

THIRD WALNUT CREEK MUTUAL

SUMMARY OF PROPOSED MASTER CC&RS AND AMENDED AND RESTATED BYLAWS

Note: This Summary 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 instead sections may be listed 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 and CC&Rs cannot be provided but comparison documents detailing the changes made to the 9-1-17 first member drafts are available on rossmoor.com. It is your responsibility to review the proposed Master CC&Rs and Amended and Restated Bylaws and compare them to the existing Bylaws and your particular Project CC&Rs.

KEY: Significant changes required by statute are indicated by ***bold italics***.

Amended and Restated CC&Rs; Article or Section Reference	Amended and Restated CC&Rs; Summary of Provision
CC&Rs	References to Declarants (original developers) and their rights and obligations have been deleted wherever possible. Because the original developers are no longer involved with the Mutual, the Declarant provisions found in some of the Project CC&Rs are not necessary.
CC&Rs	<i>Includes references to the Davis-Stirling Common Interest Development Act, including updated section numbers effective as of January 1, 2014.</i>
Recital A, Exhibit A	Complete list of Project CC&Rs which will be superseded by the new CC&Rs
Recital B, Exhibit B	Contain complete property description.
Recital C	Confirms that the Mutual is a “senior citizen housing development.”
Recitals D & E, Exhibit E	Notes existence of connection to GRF via original Establishing Agreements
Recital F, Exhibit C	Identifies the Projects
Recital G	Establishes that the purpose of the new CC&Rs is to amend and restate all of the current Project CC&Rs and to create one unified set of CC&Rs for the Mutual
Recital H	Confirms that the new unified set of CC&Rs supersedes the Project Declarations and the Establishing Declarations

Recital I	Establishes that the Mutual is a condominium project as defined in Civil Code section 4125, consistent with Secretary of State filings since the creation of the Mutual
Recital J	States the purpose of the Mutual
Recital K	States that the covenants, conditions, and restrictions contained herein are equitable servitudes pursuant to Civil Code section 5975, run with the land, and are binding on all owners
Article 1 Definitions	Definitions of EUCA components (such as Assigned Parking Spaces, Balconies, Carports, etc.), Common Area, Guest, Member in Good Standing, Majority of a Quorum, Total Voting Power, and Unit included.
1.14 Common Area	This definition has been revised to state that each Project has its own Common Area, called Project Common Area, as defined in the Condominium Plan(s) for that Project. There is no Mutual Common Area.
1.45 Project Common Area	Provides specific definition for Project Common Area.
Article 2 Mutual; Foundation	Generally establishes legal relationship between the Mutual, the Foundation (GRF), and the management of the Mutual property. There is <u>no change</u> in the relationship between the Mutual and GRF as a result of the new CC&Rs.
2.6 Relationship to Foundation	Describes the relationship between the Mutual, the Foundation, and the Members. This relationship is not changed.
2.9 Acquisition of Property	The approval of a majority of the Total Voting Power is required for the Board to acquire property.
2.10 Capital Improvements	The approval of a majority of the Total Voting Power of a Project is required for the construction of Capital Improvements valued at over 5% of the budgeted gross expenses for the Project for the year.
2.11 Sale or Transfer of Mutual Property	The approval of a majority of the Total Voting Power is required for the Board to sell property of the Association having a value in excess of 5% of the budgeted gross expenses for the fiscal year.
2.12 Sale or Transfer of Common Area	<i>The approval of 67% of the Members is required to sell or lease Common Area.</i>
2.13 Termination or Withdrawal of Project from Mutual	The procedures for termination or withdrawal of a Project from the Mutual shall be as set forth in the Bylaws at section 8.1.11 and the Mutual's Policies.
	Article 3: Ownership Rights and Easements
3.11 Easements to Owners	The Board has the authority to grant and convey easements, licenses, and the like. Approval of at least a Majority of Total Voting Power of the Members of a Project is required to grant exclusive use of any portion of the Project Common Area to a particular owner, with the <i>exception of: statutorily mandated components (such as rooftop solar energy projects which do not require member approval to use the rooftops on an exclusive basis);</i> rooftop solar tubes; certain garages and carports

	in Projects 50 and 55, which use may be transferred independent of transfer of a Unit pursuant to the current Project CC&Rs; and grants of revocable licenses for owner-maintained landscaping areas (commonly known as “private gardens”), all of which exceptions only require Board approval rather than a vote of the Members.
	Article 4: Use Restrictions
4.1 Senior Citizen Residential Use	Restates the senior housing status of the Mutual, as set forth in the Senior Housing Rules.
4.3 Guests	Explicit definitions regarding Guests have been added. Guests may not stay in a Unit for more than 75 days in a consecutive 12 month period. Guests who stay for more than 21 consecutive days must register with Member Records. Owners are responsible for their Guests’ conduct. This section is the same as the current Policy 40 regarding Occupancy of a Manor.
4.5 Restriction on Businesses	Home-based businesses which are not visible or audible from the Common Area and do not result in increases in noise, visitor traffic, or cars using guest parking spaces are permitted.
4.9 Requirement of Architectural Approval	As is currently the case, architectural alterations require an application and approval of the ARC or Board prior to commencement of work.
4.10 Smoking Prohibited	<i>Smoking is prohibited to the extent set forth in the Walnut Creek Smoking Ordinance.</i>
4.11 Floor Coverings	All changes in floor coverings require Board pre-approval. Units above other Units must have carpet and padding or material of similar insulating properties in all floor areas except kitchens, bathrooms, entry areas, utility or laundry rooms, and the area above a garage.
4.14 Outside Drying and Laundering	Outside laundering, drying, and airing facilities shall be regulated by the Mutual’s Rules and Policies.
4.15 Solar Energy Systems	<i>Sets forth current law regarding solar energy systems.</i>
4.16 Satellite Dishes and Antennas	<i>Sets forth current law regarding satellite dishes and antennas.</i>
4.17 Animals and Pets	Permits the Board to adopt rules that limit the number of pets permitted. Unless otherwise stated in the rules, a reasonable number of dogs and cats is determined to be 2. Please note that <i>service animals and assistance animals are not pets.</i> Dogs must be kept on leash when on the Common Area and Owners are responsible for their pets and animals at all times.
4.21 Signs, Banners, Flags	<i>Provisions that comply with current California law are included.</i>
4.22-4.23 Vehicles and Parking;	More detailed provisions regarding parking and vehicles are included, although changes in the current parking scheme for each Project is not

Prohibited Vehicles; Parking Enforcement	anticipated. Parking assignments contained in some original Project CC&Rs are to be maintained as set forth in Exhibit F.
4.28 Combining Units	This section provides guidance for those wishing to combine two Units.
4.30 Irrigation and Water Use	Residents shall not irrigate or water Common Area (except Exclusive Use Common Area) without Board approval. This provision supports the Mutual's water conservation practices.
Article 5 Renting or Leasing	Contains a minimum lease term of one month and a limitation on renting to no more than one year total during the period of ownership. Also includes protections/enforcement options for the Association if an owner rents his or her lot and residence and fails to pay assessments and/or address a tenant's repeated violations of the governing documents. Owners renting their Unit will be required to have their tenants obtain an HO-4 or "renter's policy." The one year limitation is the same as that contained in the current Policy 41 regarding Leasing of Manors.
5.3 No Subletting or Short-Term Rentals; Roommates	No short-term rentals of less than one month, through Airbnb, VRBO, or any other platform or means of renting. Resident owners may have roommates, provided they qualify to reside at the Mutual pursuant to the Senior Housing Rules.
5.4 Hardship Waivers	The Board may waive the one year limit on rentals due to hardship, as is currently the case and is stated in Policy 41.
5.5 Time Shares	Time share arrangements are prohibited.
5.6 Private Exchanges Prohibited	Private exchanges or home swaps are prohibited.
5.8 Mutual as Third-Party Beneficiary	This section makes the Mutual a beneficiary of the lease for rented units. By making the Mutual a party to the lease, the Mutual is able to enforce the terms of the lease against a tenant who is in violation of Mutual rules and policies.
5.9 Assignment of Rents as Security for Payment of Liens	This assignment of rents provision means that the Mutual can require tenants to pay their rental payments directly to the Mutual in the event that an owner is delinquent in payment of the coupon.
5.10 Owner Responsible for Tenant's Actions; Indemnification of Mutual	Owners are responsible for their tenant's actions, including ensuring that they have knowledge of and follow the Mutual's Governing Documents and Policies. Owners are responsible to indemnify the Mutual for any and all damage caused to the Mutual by tenants.
5.12	Owner-Owner leases of Assigned Parking Spaces, golf cart parking spaces, garages, and Carports are permitted in accordance with this

Owner-Owner Leases	section, as long as the lease is in writing and a copy of the lease is provided to the Mutual.
Article 6 Maintenance, Repair and Replacement Responsibilities	Detailed responsibilities for maintenance, repair and replacement are set forth in section. The intent of this Article is to clearly set forth the current practices and policies with regard to allocation of maintenance, repair, and replacement responsibilities and to clarify those areas of confusion.
6.1 Common Area	States the general maintenance, repair, and replacement responsibilities for Project Common Area.
6.2 Exclusive Use Common Area	States in detail the maintenance, repair, and replacement responsibilities for the listed Exclusive Use Common Area components.
6.2.14 Owner-Altered Patio or Balcony Enclosures	Provides a timeline and procedure by which an Owner's maintenance, repair, and replacement responsibilities for an Owner-Altered Patio or Balcony Enclosures are returned to the Project after major rehabilitation of a building exterior. At the time of a major exterior rehabilitation project by a Project, the condition of Owner-Altered Patios or Balcony Enclosures which are currently an Owner's maintenance responsibility will be evaluated by MOD to determine what repair work is needed to bring the Patio or Balcony Enclosures up to MOD standards. MOD will proceed with the exterior rehabilitation project and the Owner will be billed for all repair costs in excess of \$1,500 (in 2018 dollars). After the Owner-Altered Patios or Balcony Enclosures are rehabilitated and brought up to MOD standards, future responsibility for the maintenance, repair, and replacement of the building exterior will shift to the Project. Owner-Altered Patios or Balcony Enclosures which are already the maintenance responsibility of the Project due to a past major rehabilitation project or by other agreement will remain the maintenance responsibility of the Project.
6.2.18 Smoke Detectors and Carbon Monoxide Detectors	The Projects provide maintenance, repair, and replacement of the ten-year battery-operated smoke detectors installed by the Projects located inside the Units. Owners are responsible for maintenance, repair, and replacement of carbon monoxide detectors located in their Units. The Projects, Mutual, and the Fire Marshall have a right of entry to inspect to make sure that these life safety system components are properly installed and are fully operational.
6.5 Owner Modifications	Owner alterations which increase the maintenance costs of the Mutual shall be paid by the Owner as a Reimbursement Assessment.
6.10 Mutual Right of Entry	Gives the Mutual the right to enter any Unit or EUCA under particular circumstances and with stated notice requirements depending on the situation.
Article 7 Architectural Review	Detailed Architectural Review provisions, including provisions regarding the application, review and approval process, are included. Allows Board to appoint an "Architectural Review Committee" with decision-making authority. The architectural review procedure is not changed.
7.5 Fees; Consultants	The ARC or Board may charge an applicant a reasonable fee or fees for its review of architectural plans, etc. and such fees may include the actual cost of retaining outside consultants such as architects, soils engineers, and/or contractors. Such fees are considered Reimbursement Assessments (or "Owner billables").
7.7	Applicants must be Members in Good Standing in order to qualify for a grant of approval, among other requirements.

Grant of Approval	
7.8 Timing and Form of Approval	If the ARC and/or Board fails to act on a complete architectural application within 60 days of submission of the complete application, the applicant is entitled to request IDR, <i>except for applications for solar energy systems and electric vehicle charging stations, which are deemed approved by statute after 45 and 60 days, respectively.</i>
Article 8 Assessments and Liens	<i>The provisions regarding levying and collecting assessments comply with current California law.</i>
8.6 Mutual Funds	Segregation of funds on a Project basis for Project maintenance and operating expenses is stated to reflect current practices. Each Project has separate bank accounts for operating and reserve funds. The principle of strict "Project-based accounting" shall be followed by all Projects and the Mutual.
Article 9 Enforcement	Up-to-date provisions regarding enforcement of the governing documents are contained in the CC&Rs, rather than in the Bylaws.
Article 10 Insurance	This Insurance Article reflects the required "Rossmoor standard" insurance provisions used by all mutuels in Rossmoor.
10.2.7 Deductible	Specifies responsibility for payment of deductible on Association-maintained policies. This is common practice in contemporary CC&Rs.
10.6 Insurance by Owner	Owners are required to carry insurance to cover their personal property and personal liability. This is common practice in contemporary CC&Rs.
10.7 Insurance by Tenants	Owners who rent out their units are required to have their tenants obtain an HO-4 ("renter's policy") covering personal property and personal liability.
Article 11 Damage or Destruction of Buildings; Condemnation	Specifies procedures in the event of damage or destruction of buildings or condemnation. This is common practice in contemporary CC&Rs.
Article 12 Amendment	Future amendments of the CC&Rs will require at least a Majority of Total Voting Power of the Mutual.
Article 13 General Provisions	The Power of Attorney section previously contained in some drafts of these CC&Rs has been removed.

Article or Section Reference	Amended and Restated Bylaws: Summary of Provision
Bylaws	<i>Includes references to the Davis-Stirling Common Interest Development Act, including section numbers as of January 1, 2014.</i>
Article 2 Purpose	Stated purpose from Article II of current Bylaws is repeated here without change.
Article 3 Definitions	Bylaws include separate definitions instead of simply referring to CC&Rs; definitions included for: Member in Good Standing, Majority of a Quorum

	and Total Voting Power. At Section 3.18, the due process requirement of notice and a hearing prior to loss of Good Standing status is stated.
Article 4 Membership	Membership appurtenant to ownership of Unit; connection to GRF (no changes to this relationship); hearing required to find a member “not in good standing” (section 4.4).
Article 5 Member Meetings and Voting	Reflects changes made to CID Election Law (contained in Davis-Stirling Act, Civil Code sections 5100 et seq.) in 2006 and subsequent amendments to the Davis-Stirling Act , voting rights remain unchanged; Includes “best practices” for HOAs such as no-quorum requirement for election of directors and vote regarding excess income pursuant to IRS Revenue Ruling 70-604 and elimination of proxies.
5.1 Annual Meeting	Meeting of members to be held annually on a date and at a time and place designated by the Board, with proper written notice to the Members.
5.4 Conduct of Meetings	Members may speak at a meeting for a reasonable time, which time limit shall be established by the Board. Audio and/or video recording of meetings is prohibited, unless permission to record the meeting is obtained in advance in writing from the Board.
5.6 Voting	Only Members in Good Standing may vote (there must be notice and a hearing for a Member to be found Not in Good Standing).
5.6 Voting	Consistent with current California law, certain votes of members must be conducted by secret written ballot; other votes may be conducted via secret written ballot at Board’s discretion.
5.8 Quorum Requirements	Different quorum requirements for different votes to make more efficient to conduct Association business in a lawful manner. Most of the stated quorum requirements are unchanged from the current Bylaws.
5.8.1	Quorum requirement for assessment increases requiring a vote of the members is more than 50% of owners. This is consistent with current California law and cannot be modified.
5.8.2	No minimum quorum requirement for election of directors and vote regarding excess income; quorum established by number of ballots and/or votes received by deadline This is a common best practice and is consistent with the California public absentee voting system, on which the 2006 elections law was based.
5.8.3	The quorum for removal of directors is unchanged from the current Bylaws, see Article VI, Section 6(c).
5.8.4	No quorum is required for the annual meeting, consistent with Civil Code section 5115(b); given that members no longer vote at the annual meeting, there is no need for a minimum quorum requirement. This section 5.8.4 does not change the quorum requirements for particular votes of the members.
5.8.5	Quorum requirement for votes to amend Bylaws and/or CC&Rs is a majority of the Total Voting Power.
5.8.6	Quorum requirement for all other votes is 10% of the Total Voting Power, which is unchanged from the current Bylaws at Article V, Section 6.
5.10 Proxies	Proxies are prohibited in the all votes of the members and meetings of members. Now that most votes of the members must be conducted via

	secret written ballot, and members must be given at least 30 days to return ballots, proxies are not necessary.
5.11 Voting by Ballot (Corporations Code section 7513)	<i>Votes may be conducted by regular (non-secret) ballot if permitted by law.</i>
	Article 6: Board of Directors; Election; Term of Office
6.1 Number of Directors	Provides that there shall be a Board of 12 Directors, each of whom represents a District. This is the current practice of the Mutual.
6.3 Qualifications for Candidates	Qualifications for candidates established; candidates must be resident Members in Good Standing. Additionally, co-owners may not serve on the Board at the same time.
6.4 Nomination	Permits the Board to appoint a Nominating Committee and <i>permits self-nomination.</i> Prohibits nominations from the floor. This is consistent with current California law, which requires associations to permit self-nomination. Nominations from the floor no longer make sense now that ballots are mailed at least 30 days in advance of the meeting where ballots are counted.
6.5 Election	<i>Requires directors to be elected by secret ballot, pursuant to California law.</i> Prohibits cumulative voting and write-in candidates. Cumulative voting is not required by law and, in fact, is only permitted if expressly authorized in the governing documents. The current Bylaws do not authorize cumulative voting. Write-in candidates do not make sense now that all nominations are to be received prior to the date ballots are sent to members via mail.
6.6 Election by Acclamation	Permits the Association to avoid the expense of sending by mail double-envelope, secret ballots if the number of candidates is equal to or less than the number of available seats on the Board.
6.7 Term of Office	Directors shall serve for three-year, staggered terms, with four directors each year. This is consistent with the Mutual's current practice.
6.8 Removal	<i>Provides a director or directors may be removed with the approval of a Majority of a Quorum of the Members.</i> This is consistent with the Corporations Code for an association of your size in which cumulative voting is not permitted.
6.9 Disqualification of Directors	<i>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.
6.10 Vacancies	<i>Director seat may be declared vacant in the event of disqualification, death, resignation, or removal of any Director. Please note that a Member, including a Director, may only be found "Not in Good Standing" after a duly noticed hearing before the Board.</i> A procedure for soliciting candidates for vacant seats is stated.

6.12 Compensation	No Director shall receive compensation for his or her services, however, Directors may be reimbursed for expenses incurred during the performance of their duties.
7.2 Regular Meetings	Meetings of the Board shall be held monthly, as is the current practice. However, if the Board reasonably determines that there is not enough business to hold a meeting, meetings may be held less frequently than monthly, as long as they held at least quarterly.
7.5 Notice to Members	Reflects current California law, which requires two (2) days' notice of a Board meeting that will be held solely in executive session and requires that the agenda be included with notice of any Board meeting.
7.7 Teleconference and Remote Participation	Directors may participate in meetings via teleconference. Member may attend the portion of such a meeting that is open to the members. This is pursuant to current California law, specifically the Civil Code.
7.8 Executive Session	Describes all instances in which the Board may meet in executive session as permitted by law.
7.9 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. This is pursuant to current California law, specifically the Civil Code.
7.10 Quorum	A majority of Directors then in office shall constitute a quorum for the transaction of business.
7.12 Minutes of Meetings of Board of Directors	Minutes of the Board meetings shall be made available within 30 days after the meeting. The minutes may be in draft form if not approved by the Board. This is pursuant to current California law, specifically the Davis-Stirling Act at Civil Code section 4950.
7.13 Recording Prohibited	Audio and/or video recording of meetings is prohibited, unless permission to record the meeting is obtained in advance in writing from the Board.
Article 8 Powers of the Board of Directors; Article 9 Duties of the Board of Directors	Detailed discussion of powers and duties of the Board which are consistent with current California law.
8.1.1 Rules	References the Civil Code provision which sets forth the process by which rules may be adopted.
8.1.2 Contracts	Board may authorize any officer or officers to enter into contracts in the name of the Mutual.
8.1.4 Sanctions	Hearings for imposition of discipline required pursuant to the Civil Code. Sanctions for continuing violations authorized.
8.1.11	Outlines process whereby a Project can withdraw from the Mutual, no change from the current Bylaws.

Termination or Withdrawal of Project from Mutual	
8.1.14 Borrow Money	The approval of a Majority of a Quorum, with a special quorum of more than 50% of the Total Voting Power of the Members is required in order to borrow money on behalf of the Mutual. This approval requirement is in addition to any approval required to levy a Special Assessment.
9.5 – 9.7 Reserve Study and Annual Review; Reserve Funds; Investment of Reserve Funds	<i>These sections are consistent with current California law, specifically the Civil Code.</i>
9.8 Review of Accounts	<i>This section is consistent with current California law, specifically the Civil Code.</i>
9.11 Annual and Periodic Disclosures	<i>Requires the Board to make all disclosures as required by law; these requirements change frequently.</i>
9.12 Results of Membership Vote	<i>This section is consistent with current California law, specifically the Civil Code.</i>
9.13 Duties of District Directors	Specific duties of the District Directors beyond those stated in these Bylaws shall be as set forth in the Mutual's Policies.
	Article 10: Officers and Their Duties
10.1 Enumeration of Officers	Requires the President, Vice President, Secretary, and Treasurer to be directors.
Article 11 Committees	Board has right to appoint committees.
Article 12 Books, Records and Funds	<i>Mutual records must be made available for inspection by the Members, pursuant to the Civil Code.</i>
13.1 Amendment by the Members	Future amendments to the Bylaws may be approved by a Majority of a Quorum of the Members; quorum for this purpose is a majority of the Total Voting Power.
13.2 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.