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**WALNUT CREEK MUTUAL THIRTY-NINE
(MUTUAL 39)
RULES AND PROCEDURES**

March 26, 2019

This manual of rules and procedures is intended to provide the Board of Directors, the committees appointed by the Board, and the managing agent ready access to information they need to carry out their respective responsibilities and assignments. The Board expects this manual will be useful as an orientation guide and a continuing resource to those who take over these responsibilities from time to time, and to owners and residents.

These rules and procedures implement and interpret and expand on a number of applicable legal documents including Federal, State and local laws and regulations generally, and specifically:

1. California Corporations Code
2. California Civil Code - Primarily the Davis-Stirling Act
3. Common Interest Development Case Law
4. City of Walnut Creek Building Codes
5. Mutual 39 Covenants, Conditions, & Restrictions (CC&Rs) and Agreements Establishing CC&Rs for Projects in Walnut Creek Mutual Thirty-Nine
6. Walnut Creek Mutual Thirty-Nine (Mutual 39) Articles of Incorporation
7. Walnut Creek Mutual Thirty-Nine (Mutual 39) Bylaws

The documents named above establish the parameters within which the Board of Directors of Walnut Creek Mutual Thirty-Nine (Mutual 39) *manages, operates, and maintains* the properties of the Project as required by the Articles of Incorporation. The Board has considerable latitude in operating within the established parameters.

The guiding principle of the Board is to make the governance of Walnut Creek Mutual Thirty-Nine (Mutual 39) as open, as accessible, and as helpful as possible. This requires Board members, managing agents, committee members, owners, and residents to be well informed about the mutual and have ready access to these statements of rules and procedure.

The overall objectives of Walnut Creek Mutual Thirty-Nine (Mutual 39) are to:

1. Maintain buildings, landscaping, entryway streets, and utilities to high standards as established by experts in the fields involved.
2. Manage finances prudently.
3. Maintain adequate insurance coverage.
4. Avoid exposure of manor owners and Board members to unacceptable liability.
5. Maintain communications with owners as required by the Civil Code and the Corporations Code. This includes providing access to Board minutes and rules, distributing financial information, and making necessary disclosures about such things as lawsuits and building defects.

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APPENDICES

Appendix A contains supplementary information identified by the item number of the rule or procedure that is supplemented. A copy of Appendix A accompanies each copy of the rules and procedures manual.

Appendix B contains an archive of superseded rules and procedures identified by the item number of the superseding rule or procedure. A copy of Appendix B does not accompany each copy of the rules and procedures manual. Instead, the Secretary keeps one copy and one copy is kept in the Board Office for reference.

0.3.0 INTRODUCTION

ABBREVIATIONS AND DEFINITIONS

I. POLITICAL

- A. Walnut Creek Mutual Thirty-Nine (Mutual 39, M39 sometimes also called the Mutual) is a nonprofit mutual benefit corporation that functions solely as a community association for management of certain condominium projects in Rossmoor. Mutual 39 owns no real property.
- B. Board means Board of Directors of Walnut Creek Mutual Thirty-Nine.
- C. Golden Rain Foundation/managing agent (GRF) is a nonprofit mutual benefit corporation that provides maintenance and administrative services as a Managing Agent by contract with certain Mutual corporations, including Mutual 39.

II. THE PROPERTIES

- A. A *condominium* as defined in Civil Code §4125 consists of an undivided interest in common in a portion of real property, coupled with a separate interest in space called a *unit*. Locally, these units are called "manors." In Project 39, for example, each owner has an undivided *1/130th* interest in the common area of the Project, and a separate interest in a unit ("manor").
- B. A condominium Project as defined in Civil Code §4125 is a development consisting of condominiums. For example, Project 39 is a condominium Project consisting of 130 condominiums.
- C. A unit means elements of a condominium, as defined in Civil Code §4125, that are owned by the manor owner (separate interest) and are not owned in common with other manor owners (interest in common).

What's Included in the Separate Interest (*Unit* or "Manor")

The portion of the building, and the air space, contained within the boundaries of the unit (the boundaries are the exterior surfaces of the doors and windows and the interior surfaces of the perimeter walls, floors and ceilings).

Under Article I Part 19 of the Conditions, Covenants, and Restrictions all doors and windows of a Unit and all fixtures and utility installations located within a Unit including without limitation hot water heaters, space heaters and kitchen, bathroom and lighting fixtures, and all air conditioning equipment serving a Unit, but outside of such Unit, shall be a part of each Unit, provided further that soffits and furred-down ceilings shall not be a part of such Unit."

0.3.0 INTRODUCTION

Note that the separate interest includes interior wall paint and includes floor coverings such as rugs, carpeting, tile, parquet or linoleum. The separate interest also includes radiant heaters in the ceilings.

(Note: Generally, the owner is responsible for maintaining the unit. However, for the sake of uniformity, Mutual 39 may specify exterior paint colors and is generally responsible for painting exterior parts of the unit, including the outsides of enclosed porches, outsides of exterior doors, and exterior heat pumps or air conditioner units.)

- D. Common area as defined in Civil Code §4095 means "the entire common interest development except the separate interests therein."

What's Included in the Common Area

Common area, as defined in Covenants, Conditions, and Restrictions Article I part 6, means "all of that portion of the Project not within a Unit shown on the Plan of the Project, together with all improvements thereto." Parts of the building that are within the common area include soffits, furred-down ceilings, bearing walls, floors (but not floor covering such as rugs, carpeting, parquet, or linoleum), balcony rails, foundation slabs, and pipes and other utility installations (except outlets, pipes or fixtures located within the unit boundaries). Some parts of the common interest area may be reserved for the exclusive use of one or more (but not all) of the unit owners in a Project. These are called "exclusive use common areas." (See below).

Note: Generally, Mutual 39 is responsible for maintaining and for obtaining insurance protection for the common area.

- E. Exclusive use common area is defined in Civil Code 4145(b) to mean "a portion of the common areas designated by the declaration for the exclusive use of one or more, but fewer than all, of the owners of the separate interests and which is or will be appurtenant to the separate interest or interests."

What's Included in the *Exclusive Use Common Area*

Under Civil Code §4145(b) the exclusive use common area includes (unless the declaration provides otherwise) shutters, awnings, window boxes, doorstops, stoops, porches, balconies, patios, exterior doors, door frames, hardware incident thereto, screens and windows or other fixtures designed to serve a separate interest but located outside the boundaries of the separate interest.

Under Civil Code §4145(c) internal and external telephone wires designed to serve a single separate interest but located outside the boundaries of the separate interest are exclusive use common areas allocated exclusively to that separate interest.

0.3.0 INTRODUCTION

Exclusive use common area as defined under "Limited common area" in Article VI of the Covenants, Conditions, and Restrictions means any portion of the common areas designated on a plan for any Project as a balcony, patio, garage, or carport.

III. OWNERSHIP

- A. Designated occupant means a resident (as defined below) other than an owner.
- B. Owner means anyone, including an estate or living trust, having title to a condominium in Walnut Creek Mutual Thirty-Nine. The owners, whether or not they are also residents, are the voting members of Walnut Creek Mutual Thirty-Nine.
- C. Resident means a person who occupies a "manor" for at least 60 days per year and is registered with the Golden Rain Foundation as an occupant. A resident may be an owner, or a lessee or other designated occupant. The residents are the voting members of Golden Rain Foundation.
- D. One vote per condominium property regardless of the number of owners or the number of residents.

IV. FINANCIAL

- A. Owner billable means costs that will be charged to the owner of a unit for work specifically for the benefit of the owner, or to repair damage caused by negligence; for example, backing into the garage door. Common examples are repairs or improvements inside a unit and landscaping work for the benefit of one unit; for example, tree trimming to preserve or improve a view.
- B. Mutual billable means costs that will be charged to the entire Mutual and paid from Mutual operating funds or Mutual reserve funds.

Mutual operating funds are Mutual funds used to pay for such expenses as administration, insurance, landscape maintenance, non-scheduled building maintenance, utilities, and professional services.

Mutual reserve funds are used to pay for such expenses as scheduled maintenance, repair, rehabilitation, and replacement of the major components of the Project.

04.0.0 CALENDAR OF EVENTS

Board Meetings (Regular)

Third Tuesday of each quarter (February, May, August, November) in the Boardroom, Administration Building, Starting at 1:00 P.M. If the third Tuesday is a staff holiday the meeting will be held on the third Wednesday in the same place and at the same time except as posted otherwise on the Board Room door. ¹⁾

Annual Meeting of Members

June ²⁾

Budget Preparation Period

August through October ¹⁾

Budget Approval By the Board

Special meeting of the Board in the last week of October in a place and at a time to be announced. ¹⁾

Budget Information to Owners

During the period November 1 to November 16. ³⁾

Coupon Increase Notice to Owners

Between thirty (30) and sixty (60) days before the due date ⁴⁾

Coupons to Owners

Not later than December 15th ¹⁾

Annual Review of Reserve Needs

During Budget Preparation ¹⁾

Triennial Study of Reserve Needs During Budget Preparation ¹⁾

Audit Reports to Owners

Not later than April 30 of the following year (April 29 in leap years) ⁵⁾; Within 30 days after completion ⁶⁾

- 1) Timing is set by rule.
- 2) Timing is set in bylaws Article IV Section 4.2.
- 3) Timing is set in Civil Code §1365 (a)(4).
- 4) Timing is set in Civil Code §1366 (c).
- 5) Timing is set in Civil Code §1365 (b).
- 6) Timing is set in Conditions, Covenants, and Restrictions Article III Item 5

10.0.0 CONFORMITY WITH LAWS AND LEGAL DOCUMENTS

The Board will not knowingly operate in violation of any applicable Federal or State of California law or regulation, or any applicable City of Walnut Creek ordinance, or:

Agreements Establishing Covenants, Conditions, and Restrictions;

Covenants, Conditions and Restrictions (CC&Rs);

Walnut Creek Mutual Thirty-Nine Articles of Incorporation; or

Walnut Creek Mutual Thirty-Nine Bylaws.

The Walnut Creek Mutual Thirty-Nine rules and procedures do not supersede any provision of these documents.

11.0.0 COMPENSATION OF DIRECTORS PROHIBITED

As set forth in the bylaws, no compensation shall be paid to directors. A director may not be an employee of Mutual 39 or Golden Rain Foundation.

A director may be reimbursed for actual costs of goods and services purchased by the director for Walnut Creek Mutual Thirty-Nine, subject to approval by the Board.

12.0.0 OPINIONS OF BOARD MEMBERS

The President or other spokesperson of the Board, when presenting the Board's position to a governmental or private organization, or to the press, shall state in numbers the majority vote by which the Board took the position. A minority position, if any, shall be stated at the same time.

When a Director is absent from a meeting where a resolution is passed unanimously by the Directors present, that Director does not have the right to go before another body as a representative of the Board and voice a dissenting opinion.

Under Corporations Code §7231 the Board is entitled to discharge its obligations by relying on its own member experts and on outside expert advice. When a Board expert and an outside expert are unalterably opposed, the Board should solicit a third opinion in order to develop an expert consensus. When the Board accepts expert advice, a Board member who disagrees with that decision publicly could jeopardize the Board's protection under §7231. The Board member may nevertheless disagree at a Board meeting and have that disagreement reported in the minutes and any disclosure of the Board's position to another body.

A Board member may take a personal position that differs from the member's official position but should be careful not to express the personal position while speaking in an official capacity.

13.0.0 COMMERCIAL PRESENTATION LIMITS

The Board does not permit commercial presentations at Board or membership meetings, except:

1. By Walnut Creek Mutual Thirty-Nine's managing agent or by a Director, as background for a proposed course of action.
2. By a commercial representative, with specific approval by the Board in advance of the meeting.

14.0.0 COMMITTEES OF THE BOARD

The Board, on its own initiative or on recommendation by the President, appoints committees of the Board (Bylaws Article VII, Section 4). The chairperson of each committee does not have to be a member of the Board but shall be designated by the Board, or by the President, or by the members of the committee, as specified in the resolution appointing the committee.

The objective of each committee shall be stated in writing.

A committee shall serve until its work is finished and it is discharged, or until the end of the annual meeting following the committee's appointment, whichever occurs first.

15.0.0 MEMBERSHIP APPLICATIONS AND CERTIFICATES

15.1.0 DELEGATION OF AUTHORITY TO ACCEPT MEMBERSHIP APPLICATIONS

The Secretary or any other officer of Mutual 39 may review applications for membership in the Mutual, and accept the applications on behalf of the corporation upon determining that the applicants meet the requirements for membership set forth in the governing documents and the laws of the State of California

15.2.0 ISSUANCE OF MEMBERSHIP CERTIFICATES

Membership certificates issued before October 1, 1994 will continue to be handled as required by law.

16.0.0 FISCAL POLICY

It is the policy of the Board to maintain a sound fiscal condition, to operate with balanced budgets, and to maintain adequate reserves.

16.1.0 COMPLIANCE WITH CIVIL CODE §136S.S(a)

To comply with Civil Code §136S.S(a), the Board will review the following fiscal items.

1. A current reconciliation of Mutual's operating account on at least a quarterly basis.
2. A current reconciliation of Mutual's reserve account on at least a quarterly basis.
3. , The current year's actual reserve revenues and expenses compared with the current year's budget, on at least a quarterly basis.
4. The latest account statements prepared by the financial institutions where Mutual 39 has its operating and reserve accounts.
5. An income and expense statement for Walnut Creek Mutual Thirty-Nine's operating and reserve accounts, on at least a quarterly basis.

In connection with these reviews, the Treasurer shall recommend to the Board any increase in assessments against the members necessary to avoid accumulation of substantial deficits.

16.2.0 INTENTIONALLY BLANK

16.3. INVESTMENTS

16.3.1 INVESTMENT CRITERIA

Operating and reserve funds are augmented by investment earnings. These investments are made according to two prime criteria: accessibility and safety of principal.

Income from investments should never be increased at the expense of accessibility or safety.

To meet the safety criteria, all Mutual funds must be invested in either U.S. Treasury notes and bills or in investment accounts such as Savings Accounts and/or Certificates of Deposit as long as these accounts are insured by the Federal Deposit Insurance Corporation or guaranteed by the U.S. Government. Mutual 39 will not borrow to purchase any security for a Mutual account and will not purchase any security for a Mutual account at a premium above net asset value.

To meet the accessibility criteria, a Mutual's reserve funds may be invested in authorized investment accounts, not to exceed five (5) years maturity from date of purchase. Concurrence by the Mutual 39 Treasurer and GRF CFO is required for investments in excess of three-year maturities.

16.0.0 FISCAL POLICY

16.3.2 INVESTMENT BANKING RESOLUTION

Authority to establish and maintain investment accounts is set forth in a current resolution of the Board. See Appendix A for a copy of the current resolution.

16.4.0 ALLOCATION OF INTEREST EARNINGS AND TAXES ON EARNINGS

16.4.1 OPERATING FUNDS

Income earned by a Mutual's operating fund is credited to that Mutual's operating account. Taxes on that income are paid from the Mutual's operating account.

16.4.2 RESERVE FUNDS

Income earned by a Mutual's reserve fund is credited to that Mutual's reserve account. Taxes on that income are paid from the Mutual's reserve account.

16.5.0 RESERVES BUDGETING AND FUND TRANSFERS

16.5.1 RESERVE WORK BUDGETS NOT TO INCLUDE POTENTIAL TRANSFERS FROM OPERATING FUNDS

Beginning with budgets for 2004, reserve work budgets shall not include potential transfers from operating funds.

16.5.2 RESERVE FUND BALANCES AS SOURCES FOR RESERVE WORK Predicted reserve fund balances may be included as sources of funds for reserve work for budgeting purposes. Additional, actual reserve fund balances may be added to the reserves expense budget at any time with approval by the Board. All allocations of reserve fund balances to the reserves expense budgets shall be reflected in the monthly financial reports.

16.5.3 NON-REIMBURSABLE TRANSFERS OF OPERATING FUNDS TO RESERVE ACCOUNTS

Transfers of operating funds to reserve accounts to pay for reserves work without reimbursement from reserve accounts may be carried out only on request by the Mutual President, and only to the extent that the operating funds are adequate, as determined by the Budget and Finance committee.

16.5.4 REQUIREMENT FOR DIRECT WITHDRAWAL FROM RESERVES FOR CURRENT RESERVES

The Board may establish a threshold expense amount above which current reserves billable expenses of the Mutual shall be paid directly to the vendor by withdrawal from the Mutual's reserve account(s). Such withdrawals of funds require signatures of two of the following three officers: the President, the Treasurer, an Assistant Treasurer, and shall be completely documented.

16.0.0 FISCAL POLICY

16.5.5 REIMBURSABLE USE OF OPERATING FUNDS FOR CURRENT RESERVES BILLABLE WORK

Mutual's operating fund balances in excess of current operating fund needs may be expended for current reserves billable work, with reimbursement from the Mutual's reserves account(s) within 30 days. For purposes of this rule, drawing down an operating fund below current operating needs, on an accrual basis, is permissible if the drawdown is to be reimbursed from reserve accounts before the drawdown is realized on a cash basis.

Two or more expenditures of operating funds for reserves work, other than retention payments, may be reimbursed by a single, completely documented withdrawal from the Mutual's reserve account(s).

Any withdrawal from reserve accounts to reimburse operating accounts requires signatures of two of the following three officers: the President, the Treasurer, and of the Assistant Treasurer.

Reserve funds will not be placed in operating accounts in anticipation of future payments for reserves work from the operating fund. This prohibition applies, without limitation, to the retention payments.

16.5.6 BOARD APPROVAL REQUIRED FOR ALL LOANS OF RESERVE FUNDS TO OPERATING ACCOUNTS

Loans of reserve funds to operating accounts to temporarily make up shortfalls in the operating accounts are not permitted, except by order of the Board at a regular or special Board meeting to which the owners of the funds have been invited. Any proposal for such a loan shall be accompanied by a repayment plan subject to Board approval.

16.6.0 RETENTION FUNDS

Reserve funds retained from a contractor to assure satisfactory performance by the contractor may be used by the Mutual to finish work left incomplete by the contractor, but when the work is completed, any remaining retention funds shall be tendered to the contractor. If any such payment is not accepted by the contractor within 3 years after the date of the tender, the contractor shall be sent a notice of potential escheat. If at the end of the fourth year the payment has not been accepted, the retained funds shall be transferred to the State of California.

Payments of retained funds shall be made directly from the reserve accounts, or as individual transactions by the operating funds, with individual reimbursement from the reserve accounts.

Interest of retained funds shall be credited to the Mutual's reserve account.

17.0.0 AUTHORITY TO SPEND RESERVE AND OPERATING FUNDS

Authority to spend funds varies with the source of funds, use of the funds, and the amount to be spent, and is governed generally by limits of Board-approved budgets. The budgeted amount for each primary category of expense may not be exceeded except by written consent of the Mutual President.

17.1.0 RESERVE FUND EXPENDITURES

The Board adopts a reserve fund expenditure budget for items such as building maintenance, rehabilitation, and roofing each year after input by the Mutual President, outside consultants and the managing agent.

The Board adopts a reserve fund revenue budget that may include regular or "coupon" assessments, interest income, and income from special assessments. In addition, the approved budget may provide for using part of the reserve fund balance to cover budgeted expenses in excess of current revenue. Budgeted expenses that rely on special assessments may be authorized only if the special assessments are approved, if required by law, by the Mutual membership. Budgeted expenses that rely on the use of reserve fund balances may be authorized only if the fund balances are sufficient.

The managing agent is authorized to spend reserve funds by contract or work order within limits of the Board-approved budget, subject to limitations stated in the preceding paragraph and subject to approval by the Mutual President; provided, all contracts in any amount, and all work orders for goods or services in excess of \$5,000 or \$50 per unit, whichever is less, shall be signed by the President or a Vice President and reported to the Board.

Pursuant to Civil Code section 1365.5(b), withdrawal of funds from the reserve accounts requires signatures of any two of the following three persons: the President, the Treasurer, and an Assistant Treasurer.

17.2.0 OPERATING FUND EXPENDITURES

The Board adopts an operating fund expenditure budget each year after input by the Mutual President and the managing agent. The operating fund budget may cover, among other things, costs of enhanced landscaping, tree removal.

17.0.0 AUTHORITY TO SPEND RESERVE AND OPERATING FUNDS

The Board adopts an operating fund revenue budget that may include regular or "coupon" assessments and interest income. In addition, the approved budget may provide for using part of the operating fund balance to cover budgeted expenses in excess of current revenue.

Budgeted expenses that rely on the use of operating fund balances may be authorized only if the fund balances are sufficient.

The managing agent is authorized to spend operating funds by contract or work order within limits of the Board-approved budget, subject to limitations stated in the preceding paragraphs and subject to approval by the Mutual President for any expenditure for Building Maintenance and Public Works, Landscape Maintenance, , and provided that all contracts in any amount, and all work orders for goods or services in excess of \$5,000 or \$50 per unit, whichever is less, shall be approved by the President or a Vice President and reported to the Board.

The managing agent is also authorized to debit the Mutual's operating account, within limits of the Board-approved budget, for the utility bills, professional services, income taxes, and general and administrative expenses billable to the mutual on a per-unit basis.

17.3.0 GENERAL LIMITATIONS ON CONTRACTS AND WORK ORDERS

To be approved without action by the entire Board, all contracts and work orders must meet our general requirements for structure and content, must have been approved by the Mutual President in accordance with the rules, must be for expenses within the Mutual's budget limits, and must be supported where appropriate by suitable scopes of work, specifications, and warranties.

Each contract or work order for reserve fund or operating fund work shall specify a dollar amount. Within budget limits, this dollar amount may be increased, up to a total of \$5,000 or \$50 per unit, whichever is less, with approval by the Mutual President. Contract and work order amounts at or above \$5,000 or \$50 per unit, whichever is less, may be increased, within budget limits, up to 5% of the original contract amount, with approval by the Mutual President. Additional increases, within budget limits, require approval by the Mutual President or a Vice President. Budget limits may not be exceeded except by permission of the Mutual President and approval by the Board.

17.0.0 AUTHORITY TO SPEND RESERVE AND OPERATING FUNDS

17.4.0 Mutual 39

If the need for an approval is urgent, but the officer is incapacitated, or absent from Rossmoor without having delegated approval authority, the approval authority shall be exercised jointly by the president and the chairperson of the appropriate maintenance committee.

17.5.0 EXPENDITURES FOR EMERGENCY REPAIRS

The managing agent is authorized to approve expenditures for emergency repairs. Such expenses must be reported at the earliest opportunity to the President or the Treasurer, if the amount exceeds \$5,000 or \$50 per Mutual unit, whichever is less.

17.6.0 EXPENDITURE OF FUNDS IN EXCESS OF BUDGET LIMITS

Non-budgeted expenditures of fund balances may be permitted when there is an urgent need. All such expenditures must be approved in advance by the President or a Vice President and reported to the Board. For purposes of this rule, a non-budgeted fund balance expenditure is any use of the year's beginning fund balance other than budgeted expenditures from that balance.

18.0.0 ENFORCEMENT OF RULES

The Board will not enforce any rule that has not been promulgated among the members of Walnut Creek Mutual Thirty-Nine.

The Board shall encourage voluntary compliance by all reasonable means before undertaking involuntary compliance action.

Notwithstanding any other provision of these rules, the Board shall not impose a fine except in accordance with a schedule of fines approved by the Board and distributed to the owners. Refer to Appendix A for a current schedule of fines.

19.0.0 DISTRIBUTION OF WRITTEN MATERIALS

Walnut Creek Mutual Thirty-Nine's written materials described below are available to all persons who have a corporate need to know the information and are ordinarily distributed as indicated below.

Type of Material	Walnut Creek Mutual Thirty-Nine	Golden Rain Foundation
Minutes of regular Board meetings	Directors and Officers	Chief Executive Officer Director MOD see 2)
Recap of regular Board meetings (Board actions and directives, when produced)	Directors and Officers	Director, Mutual Operations see 2)
Minutes of executive sessions	Directors and Officers	See 2)
Confidential correspondence documents or reports related to resident personal problems.	Directors and Officers	See 2)
Other correspondence or reports marked "confidential" by the originator	Recipients specified by the originator	Recipients specified by the originator
Correspondence and reports produced by board services staff relating to Mutual 39 matters	Recipients specified by the originator	Recipients specified by the originator
Correspondence to and from legal counsel	Directors and Officers Recipients specified by the originator	Recipients specified by the originator

1. Minutes and recaptulations are also available in the Board Office to any member on request. Members may read the documents and may obtain copies on payment of a fee to cover the cost of duplication and distribution.

2. The Secretary may provide information copies to other Golden Rain Foundation officials on a need-to-know basis.

22.0.0 ELECTIONS

22.0.1 SCOPE

Notwithstanding any other law or provision of the governing documents, elections regarding assessments legally requiring a vote, election and removal of members of the mutual board of directors by vote of the members of the Mutual 39 districts, certain amendments to the governing documents¹⁾, or the grant by vote of members of exclusive use of common area property pursuant to Civil Code Section 1363.07 shall be held by secret ballot in accordance with the procedures set forth below. Elections for other purposes may, at the discretion of the Board, be held at duly noticed meetings of the members or by mailed ballots pursuant to this section.

22.0.2 EQUAL ACCESS RULE

Candidates for office, and members advocating a point of view, shall have equal access to Mutual 39 media, newsletters, or Internet Web sites during a campaign, for purposes that are reasonably related to that election. Mutual 39 shall not edit or redact any content from these communications but may include a statement specifying that the candidate or member, and not Mutual 39, is responsible for that content.

Candidates for office, including candidates who are not incumbents, and members advocating a point of view, including viewpoints not endorsed by the board, shall have equal access to the common area meeting space, if any exists, during a campaign, at no cost, for purposes reasonably related to the election.

22.0.3 QUORUM

The quorum for the transaction of business at Mutual membership meetings is twenty percent (20%) * of the members eligible to vote, except that the quorum shall be three (3) members eligible to vote if the sole purpose of the meeting is to count and tabulate secret mail ballots. A quorum for meetings of the Board of directors, including the organizational meeting, is a majority of the directors. Generally, a majority of votes cast by at least a quorum shall decide an election to office or any other question brought to a vote, however, approval by 67% of the members is required to allow exclusive use of common property, and the quorum for Mutual elections on certain special assessments, and for raising regular assessments more than 20%, is more than 50% of the members of the Mutual. Additionally, where a governing document provides that its amendment requires more than a majority of at least a quorum, the provisions of the governing document will control. (*Revised Bylaws adopted May 17, 2007 reduced quorum to 10%)

22.0.4 VOTING RIGHTS

Each membership of record and in good standing is entitled to one vote in any election. A membership is in good standing, provided that as of the date for return of ballots the membership is not sixty (60) days or more delinquent in payment of monthly carrying charges, late fees, or charges by Golden Rain Foundation for owner-billable work.

22.0.0 ELECTIONS

22.0.5 VOTING PERIODS

In any election by secret ballot, the polls are considered open when the ballots are mailed to the membership. The polls are considered closed at the end of business on a day, not earlier than thirty (30) days after the polls open, to be specified on the ballot

22.1.1 SELECTION

The Board of Directors shall appoint one or three independent parties as Inspector(s) of Election for each election by mail ballot. The Board shall allow the Inspector(s) of Election to appoint and oversee additional independent third parties to verify signatures and to count and tabulate votes. For the purposes of this rule, an independent third party may be a member of the mutual but may not be a member of the board of directors or a candidate for the board of directors or related to a member of the board of directors or a candidate for the board of directors. An independent third party may not be a person or business entity, or subdivision of a business entity currently employed or under contract to the mutual for any compensable services.

22.1.2 DUTIES: THE INSPECTOR(S) OF ELECTION SHALL

Determine the number of memberships entitled to vote and the voting power of each.

Determine the authenticity, validity, and effect of proxies, if any.

Receive ballots.

Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote.

Count and tabulate all votes.

Determine when the polls shall close, consistent with the governing documents.

Determine the tabulated results of the election.

Perform any acts as may be proper to conduct the election with fairness to all members in accordance with this section, the Corporations Code, and all applicable rules of the mutual regarding the conduct of the election that are not in conflict with this section.

Perform the Inspector(s) duties impartially, in good faith, to the best of the Inspector(s) ability, and as expeditiously as is practical. If there are three inspectors of election, the decision or act of a majority shall be effective in all respects as the decision or act of all. Any report made by the Inspector(s) of Election is prima facie evidence of the facts stated in the report

22.0.0 ELECTIONS

22.2.1 BALLOT MAILING

Ballots and two preaddressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered by the mutual to every membership not less than 30 days prior to the deadline for voting. In order to preserve confidentiality, a voter may not be identified by name, address, or lot, parcel, or unit number on the ballot. The ballot itself is not signed by the voter but is inserted into an envelope that is sealed. This envelope is inserted into a second envelope that is sealed. In the upper left-hand corner of the second envelope, the voter shall sign his or her name in the space provided below the unit file number. The second envelope is addressed to the Inspector(s) of Election, who will be tallying the votes. The envelope shall be mailed to a location specified by the Inspector(s) of Election. Ballots submitted by any other method will be disqualified. The member may request a receipt for delivery. Once a secret ballot is received by the Inspector(s) of Election, it shall be irrevocable.

22.2.2 CUSTODY OF BALLOTS

The sealed ballots at all times shall be in the custody of the Inspector(s) of Election or at a location designated by the Inspector(s) until after the tabulation of the vote, and until the time allowed by Section 7527 of the Corporations Code for challenging the election has expired, at which time the Inspector(s) shall transfer custody to the mutual. No person, including a member of the mutual or an employee of the management company, or an Inspector or Inspectors of Election, shall open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated.²⁾ After the transfer of the ballots to the mutual, the ballots shall be stored by the mutual in a secure place for no less than one year after the date of the election.

22.2.3 COUNTING AND TABULATION

All votes shall be counted and tabulated by the Inspector(s) of Election or his or her designee(s) in public at the open meeting of the board of directors, or an open meeting of the members entitled to vote, announced in the ballot solicitation. Any candidate or other member of the mutual may witness the counting and tabulation of the votes. The tabulated results of the election shall be promptly reported to the board of directors of the mutual and shall be recorded in the minutes of the next meeting of the board of directors and shall be available for review by members of the mutual. Within 15 days after the election, the board shall publicize the tabulated results of the election in a communication directed to all members.

22.0.0 ELECTIONS

22.2.4 VALIDITY OF BALLOTS

During the counting of ballots by or under direction by the Inspector(s) of Election, if two or more ballots are received from the same membership, and they are marked identically, they shall be accepted as one ballot. If two or more ballots are received from the same membership, and they are marked differently, they are disqualified. An unmarked ballot is disqualified. A ballot marked both Yes and No is disqualified. A ballot marked to indicate the vote is conditional is disqualified. Any unofficial ballot is disqualified.

22.3.0 ELIGIBILITY FOR OFFICE OF DIRECTOR

Any eligible owner in good standing may become a candidate for election to the position of director of the Mutual 39 district in which the member owns a condominium unit. An eligible owner means a natural person or, for owners that are not natural persons, representatives of the owners as of the record date, as follows: for a unit owned by a trust, a trustee; for a unit owned by a partnership, a partner, or for a unit owned by a corporation, an officer of the corporation.

22.4.0 NOMINATING PROCEDURE

Any eligible member may be nominated for the office of director by timely submitting a petition to the Secretary of the Mutual together with a personal statement of background and intentions. The petition may bear only the signature of the eligible member or may bear additional signatures. If the additional signatures represent twenty percent (20%) or more of the units in the project, and the candidate is unopposed, no ballot will be issued for the position, and the candidate will be declared elected as of the date of counting the ballots. If fewer than twenty percent (20%) of the units sign the candidate's petition, or if there are two or more candidates for the same position, an election by mail ballot will take place.

22.5.0 ELECTION AND APPOINTMENT OF OFFICERS OF THE CORPORATION

The initial election of the required officers of the Mutual and appointment of additional officers of the Mutual. takes place at the organizational meeting of the new Board following the meeting of members of the Mutual The new Board shall appoint an Inspector or Inspectors of Election for the purposes of this meeting.

22.5.1 ELECTION OF REQUIRED OFFICERS

The offices of President, Vice President, Secretary, and Treasurer shall be filled initially, and in the order named, by and from among the directors of the Mutual. Where there is only one candidate for an office, the chairperson of the meeting shall cast a majority ballot for that candidate, who shall then be declared elected. If there are two or more candidates for an office, the Inspector(s) of Election will oversee an election by secret ballot. A majority of votes cast by at least a quorum shall determine the winner in such an election. Ties shall be broken immediately by a runoff election.

22.0.0 ELECTIONS

These officers shall serve at the pleasure of the Board. Vacancies in office shall be filled by election under supervision by an Inspector or Inspectors of Election at a regular meeting of the Board.

22.5.2 APPOINTMENT OF ADDITIONAL OFFICERS

The Board may appoint additional officers at the organizational meeting or at any regular Board meeting. The persons appointed need not be members or directors of the Mutual. These officers serve at the pleasure of the Board.

1) Usually, governing documents called "rules" (rules and procedures) may be amended by the Board without a mail ballot vote, provided the members have an opportunity to comment on proposed changes before the changes are finally adopted by the Board. However, a rule change shall be put to a secret ballot vote if (1) such a vote is required by the rule itself or by any other governing document, or (2) the proposed rule change would establish a new requirement for voting by secret ballot or delete a current requirement for voting by secret ballot.

2) If there is a recount or other challenge to the election process, the Inspector(s) of Election shall, upon written request, make the ballots available for inspection and review by a mutual member or his or her authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.

23.0.0 RECORD RETENTION

Mutual 39 corporate records shall be retained only so long as: (1) they are necessary for the conduct of the Mutual's business; (2) required to be kept by statute or government regulation; or (3) relevant to pending or foreseeable investigations or litigation. To that end, the following retention periods shall be applicable for the categories of records described. Documents in these categories shall routinely be destroyed after the retention periods shown, unless good cause exists for keeping a particular record for a longer period.

Document Category	Retention Period
Governing Documents (CC&Rs, Bylaws, Articles and Rules and all amendments)	Permanent
Approved Board and Committee minutes	Permanent
Filings with Dept. of Corporations	Permanent
Operating Budgets, Financial Statements and Reserve Studies per Civil Code §1365	Permanent
Attorney Opinion Letters and Similar Correspondence	Permanent
Settlement Documents	Permanent
Insurance policies	Permanent
Federal and State Tax Returns	6 years
Bank statements & cancelled checks	6 years
Cash Receipts and Disbursement Records (including billing/aging ledgers, accounts payable ledgers and vendor invoices)	6 years
General Ledgers	6 years
General Correspondence	5 years
Contracts Which Have Been Fully Performed	4 years after completion of work or services
Warranties	Warranty period + 4 years
Litigation Documents (Pleadings, depositions, etc.)	1 year after completion of litigation
Ballots and tally sheets for elections	1 year after election

Additional record retention specifics are set forth in Appendix A.

24.0.0 REQUIREMENTS FOR INSURANCE COVERAGE

In general, Walnut Creek Mutual Thirty-Nine shall obtain and maintain liability / property insurance policies as follows:

24.1.0 Liability and Fidelity Insurance.

The Mutual shall obtain and maintain the following liability policies:

24.1.1 Commercial General Liability Policy:

A Commercial General Liability policy insuring the Mutual, any manager, the Mutual's directors and officers, and the Owners against liability arising from any bodily injury or property damage as a result of an accident or occurrence within the Common Area. Subject to the terms and conditions of the policy, the policy also shall cover bodily injury or property damage from an accident or occurrence within any Unit related to any maintenance or repair work required to be performed by the Mutual pursuant to the Declaration and/or the Mutual's Maintenance Rules, including, but not limited to, work performed in the Common Area. The policy shall include, if obtainable, cross liability or severability of interest coverage. The limits of such insurance (including the commercial general liability and any excess liability coverage) shall not be less than the general liability insurance requirements set forth in Civil Code section 1365.9 or any successor statute thereto covering all claims for bodily injury and property damage arising out of a single occurrence. The coverage may be a combination of primary and excess policies. The insurance shall be provided with coverage terms provided by Insurance Services Offices (ISO) form CG 0001, or equivalent or better coverage. Such insurance shall include coverage against liability for owned, non- owned and hired automobiles and other liability or risk customarily covered with respect to projects similar in construction, location and use. The policy shall be primary and noncontributing with any other liability policy covering the same liability.

24.1.2 Directors and Officers Liability Policy:

A Directors and Officers Liability policy containing such terms and conditions as are normally and customarily carried for directors and officers of a common interest development and in sufficient amounts to satisfy the insurance requirements of Civil Code section 1365.7 or any successor statute thereto.

24.1.3 Crime Insurance:

A blanket Commercial Crime Insurance Policy covering the Mutuals, any organization or person who either handles or administers or is responsible for Mutual funds, whether or not any person receives compensation for services. The policy amounts shall satisfy the Federal National Mortgage Association ("FNMA") and Federal Housing Administration ("FHA") requirements and in no event shall be less than the sum of three months of assessments on all Units subject to assessments.

24.0.0 REQUIREMENTS FOR INSURANCE COVERAGE

24.2 Mutual Property Insurance:

The Mutual shall obtain and maintain a master property insurance policy that satisfies each of the following conditions:

24.2.1 Property Covered:

The Mutual's policy shall cover the following real and personal property:

- (i) *Common Area.* All Common Area Improvements, including buildings and any additions or extensions thereto; all fixtures, machinery and equipment permanently affixed to the building; windows; fences; monuments; lighting fixtures situated outside the Units; exterior signs; and personal property owned or maintained by the Mutual; but excluding land; excavations; and other items typically excluded from property insurance coverage.
- (ii) *Units.* Permanently affixed Improvements situated within the Unit, including interior walls and doors; ceiling, floor and wall surface materials (e.g., paint, wallpaper, carpets and hardwood floors); utility fixtures (including gas, electrical and plumbing); cabinets; built-in appliances; heating and air-conditioning systems; water heaters and any replacements thereto; but excluding any personal property located in the Unit. If the Unit Owner renovates, upgrades or replaces any permanently affixed improvement within the Unit or adds new Improvements to the Unit (collectively, the "Alterations") and the replacement cost of the Alterations exceeds the cost of the improvements prior to the Alterations, the Unit Owner shall be responsible for procuring and maintaining insurance to cover the excess unless the Owner has obtained written approval from the Mutual to make the Alterations and, to the extent required, approval from governmental authorities.
- (iii) *Landscaping.* Lawn, trees, shrubs and plants located in the Common Area.

24.2.2 Covered Cause of Loss

The Mutual's policy shall provide coverage against losses caused by fire and risks of direct physical loss, as insured under the ISO "Causes of Loss - Special Form (CP 1030)" or its equivalent or better coverage. Such policy shall include coverage for loss resulting from the enforcement of any ordinance or law regulating the construction, use or repair of any property, or requiring the tearing down of any property, if caused by a peril insured by such policy. Equipment Breakdown Insurance shall also be maintained covering boilers and related equipment, heating, air-conditioning, electrical and mechanical equipment that is used in the generation, transmission or utilization of energy.

24.0.0 REQUIREMENTS FOR INSURANCE COVERAGE

24.2.3 Dollar Limit

The dollar limit of the Mutual's policy shall not be less than the full insurable replacement value of the covered property described in Section 24.2.1 above based on insurance industry standards for determination of replacement values, provided that there may be lower dollar limits for specified items as is customarily provided in property insurance policies.

24.2.4 Primary

The Mutual's policy shall be primary and noncontributing with any other insurance policy covering the same loss provided, however, that where an Owner's individual insurance policy (discussed in Section 24.2.6 below) provides overlapping coverage, the Owner's individual insurance policy shall be the primary coverage and the Mutual's policy shall be excess/supplemental/secondary coverage as the case may be.

24.2.5 Endorsements

The Mutual's policy may contain such endorsements as the Board may select after consultation with a qualified insurance consultant.

24.2.6 Waiver of Subrogation

The Mutual waives all subrogation rights against any Owner or occupant and their family members and invitees. The policy shall include an acknowledgement of the Mutual's right to waive all subrogation rights against the Owner.

24.2.7 Deductible

Except as otherwise provided by separate agreement, when a claim is made on the Mutual's property insurance policy, the Owner is responsible for payment of the deductible on the Mutual's policy in circumstances: (i) where damage to Common Area and/or Unit Improvements is caused by the fault of the Owner, tenants, Contract Purchasers, Residents, and agents, invitees, family members, guests and pets of any of the foregoing; or (ii) where damage to Common Area and/or Unit Improvements is caused by the failure of some portion of the Unit or Common Area which the Owner is responsible for maintaining. In cases where fault cannot be determined, the Mutual shall pay the deductible.

The Mutual may enter into a deductible sharing agreement with other Rossmoor Mutuals. In this event, to the extent there is any conflict between the payment of deductibles as set forth in this Section 24.2.7 and the agreement, the agreement shall control.

24.0.0 REQUIREMENTS FOR INSURANCE COVERAGE

24.3.0 FNMA, FHLMC, and FHA Requirements

Notwithstanding anything herein to the contrary, the Mutual shall maintain such policies, containing such terms, amount of coverage, endorsements, deductible amounts, named insureds, loss payees, standard mortgage clauses, notice of changes or cancellation, and an appropriate insurance company rating that shall satisfy the minimum requirements imposed by the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC") and the Federal Housing Administration ("FHA") or any successor thereto. If the FNMA, FHLMC, or FHA requirements conflict, the more stringent requirements shall be met.

24.4.0 Insurance Rating and Cancellation

The insurance company providing the Mutual's insurance under Sections 24.1.1 and 24.1.2 shall have an A.M. Best rating of not less than A:VII if licensed to do business in the State of California and a rating of not less than A:X if approved but not licensed to do business in the State of California, provided that if the Board determines that insurance from insurance companies with the required ratings is not available at commercially reasonable rates, the Board may reduce the rating requirements after consultation with a qualified insurance consultant. If the A.M. Best ratings are no longer available, the insurance ratings shall be based on equivalent ratings issued by an independent insurance rating company used by financial institutions for insurance rating purposes.

24.5.0 Board's Insurance Authority

The Board has the authority on behalf of the Mutual and each of its Owners to participate with the Golden Rain Foundation of Walnut Creek or any successor or assign thereto (the "GRF") and other Rossmoor Mutuels in a group policy or policies procured and maintained by GRF as long as the group policy or policies provide equivalent or better coverage than the applicable requirements described in Section 24.1.1 and 24.1.2 subject to the Board's right to deviate from the requirement as described herein.

The Board shall have the power and right to deviate from the insurance requirements contained in Section 24 in any manner that the Board, in its discretion, considers to be in the best interests of the Mutual, provided that the Board shall maintain the minimum insurance requirements set forth in Civil Code sections 1365.7 and 1365.9 or in any successor statute thereto and as required in Section 24.1.3. If the Board elects to materially reduce the coverage from the coverage required in Section 24, the Board shall, as soon as reasonably practicable, notify the Members, in writing, of the reduction in coverage.

The Board is authorized to negotiate and agree on the value and extent of any loss under any policy carried by the Mutual, including, but not limited to, the right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer._

24.0.0 REQUIREMENTS FOR INSURANCE COVERAGE

Each Owner irrevocably appoints the Mutual, as that Owner's attorney-in-fact for purposes of procuring, negotiating, accepting, compromising, releasing, settling, distributing and taking other related actions in connection with any insurance policy maintained by the Mutual and any losses or claims related thereto and agrees to be bound by the actions so taken as if the Owner had personally taken the action.

24.6.0 Owners' Individual Insurance Requirements

Each Owner shall procure and maintain property insurance against losses to personal property located within the Owner's Unit and personal liability coverage. The Mutual's insurance policies will not provide coverage for: (i) losses to the Owner's personal property; (ii) losses to any Alterations to the extent not covered under Section 24.2.1 (ii); (iii) liability from accidents or occurrences within the Owner's Unit or portions of the Common Area set aside for the exclusive use or possession of the Residents of the Unit (that is, Exclusive Use Common Area); or (iv) liability from accidents or occurrences within Rossmoor for which the Owner may be held responsible and which may not be covered under the Mutual's Commercial General Liability policy. Each Owner should seek the advice of a qualified insurance consultant regarding the Owner's property and liability insurance obligations under this Section 24.1.6 and other applicable coverage available to Owners of Units.

Nothing herein imposes any duty on the Mutual, its Directors, Officers or Agents (including the Mutual's Managing Agent) to confirm or otherwise verify that the Owners are carrying the insurance required in this Section 24.1.6.

No Owner shall separately insure any property covered by the Mutual's property insurance policy described in Section 24.1.2 above unless the Owner's individual insurance policy permits the application of any overlapping coverage under Owner's policy as primary without a reduction in benefits from the coverage under the Mutual's policy. If any Owner violates this provision and, as a result, there is a diminution in insurance proceeds otherwise payable to the Mutual, the Owner will be liable to the Mutual to the extent of the diminution. The Mutual may, subject to Mutual's compliance with the notice and hearing requirements set forth in the Governing Documents, levy a Reimbursement Assessment against the Owner and the Owner's Unit to collect the amount of the diminution.

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40.0.0 OCCUPANCY OF A MANOR

40.0.0 OCCUPANCY OF A MANOR

All occupants of a manor (including guests who stay for more than 21 days) must register at the Golden Rain Foundation Administration Office. The Golden Rain Foundation and Mutual 39 must acknowledge each registration.

Each occupant of a manor (other than a guest) must be a qualifying resident or a qualified permanent resident, or a permitted health care resident (as defined in the Civil Code) or a designated occupant. These definitions are summarized below.

A "qualifying resident" or "senior citizen" means a person 55 years of age or older.

To comply with Civil Code part 51.3(c), persons commencing any occupancy of a unit must include a senior citizen who intends to reside in the unit as his or her primary residence on a permanent basis. That intention shall be declared at the time of registration.

A "qualified permanent resident" means a person who meets both of the following requirements:

1. Was residing with the qualifying resident or senior citizen prior to the death, hospitalization, or other prolonged absence of, or the dissolution of marriage with, the qualifying resident or senior citizen.
2. Was 45 years of age or older, or was a spouse, cohabitant, or person providing primary physical or economic support to the qualifying resident or senior citizen.

"Qualified permanent resident" also means a disabled person or person with a disabling illness or injury who is a child or grandchild of the senior citizen or qualified permanent resident who needs to live with the senior citizen or qualified permanent resident because of the disabling condition, illness, or injury.

"Permitted health care resident" means a person hired to provide live-in, long-term, or terminal health care to a qualifying resident, or a family member of the qualifying resident providing that care.

A "designated occupant" is a senior citizen residing in a condominium unit within Mutual 39 who is the spouse, parent or child of the owner of the condominium unit and has been designated, in writing, by the owner as the approved occupant for the unit. A spouse living with such a person will also be considered a designated occupant. The owner shall transfer, in writing, all membership rights in Mutual 39 and Golden Rain Foundation to the designated occupant.

40.0.0 OCCUPANCY OF A MANOR

Appropriate forms for such transfer shall be approved and utilized by the Board. A person's status as a designated occupant shall end upon the death of the owner or transfer of the title to the unit.

No guest may stay for more than 75 days in any consecutive 12-month period.

In keeping with HUD and California Fair Housing standards, no more than three persons may occupy a one-bedroom unit or residence, and no more than five persons may occupy a two-bedroom unit, and no more than seven persons may occupy a three- bedroom unit.

The Board will investigate written reports alleging violation of the occupancy rules and take appropriate steps to ensure compliance.

Occupancy of a manor is further regulated by additional provisions of the Civil Code, by the Mutual Agreements Establishing Covenants, Conditions and Restrictions; by Golden Rain Foundation bylaws; and by Mutual 39 bylaws. Refer to Appendix A for a summary of these additional regulations.

41.0.0 LEASING MANORS

41.0

Leasing (renting) is a process by which the owner of a condominium receives money or some other consideration in exchange for the right to occupy owner's unit. Because the community of Rossmoor is organized and operates to provide services and a stable living environment for its senior citizen inhabitants, Walnut Creek Mutual Thirty-Nine (Mutual 39) seeks to minimize the uncertainty and disruption that leasing units brings to the Mutual. Also, restrictions on leasing of units are necessary to ensure that the units within the Mutual continue to qualify for conventional mortgage financing and do not violate the occupancy requirements of a senior housing project, as well as to obtain other benefits for the residents of Mutual 39 inherent in a community of residences that are primarily owner-occupied.

Accordingly, all leases in the Mutual 39 must receive prior approval from the Mutual 39 board or its designee. Furthermore, except as otherwise provided in Rule 41, each Mutual 39 unit owner may only lease their unit as a whole, whether by a single lease or several leases, for a total of one year during the time the owner holds title to the unit.

41.1 HOW TO OBTAIN AN INITIAL LEASE

In order to accomplish these goals and to provide Mutual 39 Owners the security required for a gated senior citizens' housing development, the following lease requirements shall apply:

1. Each lease must be written on the Mutual 39 Lease Agreement form and approved in writing by the Mutual 39 Board. Owners may obtain Mutual 39's Request to Lease and Lease Agreement forms from the Member Records Department at Gateway and shall return the completed forms to the Member Records Department.
2. The Board may approve a proposed lease for occupancy by more than two (2) persons in a 1-bedroom unit and more than three (3) persons in a 2-bedroom unit, upon a satisfactory showing of need by Owner, subject to approval by the Golden Rain Foundation.
3. An authorized agent of Mutual 39 will evaluate the proposed lease for compliance with all applicable Governing Documents and Rules and recommend action to the Board.
4. The Board hereby delegates to the President or Vice-President its authority to approve any proposed initial lease, except that the Board reserves to itself the right to approve any lease that will result in any occupancy normally prohibited by the terms of paragraphs 41.2.

41.0.0 LEASING MANORS

5. The Board's action will be entered on the Request to Lease form, the form signed by the Board [and by Golden Rain Foundation where required] and the executed form returned to Owner.

41.2 BOARD'S ACTION IN RESPONSE TO A REQUEST FOR A LEASE RENEWAL OR A NEW LEASE TO A NEW LESSEE:

The Board will not approve a lease renewal or a new lease to a new lessee that will result in a total lease occupancy by the same owner for a period in excess of one (1) year except upon a showing of hardship to said owner acceptable to the Board. It is the intent of the Board to limit exceptions to this restriction to situations in which the Owner will suffer a unique hardship if a lease renewal or a new lease to a new lessee is not granted.

41.3 BOARD GUIDANCE

Any lease renewal or new lease to a new lessee shall be for no longer than one year and may be for a shorter term as decided by the Board. The Board may require Owner to agree in writing to move back into his or her unit or sell when the lease period is over.

1. Following are examples of grounds which generally will not justify approval of a lease renewal or a new lease to a new lessee:
 - a. Personal convenience;
 - b. Voluntary change of employment;
 - c. Inability to sell the unit for what Owner considers an appropriate price;
 - d. Lack of knowledge or understanding of the lease restrictions.
2. Following are examples of grounds which may justify approval of a lease renewal or new lease to a new lessee. However, approval of a lease renewal or new lease is not automatic upon a showing that one of these grounds exists; the Board will make a determination based on Owner's particular circumstances, on a case-by- case basis.
 - a. Injury or illness requiring extended hospitalization or rehabilitation;
 - b. Temporary deployment as military personnel;
 - c. Temporary job transfer;
 - d. Loss of job;
 - e. Unique financial hardship which, in the Board's opinion, justifies approval.

42.0.0 CARPORT AND GARAGE SPACES

42.1.0 OWNERSHIP LEASING AND TRANSFERS Carport, and garage spaces are:

1. Initially sold or deeded as a *portion* of the exclusive use common area of a condominium, or
2. Initially sold or deeded to a buyer or owner but *apart from* the exclusive use common area of the buyer's condominium.

A carport or garage space that is a *portion of* the exclusive use common area of a condominium remains with the condominium and may not be sold separately. The condominium owner may lease the carport, garage, or golf cart space, but only to another Rossmoor resident.

A carport or garage space that is *apart from* the exclusive use common area of a condominium property remains with the Mutual and may not be sold to a buyer outside the Mutual. The owner of the space may have exclusive use of it, lease it to any resident of Rossmoor, or sell it to another member of the Mutual. If the owner of the space ceases to be a member of the Mutual and fails to sell the space to a member of the Mutual, ownership of the space will revert to the Mutual.

42.2.0 RESTRICTIONS ON STORAGE OF PROPERTY OTHER THAN VEHICLES IN CARPORTS

The owner of a carport is responsible for assuring that nothing is kept or stored in the carport except a vehicle (or vehicles) and neatly stacked firewood on the back wall. At no time may firewood or any type of container be placed between vehicles.

When articles are stored in a carport in violation of this rule, Mutual 39 may, after giving 30 days written notice to the owner, remove the articles and store them in public storage at the owner's expense and at the owner's risk.

42.3.0 NON-VEHICULAR USES OF CARPORTS

Upon application by the owner of a carport, on a form approved by the Board, the Board may permit temporary *non-vehicular* uses of the carport that are not objectionable to the owner's neighbors.

42.4.0 NON-VEHICULAR USES OF GARAGES

The parking space in each garage shall be used only for the parking of vehicles, except (1) during the first six months after the beginning of occupancy, and (2) when the occupant's vehicles, if any, are parked elsewhere in exclusive use common areas assigned or leased to the occupant.

42.0.0 CARPORT AND GARAGE SPACES

42.5.0 FLAMMABLES

The storage of flammable liquids is prohibited except for solvents such as paint thinner or other volatile liquids smaller than one quart and propane tanks stored in open areas.

43.0.0 PARKING

43.0. PARKING ON NAMED STREETS (TRUST PROPERTY)

Parking on named streets is subject to rules established by the Golden Rain Foundation and is not controlled by Walnut Creek Mutual Thirty-Nine.

43.1. PARKING

Parking is subject to general rules governing what kinds of vehicles may be parked, where they may be parked, and length of time they may be parked. Only passenger vehicles such as coupes, sedans, golf carts, vans, sport utility vehicles, and pickup trucks not wider than seven (7) feet and no longer than eighteen (18) feet may be parked in the Mutual.

Any vehicle parked in a Mutual road, parking space, driveway, or carport must be currently registered in its home state and in a condition to be driven. However, any vehicle that presents a fire hazard or leaks oil may be excluded from parking, until the deficiencies are corrected, upon written notice by the Mutual President. The Mutual President may also encourage owners of visibly damaged or unsightly vehicles to park the vehicles only in carports or garages.

43.1.1 PARKING IN ENTRY ROADS GENERAL RULE

Vehicles may be temporarily parked at the side of the entry roads except where the curb is painted red, and not opposite outdoor marked spaces, or opposite driveways, or opposite intersections, or in marked turnaround areas, or anywhere that the total width of the entry road (edge to edge) is less than 20 feet, or where suitable off-road parking is available. GRF vehicles and contractors' vehicles may be parked at the roadside, but only during working hours.

43.1.2 PARKING IN OUTDOOR MARKED SPACES

Marked outdoor parking spaces are owned by all of the Condominium owners in the Mutual as tenants in common. The use of parking spaces may be restricted by posting a sign in front of the restricted spaces.

43.1.3 UNRESTRICTED PARKING SPACES

Parking spaces that are not posted with a sign may be used by Residents, Guests, and Visitors. However, Owners must use their garage and/or carport to store their vehicles before using non-posted parking spaces for this purpose except as allowed under Section 42.4.0 of Mutual 39 Rule 42.0.0

43.1.4 RESTRICTED PARKING SPACES

43.1.4.1 PARKING SPACES POSTED "VISITOR ONLY"

Parking spaces posted with a sign stating "Visitor Only" are reserved for vehicles that are not owned by an Owner/Resident of a condominium Unit but for persons visiting an Owner/Resident for less than twenty-four (24) hours. Any vehicle

43.0.0 PARKING

remaining parked for more than twenty-four (24) hours in "Visitor parking" is in violation of Walnut Creek Mutual Thirty-Nine's Parking Rules.

43.1.4.2 PARKING SPACES POSTED "GUEST ONLY"

Parking spaces posted with a sign stating "Guest Only" are reserved for vehicles that are not owned by an Owner/Resident of a condominium Unit, but for persons who are a Guests or Visitors of the Owner/Resident. Any vehicle remaining parked for more than seventy-two (72) hours in "Guest Parking" is in violation of Walnut Creek Mutual Thirty-Nine's Parking Rules.

43.1.5 GRF VEHICLES AND CONTRACTORS' VEHICLES

Subject to posted restrictions, GRF vehicles and contractors' vehicles that are not wider than 7 feet and not longer than 18 feet may be parked in marked spaces, but only during working hours.

43.1.6 PARKING IN DRIVEWAYS GENERAL RULE

No vehicle may be parked in a driveway where the vehicle would protrude into the entry road, or interfere with opening a garage door, or interfere with access to a garbage enclosure or manor entry. Vehicles that are not wider than 7 feet and not longer than 18 feet may be parked in driveways. No commercial vehicles may be parked in driveways overnight. GRF vehicles and contractors' vehicles that are not wider than 7 feet and not longer than 18 feet may be parked in driveways, but only during working hours.

43.1.7 PARKING IN CARPORTS

Vehicles parked in carports must be contained wholly within the carport structure, not protruding into the driveway or the entry road. Owners/Residents and, with the owners' permission, Guests and Visitors may park their vehicles in the carports at any time. GRF and contractors' vehicles may not be parked in carports.

43.1.8 PARKING IN GARAGES

Vehicles parked in garages must fit within a 9 foot by 20 foot floor space. Owners/Residents and with their permission, Guests and Visitors, may park their vehicles in the owner's assigned garage at any time. GRF and contractors' vehicles may not be parked in garages.

43.1.9 EXTENDED PARKING

Vehicles parked on entry roads or outdoor spaces or driveways continuously for more than 7 consecutive days may be considered abandoned and subject to removal.

43.0.0 PARKING

43.2 VIOLATION OF PARKING RULES

Any Owner of a condominium Unit may be subject to a monetary penalty as provided in Section 18, of Appendix A, of this Rules and Procedures Manual for any violation of a Mutual 39 Parking Rules by an Owner's family member, lessee, visitor, guest, contractor, or agent.

43.3 AUTHORITY TO TOW

So long as the requirements of California Vehicle Code Section #22658 or comparable superseding statute are met, any unauthorized vehicle or any vehicle parked in violation of Mutual 39 Parking Rules may be towed to an appropriate storage facility. The owner of the vehicle shall be responsible for all towing and storage costs.

44.0.0 COMMERCIAL ACTIVITY RESTRICTIONS

Mutual 39 Covenants, Conditions, and Restrictions (CC&Rs) prohibit professional, commercial or industrial operations of any kind in any unit or the common areas. When an owner reports to the Board visible, outward indications that such activity is taking place, the Board will investigate.

"Visible, outward indications" includes, but is not necessarily limited to:

1. Distribution of advertisements giving a Rossmoor address as a place where goods or services may be purchased.
2. Automobile or pedestrian traffic in or about the Rossmoor address, apparently from clients other than residents.
3. Deliveries of merchandise or office equipment to be used in such activities.
4. Presence of signs, posters or other paraphernalia indicating a business name or other business information on or about a manor, or on a vehicle, or elsewhere in the Rossmoor community.
5. Presence of full or part-time employees conducting business activities at a Rossmoor address, whether the employees are hired directly or through a labor contractor. (These provisions do not apply to employment of persons to assist living.)

If the Board determines after investigation that there is substantial evidence showing an owner is conducting or allowing another person to conduct business activities in the owner's unit, the Board shall notify the owner in writing, setting forth the allegations, and invite the owner to appear before the Board to discuss the allegations. The Board may impose sanctions in accordance with the Mutual's CC&Rs if the Board determines, after hearing, that a violation of the letter and the spirit of the Mutual's CC&Rs has occurred. The Board may impose sanctions for each day that a violative business activity continues after the owner receives a notice of allegations from the Board.

45.0.0 ASSESSMENTS DUE DATE, DELINQUENT PAYMENTS, AND REFERRAL FOR-COLLECTION

To pay all assessments on time, owners must be aware of payment procedures, and allow ample time for mailing or hand delivery of payments. Mutual 39 provides coupons for payment of monthly carrying charges. Payments may be mailed directly to the address on the coupon or placed in the drop box at the Administration Office at 1001 Golden Rain Road. Also, an owner or resident may arrange with Mutual 39's managing agent to have payments automatically deducted from a bank account of the owner's or resident's choice.

45.1.0 ASSESSMENTS INCLUDED

The assessments referred to in this rule include:

- A. The monthly carrying charge, as set forth in the Mutual Covenants, Conditions, and Restrictions (CC&Rs).
- B. Any special assessment approved by the Board (and if required approved by the Members) for such costs of common area construction or demolition, costs related to rebuilding the Mutual after damage or other expenses not included as part of the monthly carrying charge for which a special assessment is authorized by California law or the governing documents.
- C. Any Personal Reimbursement Assessment imposed upon an individual owner for damage to the common area pursuant to Section 50.3.5 of these Rules and Procedures.

45.2.0 ASSESSMENTS DUE DATE

All regular and special assessments are due on the first day of each month, unless otherwise specified in the notice of assessment.

45.3.0 DELINQUENT PAYMENTS

Unpaid assessments become delinquent at 5:00 p.m. on the 15th day of the month. ¹⁾

Delinquent payments are subject to a late fee of 5% of the amount of the assessment.

²⁾ The delinquent assessment, the late fee (plus interest at 10% annual percentage rate beginning 30 days after the due date of the assessment ³⁾) and any other applicable charge ⁴⁾ will be billed each month, until the account balance is paid in full. It is a Mutual 39 rule not to waive these fees.

Owners are personally liable for delinquent payments that accrued during their ownership. The Board may proceed against these persons in any way available under the law to collect delinquent amounts. (See Appendix A.)

45.0.0 ASSESSMENTS DUE DATE, DELINQUENT PAYMENTS, AND REFERRAL FOR-COLLECTION

45.4.0 REFERRAL FOR COLLECTION

Past due accounts that are seriously delinquent may be assigned by the Board to an outside agency for collection as set forth in Appendix A.

45.5.0 OWNER BILLABLE RECEIVABLES

Owner billable means costs that will be charged to the owner of a unit for work specifically for the benefit of the owner, or to repair damage caused by negligence; for example, backing into the garage door. Common examples are repairs or improvements inside a unit and landscaping work for the benefit of one unit; for example, tree trimming to preserve or improve a view.

Footnotes:

- 1) A 15-day grace period is allowed by Civil Code §5650(b). This supersedes specifications in the Mutual CC&Rs.
- 2) Civil Code 5650(b) permits a late charge of 10% of the delinquent payment or ten dollars (\$10), whichever is greater, unless the declaration specifies a late charge in a smaller amount. Under the Mutual CC&Rs the permitted late payment charge is 5% of the amount of the assessment. To reconcile these rules, the late payment charge is set at 5% of the delinquent assessment. The late fee may be waived if the owner arranges for direct payment of the coupon amount by a bank.
- 3) Civil Code §5650(b) allows interest to accrue beginning 30 days after the assessment due date. Civil Code §5650(b) also sets the maximum interest at 12%, giving an exemption for homeowners associations from the general usury limit of 10% in the California Constitution. However, inasmuch as Golden Rain Foundation is not an association subject to the Civil Code, the interest limit on Golden Rain's portion of the assessment appears to be limited to 10%. Furthermore, the Mutual CC&Rs limit the interest rate to 10%. For these reasons, the interest rate is set at 10%.
- 4) Other applicable charges may include, among other things, reasonable collection fees and attorney fees.

46.0.0 LIMITATION ON IMPOSITION OF FEES ON OWNERS

Walnut Creek Mutual Thirty-Nine's managing agent may not impose on members of the Mutual (either directly or by withholding from escrow accounts) any fee relating to Mutual operations without prior written authorization by the Board.

The Board-approved schedule of Mutual-billable and Owner-billable charges set forth in Appendix A constitutes prior written authorization.

47.0.0 EMERGENCIES - HEALTH AND PROPERTY

Help is available for residents in health and property emergencies. ¹⁾ Residents should be aware that payments may be required for certain kinds of emergency help.

47.1.0 HEALTH EMERGENCIES

Call 911 for a prompt response from the police or fire department in health emergencies. The police or fire department will call for an ambulance and bring paramedics when needed. In addition, Public Safety monitors radio broadcasts arising out of the 911 telephone call and may also respond.

47.2.0 PROPERTY EMERGENCIES

Call 911 for a prompt response from the fire department in case of fire. Call the emergency telephone numbers listed in the Rossmoor telephone book for help with other property emergencies; for example, a power failure, broken water pipe, or potentially hazardous conditions. If the emergency number is not responsive for any reason, call Public Safety (telephone number listed in the Rossmoor telephone book) to report the emergency.

¹⁾ Residents should take the initiative for reporting non-emergency problems (such as outdoor lights burned out or broken sprinkler heads), any time but preferably on weekdays from 8:00 a.m. to 5:00 p.m. (See the Rossmoor telephone book or web site for the telephone numbers).

48.0.0 GENERAL MAINTENANCE AND REPAIR INFORMATION

Walnut Creek Mutual Thirty-Nine, as a community association, is responsible for repairs, maintenance, and replacements in the common area. This means the buildings as originally built and as upgraded by the Mutual and the landscaping as planted and as upgraded by the Mutual. The owners are generally responsible for the condominium unit (as defined in Rule 0.3.0) and any appurtenant owner-maintained garden area.

See Appendix A for specific information about the division of responsibilities for maintenance and repair.

48.1.0

ALLOCATION OF MAINTENANCE COSTS AND CERTAIN UPGRADING COSTS

Maintenance costs are paid by the Mutual or by the owner directly:

48.1.1 Mutual funds pay for:

1. All normal and necessary maintenance in the Mutuals' common areas including exclusive use common areas, such as entryways, buildings, walkways, patios, decks, carports, steps, bridges, landscaping, and normal tree trimming.
2. Certain maintenance work in the unit such as scheduled replacing smoke detector batteries and painting exterior doors and air conditioners.
3. Clearing of drain lines that are outside of the unit perimeter unless the stoppage is due to misuse by the owner/resident.
4. Upgrades of facilities such as area lighting, sidewalks, building and street signs, and for removing trees to reduce hazards to property or persons.

48.1.2 The owner pays directly for:

1. Most costs of maintaining a Unit
2. The cost of maintaining all alterations including alterations to the common property, except that alterations to the exterior of the building will be maintained by the Mutual starting with the first rehabilitation of the building after an alteration has been made.
3. Maintaining an appurtenant owner-maintained garden and the cost of the eventual conversion back to common area.
4. Tree trimming or removal requested by the owner (and authorized in accordance with rule 56.0.0 on owner-maintained gardens) when the owner's purpose is to preserve or improve the owner's view.

48.0.0 GENERAL MAINTENANCE AND REPAIR INFORMATION

5. Cleaning of ducts, vents, and fireplace flues.

6. The cost to repair any damage to the common area or to any other condominium unit that is caused by the owners, family members, agents, lessees, guests or contractors

48.2.0 ALLOCATION OF INITIAL VISIT AND OVERHEAD CHARGES

The costs of first visits to determine responsibility for the work, and routine overhead charges for work actually performed, will be billed to the party responsible for the work (Mutual or owner).

48.3.0 LIMITATIONS ON EXTERNAL REPAIRS AND MAINTENANCE BY OWNERS AND RESIDENTS.

Except for touch-up painting by owners and residents, as permitted in the following paragraph, external repairs and maintenance shall be performed only by staff or approved contractors, whether the costs are Mutual billable or owner billable. Owners and residents shall not perform such work personally or engage other persons to perform such work. If an owner or resident initiates such work in spite of this rule, the owner or resident shall be liable for all costs of the work, including costs of restoring or refinishing the work area as necessary.

In order to assure proper preparation and proper selection of exterior paints, all exterior painting shall be carried out by staff or approved contractors, provided, owners and residents may apply properly selected courtesy paint (paint supplied by MOD at no direct cost to the owner) for minor touchup, with advance approval by the Mutual President.

49.0.0 INSPECTIONS

Mutual 39 has general authority to conduct inspections in order to manage, operate, and maintain the properties. Also, pursuant to Article III of the CC&Rs, Mutual 39 has the right to enter a Unit in an emergency or when necessary in connection with any maintenance or construction for which it is responsible.

Refer to Appendix A for a further explanation of these rules.

49.1.0 RESERVE STUDY INSPECTIONS

Mutual 39 provides for visual inspections of the exterior and structural components of all buildings and other reserve components at least once every three years, as a basis for meeting the reserve study requirements of the Civil Code. Qualified independent inspectors or architects who report directly to the Board make these inspections. The Board will rely on their reports as a guide to additional detailed inspections on which to base the timing, priority, and scope of work to repair, replace, restore, or maintain the major components for which the Mutual is responsible.

49.2.0 RESALE INSPECTION OF ALTERATIONS

Beginning October 1, 2002, in order to evaluate owner alterations to the exterior and interior of buildings, and to grounds, Mutual 39 shall inspect each property offered for sale. The seller shall pay for the inspection, and for any owner-billable remediation required. The seller is responsible for notifying Mutual 39 of the intended sale at the time of listing the property for sale with a realtor, or advertising the property for sale, and in any event not later than 21 days before the intended transfer of title. If the seller fails to give timely notice, Mutual 39 shall conduct the inspection upon being informed of the transfer of title, and the cost of inspection and any owner-billable remediation required shall be borne by the owner of record at the time of inspection.

The report of inspection shall be set forth in a format approved by Walnut Creek Mutual Thirty-Nine.

49.3.0 ADDITIONAL INSPECTIONS

Mutual 39 does not conduct periodic interior inspections, but may inspect the exterior and interior of buildings, and inspect grounds, as needed for the purposes of maintenance.

50.0.0 INSURED AND UNINSURED LOSSES

50.1.0 Insurance coverage Under GRF's Master Policy

As described in Rule 24.0.0, the Golden Rain foundation maintains a Master Policy insuring the real property of the Mutuals against losses incurred by hazards such as fire, floods, wind and wind-driven rain, and vandalism. This policy has a \$100,000 deductible per occurrence. Real property of the Mutual 39 is insured through participation in the Master Policy. This policy also includes provisions for removal of debris and reconstruction in compliance with current building codes. The Master Policy does not insure personal property, personal liability of owners or residents, loss of use, or loss due to earthquake. If any provision in Rule 50.0.0 is in conflict with provisions in Rule 24.0.0 the latter rule controls.

The real property covered by the Master Policy includes:

50.1.1 Residential structures including manor buildings, carports and garages, and any other buildings or improvements within the common areas such as laundry rooms and club houses.

50.1.2 Permitted structural alterations to manors that have met the requirements of the Alteration Review committee, Walnut Creek Mutual Thirty-Nine, and the city of Walnut Creek (if required).

50.1.3 Originally installed fixtures, appliances, cabinetry, flooring, wall and floor coverings, and HVAC systems. Upgrades to any of these will be covered if the owner can verify their value at the time of loss.

In general, according to insurance industry standards, losses caused by normal wear-and-tear, dry rot, termites, and other types of progressive damage are excluded. Losses caused by rain leaks are also excluded unless they result from wind-driven rain. Settling and cracking of walls, foundations, and pavement, and damage from soil movement or underground water are also excluded. Damage to structural alterations is excluded if the Mutual 39 Alteration Review Committee and (if required) the City of Walnut Creek have not approved the alteration.

50.0.0 INSURED AND UNINSURED LOSSES

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50.2.0 Paying for Losses

50.2.1 Damage to Real Property Outside of Third Mutual

The deductible portion of the Master Policy is shared among the participating Mutuals (Mutual 58 is currently not a participant) according to a sharing agreement as follows:

The affected Mutual pays the first \$10,000 of the cost to repair the damage.

The remaining \$90,000 is shared proportionately based on the number of units within each participating Mutual. The affected Mutual also pays its pro rata portion of the sharing.

If the total loss due to a cause as defined in 50.1 is less than \$100,000 the cost to repair the damage is shared in the same manner.

50.2.2 Damage to Real Property within Mutual 39

If the loss is \$10,000 or less the affected Project will only repair the damage to the common property as defined in sections 50.1.1 and 50.1.2. In this event items in sections 50.1.3 are regarded as personal property and are the sole responsibility of the owner. If the loss is covered by the Master Policy and is greater than \$10,000 all costs of repair for items in 50.1 in excess of \$10,000 are shared amongst the participating Mutuals according to the sharing agreement.

However, if a loss is \$100,000 or less the condominium owner is responsible for the cost to repair any damage that is caused by the owner, the owner's family members or guests, agents, lessees, or contractors or damage which results from property, an appliance a system or a component of a system that is owned by the owner or for which the owner is otherwise responsible. But, the Master Policy does not take causation into account, so that when a claim is paid by the Master Policy the owner has no personal responsibility for the amount in excess of \$100,000.

As notes above, the Master Policy does not provide protection for personal property or personal liability of owners or residents. Owners should obtain property and liability insurance (home owners' insurance) to cover these costs. In all such cases this insurance is the primary insurance carrier. However, no owner shall separately insure any property covered by the Mutual's insurance described in 50.1 above.

50.0.0 INSURED AND UNINSURED LOSSES

50.2.3 Damage to Personal Property within the Third Mutual

When there is damage to an owner's personal property caused by a defect in a building structure (i.e. water entering through a leaky roof or a crack in the floor slab) the Mutual will share costs with the Owner according to insurance industry standards. The Mutual will share only the costs for repairing or replacing the property actually damaged and not all undamaged similar property in the manor. For example, if the covering on a wall is damaged, the Mutual will share the cost of replacing the covering on that wall but not adjacent walls in the same room or elsewhere in the manor.

~~50.3.0 Losses to Special Amenities Common Property~~

~~Each Project is solely responsible for losses to its special amenities common property such as ponds and swimming pools. Losses are covered by the Master Policy, but the deductible is not shared with other projects.~~

50.3.0 Losses to Personal Property in the Common Area

An Owner or Resident who places personal property in the Common Area, except in accord with an alteration agreement, assumes all risk of loss or damage to the property.

51.0.0 OWNER-INITIATED ALTERATIONS GENERALLY

Owners are responsible for repair and maintenance costs resulting from failure to comply with the following alteration rules.

51.1.0 ALTERATION APPROVALS REQUIRED

Owner-initiated alterations to a condominium property may require approval in advance by the Board, the Alteration Review Committee, and the City of Walnut Creek.

Refer to Appendix A for further information, in the following documents:

Alteration Application Form
Authorization for Executing Alteration Agreements On Behalf of Mutual 39
Alteration Permit Procedures
Architectural Guidelines, Standards, and Application Process Document (dated September 15, 1993)

51.1.1 BOARD APPROVAL RESPONSIBILITY AND RIGHT TO INSPECT

The Board is responsible for approving any owner-initiated alteration as to legality, effect on neighbors, and detailed structural design as it affects maintenance costs and building integrity. Effective October 1, 2002, Mutual 39 requires resale inspections of alterations to manors. Mutual 39 also retains a right to inspect as needed for preventive maintenance. If at any time Mutual 39 discovers an alteration that has not been approved by the Board, the Alteration Review Committee, or the City of Walnut Creek as required, Mutual 39 will instruct the owners to obtain the required approvals or remove the alteration.

Refer to Appendix A for a list of standard alterations that the Board has approved.

51.1.2 ALTERATION REVIEW COMMITTEE APPROVAL AUTHORITY

The Alteration Review Committee was established to control owner-initiated alterations to their manors, in order to maintain architectural conformity and harmony in Rossmoor. Nearly every change in the common area, and the exclusive use common area is subject to approval by the Alteration Review Committee as well as the Board. (Refer to Appendix A for descriptions of changes requiring approval by the committee.)

51.1.3 CITY OF WALNUT CREEK APPROVAL AUTHORITY

City of Walnut Creek permits are required for any alteration involving work subject to the Uniform Building Code.

51.0.0 OWNER-INITIATED ALTERATIONS GENERALLY

51.2.0 ALTERATIONS WITHIN THE BOUNDARIES OF A UNIT

Except for cosmetic changes, alterations inside the unit (such as adding or changing hard-wired appliances, making openings in walls, or replacing water heaters, air conditioning units or heat pumps) normally require the same approvals (Board, Alteration Review Committee, and City of Walnut Creek) that are required for exterior alterations.

51.3.0 CONSTRUCTION IN EXCLUSIVE USE COMMON AREAS

In general, alterations in the exclusive use common area are subject to the same approvals (Board, Alteration Review Committee, and City of Walnut Creek) that are required for alterations in the common areas.

Schematic diagrams or sketches may be adequate for simple jobs, but for complex jobs like enclosing a deck to provide additional living space, very careful and detailed design and construction drawings by a licensed architect or engineer are required. Rigid design standards must be followed to eliminate water penetration into the building structure, to avoid the costly repair of dry rot. A licensed architect will review the design at the owner's cost to assure that the waterproofing details and quality of design and materials are adequate to protect the structure from potential damage. The City of Walnut Creek requires permits and will make certain the design meets all applicable building codes.

51.4.0 CONSTRUCTION IN COMMON AREAS

Owners must obtain written authorization from the Alteration Review Committee and the Board before undertaking construction, alteration, or permanent installation of such things as patios, decks, fences, sidewalks, and concrete slabs in the common area."

*an owner who wishes to place objects in the non-exclusive common area must follow these same procedures.

Initially, the owner must contact the managing agent (MOD) to determine if the proposed alteration requires a permit. If a permit is required, MOD will bring the proposal to the attention of the Mutual President. The Mutual President will grant preliminary approval or confer with the owner and MOD to discuss modifications that might make the proposal acceptable. Once the proposal is accepted by the Mutual President the owner must contact MOD to determine the necessary additional steps, which could include:

51.0.0 OWNER-INITIATED ALTERATIONS GENERALLY

1. The owner issuing written notice to all other owners in the Mutual who might be affected by the proposed alteration, telling them precisely what is proposed, and obtaining their written approval for the alteration.
2. The owner submitting a Resident Alteration Agreement to the Architectural Control Committee and the Board for approval.
3. The owner obtaining City of Walnut Creek permits.

51.5.0 UNIFORM REQUIREMENT FOR AS-BUILT DRAWINGS

Contractors performing alteration work are required to submit "as-built" drawings to MOD upon completing the work.

51.6.0 RESPONSIBILITY FOR MAINTENANCE OF ALTERATIONS

As a general rule, current owners are responsible for maintaining alterations and are responsible for any impact of an alteration on the common area. Exceptions may be specified in the alteration permit. Where maintenance of the common area involves disturbing an approved alteration, the alteration shall be restored at the owner's expense unless the Board, on request by the Mutual President, requires the Mutual to pay for the restoration.

51.7.0 UNAUTHORIZED ALTERATIONS

- 51.7.1 If the current owner of a manor makes an alteration without obtaining the necessary permits, the alteration may be permitted to remain in place if it was one which would have been allowed had an alteration permit been obtained at the time the alteration was made. The owner will be required to obtain the proper permits and pay the applicable fees, based on the current fee schedule. If the alteration would not have been authorized in any case, the manor must be restored to its original condition at the owner's expense.
- 51.7.2 If the alteration was made prior to the present owner purchasing the manor, during a period when Mutual 39 did not conduct resale inspections, then before the alteration is allowed to remain in place and any entry is made in the manor's alteration records, the specific authorization of the Mutual President and/or the Board of Directors must be obtained.

52.0.0 OWNER INITIATED ALTERATIONS AIR CONDITIONERS AND HEAT PUMPS

Relocation or replacement of an air-conditioner unit or heat pump, requested by an owner, will be at the owner's expense. The owner must request approval of the alteration from the Alteration Review Committee, in addition to obtaining a Resident Alteration Permit from Mutual Operations. The air-conditioner unit or heat pump must comply with the standards and requirements specified by the Mutual for such installations.

53.0.0 OWNER-INITIATED ALTERATIONS BALCONY AND ENTRYWAY FLOOR COVERINGS

An owner who wishes to install or replace a floor covering *on a balcony* must obtain approval of a Resident Alteration Agreement by the Alteration Review Committee and by the Board before work is begun. Installations of coverings (such as carpets and ceramic tile) will be approved only if:

incorporating an architect-approved "waterproof membrane;"

installed according to architect-approved procedures by installers certified by the covering manufacturer; and

applied with architect-approved adhesives.

The use of nails, screws, or any device that could penetrate the waterproof membrane is not allowed.

An owner who wishes to install or replace a floor covering *over a walkway at the entryway to a manor, or over an elevated walkway or landing*, must obtain written approval by other owners who use the same walkway, entryway, or landing, and other owners who might be affected by the proposed alteration. The owner must also obtain approval of a Resident Alteration Agreement by the Alteration Review Committee and the Board before work is begun. Such coverings will be required to be of architect-approved construction using architect-approved adhesives, to avoid damage when the coverings are removed.

54.0.0 OWNER-INITIATED ALTERATIONS: ENCLOSURES

If an owner applies for approval of a Resident Alteration Agreement to enclose an area beneath an open deck, the Board may require consent and/or waivers by all affected owners. Mutual 39 will also inspect the deck above and will require, as a condition of approval, waterproofing of the deck above at the expense of the applicant.

55.0.0 OWNER-INITIATED ALTERATIONS: HOSE BIBBS

Hose bibs or drip irrigation systems installed on above-grade balconies (for watering plants or for any other use) have led to dry rot problems and will not be authorized. Unauthorized installations must be removed at the owner's expense. Any dry rot resulting from such installations will be repaired at the expense of the owner of the hose bib or drip irrigation system.

Previously approved hose bib installations on above-grade balconies must be removed at the seller's expense when the manor is resold.

Alteration permit requests for properly designed hose bib installations at ground level and for concrete slabs on grade will be considered for approval by the Board.

56.0.0 OWNER-INITIATED ALTERATIONS OWNER MAINTAINED GARDENS

Owner Maintained Gardens are not encouraged, but they are permitted so long as they meet certain criteria. Owner Maintained Gardens require permits. The permit procedure is found in Appendix A, Rule 56.0.0.

56.1.0 RESTRICTIONS

Owner Maintained Gardens are subject to the following restrictions. The garden must blend with and be compatible with the existing commercial landscaping, may not *materially*¹⁾ extend the landscaped area or modify the irrigation, and must not contain *excessive*²⁾ statuary or other non-plant items.

1) Mutual President will interpret the italicized terms.

2) Landscape Supervisor will interpret the italicized term.

The plants in the garden;
must not disturb sidewalks or building foundations. may not be attached to a building.
may not direct irrigation water onto a building may not obscure the view of another resident

Stepping Stones are not allowed.

Trees are not allowed.

Plants over two feet tall are not allowed within three feet of a building.

Trellises are not allowed.

Soil must be kept at least two inches below any siding.

56.2.0 MAINTENANCE

Owner Maintained Garden maintenance is the sole responsibility of the owner. Irrigation will not be modified to accommodate the garden and the Mutual is not responsible for plant loss due to irrigation problems. The gardeners will try not to damage any planting. The Mutual will not assume any responsibility should damage occur. Contractors working on the buildings will try not to damage plantings. Should damage occur, the Contractor and the Mutual are not responsible. Owners are responsible for moving plants in plant containers to avoid damage during construction or painting.

Owner maintained shrubs may be pruned by the Mutual at owner expense if the owner does not prune them within 15 days after pruning is requested by the President.

Corrections required for owner modifications of the landscaping or irrigation are owner billable.

56.0.0 OWNER-INITIATED ALTERATIONS OWNER MAINTAINED GARDENS

56.0.0 OWNER-INITIATED ALTERATIONS OWNER MAINTAINED GARDENS Page
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56.3.0 LANDSCAPE IMPROVEMENTS NOT REQUIRING A PERMIT

An owner or group of owners in a Project may wish, at their own expense, to improve the commercial landscaping. This is allowed without a permit as long as it does not *significantly*²⁾ expand the landscaped area or maintenance expense. The procedure for doing this is covered in Appendix A, Rule 56.0.0.

56.4.0 FENCES

Fences may not be allowed if they are an encroachment on common property. Anyone wishing to install a fence should apply for an Alteration Permit.

56.5.0 WALKWAYS

Walkways require an Alteration Permit.

56.6.0 PERMIT REVOCATION

Owner Maintained Garden Permits may be revoked for violation of the restrictions in 56.1.0, or improper maintenance upon complaint of another resident or the Landscape Supervisor. Resident complaints should be directed to the Mutual President in writing. If the President determines that the complaint is valid the owner will be given written notice that the defect(s) must be corrected within fifteen days at the owner's expense. If the owner refuses to correct the defect(s) the permit will be revoked and the owner must restore, at the owner's expense, the area to landscaping that is acceptable for Mutual maintenance. If an owner refuses to restore the landscaping MOD will do the work and bill the owner. Owners may appeal these decisions by writing the President asking for a Board review. The Board decision is without further appeal.

56.7.0 RESALE RESTRICTIONS

If upon resale inspection a manor is found to have an Owner Maintained Garden, permitted or not, the buyer has two options. The buyer may assume the responsibility for the garden. If so, the seller must obtain an Owner Maintained Garden Permit if one does not exist. If the buyer does not agree to assume the responsibility for the garden the seller must restore, at the seller's expense, the garden to landscaping that is acceptable for Mutual maintenance. If this is not done before closing funds will be put in escrow to cover the restoration expense.

57.0.0 OWNER-INITIATED ALTERATIONS SPAS

An owner may install a spa (generally, a tub equipped with a water pump, sometimes called a "Jacuzzi") upon approval of a Resident Alteration Agreement subject to the following conditions:

1. The prospective spa owner must obtain written approval from owners of neighboring units that might be impacted by the sight, sound, or odor of the spa operation.
2. A licensed engineer approves the installation.
3. The spa will be removed when the owner vacates or sells the condominium, unless at that time the owner reaffirms the neighbors' written approval.
4. The spa will not be used from 10:00 p.m. through 8:00 a.m.
5. People using the spa must consider the feelings of the neighbors about excessive noise. Mutual 39 reserves the right to further limit operation hours or revoke its approval for a spa if necessary, to resolve complaints about excessive noise.

58.0.0 OWNER-INITIATED ALTERATIONS WALKWAYS

Placing walkways* in common areas or exclusive use common areas by residents is an alteration that requires approval as to the style and placement by the Alteration Review Committee.

Walkways installed by the owner without permits may remain when reported, provided the owner obtains an Alteration Permit.

Walkways installed by the owner, with or without a permit, will be removed when reported and in any event not later than the time of resale. MOD Landscape will determine whether or not the walkways are hazardous. In cases of dispute they will consult with the Mutual President.

58.1.0 Exclusions

Walkways required for access to a device** attached or adjacent to a building may, with the Directors approval, not be considered an encroachment.

* A non-hazardous walkway has a uniform even non-slip surface that does not rise more than 1/4" above adjacent surfaces.

** Hose bibs, electric meters, heat pumps, etc.

59.0.0 OWNER INITIATED ALTERATIONS HARD SURFACE FLOORING

This Rule pertains to all Condominiums within the Mutual. Installation of carpet does not require an alteration permit. All other flooring installations, including downstairs hard surface flooring, those requiring a change in materials, or the installation of hard surface flooring where there was previously soft surface flooring, require an alteration permit, regardless of whether a Manor is a lower or upper unit.

59.0.0 HARD SURFACE FLOORING

Installation of new hard surface flooring requires an alteration permit. All application permits must include a floor plan indicating where the hard surface flooring is to be installed. The installation of hard surface flooring cannot damage the existing sub flooring.

59.1.0 IN FRONT ENTRY AND KITCHEN

Hard surface floors -- such as tile, vinyl, and floating laminate or hardwood floors -- are allowed in the front entry way, kitchen, laundry room, over garage storage areas, a room containing a toilet and a bathtub or shower.

59.2.0 HARD SURFACE FLOORING IN UPSTAIRS UNITS

Hard surface flooring in areas other than the front entry way, kitchen, laundry room, over garage storage areas, a room containing a toilet and a bathtub or shower is not allowed in upstairs units.

59.3.0 HARD SURFACE FLOORING PREVIOUSLY INSTALLED WITH PERMIT

Any hard surface flooring that was installed with an alteration permit may remain. The owner may perform minor repairs to the flooring.

In lower ground floor units, the owner may replace hard surface flooring previously installed with a permit with replacement hard surface flooring, however a new installation permit is required.

Installation of replacement hard surface flooring in upper unit front entries, kitchens, a room containing a toilet and a bathtub or shower requires an alteration permit and approval of an alteration permit is not guaranteed.

59.0.0 OWNER INITIATED ALTERATIONS HARD SURFACE FLOORING

59.4.0 HARD SURFACE FLOORING INSTALLED WITHOUT PERMIT

Any hard surface replacement flooring that was installed without the required permit shall be replaced at the owner's expense, by direction of the Board of Directors, or upon discovery of the violation by the Mutual, and in any event not later than the time of resale or transfer, with carpet or with hard surface flooring as permitted under 59.1.0.

59.5.1 CARPET OVERLAYMENT

The Board allows permitted hard surface flooring to remain in place if it is overlaid with padded carpet. An alteration permit is not required for the installation of carpet.

60.0.0 RESTRICTIONS ON USES OF DECKS, PATIOS AND, ROOFS

To preserve appearances and prevent damage to open decks, and for safety reasons, owners and residents must refrain from placing electrical appliances on open decks or patios overnight, refrain from crowding or overloading decks, and refrain from over watering plants on decks. Since patios and decks are exposed to public view, residents must make a concerted effort to keep decks and patios neat. These areas are not to be used as storage areas.

60.1.0 USE OF ELECTRICAL APPLIANCES

Electrical appliances that require access to electrical power overnight shall not be placed on open decks or patios. Such appliances include, without limitation, refrigerators and freezers. Temporary connections for other electrical equipment such as leaf blowers and barbeque spit motors are permitted.

60.2.0 CROWDING DECKS/PATIOS/STAIRWAYS

Objects including potted plants should not be placed where they will interfere with passage across open deck/patios/stairways or impede access to handrails. There must be a clear passage-way of at least three feet on both decks and stairways.

60.3.0 OVERLOADING DECKS

As a general rule, the weight of objects placed on a cantilever deck (a deck supported by beams protruding from the walls) should not exceed an average of 2 pounds per square foot of deck area. For example, the weight of objects placed on a 200 square foot deck should not exceed 400 pounds. The live load (people) is an average of about 60 pounds per square foot. Decks supported by foundations and bearing walls can bear additional weight.

60.4.0 OVERWATERING PLANTS ON DECKS

All plant containers on decks must be placed in saucers or the equivalent, to prevent excess water from spilling on the deck. Plants may be watered only with watering cans. Hoses in any form are not allowed. Over-watering is to be avoided to prevent continual wetting of the deck and runoff to other decks below. To the extent that over watering promotes dry rot, the owner may be held liable for repairs.

60.5.0 COMMON AREA DECKS

The foregoing rules apply also to common area open decks, such as the flat surface between the top of the stairs and the front door.

60.6.0 RESTRICTION ON USE OF ROOFS

To prevent damage to the roofs of the manors, garages, and carports, no objects or personal property of any kind or nature, including but not limited to flowers, pots, shrubs and statues, shall be displayed or placed upon the roof of any manor or garage or carport; provided, solar energy panels and roof penetrations for improved lighting may be installed under Mutual 39-approved alteration permits.

61.0.0 OWNER-INITIATED ALTERATIONS SOLAR ENERGY SYSTEMS

61.0.0 OWNER-INITIATED ALTERATIONS SOLAR ENERGY SYSTEMS

Solar Energy Systems (as defined in Section 61.0.1 below) may only be installed by owners of a unit in Mutual 39 on the roof top of the condominium building in which the unit is located or adjacent carport or garage roof. No other Common Areas in Mutual 39 may be used for Solar Energy Systems by individual unit owners.

This rule is intended to conform to Civil Code Sections 714, 714.1, and 4746. In the event of any conflict between any provision of this Rule and any applicable statute, the terms of the statute shall prevail and supersede any contrary provisions in this Rule. This Rule shall be effective for all new installations on the date adopted and shall supersede all prior Mutual polices and rules pertaining to Solar Energy System installations.

61.0.1 DEFINITIONS

As used in this Rule, a "Solar Energy System(s)" is any solar collector or other solar energy device whose primary purpose is to provide for the collection, storage and distribution of solar energy. "Owner/Applicant" shall be the owner of the condominium unit requesting the installation of a Solar Energy System and any subsequent transferees of that unit. "MOD" is the Mutual Operations Division of Golden Rain Foundation of Walnut Creek, managing agent for Walnut Creek Mutual Thirty-Nine. "Mutual" is Walnut Creek Mutual Thirty-Nine.

The terms "Board," "Common Area," "Exclusive Use Common Area," and "Unit" have the same definition as in the Bylaws of Walnut Creek Mutual Thirty-Nine. "Usable Solar Space" is the amount and location of space on a condominium building roof suitable to use for solar panel installations.

61.0.2 AVAILABILITY OF COMMON AREA SPACE

The installation of Solar Energy Systems in or on Common Area roofs is subject to a determination of Usable Solar Space, allocation of Usable Solar Space to the numbers of units in the condominium building.

The Usable Solar Space shall be calculated by the solar contractor of each Owner/Applicant in the building, and it shall include a calculation of the square footage available for the Solar Energy System and the allocated portion for each Unit in the condominium building.

61.0.0 OWNER-INITIATED ALTERATIONS SOLAR ENERGY SYSTEMS

The Mutual shall not be required to prune or allow pruning or removal of trees and/or shrubs which were planted before the Solar Energy System was proposed. However, trees or shrubs after the installation of the Solar Energy System may not be allowed to grow so as to cast a shadow greater than ten percent (10%) of the collector absorption area upon that collector's surface at any one time between the hours of 10:00 a.m. and 2:00 p.m. local standard time (California Public Resources Code Section 25982). Pruning needs shall be determined and dictated by the landscape or tree experts of the Mutual.

61.2.0 APPLICATION AND APPROVAL PROCESS

The installation of a Solar Energy System on a condominium building roof top results in the exclusive use of a portion of the Common Area by a member. The same review and approval process as for other proposed physical changes to Units or Common Area shall be followed, except for mutual owners' vote of approval and other certain modifications as set forth herein. Alteration permit procedures are more fully set forth in Rule 51.0.0.

(A) Indemnification and Maintenance Agreement. As a condition of approval of installation of any Solar Energy System within the Common Area, the applicant shall execute a separate "Maintenance and Indemnity Agreement" acknowledging that he or she has read and understands this Rule and representing that the proposed Solar Energy System, its installation and maintenance shall comply fully with this Rule, and further agreeing to indemnify and hold harmless the Mutual, Golden Rain Foundation of Walnut Creek and their respective officers, directors, employees and members from and against any and all claims, allegations, litigation, arbitration or judgments resulting in whole or in part from the installation, maintenance or removal of the Solar Energy System, substantially in the form attached to this Rule (EXHIBIT A).

(8) Notification to Neighbors. As required by Civil Code 714.1, Sec. 4746, the Owner/Applicant shall notify each owner of a Unit in the building on which the installation will be located (*i.e.*, those under the same common roof) and the Owner/Applicant shall certify in the application the names and addresses of those notified and the date of the notification. This will be done by the attached form to this Rule (EXHIBIT D) or copies of certified return letter receipts from the Post Office.

(C) Mutual President's Review. The application will be prepared with the assistance of the MOD Alterations Department and then submitted to the Mutual President for preliminary review. The Director may suggest reasonable restrictions on the installation but may not disapprove the installation.

61.0.0 OWNER-INITIATED ALTERATIONS SOLAR ENERGY SYSTEMS

(D) Proof of \$1 Million Liability Insurance Policy. The Applicant will include proof of having a homeowner liability insurance policy providing \$1 million in coverage which includes the Mutual 39 named as additionally insured under the Applicant's homeowner liability insurance policy providing \$1 million in coverage with a right of notice of cancellation. The Applicant must renew this liability insurance annually and provide evidence of annual renewal to MOD.

(E) Permit Review and Approval. The Mutual Alteration Permit Review Committee shall review the application for installation of a Solar Energy System to determine whether or not all of the items required on the Solar Installation Checklist Addendum (EXHIBIT B) have been included and may offer recommendations, if any, for additional reasonable restrictions within limits prescribed in Civil Code Section 714. However, no application for installation of a Solar Energy System may be approved or denied by the Permit Review Committee; the Board alone has the authority to approve such applications.

(F) City of Walnut Creek Permits. The applicant shall provide satisfactory evidence of compliance with requirements of the City of Walnut Creek and its permits.

(G) Board Review of Application; Decision. Any decision by the Board on a proposed Solar Energy System installation must be in writing and, if the proposed Solar Energy System is disapproved, the written decision shall include an explanation of why the application was disapproved. As provided by Civil Code section 714, an application for the installation of a Solar Energy System that is not denied in writing within forty-five (45) days from the date of receipt of the application by the Mutual shall be deemed approved, unless that delay is a result of a reasonable request for additional information.

61.3.0 GENERAL INSTALLATION REQUIREMENTS

The following installation conditions shall govern the installation of Owner/Applicant initiated installation of Solar Energy Systems:

(A) All installations of Solar Energy Systems shall be completed so as not to materially harm or damage common elements of the Mutual, or any other individual Unit or Exclusive Use Common Area, void any warranties held by the Mutual or other owners and/or impair the integrity of a building or structure. The applicant will be responsible for learning the status of the roof warranty from MOD and responsible for following MOD instructions to protect the warranty.

61.0.0 OWNER-INITIATED ALTERATIONS SOLAR ENERGY SYSTEMS

(B) All portions of a Solar Energy System shall be secured in a manner which does not jeopardize the safety or soundness of any structure and/or the safety of any person within the Mutual. All solar energy systems shall have non-glare panels installed flush to the roof.

(C) There shall be no penetrations into building structures, not limited to walls and roofs, unless it is absolutely necessary for the installation and operation of the system and/or to avoid an unreasonable increase in the cost of the installation. Any penetrations for wiring or piping for a Solar Energy System shall be properly sealed and waterproofed in accordance with industry standards and building codes in order to prevent moisture penetration and resulting structural damage.

(D) The Owner/Applicant installing the Solar Energy System shall be responsible for any damage to building elements, Unit interiors or personal property caused by such penetrations even if the Mutual has primary maintenance responsibility for such elements under the governing documents of the Mutual.

61.4.0 INSTALLATION BY COMMERCIAL INSTALLERS

Installation shall only be by a licensed and properly insured installer knowledgeable in the installation of Solar Energy Systems. Prior to installation, the installer shall have insurance coverage that meets the following minimums: (i) Worker's Compensation with minimum coverage required by California law; and (ii) Contractor's General Liability (including completed operations) with policy limits of at least \$500,000.00. The installer must, prior to installation, provide to the Mutual copies of certificates of insurance for the above policies and endorsements which name the Owner/Applicant and the Mutual as additional insureds.

61.5.0 SAFETY

(A) Solar Energy Systems shall be installed and secured in compliance with manufacturer's instructions and all City of Walnut Creek, State of California and Federal ordinances, regulations and laws.

(8) A Solar Energy System for heating water shall be certified as to all system components and the installation thereof by the Solar Rating & Certification Corporation" or other nationally recognized certification agency.

(C) A Solar Energy System for producing electricity shall also meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronic Engineers (IEEE) and accredited

61.0.0 OWNER-INITIATED ALTERATIONS SOLAR ENERGY SYSTEMS

testing laboratories such as Underwriters Laboratories (UL™) and, where applicable, rules of the Public Utilities Commission regarding safety and reliability.

(D) To ensure the safety of individuals and allow safe access to the physical plant of the Mutual, Solar Energy Systems shall not obstruct access to or from any Unit, walkway, or ingress or egress into any area of the Mutual.

(E) In approving the installation of any Solar Energy System, the Board is entitled to rely upon the representation of the Owner/Applicant or his or her contractor that the system fully complies with the safety criteria set forth in this Rule. Should the Board later determine that the equipment is not in conformance with such criteria, the Board may require the Owner/Applicant to remove the Solar Energy System or modify it so that it is in compliance with such criteria.

61.6.0 MAINTENANCE

(A) Owner/Applicant of a Solar Energy System is solely responsible for all associated costs, including but not limited to: replacement, repair, maintenance, moving and/or removal of the Solar Energy System or any of its components; repair and/or replacement of any property damaged by the installation, maintenance and/or use of the Solar Energy System; payment of any medical expenses incurred by persons injured by the installation, maintenance and/or use of the Solar Energy System; and/or restoration of Solar Energy System sites to their original condition after removal.

(B) Owner/Applicant shall not permit his or her Solar Energy System to become a hazard or fall into disrepair. Owner/Applicant shall be responsible for correction of any safety hazards and Solar Energy System repair and/or replacement. Owner/Applicant shall be responsible for the cost of repainting or replacement of the visible ancillary components of the Solar Energy System, such as conduits, plumbing and supports, if deterioration occurs, whether performed by the Mutual or outside contractor.

(C) Owner/Applicant shall be responsible for any increased costs incurred by the Mutual in maintaining or repairing the Common Area or those portions of a Unit or Exclusive Use Common Area which the Mutual is responsible under the Governing Documents for maintaining or repairing which are caused by the presence of a Solar Energy System on the Common Area.

(D) If it is necessary to temporarily remove a Solar Energy System or some of its components so that the Mutual may perform required maintenance or repairs to the Common Area, the Owner/Applicant of the Solar Energy System shall

61.0.0 OWNER-INITIATED ALTERATIONS SOLAR ENERGY SYSTEMS

be responsible, at his or her sole expense, for removing and reinstalling the system after the maintenance or repair is completed. Unless there is an emergency, notices to the Owner/Applicant regarding removal shall be in writing sent by certified mail at least fifteen (15) days prior to the date removal is required. If the Owner/Applicant fails to remove a Solar Energy System or a system component when requested to permit necessary maintenance or repairs, the Mutual may remove the system or component and charge the cost of such removal to the Owner/Applicant. So long as the Mutual uses reasonable care in removing and reinstalling the Solar Energy System or any component thereof, the Mutual shall not be responsible for any damage caused to the system or component by such removal or reinstallation.

61.7.0 RESALE OR TRANSFER OF OWNER'S UNIT

Upon resale or transfer of any Owner/Applicant's interest in his or her Unit which has a permitted Solar Energy System, the buyer or transferee (as the case may be) shall assume in writing all of the Owner/Applicant's duties and responsibilities as outlined in this Rule 61.0 and shall execute an additional Maintenance and Indemnity Agreement prior to close of escrow.

61.7.1 REMOVAL OF SOLAR ENERGY SYSTEM

If a buyer or a transferee does not agree in writing to assume responsibility for the Solar Energy System, the Owner/Applicant must remove the Solar Energy System and restore the area where the Solar Energy System had been located which shall be in accordance with the Removal Procedures attached hereto as EXHIBIT D. Should an Owner/Applicant fail to remove the Solar Energy System when required, the Mutual may remove the Solar Energy System at the Owner/Applicant's expense.

**Walnut Creek Mutual Thirty-Nine
Rule 61 Solar Energy Systems
MAINTENANCE AND INDEMNITY AGREEMENT
Exhibit A. Rule 61.0**

I/We (name) _____

Owner(s) of the condominium unit at (address) _____

Walnut Creek, CA 94595 (collectively, the "Undersigned") in consideration of the approval of Mutual 39 (the "Mutual"), a California nonprofit mutual benefit corporation, of my/our application to allow the installation of a solar energy system in the common area of the building located at _____

_____ in

Mutual 39, I/we acknowledge that I/we have read Walnut Creek Mutual Thirty-Nine's Rule, Owner-Initiated Alterations, Solar Energy System ("Rule 61.0"), understand its contents and agree as follows:

1. The proposed solar energy system shall be installed and maintained in full compliance with Rule 61.0 and Alteration Permit # _____ that has been issued by the Mutual for this installation and the Undersigned agree to comply with all terms and conditions set forth in Rule 61.0 and Alteration Permit # _____

2. I/we shall indemnify and hold harmless Mutual 39 , Golden Rain Foundation of Walnut Creek, and their respective officers, directors, employees, agents, and members, and their respective successors and assigns (hereinafter "Indemnitees," from and against any and all claims, liability, loss, or damage arising from suits, losses, costs, liabilities, interest, attorney's fees, including but not limited to any such fees and expenses incurred in enforcing this Indemnity Agreement (collectively "Damages") resulting from, arising out of or in any connected with the installation, maintenance, operation or removal of the solar energy system described in Alteration Permit # _____

3. The planned solar energy system under Alteration Permit # _____ shall be installed on the common-area roof of the building at _____, Walnut Creek, CA 94595 in the manner and location approved by the Mutual, which roof is defined under the Declaration of Covenants, Conditions and Restrictions (CC&Rs") of Mutual 39 to be part of the Mutual's common area.

4. Should the Undersigned sell the unit; the transferee shall accept in writing the obligations under this agreement or the Undersigned agrees to remove the installation at its own cost and restore the common area to its original condition and in compliance with Rule 61.0.

5. Should the Undersigned fail to meet its obligation to defend and/or indemnify and save harmless in accordance with this agreement, then in such case Indemnitee shall have full right to defend, pay or settle said claim on their own behalf with or without notice to the Undersigned for all fees, costs and payments made or agreed to be paid to discharge said claim.

6. In the event of enforcement of said maintenance and indemnification obligations as set forth herein, the Undersigned agrees to pay all reasonable attorneys' fees necessary to enforce said maintenance and indemnification obligations.

THIS AGREEMENT SHALL BE UNLIMITED AS TO AMOUNT OR DURATION and shall be binding upon and inure to the benefit of the parties, their respective successors, assigns, personal agents and representatives.

SIGNED this ____ day of _____ 20____ at _____ by all owners of the condominium unit making application for the installation of a solar energy system, as follows:

Name of Owner: _____

By (signature): _____

Name of Owner: _____

By (signature): _____

Name of Owner: _____

By (signature): _____

**Walnut Creek Mutual Thirty-Nine
Rule 61 Solar Energy Systems
SOLAR INSTALLATION CHECKLIST ADDENDUM**

Exhibit B, Rule 61.0

Documents required to be attached to application:

- A. Manufacturer's spec sheet of solar panels (similar to Sun Power X20-250-BLK BC); only non- glare panels will be approved
- B. Survey of usable solar roof area showing dimensions and placement of installation
- C. Engineering drawings of proposed installation with placement of panels flush to roof as high as practical to roof ridge
- D. Dimensioned plans showing location of the following:
 - (1) Solar panels
 - (2) Routing of electrical/plumbing lines
 - (3) Placement of sub-panels within Unit
- E. Detailed engineering drawings showing roof penetrations for the following:
 - (1) Electrical/plumbing lines and flashing
 - (2) Attachment of panels
 - (3) Method of affixing panel brackets and flashing to roof
- F. Proof of liability insurance coverage, to be renewed annually
- G. Solar installation warranty; minimum 10-year warranty on installation workmanship
- H. For roofs that have an existing warranty, written approval by Mutual's roofing contractor or roofing consultant of roof penetrations.
- I. Final inspection checklist:
 - (1) Visible ancillary components, such as conduits, plumbing and supports painted to match exterior of adjacent structures (unless such painting would void a manufacturer's warranty).
 - (2) Solar panels mounted flush with roof surface, with all rooftop installations blending into the roof color as much as possible.
- J. Proof of Notification of owners of condos in the same building

Walnut Creek Mutual Thirty-Nine
Rule 61 Solar Energy Systems
SOLAR ENERGY SYSTEM REMOVAL ADDENDUM

Exhibit C, Rule 61.0

When it is necessary to remove solar energy systems from Mutual 39 roof tops, the building structure should be returned to its pre-solar installation condition, as follows:

1. Owner of installation shall obtain an alteration permit for removal. This assures that the work is done by a licensed contractor with appropriate insurance, and in accordance with all permits and legal requirements.
2. Obtain Walnut Creek city permit (if required).
3. After removal of the solar energy system, remove roofing and plywood in areas previously covered by the panels, if required by Mutual 39's Building Maintenance Manager.
4. If deemed necessary by Mutual 39, install new roofing system matching the pre-existing roofing design, although color match may not be possible.
5. Patch all holes in the interior ceiling, if deemed necessary by the Mutual, and other penetrations where solar panel appurtenances were installed.
6. Inspect exterior of structure, utility/meter closets and electrical panels for penetrations and repair them.
7. Properly dispose of all materials outside Rossmoor.
8. All work shall be done to the satisfaction of Mutual 39
9. Satisfy all other requirements imposed by Mutual 39

**Walnut Creek Mutual Thirty-Nine Rule 61
Solar Energy Systems
OWNER NOTIFICATION FORM**

Exhibit D Rule 61.0

1. Name of Applicant: _____
2. Date of Request: _____
3. Notification of each owner of condo in building at: _____

Name: _____ Address: _____
Signature _____

Name: _____ Address: _____
Signature _____

Name: _____ Address: _____
Signature _____

Name: _____ Address: _____
Signature _____

Name: _____ Address: _____
Signature _____

Name: _____ Address: _____
Signature _____

Name: _____ Address: _____
Signature _____

Name: _____ Address: _____
Signature _____

Name: _____ Address: _____
Signature _____

Name: _____ Address: _____
Signature _____

Name: _____ Address: _____
Signature _____

Name: _____ Address: _____
Signature _____

Name: _____ Address: _____
Signature _____

62.0.0 OWNER REQUESTED REMOVAL OR TRIMMING OF TREES

62.1.0 RESPONSIBILITY FOR COSTS

All owner requested tree removal or trimming beyond necessary maintenance is owner billable. The cost of the work plus the cost of required City of Walnut Creek permits will be borne by the owner.

62.2.0 REQUEST PROCEDURE

Any owner who wishes to have a tree removed or trimmed shall initiate a request on the form provided (see Appendix A).

After signing the request, the owner shall send the form to the Mutual 39 Landscape Supervisor at MOD. The Landscape Supervisor shall evaluate the request and disapprove it, after conference with the Mutual President, or approve it.

Upon approving a request, the Landscape Supervisor shall return it to the applicant with a list of the addresses of neighbors who should approve or disapprove it. The applicant shall obtain the signatures of the neighbors identified by the Landscape Supervisor, and return the request form to the Landscape Supervisor, who shall forward the form to the Mutual President for final approval.

The Mutual President shall obtain a recommendation and signature from the Landscape Representative (if any), then approve or disapprove the request, and return the completed request form to the Landscape Supervisor for distribution.

62.3.0 APPEALS

The applicant may appeal any neighbor's disapproval to the Mutual President, who shall have authority to agree with or overrule the disapproval. The Mutual President's decision is final.

63.0.0 ENCROACHMENTS (Other than owner-maintained gardens *)

An encroachment is a conversion of part of the common area for use by one or more, but not all members of a Mutual. An encroachment in effect converts common area to exclusive use, in the vertical plane as well as the horizontal.

Under the California Civil Code, the Board is required to obtain approval by at least 67% of the members of a Mutual before approving a proposed encroachment, with certain exceptions. The following paragraphs explain when an alteration permit is needed and when a vote is required.

63.1.0 ENCROACHMENTS NOT REQUIRING A PERMIT OR VOTE

Penetrating the sheetrock in a unit with nails or screws to hang ornaments or fasten objects to an interior wall or framing for earthquake safety, while technically an encroachment, is allowed without a permit or vote by the membership of the Mutual.

63.2.0 ENCROACHMENTS THAT REQUIRE A PERMIT BUT NOT A VOTE

Attaching a flagpole holder to exterior wood or stucco requires an alteration permit to assure proper installation but does not require a vote by the members of the Mutual. These permits will expire at the time of resale unless a demand for renewal of the permit is made in escrow.

63.3.0 ENCROACHMENTS THAT REQUIRE PERMITS AND VOTING

63.3.1 GENERAL PROVISIONS

Encroachments other than those mentioned in parts 63.1.0 and 63.2.0 require an approved alteration permit and approval, by ballot, by the owners of at least 67% of the manors in the Mutual, and by the Board. Any such encroachment will be removed, at the owner's expense, by order of the Mutual President, after review by the Board, (1) if the requirements of the permit, including maintenance, are not met, or (2) upon complaint and demand, by ballot, by owners of at least 67% of the manors in the Mutual.

63.3.2 EXISTING PERMITTED ENCROACHMENTS

Subject to the general provisions, encroachments installed in the past by permit may remain. However, if for any reason a new permit is required for the alteration, for example, adding a fence to a previously permitted patio, the new permit must be approved by the owners of at least 67% of the manors in the Mutual and by the Board.

63.3.3 NON-PERMITTED ENCROACHMENTS

Encroachments installed without a required permit will be removed, at the owner's expense, by order of the Mutual President (1) on the president's initiative or (2) in any event at the time of resale; provided, the seller may apply for a permit for the encroachment, subject to approval by the owners of at least 67% of the manors in the Mutual and by the Board.

63.0.0 ENCROACHMENTS (Other than owner-maintained gardens *)

63.4.0 PAYMENT OF COSTS TO AMEND A CONDOMINIUM PLAN

Permittees are responsible for paying the costs of informal and formal amendments to a condominium plan reflecting approved encroachments.

63.5.0 WAIVERS BY THE BOARD OF DIRECTORS

Any requirement of this rule, other than the 67% rule, may be waived by vote of a majority of the Board of Directors on request by an alteration applicant or permittee.

*Rules for owner-maintained gardens are set forth in rule 56.0.0.

64.0.0 POWER SOURCES FOR ELECTRICAL AUTOMOBILES

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64.0.0 CHARGING ELECTRIC VEHICLES, LOW SPEED VEHICLES, NEIGHBORHOOD ELECTRIC VEHICLES, GOLF CARTS AND MAJOR APPLIANCES IN GARAGES AND CARPORTS BOTH ATTACHED AND STAND-ALONE

This revised Rule 64 is expanded to cover all electric power use outside the condominium unit ("Unit"). For purposes of clarity, Rule 64 is divided into 64A, 648 and 64C.

- 64A applies to Electric Vehicles (as defined in Section 64.1.1 below).
- 648 applies to LSVs (as defined in Section 64.1.3 below), NEVs (as defined in Section 64.1.4 below), and Golf Carts (as defined in Section 64.1.5 below) whose chargers are rated more than 13 amps or 1600 watts at full charge.
- 64C applies to major appliances and Golf Carts (as defined in Section 64.0.1.3 below) whose chargers are rated less than 13 amps or 1600 watts at full charge.

64.0.0 RATIONALE FOR RULE.

This Rule is intended to comply with applicable law governing Electric Vehicle Charging Stations (as defined in Section 64.1.2 below). This Rule is also intended to protect the safety of residents and infrastructure from fires that can and have resulted from overloading the electric circuit or extension cord in a garage or carport.

All the condominium buildings in Third Mutual were built in the 70's and 80's and the builders did not anticipate nor construct for the electrical needs of Electric Vehicles, LSVs, NEVs, Golf Carts, and major appliances that we have today. The convenience electric outlets in these structures were designed to charge only small appliances and on intermittent use.

This Rule applies to Common Area as well as Exclusive Use Common Area, i.e., garages and carports whether attached or detached (stand-alone) from Units.

64.1.1 DEFINITIONS.

1. Electric Vehicle. For purposes of Section 64A, "Electric Vehicle" shall mean a plug-in electric or hybrid automobile, sports utility vehicle (SUV), van or truck.
2. Electric Vehicle Charging Station. For purposes of Section 64A, "Electric Vehicle Charging Station" or "EVCS" shall have the meaning set forth in California Civil Code section 4745(d) which defines Electric Vehicle Charging Station as "a station that is designed in compliance with the California Building Standards Code and delivers electricity from a source outside an electric vehicle into one or more electric vehicles. An electric vehicle charging station may include several charge points simultaneously connecting several electric vehicles to the station and any related equipment needed to facilitate charging plug-in electric vehicles."
3. LOW-Speed Vehicle (LSV). For purposes of Section 648, "Low Speed Vehicle" or "LSV"

64.0.0 POWER SOURCES FOR ELECTRICAL AUTOMOBILES

shall have the meaning set forth in California Vehicle Code section 385.5 which states as follows:

(a) A "low-speed vehicle" is a motor vehicle that meets all of the following requirements:

- (1) Has four wheels.
- (2) Can attain a speed, in one mile, of more than 20 miles per hour and not more than 25 miles per hour, on a paved level surface.
- (3) Has a gross vehicle weight rating of less than 3,000 pounds.

(b) (1) For the purposes of this section, a "low-speed vehicle" is not a golf cart, except when operated pursuant to Section 21115 or 21115.1.

(2) A "low-speed vehicle" is also known as a "neighborhood electric vehicle."

4. Neighborhood Electric Vehicle (NEV). For purposes of Section 648, "Neighborhood Electric Vehicle" or "NEV" shall, as set forth in California Vehicle Code section 385.5(b)(2), mean Low-Speed Vehicle.

5. Golf Cart. For purposes of Sections 648 and 64C, "Golf Cart" shall have the meaning set forth in California Vehicle Code section 345 which states as follows:

A "golf cart" is a motor vehicle having not less than three wheels in contact with the ground, having an unladen weight less than 1,300 pounds, which is designed to be and is operated at not more than 15 miles per hour and designed to carry golf equipment and not more than two persons, including the driver.

64.0.0 POWER SOURCES FOR ELECTRICAL AUTOMOBILES

64A. ELECTRIC VEHICLES AND ELECTRIC VEHICLE CHARGING STATIONS.

64A.0.0. APPLICABILITY AND INTENT. Section 64A applies to Electric Vehicles (as defined in Section 64.1.1 above) and Electric Vehicle Charging Stations (as defined in Section 64.1.2 above) and is intended to comply with Civil Code section 4745 which reflects the State of California's rule of encouraging the use of Electric Vehicle Charging Stations.

64A.1.0 GENERAL.

1. It is the policy of the Mutual to comply with Civil Code section 4745 by approving, whenever reasonably possible, applications for the installation of EVCS and electric wiring and related components necessary to provide electricity sufficient to power approved EVCS installed in (i) an Owner's Exclusive Use Common Area (i.e., attached garage, attached carport, or stand-alone assigned garage/carport, as applicable) and (ii) Common Area parking spaces. Such installation would provide "hard wire" connections to the EVCS as opposed to providing for plug outlets to supply power to portable charging devices.

64A.2.0 Eves REQUIREMENTS.

1. Any Mutual Owner who proposes to install an EVCS ("Applicant") shall:
 - a. Submit an executed "Alteration Agreement" to the Mutual in care of Golden Rain Foundation of Walnut Creek Mutual Operations Division ("MOD");
 - b. Follow the applicable procedures governing "alterations" set forth in Rule 51 (entitled "Owner-Initiated Alterations Generally"); and
 - c. Obtain Board approval and procure an "Alteration Permit" prior to installation of the EVCS.
2. In addition to the submittals required by the applicable procedures governing "alterations" set forth in Rule 51 (entitled "Owner-Initiated Alterations Generally"), the following must accompany the fully filled out and executed Alteration Agreement for installation of an EVCS:
 - a. Plans and specifications clearly indicating where the EVCS is to be located, the brand or manufacturer, technical specifications and dimensions (i.e., height, width, weight, etc.). as well as structural requirements;
 - b. An acknowledgment satisfactory to the Mutual that the Applicant will procure a homeowner liability insurance policy providing \$1 million in coverage and will provide satisfactory evidence to the Mutual, within fourteen (14) days of the Mutual's approval of the EVCS, that the Mutual has in fact been named as an additional insured under the Applicant's homeowner liability insurance policy providing \$1 million in coverage with a right of notice of cancellation; provided,

64.0.0 POWER SOURCES FOR ELECTRICAL AUTOMOBILES

however, that the Applicant shall not be required to maintain a \$1 million homeowner liability coverage policy for an EVCS utilizing an existing National Electrical Manufacturers Association standard alternating current power plug; and

- c. A fully executed recordable EVCS Installation and Maintenance Agreement substantially in the form attached hereto as Exhibit "A" and approved by the Mutual, binding Applicant and his or her successors to:
 - i. indemnify and hold harmless the Mutual;
 - ii. if applicable, continue the \$1 million liability insurance and additional insured endorsement in effect;
 - iii. pay for the electricity usage associated with the EVCS;
 - iv. be responsible for costs of damage to the EVCS and related property from the installation, maintenance, repair, removal or replacement of the EVCS;
 - v. be responsible for costs of maintenance, repair and replacement of the EVCS; and
 - vi. disclose to prospective buyers the existence of the EVCS and the related responsibilities of the Applicant.
3. Alteration Agreements which include all specified submittals shall be responded to within 60 days of a valid submission.
4. An EVCS may only be installed by the Applicant in Common Area for the exclusive use of such Applicant if installation in the Applicant's assigned carport or garage is impossible or unreasonably expensive. In such cases, the Mutual shall enter into a license agreement with the Applicant for the use of the space in the Common Area.
5. Within fourteen (14) days of approval by Mutual of Applicant's request for permission to install the EVCS and before commencement of installation, the Applicant shall provide the Mutual with satisfactory evidence that the Mutual has been named as an additional insured under the Applicant's \$1 million homeowner insurance liability policy with a right of notice of cancellation; provided, however, that the Applicant shall not be required to maintain a \$1 million homeowner liability coverage policy for an EVCS utilizing an existing National Electrical Manufacturers Association standard alternating current power plug,
6. The installation of the EVCS shall be performed by a qualified, licensed and insured contractor meeting all the requirements set forth in the Alteration Agreement or otherwise imposed by the Mutual.

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5. Applicant shall be responsible for the installation of a separate meter or hard wire the EVCS back to the Unit's electrical meter to accommodate the EVCS. If installed, the meter shall be listed in the Applicant's name and all recharging and related expenses billed directly to the Applicant by Pacific Gas and Electric (PG&E). All installations shall meet all applicable requirements established by state and local laws, PG&E and the Electric Vehicle manufacturer. Electric Vehicle Charging Stations may only be powered using metered circuits billed to the owner.
6. Mutual electrical outlets and metered electric circuits charged to the Mutual may never be used to power an EVCS.
7. Applicant shall comply with all applicable governmental laws and regulations and procure all required City of Walnut Creek and governmental permits and authorizations before installing the EVCS. The EVCS shall meet all applicable governmental and industry safety standards, and local permitting requirements.
8. The EVCS shall be installed in a location acceptable to the Mutual. If visible from the other Exclusive Use Common Area or Common Area, the EVCS must conform to the surrounding structures and environment in design, size and appearance. Visually the installation shall appear neat and attractive, without exposed wiring or visible damage to surrounding improvements.
9. The Applicant and each successive owner of the EVCS shall pay for all electricity usage associated with the EVCS.
10. The use of an extension cord from the Unit to an EVCS is strictly prohibited.
11. The Applicant and each successive owner of the EVCS shall be responsible for:
 - a. all costs for damage to the EVCS, Common Area, Exclusive Use Common Area or Unit resulting from the installation, maintenance, repair, removal, replacement or existence of the EVCS;
 - b. all costs for the installation, operation, maintenance, repair and replacement of the EVCS and all additions or modifications to existing Mutual electrical components until the EVCS has been removed and for the restoration of the Common Area, Exclusive Use Common Area or Unit after the removal;
 - c. disclosing to prospective buyers the existence of the EVCS and the related responsibilities that said buyer will assume, including:
 - i) maintenance at all times of a homeowner liability insurance policy providing \$1 million in coverage which also names the Mutual as an additional insured under the policy with a right to notice of cancellation; provided, however, that said buyer shall not be required to maintain

64.0.0 POWER SOURCES FOR ELECTRICAL AUTOMOBILES

\$1million homeowner liability coverage policy for an EVCS utilizing an existing National Electrical Manufacturers Association standard alternating current power plug;

- ii. the obligation to pay for the electricity usage associated with the EVCS;
 - iii. responsibility for all costs for damage to the EVCS, Common Area, Exclusive Use Common Area and/or Unit resulting from the installation, maintenance, repair, removal, replacement or existence of the EVCS;
 - iv. responsibility for the cost of the maintenance, repair and replacement of the EVCS until it has been removed and for the restoration of the Common Area, Exclusive Use Common Area and/or Units after the removal; and
 - v. responsibility to disclose to prospective buyers the existence of any EVCS and the related responsibilities of the owner pursuant to Civil Code section 4745.
12. If, at the time of sale of the Unit, the new owner (i.e., buyer) does not accept responsibility for the EVCS and separate electrical circuit by signing a recordable EVCS Installation and Maintenance Agreement substantially in the form attached hereto as Exhibit "A" and approved by the Mutual, the EVCS and electrical circuit will be dismantled and the electrical circuit capped at the seller's expense.
13. Nothing in this Rule shall modify, release or otherwise discharge any rights of the Mutual or obligations of the owners imposed pursuant to the Declaration, Bylaws, Rules, and applicable law.
14. The prevailing party in any dispute arising out of the interpretation, violation or enforcement of the provisions of this Section 64A relating to Electric Vehicle Charging Stations or documents created as called for under Section 64A.2.0 shall be awarded their reasonable attorneys' fees and costs.

64A.3.0 ILLEGAL USAGE.

As provided in Section 64A.2.0 above, Mutual electrical outlets and metered electric circuits charged to the /Mutual may never be used to power Electric Vehicles. Each illegal use of a Mutual electrical outlet or electric circuit is a violation of this Section 64A and shall be subject to a monetary penalty in accordance with Rule 18 (entitled "Enforcement of Rules").

64.0.0 POWER SOURCES FOR ELECTRICAL AUTOMOBILES

64B. LSVs, NEVs AND GOLF CART CHARGERS RATED GREATER THAN 13 AMPS/1600 WATTS AT FULL CHARGE IN THE GARAGE/CARPORT.

64B.1.0 GENERAL CONDITIONS FOR USE.

1. Owners of electric powered Golf Carts using chargers rated more than 13 amps or 1600 watts must install a dedicated electric circuit conforming to the vehicle manufacturer's specifications.
2. NOTE: Electric powered Golf Carts and Golf Cart chargers rated less than 13 amps or 1600 watts at peak demand are subject to Section 64C below entitled "CHARGING MAJOR APPLIANCES AND GOLF CART CHARGERS RATED LESS THAN 13 AMPS/1600 WATTS AT FULL CHARGE IN THE GARAGE/CARPORT."
3. Owners desiring to provide power to Golf Cart chargers rated more than 13 amps or 1600 watts are responsible for the installation and maintenance of a separate electrical circuit that meets the requirements established by state and local laws and the Golf Cart manufacturer. All costs of installation and usage of the separate electric circuit are the sole responsibility of the owner. If, at the time of sale of the Unit, the new owner does not accept responsibility for the separate electrical circuit, it will be dismantled or capped at the seller's expense.

64B.2.0 OWNERS WITH ATTACHED GARAGES AND ATTACHED CARPORTS.

This Section 64B.2.0 applies to owners with attached garages and attached carports that were originally designed for a single passenger motor vehicle. Any such owner who wishes to provide power to Golf Cart chargers rated more than 13 amps, or 1600 watts must (i) install a separate electrical circuit that meets the requirements established by state and local laws and the golf cart manufacturer and (ii) undertake all other electrical modifications deemed necessary by the Mutual. Such Owners shall also (i) submit an Alteration Agreement, (ii) follow the applicable procedures governing "alterations" set forth in Rule 51 (entitled "Owner-Initiated Alterations Generally"), (iii) obtain Board approval and an Alteration Permit, (iv) comply with all requirements imposed by the Board, and (v) procure a City of Walnut Creek permit. All charges for the modifications will be the owner's responsibility and the electricity used shall be paid for by the Unit owner.

64B.3.0 OWNERS WITH STAND-ALONE GARAGES AND STAND-ALONE CARPORTS.

1. This Section 64B.3.0 applies to owners with stand-alone garages that were originally designed for a single passenger motor vehicle and owners with assigned parking spaces located in stand-alone carports containing multiple stalls.
2. Any such owner who wishes to provide power in his or her stand-alone carport or stand-alone garage for Golf Cart chargers rated more than 13 amps or 1600 watts must (i) arrange for PG&E installation of a separate meter or hard wire the Golf Cart charger back to the Unit's electrical meter, and (ii) undertake all other electrical

64.0.0 POWER SOURCES FOR ELECTRICAL AUTOMOBILES

modifications deemed necessary by the Mutual. The meter, electrical panel or subpanel, as applicable, and their installation shall satisfy all applicable requirements, including but not limited to those imposed by PG&E, governmental authorities, and the Golf Cart charger manufacturer. If installed, the separate meter shall be listed in the owner's name and all expenses for installation of the meter and all other electrical modifications will be paid for by the owner.

3. Such owner shall also (i) submit an Alteration Agreement, (ii) follow the applicable procedures governing "alterations" set forth in Rule 51 (entitled "Owner-Initiated Alterations Generally"), (iii) obtain Board approval and an Alteration Permit, (iv) comply with all requirements imposed by the Board, and (v) procure a City of Walnut Creek permit.
4. Extension cords from the Unit to the garage or carport are not permitted.
5. Extension cords over 10 feet are prohibited for Golf Cart battery chargers and any electrical cord must (i) be in good condition, (ii) meet the manufacturer's specifications for the Golf Cart battery being charged, and (iii) have a minimum of 12 gauge/3 conductors.

64B.4.0 ILLEGAL USAGE.

Mutual electrical outlets and metered electric circuits charged to the Mutual may never be used to power Golf Cart chargers rated more than 13 amps/1600 watts. Each illegal use of a Mutual electrical outlet or electric circuit is a violation of this Section 64B and shall be subject to a monetary penalty in accordance with Rule 18, Enforcement of Rules.

64C.0 CHARGING MAJOR APPLIANCES AND GOLF CART CHARGERS RATED LESS THAN 13 AMPS/1600 WATTS AT FULL CHARGE IN THE GARAGE/CARPORT.

64C.1.0 GENERAL CONDITIONS FOR POWER USE.

Convenience outlets in garages and carports, attached and stand-alone, may only be used for intermittent charging of small electrical appliances. The peak load of the appliance or battery combined with any other electric device drawing power must not exceed the amperage rating of the circuit. It is the responsibility of the owner to determine both the amperage of all appliances and what the circuit can bear.

64C.2.0 ATTACHED GARAGES AND ATTACHED CARPORTS.

1. Attached garages and attached carports were originally designed for a single passenger motor vehicle. Such garages and carports have convenience electric outlets that provide electric service paid for by the Unit owner.
2. The electric outlets in attached garages and attached carports were designed to

64.0.0 POWER SOURCES FOR ELECTRICAL AUTOMOBILES

provide power for intermittent use by small appliances. Therefore, major electric appliances (such as freezers, refrigerators) and Golf Cart chargers rated less than 13 amps or 1600 watts - devices which are plugged in continuously - may not be plugged into an existing convenience electric outlet in attached garages and attached carports since they tend to overload the circuit. Further, Golf Cart chargers rated more than 13 amps, or 1600 watts may never be plugged into an existing convenience electric outlet.

3. Any owner who desires to charge major electric appliances (such as freezers, refrigerators) and/or Golf Cart chargers rated less than 13 amps or 1600 watts in his or her attached garage or attached carport must, at his or her sole expense, (i) upgrade the electrical system in the manner that is deemed necessary by the Mutual to accommodate such charging and (ii) satisfy all applicable requirements, including but not limited to those imposed by PG&E, governmental authorities, and the manufacturer of the major electrical appliance or Golf Cart charger, as applicable. In that regard, the owner shall: (i) submit an Alteration Agreement, (ii) follow the applicable procedures governing "alterations" set forth in Rule 51 (entitled "Owner-Initiated Alterations Generally"), (iii) obtain Board approval and an Alteration Permit, and (iv) comply with all requirements imposed by the Board, and (v) procure a City of Walnut Creek permit.
4. Extension cords from the Unit to the garage or carport are not permitted.
5. Extension cords over 10 feet are prohibited for battery chargers and any electrical cord must (i) be in good condition, (ii) meet the manufacturer's specifications for the battery being charged, and (iii) have a minimum of 12 gauge/3 conductors.

64C.3.0 STAND-ALONE GARAGES AND STAND-ALONE CARPORTS.

1. Stand-alone garages and stand-alone carports that contain multiple assigned parking spaces present a different set of circumstances. Such garages and carports are detached and remote from the Unit and have convenience electric outlets that provide electric service paid for by the Mutual as opposed to the individual owner.
2. These electric outlets in most stand-alone garages and stand-alone carports were designed to provide power for intermittent use by small appliances. Therefore, major electric appliances (such as freezers, refrigerators) and Golf Cart chargers rated less than 13 amps or 1600 watts - devices which are plugged in continuously - may not be plugged into an existing convenience electric outlet since they tend to overload the circuit. Further, Golf Cart chargers rated more than 13 amps, or 1600 watts may never be plugged into an existing convenience electric outlet.
3. If, after an electrical inspection by the Mutual, the stand-alone garage or stand-alone carport is proven to have sufficient electrical capacity to safely charge a 13 amp/1600 watts or less Golf Cart charger, a sign will be posted in the garage or carport, as applicable, stating that the electric outlet is safe to do so. A user fee, established by the Mutual, will be billed to the owner, unless the electric line is already hard-wired back to the individual owner's PG&E electric meter. Extension cords over 10 feet are

64.0.0 POWER SOURCES FOR ELECTRICAL AUTOMOBILES

prohibited for Golf Cart battery chargers and any electrical cord must (i) be in good condition, (ii) meet the manufacturer's specifications for the Golf Cart battery being charged, and (iii) have a minimum of 12 gauge/3 conductors.

4. If, after an electrical inspection by the Mutual, the stand-alone garage or stand-alone carport is proven to not have sufficient electrical capacity to safely charge a 13 amp/1600 watts or less Golf Cart charger, the Mutual shall, upon request of an owner who has an assigned parking space in a stand-alone garage or stand-alone carport, install, at Mutual expense, a suitably designed electrical panel on the wall of or adjacent to the structure. Any owner desiring to use electric service from such electrical panel to charge his or her Golf Cart charger rated less than 13 amps, or 1600 watts may apply for permission to install, at such owner's sole cost and expense, a suitably designed electric circuit from the Mutual-installed electric panel to his or her assigned parking space. Such owner shall, prior to installing an electric circuit, satisfy the following requirements: (i) submit an Alteration Agreement, (ii) follow the applicable procedures governing "alterations" set forth in Rule 51 (entitled "Owner-Initiated Alterations Generally"), (iii) obtain Board approval and an Alteration Permit, (iv) satisfy all applicable requirements, including but not limited to those imposed by PG&E, governmental authorities, and the manufacturer of the major electrical appliance or Golf Cart charger, as applicable, (v) comply with all requirements imposed by the Board, and (vi) procure a City of Walnut Creek permit. Since the cost of electricity will be billed to the Mutual, the Mutual shall establish an annual, non-refundable fee that will be payable by any owner using the Mutual-installed electric panel. Such fee shall cover such owner's share of: (i) the cost of electricity (if different from the Mutual's fee determination), (ii) administration of billing by MOD, and (iii) the Mutual's annualized capital cost to construct the electrical improvements to provide the electric service.
5. Extension cords from the Unit to the garage or carport are not permitted.
6. Extension cords over 10 feet are prohibited for battery chargers and any electrical cord must (i) be in good condition, (ii) meet the manufacturer's specifications for the battery being charged, and (iii) have a minimum of 12 gauge/3 conductors.
7. A Mutual shall not be required to install an upgraded electrical panel upon the request of an owner who has an assigned parking space in a stand-alone garage or stand-alone carport if such owner also has an attached garage or an attached carport. In such case the owner must, subject to compliance with Section 64C.2.3 above, use his or her stand-alone garage or stand-alone carport to charge his or her Golf Cart charger rated less than 13 amps or 1600 watts.

64C.4.0 ILLEGAL USAGE

/Mutual metered circuits charged to the Mutual may never be used to power Electric Vehicles, LSVs, NEVs or Golf Cart chargers rated more than 13 amps/1600 watts; such vehicles and devices may only be powered using metered circuits billed to the owner. Each illegal use of a convenience electric outlet is a violation of this Section 64C and shall be subject to a monetary penalty in accordance with Rule 18 (entitled "Enforcement of Rules").

64.0.0 POWER SOURCES FOR ELECTRICAL AUTOMOBILES

Mutual 39
Rule 64 EVCS Installation
MAINTENANCE AND INDEMNITY AGREEMENT

Exhibit A, Rule 64.0 EVCS

I/We (name _____)

Owner(s) of the condominium unit at (address), _____

Walnut Creek, CA 94595 (collectively, the "Undersigned") in consideration of the approval of Mutual 39 (the "Mutual"), a California nonprofit mutual benefit corporation, of my/our application to allow the installation of an EVCS in the Exclusive Use Common Area of the building located at _____ in Mutual 39, I/we acknowledge that f/we have read Walnut Creek Mutual Thirty-Nine's Rule 64.0, Owner-Initiated Alterations, EVCS ("Rule 64.0"), understand its contents and agree as follows:

1. The proposed EVCS shall be installed and maintained in full compliance with Rule 64.0 and Alteration Permit # _____ that has been issued by the Mutual for this installation and the Undersigned agree to comply with all terms and conditions set forth in Rule 64.0 and Alteration Permit # _____

2. I/we shall indemnify and hold harmless Mutual 39, Golden Rain Foundation of Walnut Creek, and their respective officers, directors, employees, agents, and members, and their respective successors and assigns (hereinafter "Indemnitees," from and against any and all claims, liability, loss, or damage arising from suits, losses, costs, liabilities, interest, attorney's fees, including but not limited to any such fees and expenses incurred in enforcing this Indemnity Agreement (collectively "Damages) resulting from, arising out of or in any connected with the installation, maintenance, operation or removal of the EVCS described in Alteration Permit # _____

3. The planned EVCS under Alteration Permit # _____ shall be installed in the exclusive use common area at _____, Walnut Creek, CA 94595 in the manner and location approved by the Mutual, which is defined under the Declaration of Covenants, Conditions and Restrictions ("CC&Rs") of Mutual _____ to be part of the Mutual's Exclusive Use Common Area.

4. Should the Undersigned sell the unit; the transferee shall accept in writing the obligations under this agreement or the Undersigned agrees to remove the installation at its own cost and restore the Exclusive Use Common Area to its original condition and in compliance with Rule 64.0.

5. Should the Undersigned fail to meet its obligation to defend and/or indemnify and save harmless in accordance with this agreement, then in such case Indemnitee shall have full right to defend, payor settle said claim on their own behalf with or without notice to the Undersigned for all fees, costs and payments made or agreed to be paid to discharge said claim.

6. In the event of enforcement of said maintenance and indemnification obligations as set forth herein, the Undersigned agrees to pay all reasonable attorneys' fees necessary to enforce said maintenance and indemnification obligations.

64.0.0 POWER SOURCES FOR ELECTRICAL AUTOMOBILES

THIS AGREEMENT SHALL BE UNLIMITED AS TO AMOUNT OR DURATION and shall be binding upon and inure to the benefit of the parties, their respective successors, assigns, personal agents and representatives.

SIGNED this _____ day of _____ 20 at _____ by all owners of the condominium unit making application for the installation of a EVCS, as follows:

Name of Owner: _____

By (signature): _____

Name of Owner: _____

By (signature): _____

Name of Owner: _____

By (signature): _____

64.0.0 POWER SOURCES FOR ELECTRICAL AUTOMOBILES

Mutual 39 Rule 64 EVCS Installation CHECKLIST

- a. Plans and specifications clearly indicating where the EVCS is to be located, the brand or manufacturer, technical specifications and dimensions (i.e., height, width, weight, etc.), as well as structural requirements.
- b. Proof of Liability Insurance coverage to be renewed annually.
- c. Fully executed EvCs Installation and Maintenance agreement.

65.0.0 OWNER-INITIATED ALTERATIONS HARDWOOD FLOOR REFINISHING

65.0.0 HARDWOOD FLOOR REFINISHING

Wood floor refinishing can expose workers, building occupants, homeowners, and residents of the surrounding neighborhood to a variety of health and safety hazards.

For this reason, Manor hardwood floor refinishing requires approval of the Mutual 39 Alteration Review Committee via the Alteration Application. Only water-based non-flammable floor finishing products with flash points at or above 100^o F are permitted for hardwood floor refinishing in Mutual 39 Manors. Additionally, if floor sanding is required a dust capture and/or ventilation system will be required as part of the Alteration Application.

69.0.0 FIREPLACES

69.0.1 MAINTENANCE

The maintenance of manor fireplaces and their flues is the responsibility of the manor owner. Creosote and resins are by-products of burning wood or other materials. If allowed to build up in fireplace flues they present a fire hazard. Mutual 39 agrees with the U. S. Fire Administration recommendation that frequently used fire places and their flues be inspected and cleaned by a "Certified Inspector"* every year. During ownership each owner should decide when their fireplace should be inspected and cleaned depending on how often it is used.

69.0.2 INSPECTION WHEN MANOR IS SOLD

When a manor is sold Mutual 39 requires that its fireplaces and flues, *regardless of use frequency*, have a Level 2 inspection by a "Certified Inspector"*. Necessary cleaning and repairs must be completed and a "Certified Notice of Completion" given to Mutual Operations before close of escrow.

Inspector should be certified by CSIA (Chimney Safety Institute of America) and FIRE (Fire Investigation Research Education).

70.0.0 SMOKE ALARMS

70.0.0 SMOKE ALARMS

The Uniform Building Code Section 310.9.1 specifies that each unit have a smoke alarm in every bedroom and one in the connecting hall. Smoke alarms are personal property and each owner is responsible for their installation. The Mutual 39 Board recommends that each owner install additional alarms, if needed, to meet Code. The board also recommends that smoke alarms be replaced every ten years. At the time of resale new dual sensor smoke alarms must be installed according to Code.

The Mutual 39 recognizes that it is important for the safety of the entire mutual that each unit has working smoke alarms. Therefore, Mutual 39 will have the batteries replaced in the smoke alarms required by Code every 10 years. At that time they will have the test button pushed. If the alarm does not function they will have the alarm replaced at resident expense.

Owners may install additional smoke alarms not required by Code. These additional alarms will be tested, at Mutual expense. However, if such an alarm fails the owner will remove it or pay for its replacement.

The residents of each unit are responsible to:

1. Push the test button in each alarm at least once a month. If the alarm does not sound notify MOD at 988-7650. If a new battery is needed it will be replaced at no cost to the resident. If a new alarm is required, it will be replaced at owner expense.
2. If an alarm beeps intermittently call MOD to have the battery replaced at Mutual expense.
3. Vacuum the outside of each alarm at least once each year.
4. Not disconnect the battery in an alarm.
5. Replace smoke alarms every ten years.

Note: The Mutual is not responsible for inoperative alarms as the resident is responsible for the monthly tests; cleaning the alarm exterior; and having inoperative alarms or batteries replaced. Alarms replaced by MOD will be the dual sensor type.

71.0.0 PETS

The Mutual Conditions, Covenants, and Restrictions prohibit raising, breeding or keeping of animals in a unit or common area, except that dogs, cats, or other domestic household pets may be kept in units (although not for commercial purposes) subject to the restrictions set forth below.

One or two domestic pets may be kept in a unit at anyone time. However, the Board may disallow keeping of individual pets the Board determines to be noisy, obnoxious or unsanitary.

Most pets do not cause any trouble and are a source of pleasure and satisfaction to their owners. However, some cause acute distress to neighbors. Therefore, pet owners must observe the following rules and guidelines.

71.1.0 LEASH RULE

1. Dogs and cats must be leashed at all times when outside the manor. A dog park area is located adjacent to the Del Valle parking lot where owners may allow their dogs to run unleashed (but under control).
2. Pet pens are not allowed on common property (either for exclusive use or non- exclusive use) i.e. front entry porches, or rear decks/patios.

71.2.0 SANITATION RULES

1. In order to prevent unsightly damage, pets must be restrained from relieving themselves on lawns.
2. The pet owner is responsible for cleaning up and removing any feces left by a pet in any area of Rossmoor. The feces must not be disposed of in storm drains or other outside areas. Trash collection bins may be used for disposal of bagged feces.

71.3.0 CATS

Cat owners should be aware that their pet cats, if found outdoors, may be captured and removed by animal control authorities.

71.0.0 PETS

71.4.0 DOGS

Dog owners must prevent excessive barking by their pets. Dogs that are left alone or frightened may bark intermittently for hours. Even a dog barking inside a manor can be distracting. Also, dog owners must not tie up their pets outdoors.

71.5.0 FINES AND PENALTIES

Repeated violation of these rules may cause imposition of fines and penalties to the unit owner Appendix A, Rule 18.10 of Mutual 39 Rules and Procedures specifies the monetary penalty for violations for Rule 71.

72.0.0 BIRD FEEDERS AND WILDLIFE

Rossmoor is a haven for wildlife of many kinds, some benign, others, such as rats and gophers, less so. Our landscaping and the wild areas surrounding Rossmoor provide a variety of food and shelter, all that the wildlife require. As a result, there is no need to put out additional food. In fact, since both the desirable animals and the undesirable animals tend to enjoy the same food, the mix of animal life that scattered food will attract is not one that we want in Rossmoor.

Therefore, scattering of birdseed, or feeding turkeys, deer, or all other wild, feral, or domestic animals outside the condominium unit is not permitted because it attracts rats, gophers, and other rodents.

Hummingbird feeders must not drip the sugary feed on the ground lest ants be attracted to it.

Appendix A, Rule 18.10 of Mutual 39 Rule and Procedures specifies the monetary penalty for violations for Rule72.

73.0.0 OWNER ACCESS TO MEMBERSHIP LISTS

73.1.0 CONDITIONS FOR ACCESS

Any member of Mutual 39 who wishes to inspect or obtain a copy of the list of names and addresses of the members of the Mutual, should submit a written request to the Board of Directors at 1001 Golden Rain Road, Walnut Creek, California 94595, stating the purpose for which the membership list is requested. The purpose must be related to the owner's interest as a member. If the Board reasonably believes the information will be used for business or solicitation purposes, or where the Board provides a reasonable alternative, the Board may deny the member access to the list. Members should allow the Board five (5) business days to meet the request for inspection, and ten (10) business days (or ten business days after any later list compilation date specified in the request) to produce a copy of the list.

Given this time constraint, the Board has delegated its authority to determine relevance of the demand to the requester's interest as a member to the Secretary of the Mutual, who shall consult with the President or a Vice President before making the determination. All such determinations shall be reported promptly to the Board. If the Secretary is not available when the demand is received, the Secretary's authority shall be assumed by a presidential officer. Mutual 39 may charge a reasonable fee to cover copying and mailing costs. ¹⁾

¹⁾ The Mutual may instead deliver a written offer to the requester, within 10 business days after receiving the request, of an alternative method of achieving the purpose of the request without providing access to or a copy of the membership list.

73.2.0 MEMBERS' RIGHT TO "OPT OUT"

Any member who does not want his or her name, property address, and mailing address revealed to any requester may "opt out" of sharing this information, by submitting a written request to opt out to the Secretary of the Mutual.

The Mutual is required to provide the requesters with an alternative way to reach the opters-out. If the purpose is to mail written material to the members, we will provide the requester with the names, property addresses, and mailing addresses from the membership list requested, except the names, property addresses, and mailing addresses of the opters-out. The list may be a machine-readable file, a printout of such a file, or mailing labels. We will mail a copy of the written material to each opter-out on the membership list requested, and include a note identifying the requester. These copies shall be sent by US mail in envelopes bearing the Mutual 39 return address. The requester shall pay a reasonable charge for all costs of producing the membership list and sending copies of the written material to the opters-out. In no event shall we copy, stuff, address, or provide postage for the material that the requester is mailing directly.

73.0.0 OWNER ACCESS TO MEMBERSHIP LISTS

If the requester's purpose is other than to distribute written material, we will provide the mailing list as above. We shall notify the opters out of the request by US mail. The requester shall pay a reasonable charge for all costs of producing the membership list and giving notice to the opters-out.

74.0.0 OWNER ACCESS TO BOARD MINUTES

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Owners have access to minutes of the meetings of the Mutual 39 Board in accordance with the California Civil Code and the California Corporations Code, as follows:

Civil Code "§1363.05 (d)

The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the board of directors of an association, other than an executive session, shall be available to members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any member of the association upon request and upon reimbursement of the association's costs in making that distribution."

Corporations Code u§8333

The accounting books and records and minutes of proceedings of the members and the board and committees of the board shall be open to inspection upon the written demand on the corporation of any member at any reasonable time, for a purpose reasonably related to such person's interest as a member."

Owners should address requests for copies of the meeting minutes to the Board of Directors Mutual 39 at 1001 Golden Rain Road, Walnut Creek, California 94595

75.0.0 RESOLUTION OF LOCAL CONFLICTS

1. Owners (and residents on behalf of owners) who wish to call attention to problems such as unruly behavior, unsafe or illegal parking, other disruptive activities, threats, violence, or safety and health hazards should -
 - Dial 911 in case of an emergency.
 - Notify the Golden Rain Foundation's Department of Public Safety.

Less urgent matters of local concern such as parking problems, landscaping problems, or disagreements among residents will be resolved locally (within the individual building or entry) whenever possible.

2. If a problem cannot be resolved locally, the members concerned will refer the matter to the Board for action. The Board may take whatever measures it deems necessary and proper to resolve the issue, including referral to the Conflict Resolution Committee, a formal hearing, or vote of the Mutual owners.

76.0.0 DISPUTE RESOLUTION

76.1.0 DISPUTE RESOLUTION PROCEDURE (Civil Code Title 6, Chapter 4, Article 5)

76.1.1 INITIATION

Either party to a dispute within the scope of this article may invoke the following procedure:

The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.

A member of an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.

The association's board of directors shall designate a member of the board to meet and confer.

The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.

A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.

76.1.2 ENFORCEABILITY

An agreement reached under this section binds the parties and is judicially enforceable if both of the following conditions are satisfied:

The agreement is not in conflict with law or the governing documents of the common interest development or association.

The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.

76.1.3 FEES

A member of the association may not be charged a fee to participate in the process.

76.2.0 ALTERNATE DISPUTE RESOLUTION

California Civil Code §1354 addresses owners' rights to sue the Association or another member of the Association regarding the enforcement of the governing documents.

Civil Code §1354 requires that the owners shall be provided each year with a summary of the provisions of the section, specifically referencing the section. The summary must include the following language:

76.0.0 DISPUTE RESOLUTION

"FAILURE BY ANY MEMBER OF THE ASSOCIATION TO COMPLY WITH THE PREFILING REQUIREMENTS OF SECTION 1354 OF THE CIVIL CODE MAY RESULT IN THE LOSS OF YOUR RIGHTS TO SUE THE ASSOCIATION OR ANOTHER MEMBER OF THE ASSOCIATION REGARDING ENFORCEMENT OF THE GOVERNING DOCUMENTS."

See Appendix A for a copy of Civil Code §1354 and a summary of its provisions.

77.0.0 SIGNAGE

77.1.0 DEFINITIONS

1. Commercial Signs: Commercial Signs are any sign, flag, banner or poster advertising a business, product or service, except Real Estate Signs, as defined below.
2. Real Estate Signs: Real Estate Signs are window signs indicating a particular unit is for sale, lease, or exchange.
3. Noncommercial Signs: Noncommercial Signs are any sign, flag, banner or poster not included in the definitions of Commercial Signs and Real Estate Signs above.

77.2.0 COMMERCIAL SIGNS

All Commercial Signs are prohibited anywhere within the Common Area and within those portions of a Unit and Exclusive Use Common area visible from other Units or Common Area, unless expressly authorized in writing by the Board.

77.3.0 REAL ESTATE SIGNS

One temporary Real Estate Sign not exceeding four (4) square feet of area may be placed in a window of a Unit that is for sale, lease or exchange. The information on the sign shall be limited to the name of the seller or agent, his or her telephone number and address and whether the property is for sale, lease or exchange. All such signs must be removed within three days of close of escrow, or lease of the Unit.

77.4.0 NONCOMMERCIAL SIGNS

One Noncommercial Sign or poster must be nine (9) square feet or less and a Noncommercial flag or banner that is fifteen (15) square feet or less may be placed within a Unit or Exclusive Use Common Area (but not in the general Common Area). No other Noncommercial Signs visible from other Units or Common Area are permitted.

78.0.0 OUTDOOR BARBECUES

Refer to California Fire Code, Section 308 Open Flames

79.0.0 SECONDARY MAILING ADDRESSES

Any member may establish a secondary mailing address by notifying the Secretary of the Mutual 39 by mail or facsimile. Upon receiving such a notice, the Mutual will send all correspondence and legal notices required by Civil Code sections 1365 through 1365.5 (Fiscal Matters) to both the member's primary address and the member's secondary address.

A member may name the member's so-called billing address as the secondary address. Billing addresses, however, are not automatically secondary mailing addresses.

A temporary address, to which the member's primary address mail will be forwarded, should not be used as a secondary address.

To avoid inadvertently omitting required correspondence and legal notices, all mailings from the Mutual, for any purpose, will be sent to both addresses.

80.0.0 SPORTS APPARATUS

80.1.0 SPORTS APPARATUS

No basketball standard (including so-called portable basketball standards) or other portable or fixed sports apparatus shall be placed upon or attached to any portion of the Mutual common property without the written permission of the Board of Directors.

80.2.0 FINES AND PENALTIES

Repeated violation of this rule may cause imposition of fines and penalties to the unit owner. See Rule 18.0.0

89.0.0 Minimum Levels of Project Operating and Reserve Funds

Rationale: In order to ensure the financial integrity in Mutual 39 the following minimum levels for the Operating Fund (defined as monies set aside in order to pay for the operating expenses during the current year) and the Reserve Fund (defined as monies set aside for repair, removal or replacement of major components within the Mutual).

89.1.0 OPERATING FUND

The Operating Fund shall be maintained at the beginning of each fiscal year sufficient to cover two (2) months of operating expenses or the entire insurance premium payable annually in advance plus one month's operating expenses, whichever amount is greater.

89.2.0 RESERVE FUND

The Reserve Fund shall be maintained at a minimum level of \$3,000 per manor. This level will be calculated by adding the cash balances maintained to cover pending commitments for work to be done within the Mutual and cash invested in CDARS or other such programs and dividing the sum by the number of manors in the Mutual.

89.3.1 TREASURER'S REVIEW

The Treasurer shall complete a review of the financial condition of the Mutual and report to the Board as to the progress in repayment of borrowed reserve funds to supplement working capital at the beginning of each year.

The analysis shall also include a review of any plans outlined in writing to the Board to reach the minimum threshold levels for Reserve Funds. It is expected that this information will provide the Board with sufficient information to approve or reject the proposed Mutual budgets for the succeeding year.

90.0.0 MANAGING AGENT RELATIONS

Golden Rain Foundation, as managing agent for Walnut Creek Mutual Thirty-Nine, has a responsibility to assist the Board in implementing the Board's rules and procedures, including (without limitation) the following.

90.1.0 OWNER BILLABLE WORK AT THE TIME OF RESALE

To avoid liability, the managing agent will not accept requests for owner-billable work on units for which a resale escrow account has been opened.

91.0.0 WORK SITE RULES FOR CONTRACTORS

The Board establishes work site rules for contractors working in the Walnut Creek Mutual Thirty-Nine. These rules supplement the Golden Rain Foundation Mutual Operations Division's "Notice to Contractors - Rules for Working in Rossmoor."

The Board's current rules are set forth in Appendix A. Also, a copy of the Mutual Operations Division's "Notice to Contractors" is included in Appendix A.

92.0.0 WORK ORDERS, CONTRACTS, AND CHANGE ORDERS

92.1.0 LIMITS ON DIVISION OF TASKS

No party will divide a task into separate work orders or contracts in order to avoid Mutual 39 approval or bidding requirements.

92.2.0 WORK ORDER CONVERSION TO CONTRACT

Any work order assigned by MOD to an outside vendor shall be executed by MOD as the contracting party or converted to a formal contract with Mutual 39 and executed by Mutual 39 and the vendor.

92.3.0 BIDDING

Any job over \$5000 or repetitive job that will aggregate over \$5000 will be bid out unless the Mutual President orders otherwise, in writing. Jobs under \$5000 alone or in aggregate will not be bid out unless the Mutual President requests bidding. Single- source vendors shall be bid against at least once every 3 years.

92.4.0 CHANGE ORDERS

Approval of the dollar amount of a contract or a change order allows additional charges up to 5% of the amount of the contract or change order upon approval by the Mutual President.

If a contract is let for all of the work covered by an acceptable bid, but the scope of the work must be expanded because of newly discovered problems in the original contract location, the scope may be changed only by a Change order, or a new contract, that includes all changes in scope, specifications, and completion plans. If a contract is let for only a portion of work covered by an acceptable bid, other portions of the work may be added by change orders that include all changes in scope, specifications, and completion plans.

92.6.0 NEW CONTRACTS IN LIEU OF CHANGE ORDERS

If a contract is let for all of the work covered by an acceptable bid, additional, similar work to be performed at a different location requires a new contract, not merely a change order.

93.0.0 RULES FOR USE OF STORAGE CONTAINERS (commonly referred to as PODs)

93.0.0 RATIONALE FOR RULE

This rule is developed to assure the safety of residents and to maintain adequate parking for visitors and guests. Golden Rain Foundation Rule 108.0.9 states that "PODs/storage containers may not be parked on Foundation streets or in Foundation parking areas." Mutuals may allow storage containers to be parked on Mutual property, and for Mutual 39 this will be for no more than seventy-two (72) hours in accordance with this rule.

This rule aims to balance between the needs of the resident desiring to use a storage container and the rights of the other residents to have adequate parking in the Mutual.

93.1.0 DEFINITION

This rule applies to storage containers (SC) that are dropped off for packing or unpacking of household goods, after which the SC is removed.

93.2.0 PROCEDURE FOR APPROVAL BY DIRECTOR

In order to allow delivery and removal within the time frames set forth in this rule, residents should begin arrangements well in advance of the desired dates so that the SC company is able to comply with the necessary delivery or removal dates. The procedure for approval will be as follows:

- a. The Resident should contact the Mutual President in writing (email preferred) indicating that he or she desires placement of a SC within a specified entry in the Mutual. The resident must provide the following details in this written request:
 - i. The proposed delivery and removal dates for the SC,
 - ii. The SC company name and the proposed size of the SC, and
 - iii. The Rossmoor address pertaining to the proposed SC.
- iv. The phone numbers of the Resident seeking approval.
- b. If approved, the Mutual President will designate a specific parking space in the entry for the SC and communicate this approval in writing to the resident, along with the agreed upon dates for delivery and removal, not to exceed seventy-two (72) hours.
- c. The Mutual President may decline to grant approval for a SC to be placed in a given entry if there is insufficient guest parking; if vendor or emergency vehicle access would be compromised; or a history of the SC company failing to meet deadlines.

93.0.0 RULES FOR USE OF STORAGE CONTAINERS (commonly referred to as PODs)

93.3.0 IMPLEMENTATION BY SECURITAS

- a. The Mutual President will notify Securitas via email of the approval, delivery and removal dates, street and entry number, and specific parking space for the delivery of the SC.
- b. No early admission of the SC by Securitas will be allowed.
- c. Any holding over beyond the agreed upon removal date shall incur a daily fee of One Hundred Dollars (\$100) charged to the resident until the SC is removed.

93.4.0 ON-SITE COMPLIANCE

Prior to delivery to the Rossmoor destination, the resident or designated representative will ensure that the approved parking space for the SC is marked with cones.