



ROSSMOOR

WALNUT CREEK

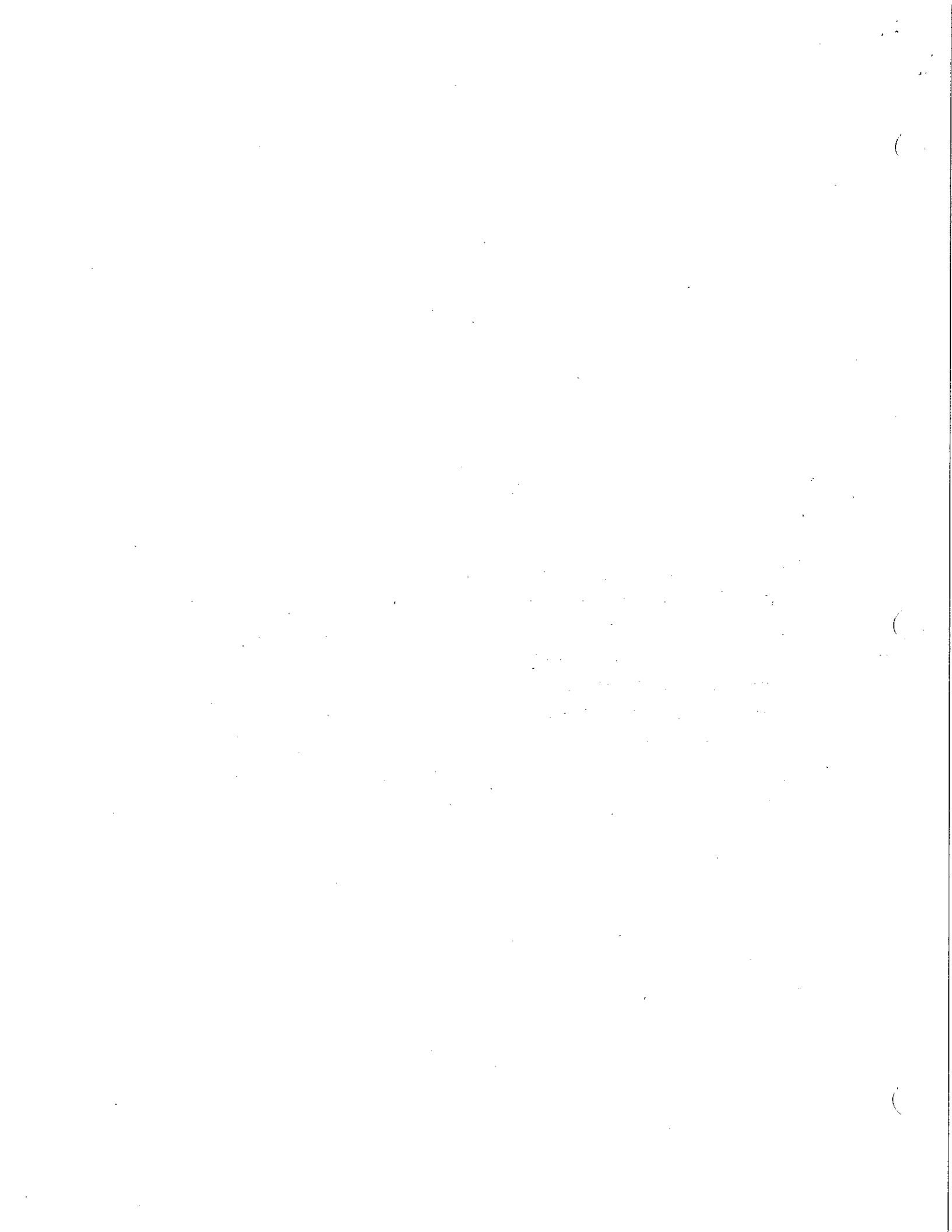
Walnut Creek Mutual Twenty-Two

Walnut Creek Mutual Twenty-Two

Bylaws

NOTICE

If these documents contain any restriction based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates State and Federal Fair Housing Laws and is void, and may be removed pursuant to Section 12956.1 of the *Government Code*. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.



**TABLE OF CONTENTS TO
AMENDED BYLAWS OF WALNUT
CREEK MUTUAL NO. TWENTY-TWO**

Page Number

ARTICLE 1	NAME AND LOCATION	1
ARTICLE 2	DEFINITIONS	1
2.1	Absolute Majority	1
2.2	Agent	1
2.3	Articles	1
2.4	Board of Directors	1
2.5	Bylaws	1
2.6	Common Area	2
2.7	Condominium	2
2.8	Condominium Plan	2
2.9	Contract Purchaser/Contract Seller	2
2.10	Declaration	2
2.11	Establishing Agreement	2
2.12	Expenses	2
2.13	Foundation	2
2.14	Foundation's Architectural Control Committee	2
2.15	Foundation's Governing Documents	3
2.16	Governing Documents	3
2.17	Manor	3
2.18	Member	3
2.19	Member in Good Standing	3
2.20	Mutual	3
2.21	Owner	3
2.22	Policies	3
2.23	Proceeding	3
2.24	Project	4
2.25	Quorum	4
2.26	Resident	4
2.27	Rules	4

2.28	Senior Housing Residency Restrictions	4
2.29	Simple Majority	4
2.30	Total Voting Power	5
2.31	Unit	5
ARTICLE 3	MEMBERSHIP AND VOTING	5
3.1	Membership in the Mutual	5
3.2	Membership in the Foundation	5
3.3	Voting	5
3.4	Multiple Owners	6
3.5	Delegation of Membership Rights	6
3.6	Record Date	6
3.6.1	Determined by the Board of Directors	6
3.6.2	Failure of Board to Determine Record Date	7
ARTICLE 4	MEETINGS OF MEMBERS	7
4.1	Annual Meeting	7
4.2	Special Meetings	7
4.3	Notice of Meetings	7
4.4	Conduct of Meetings	8
4.5	Place of Meetings	8
4.6	Quorum	8
4.7	Proxies	9
4.8	Form of Proxy	9
4.9	Vote of the Members	10
4.10	Action By Written Ballot Without A Meeting	10
4.10.1	In General	10
4.10.2	Written Ballots for Member Actions Other Than Director Elections	11
4.10.3	Elections of Directors	11
ARTICLE 5	BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE	11
5.1	Number of Directors	11
5.2	Qualification of Directors	11
5.3	Disqualification of Directors	12
5.4	Election and Term of Office	12
5.5	Removal	12
5.6	Vacancies	12

5.7	Filling Vacancies	13
5.8	Compensation	13
ARTICLE 6	NOMINATION AND ELECTION OF DIRECTORS	13
6.1	Nomination	13
6.1.1	In General	13
6.1.2	Nomination by Nominating Committee	13
6.1.3	Nomination by Petition	14
6.1.4	Deadline for Nominations	14
6.1.5	Announcement of Deadline for Nominations	14
6.1.6	Names of Candidates	14
6.2	Casting Votes	14
6.3	Election by Acclamation	15
ARTICLE 7	MEETINGS OF DIRECTORS	15
7.1	Organizational Meetings	15
7.2	Regular Meetings	15
7.3	Special Meetings	15
7.4	Notice to Directors	15
7.5	Notice to Members	16
7.6	Open Meeting	16
7.7	Executive Session	16
7.8	Telephone Participation	16
7.9	Quorum	16
7.10	Minutes of Meetings of Directors	17
7.11	Board Action Without a Meeting	17
ARTICLE 8	POWERS AND DUTIES OF THE BOARD OF DIRECTORS	17
8.1	Powers	17
8.1.1	Rules and Regulations	17
8.1.2	Contracts	18
8.1.3	Determination of Good Standing	18
8.1.4	Sanctions; Hearings; Continuing Violations	18
8.1.5	Manager	19
8.1.6	Professional Advisors	20
8.1.7	Investment of Reserve Funds	20
8.1.8	Entry for Repairs	20

8.1.9	Property Taxes	20
8.1.10	Mutual Property	20
8.1.11	Indemnification of Agents	20
8.1.12	Bank Accounts, Borrowing	21
8.1.13	Other Powers and Duties	21
8.2	Duties	21
8.2.1	Records and Minutes	21
8.2.2	Pro Forma Budget	21
8.2.3	Reserve Study	21
8.2.4	Reserve Funds	22
8.2.5	Investment of Reserve Funds	22
8.2.6	Review of Accounts	22
8.2.7	Review of Annual Financial Statement	22
8.2.8	Notification Regarding Insurance Coverage	22
8.2.9	Annual Notifications to Members	22
8.2.10	Supervision	23
8.2.11	Notice of Assessments	23
8.2.12	Certificate of Payment of Assessments	24
8.2.13	Insurance	24
8.2.14	Results of Membership Vote	25
8.2.15	Enforcement of Governing Documents	25
ARTICLE 9	OFFICERS AND THEIR DUTIES	25
9.1	Enumeration of Offices	25
9.2	Election of Officers	26
9.3	Term	26
9.4	Special Appointments	26
9.5	Resignation and Removal	26
9.6	Vacancies	26
9.7	Multiple Offices	26
9.8	President	26
9.9	Vice-President	27
9.10	Secretary	27
9.11	Chief Financial Officer	27
ARTICLE 10	COMMITTEES	28
10.1	Committees Appointed by Board of Directors	28
10.2	Foundation's Architectural Control Committee	28

ARTICLE 11	INDEMNIFICATION OF AGENTS	28
11.1	Definitions.	28
11.2	Indemnification in Actions by Third Parties.	28
11.3	Indemnification in Actions by or in the Right of the Mutual.	29
11.4	Indemnification Against Expenses.	30
11.5	Required Determinations.	30
11.6	Advance of Expenses.	30
11.7	Other Indemnification.	30
11.8	Forms of Indemnification Not Permitted.	31
11.9	Insurance.	31
11.10	Nonapplicability to Fiduciaries of Employee Benefit Plans.	31
ARTICLE 12	BOOKS, RECORDS AND FUNDS	32
12.1	Members' Inspection Rights	32
12.2	Directors' Inspection Rights	32
12.3	Checks, Drafts, and Evidences of Indebtedness	32
12.4	Funds and Deposits	32
12.5	Fiscal Year	32
ARTICLE 13	AMENDMENTS	33
13.1	Amendment by the Members	33
13.2	Amendment by the Board of Directors	33
ARTICLE 14	MISCELLANEOUS	33
14.1	Conflicts With Other Mutual Governing Documents	33

**AMENDED BYLAWS OF
WALNUT CREEK MUTUAL NO. TWENTY-TWO**

ARTICLE 1 NAME AND LOCATION

The name of the corporation is Walnut Creek Mutual No. Twenty-Two, which is hereinafter referred to as the "Mutual." The principal office of the Mutual shall be located in Contra Costa County, California or such other place reasonably convenient to the Project as the Board of Directors may from time to time establish.

ARTICLE 2 DEFINITIONS

All capitalized terms that are not defined in these Bylaws shall have the meanings ascribed to them in the Declaration unless the context clearly requires a contrary intention.

- 2.1 Absolute Majority. "Absolute Majority" shall mean a majority of the Total Voting Power of the Mutual.
- 2.2 Agent. "Agent," as used in Article 11, shall have the meaning set forth in Section 11.1.
- 2.3 Articles. "Articles" shall mean the Articles of Incorporation of Walnut Creek Mutual No. Twenty-Two, as they may be amended from time to time, and as filed with the Office of the Secretary of State of California.
- 2.4 Board of Directors. "Board of Directors" or "Board" shall mean the governing body of the Mutual.
- 2.5 Bylaws. "Bylaws" shall mean the Bylaws of the Mutual as they shall be adopted by the Board of Directors and Members and any duly-adopted amendments thereof.

- 2.6 Common Area. "Common Area" shall mean all of the property comprising the Project which is owned by all of the Owners in common but excluding the Units.
- 2.7 Condominium. "Condominium" shall mean an estate in real property, as defined in *Civil Code* sections 783 and 1351(f), consisting of an undivided interest in all or any portion of the Common Area together with a separate fee interest in a Unit and all easements appurtenant thereto.
- 2.8 Condominium Plan. "Condominium Plan" or "Plan" shall mean the condominium plan or plans (including any amendments thereto) of the type described in *Civil Code* section 1351 or predecessor statute which applies to the Project and has been recorded in the Office of the County Recorder of Contra Costa County, California.
- 2.9 Contract Purchaser/Contract Seller. "Contract Purchaser" and "Contract Seller" shall mean the purchaser and the seller, respectively, under an installment land contract in which title to the property is transferred after the final installment payment is made.
- 2.10 Declaration. "Declaration" shall mean the Amended Declaration of Covenants, Conditions and Restrictions of Walnut Creek Mutual No. Twenty-Two recorded in the Office of the County Recorder of Contra Costa County, California, and any amendments thereof.
- 2.11 Establishing Agreement. "Establishing Agreement" shall mean the document executed by the Foundation and Terra California, a California corporation, on July 21, 1970 and entitled "Agreement Establishing Covenants, Conditions and Restrictions" and recorded on July 22, 1970 as Document No. 46552 in the Office of the County Recorder of Contra Costa County, California.
- 2.12 Expenses. "Expenses," as used in Article 11, shall have the meaning set forth in Section 11.1.
- 2.13 Foundation. "Foundation" shall mean the Golden Rain Foundation of Walnut Creek, a California nonprofit mutual benefit corporation.
- 2.14 Foundation's Architectural Control Committee. "Foundation's Architectural Control Committee" shall mean the committee from

time to time established by the Foundation in accordance with the Establishing Agreement and as described in Article 9 of the Declaration.

- 2.15 Foundation's Governing Documents. "Foundation's Governing Documents" shall mean, collectively, the Foundation's articles of incorporation and bylaws, as amended from time to time, any rules, policies and resolutions adopted by the Foundation's board of directors and distributed to the Foundation's members, and the Establishing Agreement.
- 2.16 Governing Documents. "Governing Documents" shall mean, collectively, the Articles, Bylaws, Declaration, and Rules adopted by the Board and distributed to the Members.
- 2.17 Manor. "Manor" and "Unit" are synonymous terms which may be used interchangeably and shall have the meaning set forth in the Declaration.
- 2.18 Member. "Member" shall mean an Owner.
- 2.19 Member in Good Standing. "Member in Good Standing" shall mean a Member of the Mutual who is current in the payment of all Assessments, fines, penalties, and other charges imposed in accordance with the Governing Documents and who is in compliance with all of the provisions of the Governing Documents.
- 2.20 Mutual. "Mutual" shall mean Walnut Creek Mutual No. Twenty-Two, a California nonprofit mutual benefit corporation, its successors and assigns.
- 2.21 Owner. "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Condominium which is a part of the Project, including Contract Sellers but excluding Contract Purchasers and those having such interest merely as security for the performance of an obligation.
- 2.22 Policies. "Policies" and "Rules" are synonymous terms which may be used interchangeably. "Policies" shall mean "Rules" as defined in Section 2.27.
- 2.23 Proceeding. "Proceeding," as used in Article 11, shall have the meaning set forth in Section 11.1.

- 2.24 Project. "Project" shall mean all of the real property comprising the Walnut Creek Mutual No. Twenty-Two condominium project, as described in the Declaration.
- 2.25 Quorum. "Quorum," for the purposes of Membership meetings and Membership votes, is the minimum number of Members entitled to cast votes who must be present, in person or by proxy, at a meeting of the Membership in order for business other than adjournment to be conducted or, for purposes of a Board meeting, the minimum number of Directors who must be present in person, including present by means of conference telephone equipment or similar communications equipment to the extent permitted by law, at a meeting of the Board in order for business to be conducted. The Quorum for Membership meetings and Membership votes shall be as provided in Section 4.6, except where a different Quorum is established or required by law or under the Declaration (*for example*, Sections 6.5.3 and 6.6.3 of the Declaration set forth different Quorum requirements imposed by *Civil Code* section 1366 for Membership votes concerning Annual Assessment increases and Special Assessments, respectively). The Quorum for Board meetings shall be as provided in Section 7.9.
- 2.26 Resident. "Resident" shall mean any person who resides in a Unit within the Project whether or not such person is an Owner as defined in Section 2.21 above.
- 2.27 Rules. "Rules" and "Policies" are synonymous terms which may be used interchangeably and shall mean the rules, regulations, policies and guidelines governing the use, occupancy, management, administration, and operation of the Project or any part thereof as adopted and published by the Board of Directors from time to time, including but not limited to Senior Housing Residency Restrictions and the Maintenance Policies.
- 2.28 Senior Housing Residency Restrictions. "Senior Housing Residency Restrictions" shall mean the residency policy described in Section 4.1 of the Declaration.
- 2.29 Simple Majority. "Simple Majority" shall mean a majority of the votes represented and voting at a meeting at which a quorum is present or by written ballot in conformity with *Corporations Code* section 7513 in which the number of votes cast by ballot equals or exceeds the number required to establish a quorum.

- 2.30 Total Voting Power. "Total Voting Power" shall mean the total number of votes of all Members entitled to vote at a particular time, calculated on the basis of one vote for each Unit, excluding any Unit as to which an Owner is not then a Member in Good Standing.
- 2.31 Unit. "Unit" and "Manor" are synonymous terms which may be used interchangeably and shall have the meaning set forth in the Declaration.

ARTICLE 3 MEMBERSHIP AND VOTING

- 3.1 Membership in the Mutual. Membership in the Mutual shall include, and shall be limited to, all Owners of any Unit located within the Project. Membership shall be appurtenant to and may not be separated from ownership of a Unit. Upon becoming the Owner of a Unit, each Owner shall automatically be a Member of the Mutual and shall remain a Member until such time as his or her Unit ownership ceases for any reason. Membership in the Mutual shall not be transferred, encumbered, pledged, alienated, or hypothecated in any way, except upon the transfer or encumbrance of the Unit to which it is appurtenant and then only to the transferee or mortgagee, as the case may be, of such Unit. Any attempt to make a prohibited transfer is void. Upon any transfer of title to a Unit including a transfer upon the death of an Owner, Membership in the Mutual shall pass automatically to the transferee.
- 3.2 Membership in the Foundation. Membership in the Foundation and the voting rights and privileges of members of the Foundation shall be as prescribed in the Foundation's Governing Documents, as amended from time to time. No Owner shall transfer any membership and/or interest in the Foundation except in compliance with the provisions of the Foundation's Governing Documents.
- 3.3 Voting. Only Members in Good Standing shall be entitled to vote on any issue or matter presented to the Members for approval or Membership vote. Members in Good Standing shall be entitled to cast one (1) vote for each Unit owned; provided, however, that as set forth in Section 3.4 below, each Unit is entitled to only one (1) vote, regardless of the number of Members in Good Standing

per Unit. A Member's "good standing" shall be determined as of the record date established in accordance with Section 3.6 of these Bylaws. The vote at any meeting of Members may be by voice vote or by ballot, as determined by the Board.

3.4 Multiple Owners. In the event more than one (1) person owns a given Unit, the vote for such Unit shall be exercised as the Owners among themselves shall determine, but in no event shall more than one (1) vote be cast with respect to any Unit. If the joint Owners of a Unit are unable to agree among themselves as to how their vote or votes are to be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Unit, it will thereafter be conclusively presumed for all purposes that such Owner was acting with the authority and consent of the other Owners of that Unit.

3.5 Delegation of Membership Rights. A Member who has sold his or her Unit to a Contract Purchaser shall be entitled to delegate to such Contract Purchaser his or her rights and privileges of membership in the Mutual and shall be deemed to have delegated to a Contract Purchaser who has assumed occupancy of the Member's Unit all rights of use and enjoyment of the Common Area. No delegation of any membership rights or privileges to a non-Resident Contract Purchaser shall be binding, however, until the Board of Directors has been notified thereof in writing. Notwithstanding any delegation, until fee title to the Unit has been transferred of record, a Contract Seller shall remain liable for all Assessments, fines, and other charges imposed by the Board or collected by the Mutual on behalf of the Foundation and for compliance with the Governing Documents by all Residents of his or her Unit. Any Member who has leased or rented his or her Condominium to another person or persons shall in all events be deemed to have delegated to his or her tenants all rights of use and enjoyment of the Common Area. It is the express purpose and intent of the provisions of this Section 3.5 to limit the right of use and enjoyment of the Common Area to Residents of the Project and their guests.

3.6 Record Date.

3.6.1 Determined by the Board of Directors. The Board of Directors may fix a time not more than ninety (90) days and not less than ten (10) days preceding the date of any meeting of the Members as a record date for determining

the Members entitled to notice of and to vote at any such meeting. If the Board sets a record date, only those persons or entities (e.g., trusts) identified as Members in the records of the Mutual on the date so fixed shall be entitled to notice of such meeting and only Members in Good Standing as of the record date shall be entitled to vote at such meeting.

- 3.6.2 Failure of Board to Determine Record Date. In the event no record date is fixed by the Board of Directors, the record date for the determination of Members entitled to notice of and to vote at any meeting shall be the thirtieth (30th) day preceding the date of the meeting as of 8:00 a.m. on such day.

ARTICLE 4 MEETINGS OF MEMBERS

- 4.1 Annual Meeting. The Annual Meeting of the Members shall be held during the month of June of each year, on a date and at a time and place to be designated by the Board of Directors, upon proper written notice to all of the Members.
- 4.2 Special Meetings. Special Meetings of the Members may be called at any time by the President or by the Board of Directors or pursuant to the written request of Members entitled to cast at least five percent (5%) of the Total Voting Power of the Membership.
- 4.3 Notice of Meetings. Written notice of each meeting of the Members shall be given by or at the direction of the Secretary or other person authorized to call a meeting. Written notice shall be mailed first class, postage prepaid, or otherwise delivered at least ten (10) but not more than ninety (90) days before such meeting, to each Member entitled to vote at such meeting, except that in the case of a special meeting called pursuant to a written request of Members as provided in Section 4.2 above, notice of such special meeting shall be mailed or otherwise delivered within twenty (20) days after receipt of such written request by the Board, and the date of such special meeting shall be set by the Board and shall be not sooner than thirty-five (35) days nor later than ninety (90) days after the date of the Board's receipt of such written request. Notice of meetings shall be addressed or

otherwise delivered to the Member's address last appearing on the books of the Mutual or supplied by such Member to the Mutual for the purpose of notice. Notice of any meeting of Members shall specify the date, hour, and place of the meeting, and the general nature of those matters which the Board intends to present for action by the Members. Notwithstanding the foregoing, any proper matter may be presented at the meeting for action by the Members, except that if the meeting is actually attended, in person or by proxy, by less than one-third (1/3) of the Total Voting Power of the Mutual, the Members can act only on matters the general nature of which has been set forth in the notice of such meeting.

- 4.4 Conduct of Meetings. All meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Mutual may adopt. As required by *Civil Code* section 1363.05, a reasonable time limit for all Members to speak at a meeting of the Members shall be established by the Board of Directors.
- 4.5 Place of Meetings. Annual and special meetings shall be held at a location within the Project, provided that the Board may designate, by resolution, a convenient place located as close as reasonably practicable to the Project.
- 4.6 Quorum. The presence at any meeting, in person or by proxy, of Members entitled to cast the votes of at least one-third (1/3) of the Total Voting Power shall constitute a Quorum for the transaction of any business, except as otherwise provided by law or elsewhere the Governing Documents (*for example*, Sections 6.5.3 and 6.6.3 of the Declaration set forth different Quorum requirements imposed by *Civil Code* section 1366 for Membership votes concerning Special Assessments and Annual Assessment increases). If such Quorum is not present or represented at any meeting, the Members otherwise entitled to vote at that meeting shall have power to adjourn the meeting from time to time, to be reconvened at a later time that day or on a later date, without notice other than announcement at the meeting, until a Quorum shall be present or represented. In the absence of a Quorum, no business other than adjournment may be transacted. At the continuation of any meeting so adjourned, the presence in person or by proxy of Members entitled to cast at least twenty-five percent (25%) of the votes of all of the Total Voting Power shall constitute a Quorum, except as otherwise provided by law or

elsewhere in the Governing Documents (*for example*, Sections 6.5.3 and 6.6.3 of the Declaration set forth the Quorum requirements imposed by *Civil Code* section 1366 for Membership votes on Special Assessments and Annual Assessment increases).

- 4.7 Proxies. At all meetings of the Members, each Member may vote in person or by proxy. All proxies shall be in writing and shall be filed with the Secretary. Every proxy shall be revocable. Any proxy duly executed is not revoked and continues in full force and effect until an instrument revoking it or a duly-executed proxy bearing a later date is filed with the Secretary of the Mutual; except that no proxy shall be valid after the expiration of eleven (11) months from the date of its execution; and provided further that a proxy shall automatically cease upon the death of a Member or upon a conveyance of the Member's interest in his or her Condominium.
- 4.8 Form of Proxy. A proxy covering any of the following matters shall not be valid unless it sets forth the general nature of the matter to be voted on:
- (a) removal of any or all directors pursuant to *Corporations Code* section 7222;
 - (b) filling a vacancy on the Board created by the removal of a director or to fill a vacancy not filled by the directors pursuant to *Corporations Code* section 7224;
 - (c) voting on a transaction involving an interested director pursuant to *Corporations Code* section 7233;
 - (d) amending the Articles of Incorporation or the Bylaws to repeal, restrict, create, or expand proxy rights pursuant to *Corporations Code* section 7613(f)(1);
 - (e) amending the Articles of Incorporation pursuant to *Corporations Code* section 7812;
 - (f) voting on the sale or exchange of all or substantially all of the Mutual assets pursuant to *Corporations Code* section 7911(a)(2);

- (g) voting on a merger pursuant to *Corporations Code* section 8012;
- (h) voting on amendments to principal terms of a merger agreement pursuant to *Corporations Code* section 8015(a);
- (i) voting to wind up or dissolve the Mutual as a corporation pursuant to *Corporations Code* section 8610; and
- (j) voting on a plan of distribution of Mutual assets in the event of dissolution pursuant to *Corporations Code* section 8719.

Any form of proxy distributed to ten (10) or more Members shall afford an opportunity on the proxy to specify a choice between approval and disapproval of each matter or group of matters intended, at the time the proxy is distributed, to be acted upon at the meeting for which the proxy is solicited and shall provide, subject to reasonable specified conditions, that where a choice is specified the vote shall be cast in accordance with that choice.

4.9 Vote of the Members. If a quorum is present, in person or by proxy, the affirmative vote of a majority of the voting power so present and voting on any matter (that is, a Simple Majority) shall constitute the act of the Members, unless the approval of a greater number or proportion of Members is required by any provision of the Governing Documents or of law. Members shall be entitled to the results of Membership votes conducted at Membership meetings as set forth in Section 8.2.14 of these Bylaws.

4.10 Action By Written Ballot Without A Meeting.

4.10.1 In General. Any action which may be taken at a regular or special meeting may be taken without a meeting of Members, if the Mutual distributes a written ballot to every Member entitled to vote pursuant to *Corporations Code* section 7513 and these Bylaws. A "written ballot" for purposes of this Section 4.10 does not include a ballot distributed to Members at a meeting for purposes of conducting a vote of the Members at such meeting.

4.10.2 Written Ballots for Member Actions Other Than Director Elections. In the case of any written ballot distributed to vote on matters other than the election of Directors, the ballot solicitation or written ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Mutual, which shall be a date not earlier than thirty (30) days after distribution of the written ballot to the Members. Such ballot solicitation or written ballot shall also identify both the number of responses needed to meet the Quorum requirement and the percentage and/or number of approvals necessary to pass the measure submitted. Approval by written ballot shall be valid only when the number of votes cast equals or exceeds the Quorum that would be required if the action were taken at a meeting, and the number of approvals equals or exceeds the number of votes that would be required to approve the action if it were taken at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

4.10.3 Elections of Directors. All elections of Directors shall be conducted by written ballot without a meeting. In the case of any written ballot distributed to vote on the election of Directors, the notice of election, ballot solicitation or written ballot shall list the names of all persons known by the Board to be candidates for election to the Board. Such notice, written solicitation or written ballot shall also identify the time by which the ballot must be received by the Mutual in order to be counted, which deadline shall be the date of the annual or special meeting.

ARTICLE 5 BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

- 5.1 Number of Directors. The affairs of this Mutual shall be managed by or under the direction of a board of three (3) Directors.
- 5.2 Qualification of Directors. Only persons who are Members in Good Standing and also Residents of the Project shall be eligible

to be elected to or serve on the Board. Co-Owners of one (1) or more Units may not serve on the Board at the same time.

- 5.3 Disqualification of Directors. A person shall be deemed disqualified under the following circumstances: (i) the person is found by a court of competent jurisdiction to be of unsound mind or has been convicted of a felony, (ii) the person fails, within sixty (60) days after receiving notice of his or her election, to accept such office, either in writing or by attending a meeting of the Board of Directors as a Director, (iii) the person is absent from three (3) consecutive meetings of the Board, (iv) the person ceases to be an Owner or ceases to be a Member in Good Standing, or (v) the person ceases to be a Resident of the Project.
- 5.4 Election and Term of Office. Election of Directors shall be conducted annually by written ballot without a meeting, pursuant to Sections 4.10.3 and 6.2 of these Bylaws and *Corporations Code* section 7513. The Members shall, in alternate years, elect one (1) Director, one (1) Director, and one (1) Director, respectively, for terms of three (3) years each. Cumulative voting shall not be permitted. Each Director shall serve until the expiration of his or her term and thereafter until a successor is elected, or until the earlier disqualification, death, resignation, or removal of such Director.
- 5.5 Removal. Any Director may be removed from the Board, with or without cause, by the vote of an Absolute Majority of the Members. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.
- 5.6 Vacancies. A vacancy shall exist on the Board of Directors in the event of the disqualification, death, resignation, or removal of any Director, or if the authorized number of Directors is increased, or if the Members fail to elect the full authorized number of Directors. A reduction in the authorized number of Directors shall not cause removal of a Director prior to the expiration of his or her term. The Board of Directors, by a majority vote of the Directors who meet all of the qualifications for Directors as set forth in Section 5.2, above, may declare vacant the office of any Director who fails or ceases to meet any required qualification that was in effect at the beginning of that Director's current term of office.

- 5.7 Filling Vacancies. Any vacancy occurring on the Board of Directors, except a vacancy created by the removal of a Director by vote of the Membership, may be filled by approval of the Board of Directors, or if the number of Directors then in office is less than a quorum, by the vote of a majority of the remaining Directors at a meeting of the Board, or by unanimous written consent of the Directors then in office, or by a sole remaining Director. A Director so chosen shall serve the remainder of the term of office of the Director whom he or she replaces. The Members may elect a Director at any time to fill any vacancy that is not filled by the Directors. If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board (or, if the Board fails to act, the Members) may elect a successor to take office when the resignation becomes effective.
- 5.8 Compensation. No Director shall receive compensation for any service he or she may render to the Mutual as a Director. However, upon approval by the Board, any Director may be reimbursed for his or her expenses actually incurred in the performance of his or her duties. A Director may not be an employee of the Mutual or the Foundation.

ARTICLE 6 NOMINATION AND ELECTION OF DIRECTORS

- 6.1 Nomination.
- 6.1.1 In General. All nominations of candidates for election to the Board of Directors shall be made from among Members in Good Standing.
- 6.1.2 Nomination by Nominating Committee. Nominations of candidates for election to the Board shall be made by a Nominating Committee prior to any election at which one or more Directors are to be elected. The Nominating Committee shall consist of a chairperson, who shall be a member of the Board of Directors, and two or more Members of the Mutual. The Nominating Committee shall be appointed by the Board of Directors at least ninety (90) days prior to each annual meeting of the Members and shall serve from the date of appointment until the close of the annual meeting, and such appointment shall be announced at or prior to each annual meeting. The

Nominating Committee shall nominate as many candidates for election to the Board of Directors as it shall in its discretion determine, but not less than the number of positions on the Board that are to be filled by the election.

- 6.1.3 Nomination by Petition. In addition, any Member in Good Standing may place his or her name in nomination for election to the Board by submitting to the Secretary of the Mutual a petition signed and dated by Members in Good Standing representing at least eleven (11) separate Condominiums and a statement of background and qualifications not to exceed three hundred (300) words. The petition and statement must be received by the deadline published by the Board for each election.
- 6.1.4 Deadline for Nominations. The deadline for nominations shall be set by the Board and shall be not less than thirty-five (35) days nor more than forty-five (45) days prior to the annual meeting of Members.
- 6.1.5 Announcement of Deadline for Nominations. The date and time of the deadline for nominations shall be published at least thirty (30) days in advance of the deadline in the *Rossmoor News* or successor publication, or if there is no such publication, notice shall be given in one or more of the following manners: (i) by posting a notice in a prominent place or places within the Common Area, (ii) by mailing or delivering a notice to each Unit, or (iii) by other means of communication reasonably designed to provide actual notice to the Members.
- 6.1.6 Names of Candidates. The names of all persons known by the Board to be candidates for election to the Board, as of the published deadline for nominations, shall be set forth in the notice of the election, ballot solicitation or written ballot distributed to the Members in accordance with Section 4.10.3
- 6.2 Casting Votes. All elections of Directors shall be conducted by written ballot without a meeting as provided in Section 4.10.3. At each election of Directors, the Members in Good Standing may cast, in respect to each position on the Board to be filled, one vote for each Unit owned. The persons receiving the largest number

of votes shall be elected. Cumulative voting shall not be permitted. In case of a tie for any position, the tie shall be broken by lot (*i.e.*, by the candidates drawing straws).

- 6.3 Election by Acclamation. If, as of the announced deadline for nominations for a particular election, the number of people nominated pursuant to Section 6.1 is not more than the number of Directors to be elected, then the persons nominated and qualified to be elected shall be declared elected and written notice of their election shall be given to the Members.

ARTICLE 7 MEETINGS OF DIRECTORS

- 7.1 Organizational Meetings. Within ten (10) days following each annual meeting of Members, the Board of Directors shall hold a meeting for the purpose of organization, election of officers, and transaction of other business, as appropriate.
- 7.2 Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly without prior written notice to the Directors, at a place within or reasonably close to the Project, and on a day and at a time as fixed from time to time by resolution of the Board. If the date for regular meetings is not set by Board resolution, a written notice of such meeting, which conforms to the provisions of Section 7.4 of these Bylaws, shall be given to each Director, provided however that written notice need not be given to any Director who has signed a waiver of notice or written consent to holding the meeting. Should the date for any meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday or such other date set by the Board.
- 7.3 Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Mutual or by any two (2) Directors.
- 7.4 Notice to Directors. Except as otherwise provided in Section 7.2 of these Bylaws, notice of each meeting of the Board shall be communicated to the Directors not less than four (4) days prior to a regular meeting, and not less than seventy-two (72) hours prior to a special meeting; provided that shorter notice may be given in the case of a bona fide emergency; and provided further that

notice of a meeting need not be given to any Director who signed a waiver of notice or a written consent to holding the meeting, whether before or after the meeting.

- 7.5 Notice to Members. Except for bona fide emergency meetings and executive sessions, as defined by law, at least four (4) days prior written notice of the day, time, and place of each meeting of the Board of Directors, whether regular or special, shall be given to all Members in one or more of the following manners: (i) by posting the notice in a prominent place or places within the Common Area, (ii) by mail or delivery to each Unit, (iii) by publishing the notice in the *Rossmoor News* or successor publication delivered to each Unit, or (iv) by other means of communication reasonably designed to provide prior actual notice of such meeting, such as a newsletter.
- 7.6 Open Meeting. Regular and special meetings of the Board of Directors shall be open to all Members of the Mutual, except when the Board meets in executive session. A reasonable time limit for Members to speak to the Board of Directors at regular and special Board meetings shall be established by the Board.
- 7.7 Executive Session. The Board of Directors may meet in executive session to confer with legal counsel or to discuss and vote upon personnel matters, Member discipline, litigation in which the Mutual is or may become involved, and matters that relate to the formation of contracts between the Mutual and others. In any matter relating to the discipline of a Member, the Board shall meet in executive session if requested to do so by that Member, and that Member and any other person(s) whose participation is, in the judgment of the Board, necessary or appropriate, shall be entitled to attend the executive session.
- 7.8 Telephone Participation. Directors may participate in regular or special Board meetings through the use of conference telephone, electronic video screen communications, or other communications equipment to the extent permitted by law, including, without limitation, *Corporations Code* section 7211 and *Civil Code* section 1363.05.
- 7.9 Quorum. A majority of the number of Directors then in office shall constitute a Quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly-held meeting at which a Quorum is present shall be regarded

as the act of the Board. 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 a majority of the required Quorum for that meeting.

- 7.10 Minutes of Meetings of Directors. Written minutes shall be kept for all Board meetings. Any matter discussed in an executive session shall be generally noted in the minutes of the Board and minutes of executive sessions shall not otherwise be required. Within thirty (30) days after the date of any meeting of the Board, the Board shall make available to the Members either (i) the minutes of that meeting as adopted by the Board, (ii) if minutes have not yet been adopted by the Board, the minutes as proposed for adoption which shall be marked to indicate draft status, or (iii) a summary of the minutes. Copies of the minutes, proposed minutes, or summary of minutes shall be provided to any Member of the Mutual upon request and upon reimbursement of the Mutual's costs in providing such copies. Members of the Mutual shall be notified annually in writing either at the time that the pro forma budget required under section 1365 of the *Civil Code* is distributed or at the time of any other general mailing to the entire membership of the Mutual of their right to obtain copies of the minutes of meetings of the Board and how and where those minutes may be obtained.
- 7.11 Board Action Without a Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action. Such written consent(s) shall be filed with the minutes of the proceedings of the Board.

ARTICLE 8 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

- 8.1 Powers. In addition to such other powers as may be expressly set forth in the Governing Documents or provided by law, the Board of Directors shall have the power to:
- 8.1.1 Rules and Regulations. Adopt, publish, amend, and enforce the Senior Housing Residency Restrictions and adopt, publish, amend, repeal and enforce further Rules governing the administration, management, operation, use, and occupancy of the Project, including the use of

the Common Area and facilities, the personal conduct of the Members and their tenants and guests within the Project, and any other matter which is within the jurisdiction of the Mutual;

8.1.2 Contracts. Authorize any officer or officers to enter into any contract in the name of, or on behalf of, the Mutual. Unless expressly authorized by resolution of the Board, no officer shall have any power or authority to bind the Mutual or to render the Mutual liable for any purpose or on any account;

8.1.3 Determination of Good Standing. Determine, after notice to the Member and an opportunity for a hearing by the Board, that a Member is not a Member in Good Standing during any period in which the Member is in default in the payment of any Assessment, fine, or other charge levied by the Board or is in violation of any provision of the Governing Documents; however, a Member shall not be denied any privileges of membership except upon an explicit finding by the Board of Directors, after notice and an opportunity for a hearing, that a Member is not a Member in Good Standing for specified reasons. A Member found by the Board to not be a Member in Good Standing shall be deemed to continue in that status until the Board shall make a determination, either upon the Board's own initiative or upon the request of the Member, that such Member is, once again, a Member in Good Standing of the Mutual;

8.1.4 Sanctions; Hearings; Continuing Violations. Establish and impose monetary penalties (fines) for the infraction of any provision of the Governing Documents, in accordance with a schedule of monetary penalties (or "Fining Policy") adopted by the Board and distributed to all Members, and suspend the voting or other membership rights and privileges of a Member, during any period in which such Member shall be in default in the payment of any Assessment, fine, or other charge levied by the Mutual, and/or for any infraction of the Governing Documents;

When the Board is to meet to consider or impose discipline upon a Member, the Board shall notify the

Member in writing, by either personal delivery or first-class mail, at least ten (10) days prior to the meeting. The notification shall contain, at a minimum, the date, time, and place of the meeting, the nature of the alleged violation for which the Member is being disciplined, and a statement that the Member has a right to attend and may address the Board at the meeting. The Board shall meet in executive session if requested by the Member being disciplined;

If the Board imposes discipline on the Member, the Board shall provide the Member a written notification of the disciplinary action, by either personal delivery or first-class mail, within fifteen (15) days following the action;

In the case of a continuing violation, where a Member fails to cease or remedy a violation after notice from the Board to do so, the Board may deem such continuing violation to constitute two (2) or more separate and distinct violations of the same Governing Document provision and may impose separate and successive sanctions for each such violation; however, the Board shall not treat any such continuing violation as a separate and distinct violation and impose a separate sanction therefor more than once during any thirty (30) day period. It is the intent and purpose of this provision to authorize and empower the Board in exercise of its discretion to impose a monetary fine or other sanction against a Member for a continuing violation of the same Governing Document provision once during each successive thirty (30) day period, provided that each time the Board decides to impose a sanction, it shall provide the affected Owner with notice and an opportunity to be heard by the Board prior to the effective date of any such sanction. The Board may limit the scope of such hearing to facts and circumstances occurring subsequent to the previous Board hearing relating to the subject continuing violation;

8.1.5 Manager. Engage the services of a manager or management company as either an employee or an independent contractor, and engage such other employees or independent contractors as the Board may deem necessary, and to prescribe their duties;

- 8.1.6 Professional Advisors. Consult with, seek the advice of, and reasonably rely on the advice of attorneys, accountants, and other professionals in carrying out its authority and responsibility under the Governing Documents and the law, and to pay for such professional services;
- 8.1.7 Investment of Reserve Funds. Invest Mutual reserve funds in prudent investments subject to the provisions of Section 8.2.5 of these Bylaws;
- 8.1.8 Entry for Repairs. Enter a Unit or Exclusive Use Common Area for the purposes of inspection, or in the event of any emergency involving illness or potential danger to life or property, or when necessary, in connection with Maintenance, Repair, or Replacement for which the Mutual is responsible or which it is authorized to perform, provided that the Board shall provide the Unit Owner and/or Owner's tenant with with twenty-four (24) hours prior notice, except that in the case of a bona fide emergency, notice shall be given as the exigencies of the situation reasonably permit;
- 8.1.9 Property Taxes. Pay all real property taxes and assessments levied upon any property within the Project to the extent not separately assessed to the Owners. Provided that any such taxes are paid or that a bond insuring the payment is posted, such taxes and assessments may be contested or compromised by the Mutual prior to the sale or other disposition of any property to satisfy the payment of such taxes;
- 8.1.10 Mutual Property. Acquire, own, hold, convey, transfer, dedicate, or otherwise dispose of real or personal property consistent with the purposes and powers of the Mutual and the management, administration, and operation of the Project or the business and affairs of the Mutual, and grant and convey easements, licenses, and rights of way in, over, upon, or under the Common Area;
- 8.1.11 Indemnification of Agents. Indemnify and hold harmless agents of the Association, to the maximum extent permitted by California law and in accordance with Article 11 of these Bylaws;

8.1.12 Bank Accounts, Borrowing. Open bank accounts, designate signatories upon such bank accounts, and borrow money on behalf of the Mutual, subject to any restrictions set forth in the Governing Documents; and

8.1.13 Other Powers and Duties. Exercise for the Mutual all powers, duties, and authority vested in or delegated to the Mutual and not reserved to the Members by law or other provisions of the Governing Documents, and undertake any action on behalf of the Mutual as the Board shall deem necessary or proper in furtherance of the purposes and powers of the Mutual and/or the interests of the Mutual and its Members.

8.2 Duties. In addition to such other duties as may be expressly set forth in the Governing Documents or imposed by law, the Board of Directors shall have the following duties:

8.2.1 Records and Minutes. Cause to be kept a complete record of all its acts and the corporate affairs, including an accurate and current record of the Members setting forth their names and addresses, adequate and correct books and records of account, and minutes of the proceedings of the Members, the Board, and committees of the Board;

8.2.2 Pro Forma Budget. Prepare and distribute to the Members annually, a pro forma operating budget which shall conform to the requirements of *Civil Code* section 1365 or successor statute;

8.2.3 Reserve Study. At least once every three years in accordance with *Civil Code* section 1365.5 or successor statute, the Board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Mutual is obligated to repair, replace, restore or maintain as part of a study of the reserve account requirements and review the reserve study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review;

- 8.2.4 Reserve Funds. Except as provided in *Civil Code* section 1365.5(c) and (d) or successor statute, not expend funds designated as reserve funds for any purpose other than the maintenance, restoration, repair or replacement of, or litigation involving the maintenance, restoration, repair or replacement of, major components which the Mutual is obligated to maintain, restore, repair, or replace and for which the reserve fund was established;
- 8.2.5 Investment of Reserve Funds. Manage and invest Mutual reserve funds in a prudent manner designed to achieve the primary objective of preserving principal while realizing a reasonable return and to assure the availability of funds as they are needed based upon the most recent reserve fund study obtained by the Board as provided in these Bylaws and by law;
- 8.2.6 Review of Accounts. Review the Mutual's operating and reserve accounts at least in accordance with the minimum requirements set forth in *Civil Code* section 1365.5(a) or successor statute;
- 8.2.7 Review of Annual Financial Statement. For any fiscal year in which the gross income to the Mutual exceeds Seventy-five Thousand Dollars (\$75,000.00), prepare and distribute a review of the financial statements of the Mutual, in accordance with *Civil Code* section 1365.5(b) or successor statute;
- 8.2.8 Notification Regarding Insurance Coverage. In accordance with *Civil Code* section 1365, within sixty (60) days preceding the beginning of the Mutual's fiscal year, the Board shall prepare and distribute to all Members a summary of the Mutual's property, general liability, and earthquake and flood insurance policies, if any. The summary shall include the name of the insurer, the type of insurance, the policy limits of the insurance, and the amount of deductibles, if any;
- 8.2.9 Annual Notifications to Members. Distribute to the Members annually:
- (a) a statement describing the Mutual's policies and practices in enforcing lien rights and other legal

remedies for default in payment of assessments as required by *Civil Code* section 1365(d);

- (b) a summary of the statutory provisions relating to employing alternative dispute resolution procedures in certain matters related to enforcement of the governing documents which specifically references *Civil Code* section 1354 and which includes the language required by section 1354(i); the summary shall be provided either at the time the budget required by Section 8.2.2 of these Bylaws is distributed or in the manner specified in *Corporations Code* section 5016;
- (c) a copy of the procedures applicable to imposition of a fine or other monetary penalty, suspension of a Member's rights and privileges, or other sanctions, pursuant to California *Civil Code* section 1363(g);
- (d) a notice and statement concerning the insurance carried by the Mutual as required by Section 8.2.8 of these Bylaws and *Civil Code* section 1365(e); and
- (e) a statement explaining the Members' right to obtain copies of minutes of meetings of the Board as required by Section 7.10 of these Bylaws and by *Civil Code* section 1363.05(e);

8.2.10 Supervision. Supervise all officers, agents, and employees of the Mutual, and see that their duties are properly performed;

8.2.11 Notice of Assessments. As more fully provided in the Declaration, (i) send written notice to each Owner in advance of each fiscal year of the Annual Assessment levied against his or her Unit for that fiscal year and the Unit's share of charges that the Mutual or the Owner is required to pay to the Foundation; and (ii) collect Assessments levied by the Mutual and the Unit's share of charges that the Mutual or the Owner is required to pay to the Foundation by foreclosing the lien against any property for which Assessments or the Unit's share of the charges that the Mutual or the Owner is required to pay to the Foundation are not paid as required in the

Declaration and/or by bringing an action at law against the Owner personally obligated to pay the same;

8.2.12 Certificate of Payment of Assessments. Issue, or cause an appropriate officer to issue, upon demand by any proper person, a certificate setting forth whether or not any Assessment or other charge attributable to the Unit or Owner has been paid. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states an Assessment or other charge attributable to the Unit or the Owner has been paid, such certificate shall be conclusive evidence of such payment;

8.2.13 Insurance. Procure and maintain adequate casualty, liability and other insurance, including:

- (a) a master property insurance policy with extended coverage, including current building code and ordinance upgrades, and casualty insurance policies, in the name of the Mutual for the benefit of all Owners and covering the full insurable replacement value of the Common Area, property owned by the Mutual, and the Units as originally constructed;
- (b) liability insurance insuring the Mutual against liability to the public or to any Owner, their invitees or tenants incident to their occupancy and/or use of the common area, with limits of liability to be set by the Board but in no event less than those set forth in *Civil Code* section 1365.7 and/or section 1365.9;
- (c) workers' compensation insurance to the extent necessary to comply with any applicable laws;
- (d) standard fidelity bond or fidelity and crime insurance policy covering all members of the Board of Directors and Officers of the Mutual and other agents and employees of the Mutual in an amount which shall be determined by the Board of Directors;
- (e) Directors and Officers liability Insurance (sometimes referred to as "D&O insurance" or "Errors & Omissions Insurance") with limits of liability to be set

by the Board but in no event less than those set forth in *Civil Code* sections 1365.7 and 1365.9; and

- (f) any other insurance deemed necessary or prudent by the Board of Directors of the Mutual, including but not limited to earthquake and/or flood insurance.

The premiums for any insurance obtained by the Mutual shall be a common expense of the Mutual and shall be paid for out of the operating fund of the Mutual; provided, however, that the Mutual shall have the right to enter into shared insurance agreements and deductible pooling agreements with other mutuals in the Rossmoor community;

8.2.14 Results of Membership Vote. For a period of sixty (60) days following the conclusion of an annual, regular, or special meeting of Members, the Mutual shall, upon written request from a Member, forthwith inform the Member of the result of any particular vote of the Members taken at the meeting, including the number of memberships voting for, the number of memberships voting against, and the number of memberships abstaining or withheld from voting. If the matter voted on was the election of directors, the Mutual shall report the number of memberships cast for each nominee for director; and

8.2.15 Enforcement of Governing Documents. Enforce the provisions of the Governing Documents, as more particularly set forth in the Declaration and these Bylaws, and perform all acts required of the Board under the Governing Documents or required by law.

ARTICLE 9 OFFICERS AND THEIR DUTIES

9.1 Enumeration of Offices. The officers of the Mutual shall be a President and Vice-President, a Secretary, and a Chief Financial Officer (or "Treasurer"), who shall at all times be members of the Board of Directors, and such other officers as the Board of Directors may, from time to time, by resolution appoint.

- 9.2 Election of Officers. The election of officers shall take place at the first (organizational) meeting of the Board of Directors, following each annual meeting of the Members.
- 9.3 Term. The officers of the Mutual shall be elected annually by the Board, and each shall hold office for one (1) year, unless he or she shall sooner resign, be removed by the Board, or otherwise be disqualified to serve.
- 9.4 Special Appointments. The Board may elect such other officers as the affairs of the Mutual may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.
- 9.5 Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- 9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces, subject to the Board's right to remove an officer.
- 9.7 Multiple Offices. The offices of Secretary and Chief Financial Officer (or "Treasurer") shall be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 9.4 of this Article.
- 9.8 President. The President shall be the chief executive officer of the Mutual and shall, subject to control of the Board of Directors, have general supervision, direction, and control of the affairs and the other officers and the employees and agents of the Mutual. The President shall preside at all meetings of the Members and at all meetings of the Board of Directors, shall have the general powers and duties of management usually vested in the office of the President of a Mutual, and shall have such other powers and duties as may be prescribed by the Board of Directors and the Bylaws, subject, however, to any limitations contained in the Declaration.

- 9.9 Vice-President. In the absence or disability of the President, the Vice-President shall perform all the duties of the President, and when so acting, shall have all of the powers of, and be subject to all of the restrictions upon, the President. The Vice-President shall have such other powers and perform such other duties as, from time to time, may be prescribed by the Board of Directors.
- 9.10 Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may prescribe, a book of minutes of all meetings of Directors, Members, and committees of the Board setting forth the time and place of holding of such meetings; whether regular or special, and if special, how authorized; the notice thereof given; the names of those present at Directors or committee meetings; the number of memberships and votes present or represented at Members meetings; and all the proceedings thereof. The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board of Directors required by the Bylaws or by law to be given and shall maintain a proper record of the giving of such notice, and shall keep the books, records, and documents of the Mutual in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.
- 9.11 Chief Financial Officer. The Chief Financial Officer (or "Treasurer") shall be responsible for the receipt and deposit in appropriate accounts of all monies of the Mutual and shall cause disbursement of such funds as directed by resolution of the Board of Directors; may sign all checks and promissory notes of the Mutual; shall keep or cause to be kept proper books of account; shall cause an annual review of the Mutual's books and financial statements to be made by a public accountant at the completion of any fiscal year for which such review is required by law or as determined by the Board; shall assist the Board in preparation of an annual budget and a statement of income and expenditures to be presented to the Members of the Mutual as provided by law; and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

ARTICLE 10 COMMITTEES

- 10.1 Committees Appointed by Board of Directors. The Board shall appoint a Nominating Committee, as provided in these Bylaws and may appoint such other committees as it deems appropriate in carrying out the powers and purposes of the Mutual. Any "committees of the Board" (that is, a committee consisting only of directors, as referred to in *Corporations Code* section 7212) shall consist of at least two (2) Directors and shall have such powers and duties as the Board shall determine, subject to the limitations of *Corporations Code* section 7212.
- 10.2 Foundation's Architectural Control Committee. In addition to those committees appointed by the Board, the "Foundation's Architectural Control Committee" is appointed by and serves at the pleasure of the Foundation in accordance with Article 9 of the Declaration and the Establishing Agreement.

ARTICLE 11 INDEMNIFICATION OF AGENTS

- 11.1 Definitions. For purposes of this Article 11, an "agent" of the Mutual means any person who is or was a Director, Officer, employee, member of a volunteer committee appointed by the Board of Directors, or other agent of the Mutual, or is or was serving at the request of the Mutual as a director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation which was a predecessor corporation of the Mutual or of another enterprise at the request of such predecessor corporation. For purposes of this Article 11, the term "proceeding" means any threatened, pending, or completed actions or proceedings, whether civil, criminal, administrative, or investigative. For purposes of this Article 11, the term "expenses" includes, without limitation, attorneys' fees and any expenses of establishing a right to indemnification under this Article 11.
- 11.2 Indemnification in Actions by Third Parties. The Mutual shall indemnify, to the maximum extent permitted by the law, any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Mutual to procure a judgment in its favor) by reason of the fact

that such person is or was an agent of the Mutual, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Mutual and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Mutual or that the person had reasonable cause to believe that the person's conduct was unlawful.

11.3 Indemnification in Actions by or in the Right of the Mutual. The Mutual shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the Mutual to procure a judgment in its favor by reason of the fact that such person is or was an agent of the Mutual, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the Mutual and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 11.3 for any of the following:

- (a) In respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the Mutual in the performance of such person's duty to the Mutual, unless and only to the extent that the court in which such action was brought shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for expenses which such court shall determine;
- (b) Amounts paid in settling or otherwise disposing of a threatened or pending action without court approval; or
- (c) Expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

- 11.4 Indemnification Against Expenses. To the extent that an agent of the Mutual has been successful on the merits in defense of any proceeding referred to in Section 11.2 or Section 11.3 or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.
- 11.5 Required Determinations. Except as provided in Section 11.4, any indemnification under this Article 11 shall be made by the Mutual only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Section 11.2 or Section 11.3 by any of the following:
- (a) A majority vote of a quorum consisting of Directors who are not parties to such proceeding;
 - (b) Approval of a Simple Majority of the Members, with the persons to be indemnified not being entitled to vote thereon; or
 - (c) The court in which such proceeding is or was pending upon application made by the Mutual or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by the Mutual.
- 11.6 Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by the Mutual prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount if it shall be determined ultimately that the agent is not entitled to be indemnified as authorized in this Article 11.
- 11.7 Other Indemnification. The indemnification authorized by this Article 11 shall not be exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of members, shareholders or disinterested directors, or otherwise, both as to action in an official capacity and as to action in another capacity while holding an office in the Mutual, to the extent such additional rights to indemnification are authorized in the articles of incorporation. The rights to indemnity hereunder

shall continue as to a person who has ceased to be an agent of the Mutual, and shall inure to the benefit of the heirs, executors, and administrators of the person. Nothing contained in this Article 11 shall affect any right to indemnification to which persons other than directors and officers may be entitled by contract or otherwise.

11.8 Forms of Indemnification Not Permitted. No indemnification or advance shall be made under this Article 11, except as provided in Section 11.4 or Section 11.5(c), in any circumstance where it appears:

- (a) That it would be inconsistent with a provision of the Articles of Incorporation, Bylaws, a resolution of the Members, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- (b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

11.9 Insurance. The Mutual shall have power to purchase and maintain insurance on behalf of any agent of the Mutual 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 the Mutual would have the power to indemnify the agent against such liability under the provisions of this Article 11.

11.10 Nonapplicability to Fiduciaries of Employee Benefit Plans. This Article 11 does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the Mutual as defined in Section 11.1. Nothing contained in this Article 11 shall limit any right to indemnification to which such a trustee, investment manager, or other fiduciary may be entitled by contract or otherwise which shall be enforceable to the extent permitted by applicable law other than *Corporations Code* section 7237.

ARTICLE 12**BOOKS, RECORDS AND FUNDS**

- 12.1 Members' Inspection Rights. The accounting books and records of the Mutual subject to Member inspection under Chapter 13 of the Nonprofit Mutual Benefit Corporation Law (*Corporations Code* sections 8310 *et seq.*), and the minute books of proceedings of the Members, the Board (not including executive session minutes, if any), and committees of the Board shall, upon written request and during reasonable hours, be subject to inspection by any Member for any purpose, specified in writing, which is reasonably related to such Member's interest as a Member of the Mutual. The Governing Documents shall be available for inspection by any Member at the principal office of the Mutual, where copies may be purchased at reasonable cost. The Board may adopt and publish reasonable Rules establishing procedures relating to a Member's inspection and obtaining copies of Mutual records.
- 12.2 Directors' Inspection Rights. Every Director shall have the right, at any reasonable time, to inspect and copy all Mutual books, records, documents, and minutes, and inspect the Mutual's physical properties.
- 12.3 Checks, Drafts, and Evidences of Indebtedness. All checks, drafts, or other orders for payment of money, or notes or other evidences of indebtedness issued in the name of the Mutual shall be signed or endorsed by the persons and in the manner as specified by resolution of the Board of Directors; provided, however, that the signatures of at least two (2) persons who shall be members of the Board of Directors or one (1) member of the Board of Directors and one (1) officer who is not a member of the Board of Directors shall be required for the withdrawal of funds from the Mutual's reserve account.
- 12.4 Funds and Deposits. Any funds of the Mutual shall be deposited to the credit of the Mutual in such banks or other depositories as the Board of Directors shall, from time to time, determine.
- 12.5 Fiscal Year. The fiscal year of the Mutual shall begin on the first day of January and end on the last day of December in each year, unless changed by resolution of the Board of Directors.

ARTICLE 13 AMENDMENTS

- 13.1 Amendment by the Members. These Bylaws may be amended by the affirmative vote (either at a Member meeting or by written ballot without a meeting in accordance with the requirements of Section 4.10) of an Absolute Majority of the Members (that is, a majority of the Total Voting Power). If any provision of these Bylaws requires the vote of a larger proportion (or all) of the Members, such provisions may not be altered, amended or repealed except by such vote, unless otherwise specifically provided herein.
- 13.2 Amendment by the Board of Directors. The Board of Directors may, by a vote of a two-thirds (2/3) majority of all Directors, adopt amendments to these Bylaws when an amendment is needed to conform a particular provision or provisions of the Bylaws to changes in applicable California statutory law that are nondiscretionary in nature. Before entertaining a motion to approve any such amendment(s), the Board shall receive a written opinion from an attorney licensed to practice law in the state of California confirming that a change or changes in California statutory law necessitates a corresponding amendment to these Bylaws to make the affected provision(s) of these Bylaws conform to the statutory requirements, which the Mutual is bound by law to follow.

ARTICLE 14 MISCELLANEOUS

- 14.1 Conflicts With Other Mutual Governing Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

O:\WDOCS\2281\04\gdrbls\00313477.WPD;1

**CERTIFICATE OF AMENDMENT OF
BYLAWS OF WALNUT CREEK
MUTUAL NO. TWENTY-TWO**


I, the undersigned, hereby certify that:

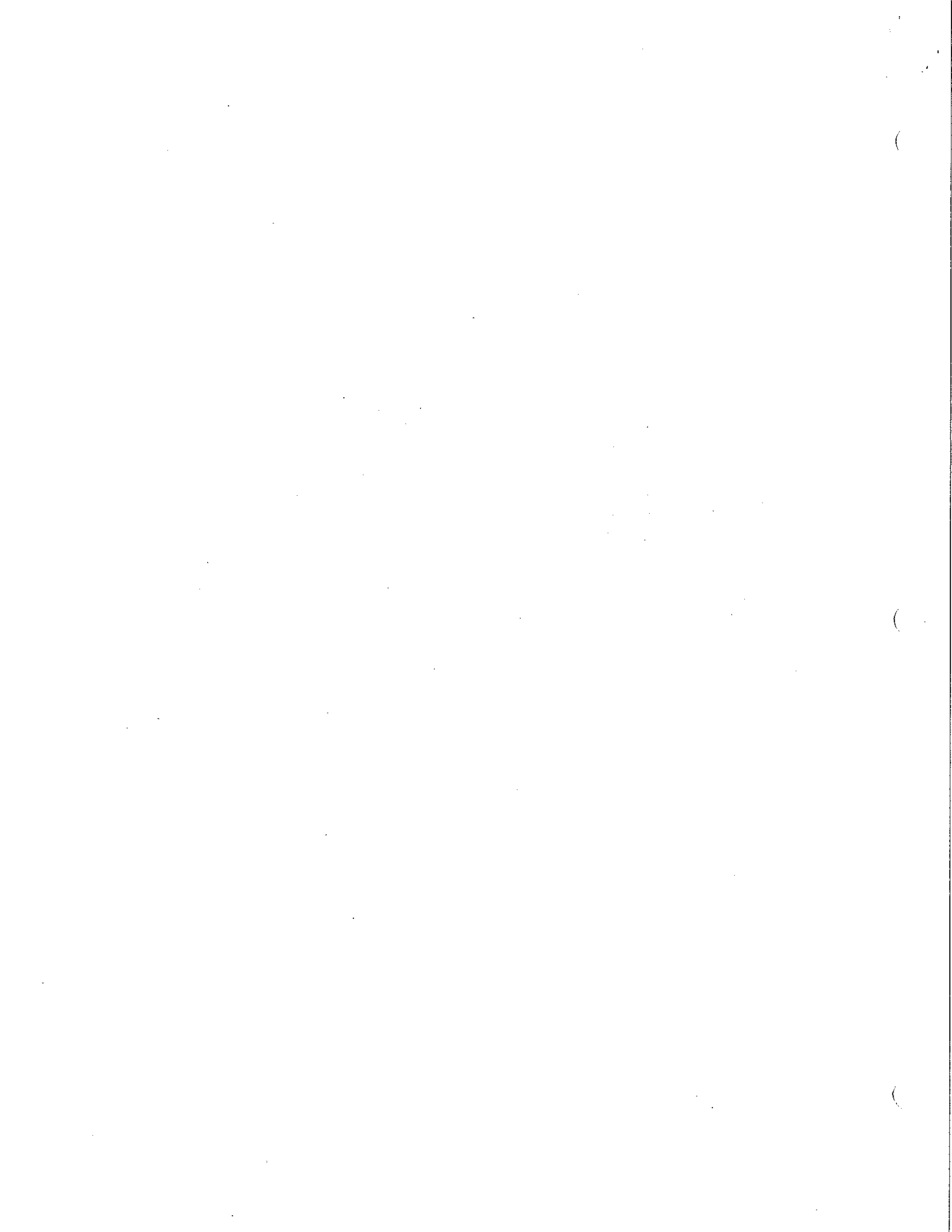
I am the Secretary of Walnut Creek Mutual No. Twenty-Two.

The foregoing Amended Bylaws of Walnut Creek Mutual No. Twenty-Two were duly approved by the Board of Directors on the 7th day of October, 2002.

The foregoing Amended Bylaws of Walnut Creek Mutual No. Twenty-Two were duly approved by the requisite vote or written consent of the Members of the Mutual on the 2nd day of December, 2002.

Executed this 13th day of January, 2003.


Maureen D. Lawson, Secretary



**CERTIFICATE OF AMENDMENT TO AMENDED BYLAWS
OF
WALNUT CREEK MUTUAL NO. TWENTY-TWO**

I, Meridith Zomalt, hereby certify that:

1. I am the Secretary of Walnut Creek Mutual No. Twenty-Two, a California nonprofit mutual benefit corporation (the "Mutual").

2. In 2003, the Mutual's Board of Directors (the "Board") and the requisite members of the Mutual approved Amended Bylaws of Walnut Creek Mutual No. Twenty-Two.

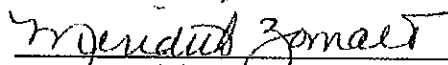
3. Pursuant to a vote of the Mutual's membership conducted by the secret ballot method required by Civil Code section 1363.03 and concluded on August 3, 2012, the requisite number of Members of the Mutual approved the following amendment to the Amended Bylaws:

Section 8.2.13 of the Bylaws (entitled "Insurance") shall be deleted in its entirety and the following inserted in its place:

8.2.13 Insurance. Procure and maintain liability, property and other insurance as appropriate and as required by Article 13 of the Declaration (entitled "Insurance"), with aggregate limits of not less than those required by law, including but not limited to those requirements set forth in Civil Code sections 1365.7 and 1365.9;

4. In all other respects the provisions of the Amended Bylaws shall remain in full force and effect except as herein modified.

IN WITNESS THEREOF I have executed this Certificate on this 8th of October, 2012.



Meridith Zomalt, Secretary

