

May 8, 2007

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William R. Hart, Esq.  
HART, KING & COLDREN  
200 East Sandpointe, Fourth Floor  
Santa Ana, CA 92707

Re: Laguna Woods Village

Dear Mr. Hart:

You may recall that we represent Barbara Copley, Corkey Eley, Noni Eley, and June Todd, as well as the interests of many other presently unnamed residents of Laguna Woods Village, in connection with certain issues arising from their status as residents of the community.

There has long been a dispute as to the existence and terms of the CC&Rs and agreements that govern Laguna Woods Village. To provide objective assistance in resolving the question, we retained a title expert, Nancy J. Noonan. Ms. Noonan is a Senior Title Officer in the Major Accounts Division of Stewart Title of California. After performing an exhaustive survey of the documents recorded against the property, Ms. Noonan prepared a report summarizing her expert opinion as to the CC&Rs and other agreements and documents that are currently in force. A copy of her report is enclosed.

Various of the CC&Rs and agreements that remain in effect, as described in Ms. Noonan's report, have been violated in recent years by real estate sales, transfers of other assets, and other governance decisions made by the Mutual and GRF Boards and by the community's property manager, PCM. In addition, certain real estate transactions and other redevelopment plans now under discussion in Laguna Woods Village will, if implemented, violate provisions of these CC&Rs and agreements.

We request that you discuss the report and its significance with the Mutual and GRF Boards, as well as PCM, to ensure that the future activities of the Boards and PCM will conform with the controlling documents and thereby avoid the need for further action. We also request that you, the Boards, and PCM review past decisions to determine whether any of them need to be reversed or transactions unwound because they violate the controlling documents. We will be performing a similar review of our own, but it is our belief that certain recent transactions will be found to be inconsistent with the CC&Rs.

William R. Hart, Esq.

May 9, 2007

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Finally, you should be advised that my clients have, on their own, determined to provide copies of this letter and Ms. Noonan's report directly to the directors of the Mutual and GRF Boards, and they will also distribute copies to other interested stakeholders in the community.

I look forward to your prompt response.

Very truly yours,



Steven P. Rice

**Enclosure**

cc: Anthony Canzoneri, Esq. (w/encl.)  
Barbara Copley (w/encl.)  
June Todd (w/encl.)  
Corkey Eley (w/encl.)  
Noni Eley (w/encl.)



May 1, 2007

Crowell & Moring  
3 Park Plaza, 20<sup>th</sup> Floor  
Irvine CA 92614-8505  
Attn: Steven P. Rice

Dear Mr. Rice,

I hereby certify that, according to an examination of the Official Records of the County of Orange, State of California, as of the date hereof:

The Covenants, Conditions and Restrictions, and Agreements hereinafter referenced are currently in full force and effect upon the real properties referenced herein, and that said real properties, which are located within and comprise the residential development known as Leisure World Laguna Hills (the "Project") are and shall be held, conveyed, encumbered, leased and used subject to the Agreements and the Covenants, Conditions and Restrictions (the "CC&Rs"), which Agreements and CC&Rs shall run with the real property included within the Project, shall be binding upon all parties having or acquiring any interest in the Project or any part thereof, which parties include, but not limited to the Golden Rain Foundation, Third Laguna Hills Mutual, and United Laguna Hills Mutual.

The Agreements and CC&Rs shall inure to the benefit of every portion of the Project and any interest therein, shall inure to the benefit of and be binding upon each successor in interest of each Owner, and said CC&Rs may be enforced by any Owner, or his successors in interest; which CC&R's and Agreements are as follows, to wit:

1. The Trust Agreement executed by Golden Rain Foundation of Laguna Hills, recorded in Book 6953, page 519 of Official Records;
2. The terms, provisions and conditions contained in the unrecorded Occupancy Agreement, as disclosed by a Memorandum of Occupancy Agreement recorded July 25, 1988 as Instrument No. 88-359322 of Official Records, and various instruments of record;
3. An unrecorded agreement as disclosed by a Memorandum of Agreement recorded July 10, 1990 as Instrument No. 90-363158 of Official Records;
4. CC&Rs affecting the project which recorded February 28, 1964 in Book 6944, page 449 of Official Records;

5. CC&Rs recorded June 13, 1973 in Book 10746, page 274, Official Records affecting Lot 1 of Tract 8096, as per map filed in Book 316, pages 33 and 34 of Miscellaneous Maps, in the office of the County Recorder of Orange County, California; as amended by Amendment to Covenants, Conditions and Restrictions recorded July 31, 1989 as Instrument No. 89-403942, Official Records;

6. CC&Rs recorded July 10, 1990 as Instrument No. 90-363158 of Official Records, affecting the entire project as described in Exhibits "A" and "B" attached to said document;

7. CC&Rs recorded August 9, 1988 as Instrument No. 88-389976 of Official Records, affecting Lot 1 of Tract 6605, as per map filed in Book 245, pages 42 and 43 of Miscellaneous Maps, records of said Orange County;

8. CC&Rs recorded August 9, 1988 as Instrument No. 88-389975 of Official Records, affecting Lots 2 and 3 of Tract 8259, as per map filed in Book 340, pages 48, 49 and 50 of Miscellaneous Maps, records of said Orange, County;

And the CC&Rs recorded May 10, 1988 as Instrument Nos. 88-218113 through 88-218167, each affecting the real property listed below as Items 9 through 70:

	<b>INSTRUMENT NO.</b>	<b>LOT</b>	<b>TRACT</b>	<b>BOOK</b>	<b>PAGE</b>
<b>9</b>	88- 218113	1	6320	243	47-49
<b>10</b>	88- 218114	2	6320	243	47-49
<b>11</b>	88- 218115	1	5861	250	5-6
<b>12</b>	88- 218116	2	5861	250	5-6
<b>13</b>	88- 218117	1	6810	252	14-15
<b>14</b>	88- 218118	1	6847	255	17-18
<b>15</b>	88- 218119	1	6868	256	43-44
<b>16</b>	88- 218120	1	6951	258	24-25
<b>17</b>	88- 218121	1	6998	259	47-48
<b>18</b>	88- 218122	1,2,A	7074	261	47-48
<b>19</b>	88- 218123	B,6,7,8	5719	264	16-19
<b>20</b>	88- 218124	5	5719	264	16-19
<b>21</b>	88- 218125	A,2,3,4	5719	264	16-19
<b>22</b>	88- 218126	1	7128	267	37-38
<b>23</b>	88- 218127	2	7128	267	37-38
<b>24</b>	88- 218128	1,2	7372	281	47-48
<b>25</b>	88- 218129	1,2	7411	284	38-39
<b>26</b>	88- 218130	3,4	7124	291	45-46
<b>27</b>	88- 218131	1	7688	294	19-20
<b>28</b>	88- 218132	2	7688	294	19-20
<b>29</b>	88- 218133	1	7513	297	33-34

<b>30</b>	88-	218134	2	7513	297	33-34
<b>31</b>	88-	218135	1,2	7810	300	47-48
<b>32</b>	88-	218136	1	7811	300	49-50
<b>33</b>	88-	218137	1	7897	308	35-36
<b>34</b>	88-	218138	1,2	7898	310	44-45
<b>35</b>	88-	218139	1,2	7896	311	47-48
<b>36</b>	88-	218140	1,2	8085	321	49-50
<b>37</b>	88-	218141	1	8086	322	1-2
<b>38</b>	88-	218142	1	8179	327	27-28
<b>39</b>	88-	218143	1	8180	327	48-50
<b>40</b>	88-	218144	1	8181	327	34-35
<b>41</b>	88-	218145	1	8257	341	17-18
<b>42</b>	88-	218145	1	8259	340	48-50
<b>43</b>	88-	218146	1,2	7887	310	48-50
<b>44</b>	88-	218147	4	7887	310	48-50
<b>45</b>	88-	218148	1 TO 6	7388	308	11-14
<b>46</b>	88-	218149	7, 9 TO 13	7388	308	11-14
<b>47</b>	88-	218150	1,2	8258	341	19-20
<b>48</b>	88-	218151	1	8546	346	1-2
<b>49</b>	88-	218151	1	9012	377	38-39
<b>50</b>	88-	218152	1	8548	348	5-6
<b>51</b>	88-	218153	1,2,3	10641	473	29-30
<b>52</b>	88-	218154	4	10641	473	29-30
<b>53</b>	88-	218155	1,2	7745	331	19-26
<b>54</b>	88-	218155	2	8096	316	33-34
<b>55</b>	88-	218155	1	8097	330	42-47
<b>56</b>	88-	218156	3,8	7745	331	19-26
<b>57</b>	88-	218157	4,5,9	7745	331	19-26
<b>58</b>	88-	218157	2	8097	330	42-47
<b>59</b>	88-	218158	5,6	8097	330	42-47
<b>60</b>	88-	218158	1,2,3	8098	331	1-4
<b>61</b>	88-	218159	3,4	8097	330	42-46
<b>62</b>	88-	218160	6,7	7745	331	19-26
<b>63</b>	88-	218160	4	8098	331	1-4
<b>64</b>	88-	218161	3	7887	310	48-50
<b>65</b>	88-	218162	3,4	7934	443	46-47
<b>66</b>	88-	218163	1,2	8234	318	39-40

<b>67</b>	88-	218164	2	7935	340	14-18
<b>68</b>	88-	218165	3	7935	340	14-18
<b>69</b>	88-	218166	4	7935	340	14-18
<b>70</b>	88-	218167	5	7935	340	14-18

Dated as of May 1, 2007 at 7:30 a.m.

Sincerely yours,



Nancy J. Noonan  
Senior Title Officer  
Stewart Title of California  
Major Accounts Division  
180 N. Riverview Drive #100  
Anaheim CA 92808