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January 24, 2011

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**PERSONAL AND CONFIDENTIAL
ATTORNEY-CLIENT PRIVILEGE**

VIA EMAIL and U.S. MAIL

Board of Directors of Golden Rain Foundation of
Laguna Woods
c/o Professional Community Management, Inc.
P. O. Box 2220
Laguna Woods, CA 92654-2220

Professional Community Management of
California, Inc.
23726 Birtcher Drive
Lake Forest, CA 92630

Attn: President Matson

Attn: Donny R. Disbro

Re: Further Modification of Management Agreement

Dear Mr. Matson and Mr. Disbro:

We have been requested to prepare this letter agreement ("Letter Agreement") based on the decision made by Golden Rain Foundation of Laguna Woods ("GRF") in their closed session meeting held Wednesday, January 19, 2011, to amend the terms of the current Management Agreement executed March 5, 2007 ("Management Agreement"), by and between GRF and Professional Community Management of California, Inc., a California corporation ("PCM").

This Management Agreement was previously amended by that certain letter agreement dated May 23, 2008 ("Prior Letter Agreement"), which provided in pertinent part for a modification to Article 5 of the Management Agreement pertaining to the fee paid to PCM as Agent. Specifically, in that Prior Letter Agreement, GRF agreed to pay to PCM an additional fee of Ninety Thousand Dollars (\$90,000) per year, that was to be paid along with the then existing fee, and that was to be referred to as the "Additional Management Fee."

This Additional Management Fee shall remain in effect as a line item in GRF's annual budget. However, in accordance with all terms and conditions of this Letter Agreement, the Management Agreement is hereby further amended to address the issue of discretionary bonuses.

By their execution of this Letter Agreement, the parties expressly acknowledge and agree to the adoption and implementation of the following policy ("Policy") regarding discretionary bonuses, if any, that may, in any year be paid to any PCM employees using GRF funds, but only to the extent that the Board specifically approves such disbursements each year.

1. Commencing in February or March of 2012, for the 2011 calendar year, and continuing annually thereafter, but if and only if there is a surplus in the funds designated for compensation in the prior year's budget, PCM will present to the Board on an annual basis the proposed amount of discretionary bonuses to be paid for each category of PCM job

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- description, along with the significant reasons that such bonuses are recommended for each employee.
2. Within sixty (60) days of this presentation by PCM, the Board will annually review these PCM recommended discretionary bonus payments, along with the reasons presented therefor by PCM, and shall vote to accept, reject, reduce, or increase any recommended discretionary bonus payments as the Board may decide in its discretion.
 3. PCM and the Board acknowledge and agree that there shall be no specifically designated fund, nor line item for discretionary bonuses in the GRF budget, and further that, in accordance with this Policy, the Board will consider any recommendations from PCM for discretionary bonus payments only to the extent that there was a surplus in the amount budgeted for compensation at the end of the prior calendar year.
 4. Upon receipt of a Board resolution respecting any specific discretionary bonuses that have been authorized by the Board, based on the Board's consideration of PCM's proposals and the Board's vote regarding any discretionary bonuses to be paid following any calendar year when a budget surplus for compensation is available for that purpose, PCM will then be authorized to disburse the specific discretionary bonus payments as determined and authorized by the Board. If no discretionary bonus payments are authorized by the Board, then PCM shall not be entitled to make disbursements therefore from GRF funds, other than from the Additional Management Fee.

This Letter Agreement shall be construed in accordance with and governed by the laws of the State of California. In the event of any controversy or dispute regarding the provisions hereof or enforcement of the same, the non-prevailing party shall pay to such prevailing party that prevailing party's attorneys' fees and costs incurred in connection with any legal action to enforce the terms of this Letter Agreement, whether or not such action proceeds to mediation, arbitration, trial or appeal.

The parties agree to cooperate together in good faith to execute any such additional documents or take any such actions as may be necessary or appropriate to accomplish the purposes of this Letter Agreement; provided, further, that this Letter Agreement is intended to be a binding contract and further that GRF and PCM intend to be bound by all terms and conditions contained herein.

The parties further expressly acknowledge and agree that the terms of this Letter Agreement shall, but only to the extent of any inconsistency, supersede and replace any inconsistent provisions of the Management Agreement, as previously amended by the Prior Letter Agreement; provided, further, that except as expressly modified herein, the terms and provisions of the Management Agreement and the Prior Letter Agreement remain in full force and effect.



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If you have any questions or comments regarding this Letter Agreement, please do not hesitate to contact the undersigned. Otherwise, please signify the intent of GRF and PCM, respectively, to be bound by the terms and conditions contained herein by executing the enclosed copy of this Letter Agreement (sent by United States Mail) where indicated below, and return an original copy to my attention in the self-addressed envelope, which is included with such hard copy, at your earliest convenience.

Very truly yours,
HART, KING & COLDREN

William R. Hart
WRH:REM\mdm

Enclosure (w/ hard copy only)
cc: Jerry Storage (w/o enc.)

AGREED TO AND ACCEPTED BY:

GOLDEN RAIN FOUNDATION OF LAGUNA WOODS

Dated: 1-20, 2011

By: [Signature]
Its: President

Dated: 1-20, 2011

By: [Signature]
Its: Secretary

PROFESSIONAL COMMUNITY MANAGEMENT OF CALIFORNIA, INC.

Dated: 1-26-2011 ^{Disbro}
~~2010~~
2011

By: [Signature]
Its: Chief Executive Officer