

June 22, 2007

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VIA FACSIMILE AND U.S. MAIL

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

Re: Laguna Woods Village

Dear Mr. Hart:

In response to your May 10, 2007 and June 1, 2007 letters, the GRF Board, the Mutual Boards, the Mutual and PCM officers and directors individually, PCM, and its managing agent individually each have fiduciary, contractual, and other legal duties to my clients and all other members to follow the CC&Rs and other controlling documents, and to exercise the utmost due diligence to ensure that those documents are not now, have not at any time in the past been, and in the future are not violated, whether deliberately or through inadvertence. I also note that your office, as long-time counsel for these various entities, also has duties and responsibilities to correctly advise them and to ensure that they act properly in accordance with their legal obligations to the members. These various duties cannot be conditioned upon any listing of transactions or other information by my clients. Thus, it is improper for you and your clients to have delayed or to further delay a full, complete, and independent investigation of all past and present transactions, acts, and omissions to ensure that no violations have occurred, and to notify the members and take appropriate corrective action if violations are found. You and your clients, not me and mine, are in a position to determine what has occurred or what is planned in the community that is affected by the controlling documents. The failure of your clients to conduct a full, complete, and independent investigation in and of itself will be yet another breach of duty. Therefore, we again request that your clients and you immediately proceed as requested in my original May 8, 2007 letter.

Nevertheless, and without limitation on the foregoing, including the requirement of comprehensive independent investigation of all past transactions, acts, and omissions as well as future transactions, acts, and omissions, we request that you and your clients investigate and report to the members in detail on compliance of the following with the controlling documents listed in the Stewart Title report provided with my May 8, 2007 letter:

1. Sale of the "old administration building;"
2. Community name change from Leisure World to Laguna Woods Village;
3. Purchase of the "new administration/community center building;"
4. 148 acres of property with Leisure World that has been or is anticipated to be sold and/or traded, in whole or in part;
5. Compliance with the Davis-Stirling Act in connection with conduct of open meetings;
6. Credit card usage by PCM and other personnel;
7. Expense reimbursement to PCM and other personnel;
8. Other payments made to PCM and its personnel;
9. Removal of the "globe" sculpture, and entry into a settlement agreement purportedly requiring such removal;
10. Joint venture and redevelopment plans within the community; and
11. Any other sales of land within the community.

If you wish to discuss this matter, please contact me.

Very truly yours,



Steven P. Rice

cc: Barbara Copley
June Todd
Corkey Eley
Noni Eley