



ROSSMOOR

WALNUT CREEK

Second Walnut Creek Mutual

July 13, 2108

Dear Members:

Your Board of Directors proposes to submit to a vote a proposal to amend the Mutual's Bylaws. This mailing is to provide a draft of the proposed Bylaws for your review and comment. After that, we will revise the draft as necessary and send a ballot to you as described below in more detail.

We encourage you to attend an informational meeting on Monday, July 30, 2018 at 1 p.m. or 7 p.m. in the Fireside Room in the Gateway Complex. This will be an opportunity to seek clarification and to provide comments and suggestions.

Additionally, you may send your comments to us, preferably by email to swcm@rossmoor.com (or by delivery or mail to the address below).

At a later date, after any necessary revisions have been made, we will mail a ballot to you. The law requires a vote by mail and approval by 694 members (i.e., a majority of our 1,387 members).

WE NEED YOUR HELP. Prior Boards have twice tried to update these documents and failed, not because Members voted against the proposal, but because too few Members took the time to vote. The result was a waste of effort and thousands of dollars of related expenditures. We want to avoid a similar result, so please be on the lookout for the next mailing. The exact date is unknown, but likely will be shortly after Labor Day. The envelope will be clearly marked. Please take the time to open it, mark the enclosed ballot and return it.

WHY REVISE OUR BYLAWS?

Our current Bylaws were written in the 1960s and last revised 29 years ago, in 1989. Much has happened since then; e.g., the laws that control how the Mutual is governed have changed, and the loan from HUD used to construct the Mutual has been paid off.

The current documents do not reflect those changes. The Bylaws are incorrect in many respects and would mislead any Member who consults them seeking to find answers. While the law supersedes the Bylaws and while we have complied with the law, the existence of incorrect Bylaws has the potential to mislead Members and other interested parties. At the very least, they confuse issues that should be straight forward.



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The Bylaws generally provide the structure for governance of the Mutual as a non-profit corporation. For example, they address applications for membership; annual meetings; quorums; powers and duties of the board of directors; and maintenance of records. They also include provisions that are necessary to retain our tax-exempt status, and to operate as an age-restricted community.

They generally do not control the relationship between Members and the Mutual, which is governed instead by the occupancy agreements and policies of the Mutual, which will not be affected by the revisions to the Bylaws. The Bylaws do continue the existing restrictions on subleasing and the existing policy on insurance.

Also, we propose to establish a quorum of 20% for future amendments to the Bylaws. Our current Bylaws contemplated amendment of the Bylaws by vote at a meeting of the Members and required approval by a two-thirds vote of a quorum of 20% of the Members. Subsequent changes in the law now require the vote to be by mail and requires approval by a majority of all Members, absent a contrary provision in the Bylaws.

We have invested considerable time and effort in these proposals and firmly believe adoption is in the best interest of the Mutual and its Members. We ask that you give the proposals thoughtful consideration and that you be prepared to vote when you receive the ballot, probably in early September. In the meantime, we look forward to seeing you at one of the forums on July 30 and to receiving your comments and suggestions.

Sincerely,

Board of Directors

Second Walnut Creek Mutual