

**FIRST AMENDMENT
TO
SECOND AMENDED AND RESTATED BYLAWS
OF
SECOND WALNUT CREEK MUTUAL**

This First Amendment to the Second Amended and Restated Bylaws of Second Walnut Creek Mutual ("First Amendment") is made by Second Walnut Creek Mutual ("Mutual"), with reference to the following:

RECITALS

A. The Mutual is a California nonprofit mutual benefit corporation formed to manage and maintain the Mutual under its Governing Documents, as this term is defined in Section 3.20 of the Bylaws, and to manage and maintain the residential common interest development in accordance with the Governing Documents, including the Second Amended and Restated Bylaws of Second Walnut Creek Mutual ("Bylaws").

B. In accordance with Section 18.1 of the Bylaws, the affirmative vote of a majority of the Members of the Mutual, after establishing a quorum of the Members, as provided for in Section 7.8.4 of the Bylaws, approved this First Amendment on August 15, 2024.

AMENDMENT

NOW, THEREFORE, upon the certification of this First Amendment by the Mutual's Secretary, the Bylaws are amended by the Member as follows:

1. Section 15.2.3 of the Bylaws is amended in its entirety to provide as follows:

15.2.3 Coverage Levels. The amount of said insurance coverage of the Mutual's policy shall not be less than the full insurable replacement value of the covered property described in Section 15.2.1, based on insurance industry standards for determination of replacement values, provided that there may be lower dollar limits for specified items as is customarily provided in property insurance policies; however, if the insurance coverage level as required by Section 15.2.1 is unreasonably expensive, impractical, or is not economically feasible to obtain, as determined by the Board, the Mutual shall obtain insurance as near equivalent to the required insurance as may be practical or available. When determining economic feasibility for a given amount of insurance coverage, the Board may consider:

- (a) The risk analysis/risk assessment obtained from a risk manager, insurance broker, or other third-party consultant who is using

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industry standards to evaluate cost and availability of insurance products for similarly situated communities;

- (b) the market availability of coverage;
- (c) the possibility of various possible maximum loss scenarios laid out by the risk manager, insurance broker, or other third-party consultant;
- (d) the overall cost effectiveness of available coverage;
- (e) the difference in cost between different percentages of coverage;
- (f) the relative risks of experiencing different percentages of loss, such as the risk of 50% loss vs. a 100% loss;
- (g) the actual or anticipated increases in other required Mutual expenses; and/or
- (h) such other financial or economic factors the Board may reasonably consider under the circumstances.

2. Section 15.3 is deleted in its entirety from the Bylaws, which previously provided as follows:

~~15.3 — FNMA, FHLMC and FHA Requirements. To the extent applicable to the Mutual and notwithstanding anything herein to the contrary, the Mutual shall maintain such policies, containing such terms, amount of coverage, endorsements, deductible amounts, named insureds, loss payees, standard mortgage clauses, notice of changes or cancellation, and an appropriate insurance company rating that shall satisfy the minimum requirements imposed by the Federal National Mortgage Association (“FNMA”), the Federal Home Loan Mortgage Corporation (“FHLMC”) and the Federal Housing Administration (“FHA”) or any successor thereto. If the FNMA, FHLMC or FHA requirements conflict, the more stringent requirements shall be met.~~

3. **Miscellaneous.** To the extent any provision of this First Amendment conflicts with any provision of the Bylaws, the provisions of this First Amendment shall prevail. Except as herein amended, the Bylaws remain in full force and effect.

4. **Definitions.** Except as otherwise expressly provided herein, the capitalized terms in this First Amendment shall have the same meanings as defined in the Bylaws.