

**PROPOSED BYLAWS
OF
WALNUT CREEK MUTUAL THIRTY-NINE**

If this document contains any restrictions based on race, religion, gender, sexual orientation, familial status, marital status, disability, national origin, ancestry or source of income as defined in subdivision (p) of Section 12955 that restriction violates State and Federal Fair Housing Laws and is void, and may be removed pursuant to Section 12956.2 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

ARTICLE I: RECITALS AND DEFINITIONS	1
Section 1.1. Name and Principal Office of Corporation.....	1
Section 1.2. Mutual Is Nonprofit.....	1
Section 1.3. Specific Purpose.....	1
Section 1.4. Definitions.....	1
(a) General Notice/General Delivery.....	1
(b) Individual Notice/Individual Delivery.....	1
(c) Member in Good Standing	2
(d) Person.....	2
(e) Project.....	2
(f) Declaration.....	2
(g) Definitions Incorporated by Reference.....	2
ARTICLE II: MEMBERSHIP AND MEMBERSHIP RIGHTS.....	2
Section 2.1. Members of the Mutual.....	2
Section 2.2. Term of Membership.....	2
Section 2.3. Multiple Ownership of Unit.....	2
(a) One membership Vote Per Unit.....	2
(b) Voting by Multiple Owners.....	3
Section 2.4. Furnishing Evidence of Membership.....	3
Section 2.5. Right to Use and Enjoyment of Common Areas.....	3
Section 2.6. Membership in Golden Rain Foundation.....	3
Section 2.7. Age Restriction for Occupancy of Condominium Units.....	3
ARTICLE III: MEMBERSHIP VOTING.....	3
Section 3.1. Single Class of Membership.....	3
Section 3.2. Member Voting Rights.....	3
Section 3.3. Eligibility to Vote.....	4
Section 3.4. Manner of Casting, Collecting and Tabulating Votes by Mailed Written Ballot.....	4
(a) Definition of Written Ballot.....	4
(b) Election by Written Ballots Only.....	4
(c) Balloting Time Requirements.....	4
(d) Content of Written Ballots.....	4
(e) Identification of Member Casting Ballot.....	4
(f) Cumulative Voting. Cumulative voting for elections of Directors is not permitted.....	5
(g) Proxies. Proxies shall not be used for any election under this Section 3.4.....	5
(h) Requirements for Valid Member Action by Written Ballot.....	5
(i) Solicitation Provisions.....	5
(j) Inspectors of Election.....	5

(k)	Notification of Results of Balloting Process	6
(l)	Counting of Ballot Envelopes Prior to Completion of Balloting.	6
(m)	Prohibition of Revocation.....	6
(n)	Conducting Informational Meetings.....	6
(o)	Persons Entitled to Cast Written Ballots.	6
(p)	Return of Ballots.....	6
(q)	Additional Balloting Procedures.	6
ARTICLE IV:	MEMBERSHIP MEETINGS, QUORUM REQUIREMENTS & RECORD DATES.....	7
Section 4.1.	Place of Meeting.	7
Section 4.2.	Annual Meeting.	7
Section 4.3.	Special Meetings.....	7
(a)	Persons Entitled to Call Special Meetings.....	7
(b)	Procedures for Calling Special Meetings Requested by Members.....	7
Section 4.4.	Notice of Members’ Meetings.	8
(a)	Requirement That Notice Be Given	8
(b)	Time Requirements for Notice	8
(c)	Minimum Requirements Regarding Contents of Notice.	8
(d)	Specification of Certain Significant Actions	8
Section 4.5.	Quorum Requirements.....	8
(a)	Assessment Increases or for Removal of Directors.....	8
(b)	No Quorum Requirement for Election of Directors or IRS Resolution.	8
(c)	Amendment of Governing Documents.....	9
(d)	Quorum for Valid Action on All Other Matters.	9
Section 4.6.	Record Dates for Member Notice; Voting and Giving Consents.	9
(a)	Persons Entitled to Receive and Return Written Ballots.....	9
(b)	Persons Entitled to Notice of Member Meetings.....	9
(c)	Persons Entitled to Exercise Other Legal Rights.....	9
(d)	Rights of Eligible First Mortgagees.....	9
Section 4.7.	Conducting Meetings.....	9
Section 4.8.	Proxies for Meetings of Members.....	9
ARTICLE V:	BOARD OF DIRECTORS.	10
Section 5.1.	General Board Powers.	10
Section 5.2.	Number and Qualification of Director’s.....	10
Section 5.3.	Term of Office.	10
Section 5.4.	Nomination of Directors.	10
(a)	Good Standing Requirement for Candidacy and Election.....	10
(b)	Selection of Candidates.	10
Section 5.5.	Election of Directors.	10
(a)	Directors Elected by Written Ballot.	11
(b)	Determination of Election Results and Succession to Office.....	11

(c) Election by Acclamation.	11
Section 5.6. Vacancies on Board of Directors.	11
(a) Vacancies Generally.	11
(b) Resignation of Directors.	11
(c) Authority of Board to Remove Directors.	11
(d) Authority of Members to Remove Directors.	12
(e) Removal by Court Action.	13
(f) Filling Vacancies.	13
(g) Authority of Removed Directors and Boards.	13
(h) Reduction in Number of Directors.	13
Section 5.7. Disputes Regarding Elections and/or Removal of Director(s).	13
Section 5.8. Compensation.	13
ARTICLE VI: BOARD MEETINGS.	14
Section 6.1. Place of Meetings.	14
Section 6.2. Annual Meeting of Directors.	14
Section 6.3. Regular Meetings.	14
(a) Frequency of regular Meetings.	14
(b) Notice Requirements.	14
(c) Notice to Members.	14
Section 6.4. Special Meetings of the Board.	14
(a) Who May Call a Special Meeting.	14
(b) Notice of Special Meetings.	14
Section 6.5. Emergency Meetings of the Board.	15
Section 6.6. Action Without Meetings.	15
Section 6.7. Executive Sessions.	15
(a) Matters to be Discussed.	15
(b) Notice to Members.	16
Section 6.8. Members' Rights.	16
(a) Meetings Generally Open to Members.	16
(b) Board Meeting Minutes.	16
Section 6.9. Quorum Requirements.	16
Section 6.10. Adjournment.	16
Section 6.11. Waiver of Notice.	16
Section 6.12. Conducting Meetings.	16
ARTICLE VII: OFFICERS.	17
Section 7.1. Officers.	17
Section 7.2. Election of Officers.	17
Section 7.3. Terms; Removal of Officers.	17
Section 7.4. Resignation of Officers.	17
Section 7.5. Vacancies.	17

Section 7.6. Duties.....	17
(a) President.....	17
(b) Vice President.....	17
(c) Secretary.....	18
(d) Treasurer.....	18
Section 7.7. Delegation of Officers’ Duties.....	18
Section 7.8. Officers’ Authority to Execute Contracts.....	18
ARTICLE VIII: COMMITTEES.....	18
Section 8.1. Committees.....	18
(a) Executive Committees.....	18
(b) Advisory Committees.....	18
Section 8.2. Committee Members.....	19
Section 8.3. Committee Meetings.....	19
ARTICLE IX: CONFLICTS OF INTEREST.....	19
Section 9.1. Conflicts of Interest.....	19
(a) Decisions Involving Financial Interest of Mutual Officials.....	19
(b) Litigation Involving Mutual, Board Members or Managing Agent.....	19
(c) Other Matters on Which an Interested Mutual Official May Not Vote.....	19
Section 9.2. Employees.....	20
Section 9.3. Enforcement.....	20
(a) Determination of Conflict of Interest by the Board.....	20
(b) Remedies for Violation.....	20
Section 9.4. Applicability.....	20
ARTICLE X: MUTUAL RECORDS AND DISCLOSURES TO MEMBERS.....	20
Section 10.1. Standard for Mutual Financial Records.....	20
Section 10.2. Annual Budget Report.....	20
Section 10.3. Review of Financial Statement.....	20
Section 10.4. Annual Policy Statement.....	20
Section 10.5. Delivery of Annual Budget Report and Annual Policy Report.....	21
Section 10.6. Record Keeping.....	21
Section 10.7. Fiscal Year.....	21
ARTICLE XI: INSPECTION RIGHTS OF MEMBERS AND DIRECTORS.....	21
Section 11.1. Members’ Rights to Inspect.....	21
Section 11.2. Directors’ Rights to Inspect.....	21
ARTICLE XII: AMENDMENTS.....	21
Section 12.1. Amendment of Bylaws.....	21
(a) Amendment by Board of Directors.....	21
(b) Amendment by the Members.....	22

Section 12.2. Effective Date.	22
Section 12.3. Book of Bylaws and Distribution to Members:	22
ARTICLE XIII: GENERAL PROVISIONS.....	22
Section 13.1. Agent.....	22
Section 13.2. Notice to Mutual.	22
Section 13.3. Secondary Address.....	22
Section 13.4. Indemnification of Directors, Officers and Committee Members.	22
Section 13.5. Construction and Definitions.	23
Section 13.6. No Waiver.	23
Section 13.7. Captions and Titles.	23
Section 13.8. Conflicts with Other Documents.	23
Section 13.9. State Law; Severability.	23

ARTICLE I: RECITALS AND DEFINITIONS

Section.1.1. Name and Principal Office of Corporation. The name of this corporation is Walnut Creek Mutual Thirty-Nine; it shall be referred to herein as the “Mutual”. The principal office of the Mutual will be located at the office of the Golden Rain Foundation, 1001 Golden Rain Road, Walnut Creek, California, or such other place within a reasonable distance from the Project as the Board may from time to time designate by resolution.

Section 1.2. Mutual Is Nonprofit. The Mutual has been formed pursuant to the California Nonprofit Mutual Benefit Corporation Law (Corporations Code Sections 7110-8970) as a nonprofit mutual benefit corporation.

Section 1.3. Specific Purpose. The Specific and primary purpose of this corporation shall be to maintain, manage and repair the Common Area and Common Facilities within that certain real estate common interest development located in the County of Contra Costa, State of California, commonly referred to as Walnut Creek Mutual Thirty-Nine, to maintain individual Units to the extent and in the manner more particularly described in the Declaration, to enforce the terms and conditions of the Declaration and the Policies and Procedures adopted (from time to time) by the Board of Directors, to manage the business affairs of Walnut Creek Mutual Thirty-Nine and otherwise to enhance and promote the use and enjoyment of the Common Areas and common facilities by the Owners in common.

Section 1.4. Definitions.

(a) General Notice/General Delivery. “General Notice” or “General Delivery” when used in these bylaws means delivery of a required notice or other document by: (i) any means provided for delivery of Individual Notice described in subpart (b) below; (ii) inclusion in a billing statement, newsletter, or other document that is delivered by one of the methods authorized in this section; (iii) posting the printed notice or document in a prominent location that is accessible to all members, so long as the location has been designated for the posting of General Notices by the Mutual in the Annual Policy Statement prepared pursuant to Section 10.4 of these Bylaws; or (iv) any other method of delivery authorized by civil Code section 4045 or comparable superseding statute. A Member may deliver a written request to the Mutual to have all General Notices delivered to the Member by Individual Delivery, in which case all General Notices or documents designated for General Delivery shall be delivered to that Member by one of the means described in subpart (b) below.

(b) Individual Notice/Individual Delivery. “Individual Notice” or “Individual Delivery” when used in these Bylaws means delivery of a required notice or other document by: (i) first-class mail, postage prepaid, registered or certified mail, express mail or overnight delivery by an express service carrier, with the notice or other document addressed to the recipient at the address last shown on the books of the Mutual; or (ii) delivery of a required or other document by email, facsimile or other electronic means if the recipient has consented in writing to delivery in one of these methods. (Consent to delivery by email, facsimile or other electronic means may be revoked by a written notice delivered to the Mutual.) Delivery by any other means authorized under Civil Code section 4040 or comparable superseding statute shall be deemed included as part of this definition.

(c) Member in Good Standing. “Member in Good Standing” means a Member of the Mutual who is current in the payment of all assessments, fines and other charges imposed in accordance with the Governing Documents and who is in compliance with all of the provisions of the Governing Documents. A “Member in Good Standing” is a Member eligible to vote for purposes of these Bylaws. A Member’s loss of his or her status as a Member in Good Standing shall occur automatically on the day any assessment, fine or other charges become delinquent, and the Member shall be automatically reinstated as a Member in Good Standing upon payment in full of all such assessments, fines and/or other charges. A Member’s loss of his or her status as a Member in Good Standing for any other reason shall occur only after a notice and hearing by the Board.

(d) Person. The term “Person” means and includes any individual, corporation, partnership, association or other entity recognized by the laws of the State of California.

(e) Project. “Project” means all real property and the improvements located thereon that comprise the Walnut Creek Mutual Thirty-nine common interest development and are intended to create a condominium project as described in California Civil Code Section 4125.

(f) Declaration. “Declaration” shall refer to the Amended and Restated Declaration of Covenants, Conditions & Restrictions of Walnut Creek Mutual Thirty-Nine, and any properly adopted amendments or supplements thereto.

(g) Definitions Incorporated by Reference. All terms used herein that are defined in the Declaration shall have the same meaning when used herein unless the context clearly indicates a contrary intention.

ARTICLE II: MEMBERSHIP AND MEMBERSHIP RIGHTS

Section 2.1. Members of the Mutual. Every Owner of a Unit within the Project is a Member of the Mutual. Only Owners of Record of a Unit within the Project shall be entitled to exercise the rights of Members. Membership in the Mutual is appurtenant to and may not be separated from ownership of any Unit. 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, of such Unit. Any attempt to make a prohibited transfer of a membership in the Mutual is void.

Section 2.2. Term of Membership. Upon becoming Owner of a Unit, each Owner shall automatically be a Member of the Mutual and shall remain a Member until such time as the ownership of said Unit ceases for any reason. The Owner’s membership interest appurtenant to the Unit shall automatically transfer to the Unit's new Owner(s) upon the sale, conveyance or other transfer of an Owner’s interest in a Unit, and the prior Owner shall cease being a Member and shall lose all rights of membership in the Mutual.

Section 2.3. Multiple Ownership of Unit.

(a) One membership Vote Per Unit. Ownership of a unit shall give rise to a single membership vote in the Mutual. Accordingly, if more than one Person owns a unit, all of these persons shall be deemed to be one Member for voting purposes, although all such owners shall have equal rights (as Members) to use and enjoy the Common Areas and common facilities. 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.

(b) Voting by Multiple Owners. If joint Owners are unable to agree by majority vote 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 multiple Owners of a Unit attempt to vote in an inconsistent fashion the Secretary or other Person or Persons designated as inspectors of election by the Board of Directors shall not count any ballot pertaining to that Unit.

Section 2.4. Furnishing Evidence of Membership. A Person shall be entitled to exercise the rights of a Member once the Mutual has received notice in writing that said Person qualified to be a Member as set forth in Section 2.1 above, and, if requested by the Board, has provided the Board with evidence of such qualification in the form of a copy of a recorded grant deed (certified by the Office of the Recorder for Contra Costa County) or a currently effective policy of title insurance. Exercise of membership rights shall be further subject to the provisions regarding record dates set forth in Sections 3.4 and 4.6 below.

Section 2.5. Right to Use and Enjoyment of Common Areas. Subject to the provisions hereof and the provisions of the Declaration and/or other Governing Documents, a Member and the individuals of a Member's family who also reside within the respective Member's Unit shall have the right to and be entitled to the use and enjoyment of all Common Areas roads, and common facilities within the Project which are not designated as Limited Common Areas.

Section 2.6. Membership in Golden Rain Foundation. Each natural person who is an Owner of a Unit or has been properly designated by the Owner (as required by the Policies and Procedures and the rules and policies of the Foundation) to occupy the Unit, shall be a member of the Foundation (subject to payment of the required membership fee for the Unit) and shall comply with the Bylaws of the Foundation and the rules and regulations of the Foundation as they now exist or are from time-to-time adopted. No owner shall transfer any membership or interest in the Foundation except upon the transfer of the right to occupy the Unit to which it is appurtenant.

Section 2.7. Age Restriction for Occupancy of Condominium Units. Notwithstanding this Article II or other provisions of these Bylaws, the Condominiums within the Mutual are intended to be used as residences for senior citizens. Occupancy of all Condominium Units within the Project is restricted on the basis of age, as provided in the Declaration and the Policies and Procedures of the Mutual.

ARTICLE III: MEMBERSHIP VOTING

Section 3.1. Single Class of Membership. The Mutual shall have one class of voting membership.

Section 3.2. Member Voting Rights. On each matter submitted to a vote of the Members, each Member shall be entitled to cast one vote for each Unit owned by such member (subject to limitations found in Section 3.3 below). Single membership in which two (2) or more Persons have an indivisible interest shall be voted as provided in Section 2.3 above. Each vacancy on the Board to be filled by a vote of the Members shall be considered a separate matter submitted to a vote of the Members for purposes of this section.

Section 3.3. Eligibility to Vote. Only Members in Good-Standing shall be entitled to vote on any issue or matter presented to the Members for approval. A Member who owns more than one Unit shall be ineligible to cast any vote whatsoever if that Member is delinquent with respect to any such Unit.

Section 3.4. Manner of Casting, Collecting and Tabulating Votes by Mailed Written Ballot.

(a) Definition of Written Ballot. A “written ballot” for purposes of this section is a ballot that is mailed or otherwise distributed to every Member entitled to vote on the matter and that complies with the requirements of this Section and California Civil Code Section 5100 et seq. or comparable superseding statutes.

(b) Election by Written Ballots Only. For so long as Civil Code Section 5100 et seq. or comparable superseding statutes remain in effect, Member votes on the following matters shall be conducted by means of written ballots mailed to the Members, collected and tabulated pursuant to this Section 3.4:

- (1) Election or removal of Directors;
- (2) Assessments requiring Member approval;
- (3) Amendments to the Governing Documents; or
- (4) The grant of exclusive use of Common Area property to a Member.

An election on any other matter may, at the discretion of the Board, be conducted pursuant to this section or at a meeting of the Members. If laws-passed after the adoption of these Bylaws by the Members should require that elections be conducted in a manner other than described in this Section 3.4 the Board shall adopt an amendment to these Bylaws that incorporates the required procedure and, pursuant to Section 12.1(a) below, such amendment shall not require a vote of the Members.

(c) Balloting Time Requirements. In the case of any matter or issue submitted to the Members for approval by written ballot, the Board shall distribute the written ballot to every Member entitled to vote on the matter at least thirty (30) days prior to the final date the written ballots are to be received to be counted. The time fixed for the return of written ballots may be extended if the Board so notifies the Members in the balloting materials originally sent to Members.

(d) Content of Written Ballots.

(i) Written Ballots in General. Any written ballot distributed to the Members to vote on any issue shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposed action. For election of Directors, the ballots shall set forth the names of all candidates whose names have been placed in nomination at the time the ballot is mailed. Write-in candidates are prohibited.

(ii) Specification of Time to Return Written Ballot. All written ballots shall state the time by which the ballot must be received in order to be counted (See Subsection (c) above).

(e) Identification of Member Casting Ballot. The ballot shall not on its face provide any

method for identifying the Member voting. Instead, a double envelope system shall be used in which the completed ballot is placed in a sealed envelope which is then placed in another sealed envelope. The Member voting shall sign the outside envelope; this envelope shall also indicate the address of the unit for which the ballot is being cast.

(f) Cumulative Voting. Cumulative voting for elections of Directors is not permitted.

(g) Proxies. Proxies shall not be used for any election under this Section 3.4.

(h) Requirements for Valid Member Action by Written Ballot. Membership approval by written ballot shall be valid only if (1) the number of votes cast by ballot within the time established for return of the ballots equals or exceeds the required quorum as specified in Section 4.5 of these Bylaws or by California law, and (2) the vote of the majority of Members returning ballots is in favor of the matter to be decided (or candidate for Director), unless the vote of a greater number of the Members is required by California law or the Governing Documents. Nothing in this subsection shall be interpreted to change the minimum number of votes required to amend the governing documents of the Mutual.

(i) Solicitation Provisions. All solicitations of written ballots shall indicate (1) the number of responses needed to meet the quorum requirement for valid action; (2) the time by which the written ballot must be received by the Mutual in order to be counted; and (3) in the case of any written ballot distributed to vote on matters other than the election of Directors, the percentage of affirmative votes necessary to approve the measure submitted for membership approval. If the period for the return of written ballots is extended, the Board can, in its discretion, announce to the Members the total number of ballots received as of the original date for return of ballots.

(j) Inspectors of Election. The Board shall appoint either one or three persons to act as Inspector(s) of Election for member votes concerning any of the matters described in subpart (b) above. An Inspector or Inspectors may be appointed for other elections at the discretion of the Board. The following persons may not serve as an Inspector:

(1) A member of the Board;

(2) A candidate for the Board;

(3) A relative of a Director or candidate for the Board;

(4) An officer or employee of The Golden Rain Foundation; or

(5) The Mutual's counsel or accountant or any other person who is under contract to provide goods or services to the Mutual.

Any other Person may serve an Inspector of Election.

The duties of the Inspector or Inspectors shall be to receive ballots and determine their validity, count and tabulate all votes, determine when voting shall be concluded, determine the results of the election, and perform any other acts necessary to assure the fairness of the election. The Policies and Procedures of the Mutual may clarify and expand upon the duties of Inspectors as long as such Policies and Procedures are consistent with California law. If a member vote for a matter other than selection or removal of Directors,

assessments, amendments to the Governing Documents or the grant of exclusive use of Common Area property is conducted pursuant to this Section 3.4 and an Inspector of Election is not appointed by the Board, the duties of the Inspector under this section shall be assumed by an employee of the Golden Rain Foundation or the Secretary of the Mutual. Any Inspector of Election appointed under this Section may appoint and oversee additional persons to verify signatures and to count and tabulate votes, as long as such additional persons meet the qualification for Inspectors of Election set forth in this Section and in the Policies and Procedures of the Mutual.

(k) Notification of Results of Balloting Process. For all member votes regarding assessments, election or removal of Directors, amendments to the Governing Documents or the grant of exclusive use of Common Area property to a person or entity, the vote shall be counted and tabulated by the Inspector or Inspectors of Election in public at a properly noticed meeting of the Board or of the Members. Within fifteen (15) days of the member vote, the Board shall provide General Notice to the Members of the tabulated results of the member vote. If the number of written ballots cast with respect to any matter is insufficient to satisfy the minimum quorum requirements for valid action, the Board shall so notify the Members.

(l) Counting of Ballot Envelopes Prior to Completion of Balloting. The Board may, at its discretion, at a regular or special meeting open to the Members, request the Inspector(s) of Election to count the ballot envelopes received to date on a matter for which a ballot (other than for election of Directors) has been distributed to the Members even though the deadline for return of the ballots has not yet passed. The Inspector(s) shall count the ballot envelopes and announce the results at the meeting of the Board. The Board, based upon the ballots received to date, may extend the deadline for return of the ballots by a reasonable time.

(m) Prohibition of Revocation. Once received by the Inspector or his or her designated assistant, a written ballot may not be revoked.

(n) Conducting Informational Meetings. Use of the written ballot procedures provided herein shall not preclude the Mutual from also conducting informational meetings of the Members or from scheduling a membership meeting to coincide with the culmination of the balloting period.

(o) Persons Entitled to Cast Written Ballots. Those persons identified in the records of the Mutual as Members of the Mutual on the day the first written ballot in a vote election is mailed out, and who are otherwise entitled to vote; are entitled to receive and cast a written ballot in the vote or election.

(p) Return of Ballots. Completed ballots shall be returned by mail or personal delivery to the Inspector(s) of Election as indicated on the ballot form. In addition, ballot boxes may be placed at one or more locations within the Rossmoor community for the purpose of depositing Ballots for member votes conducted pursuant to this Section. All such Ballot boxes shall be locked, and the sole key for the Ballot boxes shall be kept in the custody or control of the Inspector or Inspectors of Election.

(q) Additional Balloting Procedures. The Board shall adopt election rules, which shall become part of the Policies and Procedures of the Mutual, incorporating the procedures set forth in this section and such other procedures and requirements not inconsistent with this section or California law that the Board considers appropriate for the conduct of a fair election.

ARTICLE IV: MEMBERSHIP MEETINGS, QUORUM REQUIREMENTS & RECORD DATES.

Section 4.1. Place of Meeting. Meetings of the Members shall be held within Rossmoor or at such other reasonable place within Contra Costa County as may be selected by the Board of Directors.

Section 4.2. Annual Meeting. There shall be a regular meeting of the Members every year. The annual meeting shall be held during the month of June unless other considerations warrant that the Board change when the annual meeting is held. The date, time, and location of the meeting shall be established by the Board and set forth in the notice of meeting sent to the Members. If a quorum of Members is not present, the meeting may proceed as an informational meeting only, but no business of the Mutual may be conducted except adjournment. However, the Members may still vote on adoption of the annual IRS resolution at the annual meeting, since no quorum is required for such a vote (see Section 4.5 below). Where there is no business to be conducted (i.e., no vote of the membership required for approval of any matter except the annual IRS resolution), the annual meeting need not be reconvened at a later date due to lack of a quorum.

Section 4.3. Special Meetings.

(a) Persons Entitled to Call Special Meetings. A majority of a quorum of the Board, the President of the Mutual or five percent (5%) or more of the Members may call a special meeting of the Members at any time to consider any lawful business of the Mutual.

(b) Procedures for Calling Special Meetings Requested by Members.

(i) Form of Written Request. In order to call a special meeting by five percent (5%) or more of the Members, a request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraph, or facsimile transmission to the President, the Vice President or the Secretary of the Mutual or to the Managing Agent. The Member(s) circulating the request shall append a written, signed certification to the request attesting to the validity of the signatures. In order to count as a valid signatory, a Member signing said request must be eligible to vote.

(ii) Action by Mutual. Upon receipt of the request by the Mutual, notice shall be promptly given to the Members, in accordance with the provisions of this Article, that a meeting will be held, and the date, time and purpose for such meeting, which date shall be not less than thirty-five (35) nor more than ninety (90) days following the receipt of the request. If notice of the meeting is not given to the Members within twenty (20) days after the Mutual's receipt of the request, the Members requesting the meeting may give the notice. The right of the requesting Members to notice and call said meeting on their own initiative shall not arise until after the twenty (20) day period has elapsed.

(iii) Use of Written Ballot in Lieu of Special Meeting. If the requested special meeting is for the purpose of conducting a Member vote on matters specified in the request, the Board may instead distribute a Written Ballot pursuant to Section 3.4 above in lieu of calling a special meeting of Members. Such a Written Ballot must be used if the requested action involves one of the types of elections for which a written ballot is required pursuant to Section 3.4 above. The Written Ballot shall be distributed to the Members within twenty (20) days of receipt of

the written request by the Mutual. The ballot shall include a deadline for return that is not more than ninety (90) days from the date of receipt of the written request. The Members submitting the request shall, as a group, be entitled to submit a written statement of their reasons for requesting the Member action which shall be included with the ballot. Such statement shall not, unless authorized by the Board, exceed five pages. The Members submitting the request shall be responsible for payment of the Mutual's actual cost for copying such statements and for any additional mailing costs.

(iv) Subsection Not Applicable to Meetings Called by President or Board. Nothing contained in this subsection shall be construed as limiting, fixing, or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board of Directors or the President.

Section 4.4. Notice of Members' Meetings.

(a) Requirement That Notice Be Given. Individual Notice of all annual and special meetings of the Members shall be sent or otherwise given in writing to all Members.

(b) Time Requirements for Notice. The notice of membership meetings shall be given not less than ten (10) nor more than ninety (90) days before due date of the meeting. If notice is given by mail and the notice is not given by first-class, registered, or certified mail, the notice shall be given not less than twenty (20) days (nor more than ninety (90) days) before the meeting

(c) Minimum Requirements Regarding Contents of Notice. The notice of any membership meeting shall specify the place, date, and hour of the meeting and include an agenda for the meeting.

(d) Specification of Certain Significant Actions. If any action is proposed to be taken at any membership meeting for approval of either of the following proposals, the notice/agenda shall state the nature of the proposal. Member action on the following items is invalid unless the notice/agenda complies with this provision:

(i) Approving a contract or transaction between the Mutual and one or more of its Directors, or between the Mutual and any corporation, firm, or association in which one or more of its Directors has a material financial interest;

(ii) Voting upon any election to voluntarily terminate and dissolve the Mutual.

Section 4.5. Quorum Requirements. The following quorum requirements must be satisfied in order to take any valid Member action, provided, however, that where California law or the Governing Documents require approval of a particular matter by a greater percentage of the Members, that higher percentage shall govern.

(a) Assessment Increases or for Removal of Directors. In the case of a written ballot (pursuant to Section 3.4 above) conducted for the purpose of voting on assessment increases requiring membership approval or to remove a Board member or the entire Board, the quorum requirement for valid action on the proposal shall be the percentage specified in Civil Code Section 5600(c) or comparable superseding statute. That quorum requirement is currently a majority of all Members.

(b) No Quorum Requirement for Election of Directors or IRS Resolution. There shall be no quorum requirement for the election of Directors. The candidate(s) receiving the most votes shall be elected

regardless of the number of ballots received. The annual IRS Resolution (required by IRS Ruling 70-604) shall also not require a quorum but shall be adopted if the majority of the Members casting valid written ballots pursuant to. Section 3.4 (or attending a duly noticed meeting of the Members) approve it.

(c) Amendment of Governing Documents. Nothing in this section shall be to change the minimum number of votes required to amend the Governing Documents of the Mutual which shall be as set forth in the Governing Document to be amended.

(d) Quorum for Valid Action on All Other Matters. In the case of a meeting or written ballot (pursuant to Section 3.4 above) called or conducted for any purpose other than to vote on the matters described in Section 4.5(a), Section 4.5(b) or Section 4.5(c) above, the quorum shall be 33 1/3% of the Members eligible to vote. If a meeting of Members is adjourned due to lack of a quorum, the meeting may be reconvened at a later time, and the quorum for the reconvened meeting shall be 25% of the Members eligible to vote. If this quorum requirement is applicable to a vote of the Members by written ballot pursuant to 3.4 above, and the minimum number of ballots is not received the balloting period may be extended a reasonable time and the 25% quorum requirement shall apply.

Section 4.6. Record Dates for Member Notice; Voting and Giving Consents.

(a) Persons Entitled to Receive and Return Written Ballots. Only those Persons identified in Section 3.4 of these Bylaws shall be entitled to receive and return written Ballots.

(b) Persons Entitled to Notice of Member Meetings. Those persons identified in the records of the Mutual as Members of the Mutual on the business day preceding the day on which notice of a Members' Meeting is given are entitled to receive notice of the meeting.

(c) Persons Entitled to Exercise Other Legal Rights. Those persons who are identified in the records of the Mutual as Members of the Mutual on the-date the Board, passes a resolution relating to or establishing rights of the Members as to any other matter shall be entitled to exercise such rights.

(d) Rights of Eligible First Mortgagees. The voting and notice rights of Mortgagees shall be as set forth in the Declaration.

Section 4.7. Conducting Meetings. All Member meetings shall be conducted in accordance with a recognized system of parliamentary procedure or such other parliamentary procedures as the Mutual may choose to adopt. If the Mutual has not adopted parliamentary procedures and a dispute arises that cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to Robert's Rules of Order.

Section 4.8. Proxies for Meetings of Members. A Member may, by written Proxy, appoint a member of his or her immediate family (spouse, child, sibling, parent or grandparent) or any other Member of the Mutual to cast such Member's vote at a meeting of Members. Such proxy must be signed by the Member and filed with the Secretary before the appointed time for each meeting. The form of Proxy shall conform to the requirements of California law and any applicable Policies and Procedures.

ARTICLE V: BOARD OF DIRECTORS.

Section 5.1. General Board Powers. Subject to the limitations set forth in any of the Mutual's Governing Documents or California law relating to such actions that require Member approval, the business and affairs of the Mutual shall be vested in and exercised by the Mutual's Board of Directors, including, in particular, all powers and duties set forth in the Declaration and other Governing Documents. Subject to the limitations expressed in Section 8.1 (pertaining to Committees) below, and any restrictions set forth in the Declaration, the Board may delegate the management of the activities of the Mutual to any Person or Persons, management company, or committee, provided that notwithstanding any such delegation the activities and affairs of the Mutual shall continue to be managed and all Mutual powers shall continue to be exercised under the ultimate direction of the Board.

Section 5.2. Number and Qualification of Director's. Board of Directors shall consist of five (5) natural Persons each of whom shall be both an Owner and a Member in Good Standing. All Directors must reside within the Project. No more than one Owner of the same Unit may serve on the Board at any one time. In the event a Unit is owned by a trust, partnership or corporation, a trustee, partner, officer or director of the Owner may serve on the Board as long as the Owner is a Member in Good Standing.

Section 5.3. Term of Office. At the first annual member election of Directors following incorporation, the three candidates receiving the most votes shall serve three-year terms and the two candidates receiving the next highest number of votes shall serve one-year terms. Thereafter all directors shall be elected for three-year terms. Each Director, including a Director elected to fill a vacancy or elected at a special meeting of Members, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified. A Person may not serve more than three (3) full terms as a Director. The time during which a person served as a director prior to the first annual Member election of Directors shall not count as a term for purposes of this restriction regarding term limits.

Section 5.4. Nomination of Directors.

(a) Good Standing Requirement for Candidacy and Election. To be eligible for nomination and to be elected to the Board, a candidate must be certified by the Mutual Secretary or Managing Agent that the candidate is a Member in Good Standing at the time the candidate's name is placed in nomination and as of the election date. All Directors must maintain their good standing status with the Mutual during their term of office or be subject to removal for cause pursuant to Subsection 5.6(c)(iv) below.

(b) Selection of Candidates. Prior to the date of the distribution of any ballot for any election of Directors, the Board (or a nominating committee selected by the Board) may select qualified candidate(s) for election to the position on the Board held by Directors whose term of office is then expiring (and for any vacant director position(s)). Prior to distribution of ballots for election of Director, the Board shall send a request for nominations to all Members, with a notice of the last date for submitting such nominations. Any qualified Member may nominate himself or herself as a candidate for Director. All qualified persons so nominated before the deadline set forth in the request for nominations shall be included on the ballot for election of Directors. Nominations may not be made from the floor at any meeting.

Section 5.5. Election of Directors.

(a) Directors Elected by Written Ballot. Directors (except those appointed by the Board pursuant to Section 5.6 below) shall be elected using the procedure set forth in Section 3.4 above. Each Member eligible to vote shall be entitled to vote for any candidate whose name appears on the ballot and to cast the number of votes equal to the number of board positions to be filled by the ballot. The deadline for return of ballots for the election of Directors shall be in the month of June and the meeting to open the ballots shall be within ten business days of the deadline for return of the ballots, unless the Board determines that it is not reasonably possible to hold the meeting within that time period, in which case the meeting shall be held as soon as reasonably possible following the deadline for return of the ballots. The exact date for return of the ballots and the date, time and place of the meeting to open and tabulate the ballots shall be set by Board resolution and shall be specified in the ballot or the materials accompanying the ballot.

(b) Determination of Election Results and Succession to Office. The Board of Director candidates receiving the highest number of votes up to the number of Directors to be elected, shall be elected as Directors. In the event there is a tie vote between those candidates who receive the lowest number of votes necessary to qualify for a Director position, the tie shall be broken by lot (e.g., the candidates drawing straws) or any other method agreed upon by the affected candidates. If the candidates cannot agree on a method for breaking the tie, a run-off election shall be conducted, with only the tied candidates on the ballot. If the terms of the Directors being replaced have expired (i.e., they have served the length of time for which the Director was elected), the newly elected Directors shall take office immediately upon the announcement of the results of the election. If the terms of the Directors being replaced have not yet expired at the time of the announcement of the election results, the newly elected Directors shall take office on the day the current Directors' terms do expire.

(c) Election by Acclamation. In the event the number of qualified candidates for board positions equals or is less than the number of board positions to be filled by the election, the Inspector(s) of election may declare the candidates elected by acclamation, and written ballots for the election of Directors shall not be distributed for that year. General Notice of the election by acclamation shall be provided to the Members in the same manner as the results of contested Director elections.

Section 5.6. Vacancies on Board of Directors.

(a) Vacancies Generally. A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following: (1) the death, resignation, or removal of a Director (under Subsections (b) through (d), below); (2) a Director ceases to own a Unit within the Project; (3) an increase of the authorized-number of Directors; or (3) the failure of the Members to elect a sufficient number of Directors through the annual election to fill all the vacancies on the Board.

(b) Resignation of Directors. Any Director may resign, and such resignation shall be effective on giving written notice to the President, the Secretary, or the Board of Directors unless the notice specifies a later time for the resignation to become effective. If the resignation of a Director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

(c) Authority of Board to Remove Directors. The Board of Directors shall have the power and authority to remove a Director and declare his or her office vacant if he or she:

- (i)** has been declared of unsound mind by a final order of court;

(ii) has been convicted of a felony;

(iii) has been found by a final order or judgment of any court to have breached any duty under Corporations Code Sections 7233-7236 (relating to the standards of conduct of Directors);

(iv) fails to maintain the Director's "Member in Good Standing" status for a period of ninety (90) consecutive days or longer;

(v) fails to attend three (3) consecutive regular meetings of the Board of Directors that have been duly noticed in accordance with California law; and/or

(vi) repeatedly fails and/or refuses to vote (and/or abstain from voting) on matters before the Board of Directors.

(d) Authority of Members to Remove Directors. Except as otherwise provided in Subsections (c) or (e) of this Section, a Director may be removed from office prior to expiration of his or her term only by the affirmative vote of a majority of the Members returning written ballots pursuant to Section 3.4, as long as the number of valid written ballots returned equals or exceeds the quorum required by the Bylaws. Any membership action to recall or remove a Director shall be conducted in accordance with the following procedures:

(i) A written petition must be presented in person to the President, Vice President, or Secretary of the Mutual and must carry the signatures of Members in good standing who represent at least five percent (5%) of the Members. Such petition must set forth the reason(s) the petitioners are seeking the Director's removal; the signature and Unit address of each petitioner in his or her own handwriting; and the name(s) of the sponsor(s) of the petition and must fulfill all other requirements of law. The sponsors circulating the petition shall append a written, signed certification to the petition attesting to the validity of the signatures.

(ii) Within twenty (20) days after receipt of such petition, the Board shall distribute a written ballot (pursuant to Section 3.4) to vote upon the requested recall. The deadline for return of the written ballot shall be not less than thirty-five (35) nor more than ninety (90) days after the petition is presented to the Board.

(iii) If the Board fails to act within twenty (20) days of receipt of the petition, the Members initiating the petition may conduct such a Member vote on their own initiative without Board approval or sanction. The right of the requesting Members to conduct such a Member vote on their own initiative shall not arise until after the twenty (20) day period set forth in subpart (ii) above has elapsed.

(iv) The Director(s) whose removal is being sought shall have the right to rebut the allegations contained in the petition orally, in writing, or both. If the rebuttal is in writing, it shall be mailed by the Mutual together with the recall ballot (See Section 3.4 above).

(v) If the quorum requirement for a valid membership action is not satisfied or if the vote in favor of recall does not satisfy the requirements of subsection 5.6 (d)(vii) below the removal action shall be deemed failed.

(vi) In order to preserve Mutual assets, if a recall attempt fails, the Members right to another recall vote for the same Director(s) shall not arise until six (6) months has elapsed from the date of the last recall vote.

(vii) A Director shall not be removed unless (a) the number of valid written ballots returned equals or exceeds the requisite quorum, and (b) a majority of the Members returning written ballots vote for the Director's removal. The majority requirement is satisfied only if the number of votes cast by Members for the Director's removal is equal to or greater than the sum arrived at by using the following formula: $(X \div 2) + 1$, where X equals the total number of Members responding by valid written ballot.

(viii) If the removal/recall of the entire Board is approved by a vote of the Members, a ballot shall be distributed to the Members pursuant to Section 3.4 of the Bylaws as soon as reasonably possible after the tabulation of the results of the recall election. The current Board members shall continue to serve until a new Board is selected but may conduct only the necessary routine business of the Mutual. No new contracts or contract renewals, and/or no extraordinary expenses may be authorized until the new Board members take office.

(e) **Removal by Court Action.** The Superior Court of Contra Costa County may, in response to a suit filed by any Director or at least five (5) Members in Good Standing, remove any Director determined to be guilty of fraudulent or dishonest acts, or gross abuse of authority or discretion with reference to the Mutual. The Mutual shall be made a party to any such action.

(f) **Filling Vacancies.** If a vacancy on Board of Directors is created by a Member vote pursuant to Subsection (d) above, the vacancy shall be filled by a vote of the Members. If more than one Director vacancy is being filled, the Director positions will be filled so that the elected Director(s) with the most votes shall fill the Director position(s) with the longest remaining term of office. All other vacancies on the Board of Directors shall be filled by a majority vote of the remaining Directors (whether or not a quorum of Directors is present). If the Directors fail to fill any vacancy, the Members may fill the vacancy by a vote of a majority of the Members returning valid ballots. The nomination and election process for member elections of Directors under this subsection shall be the same as for the annual election of Directors.

(g) **Authority of Removed Directors and Boards.** Individual Directors removed by the members shall cease to be Directors upon the tabulation and announcement of the result of the vote, provided, however, that if the entire Board is removed the removed Board shall continue in existence to deal with routine matters and emergency situations until a new board has been elected.

(h) **Reduction in Number of Directors.** No amendment to these Bylaws that reduces the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

Section 5.7. Disputes Regarding Elections and/or Removal of Director(s). Should any dispute arise as to whether one or more Director(s) were validly removed, elected and/or appointed, such dispute shall be subject to binding arbitration. The arbitrator appointed to decide the dispute shall be knowledgeable/experienced in the area of corporate law. The arbitration shall be held and the arbitrator's decision shall be made as soon as practical. Initially, the Mutual and the party or parties disputing the removal shall share the costs of the arbitration equally, but the Arbitrator's decision shall make a final allocation of the costs of the Arbitration (including reasonable attorney's fees) to one or more other parties.

Section 5.8. Compensation. Directors, Officers, and/or members of Committees shall not be entitled to compensation for their services as such, although they may be reimbursed for such actual expenses as the

Board of Directors determines are just and reasonable. Expenses for which reimbursement is sought shall be supported by a proper receipt or invoice.

ARTICLE VI: BOARD MEETINGS.

Section 6.1. Place of Meetings. Regular and special meetings of the Board of Directors may be held at any place within or reasonably near the Mutual that has been designated from time to time by resolution of the Board and stated in the notice of the meeting. In the absence of such designation, regular meetings shall be held at the Board Room of the Rossmoor Gateway Clubhouse. Notwithstanding the provisions of this Section, a regular or special meeting of the Board may be held at any place consented to in writing by all the Board members, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting.

Section 6.2. Annual Meeting of Directors. Immediately after the newly elected Board members have taken office, the Board of Directors shall hold a regular meeting for the purpose of election of new officers by the new directors, and the transaction of other business. A separate notice of this meeting is required; unless such actions take place at the same Board meeting at which the ballots for directors are opened and tabulated.

Section 6.3. Regular Meetings.

(a) Frequency of regular Meetings. Other regular meetings of the Board shall be held at such time as shall from time to time be fixed by the Board of Directors. Ordinarily regular meetings shall be conducted at least once every three (3) months.

(b) Notice Requirements. Notice of the time and place of all regular meetings of the Board shall be given to each Director at least four (4) days prior to the meeting by Individual Notice or by telephone communication (either directly to the Director or to a Person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director). All such notices shall be given or sent to the Director's mail address, email address or telephone number as shown on the records of the Mutual or as designated by that Director. However, notice of a regular meeting need not be given to any Board member who has signed a written waiver of notice or consent to holding the meeting as more particularly provided in Section 6.11 below.

(c) Notice to Members. General Notice of the time and place of regular meetings, with an agenda for the meeting, shall be provided to the Members at least four (4) days prior to the meeting.

Section 6.4. Special Meetings of the Board.

(a) Who May Call a Special Meeting. Special meetings of the Board of Directors may be called for any purpose at any time by the President or by any two (2) Directors.

(b) Notice of Special Meetings.

(i) Manner of Giving Notice. Notice of all special meetings of the Board shall be given to each Director by Individual Notice. All such notices shall be given or sent to the Director's address,

telephone number or email address as shown on the records of the Mutual or as designated by that Director. Notwithstanding the foregoing, notice of a special meeting need not be given to any Director who signed a written, waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof as more particularly provided in Section 6.11 below.

(ii) Time Requirements. Notices sent to Directors by first-class mail shall be deposited in a United States mailbox at least four (4) days before the time set for the meeting. Notices to Directors given by personal delivery, telephone or other electronic medium/method shall be given at least forty-eight (48) hours before the time set for the meeting.

(iii) Notice to Members. General Notice of the time and place of special meetings, with an agenda for the meeting, shall also be provided to the Members at least four (4) days prior to the meeting.

Section 6.5. Emergency Meetings of the Board. The Board of Directors may also hold emergency Board meetings if there are circumstances that could not have been reasonably foreseen and that require immediate attention and possible action by the Board. Given the necessity of emergency Board meetings and the impracticability of providing notice, emergency Board meetings can be held without complying with the notice requirements set forth in Sections 6.3 and 6.4 above. If prompt or immediate action of the Board is necessary and there is insufficient time to comply with the notice requirements set forth in Sections 6.3 and 6.4 above, reasonable efforts shall nevertheless be made to contact all Board Members regarding the proposed action in advance thereof, rather than relying on notification after the fact.

Section 6.6. Action Without Meetings. Except as provided in this Section 6.6, the Board shall not take action on any item of business outside of a meeting, provided however, that the Board may meet by a teleconference in which a majority of the members are in different locations and are connected by electronic means, by audio or video or both. Except in an emergency, action may not be taken by the Board through a series of electronic transmissions, including but not limited to electronic mail. Electronic transmissions may be used as a method of conducting an emergency meeting if all Directors, individually or collectively, consent in writing to that action, and if the written Consent or consents are filed with the minutes of the meeting of the board. Written consent to conduct an emergency meeting may be transmitted electronically.

Section 6.7. Executive Sessions.

(a) Matters to be Discussed. The Board shall be entitled to call and/or to adjourn from a general Board Meeting at any time for purposes of convening in executive session to discuss: (i) litigation; (ii) matters relating to the formation of contracts with third parties; (iii) Member discipline; or (iv) personnel matters. The Board may also convene in executive session to meet with a Member at the Member's request regarding the Member's payment of assessments. If a Member who may be subject to a fine, penalty and/or other form of discipline requests, the Board shall meet in executive session to discuss the imposition of the fine, penalty and/or other form of discipline. The Member who is the subject of the disciplinary proceeding shall be entitled to attend the executive session. Prior to adjournment to executive session, a general statement of the nature of any and all business to be considered in executive session shall be given. Any matter discussed by the Board in executive session shall be generally noted in the minutes of the next open Board meeting.

(b) Notice to Members. Members shall be provided with General Notice of the time and place of any meeting of the board to be held solely in executive session, with an agenda for the meeting, at least two (2) days prior to the meeting.

Section 6.8. Members' Rights.

(a) Meetings Generally Open to Members. With the exception of executive sessions of the Board, any Member of the Mutual may attend and speak at any Board meeting. The Board may establish a written policy that sets forth: (1) when during the meetings Members may speak; (2) reasonable time limits for each speaker; and (3) the total time allowed for Members to speak. Unless a majority of the Directors expressly votes to allow further non-Director participation, the participation of Members who are not Directors is limited to the period described above and in any related Mutual Rule or Board policy.

(b) Board Meeting Minutes. Minutes shall be kept for all Board meetings. Taking into consideration the need to maintain confidentiality of matters discussed in executive sessions, any matter discussed in an executive session shall only be generally noted in the minutes of the Board meeting. The minutes (or draft minutes that are marked to indicate draft status, or a summary of the minutes) of any meeting of the Board of Directors, other than minutes of an executive session, shall be available to the Members within thirty (30) days following the Board meeting. Upon Member's request (and payment of the Mutual's costs of copying and distribution), copies of the minutes (or draft minutes that are marked to indicate draft status, or a summary of the minutes) shall be provided to the requesting Member. Members shall be notified annually in writing of the Members right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

Section 6.9. Quorum Requirements. A majority of Directors currently elected and serving shall constitute a quorum for the transaction of business for any and all purposes, except to adjourn as provided in Section 6.10 below. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors. A meeting at which, a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors below a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting, or such greater number as may be required by law.

Section 6.10. Adjournment. A majority of the Directors present, whether or not a quorum exists, may adjourn any Board meeting to another time and place. If the meeting is adjourned for four (4) days or less, no notice of the rescheduled meeting is required. If the adjournment is for a period over four (4) days, then prior to the time of the rescheduled meeting, General Notice of adjournment to the new time and/or place shall be provided to the Members and Individual Notice shall be given to the Directors who were not present at the time of the adjournment. Except as provided above, no other notice needs to be given.

Section 6.11. Waiver of Notice. Notice of a meeting need not be given to a director who provided a waiver of notice or consent to holding the meeting or an approval of the minutes thereof in writing, whether before or after the meeting, or who attends the meeting without protesting prior to the meeting or at the commencement of the meeting, the lack of notice to that Director. All such waivers, consents and approvals shall be made a part of the minutes of the meeting.

Section 6.12. Conducting Meetings All Board meetings shall be conducted in accordance with a

recognized system of parliamentary procedure or such other parliamentary procedures the Mutual may choose to adopt. If the Mutual has not adopted parliamentary procedures and a dispute arises that cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to the current version of Robert's Rules of Order Newly Revised.

ARTICLE VII: OFFICERS.

Section 7.1. Officers. The principle Officers of the Mutual shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. One Person may hold two (2) or more offices, except that the President and the Secretary can hold only one office each. The Directors may appoint an Assistant Secretary and an Assistant Treasurer, and such other officers as in their judgment may be necessary. These officers need not be members of the Board or members of the Mutual.

Section 7.2. Election of Officers. The Officers of the Mutual shall be elected by the Board at the first meeting of the Board following the election of Directors, or if ballots for election of Directors are opened and tabulated at a Board meeting at that Board meeting. New officer positions may be created and filled at any meeting of the Board. Any vacant position may be filled at any meeting of the Board.

Section 7.3. Terms; Removal of Officers. Generally, the Officers of the Mutual shall hold office for a period of one (1) year. Any officer may be removed by the Board with or without cause, at any regular or special meeting. Such removal may, in the discretion of the Board, be given immediate effect.

Section 7.4. Resignation of Officers. Any officer may resign at any time by giving written notice to the Board, the President and/or the Secretary. Any such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. Unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Mutual under any contract to which the officer is a party.

Section 7.5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled for the unexpired portion of the term by the vote of a majority of Board members present at a duly noticed Board meeting at which a quorum is also present.

Section 7.6. Duties.

(a) President. The President shall be the Chief Executive Officer of the Mutual and shall, subject to the control of the Board, have general supervision, direction and control of the affairs and Officers of the Mutual. The President shall preside at all meetings of the Board and the Members, shall have the general power and duties of management usually vested in the office of President of a corporation, together with such other powers, acts and duties as may be authorized by the Board or are set forth in the Bylaws; and shall see that orders and resolutions of the Board are carried out.

(b) 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 the powers of, and be subject to all the restrictions upon, the President. The Vice President shall perform such other acts and duties and have such

powers as from time to time may be prescribed by the Board or set forth in these Bylaws.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Mutual together with their addresses and shall perform such other duties as are required by the Board.

(d) Treasurer. The Treasurer shall be the Chief Financial Officer of the Mutual and shall receive and deposit in appropriate accounts all monies of the Mutual; shall disburse such funds as are directed by the resolution of the Board of Directors; keep proper books of account; cause an annual audit of the Mutual books to be made by a public accountant at the completion of each fiscal year; prepare an annual budget and a statement for income and expenditures as required by California law; and deliver a copy of each to the Members; prepare all other financial reporting and accounting documents required by California law, and shall perform such other duties as are required by the Board.

Section 7.7. Delegation of Officers' Duties. The duties set forth above may be delegated to assistant officers, the Managing Agent; or to other authorized agents or employees of the Mutual so long as the appropriate officer is ultimately responsible for oversight and supervision of such persons. Provided, however, that such persons may not be delegated the authority to sign checks or otherwise disburse Mutual funds or to execute contracts, promissory notes, leases or other written instruments on behalf of the Mutual, except by express resolution of the Board granting such specific authority to a particular person.

Section 7.8. Officers' Authority to Execute Contracts. The Board may, by resolution, authorize any officer(s) to enter into any contract in the name of, or on behalf of the Mutual (pursuant to the Board's authority to enter into contracts as set forth in the Declaration). Unless expressly authorized by resolution of the Board, no officer shall have any power or authority to bind the Mutual by any contract or agreement, or to pledge the credit of the Mutual, or to render the Mutual liable for any purpose and/or on any account.

ARTICLE VIII: COMMITTEES.

Section 8.1. Committees. The Board may appoint committees to assist it in performing its duties under the Governing Documents. Said committees shall have such authority as designated and granted by the Board with respect to matters within their area of assigned responsibility.

(a) Executive Committees. Executive Committees consisting of two or more directors may be appointed by Board resolution to act on behalf of the Board and with the authority of the full board with regard to the matters described in the Board resolution. Persons who are not Directors may not serve on Executive Committees. Actions and decisions of all Executive Committee which are within the authority of the Committee under the Board resolution shall be deemed to be the action or decision of the full Board, subject to the limitations of Corporations Code section 7212.

(b) Advisory Committees. Advisory Committees may consist of Members, Directors or both Members and Directors and may be appointed by Board resolution to assist and advise the Board on matters set forth in the resolution. All actions by such committee shall be considered advisory to the Board and shall be scheduled on the agenda of the Board meeting next following the committee' action or decision. At the next following Board meeting,

the Board may act to affirm, rescind, or modify any and all such committee actions, as the Board in its discretion deems appropriate.

Section 8.2. Committee Members. Members of any Committee shall be Members in Good Standing and shall serve at the pleasure of the Board. The Board resolution appointing the committee shall identify one person to act as chairman of the committee and preside over committee meetings.

Section 8.3. Committee Meetings. Notices of committee meetings shall be given in the same manner as for meetings of the Board. Members may attend and speak at any committee meeting, except those meetings concerning subjects which could be discussed in an executive session of the Board. Minutes shall be kept of all committee meetings.

ARTICLE IX: CONFLICTS OF INTEREST.

Section 9.1. Conflicts of Interest.

(a) Decisions Involving Financial Interest of Mutual Officials. No Mutual official (including Directors, Officers, committee members and/or Managing Agent shall make, participate in making, or in any way attempt to use his or her official position to influence a Mutual decision in which said Mutual official knows, or has reason to know, that said official has a direct or indirect financial interest that is distinguishable from the financial interest of the Members of the Mutual generally. If any matter in which a Director has such an interest is to be voted upon by the Board, the Director shall notify the Board prior to the vote of his or her interest in the matter and shall abstain from voting on that matter.

(b) Litigation Involving Mutual, Board Members or Managing Agent. No person who is engaged in any legal action (including arbitration or other form of dispute resolution) against the Mutual or another Director may serve or continue to serve as a Director. No person who is engaged in a legal action (including arbitration or other form of dispute resolution) against Golden Rain Foundation or any employee or agent of Golden Rain Foundation may serve or continue to serve as a Director unless such action has been authorized by a majority of Directors currently serving on the Board.

(c) Other Matters on Which an Interested Mutual Official May Not Vote. A Director or member of a committee may not vote on any of the following matters:

- (i) Discipline of that Director or committee member;
- (ii) An assessment against that Director or committee member for damage to the Common Area or facilities;
- (iii) A request by that Director or committee member for a payment plan for overdue assessments;
- (iv) A decision to foreclose on a lien on the separate interest of that Director or committee member;
- (v) Review of a proposed physical change to the separate interest of that Director or committee member;
- (vi) A grant of exclusive use common area to that Director or committee member.

Section 9.2. Employees. The provisions of Section 9.1 shall not apply to an employee of the Mutual when he or she is negotiating his or her compensation or the terms of his or her employment.

Section 9.3. Enforcement.

(a) Determination of Conflict of Interest by the Board. The Board shall determine, by a majority vote on the basis of all facts, whether a conflict of interest exists with respect to a Mutual decision. If the Board determines that a conflict exists, the Board may (by majority vote) refer the matter under discussion to a special committee of the Board, of which the Mutual official with the conflict of interest is not a Member.

(b) Remedies for Violation. If a Mutual Director is found by the Board to have violated this Article by making, participating or attempting to use his or her position to influence a Mutual decision or by instituting or continuing to pursue litigation against the Mutual or another Director or the Managing Agent, the Board may commence either a recall election by the Members or an action in the Superior Court to have the Director removed. If a Mutual officer (who is not a Director) is found by the Board to have violated this Article IX by making, participating or attempting to use his or her position to influence a Mutual decision, or by instituting litigation against the Mutual, a Director or the Managing Agent, the Board may remove said officer from office.

Section 9.4. Applicability. The provisions of this Article shall not apply to contracts entered into on or before the date that these Bylaws are adopted by the Mutual,

ARTICLE X: MUTUAL RECORDS AND DISCLOSURES TO MEMBERS

Section 10.1. Standard for Mutual Financial Records. All Mutual books of account shall be maintained in accordance with generally accepted accounting principles.

Section 10.2. Annual Budget Report. The Mutual shall distribute an Annual Budget Report 30 to 90 days before the end of its fiscal year which shall include a pro forma operating budget, a summary of the Mutual's reserves, a summary of the reserve funding plan, a summary of the Mutual's property, general liability, earthquake and fidelity insurance policies and all other information required by Civil Code Section 5300 or comparable superseding statute.

Section 10.3. Review of Financial Statement. A review of the financial statement of the Mutual shall be prepared by a licensee of the California Board of Accountancy for any fiscal year in which the gross income to the Mutual exceeds Seventy-five thousand dollars (\$75,000). A copy of the review shall be delivered to the Members within 120 days after the close of each fiscal year as required by Civil Code Section 4040 or comparable superseding statute.

Section 10.4. Annual Policy Statement. Within 30 to 90 days before the end of its fiscal year, the Board shall deliver an Annual Policy Statement that provides members with information about Mutual policies. All the information required by Civil Code Section 5310 shall be included as part of the Annual Policy Statement, plus any additional information deemed appropriate by the board.

Section 10.5. Delivery of Annual Budget Report and Annual Policy Report. Full copies of the Annual Budget Report and Annual Policy Statement shall be provided to the Members by Individual Delivery within the time periods provided in Sections 10.2 and 10.4 above. In the alternative, a summary of each report which includes a general description of the contents of the report and instructions on how to request a full copy of the report at no cost to the Member may be provided by Individual Delivery to the Members in lieu of the full reports.

Section 10.6. Record Keeping. The Board shall keep or cause to be kept all Mutual books, records and papers, including all Governing Documents, at the principal business office of the Mutual or at such other place as the Board may designate.

Section 10.7. Fiscal Year. The Mutual's fiscal year shall be as determined by resolution of the Board

ARTICLE XI: INSPECTION RIGHTS OF MEMBERS AND DIRECTORS.

Section 11.1. Members' Rights to Inspect. Members may inspect and copy only those Mutual records that California law requires be made available to Members. Such records for the current fiscal year and for the preceding two fiscal years shall be made available in accordance with the applicable law, provided however that minutes of Board, Member and Executive Committee meetings for all preceding years shall be made available upon request. The Policies and Procedures of the Mutual may provide a procedure for requesting such inspections, copying costs and other related matters; provided, however, that such Policies and Procedures of the Mutual shall conform to current California law and the other Governing Documents.

Section 11.2. Directors' Rights to Inspect. Every Director shall have the right at any reasonable time to inspect all Mutual books, records, documents, and minutes and/or the Mutual's physical property. The right of inspection by a Director includes the right to make extracts and copies of documents.

ARTICLE XII: AMENDMENTS.

Section 12.1. Amendment of Bylaws.

(a) Amendment by Board of Directors. The Board of Directors may, by a vote of a two-thirds (2/3rds) majority of all Directors, adopt amendments to these Bylaws when an amendment is needed to conform a particular provision or provisions of these Bylaws to changes in applicable California State law when said changes in applicable California State law are mandatory and nondiscretionary in nature. Before entertaining a motion to approve any such amendment(s), the Board shall receive a written opinion from the Mutual's legal Counsel confirming that (1) a change or changes in California law necessitates a corresponding amendment to the Mutual's Bylaws to make the affected Bylaw provision(s) an accurate statement of current underlying California law and (2) the Mutual is bound by law to observe said change or changes in California law.

(b) Amendment by the Members. Except as provided in Subsection (a) above, these Bylaws may be adopted, amended or repealed only by the affirmative vote of Members representing at least fifty percent (50%) of all eligible Members plus one. 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.

Section 12.2. Effective Date. Any amendment to these Bylaws shall become effective immediately upon approval by the Board for amendments pursuant to subsection 12.1 (a) above, and immediately upon approval by Members for amendments pursuant to subsection 12.1(b) above.

Section 12.3. Book of Bylaws and Distribution to Members: The Secretary of the Mutual shall certify adoption of any duly approved amendment to the Bylaws. Whenever new Bylaw(s) or amendment(s) are adopted, a copy of the Bylaw(s) (as amended or adopted) and the certification shall be inserted into the permanent records of the Mutual and distributed to all the Members.

ARTICLE XIII: GENERAL PROVISIONS.

Section 13.1. Agent. The Board may, from time to time, employ the services of an Agent (or management company) to manage the affairs of the Mutual and, to the extent not inconsistent with the laws of the State of California, and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the Managing Agent any of its day-to-day management and maintenance duties and powers under these Bylaws and the Declaration, provided that the Managing Agent shall at all times remain subject to general control by the Board,

Section 13.2. Notice to Mutual. If a notice or other document is required by the Governing Documents or California law to be delivered to the Mutual it shall be delivered to the person designated in the Annual Policy Statement prepared pursuant to Section 10.4 of these Bylaws to receive documents on behalf of the Mutual. If no person has been designated, to receive documents, the notice or other document shall be delivered to the President or Secretary of the Mutual. Delivery may be by personal delivery, first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier. Email, facsimile or other means of electronic transmission may be used if authorized by the Mutual. Delivery shall be deemed to be complete upon receipt of the notice or document by the Mutual.

Section 13.3. Secondary Address. Pursuant to Civil Code section 4040 a Member may request delivery of certain notices and documents to a secondary address as well as to the address for the Member appearing in the records of the Mutual. Any such request for delivery to a secondary address shall be in writing and delivered to the Mutual as provided in Section 13.2 of these Bylaws.

Section 13.4. Indemnification of Directors, Officers and Committee Members. To the fullest extent permitted by California law, the Mutual shall indemnify and hold harmless all present and past officers, Directors and committee members from and against any and all claims, causes of action, expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by such persons as a result of performing their duties as officers, Directors or committee members of the Mutual, so long as such person acted in good faith and in a manner he or she believed to be in the best interests of

the Mutual.

Section 13.5. Construction and Definitions. Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation law (Corporations Code Sections 7110 et seq.) and the Davis-Stirling Act (Civil Code Sections 4000 et seq.) shall govern the construction of these Bylaws. All provisions of these Bylaws shall be liberally construed together to promote and effectuate the fundamental concepts of this Mutual.

Section 13.6. No Waiver. Failure to enforce any provision of the Governing Documents shall not constitute a waiver of the right to enforce that provision subsequently.

Section 13.7. Captions and Titles. All captions and titles used in these Bylaws are intended solely for the reader's convenience of reference and shall not affect the interpretation or application of any of the terms, or provisions contained herein.

Section 13.8. Conflicts with Other Documents. In the case of any conflict between the Articles and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In the case of any conflict between other Governing Documents and these Bylaws, the Bylaws shall control.

Section 13.9. State Law; Severability. Notwithstanding the provisions of Section 13.4 above, these Bylaws shall be deemed independent and severable. The invalidity or partial invalidity of any provision of these Bylaws shall not affect the validity or enforceability of any other provision of these Bylaws, which shall remain in full force and effect. In case any of the Bylaws conflicts with any provisions of the laws of the State of California, such conflicting Bylaws shall be null and void upon a court determination to such effect. All other Bylaws shall remain in full force and effect.

CERTIFICATE OF SECRETARY

The undersigned duly elected and acting Secretary of the mutual benefit nonprofit corporation known as Walnut Creek Mutual Thirty-Nine does hereby certify that the above and foregoing Bylaws consisting of ___ pages, were duly adopted by vote or written consent of at least fifty percent (50%) of all eligible Members of said Mutual plus one (1) on the ___ day of 20 ____ and that the same does now constitute the Bylaws of Walnut Creek Mutual Thirty-Nine.