

UNITED LAGUNA HILLS MUTUAL
A California Non-Profit Mutual Benefit Corporation

NOTICE OF MEMBERSHIP VOTE ON REMOVAL OF FOUR DIRECTORS

The United Laguna Hills Mutual ("United") has received a petition signed by 409 Memberships, requesting that United notice and hold a vote on removal, without cause, of four individual Directors from the Board of Directors: Lloyd Foster, Linda Wilson, Marty Rubin, and Gail McNulty ("Recall"). Upon receipt of a petition signed by at least five percent (5%) of United's Members (317 of the 6323 Memberships in United) United is now legally required, under California law and United's Bylaws, to take a vote of the Membership on whether each Director individually should be removed from the Board.

LEGAL AND OFFICIAL NOTICE IS HEREBY GIVEN AS FOLLOWS:

United will hold a town hall meeting on June 29, 2009, starting at 10:00 a. m., at Clubhouse 3 ("Meeting"). The Meeting will be televised on Channel 6 for the convenience of all United Members. This will not be a formal Membership meeting, but rather an informal gathering of Members at which all United Members can express their points of view on the Recall pursuant to time limits that will be established at the Meeting, consistent with California law. The four (4) Directors whose removal has been proposed shall have an opportunity to speak at the Meeting. No voting will take place at the Meeting.

Per United's Bylaws, Elections Standards and Operating Procedures ("Election Rules") and California law, United will be mailing out Secret Ballots, Envelopes, Voting Instructions and other voting materials no later than July 20, 2009 to all Members to vote on the Recall. Only eligible Members pursuant to the Election Rules, Bylaws and California Law will be allowed to vote.

The official Secret Ballots/Envelopes must be returned by mail to the Inspector of Election, TrueBallot, at the designated post office box, or may be personally delivered and placed in the locked secure ballot box located in the lobby of the Community Center.

The final date for the Inspector of Election to receive your Secret Ballot will be August 21, 2009 at 9:00 a.m., at which time the voting will be considered closed by the Inspector of Election. This is at least 30 days after the ballots are mailed out, in compliance with California law.

There will be a Special Open Meeting of the Board of Directors ("Special Board Meeting") on August 21, 2009 at which the Inspector of Election will open the Secret Ballots, and count and tabulate the votes at Clubhouse 3, beginning at 9:30 a.m., and continuing until the count and tabulation are complete. This Special Board Meeting is solely for the purpose of allowing the Inspector of Election to open, count and tabulate the Secret Ballots in compliance with California law. No voting will take place, and no other business will be conducted at this Special Board Meeting. Members are welcome to observe this process, pursuant to California Law and United's Election Rules.

Quorum: In order to conduct the vote on the Recall, a quorum of Memberships must be represented by Secret Ballot. A quorum consists of at least fifteen percent (15%) of United's voting power per the Bylaws at Article V, Section 5(a).

Number of Votes Needed to Recall each of the Four Individual Directors: If a quorum is obtained, a majority of the Memberships actually represented and voting by Secret Ballot must then vote "Yes" to recall each individual Director. The number of votes necessary to recall each individual Director will vary depending on the number of Memberships actually voting by Secret Ballot.

By way of example only, if 1500 Memberships vote on the Recall, then 751 Memberships must vote "Yes" to recall each individual Director. Another example, if 3000 Memberships vote, then 1501 Memberships must vote "Yes" to recall each individual Director. If 6300 Memberships vote, then 3151 Memberships must vote "Yes" to recall each individual Director.

Replacement Directors: If the recall vote is successful as to any of the four (4) Directors, United must then notice and take a second vote of the Membership (also via Secret Ballot) to elect a replacement Director to the Board. The positions of those Directors who are recalled must be filled by a vote of the Members and the Board cannot appoint replacement Directors to fill vacancies created by recall by Membership vote. Any

replacement Director who is elected will serve the remaining term of the recalled Director. Any Director who was recalled may be a candidate as a replacement Director.

United will notify Members after the Recall vote about the time frameworks for self-nomination/candidate statements, as well as regarding the timing for the second vote.

Annual Meeting: Because of the Recall, United's Annual Meeting will not proceed as scheduled on October 13, 2009, and will likely be postponed 2-4 months from its regularly scheduled date. A new date will be set after the Recall vote is completed, and the outcome assessed.

THE BOARD OF DIRECTORS OF UNITED IS DETERMINED TO STRICTLY FOLLOW ALL APPLICABLE LAWS REGARDING THE RECALL AND TO AVOID POTENTIAL LEGAL CHALLENGE BY EITHER THE MEMBERSHIP OR BY THE CURRENT BOARD MEMBERS. UNITED, THROUGH ITS OUTSIDE CORPORATE COUNSEL, HAS RETAINED LEGAL COUNSEL EXPERIENCED IN RECALL MATTERS, AND HAS APPOINTED ITS USUAL INDEPENDENT THIRD PARTY INSPECTOR OF ELECTION, TRUEBALLOT.

THIS NOTICE IS GIVEN ON FRIDAY, JUNE 19, 2009 BY THE BOARD OF DIRECTORS.