(s) to and approve(s) all of the terms and provisions of the Recognition Agreement, and (b) agree(s) that Borrower shall indemnify Lender, the Corporation and their respective officers-, agents and employees against and defend and hold harmless against, any and all liability, claims, demands, judgements, settlements and court costs and attorney's ~~se~~ ounsel fees which may be incurred by reason of any action taken, or omission, by and of the aforesaid persons pursuant to the Agreement.

BORROWER(S)

(Insert name of Borrower)

(Insert name of Borrower)

Recognition Agreement of Non-Institutional Lenders

THIS RECOGNITION "AGREEMENT" is made between United Laguna Woods Mutual, a California Nonprofit Mutual Benefit Corporation, with a mailing address of 24351 El Toro Road, Laguna Woods, California, 92637 ("Corporation") and _____ (insert name of lender) with a mailing address of _____ (insert mailing address for lender) ("Lender") with respect to the pledge and assignment to Lender by _____ (insert borrower's name(s)) ("Borrower") of Borrowers evidence of ownership in the Corporation and right to the possessions and use of Unit No. _____ (insert apartment number) and Garage/Parking Space No. _____ (insert parking space/garage space number) (collectively called the "Unit"), as collateral security for a loan ("Loan") to be made by Lender to Borrower.

NOW, THEREFORE, to induce Lender to make the Loan to Borrower, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledge, the Corporation and Lender make the following representations, warranties, and agreements:

THE CORPORATION AND LENDER REPRESENT AND WARRANTS AS FOLLOWS:

1. The Corporation is a stock cooperative, as defined in Civil Code Section 4190, that is formed to own, operate, and manage a common interest development, as defined in Civil Code Section 4100, in Laguna Woods Village, California, consisting of six thousand three hundred and twenty-three (6,323) residential units and common area ("Project").
2. The Corporation has approved Borrower for membership in the Corporation and occupancy of the Unit.
3. The Corporation has issued to Borrower or will issue to Borrower to be held by Third Party, promptly after settlement, the evidence of Borrower's ownership in the Corporation and possession and use of the Unit which in the case of this Corporation are represented by a Stock Certificate and Occupancy Agreement. ("Proprietary Documents").
4. The Corporation's records do not reflect, and the Corporation does not have knowledge or notice of any encumbrances liens or claims relating to the Proprietary Documents and said Proprietary Documents may be freely pledged and assigned by Borrower to Lender under the Corporation's governing documents, as defined by Civil Code Section 4150, including an Occupancy Agreement, copies of which have been provided to Lender and Borrower, both of which hereby acknowledge receipt and reading of same. ("Operative Documents").
5. The Corporation is the owner in fee simple of the land and all improvements thereon of which said Unit is a part, subject only to the loan(s) secured by mortgages or deeds of trust, if applicable.
6. The Corporation is not presently in default with respect to payment of other obligations of any loans.
7. The Proprietary Documents and any encumbrances on the Property do not prohibit the pledge and collateral assignment of the Proprietary Documents to Lender in accordance with this Agreement.
8. The Corporation consents to the pledge and assignment to Lender by Borrower of the Proprietary Documents issued by the Corporation, and relating to the Unit, as collateral security for the Loan.
9. If the Borrower is the present owner of the Proprietary Documents, including the Stock Certificate, Borrower is not presently in default under any of the terms of the Proprietary Documents and no notice of default has been given to Borrower, or, if a notice of default has been given to Borrower, the default referred to in such notice has been cured.
10. If applicable, the Corporation has the right of first refusal in case of sale or foreclosure of the Unit by Lender, and Lender agrees to provide Corporation with reasonable notice prior to proceeding with any sale or foreclosure so Corporation can exercise its right to first refusal.
11. The Corporation will recognize the priority of Lender over Borrower in the event of any distribution of funds resulting from destruction, condemnation, liquidation or refinancing of the Corporation, or any part thereof, less all sums that may be due the Corporation pursuant to the Proprietary Documents and all reasonable expenses incurred by the Corporation relating to such proceeds.
12. If applicable, the Corporation may require the collection of fees and escrows at the time of settlement. Such fees shall be collected by the settlement company or escrow.
13. A Borrower's interest may not be pledged to the Lender without the written consent of the Corporation.
14. Lender, for itself and its successors and assigns, covenants, and agrees that all its right and powers under any obligation entered into with Borrower 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 Corporation to collect monthly and special assessments from Borrower. Moreover, in the event the Corporation acquires Borrower's Unit and ownership interest based on the foreclosure process pursuant to the Davis-Stirling Common Interest

Attachment 2

Development Act and in accordance with the Corporation's governing documents (whether under judicial foreclosure or nonjudicial foreclosure), the Lender's lien or any interest in the Unit that the Lender had shall automatically terminate, subject to the conditions hereinafter described. The Lender may cure the Borrower's default to the Corporation prior to any such foreclosure action.

LENDER IS ENTITLED TO RECEIVE TIMELY WRITTEN NOTICES OF:

1. The generation by the Corporation during a taxable year of 80% or less gross income from "tenant-stockholders" as such terms are defined in Section 216 of the Internal Revenue Code of 1986: as amended.
2. Any surrender, cancellation, termination, or similar notification of the Proprietary Documents.
3. Any change in the form of ownership of the Corporation, including the contraction, expansion, or termination of the Corporation's Cooperative housing project.
4. Obtaining any new financing collateralized by the Unit.
5. Any sixty (60) day delinquency by the Borrower that is related to the payment of his or her monthly or special assessments.
6. Any 30-day delinquency, by the Corporation in payments due under any blanket mortgage for real estate taxes, assessments, and charges imposed by a government entity or public utility, or under any ground lease.
7. Any lapse or cancellation of any insurance coverage maintained by the Corporation.

LENDER'S RIGHTS UPON BORROWER'S DEFAULT

1. In the event there is a default under the Loan, and Lender becomes owner of the Proprietary Documents, including the Stock Certification, pursuant to remedies provided in the Loan instruments, the Corporation will recognize and approve such ownership, and within thirty (30) days after receipt of written notice and delivery of the Proprietary Documents from Lender (as executed by Borrower and pledged or assigned to Lender), the Corporation will cancel such Proprietary Documents and reissue such Proprietary Documents to Lender or Lender's non-corporate designee as appropriate (nothing herein shall obligate the Corporation to issue Proprietary documents to a LLC with partnership or corporation), and the following provisions shall apply:
 - a. The Corporation may exercise an option to purchase any Proprietary Documents obtained and sold, assigned or transferred by Lender pursuant to foreclosure or other proceedings related to enforcement of the Loan obligations, or any deed or assign in lieu of such foreclosure or proceedings, provided Lender is paid an amount equal to the full amount due under the Loan, less any assessments owed Corporation by Borrower, such option to be exercised and payment to be made to Lender within sixty (60) days after notice to the Corporation of the availability of the Proprietary Documents, which option, if not exercised within said sixty (60) day period, shall be deemed null and void.
 - b. Without the approval of the Corporation (if such approval is required by the Operative Documents or the Proprietary Documents), Lender shall have no power or right to transfer, sell, assign, or otherwise dispose of the Proprietary Documents or to sublease the Unit. Any required approval may be withheld only based on failure in meeting reasonable standards of creditworthiness or written cooperative occupancy standards duly adopted by the Corporation or based on potential non-compliance with law, regulation, administrative rulings, or Corporation's Operative Documents.
 - c. The Corporation's lien for sums due from the Borrower under the Proprietary Documents with respect to the portion of such sums which are attributable to any payments due on any blanket mortgage on the Unit, current real estate taxes and any assessments prior to the security of Lender. The Corporation's lien for any other unpaid expenses and other sums due under the Proprietary Documents (the "Subordinated Sums") is subordinated to the security interest of Lender. The acquisition, in fact, by Lender of the Proprietary Documents pursuant to foreclosure or other remedies provided in the Loan instruments or otherwise, shall be free and clear of any claims for the Subordinated Sums which accrued prior to the time Lender acquired said documents, provided, however, that Lender's security agreement with Borrower shall recognize the Corporation lien(s) aforesaid as follows. The Lender shall distribute any proceeds realized from a sale by the Lender of the Proprietary Documents and other collateral, to the extent of available proceeds, in the following order of priority: (1) to the Lender, reasonable expenses incurred pursuant to the foreclosure, including reasonable attorney's fees; (2) to the Corporation, sums owing other than the Subordinated Sums; (3) to the Lender, sums owing under the Loan; (4) to the Corporation, an amount sufficient to discharge all of the Subordinated Sums; (5) to the Borrower, any remaining sums. Notwithstanding any of the foregoing provisions, the security interest of the Lender shall be subordinate to any mortgage or deed of trust, including any assignment of rents or assessments, or maintenance expenses, now or hereafter secured by the Unit.
2. In the event there is a default under the Loan, and Lender elects not to cure said default or to act to acquire Borrower's interest in the Proprietary Documents, then the Corporation, upon issuance of Proprietary Documents to another party, shall recognize Lender's rights as a lien holder against the net proceeds of any such transaction after reimbursement to the Corporation of sums due under the Proprietary Documents.
3. The Corporation and Borrower, by their execution of the Agreement, agree that the Corporation's rights to terminate and cancel Borrower's Proprietary Documents, pursuant to this Agreement and the Proprietary Documents, shall be

Attachment 2

deemed to amend and supersede the terms of the Proprietary Documents, and Borrower agrees that Lender, the Corporation, and their officers, agents and employees shall incur no liability by reason of any action taken or omission by any persons pursuant to this Agreement.

TERMS

1. The Corporation shall give written notice to the Lender if the Corporation proceeds to record a Notice of Delinquent Assessments. The lender shall have sixty (60) days to cure the default after the notice of the Borrower's default to the Corporation or notice of the Corporation's intent to accept the Borrower's interest in lieu of foreclosure is mailed.
2. Notwithstanding the Borrower's pledge to the Lender, the Borrower 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 Proprietary Documents of the Corporation until and unless said documents and membership rights are terminated under the provisions of the Occupancy Agreement and the Corporation's Bylaws or the pledged collateral is foreclosed or accepted in lieu of the foreclosure by the Lender under the terms of the lending relationship between the Lender and the Borrower.
3. **Right to Cure in the Event of Default.** The Corporation agrees that it will not commence action to terminate the Proprietary Document, including Occupancy Agreement and or Membership, of Borrower for a default under the terms of the Proprietary Documents, including the Corporation's Bylaws, without giving Lender prior written notice and the opportunity to cure said default or acquire such Borrower's rights under the Proprietary Documents, including the Borrower's Membership, Certificate and Occupancy Agreement in accordance with the following:
 - a) **Monetary Default.** If the default arises from the Borrower's failure to make any payment due to Corporation (including assessments, late charges, interest and any other cost associated with the delinquency), and Lender or the Borrower cures said default within thirty (30) days after Lender's receipt of the Corporation's notice the Corporation shall not commence action to terminate the Borrower's Occupancy Agreement or Membership. The Corporation's acceptance of any amounts paid by Lender to cure a Member's monetary default shall not constitute a waiver of the Corporation's rights under the Corporation's Bylaws or Proprietary Documents concerning the occupancy and use of the Borrower's Unit or the transfer of the Borrower's membership in the Corporation.
4. **Corporation Transfer of Memberships and Termination of Occupancy Agreements in the Event of Default or Surrender.** The Corporation retains its right to terminate and transfer the Borrower's rights under the Occupancy Agreement in accordance with Section 5 of Article III of the Corporation's Bylaws if:
 - a) Lender consents to transfer and termination by reconveyance of the Lender's security agreement or otherwise; or,
 - b) The Borrower's monetary default is not cured within thirty (30) day period for which provision is made pursuant to this Agreement; or
 - c) If Lender pays the Corporation all amounts which become due to the Corporation from the defaulting Borrower and Lender furnishes Corporation with evidence of Lender's having acquired Borrower's rights and interest under the Proprietary Documents, and membership prior to the Corporation's termination of the Borrower's membership and the Borrower's rights under the Proprietary Documents, the Corporation will issue a new Stock Certificate and enter into a new Occupancy Agreement with a designee of Lender approved by the Corporation (as provided in Paragraph 8 below) as soon as reasonably possible after such termination or surrender.
5. **Lender's Right to Proceeds or to Designate Transferee if Corporation Redeems or Accepts Surrender of Membership.** If the Corporation exercises its option to purchase the membership of Borrower in accordance with Section 6 (b) of Article III of Corporation's Bylaws upon the Borrower's actual or constructive notice of an intention to leave the Project, Corporation shall pay Lender from the funds otherwise payable to the Borrower an amount not exceeding the Borrower's indebtedness to Lender. In the event the amount otherwise payable to the Borrower is less than the Borrower's indebtedness to Lender, then if Lender pays Corporation all amounts owed to the Corporation by the Borrower pursuant to this Agreement, and any other provision of the Corporation's Bylaws or Occupancy Agreement within 30 days after the Corporation exercises its option to purchase the membership or after the Corporation accepts a surrender of the Borrower's membership, right to occupy, and Stock Certificate, the Corporation will issue a new Stock Certificate and enter into a new Occupancy Agreement with a designee of Lender approved by the Corporation (as provided in this Agreement) as soon as reasonably possible after all payments due are received by the Corporation.
6. **Foreclosure by Lender.**
 - a) If Lender forecloses its Pledge or accepts an assignment of the Proprietary Documents encumbered by the Security Agreement, the membership, and or the Stock Certificate in lieu of foreclosure as to the Borrower's Loan, Lender shall give the Corporation the first right of refusal to purchase Borrower's membership interest. Thereafter, if the Corporation declines to purchase the membership interest within a reasonable time, Lender will then use its best efforts to sell Borrower's membership interest as rapidly as reasonably possible.
 - b) When Lender seeks the Corporations approval of a designee pursuant to this Agreement, the Corporation will not

Attachment 2

unreasonably withhold its approval of such designee who meets the Corporation's customary requirements for membership. The Corporation shall review the qualifications of the designee in the same manner as it reviews the qualifications of a prospective purchaser of a Stock Certificate from any prospective member or Corporation, and the Corporation's requirements or standards for membership shall not be applied capriciously or arbitrarily.

- c) During the period between Lender's foreclosure or acceptance of an assignment in lieu of foreclosure and the sale of the Borrower's membership to a designee approved by the Corporation, 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. 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 Corporation's Bylaws and the Borrower's Occupancy Agreement as the Borrower, as a former member, had - specifically including the Borrower's obligation to pay the assessments promptly and obligation to maintain the unit. Moreover, the Corporation shall have the same remedies against the Lender in the event of default that it had against the Borrower and former member.
 - d) The Parties hereto agree and covenant that if Lender forecloses its pledge or accepts an assignment of the pledge in lieu of foreclosure, that Lender's interest in the Unit is taken subject to all sums due and owing Corporation by the Borrower and former member under the Occupancy Agreement or otherwise ("Defaulted Sums"). Lender agrees to pay all Defaulted Sums to Corporation upon sale or lease of the membership or Unit, regardless of whether Corporation has obtained or perfected a lien against the membership and regardless whether the proceeds from any such sale exceed or satisfy sums due and owing Lender by the Borrower and former member; the Parties agree that under any and all circumstance Lender shall pay Corporation the full amount of the Defaulted Sums upon sale of the membership or Unit.
7. **Indemnification of the Corporation.** Lender shall indemnify and defend the Corporation against, and hold the Corporation free and harmless from, any loss, liability or expense incurred by the Corporation in connection with any claim by the Borrower or the Borrower's successors in interest which arises out of Lender's representations or actions pursuant to this Agreement.
 8. **Amendment to Occupancy Agreement.** The Corporation 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 Corporation and Borrower or to the Corporation's Bylaws without obtaining Lender's prior written consent, which consent shall not be withheld unreasonably.
 9. **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 are due from Borrower. Such a 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.
 10. **Fire and Casualty Insurance.** The Corporation warrants that it has and will maintain until the termination of this Agreement fire and casualty insurance with extended coverage of all buildings containing the Unit which is the subject of an Occupancy Agreement with Borrower in an amount as near as reasonably possible to the replacement value of the Unit and its 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). 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 Corporation's members.
 11. **Casualty Losses.** The Corporation 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 the damage or injury is caused by the Borrower's negligence, fault, or misuse. Notwithstanding any provision of the Corporation's Bylaws or of the Occupancy Agreement with Borrower, the Corporation shall repair or replace the Unit subject to the Occupancy Agreement that is damaged or destroyed as a result of an 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 coverage. 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 Corporation for such purpose plus the deductible under the insurance coverage and the Corporation elects not to repair and replace it, then the Corporation shall pay Lender from funds otherwise payable to the Borrower an amount not exceeding the Borrower's indebtedness to Lender prior to paying any portion of such insurance proceeds to such Borrower or using any portion of such proceeds for any purpose other than to satisfy any amounts owed by such Borrower to the Corporation.
 12. **Condemnation Awards.** If the Corporation receives an award for condemnation or taking of all or any portion of a Unit which is subject to the Occupancy Agreement in favor of Borrower or any other award for condemnation or taking a portion of which is allocable to Borrower, the Corporation shall pay Lender from the funds otherwise payable to the Borrower an amount not exceeding the Borrower's indebtedness to Lender prior to paying any portion of the condemnation or taking award to the Borrower or using any portion of such proceeds for any purpose other than to satisfy any amounts owed by such Borrower to the Corporation.
 13. **Further Blanket Encumbrances.** The Corporation 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 Borrower on the list without giving Lender sixty (60) days prior written notice.
 14. **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

Attachment 2

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.

- 15. **Recording of Memorandum of Occupancy Agreement.** Upon the Lender’s request, Corporation 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.
- 16. **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 Corporation:

United Laguna Woods Corporation
c/o Village Management Services 24351 El Toro Road
P. O. Box 2220
Laguna Hills, California 92654

If to Lender:

Or such other address as either party may specify from time to time.

- 17. **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 in this Agreement, (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 lender or investor; and, (4) any insurer or guarantor of all or any part of any loan to a Borrower or a member of the Corporation that is subject to this Agreement. The Corporation 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 number 16 above.
- 18. **Miscellaneous.** As used herein, words of the masculine gender, if any, 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 has been executed as of the date set forth above.

In Witness herewith this agreement has been executed as of the date set forth above.

Lender:

Corporation:

UNITED LAGUNA WOODS CORPORATION,
A California nonprofit Corporation benefit corporation

By: _____
Its: _____
By: _____
Its: _____

By: _____
Its: President
By: _____
Its: Secretary

[NOTICE AND ACKNOWLEDGMENT]

BINDING AND ENTIRE AGREEMENT.

This Agreement has been duly signed, attested to, and is authorized by the Corporation’s Board of Directors in accordance with its governing documents. This Agreement may be modified or amended only in writing executed by both parties hereto. Notwithstanding any other provisions of the Proprietary Documents to the contrary, the provisions of this Agreement shall control, and no amendment or violation of the Proprietary Documents shall render invalid the rights of Lender granted herein. If any provision of this Agreement is found to be invalid or unenforceable, such invalidity or unenforceable shall not affect the remaining provisions.

Attachment 2

CONSENT

THE CORPORATION DOES HEREBY CONSENT, which consent has been approved in accordance with the provisions of the Occupancy Agreement , to the assignment of _____ (insert number of shares, if applicable) shares of stock of the Corporation and the Occupancy Agreement from _____ (insert borrower's name(s)) (the "Assignor") together, to _____ (insert lender's name) (the "Assignee").

AND DOES HEREBY CERTIFY THAT:

- 1. The assessments, maintenance charges and other charges under the Occupancy Agreement are paid through _____ (insert settlement date).
2. The Occupancy Agreement is in full force and effect; the shares of Corporation allocated to the Unit are duly registered in the name of Assignor; Corporation has not been notified of a pledge or disposition of, or lien upon, such shares; and there is no known existing default in respect to any of the terms, covenants, and conditions of the Occupancy Agreement . .

IN WITNESS WHEREOF, Corporation has caused this instrument to be executed by its authorized officer be hereunto and _____ (insert name of Lender) has caused this instrument to be executed by its authorized officer, on _____ (insert settlement date).

Lender:

Corporation:

UNITED LAGUNA WOODS CORPORATION,
A California Nonprofit Mutual Benefit Corporation

By: _____
Its: _____
By: _____
Its: _____

By: _____
Its: President
By: _____
Its: Secretary

AGREEMENT CONSENT APPROVAL
TO BE SIGNED BY OWNER OF UNIT

The undersigned, to induce the Corporation to enter into the foregoing Recognition Agreement, (a) agree(s) and consent(s) to and approve(s) all of the terms and provisions of the Recognition Agreement, and (b) agree(s) that Borrower shall indemnify Lender, the Corporation and their respective officers , agents and employees against and defend and hold harmless against, any and all liability, claims, demands, judgements, settlements and court costs and attorney's fees which may be incurred by reason of any action taken, or omission, by and of the aforesaid persons pursuant to the Agreement.

BORROWER(S)

(Insert name of Borrower)

(Insert name of Borrower)