

LAGUNA WOODS MUTUAL NO. FIFTY



THE TOWERS
at Laguna Woods Village

November 15, 2023

Dear Homeowner:

Enclosed are the **Annual Budget Report** and the **Annual Policy Statement** required to California Civil Code Sections 5300 and 5310.

The Annual Budget Report includes the 2024 business and reserve plans, related disclosures, insurance summary for the Laguna Woods Mutual No. Fifty and the Golden Rain Foundation & Trust.

The Annual Policy Statement includes additional disclosures regarding collection and lien enforcement policies, dispute resolution procedures, and the architectural review process, along with many others.

See attached table of contents for a listing of all reports and disclosures included herein. Should you have any questions concerning the enclosed materials, please contact the Administration Office at 949-434-5610.

Sincerely,

Michael Turner, CCAM
General Manager
The Towers at Laguna Woods Village

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The Towers

2024 Annual Disclosures & Notices

| | Civil Code |
|--|---------------|
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RESOLUTION M50-23-28
2024 Business Plan

RESOLVED, November 16, 2023, that the Business Plan of this Corporation for the year 2024 is hereby adopted and approved; and

RESOLVED FURTHER, that pursuant to said Business Plan, the Board of Directors of this Corporation hereby estimates that the sum of \$10,787,666.76 is required by the Corporation to meet the Laguna Woods Mutual No. Fifty operating expenses and reserve requirements for the year 2024. The sum of \$1,156,688.31 is projected as Association income (not including assessment income). In addition, the sum of \$853,548.00 is required by the Corporation to meet the Golden Rain Foundation and the Golden Rain Foundation Trust operating expenses and reserve contributions for the year 2024. The Board of Directors hereby estimates that the net sum of \$10,787,666.76 is required to be collected from and paid by members of the Corporation as basic monthly assessments; and

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby approves contributions to reserves in the sum of \$1,920,000.00; and

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby determines and establishes monthly assessments of the Corporation as shown on each member's breakdown of monthly assessments for the year 2024 and as filed in the records of the Corporation; said assessments to be due and payable by the members of this Corporation on the first day of each month for the year 2024; and

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby determines and establishes monthly assessments required to be paid by members of the Corporation effective January 1, 2024, as follows:

| Plan Type | New Rate | Old Rate | Increase/ (Decrease) | % Increase/ (Decrease) |
|-----------|-------------|-------------|----------------------|------------------------|
| A | \$ 2,426.36 | \$ 2,503.97 | \$ (77.61) | -3.10% |
| B | \$ 2,459.84 | \$ 2,545.85 | \$ (86.01) | -3.38% |
| C | \$ 2,658.04 | \$ 2,793.79 | \$ (135.75) | -4.86% |
| D | \$ 2,626.79 | \$ 2,754.70 | \$ (127.91) | -4.64% |
| F | \$ 2,850.38 | \$ 3,034.39 | \$ (184.01) | -6.06% |
| G | \$ 2,587.73 | \$ 2,705.84 | \$ (118.10) | -4.36% |
| H | \$ 2,790.62 | \$ 2,959.64 | \$ (169.02) | -5.71% |
| 1356 | \$ 2,951.32 | \$ 3,160.66 | \$ (209.35) | -6.62% |
| 1305 | \$ 2,878.50 | \$ 3,069.57 | \$ (191.07) | -6.22% |
| 1306 | \$ 2,862.93 | \$ 3,050.10 | \$ (187.17) | -6.14% |
| 1357 | \$ 2,914.66 | \$ 3,114.80 | \$ (200.15) | -6.43% |
| 1403 | \$ 2,720.65 | \$ 2,872.10 | \$ (151.46) | -5.27% |
| 1404 | \$ 2,715.96 | \$ 2,866.24 | \$ (150.28) | -5.24% |
| 1405 | \$ 2,725.50 | \$ 2,878.18 | \$ (152.68) | -5.30% |
| 1406 | \$ 2,731.36 | \$ 2,885.51 | \$ (154.15) | -5.34% |

RESOLVED FURTHER, that the second occupant charge will be \$808.38, and

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

Laguna Woods Mutual No.50 - The Towers
2024

NUMBER OF UNITS: 311

| | | PER MONTH (rounded) | | PER YEAR (rounded) |
|----------------------------------|--------------------------------------|--------------------------------------|-----------|-------------------------------------|
| Operating Income | | | | |
| 4100 | Residential Assessments | \$ 802,581.54 | \$ | 9,630,978.45 |
| 4101 | Residential Additional Occupant Fees | \$ 26,676.69 | \$ | 320,120.31 |
| 4103 | HOA Owned Unit Rental Fees | \$ 44,100.00 | \$ | 529,200.00 |
| 4105 | Income from sale of HOA owned units | \$ 10,209.00 | \$ | 122,508.00 |
| 4120 | Reserve Interest | \$ 2,000.00 | \$ | 24,000.00 |
| 4407 | Guest Suite Rental Fees | \$ 1,500.00 | \$ | 18,000.00 |
| 4650 | Move in/ Move Out Fees | \$ 1,600.00 | \$ | 19,200.00 |
| 4655 | Pet Fees | \$ 65.00 | \$ | 780.00 |
| 4660 | Photocopy Income | \$ 30.00 | \$ | 360.00 |
| 4676 | Key Fees | \$ 200.00 | \$ | 2,400.00 |
| 4800 | Antenna Income | \$ 8,700.00 | \$ | 104,400.00 |
| 4835 | Misc. Income | \$ 650.00 | \$ | 7,800.00 |
| NEW | Lease Fees | \$ 660.00 | \$ | 7,920.00 |
| Total Operating Income: | | \$ 898,972.23 | \$ | 10,787,666.76 |
| Operating Expense | | | | |
| 5010 | Bad Debt | \$ 10,400.00 | \$ | 124,800.00 |
| 5015 | Bank Charges | \$ 400.00 | \$ | 4,800.00 |
| 5070 | Master Association Fee-GRF | \$ 71,129.00 | \$ | 853,548.00 |
| 5075 | Advertising | \$ 150.00 | \$ | 1,800.00 |
| 5400 | Insurance Premiums-Common | \$ 31,814.00 | \$ | 381,768.00 |
| 6000 | Electric Service | \$ 42,000.00 | \$ | 504,000.00 |
| 6005 | Gas Service | \$ 12,500.00 | \$ | 150,000.00 |
| 6025 | Water/Sewer Service | \$ 13,000.00 | \$ | 156,000.00 |
| 6035 | Trash & Recycling Service | \$ 3,750.00 | \$ | 45,000.00 |
| 6045 | Cable Service | \$ 15.00 | \$ | 180.00 |
| 6050 | Telephone Service | \$ 100.00 | \$ | 1,200.00 |
| 6055 | Internet Service | \$ 200.00 | \$ | 2,400.00 |
| 6110 | Landscape Repair & Maintenance | \$ 2,176.00 | \$ | 26,112.00 |
| 6111 | Contract Landscape | \$ 6,667.00 | \$ | 80,004.00 |
| 6112 | Tree Trimming | \$ 1,321.00 | \$ | 15,852.00 |
| 7005 | Consulting Services | \$ 500.00 | \$ | 6,000.00 |
| 7015 | Financial Services | \$ 2,000.00 | \$ | 24,000.00 |
| 7025 | Legal Services-Collection | \$ 7,000.00 | \$ | 84,000.00 |
| 7030 | Legal Services-General Counsel | \$ 3,750.00 | \$ | 45,000.00 |
| 7040 | Management Fees | \$ 10,710.23 | \$ | 128,522.76 |
| 7095 | Other Professional Services | \$ 1,500.00 | \$ | 18,000.00 |
| 7900 | HOA Owned Unit Assessment | \$ 5,100.00 | \$ | 61,200.00 |
| 8905 | Owned Unit Repair & Maintenance | \$ 2,500.00 | \$ | 30,000.00 |
| 8906 | HOA Owned Unit Resale Expense | \$ 300.00 | \$ | 3,600.00 |
| 8910 | Property/Real Estate Tax | \$ 300.00 | \$ | 3,600.00 |
| 9000 | Federal Income Tax | \$ 292.00 | \$ | 3,504.00 |
| Total Operating Expenses: | | \$ 229,574.23 | \$ | 2,754,890.76 |
| Admin Income | | | | |
| 4508 | Food Revenue-Alcohol | \$ 275.00 | \$ | 3,300.00 |
| 4835 | Misc. Income | \$ 500.00 | \$ | 6,000.00 |
| Total Admin Income: | | \$ 775.00 | \$ | 9,300.00 |
| Admin Expense: | | | | |

| | | PER MONTH (rounded) | PER YEAR (rounded) |
|------------------------------------|--|--------------------------------------|-------------------------------------|
| 5035 | Activities-Decor, Cards, Candy, Prizes | \$ 800.00 | \$ 9,600.00 |
| 5045 | Dues & Subscriptions | \$ 170.00 | \$ 2,040.00 |
| 5090 | Office Supplies | \$ 2,000.00 | \$ 24,000.00 |
| 5115 | Web Site Maintenance | \$ 100.00 | \$ 1,200.00 |
| 5200 | Community Events/Relations | \$ 600.00 | \$ 7,200.00 |
| 5210 | Printing & Copying | \$ 1,265.00 | \$ 15,180.00 |
| 5215 | Postage | \$ 160.00 | \$ 1,920.00 |
| 5230 | Education/ Training | \$ 900.00 | \$ 10,800.00 |
| 5235 | Staff Appreciation | \$ 500.00 | \$ 6,000.00 |
| 5240 | Entertainment | \$ 2,500.00 | \$ 30,000.00 |
| 5255 | Flowers & Miscellaneous | \$ 75.00 | \$ 900.00 |
| 5270 | Licensing | \$ 140.00 | \$ 1,680.00 |
| 5300 | Salaries & Wages | \$ 56,000.00 | \$ 672,000.00 |
| 5310 | PMP Payroll Mgmt Fee 35% | \$ 19,600.00 | \$ 235,200.00 |
| 6675 | Office Equipment Lease | \$ 570.00 | \$ 6,840.00 |
| 7105 | Cost of Sales-Beverage | \$ 200.00 | \$ 2,400.00 |
| 7310 | Recruiting | \$ 70.00 | \$ 840.00 |
| NEW | IT Serveces | \$ 200.00 | \$ 2,400.00 |
| Total Admin Expense: | | \$ 85,850.00 | \$ 1,030,200.00 |
| Food Service Expense: | | | |
| 7280 | Management Contract F&B | \$ 199,875.00 | \$ 2,398,500.00 |
| Total Food Service Expense: | | \$ 199,875.00 | \$ 2,398,500.00 |
| Housekeeping Income: | | | |
| 4835 | Misc. Income | \$ 200.00 | \$ 2,400.00 |
| Total Housekeeping Income: | | \$ 200.00 | \$ 2,400.00 |
| Housekeeping Expense: | | | |
| 5090 | Office Supplies | \$ 100.00 | \$ 1,200.00 |
| 5300 | Salaries & Wages | \$ 44,100.00 | \$ 529,200.00 |
| 5310 | PMP Payroll Mgmt Fee 35% | \$ 15,435.00 | \$ 185,220.00 |
| 5392 | Health & Welfare-Union | \$ 8,635.00 | \$ 103,620.00 |
| 5396 | Retirement Plan-Union | \$ 3,757.00 | \$ 45,084.00 |
| 6315 | Uniforms | \$ 1,450.00 | \$ 17,400.00 |
| 6635 | Janitorial Supplies & Maintenance | \$ 1,900.00 | \$ 22,800.00 |
| 6636 | Housekeeping Small Equipment | \$ 400.00 | \$ 4,800.00 |
| 7095 | Other Professional Services | \$ 500.00 | \$ 6,000.00 |
| Total Housekeeping Expense: | | \$ 76,277.00 | \$ 915,324.00 |
| Maintenance Expense: | | | |
| 5300 | Salaries & Wages | \$ 67,196.00 | \$ 806,352.00 |
| 5310 | PMP Payroll Mgmt Fee 35% | \$ 23,519.00 | \$ 282,228.00 |
| 5392 | Health & Welfare-Union | \$ 8,635.00 | \$ 103,620.00 |
| 5396 | Retirement Plan-Union | \$ 3,757.00 | \$ 45,084.00 |
| 6300 | Permits & Licenses | \$ 2,500.00 | \$ 30,000.00 |
| 6315 | Uniforms | \$ 917.00 | \$ 11,004.00 |
| 6408 | Elevator Services | \$ 2,000.00 | \$ 24,000.00 |
| 6410 | Equipment Services | \$ 2,000.00 | \$ 24,000.00 |
| 6414 | Fire Prevention & Protection | \$ 2,500.00 | \$ 30,000.00 |
| 6424 | HVAC Services | \$ 3,000.00 | \$ 36,000.00 |
| 6434 | Pest Control | \$ 1,285.00 | \$ 15,420.00 |
| 6436 | Plumbing Services | \$ 4,583.00 | \$ 54,996.00 |
| 6444 | Water Treatment Services | \$ 1,250.00 | \$ 15,000.00 |
| 6510 | Boiler Repair & Maintenance | \$ 1,000.00 | \$ 12,000.00 |
| 6515 | Building Repair & Maintenance | \$ 2,500.00 | \$ 30,000.00 |
| 6530 | Common Area Repair & Maintenance | \$ 1,000.00 | \$ 12,000.00 |
| 6545 | Electrical Supplies/Repair & Maintenance | \$ 1,000.00 | \$ 12,000.00 |

| | | PER MONTH | | PER YEAR |
|--|---|------------------|-------------------|-------------------------|
| | | (rounded) | | (rounded) |
| 6555 | Equipment Rental/ Repair & Maint | \$ | 1,500.00 | \$ 18,000.00 |
| 6565 | Fire System Repair & Maintenance | \$ | 450.00 | \$ 5,400.00 |
| 6605 | Generator Repair & Maintenance | \$ | 500.00 | \$ 6,000.00 |
| 6625 | HVAC Supplies/ Repair & Maintenance | \$ | 4,500.00 | \$ 54,000.00 |
| 6635 | Janitorial Supplies & Maintenance | \$ | 2,500.00 | \$ 30,000.00 |
| 6640 | Lighting Supplies/ Repair & Maintenance | \$ | 762.00 | \$ 9,144.00 |
| 6645 | Locks & Keys Repair & Maintenance | \$ | 500.00 | \$ 6,000.00 |
| 6670 | Mechanical Systems Services & Supply | \$ | 50.00 | \$ 600.00 |
| 6672 | Mold Remediation | \$ | 417.00 | \$ 5,004.00 |
| 6680 | Painting Services & Supplies | \$ | 1,500.00 | \$ 18,000.00 |
| 6695 | Plumbing Supplies/Repair & Maintenance | \$ | 4,500.00 | \$ 54,000.00 |
| 6795 | Other Supplies/ Repair & Maintenance | \$ | 2,500.00 | \$ 30,000.00 |
| 7310 | Recruiting | \$ | 50.00 | \$ 600.00 |
| Total Maintenance Expense: | | \$ | 148,371.00 | \$ 1,780,452.00 |
| Reserve Funding | | | | |
| 3809 | Structure Reserves | \$ | 8,428.00 | \$ 101,136.00 |
| 3812 | Kitchen Reserve | \$ | 3,456.00 | \$ 41,472.00 |
| 3813 | Flooring Reserve | \$ | 5,491.00 | \$ 65,892.00 |
| 3814 | Landscape/Hardscape Reserve | \$ | 11,686.00 | \$ 140,232.00 |
| 3817 | Contingency Reserves | \$ | 2,507.00 | \$ 30,084.00 |
| 3820 | Mailboxes | \$ | 65.00 | \$ 780.00 |
| 3821 | Monuments | \$ | 47.00 | \$ 564.00 |
| 3822 | Laundry Equipment | \$ | 125.00 | \$ 1,500.00 |
| 3823 | Extractors | \$ | 137.00 | \$ 1,644.00 |
| 3824 | Maint Equipment | \$ | 379.00 | \$ 4,548.00 |
| 3825 | Vehicle/Truck | \$ | 115.00 | \$ 1,380.00 |
| 3827 | Loan Payment | \$ | 14,600.00 | \$ 175,200.00 |
| NEW | Plumbing Reserves | \$ | 14,528.00 | \$ 174,336.00 |
| NEW | Electrical Reserves | \$ | 20,415.00 | \$ 244,980.00 |
| NEW | Mechanical Reserves | \$ | 78,021.00 | \$ 936,252.00 |
| | Total Reserve Funding | \$ | 160,000.00 | \$ 1,920,000.00 |
| Total Operating | | \$ | 739,947.23 | \$ 8,879,366.76 |
| Reserve Transfer | | \$ | 160,000.00 | \$ 1,920,000.00 |
| Total Budget (Operating & Reserves) | | \$ | 899,947.23 | \$ 10,799,366.76 |

Laguna Woods Mutual No.50 - The Towers
VARIABLE ASSESSMENT RATES
and Additional Occupant Fee
2024

| Plan Type | New Rate | Old Rate | Increase/ (Decrease) | % Increase/ (Decrease) |
|------------------------------------|-------------|-------------|-------------------------|---------------------------|
| A | \$ 2,426.36 | \$ 2,503.97 | \$ (77.61) | -3.10% |
| B | \$ 2,459.84 | \$ 2,545.85 | \$ (86.01) | -3.38% |
| C | \$ 2,658.04 | \$ 2,793.79 | \$ (135.75) | -4.86% |
| D | \$ 2,626.79 | \$ 2,754.70 | \$ (127.91) | -4.64% |
| F | \$ 2,850.38 | \$ 3,034.39 | \$ (184.01) | -6.06% |
| G | \$ 2,587.73 | \$ 2,705.84 | \$ (118.10) | -4.36% |
| H | \$ 2,790.62 | \$ 2,959.64 | \$ (169.02) | -5.71% |
| 1356 | \$ 2,951.32 | \$ 3,160.66 | \$ (209.35) | -6.62% |
| 1305 | \$ 2,878.50 | \$ 3,069.57 | \$ (191.07) | -6.22% |
| 1306 | \$ 2,862.93 | \$ 3,050.10 | \$ (187.17) | -6.14% |
| 1357 | \$ 2,914.66 | \$ 3,114.80 | \$ (200.15) | -6.43% |
| 1403 | \$ 2,720.65 | \$ 2,872.10 | \$ (151.46) | -5.27% |
| 1404 | \$ 2,715.96 | \$ 2,866.24 | \$ (150.28) | -5.24% |
| 1405 | \$ 2,725.50 | \$ 2,878.18 | \$ (152.68) | -5.30% |
| 1406 | \$ 2,731.36 | \$ 2,885.51 | \$ (154.15) | -5.34% |
| Additional Occupant Fee | \$ 808.38 | \$ 892.75 | \$ (84.37) | -9.45% |

**FUNDING PLAN FOR ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY (ARFDS) - ANNUAL BASIS
LAGUNA WOODS MUTUAL NO. FIFTY**

| DESCRIPTION | 1/1/2024 | 1/1/2025 | 1/1/2026 | 1/1/2027 | 1/1/2028 | 1/1/2029 | 1/1/2030 | 1/1/2031 | 1/1/2032 | 1/1/2033 | 1/1/2034 | 1/1/2035 | 1/1/2036 | 1/1/2037 | 1/1/2038 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|-------------|------------|
| RESERVE CONTRIBUTION | 1,920,000 | 1,967,764 | 2,026,797 | 2,087,601 | 2,067,601 | 2,087,601 | 2,067,601 | 2,087,601 | 2,067,601 | 2,087,601 | 2,067,601 | 2,087,601 | 2,067,601 | 2,087,601 | 2,067,601 |
| SPECIAL ASSESSMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| INTEREST INCOME (a) | 17,246 | 20,595 | 41,199 | 22,657 | 18,128 | 43,427 | 65,367 | 92,887 | 124,128 | 156,618 | 188,831 | 218,104 | 240,861 | 232,777 | 228,182 |
| COMPONENT COSTS (b) | (3,454,868) | (102,288) | (1,687,552) | (4,530,431) | (183,688) | (1,270,103) | (600,448) | (705,766) | (249,725) | (632,280) | (344,835) | (661,546) | (758,065) | (4,068,934) | (361,511) |
| NET RECEIPTS/(DISBURSE) | (1,517,622) | 1,886,072 | 360,445 | (2,420,173) | 1,922,044 | 860,926 | 1,552,521 | 1,474,722 | 1,962,005 | 1,611,940 | 1,931,597 | 1,268,580 | 1,214,818 | (2,104,134) | 1,598,694 |
| CASH BALANCE: begin year | 1,707,357 | 189,735 | 2,075,807 | 2,456,252 | 36,079 | 1,958,123 | 2,819,048 | 4,371,589 | 7,808,296 | 9,420,236 | 11,351,833 | 12,640,413 | 13,855,231 | 13,855,231 | 11,751,097 |
| CASH BALANCE: end year | 189,735 | 2,075,807 | 2,456,252 | 36,079 | 1,958,123 | 2,819,048 | 4,371,589 | 5,846,291 | 7,808,296 | 9,420,236 | 11,351,833 | 12,640,413 | 13,855,231 | 11,751,097 | 13,349,791 |
| COMPONENT ACCUMULATED DEPRECIATION (c) | 10,447,912 | 8,161,242 | 9,353,791 | 9,111,938 | 5,769,278 | 6,876,623 | 6,893,354 | 7,629,700 | 8,283,282 | 9,467,998 | 10,306,451 | 11,506,177 | 12,447,280 | 13,502,836 | 11,047,915 |
| less: beginning cash balance | 1,707,357 | 189,735 | 2,075,807 | 2,456,252 | 36,079 | 1,958,123 | 2,819,048 | 4,371,569 | 5,846,291 | 7,808,296 | 9,420,236 | 11,351,833 | 12,640,413 | 13,855,231 | 11,751,097 |
| over/(under) funded-total | (8,740,555) | (7,971,507) | (7,277,984) | (6,655,686) | (5,733,199) | (4,918,500) | (4,074,305) | (3,258,131) | (2,436,991) | (1,859,701) | (886,215) | (154,344) | 193,133 | 352,396 | 703,182 |
| " " " per unit | (28,105) | (25,632) | (23,402) | (21,401) | (18,435) | (15,815) | (13,101) | (10,476) | (7,836) | (5,337) | (2,850) | (496) | 621 | 1,133 | 2,261 |

| DESCRIPTION | 1/1/2039 | 1/1/2040 | 1/1/2041 | 1/1/2042 | 1/1/2043 | 1/1/2044 | 1/1/2045 | 1/1/2046 | 1/1/2047 | 1/1/2048 | 1/1/2049 | 1/1/2050 | 1/1/2051 | 1/1/2052 | 1/1/2053 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|------------|-------------|------------|-------------|------------|-------------|
| RESERVE CONTRIBUTION | 1,732,022 | 1,732,022 | 1,732,022 | 1,732,022 | 1,732,022 | 1,732,022 | 1,732,022 | 1,732,022 | 1,732,022 | 1,732,022 | 1,732,022 | 1,732,022 | 1,732,022 | 1,732,022 | 1,732,022 |
| SPECIAL ASSESSMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| INTEREST INCOME (a) | 242,248 | 249,381 | 260,286 | 279,927 | 296,308 | 299,608 | 315,763 | 332,073 | 307,993 | 300,251 | 314,016 | 326,815 | 327,917 | 329,646 | 353,882 |
| COMPONENT COSTS (b) | (2,025,671) | (1,145,356) | (1,628,712) | (2,149,981) | (1,805,318) | (2,113,622) | (188,755) | (2,128,986) | (4,623,942) | (300,028) | (2,264,070) | (432,866) | (3,564,679) | (366,692) | (1,114,825) |
| NET RECEIPTS/(DISBURSE) | (51,400) | 836,048 | 363,597 | 1,796,968 | 225,013 | (81,991) | 1,859,030 | (64,901) | (2,583,926) | 1,732,245 | (218,032) | 1,625,952 | (1,504,740) | 1,694,977 | 971,080 |
| CASH BALANCE: begin year | 13,349,791 | 13,298,391 | 14,134,438 | 14,498,035 | 16,295,004 | 16,520,017 | 16,436,026 | 18,297,056 | 16,232,155 | 15,648,229 | 17,380,474 | 17,162,442 | 16,788,394 | 17,283,654 | 18,979,631 |
| CASH BALANCE: end year | 13,298,391 | 14,134,438 | 14,498,035 | 16,295,004 | 16,520,017 | 16,436,026 | 18,297,056 | 18,232,155 | 15,648,229 | 17,380,474 | 17,162,442 | 16,788,394 | 17,283,654 | 18,979,631 | 19,949,711 |
| COMPONENT ACCUMULATED DEPRECIATION (c) | 12,444,766 | 12,163,626 | 12,836,372 | 12,999,655 | 14,729,088 | 14,924,684 | 14,756,804 | 16,690,201 | 16,843,310 | 14,279,552 | 16,220,437 | 16,153,938 | 18,157,266 | 16,895,098 | 18,962,598 |
| less: beginning cash balance | 13,349,791 | 13,298,391 | 14,134,438 | 14,498,035 | 16,295,004 | 16,520,017 | 16,436,026 | 18,297,056 | 18,232,155 | 15,648,229 | 17,380,474 | 17,162,442 | 18,788,394 | 17,283,654 | 18,979,631 |
| over/(under) funded-total | 905,025 | 1,134,765 | 1,298,067 | 1,498,380 | 1,565,916 | 1,595,333 | 1,681,222 | 1,606,855 | 1,388,845 | 1,368,677 | 1,160,037 | 1,008,505 | 631,128 | 388,557 | 16,033 |
| " " " per unit | 2,910 | 3,649 | 4,174 | 4,818 | 5,035 | 5,130 | 5,406 | 5,167 | 4,466 | 4,401 | 3,730 | 3,243 | 2,029 | 1,249 | 52 |

FOOTNOTES: (a) Interest income calculated on average balance less Federal & State income taxes of 39.3%
 (b) See "Reserve Expenditures By Year Schedule"
 (c) See "Component Accumulated Depreciation Analysis"

Rate: 3.0000%



"Your Future is Our Business"

Assessment and Reserve Funding Disclosure Summary

per California Civil Code section 5570 for the year: **1/1/2024 through 12/31/2024**

date the Reserve Study was completed: **11/12/2023**

LAGUNA WOODS MUTUAL NO. FIFTY

- 1) The current regular assessment per ownership interest per month is: **\$2,417.12**
 The portion allocated to reserves per ownership interest per month is: **\$514.47**

Note: if assessments vary by the size or type of ownership interest, these assessments are averages, and the assessment applicable to this ownership interest may be found on a separate "variable" schedule attached.

- 2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members (note: if assessments vary by the size or type of ownership interest, the assessments listed below are averages, and the assessment applicable to this ownership interest may be found on a separate "variable" schedule attached).

| DATE(S) ASSESSMENT WILL BE DUE | PURPOSE | AMOUNT PER OWNERSHIP INTEREST |
|--------------------------------|---------|-------------------------------|
| | | |
| | | |
| Total: | | \$0.00 |

- 3) Based upon the most recent Reserve Study and other information available to the board of directors, will currently projected reserve account balances be sufficient or insufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years, provided the funding plan attached, based on the most recently completed Reserve Study is followed and updated on an annual basis?

SUFFICIENT

- 4) If the answer to #3 is insufficient, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not been approved by the board or the members?

| APPROXIMATE DATE(S) ASSESSMENT WILL BE DUE | AMOUNT PER OWNERSHIP INTEREST |
|--|-------------------------------|
| | |
| | |
| Total: | |
| \$0.00 | |

- 5) All major components are included in the Reserve Study and are included in its calculations.

- 6) The estimated amount required in the reserve fund at the end of the fiscal year is:
 based on the method of calculation in paragraph (4) of subdivision (b) of section 5570 of the Civil Code, and based in whole or in part on the last Reserve Study prepared by RSI for the year and date noted above.

\$8,161,241.85

The projected reserve fund cash balance at the end of the fiscal year is:
 resulting in reserves being percent funded at this date in the amount of:

\$180,098.22
2.21%

- 7) Based on the method of calculation in paragraph (4) of subdivision (b) of section 5570 of the Civil Code (i.e. **Funding Plan #3 per the study**), at the end of each of the next five budget years the estimated amount required in the reserve fund, the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, and the percent funded is as follows:

| YEAR | ESTIMATED AMOUNT REQUIRED IN THE RESERVE FUND | PROJECTED RESERVE FUND CASH BALANCE | PERCENT FUNDED |
|------------|---|-------------------------------------|----------------|
| 12/31/2024 | \$8,161,242 | \$180,098 | 2.21% |
| 12/31/2025 | \$9,353,791 | \$2,065,993 | 22.09% |
| 12/31/2026 | \$9,111,938 | \$2,446,258 | 26.85% |
| 12/31/2027 | \$5,769,278 | \$25,902 | 0.45% |
| 12/31/2028 | \$6,876,623 | \$1,947,759 | 28.32% |

If the reserve funding plan **approved by the association** is implemented, the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues including additional assessments detailed in #4 above, and the percent funded is as follows:

| YEAR | ESTIMATED AMOUNT REQUIRED IN THE RESERVE FUND | PROJECTED RESERVE FUND CASH BALANCE | PERCENT FUNDED |
|------------|---|-------------------------------------|----------------|
| 12/31/2024 | \$8,161,242 | \$189,735 | 2.32% |
| 12/31/2025 | \$9,353,791 | \$2,075,807 | 22.19% |
| 12/31/2026 | \$9,111,938 | \$2,456,252 | 26.96% |
| 12/31/2027 | \$5,769,278 | \$36,079 | 0.63% |
| 12/31/2028 | \$6,876,623 | \$1,958,123 | 28.48% |

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds per year was:

3.00%

The assumed long-term inflation rate (per yr) to be applied to major component repair and replacement costs was:

2.49%

It has been assumed that a reserve funding plan has been adopted by the board of directors at an open meeting before the membership of the association as described in California Civil Code Section 5560 (a).

For the purposes of preparing a summary pursuant to this section:

- 1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
- 2) "Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the Reserve Study and reported in the Assessment and Reserve Funding Disclosure Summary.
- 3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.
- 4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

Prepared By: Les Weinberg, RS, MBA – Reserve Studies Incorporated

For the year beginning: 1/1/2024

Date: 11/15/2023

Corporate Office: 17315 Studebaker Road, Suite 213, Cerritos, California 90703
 info@ReserveStudiesInc.com Telephone: (800) 485-8056 Facsimile: (800) 485-8057



November 14, 2023

Board of Directors
Laguna Woods Mutual No. Fifty
C/O: Michael Turner
24055 Paseo del Lago West
Laguna Woods, CA 92637

Dear Board of Directors:

Re: Renovations Loan at Bank of Southern California (formally known as CalWest Bank/South County Bank)

As you know, Bank of Southern California granted a loan commitment in the amount of \$2,200,000 (US Dollars Two Million Two Hundred Thousand) to Laguna Woods Mutual No. Fifty on May 31st, 2017 to finance an energy project that involved, among other things, retrofitting heating and lighting systems and upgrading other related capital components. The loan was fully advanced in 2018 and moved from the interest only phase to principal and interest payment phase in September 2018. Please be informed that as of October 31, 2023 the loan had an outstanding principal balance of \$1,346,877.99.

In addition to the Loan, Laguna Woods Mutual No. Fifty has two deposit accounts at CalWest Bank. They had the following balances at 10/31/23:

| | |
|----------------------|--------------|
| Checking Account | \$125,426.00 |
| Money Market Account | \$125,460.60 |

For your benefit, I have listed the salient terms of the loan below:

Loan Type: A fully amortizing Term Loan for 12 Years

Interest Rate: Fixed at 4.60%.

Repayment Schedule: Principal and interest approximately at \$19,900 per month.

Reserve Deposits: Borrower must maintain a minimum of \$250,000 of reserve deposits with Bank of Southern California.

Collateral: First perfected UCC-1 security interest in all of Laguna Woods Mutual No. Fifty Association's personal property, including but not limited to all regular and special monthly assessments, accounts receivable, and books and records relating thereto.

Other Covenants and Conditions:

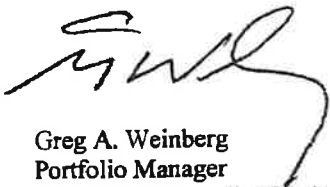
- Borrower must maintain a Minimum Debt Coverage Ratio (DCR) of 1.15x, measured annually as of the end of the fiscal year.
- Borrower must maintain a Minimum ending cash and cash equivalent balances to Ideal Reserve ratio ("Reserve Ratio") of 30% measured annually at the end of the fiscal year.

Reporting Requirements:

- Annual CPA audited financial statement due within 120 days of year-end;
- Annual signed federal tax return, within 15 days of filing, but in no event and with proof of extension, no later than October 31st of each fiscal year-end;
- Quarterly "aging" of assessments receivable within 30-days of each quarter-end;
- Quarterly company-prepared financial statement within 30 days of each quarter-end;
- Receipt of Association "Reserve Study" at least every three years;

Thank you for being a valuable customer of Bank of Southern California.

Sincerely,



Greg A. Weinberg
Portfolio Manager
Bank of Southern California
949-766-3021



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

11/14/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

| | | | |
|---|--|---|--|
| PRODUCER LBW Insurance & Financial Services, Inc. 28055 Smyth Drive Valencia CA 91355 | | CONTACT NAME: Liliana Lopez PHONE (A/C, No, Ext): (661) 702-6000 E-MAIL ADDRESS: liliana@lbwinsurance.com FAX (A/C, No): (661) 702-6060 | |
| INSURED Laguna Woods Mutual No. Fifty 24055 Paseo Del Lago West Laguna Woods CA 92637 | | INSURER(S) AFFORDING COVERAGE INSURER A: Philadelphia Insurance Co. NAIC # 18058 INSURER B: Travelers 19046 INSURER C: James River Ins. Co. 12203 INSURER D: INSURER E: INSURER F: | |

COVERAGES

CERTIFICATE NUMBER: 23-24

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE | ADDL INSD | SUBR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
|----------|---|---|--|----------------------|-------------------------|-------------------------|--|
| A | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR | | | PHPK2584926 | 10/1/2023 | 10/1/2024 | EACH OCCURRENCE \$ 1,000,000 |
| | GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER: | | DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 | | | | |
| B | AUTOMOBILE LIABILITY | | | BA-4R292535-23-42-G | 10/1/2023 | 10/1/2024 | COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 |
| | <input checked="" type="checkbox"/> ALL OWNED AUTOS | <input type="checkbox"/> SCHEDULED AUTOS | BODILY INJURY (Per person) \$ | | | | |
| | <input checked="" type="checkbox"/> HIRED AUTOS | <input checked="" type="checkbox"/> NON-OWNED AUTOS | BODILY INJURY (Per accident) \$ | | | | |
| | <input checked="" type="checkbox"/> comp \$1,000 | <input checked="" type="checkbox"/> collision \$1,000 | PROPERTY DAMAGE (Per accident) \$ | | | | |
| C | <input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR | | | USL006466232-C5477-4 | 10/1/2023 | 10/1/2024 | EACH OCCURRENCE \$ 25,000,000 |
| | <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE | | | | | | AGGREGATE \$ 25,000,000 |
| | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY | | | | | | PER STATUTE OTH-ER |
| | ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) | Y/N | N/A | | | | E.L. EACH ACCIDENT \$ |
| | If yes, describe under DESCRIPTION OF OPERATIONS below | | | | | | E.L. DISEASE - EA EMPLOYEE \$ |
| | | | | | | | E.L. DISEASE - POLICY LIMIT \$ |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

| | |
|-------------------|--|
| Proof of Coverage | SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. |
| | AUTHORIZED REPRESENTATIVE Liliana Lopez/LILI <i>Liliana Lopez</i> |

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For Unit Owners: Reviewing your Personal Insurance

THE INSURANCE CARRIED BY LAGUNA WOODS MUTUAL FIFTY DOES NOT COVER YOUR PERSONAL LIABILITY OR ITEMS THAT ARE YOUR PERSONAL RESPONSIBILITY, such as improvements, alterations and additions, personal property, or loss of use. As a resource to the community Laguna Wood's insurance broker can provide advice and quotations or contact may your existing broker. John Malcolm can be reached at LBW Insurance & Financial, Inc. is available at 661-702-6053 or johnm@lbwinsurance.com.

OWNERS SHOULD PURCHASE a "CONDOMINIUM OWNERS" (HO-6) INSURANCE POLICY to safeguard against property losses and liability claims, except in cases where your condo association's master policy provides coverage. This is also a requirement for many lenders.

Please advise tenants/lessees that they should purchase "renters" insurance for their personal liability, personal property, and loss of use.

PARTIAL LIST OF ITEMS YOU SHOULD CONSIDER WHEN REVIEWING YOUR OWN PERSONAL INSURANCE:

- **Each Owner is responsible for insuring and shall insure his or her personal property located within the Development.** Each Owner is also responsible for insuring and shall insure all finishes, fixtures and improvements in and comprising the Owner's Unit against fire and other casualty, including, but not limited to: interior walls and doors; ceiling, floor and wall surface materials; utility fixtures; cabinets; built-in appliances; heating and air-conditioning systems; and any equivalent replacements to the foregoing.
- **Each Owner shall be liable to the Association for any damage to the Common Area or to any property owned by the Association** which is caused by the Owner, a Resident of the Owner's Unit, or an invitee of either, regardless of how the damage is sustained, whether due to the negligence, acts, omissions, or willful misconduct of such Person; in the case of joint ownership of a Unit, the liability of the co-Owners shall be joint and several. Your own insurance may help cover your obligations, although some homeowner's insurance companies will not cover the Mutual's deductible. Consider your insurer's practices and increasing your policy limits accordingly.
- **Personal Property/Contents Insurance** for items such as appliances, furniture, clothing, household goods, and for special property like jewelry, coins, furs, artwork, antiques, silver and collectibles.
- **Personal Liability Insurance** for your actions and responsibilities both inside and outside your unit. Everyone should have liability insurance to protect their equity and retirement savings.
- **Loss of Use or Additional Living Expense Insurance** coverage pays for additional living expenses above what you normally spend, including meals and hotel stays, up to your policy's limits if you're forced to move out of your condo while your unit is being repaired or rebuilt because of a covered incident. The Association shall have no responsibility for any lodging, food, transportation, parking, loss of use, or other costs or expenses incurred by an Owner or Resident related to such temporary relocation.
- **Loss Assessment Insurance** to protect against a special assessment from your Laguna Woods Mutual NO FIFTY for damage. While there has not yet been this type of assessment in Laguna Woods Village, we are required to tell you that there is this possibility.
- **Earthquake and/or Flood Insurance** for the interior of your unit, additions, alterations personal property and loss of use.
- **Earthquake Loss Assessment Insurance** to protect against a special assessment from the Mutual for damage caused by an earthquake. **Mutual Fifty HAS LIMITED earthquake Insurance.**
- **Automobile Insurance** on your car, truck, van, motorcycle or motor home.
- **Liability and Physical Damage Insurance** for your golf cart.

**The above list is not exhaustive. Please review with a licensed insurance agent.*

Federal Housing Administration Certification
To comply with Civil Code Section 5330 (b) (10)

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

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

Department of Veterans Affairs Certification
To comply with Civil Code Section 5330 (b) (11)

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

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



Laguna Woods Mutual No. Fifty – Annual Policy Statement

Official Association Contact

Your Board of Directors is required by California Civil Code §4035 to provide members with the name and address of the person designated to receive official communications to the association, pursuant to Section 4035. Communications can be sent by e-mail, facsimile, or other electronic means or by personal delivery to:

Michael Turner, General Manager
Laguna Woods Mutual No. Fifty
Administration Office
24055 Paseo Del Lago West
Laguna Woods, CA 92637
Email: mturner@pmpmanage.com

Or

Address to a director by name at the address listed above.

Secondary Address

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

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

If you have questions regarding the above information, please contact the Administration office during regular business hours at (949) 434-5610.

General Notice Locations

Pursuant to §4045(a)(3), the following locations are hereby designated for the purpose of meeting general notice posting requirements by Board Resolution M50-13-50:

General Notice Bulletin Board at Towers Lobby

Individual Delivery

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

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

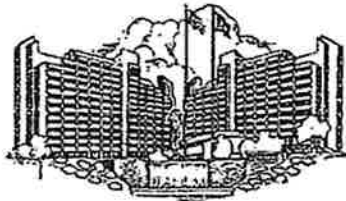
Board Minutes

Pursuant to §4950 (a), minutes of any open meeting of the Board are available to members within 30 days of the meeting. The minutes, proposed minutes or summary minutes may be obtained at: Administration Office at The Towers by contacting the General Manager, at (949) 434-5610. In addition, the minutes, proposed minutes or summary will be distributed to any member of the association upon request and upon reimbursement of the association's costs for making that distribution.

Overnight Payments

The mailing address for overnight payment of assessments, pursuant to California Civil Code §5655, is:

Laguna Woods Mutual No. Fifty
c/o PMP
P.O. Box 51444
Los Angeles, CA 90051



The Towers

Opt-Out Authorization Form

California Civil Code Section 5220 provides an opt-out provision for members who wish to make their contact information inaccessible by the general membership.

California Civil Code Section 5220 states that a member of the association may opt-out of the sharing of his or her name, property address, and mailing address by notifying the association in writing. Please provide your name, address, and signature if you would like to opt-out. Your signature below authorizes the managing agent to avoid sharing your name, property address, and mailing address.

Date: _____

Member Name: _____

Account Number: _____

Address: _____

Mailing Address (If address is different):

Telephone Number: _____

Signature: _____

This opt-out shall remain in effect until changed in writing by the member.

Mail to/Deliver to: Laguna Woods Mutual No. Fifty
Administration Office
24055 Paseo del Lago West
Laguna Woods, CA 92637



Laguna Woods Mutual No. Fifty Collection Policy

BILLING PROCEDURE FOR ASSESSMENTS

Payments are due on the 1st of each month and become delinquent if not physically received by the Association on the 15th of the same month. Postmark will not determine timeliness of payment. **It is the owner of record's responsibility to pay each assessment in full each month regardless of whether a courtesy statement or courtesy late letter is received.**

Any payments made shall be first applied to assessments owed, and only after the assessments owed are paid in full, shall such payments be applied to late charges, interest, and collection expenses, including attorneys' fees, unless the owner and the Association enter into an agreement providing for payments to be applied in a different manner.

LATE CHARGES AND INTEREST

Late charges and interest are assessed against all delinquent amounts. These late charges, as authorized by law, are computed as follows:

- A. Late charges: 5% of each delinquent assessment.
- B. Interest: 10% annual percentage rate on each delinquent assessment, late charges, and reasonable costs of collection, including reasonable attorney's fees, commencing 30 days after the assessment becomes due.

COLLECTION FOR DELINQUENT AMOUNTS

If the assessment is not received within **45** days after the assessment becomes delinquent, the Association or its designee, in the event the account is turned over to a collection agent, will send each delinquent owner a prelien letter, by certified mail, to the owner's mailing address of record advising of the delinquent status of the account and impending collection action. The owner will be charged a fee for preparation of this prelien letter as required by Civil Code Section 5660.

If an owner fails to pay the amounts set forth in the prelien letter and fails to request *IDR* within **35** days of the date of the prelien letter, the Board, by majority vote in an open meeting, shall authorize the recordation of a lien for the amount of any delinquent assessments, late charges, interest and/or collection fees and costs, including attorneys' fees, against the owner's property. The lien may be enforced in any manner permitted by law, including, judicial or non-judicial foreclosure. (Civil Code Sections 5700-5720).

The 30 days following recordation of the lien, the lien may be enforced in any manner permitted by law, including, without limitation, judicial or non-judicial foreclosure.



IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.

1. An owner is entitled to inspect the Association's accounting books and records to verify the amounts owed pursuant to Corporations Code Section 5205.
2. In the event it is determined that the owner has paid the assessments on time, the owner will not be liable to pay the charges, interest and costs of collection associated with collection of those assessments.
3. Any owner who is unable to pay assessments will be entitled to make a written request for a payment plan to be considered by the Board of Directors. An owner may also make a written request to meet with the Board in executive session to discuss a payment plan. If the owner requests to meet with the Board to discuss a payment plan within **fifteen (15)** days of receiving the pre-lien letter, then the Board shall meet with the owner within **forty-five (45)** days of the postmark on the owner's request, unless there is no regularly scheduled board meeting within that period, in which case the board may designate a committee of one or more members to meet with the owner. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests.
4. An owner is entitled to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association's "meet and confer" program required in Article 2 (commencing with Section 5900) of Chapter 10.
5. Prior to initiating foreclosure against the owner's separate interest, the owner is entitled to submit a written request for *alternative dispute resolution* with a neutral third party pursuant to Article 3 (commencing with Section 5925) of Chapter 10, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.
6. Statements will be mailed from Management as a courtesy **AND MAY NOT REFLECT** the collection costs, attorneys' fees or other charges, or payments received by the collection service.
7. Nothing herein limits or otherwise affects the Association's right to proceed in any lawful manner to collect any delinquent sums owed to the Association.
8. All charges listed herein are subject to change upon thirty **(30) days'** prior written notice.
9. The mailing address for payments of assessments by overnight delivery is:

**27220 Turnberry Lane, Suite 150
Valencia, CA 91355**

Please note that should an account be referred to a collection service, the collection service will provide the new address for overnight payments.



INTERNAL DISPUTE RESOLUTION (IDR)

Meet & Confer. Associations must provide a "fair, reasonable and expeditious" procedure for resolving disputes between the association and its members without charging a fee to the member participating in the process. (Civil Code Section 5910). The process is referred to as "Internal Dispute Resolution" (IDR) or "meet and confer."

Pre-Litigation IDR. An association may not file a civil action regarding a dispute in which the member has requested dispute resolution unless the association has complied with Civil Code Section 5910 by engaging in good faith in the internal dispute resolution procedures after a member invokes those procedures. (Civil Code Section 5910.1.)

Notice. Associations must notify their members of both ADR and IDR dispute resolution procedures.

Default Procedure. If an association does not establish its own procedures, then the following procedures automatically apply (Civil Code Section 5915(b)):

1. The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
2. A member of an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.
3. The board shall designate a director to meet and confer.
4. The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. The parties may be assisted by an attorney or another person at their own cost when conferring.
5. A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.

Written Resolution. Any agreement resolving the dispute must be in writing and signed by both parties. The agreement cannot conflict with the law or governing documents and within the authority of the board. (Civil Code Section 5915(c).)

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.



MANAGEMENT

ASSESSMENTS AND FORECLOSURE

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

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

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

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

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

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



MANAGEMENT

PAYMENTS

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

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

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

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

MEETINGS AND PAYMENT PLANS

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

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



2024 Schedule of Monetary Penalties
Summary of Civil Code §5850

Laguna Woods Mutual No. Fifty is required by law to distribute a schedule of monetary penalties which can be imposed by the association for violation of the corporation's governing documents and rules.

The following schedules identify the violations and potential monetary penalties which may be imposed upon a Member, Co-occupant, Guest, or Lessee. Such penalties may be imposed following a hearing by the Board of Directors of the Mutual for a violation of those Governing Documents and Rules by the Member, Co-occupant, Guest, or Lessee.

| Violation | Range of Penalties |
|--|--|
| 1 st Violation | warning or fine up to \$200 |
| 2 nd Violation (same offense) | \$50 to \$500 |
| Additional Violations (same offense) | Up to \$500 |
| Safety Violation | warning or fine up to \$500 |
| Continuing Violation | daily fines until cured |
| Suspension | common area privileges may also be suspended |
| Assessment | may be levied to reimburse HOA expenses |

Members are advised that the Bylaws of the Mutual provide that in addition to, or instead of the monetary penalty, the Board of Directors of the Corporation may impose the following optional penalties, following a hearing, for a violation of the Governing Documents or Rules of the association:

1. Suspension of the right to use any facilities owned, operated or managed by the Corporation for a period not to exceed 30 days for each breach.
2. Suspension of the right to vote in a Mutual election for a period not to exceed one year.
3. The Corporation may also make an application to a court of competent jurisdiction for legal and equitable relief.

HOMEOWNER AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

For your convenience, Property Management Professionals, your Association's management company, offers an automatic debit payment option to pay your monthly Homeowners Association assessments. Simply complete this form, attach a VOIDED check and mail it to Property Management Professionals Corporate Office located at:

**Property Management Professionals, LLC.
27220 Turnberry Lane, Suite # 150
Valencia, CA. 91355**

Please return this form and a voided check by the 25th of the month to be debited for the following month. Assessments are automatically debited on or around the 5th of each month.

Association
Name: _____

I (We) hereby authorize _____ Hereinafter called ASSOCIATION, to initiate debit entries to my (our) ___ Checking Account / ___ Savings Account (select one) indicated below at the depository financial institution named below, hereinafter called DEPOSITORY, and to debit the same to such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Name as it appears on the bank account: _____
Monthly Debit Amount: \$ _____

Initial here if you agree to have any current outstanding balance processed for payment on your first ACH withdrawal. ***Please note, accounts cannot be enrolled in the ACH program with an outstanding balance.**

Bank Name: _____

Bank Address: _____

City: _____ State: _____ Zip: _____

**ACH/Routing Account
Number: _____ Number: _____
(*Please verify with your bank for proper #)

This authorization is to remain in full-force and effect until ASSOCIATION/COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford ASSOCIATION/COMPANY and DEPOSITORY a reasonable opportunity to act on it

Name(s): _____

Property Street Address: _____ Homeowner Acct. # _____

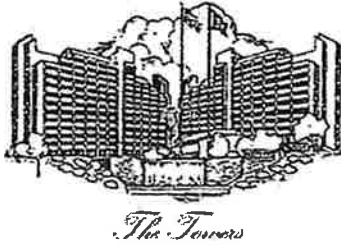
Email address: _____

*confirmation for enrollment will be emailed to you

Date: _____ Signature: _____

NOTE: ALL DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

***Please provide a photocopy of a check or a voided check with your account number.**
****You must verify with your financial institution the correct ABA routing / transit number that should be used for ACH debits.**



**Notice to Members
November 2023**

**Alternative Dispute Resolution
Summary of Civil Code §§ 5925-5965**

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

Pursuant to Sections 116.220 and 116.221 of the Code of Civil Procedure, the demand for monetary damages cannot exceed Ten Thousand Dollars (\$10,000.00) if brought by a natural person, and if brought by an entity other than a natural person, the demand for monetary damages cannot exceed Five Thousand Dollars (\$5,000.00). This section does not apply to a small claims action. Except as otherwise provided by law, this section does not apply to an assessment dispute.

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

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

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

Attached is the form for a Request for Resolution, which the Laguna Woods Mutual No. Fifty will use, and which members of any of the Mutual may use to comply with the statute.

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

Laguna Woods Mutual No. Fifty Alternative Dispute Resolution

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

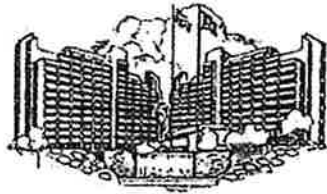
Although the prevailing party is entitled to reasonable attorneys' fees and costs, the court may consider a party's refusal to participate in ADR when making the award.

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

NOTE: Failure by any member of the association to comply with the alternative dispute resolution requirements of Civil Code §5930 (formerly Section 1369.520) may result in the loss of your rights to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.

Description of Internal Dispute Resolution Procedure Civil Code Section 5920

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



The Towers

Request for Alternative Dispute Resolution

| | |
|------------------|--|
| Date | |
| Requesting Party | |
| Address | |
| Responding Party | |
| Address | |
| Nature Dispute | |
| | |
| | |

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

This Request for Resolution is made for declaratory relief or injunctive relief, or for declaratory relief or injunctive relief in conjunction with a claim for monetary damages (other than Association assessments). The demand for monetary damages cannot exceed Ten Thousand Dollars (\$10,000.00) if brought by a natural person. The demand for monetary damages cannot exceed Five Thousand Dollars (\$5,000.00) if brought by an entity other than a natural person.

TYPE OF ADR REQUESTED:

- Mediation
 Arbitration, non-binding
 Arbitration, binding (Not an option if association intends to initiate a judicial foreclosure)

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

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



The Towers

**Notice to Members
November 2023**

Architectural Review Procedures

Summary of Civil Code § 4765

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

Civil Code 4765 applies to Laguna Woods Mutual Fifty, reference Article VIII – Architectural Control Committee of the Laguna Woods Mutual Fifty Covenant, Conditions and Restrictions (CCR's), which states:

1. Architectural Control:

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

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

(c) Except for proper maintenance and repair, nor person, persons, entity or entities shall perform any of the acts specifically set forth in Paragraphs (a) and (b) above until:

- (1) The complete plans and specifications showing the kind, nature, shape, height, material, type of construction, scheme and all information specified by the hereinafter named committee for the proposed alteration, modification, addition, deletion or any other proposed form of change to the exterior of any residential dwelling unit, residential carport or residential garage, as set forth in Paragraph (a), or changes to the property developed for the residential use, as set forth in Paragraph (b), and
- (2) The block plan showing the location of such proposed alteration, modification, addition, deletion, or any other proposed form of change, has been approved in writing, as to conformity and harmony of external design with existing structures of the property developed for residential use, by a committee composed of D.W. Blankman, Lloyd G. Fuglie, and W.M. Rush, P.O. Box 5000, Laguna Hills, California 92653, or by representative designated by a majority of the said committee, providing, however, that from the after five (5) years from the date of recording the initial conveyance to a resident owner of a Condominium Unit in the Mutual, the members of this committee shall be appointed by the Board of Directors of the Golden Rain Foundation of Laguna Hills. In the event any member is unable or unwilling to serve on said committee, the remaining member or members shall have full authority to approve or disapprove such proposed alteration, modification, addition, deletion, or other proposed form of change and location, and/or appoint a suitable replacement or replacements with like authority, and/or designate a representative with like authority. The membership of said committee or any representative appointed thereby, if other than as stated in this declaration, shall be evidenced by a certificate of identity, shall refer to the book and page number designated by the County Recorder of Orange County, California for this declaration, shall be executed by at least one member of said committee and be recorded in the office of said County Recorder which certificate shall then be conclusive evidence thereof in favor of any person relying thereon in good faith. In the event the committee or the representative appointed by the committee fails to approve or disapprove such proposed alteration, modification, addition, deletion or other proposed form of change and location within thirty (30) days after said complete plans and specifications have been submitted to it, such approval will not be required and this covenant will be deemed to have been fully complied with such complete plans and specifications shall be personally delivered to any member of the committee or mailed to the committee via certified mail, return receipt requested, postage prepaid. The plans and specifications shall be deemed submitted to the committee upon the date of receipt by the committee of such plans and specifications. The committee shall have the right of changing its mailing address by recording an instrument of change of mailing address with the County Recorder of Orange County, California, such instrument to refer to the book and page number designated by said County Recorder for this declaration. Neither the members of such committee nor its designated representative shall be entitled to any compensation for the services performed pursuant to this covenant. The powers and duties of such committee, and of its designated representative, shall cease on and after January 1, 2008. Thereafter, the approval described in this covenant shall not be required unless prior to said date and effective thereon, a written instrument shall be executed

by the then record owners of a majority of the property owners of the hereinabove described property developed for residential use and duly recorded appointing a representative, or representatives, who shall thereafter exercise the same powers previously exercised by said committee.

Further to the requirement provided by Civil Code 4765, the Mutual makes available to all its Members the Laguna Woods Mutual Fifty Alterations Standards. The Standards are available upon request at the Reception Desk. These Standards identify established alterations that have been previously approved by the Mutual's Board of Directors. The Alterations Standards are reviewed and updated as needed by the Mutual's Ad Hoc Alterations Standards Subcommittee, the Board of Directors serves as the Architectural Control Committee, and the Board has the authority to approve or disapprove. Typically, a proposed alteration that meets the Alterations Standards requirements can be permitted without Board review.

In order that a Member may propose an alteration that is not an established Alteration Standard, the Mutual provides the Member the opportunity to submit a Request for Variance. Guidelines for submittals for Variance Requests, and submittals for Standard Alteration Permits follow:

Guidelines for Submittals

For Variance Requests

1. Variance Requests are submitted to obtain approval for a variance to construct a nonstandard alteration, that which is different from the Mutual' s Alteration Standards and/or Standard Plans. Variance Requests are submitted to the Mutual Fifty Maintenance Department and then to the Administration Office for consideration by the Board.
2. The submitted proposal for a Variance Request must be legible, clear and concise and should not require assumptions on the part of the reviewing agent.
3. The Variance Request must include a letter signed by the Mutual member that describes the proposed alteration(s). The submittal must also include conceptual drawings, or plans, of the proposed alteration.
4. The plans must represent a true replication of both the existing floor plan and proposed floorplan modifications, inclusive of specific dimensional details of each.
5. The plans must identify the precise location of the proposed alteration *and* any related alterations/installations. For example, if the proposal is for a room expansion, the re-location of doors, if necessary, should be identified.
6. The plans must provide specific details of how the proposed alteration would be constructed. For example, if a window is being replaced, information detailing size and whether it would be constructed of white-vinyl, dual pane glass, etc. should be included.
7. Where a Variance Request is for an alteration that is visible from the outside of a manor (room expansion, window installation, door re-location, etc.), an exterior elevation must be submitted, inclusive of the alteration's proposed roofline.
8. All plans must be site specific and original. Plans submitted for another manor for a similar requested alteration would not be considered.
9. Do not change or alter standard plans; if an alteration will differ slightly from a standard plan, provide written documentation with a new manor plan indicating how the proposed alteration would vary from the standard plan.
10. The Mutual Maintenance Department and Administration Office must be informed in writing of any deviations from an approved alteration that is being performed, prior to making any field changes. Any deviations from an approve plan must be approved by the Mutual Maintenance Department and Administration Office before it is made on the manor. Deviations from approved plans may require Board approval of an additional variance, thus a waiting period may result.

Guidelines for Submittals

For Standard Alteration Permits

1. An application for alteration permit must be submitted to the Mutual Fifty Maintenance Department to perform previously approved Standard Plan alterations or alterations conforming in all aspects to Board-approved Mutual Alteration Standards.
2. A Mutual permit is required for all alterations to the building. A City of Laguna Woods permit may be required. All fees shall be paid for by the Member and/or the Member's contractor. Member and/or Member's contractor must supply the Mutual Maintenance Department with City permit numbers prior to beginning work.
3. The Member applying for a permit shall provide to the Mutual Maintenance Department a detailed plan(s) for approval indicating all work to be done, i.e. size, location, description, and specifications.
4. Prior to the issuance of a permit, the Member's signature is required to indicate that the Member has received, read, understands and agrees to follow and adhere to all current Mutual Standards regarding the alteration.
5. A signed Alteration Consent Form may be required in order to obtain a permit.

Further to the requirements provided by Civil Code 4765, Variance Requests are processed as follows:

1. Variance Requests, and all required documentation, shall be submitted to the Mutual Maintenance Department 30 days prior to the next regularly scheduled Laguna Woods Mutual No. Fifty Regular Board Meeting in order to be considered.
2. A Variance Request report on each proposed alteration and evaluated based on the following criteria: aesthetic impact, cost impact, conformity to local and state building codes, conformity to Mutual requirements with respect to state law (including the Davis Stirling Act), conformity to Mutual governing documents, value impact, comparison of the proposed alteration to the alteration standard.
3. By a counted vote of Board Members present, Mutual Fifty makes a recommendation for approval or denial of the request.
4. The recommendation of the Variance Request report is considered at the next regularly scheduled Board Meeting, and by a counted vote of Board Members present at the meeting, the Mutual 50 Board either approves or denies the request and passes a resolution of the Board's decision.
5. The Member is notified in writing explaining the Board's decision, which may include, in the case of approval, required contingencies.

With respect to a Member's disregard for the rules on alterations, such as the installation of an alteration that is not in compliance with the Board's determination, the Member may be brought forth for a member disciplinary hearing.

Unauthorized Alterations

Upon discovery of an unauthorized alteration, the Mutual Maintenance Department provides the Member with a Notice of Unauthorized Alteration, which includes the requirements under which an alteration may be permitted.

Upon receipt of a Notice of Unauthorized Alteration, all work must cease immediately, and the Member must obtain all required City and Mutual permits before performing additional work.

A re-inspection of the unauthorized alteration is performed no sooner than thirty days after the Notice of Unauthorized Alteration was issued.

Should the inspection reveal that the Member's alteration continues to be in violation, the Member is notified, in writing, of the violation and of the Board's requirement that the unauthorized alteration must be corrected within a specified time period. The Member is advised that failure to comply may result in member disciplinary action in the form of a hearing before the Board of Directors.

A second inspection is performed thirty days after the date of notification, and should the inspection reveal that the Member's alteration continues to be in violation after the previous request to comply have gone unheeded, then the Member is notified via Certified or First-Class Mail of a Member Disciplinary Hearing. This notification includes background information regarding the subject violation, the reasons for a hearing, the time and place of the hearing and the possibility of any and/or all of the following: suspension, discipline, and fines. The Member is provided a copy of the Mutual's Bylaws with respect to Discipline.



Laguna Woods Village.

NOTICE

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

FROM: SIOBHAN FOSTER, CEO/GENERAL MANAGER

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

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

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

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

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

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

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

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

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

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

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

September 26, 2022

Sincerely,

Siobhan Foster

Siobhan Foster, CEO/General Manager

Paying your assessments and Saving Resources!



QUICK, EASY, CONVENIENT

Create or log in to your PMP GATEWAY account and view your profile.

Go to: **connect.pmpmanage.com.**

Sign up for the payment option that works best for you.

Auto-draft ensures the correct payment is made on time, every time.

Go GREEN by opting-in for electronic statements and newsletters.

**Need help? Contact our
Community Care Team at
(888) 882-0588**



MANAGEMENT

*As a friendly reminder,
assessments are due on the 1st
of the month and late after the
15th. Please ensure payments
are received by the 15th to avoid
late fees and penalties.*

If you prefer to setup automatic payments through your bank, you will need your PMP account number and the following payment mailing address:

PMP MANAGEMENT
P.O. Box 51444
Los Angeles, CA 90051-5744





ANNUAL BUDGET REPORT ASSESSMENT DEFINITIONS

RESOLUTION 90-16-52

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

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

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

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

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

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

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

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

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



2024 BUSINESS PLAN - BY ACCOUNT

| DESCRIPTION | 2020 ACTUAL* | 2021 ACTUAL* | 2022 ACTUAL | 2023 PLAN | 2024 PLAN | ASSESSMENT | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------|-----------------|-----------------|--|
| | | | | | | 2023 | 2024 | Change | |
| Revenues: | | | | | | | | | |
| 1 Golf Greens Fees | \$1,241,594 | \$1,656,161 | \$1,777,020 | \$1,744,500 | \$1,814,600 | \$11.41 | \$11.87 | (\$0.46) | |
| 2 Golf Operations | 273,504 | 318,827 | 363,750 | 379,300 | 377,400 | 2.48 | 2.47 | 0.01 | |
| 3 Merchandise Sales | 269,630 | 522,651 | 618,929 | 609,006 | 643,147 | 3.98 | 4.21 | (0.23) | |
| 4 Clubhouse Rentals and Event Fees | 123,440 | 113,331 | 565,790 | 653,971 | 695,493 | 4.28 | 4.55 | (0.27) | |
| 5 Rentals | 142,958 | 140,779 | 144,674 | 197,500 | 198,064 | 1.29 | 1.30 | (0.01) | |
| 6 Broadband Services | 5,186,355 | 5,038,208 | 5,277,634 | 5,554,800 | 6,423,300 | 36.35 | 42.03 | (5.68) | |
| 7 Miscellaneous | 655,785 | 659,087 | 1,021,743 | 1,217,629 | 1,171,790 | 7.97 | 7.67 | 0.30 | |
| Total Revenue | \$7,893,266 | \$8,449,044 | \$9,769,540 | \$10,356,706 | \$11,323,794 | \$67.76 | \$74.10 | (\$6.34) | |
| Expenses: | | | | | | | | | |
| 8 Employee Compensation | \$16,656,527 | \$17,060,816 | \$18,221,733 | \$20,123,612 | \$20,284,721 | \$131.67 | \$132.73 | \$1.06 | |
| 9 Exp. Related to Compensation | 4,913,404 | 5,058,750 | 5,405,108 | 6,331,723 | 6,020,201 | 41.43 | 39.39 | (2.04) | |
| 10 Materials and Supplies | 1,564,387 | 1,570,108 | 2,189,516 | 1,801,729 | 2,048,159 | 11.79 | 13.40 | 1.61 | |
| 11 Cost of Merchandise Sold | 192,232 | 431,568 | 477,382 | 440,638 | 467,066 | 2.88 | 3.06 | 0.18 | |
| 12 Community Events | 125,189 | 45,229 | 408,472 | 410,910 | 432,956 | 2.69 | 2.83 | 0.14 | |
| 13 Electricity | 705,598 | 881,645 | 1,161,822 | 918,102 | 1,015,216 | 6.01 | 6.64 | 0.63 | |
| 14 Sewer | 67,047 | 75,868 | 94,167 | 126,163 | 106,651 | 0.82 | 0.70 | (0.12) | |
| 15 Water | 645,378 | 762,448 | 783,105 | 723,350 | 703,980 | 4.73 | 4.61 | (0.12) | |
| 16 Trash | 191,847 | 128,609 | 86,161 | 148,815 | 139,544 | 0.97 | 0.91 | (0.06) | |
| 17 Natural Gas | 164,840 | 237,215 | 397,074 | 334,415 | 366,013 | 2.19 | 2.39 | 0.20 | |
| 18 Telephone | 316,676 | 308,599 | 281,881 | 342,957 | 260,960 | 2.24 | 1.71 | (0.53) | |
| 19 Fuel & Oil for Vehicles | 370,940 | 489,252 | 723,392 | 628,490 | 627,894 | 4.11 | 4.11 | 0.00 | |
| 20 Legal Fees | 336,669 | 737,723 | 92,364 | 245,850 | 248,350 | 1.61 | 1.62 | 0.01 | |
| 21 Professional Fees | 571,281 | 416,867 | 629,637 | 829,009 | 759,457 | 5.42 | 4.97 | (0.45) | |
| 22 Rentals | 200,704 | 258,816 | 272,854 | 289,655 | 328,042 | 1.90 | 2.15 | 0.25 | |
| 23 Outside Services | 2,252,750 | 2,829,913 | 2,886,946 | 2,900,604 | 3,217,567 | 18.98 | 21.05 | 2.07 | |
| 24 Repairs and Maintenance | 954,116 | 886,507 | 1,192,186 | 999,673 | 1,045,989 | 6.54 | 6.84 | 0.30 | |
| 25 Other Operating Expense | 443,005 | 648,436 | 734,620 | 938,280 | 1,037,731 | 6.14 | 6.79 | 0.65 | |
| 26 Income, Property, and Sales Tax | 718,919 | 43,622 | 35,300 | 35,991 | 37,892 | 0.24 | 0.25 | 0.01 | |
| 27 Insurance | 2,008,550 | 2,658,323 | 2,783,674 | 2,987,766 | 3,273,196 | 19.55 | 21.42 | 1.87 | |
| 28 Cable TV Programming | 3,792,055 | 3,966,508 | 4,196,413 | 4,415,500 | 5,143,360 | 28.89 | 33.65 | 4.76 | |
| 29 Uncollectible Accounts | 1,416 | 12,184 | 4,144 | 12,100 | 13,000 | 0.08 | 0.09 | 0.01 | |
| 30 (Gain)/Loss on Sale or Trade | (56,922) | (180,899) | 17,743 | 0 | (810) | 0.00 | (0.01) | (0.01) | |
| 31 Cost Allocations | (2,900,667) | (2,775,315) | (2,988,482) | (2,875,047) | (3,071,794) | (18.81) | (20.08) | (1.27) | |
| Total Expenses | \$34,235,941 | \$36,552,792 | \$40,087,212 | \$43,110,285 | \$44,505,341 | \$282.07 | \$291.22 | \$9.15 | |
| 32 (Surplus)/Deficit Recovery | \$0 | \$0 | \$0 | (\$1,528,320) | (\$764,160) | (\$10.00) | (\$5.00) | \$5.00 | |
| Net Operating | \$26,342,675 | \$28,103,748 | \$30,317,672 | \$31,225,259 | \$32,417,387 | \$204.31 | \$212.12 | \$7.81 | |
| Fund Contributions: | | | | | | | | | |
| 33 Reserve Funds | \$2,903,808 | \$2,903,808 | \$2,598,144 | \$2,598,144 | \$2,598,144 | \$17.00 | \$17.00 | \$0.00 | |
| 34 Contingency Fund | 764,160 | 0 | 764,160 | 0 | 0 | 0.00 | 0.00 | 0.00 | |
| Total Fund Contributions | \$3,667,968 | \$2,903,808 | \$3,362,304 | \$2,598,144 | \$2,598,144 | \$17.00 | \$17.00 | \$0.00 | |
| TOTAL BASIC ASSESSMENTS | \$30,010,643 | \$31,007,556 | \$33,679,976 | \$33,823,403 | \$35,015,531 | \$221.31 | \$229.12 | \$7.81 | |

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



Contracted Reserve Study Dated August 2, 2023
Combination of EQF and FCF

| Year | Starting Reserve Balance | Fully Funded Balance | Avg. Percent Funded | Special Assmt Risk | Reserve Funding | Interest Income | Reserve Expenses |
|------|--------------------------|----------------------|---------------------|--------------------|-----------------|-----------------|------------------|
| 2024 | \$35,235,830 | \$56,025,171 | 63% | Medium | \$10,305,000 | \$290,949 | \$22,853,000 |
| 2025 | \$22,978,779 | \$50,896,983 | 45% | Medium | \$10,418,800 | \$227,812 | \$11,022,494 |
| 2026 | \$22,602,898 | \$54,068,031 | 42% | Medium | \$10,534,876 | \$230,473 | \$9,856,928 |
| 2027 | \$23,511,319 | \$57,831,935 | 41% | Medium | \$10,653,274 | \$221,676 | \$13,543,368 |
| 2028 | \$20,842,902 | \$56,122,396 | 37% | Medium | \$10,774,039 | \$185,941 | \$15,441,812 |
| 2029 | \$16,361,070 | \$51,467,862 | 32% | Medium | \$10,994,135 | \$180,811 | \$7,719,664 |
| 2030 | \$19,816,350 | \$54,888,242 | 36% | Medium | \$11,218,729 | \$206,950 | \$9,650,749 |
| 2031 | \$21,591,281 | \$56,717,044 | 38% | Medium | \$11,447,914 | \$229,266 | \$8,986,995 |
| 2032 | \$24,281,466 | \$59,588,048 | 41% | Medium | \$11,681,785 | \$259,502 | \$8,581,861 |
| 2033 | \$27,640,892 | \$63,275,254 | 44% | Medium | \$11,920,436 | \$257,745 | \$15,889,071 |
| 2034 | \$23,930,002 | \$59,868,817 | 40% | Medium | \$12,163,965 | \$235,260 | \$13,187,112 |
| 2035 | \$23,142,115 | \$59,475,034 | 39% | Medium | \$12,412,472 | \$234,482 | \$12,014,804 |
| 2036 | \$23,774,266 | \$60,618,703 | 39% | Medium | \$12,666,059 | \$245,890 | \$11,261,657 |
| 2037 | \$25,424,557 | \$62,924,462 | 40% | Medium | \$12,924,830 | \$281,822 | \$7,667,434 |
| 2038 | \$30,963,774 | \$69,364,045 | 45% | Medium | \$13,188,891 | \$295,938 | \$16,199,684 |
| 2039 | \$28,248,918 | \$67,582,078 | 42% | Medium | \$13,458,350 | \$282,229 | \$13,768,460 |
| 2040 | \$28,221,038 | \$68,635,497 | 41% | Medium | \$13,809,897 | \$295,734 | \$11,375,764 |
| 2041 | \$30,950,905 | \$72,581,219 | 43% | Medium | \$14,170,894 | \$323,487 | \$11,671,253 |
| 2042 | \$33,774,034 | \$76,585,636 | 44% | Medium | \$14,541,602 | \$358,919 | \$10,634,248 |
| 2043 | \$38,040,307 | \$82,343,384 | 46% | Medium | \$14,922,289 | \$391,219 | \$13,117,014 |
| 2044 | \$40,236,802 | \$86,133,065 | 47% | Medium | \$15,313,229 | \$372,303 | \$21,666,833 |
| 2045 | \$34,255,501 | \$81,675,020 | 42% | Medium | \$15,714,707 | \$333,581 | \$17,814,739 |
| 2046 | \$32,489,050 | \$81,509,135 | 40% | Medium | \$16,127,012 | \$345,549 | \$12,311,635 |
| 2047 | \$36,649,975 | \$87,478,462 | 42% | Medium | \$16,550,445 | \$366,276 | \$16,930,412 |
| 2048 | \$36,636,283 | \$89,355,680 | 41% | Medium | \$16,985,312 | \$350,771 | \$20,424,702 |
| 2049 | \$33,547,663 | \$88,190,830 | 38% | Medium | \$17,431,930 | \$355,443 | \$13,763,763 |
| 2050 | \$37,571,274 | \$94,367,560 | 40% | Medium | \$17,890,626 | \$383,996 | \$16,585,158 |
| 2051 | \$39,260,741 | \$98,354,787 | 40% | Medium | \$18,361,734 | \$390,763 | \$19,088,203 |
| 2052 | \$38,925,034 | \$100,430,661 | 39% | Medium | \$18,845,597 | \$408,282 | \$15,412,854 |
| 2053 | \$42,766,059 | \$106,918,002 | 40% | Medium | \$19,342,568 | \$423,485 | \$20,565,158 |



Reserve Study Executive Summary

No-Site-Visit

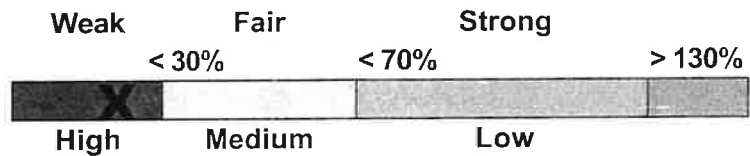
Golden Rain Foundation of Laguna Woods - Equipment
 Laguna Woods, CA
 Level of Service: **Update "No-Site-Visit"**

Report #: **43604-1**
 # of Units: 12,736
January 1, 2024 through December 31, 2024

Findings & Recommendations as of January 1, 2024

| | |
|--|---------------------|
| Projected Starting Reserve Balance | \$3,370,482 |
| Current Full Funding Reserve Balance | \$16,568,897 |
| Average Reserve Deficit (Surplus) Per Unit | \$.1,036 |
| Percent Funded | .20.3 % |
| Recommended 2024 "Annual Full Funding Contributions" | \$5,800,200 |
| Alternate minimum contributions to keep Reserve above \$2,900,000 | \$5,690,000 |
| Most Recent Reserve Contribution Rate | \$2,598,144 |
| Annual Deterioration Rate | \$4,743,983 |

Reserve Fund Strength: 20.3%



Risk of Special Assessment:

Economic Assumptions:

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

This is an Update "No-Site-Visit", and is based on a prior Report prepared by Association Reserves. No site inspection was performed as part of this Reserve Study.

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

The Association is Master Association

The Reserve Fund is below the 30% funded level at 20.3 % funded, which is a weak position for the fund to be in. This means that the association's special assessment & deferred maintenance risk is currently high. The objective of this multi-year Funding Plan is to Fully Fund Reserves and ultimately achieve a position of strength in the fund, where associations enjoy a low risk of Reserve cash flow problems.

The Annual Deterioration rate for your Reserve Components is \$4,743,983.

Based on this starting point, your annual deterioration rate, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions to \$5,800,200.

*The Alternative Contribution rate, also called Baseline Funding will keep the Reserve Funds above \$2,900,000. This figure for your association is \$5,690,000.

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

30-Year Reserve Plan Summary (Alternate Funding Plan) Report # 43604-1
No-Site-Visit

Fiscal Year Start: 2024

Interest: 1.00 %

Inflation: 3.00 %

| Reserve Fund Strength: as-of Fiscal Year Start Date | | | | Projected Reserve Balance Changes | | | | | |
|---|--------------------------|----------------------|----------------|-----------------------------------|-----------------|------------------------|-----------------|------------------|--|
| Year | Starting Reserve Balance | Fully Funded Balance | Percent Funded | Special Assmt Risk | Reserve Funding | Loan or Special Assmts | Interest Income | Reserve Expenses | |
| 2024 | \$3,370,482 | \$16,568,897 | 20.3 % | High | \$5,690,000 | \$0 | \$31,366 | \$6,186,450 | |
| 2025 | \$2,905,398 | \$15,533,015 | 18.7 % | High | \$5,803,800 | \$0 | \$38,290 | \$3,991,662 | |
| 2026 | \$4,755,826 | \$16,881,232 | 28.2 % | High | \$5,919,876 | \$0 | \$58,117 | \$3,861,252 | |
| 2027 | \$6,872,568 | \$18,554,027 | 37.0 % | Medium | \$6,038,274 | \$0 | \$73,528 | \$5,144,996 | |
| 2028 | \$7,839,374 | \$19,061,219 | 41.1 % | Medium | \$6,159,039 | \$0 | \$84,657 | \$4,983,922 | |
| 2029 | \$9,099,148 | \$19,704,157 | 46.2 % | Medium | \$6,282,220 | \$0 | \$99,659 | \$4,639,994 | |
| 2030 | \$10,841,031 | \$20,850,496 | 52.0 % | Medium | \$6,407,864 | \$0 | \$116,563 | \$4,883,913 | |
| 2031 | \$12,481,546 | \$21,940,022 | 56.9 % | Medium | \$6,536,021 | \$0 | \$131,742 | \$5,271,239 | |
| 2032 | \$13,878,070 | \$22,828,120 | 60.8 % | Medium | \$6,666,742 | \$0 | \$146,519 | \$5,253,169 | |
| 2033 | \$15,438,162 | \$23,931,251 | 64.5 % | Medium | \$6,800,077 | \$0 | \$154,248 | \$6,968,011 | |
| 2034 | \$15,424,476 | \$23,476,062 | 65.7 % | Medium | \$6,936,078 | \$0 | \$159,996 | \$5,932,181 | |
| 2035 | \$16,588,369 | \$24,254,238 | 68.4 % | Medium | \$7,074,800 | \$0 | \$162,087 | \$7,982,392 | |
| 2036 | \$15,842,864 | \$23,129,564 | 68.5 % | Medium | \$7,216,296 | \$0 | \$166,070 | \$5,840,059 | |
| 2037 | \$17,385,170 | \$24,368,839 | 71.3 % | Low | \$7,360,622 | \$0 | \$187,805 | \$4,741,895 | |
| 2038 | \$20,191,701 | \$26,973,221 | 74.9 % | Low | \$7,507,834 | \$0 | \$205,547 | \$6,970,013 | |
| 2039 | \$20,935,068 | \$27,563,497 | 76.0 % | Low | \$7,657,991 | \$0 | \$204,828 | \$8,749,857 | |
| 2040 | \$20,048,031 | \$26,547,049 | 75.5 % | Low | \$7,887,731 | \$0 | \$207,977 | \$6,578,655 | |
| 2041 | \$21,565,084 | \$27,951,515 | 77.2 % | Low | \$8,124,362 | \$0 | \$222,295 | \$6,998,983 | |
| 2042 | \$22,912,758 | \$29,023,265 | 78.9 % | Low | \$8,368,093 | \$0 | \$245,607 | \$5,296,950 | |
| 2043 | \$26,229,508 | \$32,253,159 | 81.3 % | Low | \$8,619,136 | \$0 | \$266,902 | \$7,941,892 | |
| 2044 | \$27,173,655 | \$33,074,157 | 82.2 % | Low | \$8,877,710 | \$0 | \$267,821 | \$9,905,888 | |
| 2045 | \$26,413,298 | \$32,137,876 | 82.2 % | Low | \$9,144,042 | \$0 | \$268,743 | \$8,467,875 | |
| 2046 | \$27,358,208 | \$32,902,897 | 83.1 % | Low | \$9,418,363 | \$0 | \$288,053 | \$6,787,796 | |
| 2047 | \$30,276,827 | \$35,677,033 | 84.9 % | Low | \$9,700,914 | \$0 | \$290,746 | \$12,371,427 | |
| 2048 | \$27,897,060 | \$33,046,608 | 84.4 % | Low | \$9,991,941 | \$0 | \$278,709 | \$10,299,355 | |
| 2049 | \$27,868,355 | \$32,742,759 | 85.1 % | Low | \$10,291,699 | \$0 | \$293,456 | \$7,605,648 | |
| 2050 | \$30,847,862 | \$35,483,706 | 86.9 % | Low | \$10,600,450 | \$0 | \$320,179 | \$8,553,257 | |
| 2051 | \$33,215,236 | \$37,618,619 | 88.3 % | Low | \$10,918,464 | \$0 | \$336,493 | \$10,358,315 | |
| 2052 | \$34,111,877 | \$38,254,777 | 89.2 % | Low | \$11,246,018 | \$0 | \$350,518 | \$9,686,857 | |
| 2053 | \$36,021,556 | \$39,906,921 | 90.3 % | Low | \$11,583,398 | \$0 | \$366,731 | \$10,615,856 | |

Reserve Study Executive Summary **No-Site-Visit**

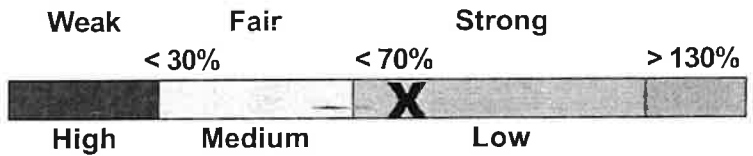
Golden Rain Foundation of Laguna Woods - Facilities
 Laguna Woods, CA
 Level of Service: **Update "No-Site-Visit"**

Report #: **43604-1**
 # of Units: 12,736
January 1, 2024 through December 31, 2024

Findings & Recommendations as of January 1, 2024

| | |
|--|---------------------|
| Projected Starting Reserve Balance | \$31,865,348 |
| Current Full Funding Reserve Balance | \$39,456,274 |
| Average Reserve Deficit (Surplus) Per Unit | \$596 |
| Percent Funded | 80.8 % |
| Recommended 2024 "Annual Full Funding Contributions" | \$6,110,000 |
| Alternate minimum contributions to keep Reserve above \$4,800,000 | \$4,615,000 |
| Most Recent Reserve Contribution Rate | \$6,111,000 |
| Annual Deterioration Rate | \$20,729,225 |

Reserve Fund Strength: 80.8%



Risk of Special Assessment:

Economic Assumptions:

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

This is an Update "No-Site-Visit", and is based on a prior Report prepared by Association Reserves. No site inspection was performed as part of this Reserve Study.

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

The Association is a Master Association

The Reserve Fund is at 80.8 % Funded, which is a strong position for the fund to be in. This means that the association's special assessment & deferred maintenance risk is currently low. The objective of your multi-year Funding Plan is to continue to Fully Fund Reserves and maintain a position of strength in the fund, where associations enjoy a low risk of Reserve cash flow problems. Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".

The Annual Deterioration rate for your Reserve Components is \$20,729,225.

Based on this starting point, your annual deterioration rate, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to maintain your Reserve contributions at \$6,110,000.

*The Alternative Contribution rate, also called Baseline Funding will keep the Reserve Funds above \$4,800,000. This figure for your association is \$4,615,000.

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

30-Year Reserve Plan Summary (Alternate Funding Plan) **Report # 43604-1**
No-Site-Visit

Fiscal Year Start: 2024

Interest: 1.00 %

Inflation: 3.00 %

| Reserve Fund Strength: as-of Fiscal Year Start Date | Projected Reserve Balance Changes |
|---|-----------------------------------|
|---|-----------------------------------|

| Year | Starting Reserve Balance | Fully Funded Balance | Percent Funded | Special Assmt Risk | Reserve Funding | Loan or Special Assmts | Interest Income | Reserve Expenses |
|------|--------------------------|----------------------|----------------|--------------------|-----------------|------------------------|-----------------|------------------|
| 2024 | \$31,865,348 | \$39,456,274 | 80.8 % | Low | \$4,615,000 | \$0 | \$259,583 | \$16,666,550 |
| 2025 | \$20,073,381 | \$35,363,968 | 56.8 % | Medium | \$4,615,000 | \$0 | \$189,522 | \$7,030,832 |
| 2026 | \$17,847,072 | \$37,186,799 | 48.0 % | Medium | \$4,615,000 | \$0 | \$172,356 | \$5,995,676 |
| 2027 | \$16,638,751 | \$39,277,908 | 42.4 % | Medium | \$4,615,000 | \$0 | \$148,148 | \$8,398,372 |
| 2028 | \$13,003,528 | \$37,061,177 | 35.1 % | Medium | \$4,615,000 | \$0 | \$101,284 | \$10,457,890 |
| 2029 | \$7,261,922 | \$31,763,705 | 22.9 % | High | \$4,711,915 | \$0 | \$81,152 | \$3,079,670 |
| 2030 | \$8,975,319 | \$34,037,746 | 26.4 % | High | \$4,810,865 | \$0 | \$90,387 | \$4,766,836 |
| 2031 | \$9,109,735 | \$34,777,022 | 26.2 % | High | \$4,911,893 | \$0 | \$97,524 | \$3,715,756 |
| 2032 | \$10,403,396 | \$36,759,928 | 28.3 % | High | \$5,015,043 | \$0 | \$112,983 | \$3,328,692 |
| 2033 | \$12,202,730 | \$39,344,003 | 31.0 % | Medium | \$5,120,359 | \$0 | \$103,497 | \$8,921,060 |
| 2034 | \$8,505,526 | \$36,392,755 | 23.4 % | High | \$5,227,887 | \$0 | \$75,264 | \$7,254,931 |
| 2035 | \$6,553,746 | \$35,220,796 | 18.6 % | High | \$5,337,672 | \$0 | \$72,395 | \$4,032,412 |
| 2036 | \$7,931,402 | \$37,489,139 | 21.2 % | High | \$5,449,763 | \$0 | \$79,820 | \$5,421,598 |
| 2037 | \$8,039,387 | \$38,555,623 | 20.9 % | High | \$5,564,208 | \$0 | \$94,017 | \$2,925,539 |
| 2038 | \$10,772,073 | \$42,390,824 | 25.4 % | High | \$5,681,057 | \$0 | \$90,391 | \$9,229,671 |
| 2039 | \$7,313,850 | \$40,018,581 | 18.3 % | High | \$5,800,359 | \$0 | \$77,401 | \$5,018,603 |
| 2040 | \$8,173,007 | \$42,088,448 | 19.4 % | High | \$5,922,166 | \$0 | \$87,757 | \$4,797,109 |
| 2041 | \$9,385,821 | \$44,629,704 | 21.0 % | High | \$6,046,532 | \$0 | \$101,192 | \$4,672,270 |
| 2042 | \$10,861,276 | \$47,562,371 | 22.8 % | High | \$6,173,509 | \$0 | \$113,312 | \$5,337,298 |
| 2043 | \$11,810,799 | \$50,090,225 | 23.6 % | High | \$6,303,153 | \$0 | \$124,317 | \$5,175,122 |
| 2044 | \$13,063,147 | \$53,058,908 | 24.6 % | High | \$6,435,519 | \$0 | \$104,482 | \$11,760,945 |
| 2045 | \$7,842,203 | \$49,537,144 | 15.8 % | High | \$6,570,665 | \$0 | \$64,838 | \$9,346,864 |
| 2046 | \$5,130,842 | \$48,606,238 | 10.6 % | High | \$6,708,649 | \$0 | \$57,496 | \$5,523,839 |
| 2047 | \$6,373,148 | \$51,801,429 | 12.3 % | High | \$6,849,531 | \$0 | \$75,530 | \$4,558,985 |
| 2048 | \$8,739,223 | \$56,309,072 | 15.5 % | High | \$6,993,371 | \$0 | \$72,062 | \$10,125,347 |
| 2049 | \$5,679,308 | \$55,448,071 | 10.2 % | High | \$7,140,231 | \$0 | \$61,987 | \$6,158,115 |
| 2050 | \$6,723,412 | \$58,883,854 | 11.4 % | High | \$7,290,176 | \$0 | \$63,817 | \$8,031,901 |
| 2051 | \$6,045,505 | \$60,736,168 | 10.0 % | High | \$7,443,270 | \$0 | \$54,270 | \$8,729,888 |
| 2052 | \$4,813,157 | \$62,175,884 | 7.7 % | High | \$7,599,579 | \$0 | \$57,764 | \$5,725,997 |
| 2053 | \$6,744,503 | \$67,011,081 | 10.1 % | High | \$7,759,170 | \$0 | \$56,754 | \$9,949,302 |



SCHEDULE OF MONETARY PENALTIES

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

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

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

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

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

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

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

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

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



MEMBER DISCIPLINARY PROCESS

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

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

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

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

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

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

