

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THIRD LAGUNA HILLS MUTUAL
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION

June 17, 2014

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, June 17, 2014 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Mike Straziuso, Kathryn Freshley, Judith Troutman, Rosemarie di Lorenzo Dickins, Ray Gros, Hank Gioia, Wei-Ming Tao, Won Chang, Beth Perak

Directors Absent: Bert Moldow, Jim Juhan

Staff Present: Cris Robinson, Kim Taylor, Pamela Bashline, Heather Rasmussen
Executive Session: Cris Robinson, Kim Taylor, Pamela Bashline, Luis Rosas, Cindy Grace

Others Present: Kelly Richardson, Esq.

CALL TO ORDER

Director Mike Straziuso, President, called the meeting to order at 9:30 A.M. and confirmed that a quorum was present.

PLEDGE OF ALLEGIANCE

Director Wei-Ming Tao led the Membership in the Pledge of Allegiance.

ACKNOWLEDGEMENT OF MEDIA

A representative of the Globe was present for the meeting and the Channel 6 Camera Crew, by way of remote cameras, was acknowledged as present.

APPROVAL OF AGENDA

Ms. Pamela Bashline updated the Board on the passing of Gene Brant, Inspector of Election for Third Mutual.

Director Perak moved to add to the agenda as Agenda Item 12(c) Discuss and Consider Revisions to the Inspectors of Election Resolution. Director Gioia seconded the motion.

By a vote of 8-0-0 the motion carried.

Director Troutman moved to restate the agenda by removing 'Resolution' from Agenda Item 15(a) and adding 'Resolution' to Agenda Item 15(c). Director di-Lorenzo Dickins seconded the motion.

By a vote of 8-0-0 the motion carried.

Without objection, the agenda was approved as amended.

Ms. Pamela Bashline left the meeting at 9:35 AM.

CHAIR'S REMARKS

President Straziuso spoke on various items concerning Third Mutual.

APPROVAL OF THE MINUTES

Without objection the minutes of May 20, 2014 was approved as written.

CONSENT CALENDAR

Director Freshley moved to remove '3164-A Deny **appeal** request for rear bedroom extension, rear patio extension and front room addition' and place it under the Maintenance and Construction Committee Report, as Agenda Item 15(d), for discussion and consideration. Director di Lorenzo-Dickins seconded the motion.

By a vote of 5-4-0 the motion carried.

Without objection, the Board approved the Consent Calendar as amended, and took the following actions:

Maintenance & Construction Committee Recommendations:

2330-N	Deny request to reimburse dry-down charges
2386-3H	Approve request for non-standard carport storage cabinet, with contingencies
3148-C	Approve request for rear patio extension and window to sliding glass door in bedroom, with contingencies
3155-C	Approve request to retain glass block in kitchen windows, with contingencies
3164-A	Deny appeal request for rear bedroom extension, rear patio extension and front room addition
3188-B	Deny request for a rear patio extension with enclosure
3427-C	Deny request for a rear patio enclosure and cover on previous patio extension
3430-B	Approve request for a rear patio extension, with contingencies
5029	Approve request to replace and enlarge walkway with pavers, with contingencies
5134	Approve Exterior Paint Color Palette Preference for exterior paint color on Building 5134
5472-C	Approve request to retain garage door color, with contingencies
5516-C	Approve request to resize living room window, with contingencies

Landscape Committee Recommendations:

None

Finance Committee Recommendations:

RESOLUTION 03-14-58

Recording of a Lien

WHEREAS, Member ID 931-350-95 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, June 17, 2014, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-350-95; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

RESOLUTION 03-14-59

Recording of a Lien

WHEREAS, Member ID 931-631-42 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, June 17, 2014, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-631-42; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

RESOLUTION 03-14-60

Recording of a Lien

WHEREAS, Member ID 931-681-99 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, June 17, 2014, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-681-99; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

RESOLUTION 03-14-61

Recording of a Lien

WHEREAS, Member ID 933-190-83 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, June 17, 2014, that the Board of Directors hereby approves the recording of a Lien for Member ID 933-190-83; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

RESOLUTION 03-14-62

Filing of Separate Small Claims Court Cases

WHEREAS, the Finance Committee recommends filing separate Small Claims Court cases of \$2,500 (or less) in an attempt to collect delinquent assessments by way of a judgment or stipulation against members/owners in Third Laguna Hills Mutual; and

NOW THEREFORE BE IT RESOLVED, June 17, 2014, that the Board of Directors hereby approves the filing of separate Small Claims Court cases for Member ID 933-630-60 and Member ID 932-810-47; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

GENERAL MANAGER'S REPORT

In Mr. Storage's absence, Ms. Cris Robinson updated the membership on Third Mutual projects and ongoing GRF projects within the Community.

MEMBER COMMENTS

Third Mutual Members were given the opportunity to speak to any issues not on the agenda.

DIRECTORS' RESPONSES TO MEMBER COMMENTS

The Directors briefly responded to Member Comments.

UNFINISHED BUSINESS

No Unfinished Business came before the Board.

NEW BUSINESS

Director Troutman read a proposed resolution approving the Alteration Standard Section 44 Electric Vehicle Charging Stations Policy:

RESOLUTION 03-14-XX

Alteration Standard Section 44 Electric Vehicle Charging Stations

WHEREAS, the Energy Committee and the Maintenance & Construction Committee of this Corporation recognizes the need to develop an alteration standard for charging of electric vehicles; and

WHEREAS, adoption of this standard will comply with the State's policy to promote, encourage, and remove obstacles to the use of electric charging stations, and would also comply the Davis Stirling Act, Civil Code §4745;

NOW THEREFORE BE IT RESOLVED, August 19, 2014, that Section 44 – Electric Vehicle Charging Stations of the Mutual Alteration Standards is hereby adopted as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

Director Troutman moved to approve the resolution. Director Gros seconded the motion and discussion ensued.

Without objection, the Board postponed the resolution to the August meeting to satisfy the 30-day notification requirement.

Director Troutman read a proposed resolution approving revisions to the Third Laguna Hills Mutual Bylaws. Director Troutman moved to approve the resolution. Director Gros second the motion and discussion ensued.

Director Freshley called for a roll call vote.

By the following roll call vote of (5-4-0) the motion carried and the Board of Directors adopted the following resolution:

Roll Call Vote:

AYES: Gros, Chang, Perek, Straziuso, Troutman

NAYES: Freshley, Tao, Di Lorenzo Dickins, Gioia

Resolution 03-14-63

WHEREAS, it is necessary to amend the Third Laguna Hills Bylaws to reflect the changes in the Davis-Stirling Act numbering, Davis-Stirling Act provisions to discipline matters and policies, and Board proxies;

NOW THEREFORE BE IT RESOLVED, June 17, 2014, that the Board of Directors of this Corporation hereby adopts the amended Third Laguna Hills Bylaws as attached to the minutes of this meeting; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

Director Troutman read a proposed resolution approving revisions to the Inspectors of Election resolution. Director Troutman moved to approve the resolution. Director Gros second the motion and discussion ensued.

By a vote of 6-3-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-14-64

RESOLVED, June 17, 2014, that the Board of Directors of this Corporation hereby appoints the following persons as Inspectors of Election:

Hillel Pitlik
Charline Brant
Marvin Walts

RESOLVED FURTHER, that such appointees shall serve for the counting of the ballots for the 2014 Election of Directors of this Corporation and any other elections that may arise; and

RESOLVED FURTHER, that such appointments shall remain in effect until successors are appointed by the Board; and

RESOLVED FURTHER, that Resolution 03-14-07 adopted January 21, 2014 is hereby superseded and cancelled.

COMMITTEE REPORTS

Director Gioia gave the Treasurer's and the Finance Committee Reports, and commented on the Resale & Lease Activities.

Director di Lorenzo Dickins reported from the Landscape Committee.

Director Troutman reported from the Maintenance and Construction Committee.

Director Troutman moved to approve performing additional sealcoat program work in 2014, with an appropriation of \$12,220 as an unbudgeted General Maintenance operating expenditure. Director Gros seconded the motion and discussion ensued.

By a vote of 9-0-0, the motion carried.

Director Troutman read a proposed resolution approving beginning prior-to-paint program activities six months ahead of the 2015 Exterior Paint Program, with a supplemental appropriation in the amount of \$230,000. Director Troutman moved to approve the resolution. Director Gros seconded the motion and discussion ensued.

By a vote of 6-2-1, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-14-65

Begin Prior-to-Paint Program Activities

WHEREAS, the Mutual's historical approach to performing prior-to-paint repairs has been to inspect, assess, and perform repairs shortly prior to the arrival of the exterior painting crew; and

WHEREAS, when a structural repair is identified, the time required to obtain engineering designs, permit issuance, and complete construction inhibits the ability of the prior-to-paint crew to remain ahead of the paint crew; and

WHEREAS, structural repairs frequently must be deferred pending the engineering and permitting processes to allow the paint crew to move through without interrupting the Exterior Paint Program progression; and

WHEREAS, the deferred repairs are completed once permits are issued, requiring the paint crew to return to the area; and

WHEREAS, such discontinuities in crews' workflow increase costs over the course of the program;

NOW THEREFORE BE IT RESOLVED, June 17, 2014, the Board of Directors of this Corporation hereby approves a supplemental appropriation in the amount of \$230,000 from the Unappropriated Expenditures Fund, for the Mutual to begin prior-to-paint repair activity six months ahead of the 2015 Exterior Paint Program and add management resources to manage the dry rot repairs approved by Resolution 03-14-29; and

RESOLVED FURTHER, the Mutual will commence prior-to-paint activities six months ahead of the exterior paint program in all following years; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

Director Troutman read a proposed resolution approving local storm drain improvements with an appropriation of \$367,400. Director Troutman moved to approve the resolution. Director Gros second the motion and discussion ensued.

By a vote of 9-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-14-66

Local Storm Drainage Study

WHEREAS, large rain storms in December 2010 caused flooding to occur in Cul-de-sacs (CDS) 203, 219, 221, and 222; and

WHEREAS, resolution 03-11-105 and 03-12-125 authorized a total of \$1,850,890 to design and construct storm drain improvements to the landscape swale and bridge crossing at CDS 219 and implement an above ground option to supplement the capacity of the existing 78-inch drainage pipe; and

WHEREAS, in addition to the regional storm drain improvements the Third Laguna Hills Mutual Maintenance & Construction Committee requested staff hire an engineer to study the local storm drainage system in CDS 203, 219, and 221; and

WHEREAS, the study is complete and recommends improvements to mitigate the potential for local ponding to the local storm drain system including upsizing of storm drain pipes and catch basins and pipe realignment;

NOW THEREFORE BE IT RESOLVED, June 17, 2014, the Board of Directors of this Corporation hereby authorizes an additional supplemental appropriation in the amount of \$367,400 to be funded from the Disaster Fund for Alternative One: Local Storm Drain Improvements; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

The Board discussed and considered the appeal request of 3164-A for a rear bedroom extension, a rear patio extension and a front room addition.

By a vote of 7-1-1 the previous Board decision of denial was sustained.

No report was given from the Energy Subcommittee.

Director Troutman read a proposed Resolution (shown below) approving revisions to the Energy Committee Charter. Director Troutman moved to approve the resolution. Director Gros seconded the motion and discussion ensued.

Director Perak moved to add to number 8 'to invite all sides of the issues.' President Straziuso seconded the motion.

By a vote of 4-4-1 the amendment failed.

Director Gioia moved to refer the Resolution back to the Energy Committee. President Straziuso seconded the motion.

By a vote of 5-4-0 the motion carried.

RESOLUTION 03-14-XX

Third Laguna Hills Mutual Energy Committee Charter

NOW THEREFORE IT BE RESOLVED, June 17, 2014, the Board of Directors of Third Laguna Hills Mutual hereby assigns the duties and responsibilities of this Committee, as follows:

1. Recommend to the Board for their approval all actions that will result in energy savings for Third Mutual residents and an improved environment for the community.
2. Review monthly mutual energy statements and other reports affecting the energy usage of this Corporation. Review anomalous deviations and identify causes of the same and, where undesirable, recommend corrective action. Request development of tools by Staff to facilitate this action.
3. Work closely with Staff and review all devices or systems that either generate, control or consume electricity within Third Mutual. Identify alternatives that would be beneficial to the Mutual taking into consideration factors such as efficiency, reliability, sustainability, installation, cost, return on investment, carbon footprint, human factors, and operability. Propose priorities of actions.
4. Seek out financial energy incentive programs applicable to the Mutual.
5. Maintain communications with the other Laguna Woods corporate energy committees and exchange information pertinent to each committee.
6. Work with the Third Mutual's Communications Committee to make Mutual residents aware of actions they can take to reduce their own energy costs and aid the environment.
7. In conjunction with Staff make monthly progress reports to the Mutual's M&C Committee on investigation results, resident actions and comments and committee-approved projects.
8. To avoid misunderstandings due to lack of familiarity with technology and products the Committee shall arrange seminars and invite speakers from vendors, universities, trade groups or consultants and establish a blog site to provide information and answer questions.

9. Suggest action the Board should take with respect to the California Public Utility Commission or legislature regarding proposed tariff changes or bills affecting the Mutual.
10. Work with the Mutuals residents and their installers to identify policy changes that can facilitate residents' actions to reduce energy costs.
11. **To assure that all Requests for Proposals pertaining to energy considerations fulfill the committees' requirements, Staff shall make them available to committee members for review and possible modification before going to Purchasing.**
12. **Purchasing shall provide to the Committee the bidders list and qualifications for selection of same for review. The Committee shall at its option validate the bidders. This shall include contacting other vendor installations and talking to customers to determine satisfaction and compliance with the customer's requirements.**
13. **The Committee shall review the vendor proposals, and jointly, with Staff arrive at a recommendation to be forwarded to the Third Mutual Board for their approval.**

RESOLVED FURTHER, that Resolution 03-14-15, adopted February 18, 2014 is hereby superseded and canceled.

President Straziuso reported from Resident Problem Resolution Services.

Director Chang reported from the Revitalization Committee.

Director Gros reported from the Traffic Rules and Regulations Ad-hoc Committee.

Ms. Heather Rasmussen entered the meeting at 12:30 PM.

Director Perak reported from the Communications Committee.

Ms. Heather Rasmussen provided an overview of the Third Board Newsletter.

Ms. Rasmussen left the meeting at 12:45 PM.

Director Gros reported on the Laguna Canyon Foundation.

GRF COMMITTEE HIGHLIGHTS

Due to time constraints no GRF Committee highlights were given.

DIRECTORS' COMMENTS

Due to time constraints no Directors' Comments were given.

ADDITIONAL MEMBER COMMENTS

No additional Member Comments were made.

The Board recessed at 12:45 P.M. and reconvened into Executive Session at 1:30 P.M.

Summary of Previous Closed Session Meetings per Civil Code Section §4935

During its May 20, 2014 Regular Executive Session Board Meeting, the Board approved the April 15, 2014 Regular Executive Session minutes as written. The Board heard two disciplinary hearings and imposed \$150 in fines for violations of the Mutual's rules and regulations; approved one Chargeable Services write-off; approved three Delinquent Assessment write-offs; discussed contractual issues; discussed potential litigation matters; and discussed other member disciplinary matters.

With no further business before the Board of Directors, the meeting was adjourned at 6:00 PM.



Judith Troutman, Secretary

Third Laguna Hills Mutual

Section 44 Electric Vehicle Charging Stations

ADOPTED AUGUST 2014, RESOLUTION 03-14-XXX

1.0 GENERAL REQUIREMENTS

- 1.1 **PERMITS AND FEES:** A Mutual permit is required for all alterations to the building. A City of Laguna Woods permit may be required. All fees for both Mutual and City permits shall be paid for by the Member and/or his or her contractor. Member and/or his or her contractor must provide the Permits and Inspections office with City permit number(s) prior to beginning work.
- 1.2 **MEMBERS' RESPONSIBILITY:** The Member is solely responsible for the maintenance, repair, and/or removal of all alterations to the building.
- 1.3 **CODES AND REGULATIONS:** All work shall comply with all applicable local, state, and federal requirements including, but not limited to, the current edition of the National Electric Code (NEC).
- 1.4 **WORK HOURS:** No work shall commence prior to 7:00a.m. and no work shall be permitted after 6:00p.m. Monday through Friday. Work on Saturday shall be permitted from 9:00a.m. – 2:00p.m. for work which results in construction-related noise (e.g. cutting tile, hammering, use of power tools). For work that does not result in excessive noise, such as painting and carpet installation, permitted hours are 7:00a.m. – 6:00p.m. No work whatsoever shall be permitted on Sunday.
- 1.5 **PLANS:** The Member applying for a permit shall provide to the Permits and Inspections office a detailed plan(s) for approval indicating all work to be done, i.e., size, location, description and specifications.
- 1.6 **DUMPSITES:** The premises shall be kept free of accumulation of waste materials and/or rubbish caused by construction work. The Member and/or his or her contractor is responsible for removal of debris and excess material and must leave work areas "BROOM CLEAN" daily. **USE OF COMMUNITY DUMPSITES FOR CONSTRUCTION RELATED DUMPING IS NOT PERMITTED.** Contractor's or Member's dumpsters, if required, must have location approved by the Permits and Inspections office.

- 1.7 **CONTRACTOR:** Installation must be performed by a California licensed contractor of the appropriate trade.
- 1.8 **CONTRACTOR'S CONDUCT:** Member's contractor's, their personnel, and sub-contractors shall refrain at all times from using profanity, abusive or loud language, and must wear shirts at all times. Radio, MP3, CD or cassette players are not permitted on the project site. Contractor personnel will, at all times, extend and exhibit a courteous demeanor to residents.

2.0 **ELECTRICAL POWER SOURCE**

- 2.1. Detailed site specific plans, wet stamped and signed by a California Licensed Electrical Engineer, showing electrical power source connection location, Electric Vehicle Charging Station location and routing of conduit must be submitted to the Permits and Inspections office for approval.
- 2.2. The use of the Mutual's main electrical service panel to a multi-unit building to accommodate the installation of electric vehicle Charging Station is strictly prohibited.
- 2.3. The use of Laundry Room, Carport, Recreation Room, and any other Mutual electrical circuits serving common area to charge an electric automobile is strictly prohibited.
- 2.4. The use of Laundry Room, Carport, Recreation Room, and any other Mutual electrical circuits serving common area to accommodate the installation of electric vehicle Charging Station is strictly prohibited.
- 2.5. A written approval from Southern California Edison for the electrical power source connection to Edison equipment must be submitted to the Permits and Inspections office.
- 2.6. The Mutual Member is responsible for all costs associated with the installation of a new meter and payment for electrical service.
- 2.7. The Mutual Member is required to use a California Licensed and Certified Electrical Contractor for the installation of the Electric Vehicle Charging Station.

3.0 **LOCATION**

- 3.1 The location of the Electric Vehicle Charging Station is restricted to the Mutual Member's parking space or garage.

- 3.2 The location of new meters is restricted to the Mutual Member's parking space or as approved by Southern California Edison and the Permits and Inspections Department.
- 3.3 If the proposed Electric Vehicle Charging Station, and or any electrical conduit and any other equipment, including the electric meter is approved to be located on Common Area, the Mutual Member will be required to record a Common Area Use Agreement.
- 3.4 The Electrical Vehicle Charging Station shall be installed in accordance with manufacturer's guidelines and shall be suitable for the environment (indoor/outdoor) where it is to be located.
- 3.5 Adequate barriers must be installed to protect the Electrical Vehicle Charging Station.
- 3.6 If the installation is in an area subject to flooding, the Electric Vehicle Charging Station shall be elevated or designed accordingly.

4.0 CONDUIT ROUTING

- 4.1 The Mutual Member and/or their contractor is responsible to notify Dig Alert (dial 8-1-1) 48 hours prior to excavation to identify all underground utility locations and is responsible for the subsequent coordination with any utility companies.
- 4.2 The Mutual Member is responsible to notify the Landscape Department through the Property Service desk a minimum of 10 days prior to excavation. Work related to removal and/or re-routing of Mutual landscaping and irrigation lines may be performed by the Mutual at the Member's expense.
- 4.3 Any revision to Mutual plumbing lines requires written authorization from the Permits and Inspections department prior to the commencement of work. Some work may be required to be performed by the Mutual at the Member's expense.
- 4.4 The Mutual Member is responsible for all costs associated with trenching, concrete or asphalt cutting to accommodate conduit runs.

5.0 INSURANCE

- 5.1 For installations in locations other than a private garage, the Mutual Member will be required to maintain liability insurance coverage of at least \$1,000,000 for the Electric Vehicle Charging Station that names Third Laguna Hills Mutual as an additional insured.

BYLAWS -THIRD LAGUNA HILLS MUTUAL

A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION

Adopted December 18, 2001

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CERTIFICATE OF SECRETARY

BYLAWS OF THIRD LAGUNA HILLS MUTUAL

A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION

ARTICLE 1 PRINCIPAL OFFICE.

The principal office of Third Laguna Hills Mutual Corporation (hereinafter referred to as "this Corporation", "Third Mutual" or "Third") is located at 24351 El Toro Road, Laguna Woods, Orange County, California. The Board of Directors may, by resolution, change the principal office from one location to another within Orange County. The mail address is P.O. Box 2220, Laguna Hills, California, 92654.

ARTICLE 2 PURPOSES, POWERS, GOVERNANCE AND DEFINITIONS.

2.1 PURPOSES. The purposes of Third Mutual are:

2.1.1 to manage, operate and maintain housing at Leisure World, Laguna Woods, California for its Mutual Members as set forth in the declarations of Covenants, Conditions and Restrictions applicable thereto.

2.1.2 to operate Third Mutual common facilities as an integral portion of Leisure World, Laguna Woods "Senior Citizen Housing Development" in conformance with Civil Code Section 51.3 of the Unruh Civil Rights Act.

2.1.3 to operate as a Common Interest Development in accordance with the Davis - Stirling Common Interest Development Act, in providing Community Facilities for authorized users.

2.1.4 to engage in any business or activity now or hereafter permitted by law, the articles of incorporation of this Corporation, and these bylaws.

2.1.5 to acquire the assets of various corporations which manage, operate and maintain condominium housing projects at Leisure World, Laguna Woods, California.

2.2 POWERS. This Corporation has these powers:

2.2.1 to take actions as are permitted by its articles of incorporation, these bylaws, and the Restrictions, as hereafter defined; and

2.2.2 to do any other act or engage in any other business or activity which is consistent with the articles of incorporation and these bylaws and is now or hereafter permitted under the Nonprofit Corporation Law - General Provisions and Definitions, the Nonprofit Mutual Benefit Law, the Davis - Stirling Common Interest Development Act or other applicable law.

2.2.3 to adopt rules and regulations to carry out the purposes of this Corporation through its board of directors, including disciplinary procedures with regard to its Mutual Members, Qualifying Residents, Co-occupants, Tenants, and their Guests.

2.3 GOVERNANCE. The authority to establish policy and perform various administrative responsibilities and activities herein described is vested in a duly elected board of directors.

2.4 DEFINITIONS. Throughout these bylaws, the following terms shall have the meanings as set forth below, unless the context otherwise requires:

2.4.1 Annual GRF Assessment - the annual assessment by GRF against the Mutuals, authorized in the Trust Agreement, assessed to each Mutual in proportion to the number of Memberships in each Mutual.

2.4.2 Assessment or Monthly Assessment - the monthly charges that this Corporation may levy upon its Members pursuant to its governing documents.

2.4.3 Ballot - the process of voting secretly, using a written document or ticket; or the document or ticket so used.

2.4.4 Common Interest Development Act - Civil Code § 4000, et seq., and cited as the Davis - Stirling Common Interest Development Act.

2.4.5 Common Area - all the areas in the projects controlled and administered by this Corporation, exclusive of the Manors.

2.4.6 Community Area - the Common Areas of the community, exclusive of the Common Areas of the Mutuals (Corporate Members).

2.4.7 Community Facilities - the facilities and services operated under GRF direction, which include facilities owned by GRF, and facilities held as Trustee for the Golden Rain Foundation of Leisure World at Laguna Woods Trust.

2.4.8 Computation of Time - the time in which any act herein is to be done is computed by excluding the first day, and including the last, unless the last day is Saturday, Sunday or a holiday, in which case they are also excluded.

2.4.9 Co-occupant - any person who seeks to Reside with a Qualifying Resident, who is approved by the Board of Directors for occupancy and, who shall certify on the application submitted to the corporation that he satisfies at least one of the following criteria and shall provide such additional certification or information as this Corporation or its managing agent may require:

2.4.9.1 at least forty-five years of age; or

2.4.9.2 a spouse of a Qualifying Resident; or

2.4.9.3 a co-habitant of a Qualifying Resident, or

2.4.9.4 a provider of primary economic support to a Qualifying Resident; or

2.4.9.5 a provider of primary physical support to a Qualifying Resident.

2.4.9.6 a permanently physically or mentally impaired or terminally ill adult who is a dependent child of the Qualifying Resident or Co-occupant, unless the Board determines that there are special circumstances to disallow this particular child as a Co-occupant. Special circumstances means a condition wherein this dependent child is or may be harmful to self or others.

2.4.10 Corporate Member - the Mutual corporations at Leisure World Laguna Woods, as represented by the Directors of their respective boards. As of the date of these bylaws, the Corporate Members are United Laguna Hills Mutual; Third Laguna Hills Mutual; and Laguna Woods Mutual No. Fifty.

2.4.11 Foundation or GRF - the Golden Rain Foundation of Laguna Woods.

2.4.12 GRF Trust - that certain trust created by a Trust Agreement recorded as document 6217, Book 6953, Page 519 in the Recorder's Office, County of Orange, California, and all recorded amendments thereto.

2.4.13 Guest - an individual other than a resident, Qualifying Resident, Lessee or Co-occupant, of any age. A Guest may stay in a Manor for sixty (60) days in any twelve-month period at the invitation of the Qualifying Resident or Co-occupant, subject to the limitations on the maximum number of occupants in a Manor.

2.4.14 Lessee / Tenant - those persons who lease a Manor from a Mutual Member or Mutual.

2.4.15 Lessor - a Mutual Member or Mutual who leases a Manor to a third party.

2.4.16 Management Agent - an agent under contract with the corporation to carry out the policies and activities in the management agreement, in accordance with 6.1.1.3.

2.4.17 Manor - a residential unit in one of the Mutuels.

2.4.18 Membership - as applied to GRF: the rights a Mutual Member has pursuant to GRF Bylaws.

As applied to this Corporation, the rights an Owner of a Manor has pursuant to these bylaws. Memberships shall consist of persons who have been approved for Membership by the Board of Directors. There is one Membership per Manor.

2.4.19 INTENTIONALLY OMITTED

2.4.20 Mutual Member - a member of a Mutual, as defined in the governing documents of the Mutual, who thereby has an appurtenant right of Membership in GRF; The legal Owner of a condominium who has been approved by the Board of Directors.

2.4.21 Mutual(s) - the housing mutual corporations which are Corporate Members of GRF Corporation.

2.4.22 Nonprofit Corporation Law - the Nonprofit Corporation Law - General Provisions and Definitions, as found in California Corporations Code § 5002, et seq., ("NCL").

2.4.23 Nonprofit Mutual Benefit Law - the Nonprofit Mutual Benefit Corporation Law of the State of California, found in California Corporations Code § 7710, et seq., ("NMB")

2.4.24 Restrictions - the declarations of covenants, conditions, and restrictions recorded in official records in the office of the County Recorder of the County of Orange, California, as changed, altered or amended, as provided therein, which are applicable, respectively, to the condominium housing projects managed, operated and maintained by this Corporation.

2.4.25 Owner - any person or person's trust or a corporation organized to qualify under Internal Revenue Code §501 (c) (3) owning a condominium. "Owner" does not include a mortgagee.

2.4.26 Open Meeting Act - § 4900-4955 of the Davis - Stirling Common Interest Development Act and cited as the Common Interest Development Open Meeting Act.

2.4.27 Qualifying Resident - Qualified Resident - any person who is at least 55 years of age and who has been approved by the Board of Directors for occupancy.

2.4.28 INTENTIONALLY OMITTED

2.4.29 Reside - to live in a Manor for sixty-one (61) days or more in any twelve- (12) month period.

2.4.30 Resident Mutual Member - a Mutual Member who Resides in a Manor in Third more than six months per year.

2.4.31 Rules - rules adopted by the Board pursuant to these Bylaws. Also rules and regulations.

2.4.32 Unruh Civil Rights Act - Civil Code § 51, et seq., and cited as the Unruh Civil Rights Act.

ARTICLE 3 USE OF COMMUNITY FACILITIES.

3.1 USE OF COMMUNITY FACILITIES. The use of the Community Facilities of this Corporation shall be available to all Mutual Members (other than a Mutual Member whose Manor has been leased), Qualifying Residents, Co-occupants, Tenants, and their Guests on the terms, conditions and at the fees established, and from time to time amended by the Board of Directors of GRF Corporation. No person shall be entitled to receive more than one (1) I.D. card and one (1) pass for the use of the facilities.

3.2 STATUS OF LESSOR. A Lessor transfers his rights to the use of Community Facilities to the Tenant, and the Lessor may not use the Community Facilities during the tenure of the Tenant. The Lessor must surrender the Mutual Member's gate pass, and may be issued a restricted pass which does not include a right to the use of Community Facilities or access to community or

Common Areas. The Lessor retains voting rights associated with the Manor being leased. The Lessor is responsible for the ultimate payment of assessments and fees charged to a leased Manor.

3.3 STATUS OF LESSEE. A Lessee receives the rights to the use of Community Facilities, subject to compliance with the CC&Rs, the Bylaws, and the Rules and Regulations during the tenancy, and shall be issued an appropriate gate pass.

3.4 STATUS OF CO-OCCUPANT WHO QUALIFIED AS "PROVIDER OF CARE". A person who has qualified and has been approved by the Mutual on the basis of being a provider of primary physical support to the Qualifying Resident is authorized to use the Community Facilities only as necessarily incidental to providing primary physical support to the Qualifying Resident.

3.5 STATUS OF A CO-OCCUPANT WITH SPECIAL CIRCUMSTANCES. An approved Co-occupant may continue to live in the Manor following the death, hospitalization, or other prolonged absence of, or dissolution of marriage with the Qualifying Resident, subject to the payment of assessments and fees, and compliance with the CC&Rs, Bylaws, and the Rules and Regulations.

3.6 STATUS OF CO-OCCUPANT WHO DOES NOT RESIDE IN A MANOR. An approved Co-occupant who does not reside in a Manor is not authorized to use Community Facilities, except as a Guest.

ARTICLE 4 MEMBERSHIP.

4.1 CLASSIFICATION; PAR VALUE. The one class of Membership in Third Mutual is: Mutual Member, who is entitled to vote per 5.8. The authorized number of Memberships is 6,102, plus such additional Memberships as may be issued in accordance with these Bylaws, and shall be of \$100.00 par value. A Membership may be owned by two or more Owners jointly or as undivided interests with respect to the same Manor.

4.2 QUALIFICATION AND ADMISSION.

4.2.1 Who May Be a Mutual Member. Any person or persons regardless of age, who meets the financial requirements established in its Rules and Regulations from time to time by this Corporation, may be a Mutual Member of the corporation, but may or may not be eligible to reside in a Manor except as hereinafter provided.

Except for a transfer to a corporation organized to qualify under Internal Revenue Code § 501 (c) (3), no Membership or interest therein shall be transferred except to the transferee of the condominium to which it is appurtenant. No such transfer shall be made unless and until three (3) members of the Board of Directors have approved the proposed transferee in accordance with the standards set forth in the Restrictions. Any transfer other than as permitted herein shall be void and shall not be recorded in the books of the corporation.

4.2.2 Financial Qualification Assistance. In the event the person or persons seeking to become a Mutual Member are unable to satisfy the aforesaid financial requirements, the corporation may

approve the person for Membership if another financially qualified person enters into an agreement with this Corporation to become financially responsible for the expenses associated with such Membership and that other person meets the financial requirements established by the corporation from time to time.

4.2.3 Eligibility to Reside in a Manor.

4.2.3.1 A person may Reside in a Manor as a Qualifying Resident or a Co-occupant.

4.2.3.2 A Guest may be permitted temporary occupancy for a maximum period of sixty (60) days per twelve month period solely in conjunction with the occupancy by a Qualifying Resident or Co-occupant, and in accordance with the Rules and Regulations adopted by this Corporation from time to time. Any exception requires board approval.

4.2.3.3 The number of persons seeking to Reside in the same Manor shall not exceed the maximum permissible number permitted by the Rules and Regulations of this Corporation.

4.2.3.4 No person, except a Guest, may Reside in a Manor without the prior written approval of this Corporation. An applicant may seek to Reside in a Manor as a Qualifying Resident or, if another person is applying for, or has already been approved for residency as a Qualifying Resident, as a Co-occupant. No person shall be approved as a Co-occupant unless another person with whom he or she seeks to Reside has been approved as a Qualifying Resident.

4.2.4 Membership Applications. Application for Membership shall be presented on a form prescribed by this Corporation. All such applications shall be considered promptly by the Board of Directors.

4.2.5 Membership Certificates. This Corporation shall not issue Membership Certificates.

4.2.6 Transfer of Memberships. Memberships shall not be transferable except as provided herein in the corporation's recorded Amended and Restated Declaration of Covenants, Conditions and Restrictions ("CC&R's").

4.2.7 Leasing. An Owner may lease a Manor to person(s) eligible to Reside in a Manor in accordance with 4.2.3, provided the lease document includes provision that the Lessee and all Occupants, Guests and invitees shall be bound by these Bylaws and the Rules and Regulations of this Corporation and of GRF; and the lease has been approved by this Corporation.

4.3 TRANSFER OF GRF MEMBERSHIP. A GRF Membership shall be transferred concurrent with the transfer of the Membership in the Mutual to which it is appurtenant, and only to the same transferee. Any transfer other than as permitted herein is void and shall not be recorded in the books of the corporation. If a Mutual corporation exercises an option to purchase a Manor, or if a Mutual or lender forecloses or exercises a power of sale under a lien, mortgage or deed of trust, the appurtenant GRF Membership shall be transferred to the transferee of said Membership.

4.4 TERMINATION OF MEMBERSHIP RIGHTS. A Membership in this Corporation shall be terminated for any one of the following reasons.

4.4.1 The termination of the Mutual Member's Membership in a Mutual; or all of an Owner's rights in a Manor.

4.4.2 The purchase by a Mutual of a Mutual Member's Manor.

4.4.3 The exercise, by a Mutual or by a lender, of a power of sale under a lien, mortgage or deed of trust, or a foreclosure of the Mutual Member's rights under any such instrument.

4.4.4 Determination, after compliance with 4.6, that a Membership is terminated.

4.5 DISCIPLINE OR SUSPENSION.

4.5.1 Grounds for Discipline or Suspension. The Board may discipline or suspend a Membership for the willful or repetitive failure of the Mutual Member to observe or perform the obligations of a Mutual Member as set forth in these Bylaws, the Covenants Conditions & Restrictions, the Articles of Incorporation, or any rules or regulations of this Corporation. The discipline or suspension may include the restriction of the right to use any facility managed by this Corporation for a period not to exceed ninety (90) days for each breach to run successively. The Board shall make a determination in each case of a discipline or suspension as to which common facilities shall be denied to the Mutual Member. The Board may also suspend or restrict the use of common facilities by all other persons claiming or exercising rights derived from the Mutual Member, such as Qualifying Resident, Co-occupant, Tenant, and Guests.

4.5.2 Disciplinary Action by Board. The Board may take disciplinary action against any Mutual Member of this Corporation, Qualifying Resident, Co-occupant, Tenant, and their Guests for breach of these Bylaws, of the Restrictions, the Articles of Incorporation, or of any Rules or regulations of this Corporation on the part of the Mutual Member or Mutual Member's Guest(s), any Co-occupant of the Mutual Member's Manor or any Lessee of the Mutual Member's Manor who may use the facilities of this Corporation or the Foundation. Any disciplinary action authorized hereunder shall not act as a bar to the exercise of any other right or remedy available to this Corporation against any other party for any such breach.

4.5.3 Disciplinary or Suspension Action Authorized. Disciplinary or suspension action authorized hereunder may consist of any or all of the following: (1) a fine for each breach, not to exceed the maximum established in the adopted Schedule of Monetary Penalties; (2) suspension of the right to use any facilities operated or managed by the corporation for a period not to exceed ninety (90) days for each breach, and (3) suspension of the right to vote, whether by voice, ballot or written consent, on any or all matters brought before the Members for a period not to exceed one (1) year; and (4) may recommend to GRF to take disciplinary action against the Mutual Member, such as suspension of the right to use GRF's facilities, to the extent permissible under its Bylaws, rules or regulations; this Corporation may also make an application to a court of competent jurisdiction for legal or equitable relief.

4.5.4 Right to Hearing. Before any disciplinary action is taken, the party charged with a violation shall be entitled to a hearing pursuant to the provisions of 4.6.

4.5.5 Additional Remedies. The prevailing party shall be entitled to recover costs of suit and a reasonable sum for attorney's fees incurred in enforcing these Bylaws, or any rule or regulation of this Corporation.

4.5.6 Authority to Adopt Rules. The Board is hereby authorized to adopt rules and regulations to carry out the purpose of this Section.

4.5.7 Exception for Certain Traffic Violations. A Member, Qualifying Resident, Co-occupant, Lessee, or Guest who is cited for a traffic violation of any type may, in certain instances specified in the traffic rules enforcement program as revised and approved by the Board of Directors from time to time, elect to waive his/her right to a hearing and commit to a traffic violation disciplinary action alternative as specified in the traffic rules enforcement program then in effect.

4.6 PROCEDURE FOR SUSPENSION OR DISCIPLINE. A Membership may be suspended or a Mutual Member disciplined according to the procedure set forth below. The term "Mutual Member" in this Section shall include persons claiming or exercising rights under the Mutual Member, including Qualifying Resident, Co-occupant, Lessee or Guest or invitee of Mutual Member.

4.6.1 Notice to Mutual Member. A notice shall be sent to the Mutual Member not less than fifteen (15) days prior to the effective date of the proposed suspension or proposed discipline, by First Class mail, to the most recent address of the Mutual Member shown on the Mutual records. Such notice shall set forth the proposed action to be taken against the Mutual Member or the Membership, the reasons therefor, the right to be heard, orally or in writing, at a time which is not less than five (5) days before the effective date of the suspension or discipline, and the date, time and place of the hearing on the proposed suspension or discipline.

4.6.2 Opportunity to be Heard and Present Evidence. The Mutual Member shall be given an opportunity to be heard and present evidence either in person or in writing, at a hearing before the Board of Directors to be held not less than five (5) days before the effective date of the proposed suspension or discipline.

4.6.3 Decision, Communication. Following the hearing, the Board of Directors shall decide in good faith and in a fair and reasonable manner whether the Mutual Member should be suspended or disciplined and the terms and period of the suspension or discipline. The decision of a majority of the Board of Directors shall be final and binding upon the Mutual Member, and shall be communicated in writing to the Mutual Member no later than fifteen (15) days after the hearing.

4.6.4 Limitation on Challenge. Any action challenging a suspension, or other disciplinary action taken against a Mutual Member, including a claim of defective notice, must be commenced within one year after the effective date of the suspension or other action.

4.6.5 No Relief from Obligations. The suspension of a Membership in this Corporation or disciplinary action against a Mutual Member shall not relieve the Mutual Member from any obligation

for charges incurred, services or benefits actually rendered, or dues, assessments or fees relating thereto, or from any obligation arising from contract, a condition of ownership, or otherwise.

4.6.6 Effect of Termination. In the event of a termination of a Membership, this Corporation, at its election, thereupon shall either (1) repurchase said Membership at its market value, or (2) proceed with reasonable diligence to effect a sale of the Membership to a purchaser at a sales price acceptable to this Corporation.

4.7 ASSESSMENTS, FEES, CHARGES AND LIENS.

4.7.1 Assessments. The Board of Directors shall annually approve an operating budget of anticipated revenues and expenses, including provisions for appropriate additions to this Corporation's reserves and refunds (if any) to the Mutual Members for the following year. The amount of such assessments shall conform to the requirements of the Restrictions. The sum of such assessments, plus the per Manor GRF Expenses and Reserves Contribution, shall be assessed to the Manors on a monthly basis.

4.7.2 Fees and Charges. The Board of Directors, from time to time, shall fix and determine the amount to be paid as fees and charges for use of facilities and for services rendered by this Corporation.

4.7.3 Special Assessments. Shall conform to Davis - Stirling Common Interest Development Law Section 1366 (b).

4.7.4 Delinquencies, Collections, Late Charges, and Interest Assessed. This Corporation may file a Notice of Delinquent Assessment pursuant to Section 1367 of the Common Interest Development Law on each outstanding Membership to secure payment of any sums for any regular or special assessment, plus any costs of collection, late charges, and interest assessed in accordance with Section 1366 of the Common Interest Development Law, which may be due or may become due from the Member, including, without limitation, any sums due for use of the facilities or for services rendered by this Corporation or GRF. This Corporation may enforce payment of such sums in the manner permitted by law.

Additionally, in compliance with subsection (b) of Section 1367 of the Common Interest Development Law, the corporation may also impose a lien against a Mutual Member's separate interest to enforce the collection of any monetary penalty imposed by the corporation as a means of reimbursing it for costs incurred in the repair of damage to Common Areas and facilities and Community Facilities for which a Mutual Member or such Member's Guests or Tenants were responsible.

4.7.5 Suspension of Use of Community Facilities. This Corporation may take appropriate action to suspend the use of all or any of the Community Facilities while Assessments are delinquent, subject to the provisions of 4.6.

4.8 DISPUTE RESOLUTION. It is the intent of this Corporation to resolve disagreements and misunderstandings with Mutual Members, Qualifying Resident, Co-occupants, Tenants, and their Guests by conferences, hearings, and discussions in a non-adversarial, cooperative

environment. If this is not possible, applicable disputes will be handled in conformance with Civil Code Section 5925-5965 "Alternate Dispute Resolution". A summary of Civil Code Section 5925-5965 is distributed to Mutual Members annually.

4.9 OCCUPANCY USE RESTRICTIONS. No business or commercial activity shall be conducted in any Manor, except for professional or administrative uses that are conducted within the Manor, and there is no external evidence of them or any additional foot or vehicular traffic.

ARTICLE 5 MEETINGS OF MUTUAL MEMBERS.

5.1 PLACE OF MEETING. All meetings of the Mutual Members shall be held at the principal office of this Corporation or at any other place in Orange County, State of California, which may be designated by the Board of Directors.

5.2 ANNUAL MEETING. The annual meeting of Mutual Members shall be held on the first Thursday of October of each year at 9:30 A.M. unless the Board of Directors fixes another time and/or date and so notifies the Mutual Members as provided in 5.4. If the scheduled date falls upon a legal holiday, the meeting shall be held the next business day at the same time and place. The Annual Meeting shall be devoted to reporting on the state of the corporation and the installation of newly elected Directors, and no other business may be considered. The quorum for the Annual Meeting shall be the members attending.

5.3 SPECIAL MEETING OF MUTUAL MEMBERS.

5.3.1 Authorized Persons Who May Call. A special meeting of the Mutual Members may be called at any time by any of the following: the President; a majority of the Board of Directors; or five percent (5%) or more of the Mutual Members.

5.3.2 Calling Meetings by Mutual Members. If a special meeting is called by Mutual Members, the request shall be submitted by such Mutual Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, any Vice-President or the Secretary of this Corporation. The officer receiving the request shall cause notice to be promptly given to the Mutual Members entitled to vote, in accordance with the provisions of 5.4, that a meeting will be held and the date for such meeting, which date shall be not less than thirty-five (35) nor more than ninety (90) days following the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the person requesting the meeting may give the notice. Nothing contained in this subsection shall be construed as limiting, fixing, or affecting the time when a meeting of Mutual Members is called by action of the Board of Directors.

5.4 NOTICE OF MUTUAL MEMBERS' SPECIAL MEETING.

5.4.1 General Notice Contents. All notices of meetings of Mutual Members shall be sent or otherwise given in accordance with 5.4.2 or 5.4.3 not less than ten (10) nor more than ninety (90) days before the date of the meeting; provided that the date of any meeting called by Mutual Members shall be governed by 5.3.2. The notice shall specify the place, date, and hour of the meeting.

5.4.2 Notice of Annual Meeting. Notice of the annual meeting shall set forth only those matters specified in 5.2.

5.4.3 Notice of Special Meeting. Notice of a special meeting of Mutual Members shall set forth the general nature of the business to be transacted, and no other business may be transacted.

5.4.4 Notice of Certain Agenda Items. If action is proposed to be taken at any meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Mutual Members' action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s):

5.4.4.1 Removing a Director without cause;

5.4.4.2 Filling vacancies on the Board of Directors by the Mutual Members;

5.4.4.3 Amending the Articles of Incorporation;

5.4.4.4 Approving a contract or transaction in which a Director has a material financial interest;

5.4.4.5 Approving a plan of distribution of assets, other than cash, in liquidation when this Corporation has more than one class of Membership outstanding; and

5.4.4.6 Approving a plan to wind up and dissolve.

5.4.5 Manner of Giving Notice. Notice of any meeting of Mutual Members shall be given either personally or by first-class mail, telegraphic or other written communication, charges prepaid, addressed to each Mutual Member either at the address of that Mutual Member appearing on the books of this Corporation or the address given by the Mutual Member to this Corporation for the purpose of notice. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication.

5.4.6 Affidavit of Mailing Notice. An affidavit of the mailing or other means of giving any notice of any Members' meeting shall be executed by the Secretary, any Assistant Secretary, or any transfer agent of this Corporation giving the notice, and shall be filed and maintained in the minute book of this Corporation.

5.5 QUORUM AT SPECIAL MEETINGS OF MUTUAL MEMBERS.

5.5.1 Percentage Required. The presence, in person or by proxy, of Mutual Members entitled to exercise fifteen percent (15%) of the voting power of this Corporation shall constitute a quorum for the transaction of business at a meeting of Mutual Members.

5.5.2 Loss of Quorum. The Mutual Members present at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the

withdrawal of enough Mutual Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Mutual Members required to constitute a quorum.

5.6 ADJOURNED MUTUAL MEMBERS MEETING. Any annual or special meeting of Mutual Members, whether or not a quorum is present, may be adjourned without assigning a date for a further meeting or to a date not less than seven (7) nor more than thirty (30) days thereafter by the vote of a majority of the Mutual Members represented at the meeting. In the absence of a quorum, no other business may be transacted at that meeting, except as provided in this Article. The Secretary shall give notice of any adjourned meeting if it was adjourned without adopting a date for a future meeting in the manner set forth in 5.4, provided, however, that said notice shall be given at least seven (7) days prior to the date of said adjourned meeting.

5.7 ORDER OF BUSINESS. The order of business at annual and special meetings of Mutual Members shall be determined by the Board of Directors.

5.8 VOTING.

5.8.1 Eligibility to Vote.

5.8.1.1 No Membership shall be eligible to vote who is shown on the books of account of Third Corporation, on the record date for voting as set forth in 5.10 to be more than thirty (30) days delinquent in payment of any sums due to this Corporation in excess of \$100.

5.8.1.2 Memberships in which two or more Mutual Members have a joint or undivided interest shall have only one (1) vote.

5.8.1.3 Votes shall not be split into fractions.

5.8.2 Manner of Casting Votes. Voting shall be by ballot. Election of Directors shall be by mail ballot per 5.9.

5.8.2.1 At every special meeting of the Mutual Members, the Mutual Members present in person or by proxy and entitled to vote shall have the right to cast one vote per Membership on each question. Any question brought before such meeting shall be decided by vote equal to a majority of the number of Memberships whose record owners are present in person or by proxy and entitled to vote, unless the question is one upon which by provision of statute, of the Articles of Incorporation or of these Bylaws a different vote is required, in which case such provision shall be controlling.

5.8.2.2 At all elections of Directors of this Corporation, the Mutual Members entitled to vote shall be entitled to cast one vote per Membership for each Director to be elected.

5.8.3 Candidates Elected. The candidates for Director who receive the highest number of votes, not to exceed the number of Directors to be elected, shall be elected.

5.8.4 No Cumulative Voting. Cumulative voting shall not be permitted.

5.8.5 Publication of Results. As soon as the report of the Inspectors of Election has been received, the successful and unsuccessful candidates shall be notified, following which the winning candidates will be announced; and as soon thereafter as practical, the number of votes for each candidate will be published.

5.9 ACTION BY MUTUAL MEMBERS WITHOUT A MEETING.

5.9.1 General. Any action that may be taken at any annual or special meeting of Mutual Members may be taken without a meeting and without prior notice upon compliance with the provisions of this section.

5.9.2 Initiation by Mutual Members. Action under 5.9 may be initiated by a petition signed by twenty percent (20%) of the Membership.

5.9.3 Solicitation of Ballots. This Corporation shall distribute one ballot to each Membership entitled to vote in the manner required and at the time specified in 5.4 for giving notice of special meetings. The Secretary shall cause ballots in connection with the election of Directors to be mailed after the candidates have been presented at a public meeting, along with a copy of each candidate's statement of background and qualifications, to each Membership of this Corporation eligible to vote, not less than twenty-five (25) days nor more than thirty (30) days prior to the annual meeting or special meeting. Ballots for the election of Directors shall be returned to this Corporation on or before the expiration of twenty (20) days following mailing. All other solicitations of votes by ballot shall: (1) indicate the number of responses needed to meet the quorum requirement; (2) state the percentage of approvals necessary to pass the measure(s); (3) specify a reasonable time by which the ballot must be received in order to be counted; (4) set forth the proposed action; and (5) provide the Mutual Member an opportunity to specify approval or disapproval of each proposal. Any ballots not received by this Corporation within the period stated in this 5.9.3 shall not be counted. The Board of Directors shall establish such procedures as it may deem necessary to assure the integrity and secrecy of the balloting process.

5.9.4 Quorum: Majority. Approval by ballot pursuant to this section shall be valid only when the number of votes cast by ballot within the time specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. In any election of Directors, the provisions of 5.8.3 shall determine who is elected as a Director, and any ballot which is marked by a Mutual Member "withhold" or otherwise marked in a manner indicating a vote for the election of Directors is withheld, shall be counted as a ballot "cast" and hence as a part of the number required to equal or exceed the quorum required at a meeting for the election of Directors and shall not be voted either for or against the election of a Director.

5.9.5 Revocation. No ballot may be revoked after delivery to this Corporation or deposit in the mails, whichever first occurs.

5.9.6 Filing. All such ballots shall be filed with the Secretary of this Corporation and maintained in the corporate records for a minimum period of three (3) years.

5.10 RECORD DATE FOR MUTUAL MEMBERS NOTICE, VOTING AND OTHER ACTIONS. Record dates for purposes of Mutual Memberships entitled to notice, to vote, to give consents, or take other action, as the case may be, shall be governed by Section 7611 of the Nonprofit Mutual Benefit Law.

5.11 PROXIES.

5.11.1 Right of Proxy. Each Mutual Membership entitled to vote shall have the right to do so either in person or by an agent authorized by a signed written proxy filed with the Secretary of this Corporation prior to the appointed time of the meeting.

5.11.2 Revocability. A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect unless:

5.11.2.1 revoked by the person executing it, before the vote cast pursuant to that proxy, by a writing delivered to this Corporation stating that the proxy is revoked or by a subsequent proxy executed by such person and presented to the meeting, or by personal attendance and voting at a meeting by such person; or

5.11.2.2 written notice of the death or incapacity of the maker of the proxy is received by this Corporation before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of the Nonprofit Mutual Benefit Law.

5.11.3 Form of Solicited Proxies. In any voting, any form of proxy that is marked "withhold", or otherwise marked in a manner indicating that the authority to vote is withheld, shall not be voted either for or against the matter being voted upon but may be used if otherwise valid for purposes of determining a quorum.

5.11.4 Effect of Proxy Maker's Death or Incapacity. A proxy is not revoked by the death or incapacity of the maker unless, before the vote is counted, written notice of the death or incapacity is received by this Corporation.

ARTICLE 6 DIRECTORS.

6.1 POWERS.

6.1.1 General Corporate Powers. Subject to the provisions of Law and any limitations in the Articles of Incorporation and these Bylaws relating to action required to be approved by the Mutual Members, the business and affairs of this Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors. The powers of the Board of Directors shall include but not be limited to:

6.1.1.1 Accepting or rejecting all applications for Membership and admission to occupancy of a Manor in Third Mutual, either directly or through an authorized representative;

6.1.1.2 Establishing monthly assessments as provided in the Restrictions and in these Bylaws and assessing fees and charges and Special Assessments against Mutual Members, based on the operating budget of this Corporation;

6.1.1.3 Engaging agents or employees for the management of this Corporation under such terms as the Board of Directors may determine;

6.1.1.4 Disciplining Mutual Members and terminating Membership and occupancy rights for cause as provided in these Bylaws and the Restrictions; and

6.1.1.5 Promulgating such rules and regulations pertaining to the property managed by this Corporation as it may deem best and which are consistent with these Bylaws and the Articles of Incorporation, applicable law, and the Restrictions.

6.1.1.6 Whenever new or amended Rules or Regulations are promulgated, notice shall be given to Mutual Members and Qualifying Residents in a manner determined by the Board.

6.1.2 Delegation. The Board may delegate the management of the activities of this Corporation to any person or persons, or management company, provided that the activities and affairs of this Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction and responsibility of the Board.

6.2 **NUMBER AND QUALIFICATION OF DIRECTORS.** The authorized number of Directors shall be eleven (11), all of whom shall be resident Mutual Members of Third Laguna Hills Mutual.

6.2.1 Concurrency Limitation. No Third Director shall serve concurrently as a GRF Director.

6.2.2 Conflict of Interest. No Mutual Member shall serve on the Board of Directors who is a Director, Stockholder, Officer, Employee, or Partner of any other organization, whether private, public, or governmental, where such dual status would create a material and adverse conflict of interest or materially and adversely impact said Mutual Member's ability to serve on this Corporation's board of directors.

6.2.3 City Councilmember. No councilmember of a city in which this Corporation facilities are located, may concurrently serve on this Corporation's board of directors.

6.2.4 Ineligible If Delinquent. No Mutual Member shall be eligible to be elected to the Board of Directors who is shown on the books of account of this Corporation as of the record date for voting to be more than thirty (30) days delinquent in payment of any sums due to this Corporation.

6.2.5 Ineligible If Employee or Spouse, Co-owner or Co-Resident of Employee. No employee of this Corporation or managing agent may be a Director, nor may a spouse, co-owner or co-resident of an employee of this Corporation or its Managing Agent may serve as a Director.

6.2.6 Ineligible if Felon. A convicted felon may not serve as a Director.

6.2.7 Ineligible with Unresolved Violations. A candidate for Director may not have an unresolved disciplinary or architectural violation which remained unresolved for more than 60 days at any time within a period of 150 days prior to the election.

6.3 ELECTION AND TERM OF OFFICE OF DIRECTORS. Directors of a sufficient number to fill vacancies created by expiring terms of office shall be elected by ballot which shall be distributed by mail in accordance with 5.8 and 5.9, to hold office for a term of three (3) years commencing at the close of the annual meeting of Mutual Members.

6.3.1 Term Limits. A Director who resigns or is removed, or a Director who will have served two successive full terms, may not again be a Director until the expiration of twelve (12) months after ceasing to be a Director.

6.3.2 Fill Out Board. If the authorized number of Directors are not elected as specified above, Directors sufficient to fill the authorized number may be elected at any special meeting of Mutual Members, called for that purpose.

6.3.3 Expiration of Term. Each Director shall hold office until expiration of the term for which elected and until a successor has been elected and qualified.

6.4 VACANCIES.

6.4.1 Events Causing Vacancy. A vacancy or vacancies on the Board of Directors shall exist on the occurrence of any of the following:

6.4.1.1 the death, resignation, automatic vacancy, or removal of any Director;

6.4.1.2 the declaration by resolution of the Board of Directors of a vacancy of the office of a Director who has been declared of unsound mind by an order of a court, or convicted of a felony, or has been found by final order of judgment of any court to have breached a duty under Article 3 of Chapter 2 of the Nonprofit Mutual Benefit Law;

6.4.1.3 the vote of a majority of the Memberships voting to remove a Director;

6.4.1.4 a declaration by resolution of the Board of Directors that a director is not qualified, in conformance with Nonprofit Mutual Benefit Law, Section 7221 (b).

6.4.1.5 the increase of the authorized number of Directors; or

6.4.1.6 the failure of the Mutual Members to elect the number of Directors to be elected.

6.4.1.7 a declaration by resolution of the Board of Directors, upon adequate evidence, that a Director is not a resident Mutual Member; or that a Director is more than thirty (30) days delinquent on assessments or fees due the corporation.

6.4.1.8 a declaration by resolution of the Board of Directors, upon adequate evidence, that a Director is concurrently a councilmember of a city in which this Corporation is located.

6.4.2 Resignations. A Director may resign by giving written notice to the President, the Secretary, or the Board of Directors. Unless a later time is specified, the resignation is effective upon receipt. If the resignation is effective at a future time, the successor may be elected to take office when the resignation becomes effective.

6.4.3 Removal of Directors by Mutual Members. At any regular or special meeting of the Mutual Members of this Corporation, any Director may be removed, without cause, by a majority vote of the Memberships voting, and a successor then and there may be elected to fill the vacancy thus created. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

6.4.4 Replacement of Removed Director(s).

6.4.4.1 A removed Director may not be a candidate to fill a vacancy at the election where removed.

6.4.4.2 Election to fill a vacancy created by removal of a Director shall be held at the meeting at which the vacancy was created; and nominations in anticipation of removal, and election shall conform to 8.4.

6.4.5 Automatic Vacancy. Any Director who misses four (4) regular monthly meetings within any twelve (12) month period shall automatically be removed from the Board of Directors, with such removal to be effective upon mailing notice to such director from the President.

6.4.6 Vacancies Filled by Board of Directors.

6.4.6.1 Vacancies on the Board of Directors, except for a vacancy created by the removal of a director, under 6.4.3, may be filled by a majority vote of the Directors then in office, although less than a quorum, or by a sole remaining director, and each director so elected shall hold office for the unexpired term of the predecessor.

6.4.6.2 In filling a vacancy or vacancies on the Board of Directors, the Board shall, at an open meeting: (a) elect an individual with the expertise needed, or (b) elect any one of the candidates at the preceding election whose special qualification may be needed on the Board, or (c) elect the candidate who received the next highest vote count at the preceding election, or (d) not elect anyone and leave the vacancy until the next election, if the remaining term is one hundred (100) days or less.

6.4.7 Vacancies Filled by Mutual Members. The Mutual Members may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Board of Directors. For purposes of filling vacancies on the Board by the Mutual Members, the Nominating Committee shall nominate candidates to fill any vacancy or vacancies, and petitions for candidacy shall be filed, at least ten (10) days before the mailing of the notice of meeting of the Mutual Members to fill such vacancy or vacancies.

6.4.8 Term of Successor Director. The term of any Director elected by the Board or by Mutual Members to fill a vacancy, as provided in 6.4, shall be the unexpired term of the predecessor.

6.4.9 No Vacancy on Reduction of Number of Directors. No reduction in the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

6.5 MEETINGS OF BOARD OF DIRECTORS.

6.5.1 Open Meeting Requirements. Regular, special, and organizational meetings of the Board of Directors shall be open to all Mutual Members of this Corporation during such portion of the meeting that is not designated as Executive Session in conformance with the Open Meeting Act section of the Davis - Stirling Common Interest Development Act. Mutual Members shall be permitted to speak at the open portion of Board Meetings, subject to reasonable time limits and rules established by the Board.

6.5.2 Location of Meetings. Meetings of the Board of Directors may be held at any time and place within Orange County, California that has been designated from time to time by resolution of the Board. In the absence of such designation, meetings shall be held at the principal office of this Corporation.

6.5.3 Regular Meetings. Regular meetings of the Board of Directors shall be held on the third Tuesday of each month, at 9:30 AM, unless otherwise scheduled by an adopted resolution. No notice of a regular meeting is required, but the agenda must be posted and any supporting documents must be available for pickup by directors no later than 3:00 P.M. the preceding Friday, or delivered by messenger before noon Saturday.

6.5.4 Organizational Meetings. Within ten (10) days following each annual meeting of Mutual Members, the Board of Directors shall hold an organizational meeting for the purpose of organization, election of officers, and the transaction of other business.

6.5.5 Special Meetings of Board - Authority to Call. Special meetings of the Board of Directors for any purpose may be called at any time by the President, any two (2) Third Officers or a quorum of Third Directors.

6.5.6 Notice of Special Board Meetings.

6.5.6.1 Notice of the time and place of any Special Board Meeting shall be given to each Director by one of the following methods: (a) by personal delivery; telephone communication; telegram, charges prepaid; facsimile; electronic mail or other electronic means; or, (b) by first-class mail, postage prepaid, either directly to the Director or to a person who would reasonably be expected to communicate such notice promptly to the Director. All such notices shall be given or sent to the Director's address or telephone number or facsimile number or electronic mail number as shown on the records of this Corporation. Notice shall be deemed to have been given at the time when notice is delivered, deposited in the mail, sent by telegram, sent by facsimile, or sent by electronic mail, as the case may be.

6.5.6.2 Notices given by personal delivery, telephone communication, telegram, facsimile, or electronic mail shall be given at least 48 hours prior to the meeting, but notices given by first-class mail shall be given at least four days prior to the meeting.

6.5.6.3 The notice shall state the time and place for the meeting, and the general nature of the business to be transacted, but any business may be transacted.

6.5.7 Meetings by Telephone. Any regular or special Board Meeting may be held with some or all of the Directors utilizing conference telephone or similar communication equipment, providing the conditions stated in Nonprofit Mutual Benefit Law § 7211 (a) (6) are satisfied.

6.5.8 Adjourned Meetings of Board. A majority of the Directors present may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice shall be given prior to the time of the adjourned meeting, to any Directors who were not present at the time of the adjournment. Any business which might have been transacted at the meeting as originally called may be transacted at the adjourned meeting.

6.5.9 Use of Proxies. Under Corporations Code § 7211(c), Directors may not vote by proxy.

6.6 **QUORUM AND ACTION BY DIRECTORS.** A majority of the authorized number of Directors shall constitute a quorum for the transaction of business except to adjourn as provided in 6.5.8. Unless a greater number is required by law, by the Articles of Incorporation or by these Bylaws, every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

6.7 **WAIVER OF NOTICE.** The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

6.8 ACTION WITHOUT MEETING. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all Members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

6.9 FEES AND COMPENSATION OF DIRECTORS. Directors and Members of committees may not receive compensation for their services as Directors or members of committees, but any Director or member of a committee may receive such reimbursement of expenses, as may be determined by resolution of the Board of Directors to be just and reasonable.

ARTICLE 7 COMMITTEES.

7.1 COMMITTEES.

7.1.1 Standing Committees. The Board of Directors may designate one or more standing committees, each consisting of two or more resident Mutual Members, to serve at the pleasure of the Board. The duties and powers of these committees shall be determined by the Board, provided that the authority of the committee is limited to advising and making recommendations to the Board. All final action on these recommendations is subject to the specific approval of the Board.

7.1.2 Other Committees. The Board of Directors may establish Ad Hoc or other committees to perform special functions. The membership duties and powers shall be appropriate to the special function to be performed, but the authority of each committee is limited to advising the Board and all final action is subject to the specific approval of the Board.

7.1.3 Advisors.

7.1.3.1 Committee chair's shall recommend to the President the names of their respective committee's advisors subject to the final approval of the Board of Directors. Advisors shall have voting rights unless the Board of Directors by resolution determines otherwise.

7.2 APPOINTMENT TO GRF COMMITTEES. The President, subject to the approval of the Board, shall appoint members of the Board of Directors to the Committees of Third Corporation. The appointment of Mutual Directors to Committees of GRF Corporation shall be made by the President of this Corporation.

7.3 COMMITTEE RESPECTING TRAFFIC VIOLATIONS. The Board of Directors may establish a committee, consisting of three (3) or more of this Corporation's Board of Directors, with authority to enforce a traffic violation enforcement program and to conduct hearings respecting all Mutual Members' traffic violations and to impose monetary penalties based on the results of such hearings; provided, however, that such hearings shall be conducted in accordance with policies established by the Board of Directors, and any monetary penalties shall be imposed only in accordance with the schedule of monetary penalties adopted and distributed by the Board of Directors. Any decision of the Traffic Violations Committee shall be final. If the Board of Directors decides to

establish a Traffic Violations Committee as provided for herein, the Board shall then determine how frequently such committee shall meet, how frequently the membership of such committee shall be changed, and any other matters pertaining to the operations of the committee, including fair and reasonable procedures for giving notice to any Mutual Member respecting the alleged traffic violation and for conducting the hearing.

ARTICLE 8 NOMINATION FOR AND ELECTION OF DIRECTORS.

8.1 NOMINATIONS. Any Member eligible as a candidate under these Bylaws (6.2) may apply or self-nominate at least fifty (50) days before each annual meeting of the Members by signing an application and submitting it to the Secretary or Assistant Secretary of the Corporation stating an intention to run for the Board of Directors. (8.3.5). Incomplete applications will not be accepted. The application shall include the signed Candidate's Pledge as attached to the Mutual Election Rules.

8.2 [not used]

8.3 NOMINATING PROCEDURE FOR ANNUAL ELECTION.

8.3.1 Submission of List of Nominees. Upon the close of the deadline for nominations, the Secretary or Assistant Secretary shall transmit the names of all eligible nominees to the Inspector of Elections

8.3.2-8.3.4 [not used]

8.3.5 Close of Nominations. Nominations shall close at 5:00 PM, fifty (50) days before the Annual Meeting.

8.3.6 Candidate's Qualification Statement. Every candidate shall submit a statement of background and qualifications not to exceed 300 words, to the Secretary or an Assistant Secretary, not later than the time of close of nominations, or the candidacy is void. It is specifically understood by each candidate that the statement may be published. The Secretary shall submit to each person entitled to receive notice of the annual meeting a copy of each statement with the notice of meeting required by Article 5.

8.4 ELECTION PROCEDURE.

8.4.1 Solicitation of Votes. If more people are nominated for the Board than can be elected, the election shall take place by means of a procedure that allows all nominees a reasonable opportunity to solicit votes and all Mutual Members a reasonable opportunity to choose among nominees.

8.4.2 Equal or Fewer Candidates. If after the close of nominations, the number of nominees is equal to or less than the vacancies, those nominated and qualified shall be declared elected.

8.4.3 Publication and Mailing Election Material. Such material shall conform to Nonprofit Mutual Benefit Law Corporations Code §7523-7525 and the Davis-Stirling Common Interest

Development Act, Civil Code Sections 5100-5145. The aforementioned Civil Code Sections shall take precedence over the Corporations Code sections if there is any conflict.

8.4.4 Refusal to Publish or Mail Material. Third may not decline to publish or mail material that it is otherwise required to publish or mail on behalf of any nominee, on the basis of the content of the material, except that Third or any of its agents, Officers, Directors, or employees may seek and comply with an order of the Superior Court or arbitrator allowing them to delete material that the court or arbitrator finds will expose the party bringing the action to liability.

8.4.5 No Use of Corporate Funds to Support Nominee. No corporate funds may be expended, either directly or indirectly, to support a nominee for Director.

8.4.6 Election of Directors. Directors shall be elected as provided in 5.6. Inspector(s) of Election shall be appointed in conformance with Civil Code Section 5110.

ARTICLE 9 OFFICERS.

9.1 OFFICERS. The officers shall be a president, a first vice-president, a second vice-president, a secretary, and a chief financial officer / treasurer, all of whom shall be directors. This Corporation may have such other vice-presidents, assistant secretaries, and assistant treasurers as may be provided in these bylaws or as are elected by the Board of Directors, or both.

9.2 ELECTION OF OFFICERS. The officers shall be elected by the Board of Directors at the organizational meeting, and each shall serve at the pleasure of The Board for a one (1) year term and until their successors are elected, subject to the rights, if any, of an officer under any contract of employment. An officer elected to fill a vacancy shall serve for the remainder of the term.

9.3 REMOVAL OF OFFICERS. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, with or without cause, by the Board of Directors, at any regular or special meeting of the Board.

9.4 RESIGNATION OF OFFICERS. Any officer may resign at any time by giving written notice to this Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of this Corporation under any contract to which the officer is a party.

9.5 VACANCIES IN OFFICES. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled only in the manner prescribed in these Bylaws for election to that office.

9.6 RESPONSIBILITIES OF OFFICERS.

9.6.1 President. The President shall generally supervise and direct the business and the officers of this Corporation; shall preside at all meetings of the Mutual Members and at meetings of the Board of Directors; and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

9.6.2 Vice Presidents. In the absence or disability of the President, the Vice Presidents, in order of their rank shall perform all the duties of the President and when so acting shall have all the powers of, and be subject to all the Restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as may be prescribed for them respectively by the Board of Directors. The General Manager employed by the managing agent of this Corporation shall be a Vice President ex officio and, unless excused by the Board of Directors, shall attend all meetings of the Mutual Members and of the Board of Directors.

9.6.3 Secretary. The Secretary shall:

9.6.3.1 Keep or cause to be kept, at the principal office of this Corporation, Corporate Records, including the original or a copy of the Articles of Incorporation, these Bylaws, the Restrictions, and a book of minutes of all meetings and actions of Directors and Mutual Members, with the time, place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at such meetings, the number of Mutual Members present or represented at Mutual Members' meetings, and the proceedings of such meetings.

9.6.3.2 Keep, or cause to be kept, at the principal office, the Corporate Membership Records, including a record of this Corporation's Mutual Members, showing the names, addresses, and class of Membership of each. Such responsibilities may be delegated to a member of the staff of the managing agent by this Corporation.

9.6.3.3 Give, or cause to be given, notice of all meetings of the Mutual Members and of the Board of Directors required by the Bylaws to be given; keep the seal of this Corporation in safe custody unless such responsibility has been assigned to a managing agent; and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

9.6.4 Treasurer. The Treasurer shall:

9.6.4.1 Keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of this Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements

9.6.4.2 Deposit or cause to be deposited all money and other valuables in the name and to the credit of this Corporation with such depositories as may be designated by the Board of Directors; disburse the funds of this Corporation as may be ordered by the Board of Directors; render to the President and Directors, whenever they request it, an account of all transactions as Treasurer and of the financial condition of this Corporation; and shall have other powers and perform such other duties as may be prescribed by the Board of Directors or by the Bylaws. Such responsibilities may be delegated to a member of the staff of the managing agent by this Corporation.

9.6.4.3 If required by the Board of Directors, the Treasurer and any other officer, agent or employee of this Corporation handling or responsible for corporate funds shall give this Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his office and for restoration to this Corporation of all its books, papers, vouchers, money and other property of every kind in his possession or under his control on his death, resignation, retirement or removal from office. The premiums on such bonds shall be paid by this Corporation.

9.6.5 Staff Vice President, Assistant Secretary, Assistant Treasurer: The Board of Directors may elect additional officers from the General Manager's staff, as is desirable and necessary in routine operation of this Corporation.

ARTICLE 10 EXERCISE OF POWERS.

10.1 DUTIES AND LIABILITIES.

10.1.1 Business Judgment Rule. Directors and Officers shall perform their duties, including but not limited to duties as Members of any committee of the Board, in good faith, in a manner such persons believe to be in the best interests of this Corporation and with such care, including reasonable inquiry, as ordinarily prudent persons in a like position would use under similar circumstances.

In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports or statements (including financial statements and other financial data) prepared or presented by (1) officers or employees of this Corporation whom the Director believes to be reliable and competent; (2) the Managing Agent, attorneys, independent accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence; or (3) a committee of the Board upon which the Director does not serve, as to matters within its designated authority, which committee the Director believes to merit confidence, so long as the Director acts in good faith and after reasonable inquiry when a need therefor is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

10.1.2 Authorization of Agent. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of this Corporation and such authority may be general or confined to specific instances; and, unless so authorized by the Board of Directors, no officer, agent or other person shall have any power or authority to bind this Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

10.2 TRANSACTIONS INVOLVING DIRECTOR. Subject to § 7233 of the Nonprofit Mutual Benefit Law, all contracts or other transactions between this Corporation and one or more of its Directors, or between this Corporation and any corporation, firm or association in which one or more of its Directors or their spouses have a material financial interest or serves as a Director, shall be authorized, approved or ratified by the Board of Directors. The interested or common Director or Directors shall not be present during the discussion of, nor the vote on such contract or transaction shall not be counted in determining the presence of a quorum with respect to the approval or ratification of such contract or transaction shall not be allowed to vote on such contract or transaction, at the meeting of the Board which authorizes, approves or ratifies such contract or transaction; and shall have made full disclosure of the material facts as to the transaction and as to such Director's (or such Director's spouse's) interest.

10.3 CORPORATE LOANS, GUARANTEES AND ADVANCES.

10.3.1 Limitation on Loans. Except as provided in 10.3.2, this Corporation shall not make any loan of money or property to or guarantee the obligation of:

10.3.1.1 Any Director, or Officer of this Corporation.

10.3.1.2 Any person who borrows upon the security of Memberships of this Corporation.

10.3.2 Advances. This Corporation may advance money to a Director or officer of this Corporation for expenses reasonably anticipated to be incurred in the performance of the duties of such Director or officer, provided that in the absence of such advance such Director or officer would be entitled to be reimbursed for such expenses by this Corporation.

10.4 ENDORSEMENT OF DOCUMENTS. Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance, or other instrument in writing and any assignment or endorsement thereof executed or entered into between this Corporation and any other person, when signed by the President or any Vice President, and the Secretary or any Assistant Secretary, the Treasurer or any Assistant Treasurer of this Corporation shall be valid and binding on this Corporation unless such other person knew, or in the exercise of reasonable diligence, should have known that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be determined by the Board of Directors, and, unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind this Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

ARTICLE 11 INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS.

11.1 INDEMNIFICATION. This Corporation shall have the power to indemnify any agent to the extent allowed by § 7237 of the Nonprofit Mutual Benefit Law. For purposes of this Article, the term "agent" when used herein shall have the same meaning ascribed thereto in § 7237.

11.2 ADVANCE OF EXPENSES. Expenses incurred in defending any legal action or proceeding may be advanced by this Corporation before the final disposition of the action or proceeding on receipt of a bond or other undertaking by or on behalf of the agent proceeded against to repay the amount of the advance unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this Article 11.

11.3 CONTRACTUAL RIGHTS OF NON-DIRECTORS AND NON-OFFICERS. Nothing contained in this Article shall affect any right to indemnification to which agents other than Directors and officers of this Corporation may be entitled by contract or otherwise.

11.4 INSURANCE. The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of this Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not this Corporation would have the power to indemnify the agent against that liability under the provisions of this Article 11.

ARTICLE 12 RECORDS AND REPORTS.

12.1 FISCAL YEAR. The fiscal year of this Corporation shall begin on the first day of January each year and end the thirty-first day of December. The fiscal year herein established may be changed by resolution of the Board of Directors.

12.2 BOOKS AND ACCOUNTS. Books and accounts of this Corporation shall be kept under the direction of the Treasurer or the managing agent. The amount of any assessment required for payment on any capital expenditures shall be credited upon the books of this Corporation to the "Paid-in-Surplus" account as a capital contribution by the Mutual Members.

12.3 AUDITING. After the close of each fiscal year, the books and records of this Corporation shall be audited by an independent certified public accountant, whose report shall be certified.

12.4 ANNUAL FINANCIAL REPORT TO MEMBERS. This Corporation shall cause an audited annual financial report to be prepared containing the information required by Section 8321 of the Nonprofit Mutual Benefit Law, and to be distributed not later than one hundred twenty (120) days after the close of this Corporation's fiscal year.

This Corporation shall annually provide each Membership with a summary financial report, and notify each Membership of the right to receive a full financial report upon request.

12.5 MEMBERS' INSPECTION RIGHTS. Mutual Members shall have inspection rights as specified in Nonprofit Mutual Benefit Law Sections 8330 through 8333. This Corporation shall keep at its principal office a current copy of Nonprofit Mutual Benefit Law, which shall be available to Mutual Members at all reasonable times during office hours.

12.6 MAINTENANCE AND INSPECTION OF ARTICLES AND BYLAWS. This Corporation shall keep at its principal office the original or a copy of the Articles, Bylaws and Restrictions, as amended to date, which shall be open to inspection by the Mutual Members at all reasonable times during office hours.

12.7 INSPECTION BY DIRECTORS. Every Director of this Corporation shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of this Corporation. This inspection by a Director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

12.8 ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS. No later than the time this Corporation makes available its annual financial report to the Mutual Members and in any event no later than one hundred twenty (120) days after the close of this Corporation's fiscal year, this Corporation shall prepare and make available to each Mutual Member and Third Director a statement of the amount and circumstances of *every* transaction or indemnification required by Section 8322 of the Nonprofit Mutual Benefit Law.

ARTICLE 13 CONSTRUCTION.

13.1 CONSTRUCTION. Unless the context requires otherwise, the general provisions, rules of construction and definitions in the Nonprofit Mutual Benefit Corporation Law and the Davis - Stirling Act shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

13.2 RULES OF ORDER. The rules contained in Robert's Rules of Order, current edition shall govern all Mutual Members' meetings and Board of Directors' meetings of this Corporation. In the event of any conflict, the order of precedence is:

13.2.1 Applicable federal or state law, including the Nonprofit Mutual Benefit Law, and the Common Interest Development Law.

13.2.2 Articles of Incorporation.

13.2.3 Restrictions.

13.2.4 Bylaws.

13.2.5 Robert's Rules of Order.

ARTICLE 14 AMENDMENTS.

14.1 AMENDMENT BY MUTUAL MEMBERS. New, amended or repeal of Bylaws or Articles of Incorporation may be adopted by the affirmative vote or written assent of the Mutual Members entitled to exercise a majority of the voting power of this Corporation.

Where any provision of these Bylaws requires the vote of a larger proportion of the Mutual Members than otherwise required by law, such provision may not be altered, amended or repealed except by vote of such larger number of Mutual Members.

Notwithstanding the Board of Directors' rights to amend or repeal these Bylaws, as set forth in 14.3, the Mutual Members must approve any action that would: (a) materially and adversely affect the rights of Mutual Members as to voting, dissolution, or redemption, or transfer of Memberships; (b) increase or decrease the number of Memberships authorized in total or for any class; (c) effect an exchange, reclassification, or cancellation of all or any part of the

Memberships; (d) authorize a new class of Membership; or (e) specify or change a fixed number of Directors or the maximum or minimum number of Directors or change from a fixed to a variable number of Directors or vice versa.

The power of Mutual Members to approve the repeal or amendment of Bylaws is subject to the further approval of the Mutual Members of a class if such action would: (a) materially and adversely affect the rights, privileges, preferences, restrictions, or conditions of that class as to voting, dissolution, redemption, or transfer of Memberships in a manner different than such action affects another class; (b) materially and adversely affect such class as to voting, dissolution, redemption, or transfer of Memberships by changing the rights, privileges, preferences, restrictions, or conditions of another class; (c) increase or decrease the number of Memberships authorized for such class; (d) increase the number of Memberships authorized for another class; (e) effect an exchange, reclassification, or cancellation of all or part of the Memberships of such class; or (f) authorize a new class of Memberships.

14.2 AMENDMENT BY DIRECTORS. Subject to the rights of Mutual Members under 14.1, the Board of Directors may by obtaining approval from two-thirds of the entire Board of Directors, adopt, amend or repeal Bylaws in the following circumstances:

14.2.1 Amendments to 4.1, 6.1 and 6.2 as necessary to facilitate any consolidation or merger with, or acquisition of the assets and liabilities of, any Laguna Hills or Laguna Woods Mutual Corporation.

14.2.2 Any amendments which the Board of Directors are permitted to make under § 7150 of the Nonprofit Mutual Benefit Law.

14.3 AMENDMENT PROPOSALS. Amendments may be proposed by the Board of Directors or by petition delivered to the Secretary and signed by Mutual Members entitled to exercise at least twenty percent (20%) of the voting power of the corporation. A description of any proposed amendment shall accompany the notice of any regular or special meeting of the Mutual Members of the corporation at which such proposed amendment is to be voted upon.

ARTICLE 15 LIQUIDATION.

15.1 DEDICATION OF ASSETS. The properties and assets of this Corporation are irrevocably dedicated to fulfillment of the objectives and purposes of this Corporation as set forth in Article II of these Bylaws. This Corporation does not contemplate the distribution of assets, gains, profits or dividends to any of its Mutual Members, except in accordance with Chapter 4 of the Nonprofit Mutual Benefit Law.

15.2 DISSOLUTION. Upon the dissolution of this Corporation, after having received the affirmative vote of a majority of the Membership, or after approval by the Board of Directors and approval of the Mutual Members and after paying or adequately providing for the debts and obligations of this Corporation, the Directors or other persons in charge of the dissolution shall distribute any remaining assets to the then Mutual Members of this Corporation

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or other persons entitled thereto in accordance with Chapters 15, 16 and 17 of the Nonprofit Mutual Benefit Law, or the Directors may transfer said assets to a successor corporation with similar purposes to that of this Corporation.

If distribution of assets (other than the Manors) is chosen, the distribution to Mutual Members shall be made by the method in which the assets were collected.

CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the presently elected and acting Secretary of THIRD LAGUNA HILLS MUTUAL, a California Nonprofit Mutual Benefit Corporation, and the above Bylaws, consisting of 28 pages, are the Bylaws of this Corporation as amended by an action of the Mutual Board of Directors on June 17, 2014

DATED: 6/27/14

Signed: Judith Troutman
Judith Troutman, Secretary