



REGULAR MEETING OF THE FINANCE COMMITTEE

**Tuesday, December 29, 2020 – 1:30 p.m.
Laguna Woods Village Virtual Meeting
24351 El Toro Road**

AGENDA

1. Call to Order
2. Acknowledgment of Media
3. Approval of the Agenda
4. Approval of Meeting Report for November 24, 2020
5. Chair Remarks
6. Member Comments (Items Not on the Agenda)

Laguna Woods Village owners/residents are welcome to participate in all open committee meetings and submit comments or questions regarding virtual meetings using one of two options:

1. Via email to meeting@vmsinc.org any time before the meeting is scheduled to begin or during the meeting. Please use the name United Finance Committee in the subject line of the email. Name and unit number must be included.

2. By calling (949) 268-2020 beginning one half hour before the meeting begins and throughout the remainder of the meeting. You must provide your name and unit number.

7. Department Head Update
 - a. 2021 Budget
 - b. 2021 Collection & Lien Enforcement Policy
 - c. Section 5500/5510 Update
 - d. Insurance Update
 - e. Reserve Bank Account
 - f. Investment Update

Reports

8. Preliminary Financial Statements dated November 30, 2020
 - a. Operating Surplus
 - b. Contingency Fund Reclass

9. Mutual Owned Appliance Records

Items for Discussion and Consideration

10. Collection and Lien Enforcement Policy - Interest Rate
11. Endorsements from Standing Committees

Future Agenda Items

Concluding Business:

12. Committee Member Comments
13. Date of Next Meeting – Tuesday, January 26, 2021 at 1:30 p.m.
14. Recess to Closed Session

Azar Asgari, Chair
Betty Parker, Staff Officer
Telephone: 949-597-4201



FINANCE COMMITTEE MEETING
REPORT OF THE REGULAR OPEN SESSION

Tuesday, November 24, 2020 – 1:30 p.m.
Virtual GoToMeeting

MEMBERS PRESENT: Azar Asgari, Chair, Sue Margolis, Andre Torng, Carl Randazzo

OTHERS PRESENT: Anthony Liberatore, Reza Bastani, Brian Gilmore, Cash Achrekar, Manuel Armendariz, VMS – Juanita Skillman, Cynthia Rupert, Dick Radar

MEMBERS ABSENT: None

STAFF PRESENT: Betty Parker, Steve Hormuth, Christopher Swanson

Call to Order

Director Asgari chaired the meeting and called it to order at 1:31 p.m.

Acknowledgement of Media

The meeting was streamed live on the Laguna Woods Village website.

Approval of Agenda

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

Approval of Meeting Report for October 27, 2020

A motion was made and carried unanimously to approve the meeting report as written.

Chair's Remarks

Director Asgari commented on her assuming the position of Treasurer, thanked Director Gilmore for his work as the former Treasurer, and asked that the committee continue their help in reviewing the financial results of the corporation.

Member Comments (Items Not on the Agenda)

None.

Department Head Update

Betty Parker, Chief Financial Officer, provided an overview of the department head report including updates on the 2021 budget, the 2021 Collection & Lien Enforcement Policy, Civil Code Sections 5500/5510, Insurance, the Reserve Bank Account, and Investments.

Director Randazzo requested an update on bank fee negotiations. Staff commented on an upcoming treasury review scheduled for December 7, 2020 with bank representatives.

Review Preliminary Financial Statements dated October 31, 2020

The committee reviewed Financial Statements for October 31, 2020. Questions were asked by the committee and responded to by staff. Requests for additional information included County reimbursement for COVID relief expenditures, collection administrative fee, updated appliance counts, energy savings data, and schedule of payments for insurance.

Update on Insurance

Ms. Parker provided details on insurance during Department Head Update. No further questions or comments were received from the committee.

Update on Reserve Bank Account

Steve Hormuth, Controller, stated the Reserve Bank Account was active with payments scheduled to be issued that day.

Endorsements from Standing Committees

None.

Future Agenda Items

Solar System Update
Mutual Responsible Appliances

Committee Member Comments

None.

Date of Next Meeting

Tuesday, December 29, 2020 at 1:30 p.m. and will be held virtually.

Recess to Closed Session

The meeting recessed to closed session at 3:30 p.m.

DRAFT

Azar Asgari, Chair

MEMORANDUM

To: United Finance Committee
From: Betty Parker, CFO
Date: December 29, 2020
Re: Department Head Update

Financial Highlights

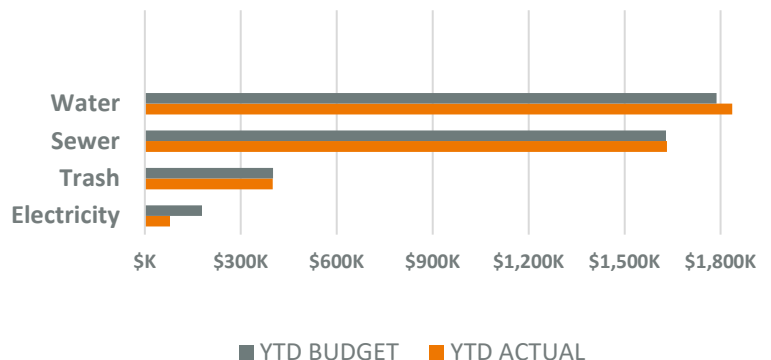
- SUMMARY:** For the year-to-date period ending November 30, 2020, United Mutual was better than budget by \$6 million primarily due to staff furloughs and pausing or postponing M&C programs to comply with COVID-19 Public Health Orders beginning Mid-March, affecting the areas of compensation \$2.4M, outside services \$2.5M, and materials \$1.4M. Most of the programs put on hold in mid-March were restarted by August.

| INCOME STATEMENT (in Thousands) | | | |
|------------------------------------|--------------------|----------------------|--------------------|
| | Actual | Budget | Variance |
| Assessment Revenues | \$39,156,557 | \$38,649,289 | \$507,268 |
| Other Revenues | 1,600,699 | 1,644,055 | (43,356) |
| Expenses | 36,473,322 | 42,090,119 | 5,616,797 |
| Revenue / (Expense) | \$4,283,934 | (\$1,796,775) | \$6,080,709 |

- COMPENSATION:** Actual compensation and related costs came in at \$10.9 million, with just over \$8.7 million in operations and \$2.2 million in reserves. Combined, this category is 18% favorable to budget. Staffing was reduced through employee furloughs beginning mid-March due to the Covid-19 pandemic. For United, the most significant impacts were in Maintenance and Landscape.

| BUDGET | | | VARIANCE | |
|------------------|--------------------|--------------------|---------------------|--------------------------|
| | Comp | Related | Total | Total \$ Total % |
| All Units | | | | |
| Operating | \$6,904,232 | \$2,717,465 | \$9,621,697 | \$964,834 10.0% |
| Reserves | 2,592,295 | 1,115,789 | 3,708,084 | 1,467,609 39.6% |
| TOTAL | \$9,496,527 | \$3,833,253 | \$13,329,781 | \$2,432,444 18.2% |

- UTILITIES:** In total, this category was favorable to budget by \$51K. Trash came in slightly under budget, while sewer was slightly over budget; electricity was favorable due to energy consumption offset by solar credits. Unfavorable variance in water resulted from high water usage during the summer.



Discussions

2021 Budget: On September 8, 2020, United Board of Directors approved the 2021 Business Plan with no increase in the basic assessment. Assessment letters, along with required annual disclosures, were mailed to members by December 1, 2020. A small number of the assessment letters had an incorrect name on the secondary address line due to a mail merge system issue and were re-issued; all manor and assessment information was correct on the original letters.

2021 Collection & Lien Enforcement Policy: On September 8, 2020 the Board approved the 2021 Collection & Lien Enforcement Policy through Resolution 01-20-61. The updated policy highlights owners continuing obligation to pay assessments despite temporary closures or modified availability of common area facilities and amenities, absent a mandate from state officials or as otherwise determined by the Board. The Finance Committee has requested a review of the collection interest rate.

Section 5500/5510 Update: Due to Covid-19 orders, information required for Board review of monthly financials is being provided to all board members via email. For signature requirements, authorization is obtained from two board members prior to remittance of reserve payments to vendors. Procedures for review of labor charges will be addressed in Q1 2021.

Insurance Update: All lines of insurance for casualty, executive liability, and property were renewed effective 10/1/2020 and bound with United's portion of the total cost coming in at \$3.7M compared to a budget of \$3.1M for the policy period. An Insurance Ad Hoc Committee has been established to review and discuss insurance for the community and their first milestone is to issue an RFP for broker services.

Reserve Bank Account: On September 8, 2020, via resolution 01-20-60, the Board requested the opening of a new bank account for the purpose of depositing and disbursing monies from the Reserve Fund. The new account was activated by Bank of America in November and Reserve Fund payments began to be issued beginning November 24th. Staff has scheduled a treasury review meeting in early January 2021 to discuss the earnings credit rate on cash balances.

Investment Update: Based on current market conditions, the portfolio target allocations were adjusted modestly by SageView in early April to shift from corporate bonds to intermediary Treasury bonds. The United portfolio balance has grown from \$14,828,044 on 12/31/19 to \$15,407,634.03 as of November 30, 2020, representing a gain of \$529,130 or 3.9%.

Calendar

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

- Dec 29, 2020 @ 1:30 p.m. United Finance Committee Meeting (November Financials)
- Dec 31, 2020 @ 2:00 p.m. United Board Agenda Prep Meeting
- Jan 12, 2021 @ 9:30 a.m. United Board Meeting
- Jan 26, 2021 @ 1:30 p.m. United Finance Committee Meeting (December Financials)

| December 2020 | | | | | | | January 2021 | | | | | | | February 2021 | | | | | | |
|---------------|----|----|----|----|----|----|--------------|----|----|----|----|----|----|---------------|----|----|----|----|----|----|
| Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa |
| | | 1 | 2 | 3 | 4 | 5 | | | | | | 1 | 2 | 1 | 2 | 3 | 4 | 5 | 6 | |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 27 | 28 | 29 | 30 | 31 | | | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 28 | | | | | | |
| | | | | | | | 31 | | | | | | | | | | | | | |

United Laguna Woods Mutual
Statement of Revenues & Expenses - Preliminary
11/30/2020
(\$ IN THOUSANDS)

| | | CURRENT MONTH | | | YEAR TO DATE | | | PRIOR YEAR | TOTAL |
|--------------------------|--|---------------|---------|----------|--------------|-----------|----------|------------|-----------|
| | | ACTUAL | BUDGET | VARIANCE | ACTUAL | BUDGET | VARIANCE | ACTUAL | BUDGET |
| Revenues: | | | | | | | | | |
| Assessments: | | | | | | | | | |
| 1 | Operating | \$2,535 | \$2,489 | \$46 | \$27,888 | \$27,380 | \$508 | \$25,709 | \$29,869 |
| 2 | Additions to restricted funds | 1,024 | 1,024 | | 11,269 | 11,269 | | 11,337 | 12,294 |
| 3 | Total assessments | 3,560 | 3,514 | 46 | 39,157 | 38,649 | 507 | 37,047 | 42,163 |
| Non-assessment revenues: | | | | | | | | | |
| 4 | Merchandise sales | (1) | 2 | (2) | 6 | 18 | (13) | 6 | 20 |
| 5 | Fees and charges for services to residents | 7 | 45 | (38) | 287 | 494 | (207) | 541 | 540 |
| 6 | Laundry | 9 | 23 | (13) | 216 | 248 | (32) | 235 | 270 |
| 7 | Investment income | 17 | 32 | (15) | 238 | 353 | (115) | 404 | 385 |
| 8 | Unrealized gain/(loss) on AFS investments | 34 | | 34 | 415 | | 415 | 274 | |
| 9 | Miscellaneous | 47 | 48 | (1) | 439 | 530 | (92) | 507 | 579 |
| 10 | Total non-assessment revenue | 114 | 149 | (36) | 1,601 | 1,644 | (43) | 1,967 | 1,794 |
| 11 | Total revenue | 3,673 | 3,663 | 10 | 40,757 | 40,293 | 464 | 39,014 | 43,957 |
| Expenses: | | | | | | | | | |
| 12 | Employee compensation and related | 1,060 | 1,186 | 126 | 10,897 | 13,330 | 2,432 | 12,805 | 14,548 |
| 13 | Materials and supplies | 69 | 259 | 190 | 1,456 | 2,881 | 1,425 | 2,916 | 3,141 |
| 14 | Cost of goods sold | | | | | | | 50 | |
| 15 | Utilities and telephone | 340 | 352 | 12 | 3,947 | 3,998 | 51 | 3,936 | 4,326 |
| 16 | Legal fees | 12 | 29 | 17 | 242 | 321 | 79 | 208 | 350 |
| 17 | Professional fees | 4 | 6 | 2 | 50 | 115 | 65 | 139 | 122 |
| 18 | Equipment rental | 6 | 1 | (5) | 28 | 15 | (13) | 23 | 17 |
| 19 | Outside services | 534 | 717 | 184 | 5,397 | 7,900 | 2,504 | 8,485 | 8,638 |
| 20 | Repairs and maintenance | 3 | 4 | 1 | 25 | 43 | 18 | 32 | 47 |
| 21 | Other Operating Expense | 17 | 17 | 1 | 107 | 184 | 77 | 161 | 201 |
| 22 | Income taxes | | 2 | 2 | | 23 | 23 | 3 | 25 |
| 23 | Property and sales tax | 944 | 926 | (18) | 10,574 | 10,186 | (388) | 10,343 | 11,112 |
| 24 | Insurance | 309 | 125 | (184) | 2,184 | 1,378 | (805) | 1,299 | 1,504 |
| 25 | Investment expense | | 3 | 3 | 5 | 34 | 29 | 29 | 37 |
| 26 | Uncollectible Accounts | 1 | 5 | 4 | (1) | 55 | 56 | 39 | 60 |
| 27 | (Gain)/loss on sale or trade | | (1) | (1) | 54 | (7) | (61) | 2 | (8) |
| 28 | Depreciation and amortization | 17 | 17 | | 182 | 182 | | 191 | 198 |
| 29 | Net allocation to mutuals | 142 | 131 | (11) | 1,325 | 1,452 | 127 | 1,124 | 1,584 |
| 30 | Total expenses | 3,456 | 3,780 | 324 | 36,473 | 42,090 | 5,617 | 41,784 | 45,902 |
| 31 | Excess of revenues over expenses | \$217 | (\$117) | \$334 | \$4,284 | (\$1,797) | \$6,081 | (\$2,770) | (\$1,945) |

**United Laguna Woods Mutual
Operating Statement
11/30/2020
UNITED LAGUNA WOODS MUTUAL**

| | Actual | YEAR TO DATE Budget | VAR\$ B/(W) | VAR% B/(W) | TOTAL BUDGET |
|---|-------------------|------------------------|------------------|-----------------|-------------------|
| Revenues: | | | | | |
| Assessments: | | | | | |
| Operating | | | | | |
| 41001000 - Monthly Assessments | \$16,300,441 | \$16,301,054 | (\$613) | 0.00% | \$17,782,968 |
| 41007000 - Monthly Assessments - Property Taxes | 10,416,302 | 10,185,995 | 230,307 | 2.26% | 11,111,994 |
| 41007500 - Monthly Assessments - Supplemental Property Taxes | 277,874 | 0 | 277,874 | 0.00% | 0 |
| 41008000 - Monthly Assessments - Property Insurance | 892,963 | 892,961 | 3 | 0.00% | 974,142 |
| Total Operating | 27,887,580 | 27,380,009 | 507,571 | 1.85% | 29,869,104 |
| Additions To Restricted Funds | | | | | |
| 41001500 - Monthly Assessments - Contingency Fund | 695,530 | 695,530 | 0 | 0.00% | 758,760 |
| 41003500 - Monthly Assessments - Replacement Fund | 10,573,447 | 10,573,750 | (303) | 0.00% | 11,535,000 |
| Total Additions To Restricted Funds | 11,268,977 | 11,269,280 | (303) | 0.00% | 12,293,760 |
| Total Assessments | 39,156,557 | 38,649,289 | 507,268 | 1.31% | 42,162,864 |
| Non-Assessment Revenues: | | | | | |
| Merchandise Sales | | | | | |
| 41501500 - Merchandise Sales - Warehouse | 5,713 | 18,326 | (12,613) | (68.82%) | 20,000 |
| Total Merchandise Sales | 5,713 | 18,326 | (12,613) | (68.82%) | 20,000 |
| Fees and Charges for Services to Residents | | | | | |
| 46501000 - Permit Fee | 142,543 | 136,320 | 6,222 | 4.56% | 148,715 |
| 46501500 - Inspection Fee | 41,035 | 72,683 | (31,648) | (43.54%) | 79,294 |
| 46502000 - Resident Maintenance Fee | 103,877 | 285,406 | (181,529) | (63.60%) | 311,513 |
| Total Fees and Charges for Services to Residents | 287,454 | 494,409 | (206,954) | (41.86%) | 539,522 |
| Laundry | | | | | |
| 46005000 - Coin Op Laundry Machine | 215,672 | 247,500 | (31,828) | (12.86%) | 270,000 |
| Total Laundry | 215,672 | 247,500 | (31,828) | (12.86%) | 270,000 |
| Investment Income | | | | | |
| 49001000 - Investment Income - Nondiscretionary | 8,067 | 80,931 | (72,865) | (90.03%) | 88,289 |
| 49002000 - Investment Income - Discretionary | 230,050 | 272,438 | (42,388) | (15.56%) | 297,205 |
| Investment Interest Income | 238,117 | 353,370 | (115,253) | (32.62%) | 385,494 |
| Unrealized Gain/(Loss) On AFS Investments | | | | | |
| 49008100 - Unrealized Gain/(Loss) On Available For Sale Investments | 414,815 | 0 | 414,815 | 0.00% | 0 |
| Total Unrealized Gain/(Loss) On AFS Investments | 414,815 | 0 | 414,815 | 0.00% | 0 |
| Miscellaneous | | | | | |
| 46004500 - Resident Violations | 6,975 | 45,831 | (38,856) | (84.78%) | 50,001 |
| 44501000 - Additional Occupant Fee | 45,280 | 38,500 | 6,780 | 17.61% | 42,000 |
| 44501500 - Lease Processing Fee - United | 112,810 | 117,326 | (4,516) | (3.85%) | 128,000 |
| 44502000 - Variance Processing Fee | 1,650 | 3,663 | (2,013) | (54.95%) | 4,000 |
| 44503000 - Stock Transfer Fee | 8,900 | 11,913 | (3,013) | (25.29%) | 13,000 |
| 44503510 - Resale Processing Fee - United | 103,754 | 114,576 | (10,822) | (9.45%) | 125,000 |
| 44507000 - Golf Cart Electric Fee | 54,634 | 56,833 | (2,200) | (3.87%) | 62,000 |
| 44507200 - Electric Vehicle Plug-In Fee | 14,423 | 13,750 | 673 | 4.90% | 15,000 |
| 44507500 - Cartport/Carport Space Rental Fee | 2,188 | 2,292 | (104) | (4.55%) | 2,500 |
| 47001500 - Late Fee Revenue | 30,047 | 45,833 | (15,786) | (34.44%) | 50,000 |
| 47002010 - Collection Administrative Fee - United | 55,930 | 66,000 | (10,070) | (15.26%) | 72,000 |
| 47002500 - Collection Interest Revenue | 2,595 | 4,400 | (1,805) | (41.03%) | 4,800 |
| 47501000 - Recycling | 1,460 | 5,500 | (4,040) | (73.45%) | 6,000 |
| 48001000 - Legal Fee | 0 | 4,033 | (4,033) | (100.00%) | 4,400 |
| 49009000 - Miscellaneous Revenue | (1,718) | 0 | (1,718) | 0.00% | 0 |
| Total Miscellaneous | 438,928 | 530,451 | (91,523) | (17.25%) | 578,701 |
| Total Non-Assessment Revenue | 1,600,699 | 1,644,055 | (43,356) | (2.64%) | 1,793,717 |
| Total Revenue | 40,757,256 | 40,293,344 | 463,912 | 1.15% | 43,956,581 |
| Expenses: | | | | | |
| Employee Compensation | | | | | |
| 51011000 - Salaries & Wages - Regular | 2,288,622 | 2,638,375 | 349,754 | 13.26% | 2,883,900 |

United Laguna Woods Mutual
Operating Statement
11/30/2020
UNITED LAGUNA WOODS MUTUAL

| | YEAR TO DATE | | | | TOTAL |
|--|------------------|------------------|------------------|-----------------|-------------------|
| | Actual | Budget | VAR\$ B/(W) | VAR% B/(W) | BUDGET |
| 51021000 - Union Wages - Regular | 4,264,777 | 5,746,258 | 1,481,481 | 25.78% | 6,279,593 |
| 51041000 - Wages - Overtime | 23,297 | 25,844 | 2,547 | 9.85% | 28,203 |
| 51051000 - Union Wages - Overtime | 125,838 | 86,981 | (38,856) | (44.67%) | 94,908 |
| 51061000 - Holiday & Vacation | 583,252 | 707,574 | 124,322 | 17.57% | 773,301 |
| 51071000 - Sick | 287,987 | 288,616 | 629 | 0.22% | 315,425 |
| 51081000 - Sick - Part Time | 0 | 21 | 21 | 100.00% | 24 |
| 51091000 - Missed Meal Penalty | 4,654 | 1,148 | (3,507) | (305.57%) | 1,268 |
| 51101000 - Temporary Help | 29,871 | 1,710 | (28,161) | (1646.76%) | 1,870 |
| 51981000 - Compensation Accrual | (38,725) | 0 | 38,725 | 0.00% | 0 |
| Total Employee Compensation | 7,569,574 | 9,496,527 | 1,926,953 | 20.29% | 10,378,493 |
| Compensation Related | | | | | |
| 52411000 - F.I.C.A. | 577,083 | 711,763 | 134,680 | 18.92% | 776,727 |
| 52421000 - F.U.I. | 7,844 | 10,834 | 2,989 | 27.59% | 10,834 |
| 52431000 - S.U.I. | 53,569 | 55,120 | 1,551 | 2.81% | 55,120 |
| 52441000 - Union Medical | 1,602,834 | 1,731,844 | 129,010 | 7.45% | 1,889,284 |
| 52451000 - Workers' Compensation Insurance | 402,142 | 593,080 | 190,938 | 32.19% | 639,961 |
| 52461000 - Non Union Medical & Life Insurance | 315,272 | 309,471 | (5,801) | (1.87%) | 337,605 |
| 52471000 - Union Retirement Plan | 313,474 | 306,074 | (7,400) | (2.42%) | 334,482 |
| 52481000 - Non-Union Retirement Plan | 62,210 | 115,067 | 52,857 | 45.94% | 125,775 |
| 52981000 - Compensation Related Accrual | (6,665) | 0 | 6,665 | 0.00% | 0 |
| Total Compensation Related | 3,327,763 | 3,833,253 | 505,490 | 13.19% | 4,169,789 |
| Materials and Supplies | | | | | |
| 53001000 - Materials & Supplies | 353,390 | 547,461 | 194,071 | 35.45% | 594,628 |
| 53003000 - Materials Direct | 1,098,295 | 2,333,331 | 1,235,036 | 52.93% | 2,545,928 |
| 53004000 - Freight | 4,533 | 0 | (4,533) | 0.00% | 0 |
| Total Materials and Supplies | 1,456,219 | 2,880,792 | 1,424,574 | 49.45% | 3,140,556 |
| Utilities and Telephone | | | | | |
| 53301000 - Electricity | 78,747 | 179,100 | 100,353 | 56.03% | 189,000 |
| 53301500 - Sewer | 1,632,030 | 1,629,500 | (2,530) | (0.16%) | 1,779,600 |
| 53302000 - Water | 1,836,238 | 1,787,866 | (48,371) | (2.71%) | 1,919,116 |
| 53302500 - Trash | 399,360 | 401,240 | 1,880 | 0.47% | 437,719 |
| 53304000 - Telephone | 494 | 628 | 134 | 21.40% | 685 |
| Total Utilities and Telephone | 3,946,868 | 3,998,335 | 51,467 | 1.29% | 4,326,120 |
| Legal Fees | | | | | |
| 53401500 - Legal Fees | 242,150 | 320,820 | 78,669 | 24.52% | 349,985 |
| Total Legal Fees | 242,150 | 320,820 | 78,669 | 24.52% | 349,985 |
| Professional Fees | | | | | |
| 53402010 - Audit & Tax Preparation Fees - United | 42,000 | 44,500 | 2,500 | 5.62% | 44,500 |
| 53403500 - Consulting Fees | 556 | 11,247 | 10,691 | 95.06% | 12,479 |
| 53403510 - Consulting Fees - United | 7,657 | 59,565 | 51,908 | 87.15% | 65,000 |
| Total Professional Fees | 50,212 | 115,312 | 65,100 | 56.46% | 121,979 |
| Equipment Rental | | | | | |
| 53501500 - Equipment Rental/Lease Fees | 28,452 | 15,306 | (13,145) | (85.88%) | 17,038 |
| Total Equipment Rental | 28,452 | 15,306 | (13,145) | (85.88%) | 17,038 |
| Outside Services | | | | | |
| 53601000 - Bank Fees | 36,613 | 23,208 | (13,405) | (57.76%) | 25,321 |
| 53601500 - Credit Card Transaction Fees | 3,650 | 0 | (3,650) | 0.00% | 0 |
| 54603500 - Outside Services Cost Collection | 5,196,650 | 7,743,582 | 2,546,932 | 32.89% | 8,447,910 |
| 53704000 - Outside Services | 159,630 | 133,631 | (25,999) | (19.46%) | 164,394 |
| Total Outside Services | 5,396,544 | 7,900,422 | 2,503,877 | 31.69% | 8,637,624 |
| Repairs and Maintenance | | | | | |
| 53701000 - Equipment Repair & Maint | 3,067 | 15,383 | 12,316 | 80.07% | 16,823 |
| 53703000 - Elevator /Lift Maintenance | 22,428 | 27,644 | 5,215 | 18.87% | 30,157 |
| Total Repairs and Maintenance | 25,495 | 43,027 | 17,532 | 40.75% | 46,979 |
| Other Operating Expense | | | | | |
| 53801000 - Mileage & Meal Allowance | 1,711 | 13,875 | 12,164 | 87.67% | 15,153 |
| 53801500 - Travel & Lodging | 245 | 2,783 | 2,539 | 91.21% | 3,027 |
| 53802000 - Uniforms | 53,092 | 81,350 | 28,258 | 34.74% | 88,787 |
| 53802500 - Dues & Memberships | 448 | 1,438 | 990 | 68.85% | 1,687 |
| 53803000 - Subscriptions & Books | 839 | 1,848 | 1,009 | 54.59% | 2,026 |

United Laguna Woods Mutual
Operating Statement
11/30/2020
UNITED LAGUNA WOODS MUTUAL

| | Actual | YEAR TO DATE Budget | VAR\$ B/(W) | VAR% B/(W) | TOTAL BUDGET |
|--|--------------------|------------------------|--------------------|------------------|----------------------|
| 53803500 - Training & Education | 4,386 | 18,312 | 13,927 | 76.05% | 19,682 |
| 53804000 - Staff Support | 133 | 1,292 | 1,159 | 89.73% | 1,409 |
| 53901500 - Volunteer Support | 0 | 1,528 | 1,528 | 100.00% | 1,668 |
| 53903000 - Safety | 0 | 462 | 462 | 100.00% | 508 |
| 54001000 - Board Relations | 397 | 0 | (397) | 0.00% | 0 |
| 54001010 - Board Relations - United | 1,063 | 6,875 | 5,812 | 84.53% | 7,500 |
| 54002000 - Postage | 44,883 | 53,820 | 8,938 | 16.61% | 58,717 |
| 54002500 - Filing Fees / Permits | 134 | 798 | 664 | 83.24% | 847 |
| Total Other Operating Expense | 107,331 | 184,383 | 77,052 | 41.79% | 201,011 |
| Income Taxes | | | | | |
| 54301000 - State & Federal Income Taxes | 10 | 22,917 | 22,907 | 99.96% | 25,000 |
| Total Income Taxes | 10 | 22,917 | 22,907 | 99.96% | 25,000 |
| Property and Sales Tax | | | | | |
| 54302000 - Property Taxes | 10,574,349 | 10,185,995 | (388,355) | (3.81%) | 11,111,994 |
| Total Property and Sales Tax | 10,574,349 | 10,185,995 | (388,355) | (3.81%) | 11,111,994 |
| Insurance | | | | | |
| 54401000 - Hazard & Liability Insurance | 567,961 | 417,797 | (150,165) | (35.94%) | 455,779 |
| 54401500 - D&O Liability | 59,694 | 60,876 | 1,182 | 1.94% | 66,412 |
| 54402000 - Property Insurance | 1,553,861 | 892,961 | (660,901) | (74.01%) | 974,142 |
| 54403000 - General Liability Insurance | 2,280 | 6,717 | 4,437 | 66.06% | 7,328 |
| Total Insurance | 2,183,797 | 1,378,350 | (805,446) | (58.44%) | 1,503,660 |
| Investment Expense | | | | | |
| 54201000 - Investment Expense | 5,047 | 33,671 | 28,624 | 85.01% | 36,732 |
| Total Investment Expense | 5,047 | 33,671 | 28,624 | 85.01% | 36,732 |
| Uncollectible Accounts | | | | | |
| 54602000 - Bad Debt Expense | (959) | 54,633 | 55,593 | 101.76% | 59,600 |
| Total Uncollectible Accounts | (959) | 54,633 | 55,593 | 101.76% | 59,600 |
| (Gain)/Loss on Sale or Trade | | | | | |
| 54101000 - (Gain)/Loss - Warehouse Sales | (6,325) | (6,875) | (550) | (8.00%) | (7,500) |
| 54101500 - (Gain)/Loss On Investments | 60,228 | 0 | (60,228) | 0.00% | 0 |
| Total (Gain)/Loss on Sale or Trade | 53,904 | (6,875) | (60,779) | (884.05%) | (7,500) |
| Depreciation and Amortization | | | | | |
| 55001000 - Depreciation And Amortization | 181,722 | 181,722 | 0 | 0.00% | 198,242 |
| Total Depreciation and Amortization | 181,722 | 181,722 | 0 | 0.00% | 198,242 |
| Net Allocation to Mutuals | | | | | |
| 54602500 - Allocated Expenses | 1,324,845 | 1,451,528 | 126,684 | 8.73% | 1,584,319 |
| Total Net Allocation to Mutuals | 1,324,845 | 1,451,528 | 126,684 | 8.73% | 1,584,319 |
| Total Expenses | 36,473,322 | 42,090,119 | 5,616,797 | 13.34% | 45,901,622 |
| Excess of Revenues Over Expenses | \$4,283,934 | (\$1,796,775) | \$6,080,709 | 338.42% | (\$1,945,042) |

**United Laguna Woods Mutual
Balance Sheet - Preliminary
11/30/2020**

| | | <u>Current Month End</u> | <u>Prior Year December 31</u> |
|-----------|--|------------------------------|-----------------------------------|
| | Assets | | |
| 1 | Cash and cash equivalents | \$10,198,360 | \$2,159,882 |
| 2 | Non-discretionary investments | | 1,992,808 |
| 3 | Discretionary investments | 15,407,634 | 14,828,044 |
| 4 | Receivable/(Payable) from mutuals | 1,154,927 | 1,518,100 |
| 5 | Accounts receivable and interest receivable | 664,455 | 675,921 |
| 6 | Prepaid expenses and deposits | 2,938,896 | 1,118,128 |
| 7 | Property and equipment | 91,989,605 | 91,989,605 |
| 8 | Accumulated depreciation property and equipment | (83,758,998) | (83,756,191) |
| 9 | Beneficial interest in GRF of Laguna Hills Trust | 5,618,034 | 5,796,949 |
| 10 | Non-controlling interest in GRF | 39,116,237 | 39,116,237 |
| 11 | Total Assets | <u>\$83,329,150</u> | <u>\$75,439,483</u> |
| | Liabilities and Fund Balances | | |
| | Liabilities: | | |
| 12 | Accounts payable and accrued expenses | \$5,357,090 | \$1,453,947 |
| 13 | Accrued compensation and related costs | 385,466 | 596,765 |
| 14 | Deferred income | 850,441 | 936,551 |
| 15 | Asset retirement obligation | 1,207,814 | 1,207,814 |
| 16 | Total liabilities | <u>\$7,800,812</u> | <u>\$4,195,078</u> |
| | Fund balances: | | |
| 17 | Fund balance prior years | 71,244,405 | 74,614,944 |
| 18 | Change in fund balance - current year | 4,283,934 | (3,370,539) |
| 19 | Total fund balances | 75,528,339 | 71,244,405 |
| 20 | Total Liabilities and Fund Balances | <u>\$83,329,150</u> | <u>\$75,439,483</u> |

**United Laguna Woods Mutual
Fund Balance Sheet - Preliminary
11/30/2020**

| | | <u>Operating Fund</u> | <u>Contingency Fund</u> | <u>Replacement Fund</u> | <u>Total</u> |
|--------------------------------------|--|----------------------------|-----------------------------|-----------------------------|----------------------------|
| Assets | | | | | |
| 1 | Cash and cash equivalents | \$7,579,743 | \$1,143,793 | \$1,474,824 | \$10,198,360 |
| 2 | Discretionary investments | | | 15,407,634 | 15,407,634 |
| 3 | Receivable/(Payable) from mutuals | 1,154,927 | | | 1,154,927 |
| 4 | Receivable/(Payable) from operating fund | (4,930,790) | 60,432 | 4,870,358 | |
| 5 | Accounts receivable and interest receivable | 664,455 | | | 664,455 |
| 6 | Prepaid expenses and deposits | 2,938,896 | | | 2,938,896 |
| 7 | Property and equipment | 91,989,605 | | | 91,989,605 |
| 8 | Accumulated depreciation property and equipment | (83,758,998) | | | (83,758,998) |
| 9 | Beneficial interest in GRF of Laguna Hills Trust | 5,618,034 | | | 5,618,034 |
| 10 | Non-controlling interest in GRF | 39,116,237 | | | 39,116,237 |
| 11 | Total Assets | <u>\$60,372,109</u> | <u>\$1,204,225</u> | <u>\$21,752,816</u> | <u>\$83,329,150</u> |
| Liabilities and Fund Balances | | | | | |
| | Liabilities: | | | | |
| 12 | Accounts payable and accrued expenses | \$4,727,534 | \$49,171 | \$603,203 | \$5,379,908 |
| 13 | Accrued compensation and related costs | 385,466 | | | 385,466 |
| 14 | Deferred income | 827,623 | | | 827,623 |
| 15 | Asset retirement obligation | 1,207,814 | | | 1,207,814 |
| 16 | Total liabilities | <u>\$7,148,437</u> | <u>\$49,171</u> | <u>\$603,203</u> | <u>\$7,800,811</u> |
| | Fund balances: | | | | |
| 17 | Fund balance prior years | 52,881,436 | 1,106,755 | 17,256,214 | 71,244,405 |
| 18 | Change in fund balance - current year | 342,236 | 48,299 | 3,893,399 | 4,283,934 |
| 19 | Total fund balances | 53,223,672 | 1,155,054 | 21,149,613 | 75,528,339 |
| 20 | Total Liabilities and Fund Balances | <u>\$60,372,109</u> | <u>\$1,204,225</u> | <u>\$21,752,816</u> | <u>\$83,329,150</u> |

12/22/2020

**United Laguna Woods Mutual
Changes in Fund Balances - Preliminary
11/30/2020**

| | | Operating Fund | Contingency Fund | Replacement Fund | Total |
|----|---|---------------------------|-----------------------------|-----------------------------|--------------------|
| | Revenues: | | | | |
| | Assessments: | | | | |
| 1 | Operating | \$27,887,580 | | | \$27,887,580 |
| 2 | Additions to restricted funds | | 695,530 | 10,573,447 | 11,268,977 |
| 3 | Total assessments | <u>27,887,580</u> | <u>695,530</u> | <u>10,573,447</u> | <u>39,156,557</u> |
| | Non-assessment revenues: | | | | |
| 4 | Merchandise sales | 720 | | 4,993 | 5,713 |
| 5 | Fees and charges for services to residents | 287,454 | | | 287,454 |
| 6 | Laundry | 215,672 | | | 215,672 |
| 7 | Interest income | | 14,186 | 223,931 | 238,117 |
| 8 | Unrealized gain/(loss) on AFS investments | | 24,762 | 390,053 | 414,815 |
| 9 | Miscellaneous | 438,928 | | | 438,928 |
| 10 | Total non-assessment revenue | <u>942,774</u> | <u>38,948</u> | <u>618,977</u> | <u>1,600,699</u> |
| 11 | Total revenue | <u>28,830,353</u> | <u>734,478</u> | <u>11,192,425</u> | <u>40,757,256</u> |
| | Expenses: | | | | |
| 12 | Employee compensation and related | 8,656,863 | 6,088 | 2,234,387 | 10,897,337 |
| 13 | Materials and supplies | 561,662 | 481 | 894,075 | 1,456,219 |
| 14 | Utilities and telephone | 3,943,423 | 38 | 3,407 | 3,946,868 |
| 15 | Legal fees | 242,150 | | | 242,150 |
| 16 | Professional fees | 50,212 | | | 50,212 |
| 17 | Equipment rental | 5,019 | 121 | 23,311 | 28,452 |
| 18 | Outside services | 790,774 | 675,249 | 3,930,521 | 5,396,544 |
| 19 | Repairs and maintenance | 24,347 | 2 | 1,146 | 25,495 |
| 20 | Other Operating Expense | 92,900 | 43 | 14,388 | 107,331 |
| 21 | Income taxes | 10 | | | 10 |
| 22 | Property and sales tax | 10,574,349 | | | 10,574,349 |
| 23 | Insurance | 2,183,797 | | | 2,183,797 |
| 24 | Investment expense | | 301 | 4,745 | 5,047 |
| 25 | Uncollectible Accounts | (959) | | | (959) |
| 26 | (Gain)/loss on sale or trade | (6,325) | 3,595 | 56,633 | 53,904 |
| 27 | Depreciation and amortization | 181,722 | | | 181,722 |
| 28 | Net allocations to mutuals | 1,188,172 | 261 | 136,412 | 1,324,845 |
| 29 | Total expenses | <u>28,488,117</u> | <u>686,179</u> | <u>7,299,026</u> | <u>36,473,322</u> |
| 30 | Excess of revenues over expenses | <u>\$342,236</u> | <u>\$48,299</u> | <u>\$3,893,399</u> | <u>\$4,283,934</u> |
| 31 | Excluding unrealized gain/(loss) and depreciation | <u>\$523,958</u> | <u>\$23,537</u> | <u>\$3,503,346</u> | <u>\$4,050,840</u> |

**UNITED LAGUNA WOODS MUTUAL
NON-DISCRETIONARY ACCOUNT HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
11/30/20**

| I.D. NO. | DESCRIPTION | STATED RATE | SETTLEMENT DATE | MATURITY DATE | PAR VALUE | EFFECT. YIELD | ORIGINAL COST | BOOK VALUE | 11/30/2020 | | |
|---|-------------|----------------|--------------------|------------------|--------------|------------------|------------------|---------------|-----------------|---------------------------|--------|
| | | | | | | | | | MARKET VALUE | UNREALIZED GAIN/(LOSS) | |
| TOTAL FOR NON-DISCRETIONARY INVESTMENTS | | | | | \$ | - | \$ | - | - | \$0.00 | \$0.00 |

*Yield is based on all investments held during the year

**UNITED LAGUNA WOODS MUTUAL
DISCRETIONARY ACCOUNT - SAGEVIEW/FIDELITY
SCHEDULE OF INVESTMENTS
11/30/20**

| I.D. NO. | DESCRIPTION | STATED RATE | SETTLEMENT DATE | MATURITY DATE | PAR VALUE | EFFECT. YIELD | ORIGINAL COST | BOOK VALUE | MARKET VALUE | UNREALIZED GAIN/(LOSS) |
|---|---|----------------|--------------------|------------------|-------------------------|------------------|-------------------------|-------------------------|-------------------------|---------------------------|
| | | | | | | | | | | |
| | FIDELITY GOVT CASH RESERVES | | | | \$ 114,434.55 | | \$ 114,434.55 | \$ 114,434.55 | \$ 114,434.55 | \$0.00 |
| 92206C870 | VCIT-Vanguard Corp Bond Index | 0.00% | 12-17-19 | - | 834,932.81 | 0.00% | \$834,932.81 | 834,932.81 | \$886,505.84 | \$51,573.03 |
| 92206C870 | VCIT-Vanguard Corp Bond Index | 0.00% | 12-18-19 | - | 95,080.05 | 0.00% | 95,080.05 | 95,080.05 | \$100,953.06 | \$5,873.01 |
| 92206C870 | VCIT-Vanguard Corp Bond Index | 0.00% | 03-30-20 | - | 180,089.25 | 0.00% | 180,089.25 | 180,089.25 | \$191,213.20 | \$11,123.95 |
| 31635V216 | FUMBX-Fidelity Short Term Trsry Bond Index | 0.00% | 12-13-19 | - | 4,438,080.57 | 0.00% | 4,438,080.57 | 4,438,080.57 | \$4,579,033.96 | \$140,953.39 |
| 31635V257 | FUAMX-Fidelity Inter Trsry Bond Index | 0.00% | 12-13-19 | - | 3,846,426.15 | 0.00% | 3,846,426.15 | 3,846,426.15 | \$3,953,131.80 | \$106,705.65 |
| 922031851 | VFIRX-Vanguard Short Term Trsry Admiral | 0.00% | 12-13-19 | - | 746,342.06 | 0.00% | 746,342.06 | 746,342.06 | \$768,795.84 | \$22,453.78 |
| 92206C607 | VSCSX-Vanguard Short Term Corp Bd Index Adm | 0.00% | 12-13-19 | - | 1,129,385.45 | 0.00% | 1,129,385.45 | 1,129,385.45 | \$1,157,196.79 | \$27,811.34 |
| 92206C755 | VMBSX-Vanguard Backed Securities Indx Adm | 0.00% | 12-13-19 | - | 3,595,929.47 | 0.00% | 3,595,929.47 | 3,595,929.47 | \$3,656,368.99 | \$60,439.52 |
| TOTALS FOR DISCRETIONARY INVESTMENTS | | | | | 14,980,700.36 | | 14,980,700.36 | \$14,980,700.36 | \$15,407,634.03 | \$426,933.67 |
| TOTAL INVESTMENTS | | | | | \$ 14,980,700.36 | | \$ 14,980,700.36 | \$ 14,980,700.36 | \$ 15,407,634.03 | |

*Yield is based on all investments held during the year

United Laguna Woods Mutual
Supplemental Appropriation Schedule
Period Ending: 11/30/2020

| Fund/Item | Resolution | BUDGET | EXPENDITURES I-T-D* | | | Remaining Ecumbrance |
|-------------------------------|------------|-------------------------|---------------------|-------------|---------|-------------------------|
| | | Total Appropriations | 2020 | Prior Years | Total | |
| Reserve Fund | | | | | | |
| Emergency Panel Replacements | 1-18-99 | 48,000 | 0 | 28,961 | 28,961 | 19,039 |
| Water Heater Replacement | 1-19-66 | 940,000 | 1,389 | 865,107 | 866,496 | 0 |
| Laundry Room Coin Box Guards | 1-19-64 | 20,000 | 0 | 0 | 0 | 20,000 |
| 2021 Reserve Study | 01-20-XX | 5,000 | 5,000 | 0 | 5,000 | 0 |
| | Total | 1,013,000 | 6,389 | 894,068 | 900,457 | 39,039 |
| Contingency Fund | | | | | | |
| Energy Consultant Services | 1-18-67 | 50,000 | 1,410 | 29,679 | 31,089 | 0 |
| 2019 Fumigation Program | 1-19-33 | 104,762 | 0 | 68,819 | 68,819 | 35,943 |
| Slope Repair Avenida Castilla | 1-19-51 | 13,246 | 0 | 12,042 | 12,042 | 1,204 |
| | Total | 168,008 | 1,410 | 110,540 | 111,950 | 37,147 |

*Incurred To Date

**UNITED LAGUNA WOODS MUTUAL
FUND EXPENDITURES REPORT
AS OF NOVEMBER 30, 2020**

| DESCRIPTION | CURRENT MONTH | | YEAR-TO-DATE | | 2020 | % | VARIANCE | |
|--|------------------|------------------|--------------------|---------------------|---------------------|------------|--------------------|------------|
| | ACTUAL | BUDGET | ACTUAL | BUDGET | BUDGET | EXPENDED | \$ | % |
| RESERVE FUND - MAINTENANCE & CONSTRUCTION | | | | | | | | |
| REPLACEMENTS | | | | | | | | |
| BUILDING STRUCTURES | \$36,655 | \$55,647 | \$903,132 | \$614,009 | \$670,009 | 135% | (\$289,123) | (47%) |
| CDS SIGNAGE | 0 | 4,166 | 29,078 | 45,826 | 50,000 | 58% | 16,748 | 37% |
| ELECTRICAL SYSTEMS | 61,243 | 38,290 | 256,703 | 421,190 | 459,495 | 56% | 164,488 | 39% |
| EXTERIOR WALKWAY LIGHTING | 0 | 6,233 | 5,821 | 68,833 | 75,121 | 8% | 63,012 | 92% |
| FOUNDATIONS | 0 | 3,653 | 0 | 40,183 | 43,836 | 0% | 40,183 | 100% |
| GUTTER REPLACEMENT | 2,598 | 8,140 | 34,682 | 90,052 | 98,289 | 35% | 55,370 | 61% |
| PAINT - EXTERIOR | 113,094 | 154,356 | 1,055,270 | 1,718,237 | 1,876,061 | 56% | 662,967 | 39% |
| PRIOR TO PAINT | 83,208 | 82,670 | 656,319 | 919,138 | 1,003,518 | 65% | 262,819 | 29% |
| PAVING | 0 | 33,052 | 229,792 | 363,572 | 396,628 | 58% | 133,780 | 37% |
| ROOF REPLACEMENTS | 7,549 | 77,565 | 893,863 | 853,215 | 930,804 | 96% | (40,648) | (5%) |
| WALL REPLACEMENT | 24,600 | 13,750 | 24,600 | 151,250 | 165,000 | 15% | 126,650 | 84% |
| WASTE LINE REMEDIATION | 786 | 191,666 | 739,297 | 2,108,326 | 2,300,000 | 32% | 1,369,029 | 65% |
| WATER LINE - COPPER PIPE REMEDIATION | 0 | 16,666 | 169,666 | 183,326 | 200,000 | 85% | 13,660 | 7% |
| WINDOW/SLIDING SCREEN DOOR | 11,671 | 9,908 | 52,431 | 109,510 | 119,518 | 44% | 57,079 | 52% |
| SUPPL. APPROPRIATIONS | 0 | 0 | 6,389 | 6,389 | 6,389 | 100% | 0 | 0% |
| SUB-TOTAL | \$341,404 | \$695,762 | \$5,057,043 | \$7,693,056 | \$8,394,668 | 60% | \$2,636,013 | 34% |
| APPLIANCE AND FIXTURE REPLACEMENTS | | | | | | | | |
| COOKTOPS | \$1,003 | \$5,910 | \$43,949 | \$65,170 | \$71,112 | 62% | \$21,221 | 33% |
| DISHWASHERS | 1,572 | 7,092 | 45,643 | 78,354 | 85,523 | 53% | 32,711 | 42% |
| BASINS/SINKS/TOILETS | 16,273 | 19,814 | 112,154 | 218,682 | 238,679 | 47% | 106,528 | 49% |
| GARBAGE DISPOSALS | 4,399 | 9,554 | 62,855 | 105,758 | 115,440 | 54% | 42,903 | 41% |
| HOODS | 603 | 2,958 | 8,372 | 32,688 | 35,681 | 23% | 24,316 | 74% |
| COUNTER TOPS/FLOORS/SHOWER ENCLOSURES | 37,228 | 115,529 | 475,436 | 1,275,740 | 1,392,191 | 34% | 800,304 | 63% |
| OVENS | 1,289 | 9,243 | 83,540 | 101,833 | 111,112 | 75% | 18,293 | 18% |
| RANGES | 0 | 1,031 | 3,863 | 11,421 | 12,469 | 31% | 7,558 | 66% |
| REFRIGERATORS | 1,124 | 18,925 | 84,710 | 208,730 | 227,754 | 37% | 124,020 | 59% |
| WATER HEATERS & PERMITS | 12,025 | 62,281 | 258,366 | 688,595 | 751,503 | 34% | 430,229 | 62% |
| DRYERS | 0 | 2,974 | 123 | 32,754 | 35,735 | 0% | 32,631 | 100% |
| WASHING MACHINES | 1,272 | 7,554 | 46,331 | 83,191 | 90,773 | 51% | 36,860 | 44% |
| SUB-TOTAL | \$76,788 | \$262,865 | \$1,225,342 | \$2,902,916 | \$3,167,972 | 39% | \$1,677,574 | 58% |
| TOTAL RESERVE FUND | \$418,192 | \$958,627 | \$6,282,385 | \$10,595,972 | \$11,562,640 | 54% | \$4,313,587 | 41% |

RESERVE FUND - GENERAL SERVICES

| | | | | | | | | |
|------------------|----------------|----------------|-----------------|-----------------|------------------|------------|-----------------|------------|
| PRIOR TO PAINT | \$0 | \$755 | \$0 | \$8,413 | \$9,186 | 0% | \$8,413 | 100% |
| PAVING | 1,824 | 5,632 | 20,119 | 62,703 | 68,481 | 29% | 42,583 | 68% |
| WALL REPLACEMENT | 0 | 2,529 | 0 | 27,819 | 30,365 | 0% | 27,819 | 100% |
| TOTAL | \$1,824 | \$8,916 | \$20,119 | \$98,935 | \$108,032 | 19% | \$78,816 | 80% |

**UNITED LAGUNA WOODS MUTUAL
FUND EXPENDITURES REPORT
AS OF NOVEMBER 30, 2020**

| DESCRIPTION | CURRENT MONTH | | YEAR-TO-DATE | | 2020 | % | VARIANCE | |
|---------------------------------|------------------|------------------|------------------|--------------------|--------------------|------------|------------------|------------|
| | ACTUAL | BUDGET | ACTUAL | BUDGET | BUDGET | EXPENDED | \$ | % |
| RESERVE FUND - LANDSCAPE | | | | | | | | |
| REPLACEMENTS | | | | | | | | |
| LANDSCAPE MODIFICATION | \$42,692 | \$37,624 | \$167,674 | \$413,898 | \$451,543 | 37% | \$246,224 | 59% |
| TREE MAINTENANCE | 78,240 | 71,195 | 767,469 | 792,002 | 864,752 | 89% | 24,533 | 3% |
| TOTAL RESERVE FUND | \$120,932 | \$108,819 | \$935,143 | \$1,205,900 | \$1,316,295 | 71% | \$270,757 | 22% |

OPERATING EXPENDITURES - MAINTENANCE & CONSTRUCTION

| | | | | | | | | |
|----------------------------------|------------------|------------------|--------------------|--------------------|--------------------|------------|------------------|------------|
| PLUMBING SERVICE | \$135,536 | \$113,740 | \$1,419,576 | \$1,265,946 | \$1,382,295 | 103% | (\$153,630) | (12%) |
| CARPENTRY SERVICE | 36,766 | 40,654 | 427,623 | 452,492 | 494,100 | 87% | 24,869 | 5% |
| ELECTRICAL SERVICE | 22,866 | 33,681 | 278,770 | 375,127 | 409,634 | 68% | 96,357 | 26% |
| APPLIANCE REPAIRS | 18,566 | 25,401 | 225,125 | 282,516 | 308,507 | 73% | 57,391 | 20% |
| INTERIOR PREVENTIVE MAINTENANCE | 28,602 | 28,483 | 232,100 | 317,270 | 346,454 | 67% | 85,170 | 27% |
| PEST CONTROL | 0 | 18,830 | 44,115 | 207,130 | 225,980 | 20% | 163,015 | 79% |
| COUNTERTOP/FLOOR/TILE REPAIRS | 7,385 | 10,573 | 95,640 | 117,647 | 128,480 | 74% | 22,007 | 19% |
| ENERGY PROGRAM | 1,451 | 2,083 | 15,099 | 22,913 | 25,000 | 60% | 7,814 | 34% |
| MISC. REPAIRS BY OUTSIDE SERVICE | 0 | 2,083 | 21,194 | 22,913 | 25,000 | 85% | 1,719 | 8% |
| FIRE PROTECTION | 0 | 1,058 | 2,259 | 11,638 | 12,700 | 18% | 9,379 | 81% |
| TOTAL | \$251,172 | \$276,586 | \$2,761,501 | \$3,075,592 | \$3,358,150 | 82% | \$314,091 | 10% |

OPERATING EXPENDITURES - GENERAL SERVICES

| | | | | | | | | |
|-----------------------------|------------------|-----------------|------------------|------------------|--------------------|------------|----------------|-----------|
| CONCRETE REPAIR/REPLACEMENT | \$31,279 | \$30,701 | \$333,742 | \$341,707 | \$373,111 | 89% | \$7,965 | 2% |
| JANITORIAL SERVICE | 29,040 | 28,332 | 406,597 | 315,994 | 345,015 | 118% | (\$9,603) | (29%) |
| GUTTER CLEANING | 91,630 | 16,012 | 127,832 | 176,746 | 192,872 | 66% | 48,914 | 28% |
| WELDING | 3,807 | 8,330 | 59,238 | 92,739 | 101,275 | 58% | 33,501 | 36% |
| TRAFFIC CONTROL | 908 | 1,233 | 7,722 | 13,739 | 15,010 | 51% | 6,017 | 44% |
| TOTAL | \$156,664 | \$84,608 | \$935,131 | \$940,925 | \$1,027,283 | 91% | \$5,794 | 1% |

CONTINGENCY FUND - MAINTENANCE & CONSTRUCTION

| | | | | | | | | |
|---|------------------|------------------|------------------|--------------------|--------------------|------------|------------------|------------|
| MOISTURE INTRUSION - RAIN LEAKS | \$22,685 | \$12,666 | \$146,536 | \$139,326 | \$152,000 | 96% | (\$7,210) | (5%) |
| MOISTURE INTRUSION - PLUMBING LEAKS | 133,756 | 62,949 | 451,079 | 692,439 | 755,390 | 60% | 241,360 | 35% |
| MOISTURE INTRUSION - PLUMBING STOPPAGES | 9,772 | 23,243 | 100,516 | 255,673 | 278,926 | 36% | 155,157 | 61% |
| MOISTURE INTRUSION - MISCELLANEOUS | 12,456 | 6,565 | 21,063 | 72,215 | 78,786 | 27% | 51,152 | 71% |
| DAMAGE RESTORATION SERVICES | 2,248 | 11,904 | 21,933 | 131,612 | 143,640 | 15% | 109,679 | 83% |
| SUPPL. APPROPRIATIONS | 0 | 0 | (58,843) | (58,843) | (58,843) | 100% | 0 | 0% |
| TOTAL CONTINGENCY FUND | \$180,917 | \$117,327 | \$682,284 | \$1,232,422 | \$1,349,899 | 51% | \$550,138 | 45% |

**UNITED LAGUNA WOODS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF NOVEMBER 30, 2020**

YTD ACTUAL

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

RESERVE FUND - MAINTENANCE & CONSTRUCTION

| | | | | |
|---------------------------------------|--------------------|--------------------|------------------|--------------------|
| BUILDING STRUCTURES | \$903,132 | \$19,131 | \$3,917 | \$880,085 |
| CDS SIGNAGE | 29,078 | 0 | 0 | 29,078 |
| ELECTRICAL SYSTEMS | 256,703 | 0 | 0 | 256,703 |
| EXTERIOR WALKWAY LIGHTING | 5,821 | 0 | 0 | 5,821 |
| FOUNDATIONS | 0 | 0 | 0 | 0 |
| GUTTER REPLACEMENT | 34,682 | 32,086 | 2,596 | 0 |
| PAINT - EXTERIOR | 1,055,270 | 968,255 | 87,015 | 0 |
| PRIOR TO PAINT | 656,319 | 579,517 | 76,802 | 0 |
| PAVING | 229,792 | 0 | 0 | 229,792 |
| ROOF REPLACEMENTS | 893,863 | 0 | 0 | 893,863 |
| WALL REPLACEMENT | 24,600 | 0 | 0 | 24,600 |
| WASTE LINE REMEDIATION | 739,297 | 7,732 | 333 | 731,232 |
| WATER LINE - COPPER PIPE REMEDIATION | 169,666 | 0 | 0 | 169,666 |
| WINDOW/SLIDING SCREEN DOOR | 52,431 | 23,488 | 25,525 | 3,418 |
| SUPPL. APPROPRIATIONS | 6,389 | 900 | 489 | 5,000 |
| COOKTOPS | 43,949 | 8,242 | 28,265 | 7,442 |
| DISHWASHERS | 45,643 | 15,315 | 26,774 | 3,554 |
| BASINS/SINKS/TOILETS | 112,154 | 39,050 | 73,104 | 0 |
| GARBAGE DISPOSALS | 62,855 | 24,211 | 38,644 | 0 |
| HOODS | 8,372 | 3,477 | 3,414 | 1,480 |
| COUNTER TOPS/FLOORS/SHOWER ENCLOSURES | 475,436 | 224,521 | 130,851 | 120,064 |
| OVENS | 83,540 | 9,206 | 55,382 | 18,953 |
| RANGES | 3,863 | 1,090 | 1,930 | 843 |
| REFRIGERATORS | 84,710 | 17,685 | 55,252 | 11,773 |
| WATER HEATERS & PERMITS | 258,366 | 86,542 | 171,824 | 0 |
| DRYERS | 123 | 123 | 0 | 0 |
| WASHING MACHINES | 46,331 | 7,277 | 39,054 | 0 |
| TOTAL | \$6,282,385 | \$2,067,848 | \$821,171 | \$3,393,366 |

RESERVE FUND - GENERAL SERVICES

| | | | | |
|------------------|-----------------|-----------------|----------------|------------|
| PRIOR TO PAINT | \$0 | \$0 | \$0 | \$0 |
| PAVING | 20,119 | 18,921 | 1,198 | 0 |
| WALL REPLACEMENT | 0 | 0 | 0 | 0 |
| TOTAL | \$20,119 | \$18,921 | \$1,198 | \$0 |

RESERVE FUND - LANDSCAPE

| | | | | |
|------------------------|------------------|------------------|--------------|------------------|
| LANDSCAPE MODIFICATION | \$167,674 | \$0 | \$609 | \$167,065 |
| TREE MAINTENANCE | 767,469 | 402,428 | 0 | 365,041 |
| TOTAL | \$935,143 | \$402,428 | \$609 | \$532,106 |

**UNITED LAGUNA WOODS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF NOVEMBER 30, 2020**

YTD ACTUAL

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

OPERATING EXPENDITURES - MAINTENANCE & CONSTRUCTION

| | | | | |
|----------------------------------|--------------------|--------------------|------------------|------------------|
| PLUMBING SERVICE | \$1,419,576 | \$1,093,134 | \$55,353 | \$271,089 |
| CARPENTRY SERVICE | 427,623 | 398,990 | 28,634 | 0 |
| ELECTRICAL SERVICE | 278,770 | 250,374 | 26,802 | 1,594 |
| APPLIANCE REPAIRS | 225,125 | 201,857 | 23,268 | 0 |
| INTERIOR PREVENTIVE MAINTENANCE | 232,100 | 230,746 | 1,355 | 0 |
| PEST CONTROL | 44,115 | 0 | 0 | 44,115 |
| COUNTERTOP/FLOOR/TILE REPAIRS | 95,640 | 87,640 | 2,309 | 5,690 |
| ENERGY PROGRAM | 15,099 | 0 | 0 | 15,099 |
| MISC. REPAIRS BY OUTSIDE SERVICE | 21,194 | 0 | 0 | 21,194 |
| FIRE PROTECTION | 2,259 | 0 | 1,083 | 1,176 |
| TOTAL | \$2,761,501 | \$2,262,741 | \$138,803 | \$359,957 |

OPERATING EXPENDITURES - GENERAL SERVICES

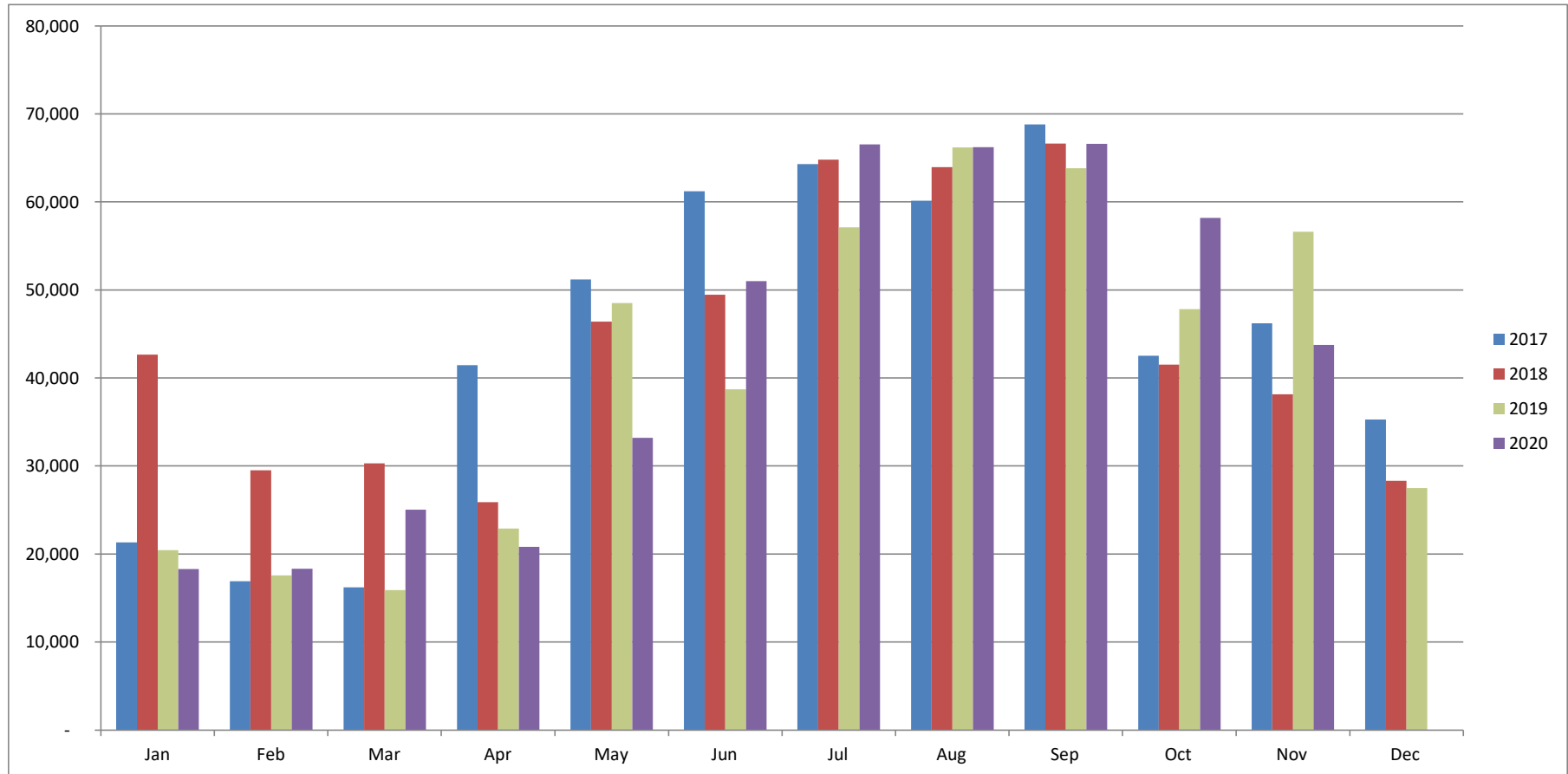
| | | | | |
|-----------------------------|------------------|------------------|-----------------|------------|
| CONCRETE REPAIR/REPLACEMENT | \$333,742 | \$312,319 | \$21,424 | \$0 |
| JANITORIAL SERVICE | 406,597 | 406,360 | 237 | 0 |
| GUTTER CLEANING | 127,832 | 127,774 | 58 | 0 |
| WELDING | 59,238 | 58,093 | 1,145 | 0 |
| TRAFFIC CONTROL | 7,722 | 7,722 | 0 | 0 |
| TOTAL | \$935,131 | \$912,267 | \$22,864 | \$0 |

CONTINGENCY FUND - MAINTENANCE & CONSTRUCTION

| | | | | |
|---|------------------|----------------|--------------|------------------|
| MOISTURE INTRUSION - RAIN LEAKS | \$146,536 | \$0 | \$0 | \$146,536 |
| MOISTURE INTRUSION - PLUMBING LEAKS | 451,079 | 0 | 0 | 451,079 |
| MOISTURE INTRUSION - PLUMBING STOPPAGES | 100,516 | 0 | 0 | 100,516 |
| MOISTURE INTRUSION - MISCELLANEOUS | 21,063 | 0 | 0 | 21,063 |
| DAMAGE RESTORATION SERVICES | 21,933 | 6,825 | 209 | 14,900 |
| SUPPL. APPROPRIATIONS | (58,843) | 0 | 0 | (58,843) |
| TOTAL | \$682,284 | \$6,825 | \$209 | \$675,250 |

United Mutual Water Usage in 100 cubic feet units

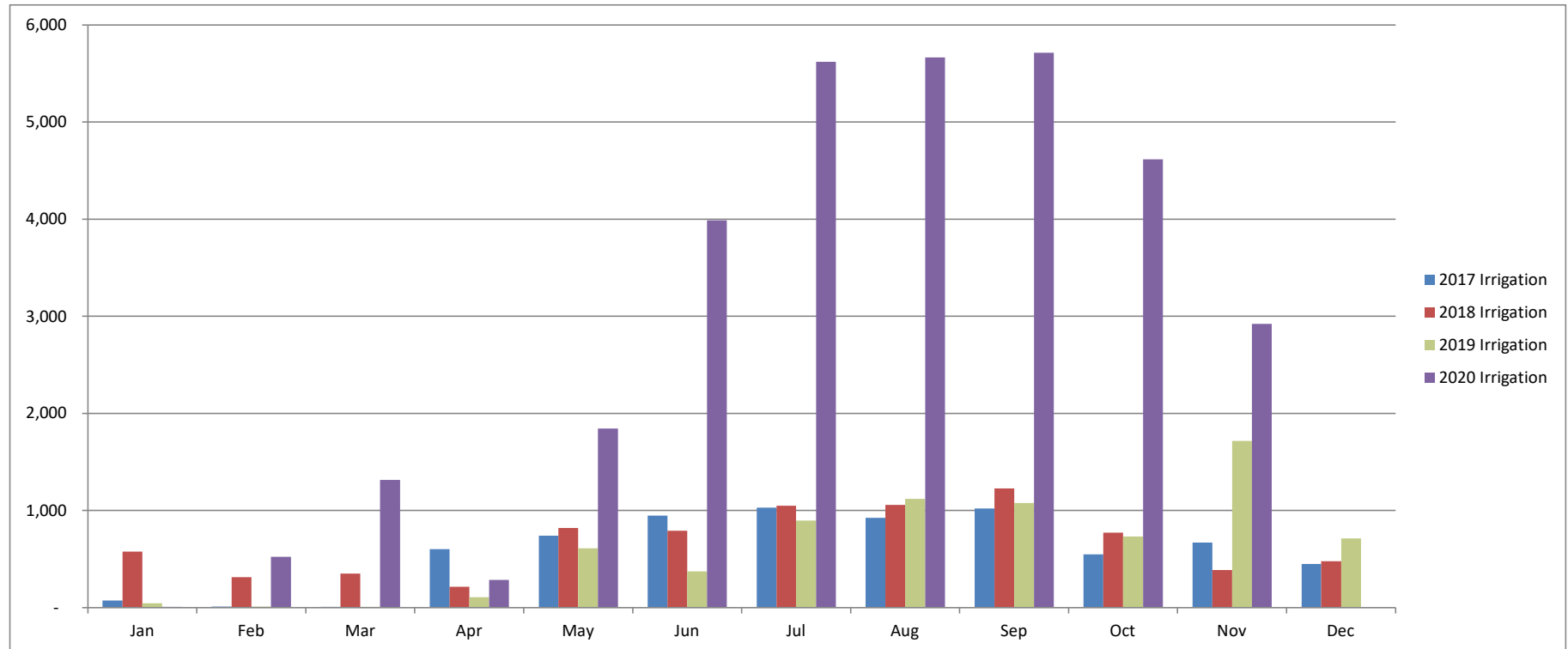
| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD | Total |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| 2017 | 21,326 | 16,898 | 16,207 | 41,450 | 51,184 | 61,199 | 64,301 | 60,140 | 68,826 | 42,530 | 46,232 | 35,259 | 490,293 | 525,552 |
| 2018 | 42,632 | 29,513 | 30,299 | 25,881 | 46,405 | 49,466 | 64,821 | 63,964 | 66,621 | 41,517 | 38,135 | 28,295 | 499,254 | 527,549 |
| 2019 | 20,437 | 17,551 | 15,895 | 22,897 | 48,490 | 38,729 | 57,098 | 66,201 | 63,823 | 47,827 | 56,613 | 27,488 | 455,561 | 483,049 |
| 2020 | 18,294 | 18,329 | 25,035 | 20,833 | 33,194 | 50,996 | 66,548 | 66,237 | 66,599 | 58,169 | 43,754 | - | 467,988 | 467,988 |



United Mutual

Irrigation Water Usage in 100 cubic feet units

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD | Total |
|-----------------|-----|-----|-------|-----|-------|-------|-------|-------|-------|-------|-------|-----|--------|--------|
| 2017 Irrigation | 72 | 12 | 9 | 603 | 742 | 946 | 1,030 | 925 | 1,021 | 549 | 669 | 451 | 6,578 | 7,029 |
| 2018 Irrigation | 576 | 314 | 349 | 214 | 822 | 792 | 1,050 | 1,058 | 1,229 | 773 | 389 | 478 | 7,566 | 8,044 |
| 2019 Irrigation | 47 | 11 | 8 | 108 | 612 | 372 | 898 | 1,118 | 1,079 | 732 | 1,718 | 713 | 6,703 | 7,416 |
| 2020 Irrigation | 9 | 523 | 1,315 | 284 | 1,845 | 3,987 | 5,621 | 5,666 | 5,712 | 4,615 | 2,923 | - | 32,500 | 32,500 |

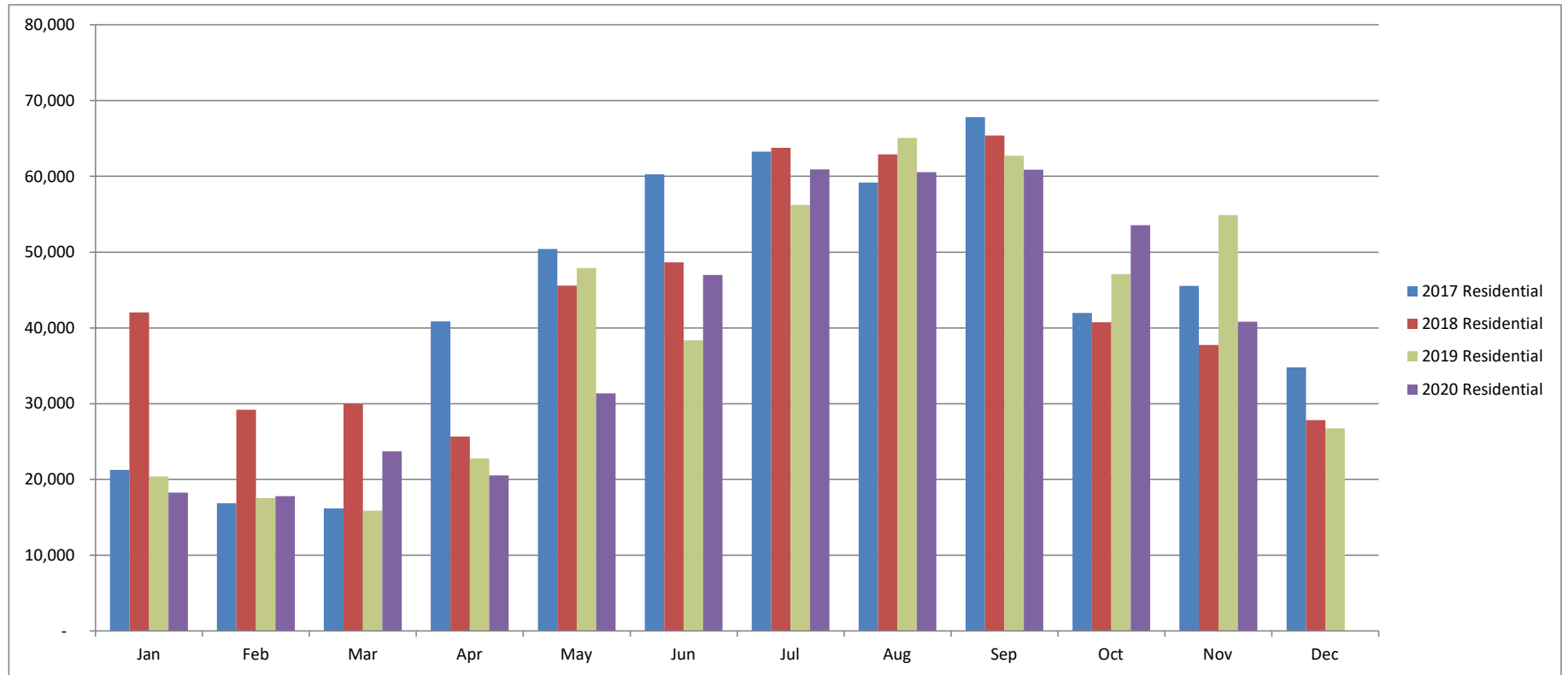


Note: Beginning November 2019, ETWD began identifying 18 recycled water meters as Irrigation.

United Mutual

Residential Water Usage in 100 cubic feet units

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD | Total |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| 2017 Residential | 21,254 | 16,886 | 16,198 | 40,847 | 50,442 | 60,253 | 63,271 | 59,215 | 67,805 | 41,981 | 45,563 | 34,808 | 483,715 | 518,523 |
| 2018 Residential | 42,056 | 29,199 | 29,950 | 25,667 | 45,583 | 48,674 | 63,771 | 62,906 | 65,392 | 40,744 | 37,746 | 27,817 | 491,688 | 519,505 |
| 2019 Residential | 20,390 | 17,540 | 15,887 | 22,789 | 47,878 | 38,357 | 56,200 | 65,083 | 62,744 | 47,095 | 54,895 | 26,775 | 448,858 | 475,633 |
| 2020 Residential | 18,285 | 17,806 | 23,720 | 20,549 | 31,349 | 47,009 | 60,927 | 60,571 | 60,887 | 53,554 | 40,831 | - | 435,488 | 435,488 |





YEAR 2021 COLLECTION AND LIEN ENFORCEMENT POLICY AND PROCEDURES FOR ASSESSMENT DELINQUENCIES

PURPOSE STATEMENT

The following is a statement (the "Policy Statement") of the specific procedures, policies and practices employed by United Laguna Woods Mutual, a California nonprofit mutual benefit corporation ("United") in enforcing lien rights or other legal remedies for default in payment of assessments against its members ("Shareholders"). This Policy Statement is provided pursuant to the requirements of California Civil Code Section 5310(a)(7) and incorporates by reference the disclosure provided by United pursuant to California Civil Code Section 5730.

The collection of delinquent assessments is of vital concern to all Shareholders of United. Such efforts ensure that all Shareholders pay their fair share of the costs of services and facilities provided and maintained by United. Shareholders' failure to pay assessments when due creates a cash-flow problem for United and causes those Shareholders who make timely payment of their assessments to bear a disproportionate share of the community's financial obligations.

Assessments are the separate debt of shareholders. United may employ single collection recourses or combinations thereof as allowed by law. In addition to any other rights provided for by law or described in the governing documents, including, but not limited to the Articles of Incorporation, Bylaws and each Shareholder's Occupancy Agreement ("Governing Documents"), the Board has the right to collect delinquent assessments as stated herein.

WE SINCERELY TRUST THAT ALL SHAREHOLDERS, IN THE SPIRIT OF COOPERATION AND IN RECOGNITION OF THEIR LEGAL OBLIGATIONS, WILL MAKE TIMELY PAYMENTS AND AVOID THE IMPOSITION OF LATE CHARGES AND POSSIBLE RESULTANT LEGAL ACTION, AND REIMBURSEMENT FOR THE COSTS OF SUCH LEGAL ACTION. IT IS IN YOUR BEST INTEREST AND THE BEST INTEREST OF THE COMMUNITY AS A WHOLE TO MAKE YOUR MONTHLY PAYMENTS ON TIME.

REGARDLESS OF WHETHER A LIEN IS RECORDED AGAINST YOUR LEASEHOLD INTEREST DURING THE COLLECTION OF PAST-DUE ASSESSMENTS, ALL SHAREHOLDERS HAVE A PERSONAL AND ONGOING OBLIGATION TO PAY ASSESSMENTS AND CHARGES.

BASIC POLICIES AND PROCEDURES

Delinquency reports are made available monthly by United's managing agent to the

Board of United, identifying the delinquent Shareholder, the delinquent amount and the length of time the assessments have been in arrears. Additionally, to ensure the prompt payment of monthly assessments United employs the following collection and lien enforcement procedures. The policies and practices outlined herein shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of United's Board of Directors.

Pursuant to United's Governing Documents, as well as the California Civil Code, the following are United's collection and lien enforcement policies and procedures for assessment delinquencies. Also following, pursuant to Paragraphs 3, 16 and 22, are United's collection policies and procedures for the collection of fines, fees, and chargeable services charged against Shareholders pursuant to the Governing Documents and current law:

1. Assessments; Assessments Due Date. "Carrying Charges" as defined by United's Occupancy Agreement, also referred to as "assessments" in United's Bylaws, are referred to throughout this Policy Statement as "assessments." Assessments are due and payable to United, in advance, in equal monthly installments, on the first (1st) day of each month. **It is each Shareholder's responsibility to pay assessments in full each month regardless of whether a billing statement is received.** Special assessments shall be due and payable on the due date specified by the Board of Directors in the notice imposing the special assessment. In no event shall a special assessment be due and payable earlier than thirty (30) days after the special assessment is duly imposed. If a special assessment is payable in installment payments and an installment payment of that special assessment is delinquent for more than 30 days, all remaining installments will be accelerated and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to late charges and interest as provided herein. Note that the obligation to pay assessments shall not be relieved or modified by the temporary closure and/or modified availability of common area facilities and amenities, absent a moratorium or mandate from state officials, or as otherwise determined at the discretion of the Board of Directors.

2. Reminder Notice; Administrative Collection Fee. If Assessments are not received by United on or before the close of business on the sixteenth (16th) day of the month (or if a special assessment is not received by United on or before the close of business on the fifteenth (15th) day after it is due), a Reminder Notice is sent to the Shareholder. PLEASE NOTE THAT TO BE CONSIDERED TIMELY, THE PAYMENT MUST BE RECEIVED BY UNITED WITHIN THIS FIFTEEN (15) DAY GRACE PERIOD. SIMPLY PLACING THE PAYMENT IN THE MAIL BEFORE THE GRACE PERIOD EXPIRES IS NOT SUFFICIENT. It is the policy of United not to waive any duly imposed late charges, interest, or collection fees and costs. Each delinquent account shall incur an administrative collection fee, in the amount of Two Hundred Dollars (\$200) (the "Administrative Collection Fee"), which is charged by United's managing agent to cover staff's costs to prepare the files for delivery to United's collection agent in order to carry out collection activities authorized hereunder, as well as direct costs incurred in recording and/or forwarding documents in

connection with the collection process. This Administrative Collection Fee may be increased by majority vote of United's Board, and may be collected by United's collection agent on United's behalf, and remitted to United's managing agent, or may be directly collected by United's managing agent. IT IS THE SHAREHOLDER'S RESPONSIBILITY TO ALLOW AMPLE TIME TO DROP OFF OR MAIL ALL PAYMENTS SO THAT THEY ARE RECEIVED BEFORE THE DELINQUENCY DATE. All notices or invoices for assessments will be sent to Shareholders by first-class mail addressed to the Shareholder or the Shareholder's designee at his or her address as shown on the books and records of United unless otherwise required by law. However, it is the Shareholder's responsibility to be aware of the assessment payment due dates and to advise United of any changes in the Shareholder's mailing address.

3. Late Charges; Interest. Assessments not received by the sixteenth (16th) day of the month will incur a late fee in the amount of Fifty Dollars (\$50.00), which amount is consistent with statutory authority. Further, both state law and United's governing documents provide for interest on the delinquent assessment, late charges and collection fees and costs. Accordingly, interest may be imposed thirty (30) days after the assessment is due, at an annual percentage rate not to exceed Twelve Percent (12%), consistent with Civil Code Section 5650. Such interest may be imposed and collected per the foregoing sentence regardless of whether the Shareholder's delinquent account is referred to United's collection agent for collections. Non-assessment fines, fees and chargeable services are also subject to late charges and interest.

4. Thirty-Day Pre-Lien Letter Notice to Delinquent Shareholder. If full payment of the delinquent amount is not received by the close of business on the thirtieth (30th) day after the date of the Reminder Notice, United's managing agent will send a pre-lien letter (also referred to as a final demand for payment letter) to the Shareholder as required by Civil Code Section 5660 by certified and regular first class mail, to the Shareholder's mailing address of record in United's books and records advising of, among other things required by law, the delinquent status of the account, including an itemized statement of the charges owed by the shareholder, impending collection action and the Shareholder's rights including a statement that the shareholder will not be liable to pay charges, interest and costs of collection if it is determined the assessment was paid on time to United, and the right to request a meeting with the Board of Directors of United pursuant to Civil Code Section 5665, the right to dispute the assessment debt by submitting a written request for dispute resolution pursuant to Civil Code pursuant to Article 2 (commencing with Section 5900) of Chapter 10 ("IDR"), the right to request alternative dispute resolution pursuant to Article 3 (commencing with Section 5925) of Chapter 10 ("ADR") and the right to request debt validation. Notwithstanding the provisions of this paragraph, United may cause a pre-lien letter to be sent to a delinquent Shareholder at any time when there is an open escrow involving the Shareholder's leasehold interest, may cause a pre-lien letter to be sent to a delinquent Shareholder if any special assessment becomes delinquent, and/or may turn the delinquent account over to United's collection agent to send a pre-lien letter to a delinquent Shareholder.

5. Recordation of a Lien Against a Delinquent Shareholder's Leasehold Interest. If a Shareholder does not pay the amounts set forth in the pre-lien letter and does not request IDR or ADR within thirty (30) days of the date of the pre-lien letter, or, otherwise, requests to validate the debt in which case the collection process will be placed on hold in order to validate the debt, the delinquent account will be turned over to United's collection agent for collections. The Board shall decide, by majority vote in an open meeting, whether to authorize United's collection agent to record a lien for the amount of any delinquent assessments, late charges, interest, and collection fees and costs, including attorneys' fees against the Shareholder's leasehold interest. If United authorizes United's collection agent to record a lien against the Shareholder's leasehold interest, the Shareholder will incur additional fees and costs for preparing and recording the lien. The lien may be enforced in any manner permitted by law, including without limitation, judicial or non-judicial foreclosure (Civil Code Section 5700).

6. Enforcement of a Lien. United's collection agent may be authorized to enforce the lien thirty (30) days after recordation of the lien, in any manner permitted by law, which may include recording a Notice of Default. United may foreclose the lien by judicial or non-judicial foreclosure when either (a) the delinquent assessment amount totals One Thousand Eight Hundred Dollars (\$1,800.00) or more, excluding accelerated assessments, late charges, interest, and collection fees and costs or (b) the assessments are delinquent for more than twelve (12) months. **YOU COULD LOSE YOUR LEASEHOLD INTEREST AT UNITED IF A FORECLOSURE ACTION IS COMPLETED.** A non-judicial foreclosure sale by United to collect upon a debt for delinquent assessments is subject to a statutory right of redemption. The redemption period within which your leasehold interest may be redeemed ends ninety (90) days after United's foreclosure sale, per California Civil Code Section 5715(b). The Shareholder will incur significant additional fees and costs if a Notice of Default is recorded and a foreclosure action is commenced against the Shareholder's leasehold interest. The decision to foreclose on a lien must be made by a majority of the Board of Directors in an Executive Session meeting and the Board of Directors must record their votes in the minutes of the next open meeting of the Board. The Board must maintain the confidentiality of the delinquent Shareholder(s) by identifying the matter in the minutes by only the parcel number of the property in which the Shareholder has a leasehold interest. Prior to initiating any foreclosure sale on a recorded lien, United shall offer delinquent Shareholders the option of participating in IDR, ADR, or both IDR and ADR as requested by the Shareholder.

United may commence and maintain a lawsuit directly on the debt without waiving its right to establish a lien and initiate foreclosure against the owner's separate interest for the delinquent assessment. In any action to collect delinquent assessments, late charges, or interest, the prevailing party will be entitled to costs and reasonable attorney's fees.

7. Inspection of Books and Records. A Shareholder is entitled to inspect United's accounting books and records to verify the amounts owed pursuant to Civil Code Section 5200, *et seq.*

8. Application of Payments. Any payments made shall be first applied to assessments owed and only after the assessments owed are paid in full, shall such payment be applied to late charges, interest, and collection fees and costs, including attorneys' fees.

9. Account Sent to United's Collection Agent In Error. In the event it is determined that the Shareholder has paid the assessments on time, the Shareholder will not be liable to pay the charges, interests, and fees and costs of collection associated with collection of those assessments. If it is determined that a lien was recorded in error, a release of lien shall be recorded within twenty-one (21) calendar days and the owner of the separate interest will be provided with a copy of the release of lien. If the lien was recorded in error, United shall promptly reverse all late charges, fees, interest, attorney's fees, and costs of collection.

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

11. Right to Dispute the Debt. A Shareholder has the right to dispute the assessment debt by submitting a written request for dispute resolution to the collection agent for delivery to United pursuant to Civil Code Section 5900 *et seq.* A dispute, by itself, will not impede United's ability to record a lien.

12. Right to Request Internal Dispute Resolution ("IDR"). Pursuant to Civil Code Section 5670, prior to recording a lien, United offers to Shareholders, and if so requested by a Shareholder, participation in internal dispute resolution ("IDR") pursuant to United's "meet and confer" program.

13. Right to Request Alternative Dispute Resolution ("ADR"). A Shareholder has the right to request alternative dispute resolution with a neutral third party pursuant to Civil Code Section 5925 *et seq.* before United may initiate foreclosure against the Shareholder's leasehold interest, except that binding arbitration shall not be available if United intends to initiate a judicial foreclosure.

14. Right to Request Debt Validation. Under the Fair Debt Collection Practices Act ("FDCPA"), a Shareholder may request that United and/or its collection agent send the Shareholder proof that the debt sought to be recovered is valid, that the Shareholder lawfully owes the debt, and that United and/or its collection agent has the right to collect the debt.

15. Payment Plan Requests. Any Shareholder who is unable to pay assessments will be entitled to make a written request for a payment plan to United, or United's collection agent, as applicable, to be considered by the

Board of Directors. A Shareholder may also request to meet with the Board in executive session to discuss a payment plan if the payment plan request is mailed within fifteen (15) days of the postmark date of the pre-lien letter. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests. Payment plans shall not interfere with United's ability to record a lien on a Shareholder's separate interest to secure payment for the Shareholder's delinquent assessments. If the Board authorizes a payment plan, it may incorporate payment of ongoing assessments that accrue during the payment plan period in addition to a \$50 one-time setup fee. If a payment plan is approved by the Board, additional late charges from the Shareholder will not accrue while the Shareholder remains current under the terms of the payment plan. If the Shareholder breaches an approved payment plan, United may resume its collection action from the time the payment plan was approved.

16. Termination of Shareholder's Rights under Occupancy Agreement.

Nothing herein limits or otherwise affects United's right to proceed in any lawful manner to collect any delinquent sums owed to United (such as duly levied and imposed assessments, fines, fees and chargeable services, and any associated late charges and interest), or to pursue any other discipline set forth in United's governing documents, including but not limited to a termination of the Shareholder's rights under the Occupancy Agreement pursuant to Article 14 therein and pursuant to the procedures set forth in Article IV, Section 3 of the Bylaws and pursuing an unlawful detainer action or other proceeding which may apply to the eviction of tenants.

17. Release of Lien. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and fees and costs of collection, including attorneys' fees, must be paid in full to United.

18. No Right of Offset. There is no right of offset. Shareholder may not withhold assessments owed to United on the alleged grounds that the Shareholder is entitled to recover money or damages from United for some other obligation.

19. Returned Checks. United may charge the Shareholder a Twenty-Five Dollar (\$25.00) fee for the first check tendered to United that is returned unpaid by the Shareholder's bank and Thirty-Five Dollars (\$35.00) for each subsequent check passed on insufficient funds. If the check cannot be negotiated, United may also seek to recover damages of at least One Hundred Dollars (\$100.00), or, if higher, three (3) times the amount of the check up to One Thousand, Five Hundred Dollars (\$1,500.00) pursuant to Civil Code Section 1719.

20. Additional Mailing Addresses. Shareholders have the right to provide a secondary address to United for mailing of an additional copy of notices and other correspondence related to collection of delinquent assessments. The Shareholder's request shall be in writing and shall be mailed to United in a way that shall indicate that United has received it. A Shareholder may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, United shall only

be required to send notices to the indicated secondary address from the point United receives the request.

21. Charges Subject to Change. All charges listed herein are subject to change upon thirty (30) days prior written notice. After a delinquent account has been turned over to United's collection agent, United's collection agent's charges may vary from United's and are subject to change without prior written notice. Shareholders in collections should rely on United collection agent's charges and statement of account.

22. Notice and Hearing Prior to Suspension of Shareholder Privileges. Until the Shareholder has paid all amounts due, including delinquent assessments, late charges, interest and costs of collection, including attorneys' fees, and duly imposed fines, fees and chargeable services, and associated late charges and interest, the Board of Directors may suspend the Shareholder's right to vote, and suspend the Shareholder's right to use United's recreational facilities and/or the facilities or services provided by the Golden Rain Foundation of Laguna Woods after providing the Shareholder with a duly noticed hearing pursuant to Civil Code Section 5855. However, any suspension imposed shall not prevent the delinquent Shareholder from the use, benefit and pleasure of the Shareholder's leasehold interest (i.e., the manor).

When the Board is to meet in executive session to consider or impose a monetary charge as a means of reimbursing United for costs incurred by it in the repair of damage to common area and facilities caused by a member or the member's guest or tenant, the Board shall notify the member in writing, by either personal delivery or individual delivery pursuant to Section 4040, at least 10 days prior to the meeting. (Civil Code Section 5855(a).) The notice shall contain, at a minimum, the date, time, and place of the meeting, the nature of the alleged violation for which a member may be disciplined or the nature of the damage to the common area and facilities for which a monetary charge may be imposed, and a statement that the member has a right to attend and may address the board at the meeting.

23. Overnight Payments. The mailing address for overnight payment of assessments is: United Laguna Woods Mutual, Attn: Assessments, 24351 El Toro Road, Laguna Woods, CA 92637.

24. Annual Notice to Members. United shall distribute its collection policy to each member during the 60-day period immediately preceding the beginning of United's fiscal year.

25. No limitations. Nothing herein limits or otherwise affects United's right to proceed in any lawful manner to collect any delinquent sums owed to United.

**BOARD OF DIRECTORS
UNITED LAGUNA WOODS MUTUAL**



NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of the shareholders (as holders of leasehold interests in a Unit located within United Laguna Woods Mutual, a stock cooperative), as shareholders with an entitlement to the exclusive right to occupy a unit, which is property in a common interest development (as defined by California Civil Code), and the corporation that manages them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

For purposes of this notice, “association” shall refer to “United Laguna Woods Mutual”, also referred to as “United” or the “Association”.

Any and all references to “shareholders” in this notice refer to holders of membership certificates issued by United, who are also holders of leasehold interests in a Unit, (or “Members”, as such term is defined in the Bylaws of United Laguna Woods Mutual).

Any and all references to a “Unit” in this notice shall refer to a dwelling unit owned by United.

Any and all references to “property” and “shareholder’s separate interest” in this notice refer to a leasehold interest and the right to exclusively occupy a Unit pursuant to an Occupancy Agreement and a membership certificate.

Any and all references to a “membership certificate” or “stock certificate” refer to a certificate for membership issued by United, which conveys to the holder a leasehold interest in and the right to exclusively occupy a Unit and membership in United.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay Association (United) assessments may result in the loss of a shareholder's property (leasehold interest in a Unit as evidenced by a stock certificate) through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as nonjudicial foreclosure. If a shareholder defaults under his or her Occupancy Agreement by failing to pay assessments when due, United also has the right, but not the obligation, to terminate the shareholder's stock certificate, which may result in the eviction of the occupants of the Unit.

For liens recorded on and after January 1, 2006, the Association (United) may not use judicial or nonjudicial foreclosure to enforce the lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than One Thousand Eight Hundred Dollars (\$1,800). For delinquent assessments or carrying charges in excess of One Thousand Eight Hundred Dollars (\$1,800) or more than 12 months delinquent, the Association (United) may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the Association (United) records a lien against the shareholder's separate interest. The shareholder's separate interest (a leasehold interest in a Unit as evidenced by a stock certificate) may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive) If a shareholder defaults under his or her Occupancy Agreement by failing to pay assessments when due, United also has the right but not the obligation to terminate the shareholder's stock certificate pursuant to the procedures set forth in the governing documents, including without limitation, the Bylaws and Occupancy Agreement, which may result in the eviction of the occupants of the Unit by an unlawful detainer action or other proceedings which may apply to the eviction of tenants.

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

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

At least 30 days prior to recording a lien on a shareholder's separate interest (the leasehold interest in a Unit as evidenced by a stock certificate), the Association (United) must provide the shareholder with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the shareholder. A shareholder has a right to review the Association's (United's) records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against a shareholder's separate interest (the leasehold interest in a Unit as evidenced by a stock certificate) in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide a shareholder with certain documents in this regard. (Section 5685 of the Civil Code)

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

PAYMENTS

When a shareholder makes a payment, he or she may request a receipt, and the Association (United) is required to provide it. On the receipt, the Association (United) must indicate the date of payment and the person who received it. The Association (United) must inform shareholders of a mailing address for overnight payments. (Section 5655 of the Civil Code)

A shareholder may, but is not obligated to, pay under protest any disputed charge or sum levied by the Association (United), including, but not limited to, a monthly carrying charge, assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

A shareholder may dispute an assessment debt by submitting a written request for dispute resolution to the Association (United) as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil

Code. In addition, an Association (United) may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the shareholder. Binding arbitration shall not be available if the Association (United) intends to initiate a judicial foreclosure.

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

MEETINGS AND PAYMENT PLANS

A shareholder of a separate interest (the leasehold interest in a Unit as evidenced by a stock certificate) that is not a timeshare may request the Association (United) to consider a payment plan to satisfy a delinquent assessment. The Association (United) must inform shareholders of the standards for payment plans, if any exist. (Section 5665 of the Civil Code)

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