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REGULATORY AGREEMENT

AGREEMENT, dated this 2nd day of March, 1964, by and between GOLDEN RAIN FOUNDATION OF LAGUNA HILLS, a California nonprofit corporation, hereinafter referred to as "Foundation," whose address is Rossmoor Leisure World of Laguna Hills, Orange County, California, party of the first part, and PHILIP N. BROWNSTEIN, Federal Housing Commissioner, hereinafter referred to as "Commissioner," acting pursuant to authority granted him by the National Housing Act, as amended, hereinafter referred to as "Act," party of the second part.

WHEREAS, the corporation members of the Foundation will be various cooperative housing corporations, hereinafter referred to as "cooperatives," which will be mortgagors of mortgages insured by the Commissioner, pursuant to Section 213 of the Act, and

WHEREAS, the Foundation as Trustee for the cooperatives or as owner will hold title to properties and certain community facilities erected thereon for the use and benefit of the cooperatives (the properties and community facilities located thereon are hereinafter collectively referred to as "community facility property"), and

WHEREAS, the Commissioner in valuing the land upon which the cooperative housing projects will be erected will give effect to the availability of the community facility property to the cooperatives, and

WHEREAS, such land valuation will be one of the factors in determining the amount of the insured mortgages covering the housing projects owned by the cooperatives, and

WHEREAS, the Commissioner is unwilling to insure the mortgages on the housing projects unless and until the Foundation holding the community facility property as Trustee for the cooperatives, or as owner, by entering into the agreements set forth below, consents to be regulated and restricted by the Commissioner,

NOW THEREFORE, in consideration of the sum of One Dollar (\$1.00) in hand paid, and other good and valuable considerations by each party to the other, the receipt of which is hereby acknowledged, and in order to induce the Commissioner to endorse for mortgage insurance notes secured by mortgages, the mortgagors of which will be the cooperatives for which the Foundation is holding title to the community facility property as Trustee, or as owner, the parties hereto agree as follows: That as long as any Contract of Mortgage Insurance is in effect with respect to any mortgage covering a housing project owned by a cooperative, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of any such mortgage or during any time the Commissioner is obligated to insure such mortgage:

1. The Foundation shall not without the prior written approval of the Commissioner:
 - a. Sell, assign, transfer, dispose of or encumber any real or personal property which the Foundation holds as Trustee or as owner.
 - b. Amend or deviate from the voting plan as approved by the Commissioner in the Foundation's Articles of Incorporation and By-Laws.
 - c. Amend its Articles of Incorporation or By-Laws.
 - d. Expend any funds or incur any debt in excess of the Foundation's then current budget.

Encumber property

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- e. Amend or deviate from the terms of a certain Trust Agreement between Golden Rain Foundation of Laguna Hills, Trustee, and Laguna Hills Mutual No. One, Trustor, (to be joined in by subsequent cooperatives as additional trustors and beneficiaries thereunder), dated March 2, 1964.
- f. Consolidate or merge into or with any other corporation.
2. In the event that the Commissioner becomes a mortgagee in possession or acquires title to the property of a cooperative, the Foundation shall make the facilities available to the Commissioner and to his successors and assigns at the same rates other users of the community facility property are charged.
 3. When the Foundation acquires title to the community facility property or any part thereof, the Foundation shall furnish title evidence satisfactory to the Commissioner.
 4. The Foundation shall provide management of the community facility property in a manner satisfactory to the Commissioner.
 5. The Foundation shall not go into voluntary liquidation; carry into effect any plan of reorganization of the Foundation or effect any change whatsoever in its capital structure.
 6. The Foundation shall maintain the community facility property, the grounds, buildings and equipment appurtenant thereto, in good repair and in such condition as will preserve the health and safety of the users of the property.
 7. The property, equipment, buildings, plans, office, apparatus, devices, books, contracts, records, documents and papers of the Foundation shall be subject to inspection and examination by the Commissioner or his duly authorized agent at all reasonable times.
 8. The Foundation shall file such reports as the Commissioner may request.
 9. The Foundation shall not file any petition in bankruptcy, or for a receiver, or in insolvency, or for reorganization or composition, or make any assignment for the benefit of creditors, or permit an adjudication in bankruptcy, or the taking possession ~~of the community facility property or any part thereof~~ by a receiver, or the seizure and sale of the community facility property or any part thereof under judicial process or pursuant to any power of sale. *Receivership*
 10. Upon violation of any of the above provisions of this Agreement by the Foundation, the Commissioner may give written notice thereof, to the Foundation, by registered or certified mail, addressed to the addressees stated in this Agreement. If such violation is not corrected to the satisfaction of the Commissioner within 15 days after the date such notice is mailed, or within such additional period of time as is set forth in the notice, or where the Foundation proceeds immediately and diligently, within such further time as the Commissioner determines is necessary to correct the violation, without further notice the Commissioner may declare a default under this Agreement and upon such default the Commissioner may:
 - a. Collect all rents, dues, and charges in connection with the operation of the community facility property and use such collections to pay the Foundation's obligations under this Agreement and the necessary expenses of preserving the property and operating the community facility property;*notice of violation*

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- b. Take possession of the community facility property, bring any action necessary to enforce any rights of the Foundation, and any rights of the Commissioner arising by reason of the Agreement, and operate the community facility property in accordance with the terms of this Agreement until such time as the Commissioner in his discretion determines that the Foundation is again in a position to operate the community facility property in accordance with the terms of this Agreement;
- c. Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the community facility property in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Commissioner arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.
11. To secure the Commissioner because of his liability under the endorsement of the Notes of the cooperative corporations for insurance, and as security for the other obligations under this Agreement, the Foundation assigns, pledges and mortgages to the Commissioner its rights to the rents, dues, profits, income and charges of whatever sort which it may receive or be entitled to receive from the operation of the community facility property. Provided, however, that permission is granted to the Foundation to collect and retain under the provisions of this Agreement the rent, dues, profits, income and charges, during any such period or periods of time for which the Commissioner has not declared a default. Upon declaration by the Commissioner of a default, the said permission is terminated and shall not be deemed to be reinstated until the Commissioner has declared the default to be cured.
12. Foundation agrees that there shall be full compliance with the provisions of (1) any state or local laws prohibiting discrimination in housing on the basis of race, color, creed or national origin, and (2) with the Regulations of the Federal Housing Administration providing for nondiscrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a proper basis for the Commissioner to take any corrective action he may deem necessary including, but not limited to, the rejection of future applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the Foundation is identified, and further, if the Foundation is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates, or stockholders of the Foundation, and (2) with respect to any corporation or any other type of business association or organization with which the officers, directors, trustees, managers, partners, associates or stockholders of the Foundation may be identified. *Corrective rights*
13. This instrument shall bind, and the benefits shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors in office or interest, and assigns.
14. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

- 15. The Foundation agrees and assumes the obligation to have this Agreement recorded in the appropriate land records in the jurisdiction in which the community facility property is situated; and in the event of failure to do so, it is agreed that the Commissioner may have the same recorded at the expense of the Foundation.
- 16. It is specifically agreed between the parties hereto that the breach of any of the terms of this Agreement by the Foundation will substantially damage and injure the Commissioner in the proper performance of his duties under the provisions of the Act, and will impede and injure the proper operations intended under such Act; that such damage will be irrespective of and in addition to any financial damage the Commissioner may suffer as insurer of the mortgages of which the cooperatives are the mortgagors; that, except for the agreements herein contained, the Commissioner would not issue and would not be authorized to issue his Contracts of Mortgage Insurance, and that the mortgagee of the mortgages covering the cooperative housing projects would not lend on the security of the mortgages executed by the cooperatives unless the same were insured by the Commissioner.

IN WITNESS WHEREOF, the parties hereto have duly executed this agreement the day and year first above written.

GOLDEN RAIN FOUNDATION OF LAGUNA HILLS

FEDERAL HOUSING COMMISSIONER

By L. M. Letson
L. M. Letson, President

By [Signature]
(Authorized Agent)

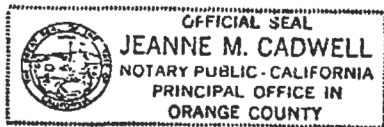
By W. F. Schulz
Schulz, Secretary



STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.

On this 2nd day of March, 1964, before me, the undersigned, a Notary Public in and for said County and State, personally appeared L. M. Letson, known to me to be the President, and W. F. Schulz, known to me to be Secretary of GOLDEN RAIN FOUNDATION OF LAGUNA HILLS, the corporation that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.



[Signature]
Notary Public in and for the County of Orange, State of California
JEANNE M. CADWELL
My Commission Expires July 4, 1967

RECORDED AT REQUEST OF
TITLE INSURANCE & TRUST CO.
IN OFFICIAL RECORDS OF
ORANGE COUNTY, CALIF.
4:12 P.M. MAR 6 1964

\$ 26.00