

**SECOND WALNUT CREEK MUTUAL
COMPARISON CHART/SUMMARY OF CHANGES
AMENDED AND RESTATED BYLAWS**

September 2018

Note: This is not an exhaustive list of all changes. The changes described are those that the Board feels are most significant. In some cases, changes may not be described and sections may be listed simply as a convenience so you may compare the sections. This document should not be solely relied upon when making your decision on how to vote. "Redlines" of your existing Bylaws cannot be provided.

| Amended and Restated Bylaws; Article or Section Reference | Amended and Restated Bylaws; Summary of Provision | Existing Bylaws; Article and/or Section Reference | Existing Bylaws; Summary of Provision |
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| Article 1 Name and Location | Statutorily required information identifying the Corporation | Article I Name and Location of Corporation | No change. |
| Article 2 Purpose; Corporate Seal | States purpose of Corporation | Article II Purpose | No change. |
| Article 3 Definitions | Bylaws include comprehensive list of definitions for clarity and ease of use; definitions included for: Guest, Member in Good Standing, and Total Voting Power. | | Current Bylaws do not include separate definitions. |
| Article 4 Senior Housing | Includes explicit statement and definition of senior housing requirements and statutory basis for senior housing qualification | Article III, Section 1 | Referenced indirectly in eligibility for membership section. |
| Article 5 Mutual; Foundation | Includes explicit statement regarding the management and operation of the Mutual and the Mutual's relationship to GRF. No change in the current relationship between the Mutual and GRF is contemplated or stated in this Article 5. | | Not addressed explicitly in current Bylaws. |

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| Article 6 Membership | | Article III | |
| 6.1.1 Eligibility for Membership, In General | Only revocable trusts may be considered for membership. | Article III, Section 1 | Type of eligible trusts not specified in current Bylaws. |
| 6.1.3 Occupancy Agreement; Designated Occupant; Co-Occupants | Section (e) addresses purchasers who intend to hold and renovate Manors; addresses explicitly issues related to use of recreational services and facilities, requirement of adherence to Architectural Policies and other rules of the Mutual | | Not addressed explicitly in current Bylaws. |
| 6.1.4 Revocable Trusts | Provides further detail of requirements of revocable trust membership, including requirement of a Certification of Trust to the Mutual upon request and method by which Occupancy Agreement must be executed | | Not addressed explicitly in current Bylaws. |
| 6.8.1 Transfer into Revocable Trust during Member's Lifetime | Provides procedure by which a membership may be transferred into a revocable trust; recognizes that this type of transfer does not really constitute a change in membership, merely a change in form of how an owner holds the membership | | Not addressed explicitly in current Bylaws. |

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| Article 7 Member Meetings and Voting | | Article IV Meeting of Members | |
| 7.3 Notice of Meetings | States notice requirements consistent with current Davis-Stirling Act and Corporations Code | Article IV, Section 4 | Contains outdated meeting notice requirements |
| 7.6 Voting | Addresses how votes for units with multiple owners are handled; only Members in Good Standing may vote. Certain votes of members must be conducted by secret written ballot; other votes may be conducted via secret written ballot at Board's discretion. <i>This is consistent with current California law.</i> | Article IV, Section 7 | One vote per membership remains unchanged. Existing Bylaws and CC&Rs do not require any votes to be conducted by secret written ballot and also permit members to be denied voting rights due to delinquencies without notice and a hearing, both of which are inconsistent with California law. |
| 7.7 Record Date for Voting | Record date for voting is a date fixed by the Board not more than 60 days before ballots are mailed. If no record date set, Members in Good Standing on the day of the mailing are entitled to vote. | Article IV, Section 11 | Board fixes record date not more than 31 nor fewer than 21 days before the date of any mailing. If the Board fails to set record date, the record date is the day before the notice of meeting is mailed. |
| 7.8 Quorum Requirements | Different quorum requirements for different votes, including a "no quorum" provision (the same as with public elections) for election of directors. | Article IV, Section 5 | Quorum requirement for all votes is 20% of the membership. If quorum not achieved, reduced to 10% at adjourned meeting. |
| 7.8.1 Quorum for Votes on Assessment Increases | Quorum requirement for assessment increases requiring a vote of the members is more than 50% of members. <i>This is consistent with current California law and cannot be modified.</i> | | |

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| 7.8.2 | <p>No minimum quorum requirement for election of directors; quorum established by number of ballots and/or votes received by deadline.</p> <p><i>This is common practice and is consistent with the California absentee voting system, on which the 2006 elections law was based.</i></p> | | |
| 7.8.4 Quorum for Votes on Amendments to Bylaws | <p>Quorum requirement for votes on amendments to the Bylaws is 20%, which may be reduced to 15% via an adjourned meeting.</p> | | <p>Currently such votes are subject to the 20% quorum requirement. If a meeting cannot be held due to lack of a quorum, it may be adjourned to a later date at which the retired quorum is reduced to 10%. If vote is by mailed ballot must be approved by a majority of members.</p> |
| 7.8.6 Quorum for Valid Action on Other Matters | <p>Quorum requirement for valid action on all other matters is 20% of the Total Voting Power.</p> | | |
| 7.9 Proxies | <p>The use of proxies in connection with votes of the Members and/or meetings of the Members is expressly prohibited. Now that most votes are conducted via secret written ballot, and members must be given at least 30 days to return ballots, proxies are not necessary.</p> | Article IV, Section 8 | Proxies are permitted. |

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| 7.11 Voting by Ballot (<i>Corporations Code</i> section 7513) | Votes may be conducted by regular (non-secret) ballot if permitted by law. | Article IV, Section 7 | Provides that any action that may be taken at a meeting, except Director elections, may be taken by ballot. Existing Bylaws do not reflect the fact that certain votes must, by law, be conducted via secret written ballot. |
| Article 8 Board of Directors; Election; Term of Office | | Article V | Article V, Section 1 explanation of phase-out of representative District Director seats has been removed as it is no longer necessary. All directors are elected at-large at SWCM. |
| 8.2 Qualifications for Candidates | Qualifications for candidates established. Candidates must be Members in Good Standing, who are a natural person and reside in SWCM. Additionally, co-owners may not serve on the Board at the same time. | Article V, Section 1 | All Directors must be members. |
| 8.3 Nomination | Nomination procedures are stated in the Voting & Election Rules. <i>This is consistent with current California law, which requires associations to permit self-nomination. Nominations from the floor do not make sense now that ballots are mailed at least 30 days in</i> | Article V, Section 3 | No similar provisions regarding self-nomination. President to form Nominating Committee at least 90 days prior to the election. Nominations from the floor permitted. |

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| | <i>advance of the meeting where ballots are counted.</i> | | |
| 8.4 Election | Requires directors to be elected by secret ballot, pursuant to California law. | Article V, Section 3 | Requires election of directors by mailed ballot, but voting period is inconsistent with law. |
| 8.5 Term of Office | Directors are elected on a staggered basis and serve three-year terms. | Article V, Section 3 | Same |
| 8.6 Removal | Specifies member approval requirements for removal (or "recall") of Directors. Notice requirements to comply with current Davis-Stirling Act. | Article V, Section 4 | |
| 8.7 Disqualification of Directors | A director who no longer meets the qualifications to serve as a director (by, for example, becoming 60 days delinquent in the payment of assessments) may be disqualified from serving on the Board. <i>This is consistent with current California law, specifically the Corporations Code.</i> | | No similar provision. |
| 8.8 Vacancies | | Article V, Section 5 | |
| 8.9 Filling Vacancies | Persons appointed to fill vacancies on the Board must stand for election at the next annual meeting in order to serve out the balance of their predecessor's term. | Article V, Section 5 | No change |

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| 8.10 Compensation | | Article V, Section 6 | |
| Article 9 Meetings of Directors | | Article V, Section 8 | |
| 9.2 Regular Meetings | Meetings of the Board shall be held at least quarterly. | Article V, Section 8 | No change |
| 9.5 Notice to Members | Reflects current California law | Article V, Section 8 | Portions of this section are outdated, e.g., current statute requires 4 days' notice. |
| 9.7 Open Meetings; Teleconference and Remote Participation | Directors may participate in meetings via teleconference. Members may attend the portion of such a meeting that is open to the members. <i>This is pursuant to current California law, specifically the Civil Code.</i> | | Not included in current Bylaws. |
| 9.8 Executive Session | Describes all instances in which the Board may meet in executive session as permitted by law. Board may meet solely in executive session. | Article V, Section 8 | Portions of this section are outdated and do not reflect current statute regarding executive session meetings. |

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| 9.9 Restrictions on Board Action Outside of Meeting; Board Meetings Via Email | Only emergency action can be taken without a Board meeting, if all Board members consent in writing to take the action. <i>This is pursuant to current California law, specifically the Civil Code.</i> | Article V, Section 12 | Any action that can be taken by the Board at a meeting may be taken without a meeting by unanimous written consent. <i>This is contrary to current California law.</i> |
| 9.10 Quorum | A majority of the Directors then in office constitutes a quorum. | Article V, Section 11 | A majority of the authorized number of Directors constitutes a quorum. |
| Article 10 Powers of the Board of Directors | | Article V, Section 2 Powers and Duties of the Board | |
| 10.1 Policies | Authorizes Board to adopt Policies (rules). | Article V, Section 2(e) | Same |
| 10.2 Contracts | Board has the power to authorize any officers or officers to enter into Association contracts. | Article V, Section 2 | General authority to administer affairs of Corporation. |
| 10.12 Indemnification of Agents | | | No comparable section. |
| 10.13 Bank Accounts and Borrowing; Pledge Assets as Security for Loans | Allows the Board to borrow money on behalf of the Association and pledge assets (e.g., Common Area; assessment income) as security for loan; this most frequently arises in the context of a major reconstruction project. | | No comparable section. |

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| Article 11 Duties of the Board of Directors | | Article V, Section 2 Powers and Duties of the Board | |
| 11.14 Annual and Periodic Disclosures | Requires the Board to make all disclosures as required by law; these requirements change frequently. | | No similar provision. |
| 11.15 Results of Membership Vote | | | No similar provision. |
| Article 12 Officers and Their Duties | | Article VI | |
| Article 13 Committees | | None | |
| Article 14 Assessments | Authorizes levying of assessments ("Carrying Charges"), Special Assessments, Reimbursement Assessments, and enforcement provisions for the collection of Assessments | Article V, Section 2(c) | Board has power and duty to levy Carrying Charges. |
| Article 15 Insurance | Specifies types and amounts of insurance to be procured by the Mutual and owners; GRF-required insurance provisions are included in this Article. | | No similar detailed provision in current Bylaws. However, the Policies contain the same provisions as proposed Article 15. |

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| Article 16 Books, Records and Funds | Reflects current requirements of California law. | Article IX Fiscal Management | |
| Article 17 Subleasing of Manors | Subleasing Manors without prior written permission is prohibited. | | No similar provision. However, similar provisions are in the currently effective Policies and Occupancy Agreements. |
| Article 18 Amendments | Amendment of the Bylaws requires a majority of a quorum, with a quorum of 20%, which can be reduced to 15% | Article VIII Amendments | Amendments may be adopted at a meeting of the members by 2/3 vote of a quorum of 20%, that may be reduced to 10%. (Not allowed by current law that requires vote by mailed ballot.) Amendment by mailed ballot requires majority vote of all members. |
| 18.2 Amendment by the Board of Directors | Board may amend the Bylaws to make them compliant with California law; Board must obtain opinion from counsel that changes are required and are non-discretionary. | None | No similar provision. |
| | Eliminates provisions in Article III, Section 10 National Housing Act Financing Authority making the Secretary of HUD a member of the corporation and granting him certain rights together with similar provisions, provisions allowing HUD representative to speak at meetings of Members and provisions for notice to HUD, all in Article IV, Section 4 and requirements in Article V, Section 2 making certain actions of corporation (e.g. employment of | Article III, Section 10 Article IV, Section 4 Article V, Section 2 | As the original financing from HUD has been repaid, these provisions are no longer appropriate or necessary. |

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| | management, and amount of carrying charges) subject to approval from HUD. | | |

