

MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF UNITED LAGUNA WOODS MUTUAL
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION

March 20, 2013

A Special Televised Meeting of the United Laguna Woods Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Wednesday, March 20, 2013 at 1:30 P.M., at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Roger Turner, Catherine Brians, John Dalis, Charles Hammer, Jack Bassler, Mary Stone, Jerren Auble, Barbara B. Howard, Phil Doran, Pat English, Erna Ferris

Directors Absent: None

Staff Present: Jerry Storage, Patty Kurzet, Cris Robinson

Others Present: Sandra Gottlieb, Esq.

CALL TO ORDER

Roger Turner, President of the Corporation, opened the meeting, and stated that it was a Special Meeting held pursuant to notice duly given. A quorum was established and the meeting was called to order at 1:30 P.M.

MEMBER COMMENTS

United Mutual Members were given the opportunity to speak to items not on the agenda.

The Secretary of the Corporation, Director Charlie Hammer, read the following proposed resolution removing the six-month sublease term limit under Resolution U-84-84 subject to existing qualifications, which was postponed to satisfy the 30-day notification requirement.

Director English moved to approve the resolution. Director Ferris seconded the motion.

Each of the Directors were given the opportunity to make comments.

United Mutual Members were given the opportunity to speak to the motion.

Director Brians called for a roll call vote on the motion. By the following roll call vote of 6-4-0, the motion carried:

Directors voting in favor: Ferris, English, Howard, Bassler, Doran, Auble
Directors voting in opposition: Dalis, Brians, Hammer, Stone

By a vote of 6-4-0, the following resolution was adopted:

RESOLUTION 01-13-50

WHEREAS, under United's governing documents (which include, without

limitation, United's Bylaws, Occupancy Agreement, operating rules and Board resolutions), United members have the right to sublease their manors (also referred to as "dwelling units" or "units" in certain of United's governing documents), subject to certain sublease qualifiers which are intended to help maintain and promote the unique age restricted and stock cooperative nature of United's common interest development (collectively, the "Qualifiers" and each, a "Qualifier"); and

WHEREAS, Resolution U-84-84, adopted by United on June 26, 1984, includes a Qualifier limiting subleases of manors to a maximum aggregate term of six months in any twelve month period (the "Sublease Term Limit"); and

WHEREAS, the prior and current Boards of Directors have investigated and evaluated the impact and effects of the Sublease Term Limit and consulted with United management personnel and legal counsel regarding same; and

WHEREAS, on January 8, 2013, a motion to rescind the Sublease Term Limit (the "Rescission") was made and approved by the Board of Directors; and

WHEREAS, United's legal counsel advised the Board after the motion for the Rescission was made, but prior to the vote of the Board approving the Rescission, that the Rescission would have the unintended consequence, under Section 7 of United's Occupancy Agreement, of effectively prohibiting the subleasing of manors, except with prior Board approval, meaning that the Rescission would limit the ability of members to sublease their manors moreso than when the Sublease Term Limit was in effect; and

WHEREAS, on February 12, 2013, a motion (the "New Motion") was made to (1) abandon the Rescission, (2) remove the Sublease Term Limit and all other resolutions of the United Board of Directors which establish time limits on the sublease of manors and (3) ratify those Qualifiers that were in effect immediately prior to the Rescission (the "Pre-Existing Qualifiers"); and

WHEREAS, the New Motion was approved by the Board on March 20, 2013, and the subleasing of manors shall continue to be permitted on an ongoing basis subject to the Pre-Existing Qualifiers; and

WHEREAS, all of the Pre-Existing Qualifiers were effective prior to January 1, 2012, meaning that all existing United members are subject to the Pre-Existing Qualifiers and that no United members are excluded from compliance with the Pre-Existing Qualifiers under California Civil Code Section 1360.2; and

WHEREAS, the Pre-Existing Qualifiers included in United's governing documents are, without limitation, attached hereto and incorporated herein, in their entirety, by reference as Exhibit A; and

WHEREAS, from time to time Qualifiers (including but not limited to the Pre-Existing Qualifiers) may be adopted, amended and/or repealed by United, and United members shall be subject to such Qualifiers, provided, however, such changes in Qualifiers may, depending on the nature of the change and the provisions of California Civil Code Section 1360.2 (and any successor statute thereto), only be applicable to future members of United and not existing members; and

NOW, THEREFORE, BE IT RESOLVED, on March 20, 2013, United's Board of Directors has determined that United shall (1) abandon the Rescission, (2) remove the Sublease Term Limit and all other resolutions of the United Board of Directors which establish time limits, but not time minimums, on the sublease of manors and (3) ratify the Pre-Existing Qualifiers as attached to the minutes of this meeting and this Resolution as Exhibit A; and

RESOLVED FURTHER, that Resolution U-84-84 adopted June 26, 1984 is hereby superseded and cancelled; 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.

In accordance with Civil Code §1357.140, a petition was delivered to the President of the Board consisting of more than 5% of the membership calling for a Special Meeting of the Members asking for a membership vote reversing the Board's decision to rescind Resolution U-84-84, by way of Resolution 01-13-50. The petition reads as follows:

The undersigned members, representing more than 5% of the United Laguna Woods Mutual (ULWM) membership, hereby petition that the ULWM Board of Directors (Board), in accordance with Article V of the ULWM Bylaws, call a special meeting of the membership at the earliest reasonable date, time and place for their vote on reversal of the Board's rescission of Resolution U-84-84, with notice given and ballots mailed as provided for in applicable California Civil Code and Corporations Code, for the purpose of counting ballots returned from ULWM members and if a quorum is present, reversing the Resolution in the event a majority of the returned ballots are found to be in favor of said reversal.

Ms. Gottlieb reviewed the document and advised that the Board has 20 days from today to select a date for the meeting of the members to vote on whether to approve or not

approve the rule reversal change, and that the Board has to notice and hold the special meeting of the members for the election no less than 35 nor more than 90 days from March 20, 2013.

Ms. Gottlieb advised that the Board should not enforce the recently passed Resolution 01-13-50 until she researches the effect of the petition and whether the Board should withhold enforcement of Resolution 01-13-50 until after the members vote at the special meeting of the members on whether to approve the proposed rule reversal. Ms. Gottlieb also advised the Board can adjourn this meeting to a specified date to further discuss her opinion.

Director Brians moved to add to the agenda, a motion to retain Martin and Chapman to verify the names on the petition. Director Stone seconded the motion and the motion carried by a 2/3 vote.

Director Brians moved to retain Martin and Chapman to verify the names on the petition. Director Stone seconded the motion and discussion ensued.

Members were given the opportunity to speak to the motion.

The motion carried unanimously.

The Board adjourned the meeting to Wednesday, March 27, 2013 at 9:30 A.M. and agreed to schedule a closed session meeting at 9:00 A.M. to discuss Ms. Gottlieb's legal opinion.

The Board agreed to not enforce the resolution until an opinion is received from Ms. Gottlieb.

The meeting recessed at 3:16 P.M. and reconvened into Closed Session at 3:25 P.M.

Summary of Previous Closed Session Meetings per Civil Code Section §1363.05

During its March 12, 2013 Regular Executive Session Meeting, the Board reviewed and approved the minutes of the Special Executive Session of February 6, 2013 and the Regular Executive Session of February 12, 2013. The Board heard three disciplinary hearings and imposed fines totaling \$830 for violations of the Mutual's rules and regulations; and discussed litigation, contractual, and other member disciplinary matters.

With no further business before the Board of Directors, the special meeting was adjourned at 4:04 P.M.

Charles Hammer, Secretary

EXHIBIT A

**QUALIFIERS FOR SUBLEASING MANORS
(Resolution 01-13-50, Adopted March 20, 2013)**

1. A cap on the number of manors that may be subleased at any one time in United's development equal to twenty percent (20%) of the total manors (as set forth under United Resolution 01-10-222); and
2. A prohibition on subleases shorter in duration than thirty (30) days; and
3. A prohibition on any member owning more than one membership/manor in United, and/or being identified as the "member" under more than one Occupancy Agreement, at any one time, except as provided for and subject to certain conditions under United's Interim Dual Ownership Agreement (as provided in Resolutions U-02-164, 01-10-222 and 01-03-147), including but not limited to the requirements that (i) a member may not sublease a manor listed for sale during any permitted period of dual ownership, (ii) the member must reasonably proceed to sell the manor listed for sale within six (6) months from the member's signing of the Interim Dual Ownership Agreement, (iii) the Board is prohibited from approving any individual member's request for an Interim Dual Ownership Agreement more frequently than one (1) time in any two (2) year period and (iv) with respect to dual ownership, both trustees and beneficiaries under any trust having any ownership interest in a manor/membership shall be considered a member with respect to such manor/membership; and
4. The requirement that no member may sublease his/her manor if delinquent in carrying charges or assessments at the time of the proposed/intended sublease, except with Board approval and subject to an assignment of rents (as set forth in Resolutions U-91-73 and U-01-10); and
5. The requirement that all sublessees meet the age requirements for occupancy and residency as required and established under United's governing documents and California Civil Code Section 51.3 (and any successor statute); and
6. The requirement that members and/or sublessees provide to United, as set forth in United's governing documents and pursuant to yearly renewal requirement obligations, the following information with respect to each sublessee of the member's manor, on such form(s) as United may prescribe from time to time: full name; age and birth date; statistical information; identity verification; written agreement to comply with United's governing documents; telephone number; and other information and documentation required by United under its Application for Permit to Lease Premises and any related documents; and
7. The requirement that the member pay certain fees related to the sublease of the member's manor, including without limitation fees related to lease permits

processing; lease permits, lease permit extensions, lease permit renewals, secured deposits of third-party charges and application costs; and

8. The requirement that the member transfer his/her rights to use the common areas, facilities and amenities of United's development to the member's sublessee, and that the member and his/her sublessee comply with any and all prohibitions and/or restrictions established by Golden Rain Foundation ("GRF") with respect to the use of GRF's common amenities and facilities; and
9. The requirement that sublessees of a member's manor must, at all times, comply with all of the provisions of United's governing documents applicable to the residency, occupancy and use of manors and United's development; and
10. The right of United to levy fines and impose discipline against a member for the violation of United's governing documents by the member's sublessee, and/or, to the extent permitted by United's Bylaws and applicable laws, to impose discipline against the sublessee for such violation; and
11. A non-exclusive grant to United of the member's rights to enforce United's governing documents against the member's sublessee if the member fails to gain the sublessee's compliance, including but not limited to the ability of United to evict the sublessee under an unlawful detainer action; and
12. An assignment of rents in favor of United in the event the member is delinquent in the payment of their carrying charges and/or assessments, as provided in United's Occupancy Agreement, and the requirement that the sublessee pay his/her rent payments to United upon United's notice and demand of such assignment; and
13. The requirement that the member be financially liable to United for any damage within the member's manor or other portions of United's development caused by the sublessee; and
14. The requirement that the member be the responsible party to obtain any required approval from United for any and all proposed alterations, additions, improvements and modifications to the member's manor; and
15. The requirement that only a member of United named under an Occupancy Agreement has the right to sublease their entire manor.