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**VIA EMAIL and U.S. MAIL**  
mwc Curtis47@yahoo.com

Michael W. Curtis  
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Laguna Woods, CA 92637

Re: Response to Your Correspondence to George Portlock

Dear Mr. Curtis:

We have been requested, as corporate counsel to Golden Rain Foundation of Laguna Woods, a California nonprofit mutual benefit corporation ("GRF") to respond to your emailed correspondence to Mr. George Portlock, the President of GRF. In this email, you questioned certain comments which Mr. Portlock allegedly made at a Community Civic Association meeting, which was then recorded and re-broadcast in early February to the entire Laguna Woods Village Community.

At the outset, we note that we were not present at that meeting, nor have we investigated whether others agree with your presentation of what may have been said by Mr. Portlock. Nevertheless, it appears that the issue for us as corporate counsel, is to respond to the substance of your concerns, as a stockholder/owner in United Laguna Hills Mutual, a California nonprofit mutual benefit corporation ("United").

It appears that your primary concern is why there are currently enforced covenants, conditions and restrictions ("CC&Rs") for both Third Laguna Hills Mutual ("Third"), and Mutual No. Fifty of Laguna Hills ("Mutual 50"), but none is in evidence for either United or GRF. Specifically, you state: "How can these same CC&Rs exist for Third and Mutual 50 today, yet not exist for United or GRF, when we are all part of the same CID?"

We will address first the last part of your question, which seems to indicate that your fundamental premise is that "We are all part of the same CID." In this regard, please note that each of the four Laguna Woods Village entities is, a separate corporation, although of course, each member of the three Mutuals is also required to be a member of GRF. Nevertheless, the three housing Mutuals are each separate and distinct corporations, which each then also function under their own governing documents. As further discussed below, these governing documents at United do not include CC&R's.

#### **UNITED**

As a United resident, you are probably aware that unlike Third and Mutual 50, United is a stock cooperative. As one of the types of common interest developments ("CID's") in California discussed within the Davis-Stirling Act, there is no requirement that every CID have recorded CC&R's. In this case, the United Occupancy Agreement qualifies as United's Declaration of

Michael W. Curtis  
March 16, 2007  
Page 2

CC&R's. As a stock cooperative, the Occupancy Agreement has always served the function of a Declaration of CC&R's. The Davis-Stirling Act permits such an arrangement.

**GOLDEN RAIN FOUNDATION**

On a number of occasions, we have performed various searches of the records of the Orange County Recorder's Office concerning the existence of CC&R's for GRF (in addition to the other Mutuuls) from 1962 through the present. These records are voluminous, obscure and incomplete. However generally, there have been a series of Declarations of Restrictions; Declarations of Modifications of CC&R's; and Declarations of Termination of CC&R's that have been in effect at various times over the past 40 years pertaining to real estate owned by GRF. There appear to be no recorded CC&R's with GRF as a declarant. However, there have been various sets of CC&R's that pertain to individual parcels of property currently owned by GRF. It appears that over the years other GRF governing documents including, for example, Articles, Bylaws, the lenders Trust Agreement, and the Regulatory Agreement with HUD have been enforced in place and instead of a Declaration of CC&R's for GRF. This arrangement is not only legal, but has worked well for many years.

We trust that this addresses your questions.

Very truly yours,

HART, KING & COLDREN



William R. Hart

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Enclosure