

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

March 26, 2007

The Special Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Monday March 26, 2007 at 3:00 P.M., immediately following the KPMG Presentation of Audited Financial Statements, at 24351 El Toro Road, Laguna Woods, California

Directors Present: Jim Matson, Bob Hatch, Isabel Muennichow, Dominic Burrasca, Gunter Vogt, Larry Souza, Carol Moore, Richard Moos

Directors Absent: Ray Gros

Staff Present: Janet Price, Patty Fox

Others Present: Mark Tillotson and Mark Thomas of KPMG

Jim Matson, President of the Corporation, called the meeting to order at 3:39 P.M., established a quorum, and entertained a motion to approve the 2006 audited financial statements for Third Laguna Hills Mutual.

Upon motion duly made, seconded and carried by a vote of 7-1-1 (Director Burrasca abstained and Director Moore opposed), the Board of Directors adopted the following resolution:

RESOLUTION 03-07-29

RESOLVED, March 26, 2007, that the Board of Directors of this Corporation has reviewed the financial statements for Third Laguna Hills Mutual for the year ending December 31, 2006, as audited by KPMG and approves a final report for publication; and

RESOLVED FURTHER, a condensed financial statement shall be delivered by mail to all Mutual Members.

During its March 20, 2007 Regular Executive Session Board Meeting, the Board reviewed and approved the Minutes of the Regular Executive Session Meeting of February 20, 2007 and the Special Board Meeting of February 23, 2007; heard one (1) Disciplinary Hearing; approved one (1) delinquent assessment write-off and one (1) bad debt write-off; approved recording Notices of Default for the following Member IDs: 931- 460-55, 931-900-39, 933-030-30, 933-040-52, and 933-612-10; and discussed contractual and pending litigation.

With no further business before the Board of Directors, the special meeting was adjourned at 3:43 P.M.

Isabel Muennichow, Secretary