

ABBREVIATIONS AND DEFINITIONS

I. POLITICAL

A. *Third Walnut Creek Mutual* (TWCM, 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. TWCM owns no real property.

B. *Board* means Board of Directors of Third Walnut Creek Mutual.

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 Third Walnut Creek Mutual.

II. THE PROPERTIES

A. A *condominium* as defined in Civil Code §1351(f) 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 31, for example, each owner has an undivided 1/48th 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 §1351(f) is a development consisting of condominiums. For example, Project 31 is a condominium Project consisting of 48 condominiums.

C. A *unit* means elements of a condominium, as defined in Civil Code §1351(f), 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, according to bylaws Article III, paragraph 23 are the exterior surfaces of the doors and windows and the interior surfaces of the perimeter walls, floors and ceilings).

Under Article I 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."

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, Third Walnut Creek Mutual 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 §1351(b) 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, TWCM is responsible for maintaining and for obtaining insurance protection for the *common area* of each Project.

E. *Exclusive use common area* is defined in Civil Code §1351(i) 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 §1351(i)(1) 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 §1351(i)(2) 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.

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 Third Walnut Creek Mutual. The *owners*, whether or not they are also *residents*, are the voting members of Third Walnut Creek Mutual. ①

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. ①

① 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. *Project billable* means costs that will be charged to the entire Project and paid from Project operating funds or Project reserve funds.

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

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

January 13, 2000

March 11, 1996

April 8, 1996

Board Meetings (Regular)

Second Monday of each month in the Boardroom, Administration Building, Starting at 9:30 A.M. If the second Monday is a staff holiday the meeting will be held on the second Tuesday in the same place and at the same time except as posted otherwise on the Board Room door. ①

Annual Meeting of Members

Second Tuesday of 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 policy.

② Timing is set in bylaws Article V Section 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

October 11, 2004

February 20, 2003

10.0.0 CONFORMITY WITH LAWS AND LEGAL DOCUMENTS

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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 for each Project;

Covenants, Conditions and Restrictions (CC&Rs) for each Project;

Third Walnut Creek Mutual Articles of Incorporation; or

Third Walnut Creek Mutual Bylaws.

The Third Walnut Creek Mutual policies and procedures do not supersede any provision of these documents.

March 11, 1996
January 13, 2000

11.0.0 COMPENSATION OF DIRECTORS PROHIBITED

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

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

March 11, 1996
January 13, 2000

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 (See Appendix A) 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.

March 11, 1996
January 13, 2000

13.0.0 COMMERCIAL PRESENTATION LIMITS

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

1. By Third Walnut Creek Mutual'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.

March 11, 1996
January 13, 2000

14.0.0 COMMITTEES OF THE BOARD

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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 shall be a member of the Board and 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.

March 11, 1996
January 13, 2000

15.0.0 MEMBERSHIP APPLICATIONS AND CERTIFICATES

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15.1.0 DELEGATION OF AUTHORITY TO ACCEPT MEMBERSHIP APPLICATIONS

An Assistant Secretary or any other officer of Third Walnut Creek Mutual Corporation may review applications for membership in the corporation, 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. ①

15.2.0 ISSUANCE OF MEMBERSHIP CERTIFICATES

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

① See Appendix A for a summary of these requirements.

March 11, 1996
January 13, 2000

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

16.1.0 COMPLIANCE WITH CIVIL CODE §1365.5(a)

To comply with Civil Code §1365.5(a), the Board will review the following fiscal items.

1. A current reconciliation of each Project's operating account on at least a quarterly basis.
2. A current reconciliation of each Project's reserve account on at least a quarterly basis.
3. For each Project, 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 Third Walnut Creek Mutual has its Project operating and reserve accounts.
5. An income and expense statement for Third Walnut Creek Mutual's Project 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 PROJECT SPECIFIC ACCOUNTING

16.2.1 SEGREGATION OF ACCOUNTS

Each Project in Third Walnut Creek Mutual has its own operating bank account(s) and its own reserve bank account(s).

16.2.2 PROJECT SPECIFIC EXPENSES

Each Project pays its own expenses.

16.2.3 EXPENSES SHARED WITH SOME BUT NOT ALL OTHER PROJECTS

Each Project pays its share of expenses incurred jointly with some but not all of the other Projects. For example, charges by legal counsel for work benefiting two or more, but not all of the Projects are paid only by the beneficiary Projects. Postage and printing costs incurred by two or more, but not all Projects are paid only by the Projects that incur the costs.

16.2.4 EXPENSES SHARED AMONG ALL THE PROJECTS

All Projects share equally on a per-manor basis in such expenses as Board operations, general mailings, and general counsel work. Also, certain GRF charges are paid equally on a per-manor basis by all Projects, although the Projects might not appear to receive equal benefits from GRF.

16.2.5 PAYMENT METHODS – DIRECT PAYMENT

Upon receipt of an acceptable demand for payment from the funds of a Project, or in order to pay the Project's estimated income taxes on or before the due dates, MOD may pay the amounts due directly by check drawn on the Project's accounts.

16.2.6 PAYMENT METHODS – GENERAL FUND

MOD shall maintain a general fund in the amount of \$10 per manor. In order to facilitate payments to a single vendor or taxing agency by two or more Projects, MOD may pay the vendor or taxing agency by a single check drawn on the general fund. The general fund shall be reimbursed promptly from the accounts of the Projects for which the payment was made. Each Project's reimbursement shall be clearly documented to identify the name of each vendor or taxing agency paid, and the amount paid to each vendor or taxing agency.

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 Project funds must be invested in either U.S. Treasury notes and bills or in investment accounts such as Money Market Accounts, 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. Third Walnut Creek Mutual will not borrow to purchase any security for a Project account and will not purchase any security for a Project account at a premium above net asset value.

To meet the accessibility criteria, a Project's reserve funds may be invested in authorized investment accounts, not to exceed three (3) years maturity from date of purchase.

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 Project's operating fund is credited to that Project's operating account. Taxes on that income are paid from the Project's operating account.

16.4.2 RESERVE FUNDS

Income earned by a Project's reserve fund is credited to that Project's reserve account. Taxes on that income are paid from the Project'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 district director, 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 BILLABLE WORK IN A PROJECT

Any director may establish a threshold expense amount above which current reserves billable expenses of the director's Project(s) shall be paid directly to the vendor by withdrawal from the Project'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.

16.5.5 REIMBURSABLE USE OF OPERATING FUNDS FOR CURRENT RESERVES BILLABLE WORK

A Project's operating fund balances in excess of current operating fund needs may be expended for current reserves billable work, with reimbursement from the Project'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 Project'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 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 Project 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 Project's reserve account.

December 9, 2002
September 8, 2003
May 9, 2005
July 10, 2006
February 14, 2011

17.0.0 AUTHORITY TO SPEND RESERVE AND OPERATING FUNDS
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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 Project budgets. The budgeted amount for each primary category of expense may not be exceeded except by written consent of the District Director for the Project.

17.1.0 RESERVE FUND EXPENDITURES

The Board adopts a reserve fund expenditure budget for each Project for items such as building maintenance, rehabilitation, and roofing each year after input by the Project's District Director, outside consultants and the managing agent. In Projects that have special amenities, the reserve budget may include a line item or items to cover major repairs and/or replacements of the major components of the special amenities.

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 Project 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 Project budget, subject to limitations stated in the preceding paragraph and subject to approval by the Project's District Director; provided, all contracts in any amount, and all work orders for goods or services for a Project or Projects 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 for each Project each year after input by the Project's District Director and the managing agent. The operating fund budget may cover, among other things, costs of enhanced landscaping, tree removal, and maintenance of special amenities such as swimming pools, ponds and fountains previously covered in a Project Improvement Fund.

17.0.0 AUTHORITY TO SPEND RESERVE AND OPERATING FUNDS

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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 Project budget, subject to limitations stated in the preceding paragraphs and subject to approval by the Project’s District Director for any expenditure for Building Maintenance and Public Works, Landscape Maintenance, or Pool and Pond Maintenance, and provided that all contracts in any amount, and all work orders for goods or services for a Project or Projects in excess of \$5,000 or \$50 per unit, whichever is less, shall be approved in advance by the District Director(s) and signed by the President or a Vice President and reported to the Board. If a contract or work order is to be charged against all Projects, two of these officers must sign.

The managing agent is also authorized to debit each Project’s operating account, within limits of the Board-approved Project budget, for the Project’s utility bills and for the Project’s share of Mutual-wide professional services, income taxes, and general and administrative expenses billable to all Projects 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 District Director in accordance with policy, must be for expenses within the Project’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 District Director. 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 District Director. Additional increases, within budget limits, require approval by the District Director and the signature of the President or a Vice President. Budget limits may not be exceeded except by permission of the Project’s District Director and approval by the Board.

17.4.0 EXERCISE OF PROJECT DISTRICT DIRECTOR'S APPROVAL AUTHORITY

Any director who will be absent from Rossmoor for a period of seven days or more may delegate to the chairperson of the appropriate Third Walnut Creek Mutual Board maintenance committee, in writing, for the duration of the director's absence, the director's authority to approve expenditures of Project reserve and operating funds.

If the need for a director's approval is urgent, but the director 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 Project's District Director, if the amount exceeds the maximum non emergency expense permitted by the Director without prior approval; and

to the President or the Treasurer, if the amount exceeds \$5,000 or \$50 per Project unit, which ever 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 Project's District Director and the President or a Vice President, and reported to the Board. For purposes of this policy, a non-budgeted fund balance expenditure is any use of the year's beginning fund balance other than budgeted expenditures from that balance.

October 30, 2001

October 11, 2004

June 13, 2005

18.0.0 ENFORCEMENT OF POLICIES

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The Board will not enforce any policy that has not been promulgated among the members of Third Walnut Creek Mutual.

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

Notwithstanding any other provision of these policies, 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.

March 11, 1996
January 13, 2000

19.0.0 DISTRIBUTION OF WRITTEN MATERIALS
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Third Walnut Creek Mutual'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	Third Walnut Creek Mutual	Golden Rain Foundation
Meetings of regular Board meetings	Directors and Officers TWCM legal counsel.	Chief Executive Officer Director, Mutual Operations 2
Recap of regular board meetings (board actions and directives, when produced)	Directors and Officers TWCM legal counsel	Director, Mutual Operations 2
Minutes of executive sessions	Directors and Officers TWCM legal counsel	2
Confidential correspondence documents or reports related to resident personal problems.	Directors and Officers	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 Third Walnut Creek Mutual 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 recapitulations 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.

March 11, 1996
January 13, 2000

20.0.0 MANAGING ADDITIONAL CONDOMINIUM PROJECTS

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Third Walnut Creek Mutual is an association created for the purpose of managing condominium projects and, on request, will consider undertaking management of additional independent condominium projects in Rossmoor that were first occupied before January 1, 1993.

March 11, 1996
January 13, 2000

21.0.0 TERMINATION OF MEMBERSHIP IN TWCM
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The members of any Project, or Group of Projects, may terminate their memberships in Third Walnut Creek Mutual pursuant to Article XIII of the bylaws by following procedures established by the Board.

These procedures are set forth in Appendix A.

August 13, 2001

22.0.1 SCOPE

Notwithstanding any other law or provision of the governing documents, elections regarding assessments legally requiring a vote by the affected Projects, election and removal of members of the association board of directors by vote of the members of the TWCM districts, certain amendments to the governing documents^①, or the grant by vote of members of a Project 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 TWCM media, newsletters, or Internet Web sites during a campaign, for purposes that are reasonably related to that election. TWCM shall not edit or redact any content from these communications, but may include a statement specifying that the candidate or member, and not TWCM, 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 membership meetings at the Project, district, and Mutual levels, and for election of a district director, 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 in a Project is required to allow exclusive use of common property, and the quorum for Project elections on certain special assessments, and for raising regular assessments more than 20%, is more than 50% of the members of the Project. 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.

22.0.5 PROXIES

Any member in good standing may name a proxy to vote instead of the member on any matter that the member is entitled to vote upon in a meeting of members. Any valid proxy shall be counted toward the quorum for a meeting of members. Proxy cards supplied by TWCM and submitted in connection with the annual meeting of the corporation are authentic, and shall be validated under direction by the Inspector(s) of Election. Any other proxy declarations offered in behalf of the members shall be authenticated and validated under direction by the Inspector(s) of Election. A ballot cast by proxy shall count toward formation of a quorum for deciding the matter at issue.

Any instruction given in a proxy that tells the proxy holder how to vote shall be set forth on a separate page of the proxy that can be detached and given to the proxy holder to retain. The proxy holder shall cast the member's vote at the meeting of members as directed by the member. The proxy may be revoked by the member prior to the receipt of the ballot by the Inspector(s) of Election as described in Section 7613 of the Corporations Code.

22.0.6 VALIDITY OF PROXIES

If two or more proxy cards are received from the same membership, and they are marked identically, they shall be accepted as one proxy. If two or more proxy cards are received from the same membership, and they are marked differently, both are disqualified. An unsigned proxy card, or a proxy card signed by somebody other than the owner or an owner's representative, is disqualified. A proxy card naming three TWCM officers if otherwise unmarked will designate the three officers as proxies; however, if an officer's name is struck out, the remaining officers are designated as proxies; provided, if another name is written in by the member, that person and none of the officers is designated as proxy. A proxy card marked to indicate the proxy is granted conditionally is disqualified. The Inspector(s) of Election shall determine the authenticity of any other document naming a proxy.

22.0.7 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 association, 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 association 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 association 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

22.2.1 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 association 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 association. No person, including a member of the association 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. After the transfer of the ballots to the association, the ballots shall be stored by the association 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 (Project, district, or mutual) entitled to vote, announced in the ballot solicitation. Any candidate or other member of the association 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 association 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 association. Within 15 days after the election, the board shall publicize the tabulated results of the election in a communication directed to all members.

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 TWCM 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 corporation 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 district, 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 corporation and appointment of additional officers of the corporation. takes place at the organizational meeting of the new Board following the annual meeting of members of the corporation. 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 corporation. 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.

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” (policies 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 an association member or his or her authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.

March 30, 2007

TWCM corporate records shall be retained only so long as: (1) they are necessary for the conduct of the Association'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.

June 11, 2007

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 Third Walnut Creek Mutual 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. 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.

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.

40.0.0 OCCUPANCY OF A MANOR

Page 2 of 2

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

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

February 12, 2001
September 9, 2002

Because the Community of Rossmoor is organized and operated to provide services and a stable living environment for its senior citizen inhabitants, the Third Walnut Creek Mutual seeks to protect and preserve these objectives by maximizing owner-occupied condominium units and thereby minimize the uncertainty and disruption that leasing brings to the Mutual's condominium development. Also, restrictions on leasing of units are necessary ensure that the condominium units within Third Walnut Creek Mutual continue to qualify for conventional mortgage financing and do not violate the occupancy requirements of a senior housing project, and to obtain other benefits for the residents of Third Walnut Creek Mutual inherent in a community of residences that are primarily owner occupied.

In order to accomplish these goals and to provide the owners of condominium units in Third Walnut Creek Mutual with the security required for a gated senior citizens housing development, the following lease restrictions shall apply.

41.1 BOARD POLICY

The following policies guide the Board in its exercise of its discretionary authority over leases. They are intended to clarify and apply the requirements for leasing set forth in the Third Walnut Creek Bylaws and other Governing Documents for Third Walnut Creek Mutual.

41.2 DEFINITIONS

As used in this Section 41, the following definitions shall apply:

41.2.1 "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 the owner's unit. For purposes of this Section, Leasing and Renting are considered to be the same thing. This term includes subleases.

41.2.2 "Cumulative Lease Term" means the length of time a particular Unit has been leased while owned by the same person or persons.

41.2.3 Other terms in initial caps are defined in this Policy Manual, the Bylaws or the CC&Rs.

41.3 RIGHT TO LEASE

Subject to the restrictions set forth in this Policy and the other governing documents of Third Walnut Creek Mutual, an Owner shall have the right to lease his or her residential Unit provided: (i) the lessees comply with the age requirements for residents of Third Walnut Creek Mutual as set forth in the governing documents; (ii) the Owner has submitted a written request for approval of lease as set forth herein and such request has been approved by the Board or its designated agent; (iii) the Owner

is currently not the Owner of any other Unit within Third Walnut Creek Mutual which is being leased; (iv) the Owner enters into a written lease agreement which includes the terms set forth below; and (v) the Owner provides the Mutual with a copy of the signed lease.

41.3.1 Subject to Sections 41.3.2 and 41.3.3 below, the Cumulative Lease Term(s) for a single Unit while owned by the same person or persons shall not exceed one (1) year. No lease is permitted which will result in an extension of the Cumulative Lease Term(s) beyond one (1) year.

41.3.2 Persons owning a Unit in Third Walnut Creek Mutual at the time this amended Policy is adopted may continue to lease their Unit for periods not to exceed six months alternating with periods of Owner occupancy without regard to the limitation of Cumulative Lease Term(s) set forth above. Once the Unit subject to this exemption is sold or transferred, the limitation on Cumulative Lease Term(s) set forth above shall apply.

41.3.3 The Board shall have the discretion to grant an exemption as to one or more of the restrictions set forth in this Policy upon a written request by an Owner and a showing by the Owner of personal or financial hardship if the exemption is not granted. The decision by the Board as to whether to grant the exemption shall be final and unappealable.

41.4 MANDATORY LEASE AGREEMENT PROVISIONS

Each lease agreement shall contain, at a minimum, the following provisions: (i) the Mutual is a "senior citizen housing development", and that all residents of the Unit must comply with the age requirements of the Governing Documents; (ii) the lessees have received copies of all of the Governing Documents, and the lessees shall comply with all of the Governing Documents, including but not limited to the age restrictions; (iii) the lease is expressly subject to all of the provisions of the Governing Documents and the breach of any provision of the Governing Documents shall constitute a default under the lease; and (iv) in the event a lessee's conduct involves damage or misuse of any Common Property or constitutes an unreasonable interference with the rights of other residents to use and enjoy their property, the Mutual shall be entitled to maintain an eviction action against such lessee to the same extent as the Owner of the Unit, the Mutual being deemed to be a third party beneficiary under such lease agreement.

41.5 PROCEDURE FOR OBTAINING CONSENT TO LEASE

41.5.1 Any Owner desiring to lease his or her Unit shall submit a written request to the Board, which shall state: (i) the name, mailing address, Unit address, and record ownership date of the Owner; (ii) the proposed lease term; (iii) the number of lessees;

(iv) a statement signed by the Owner of the Unit to be leased that he or she does not own any other Unit in the Mutual that is currently being leased; and (v) such other information as the Board may from time-to-time require. Each record Owner shall have the further right, upon written request delivered to the Mutual, to appear in person before the Board to discuss the request the request to lease his or her Unit.

41.5.2 Within thirty (30) days after receipt of the Owner's completed request for permission to lease his or her Unit, the Board shall review such request and approve it in a written notice to the Owner, unless the Board finds that the proposed lease will violate any of the restrictions set forth in this Policy or elsewhere in the Governing Documents, in which case a written notice of the denial and the reasons therefore shall be provided to the Owner.

41.5.3 Upon request from the Board after the adoption of this amended Policy, each Owner currently leasing a Unit shall provide such information as the Board may reasonably require to implement the provisions of this Policy, including but not limited to the names of the lessees and a copy of the signed lease. Any permitted leasing of a Unit commencing after the adoption of this amended Policy, and the renewal of any lease in effect at the time of the adoption of this amended Policy, shall be pursuant to a written lease in accordance with this Policy.

41.6 DELEGATION OF AUTHORITY TO APPROVE LEASES

The Board of Directors hereby delegates to the President and Project Director its authority to approve any proposed lease or lease renewal, except the Board reserves the right to approve any lease or lease renewal that will result in an occupancy prohibited by the terms of this Policy or the other Governing Documents.

41.7 OWNER RESPONSIBILITY FOR LESSEE'S ACTIONS

Each Owner shall be strictly responsible for and shall be liable to the Mutual for the actions of such Owner's lessee and the lessee's family members, guests and contractors in or about all Units and Common Area and for compliance by the lessee and his or her family members, guests and contractors with the provisions of the Governing Documents. Should the Mutual bring an action for eviction of a lessee or pursue other legal remedies against the Owner and/or lessee, the Owner shall be responsible for all costs incurred by the Mutual including reasonable attorney's fees.

41.8 MUTUAL'S ENFORCEMENT RIGHTS AGAINST LESSEES

In the event a lessee(s) conduct involves damage or misuse of any Common Area or constitutes an unreasonable interference with the rights of other residents to use and enjoy their property, the Mutual shall be entitled to maintain an eviction action against such lessee(s) to the same extent as the Owner of the Unit, the Mutual being deemed to be a third party beneficiary of any lease agreement involving said Unit. The

Mutual's right to maintain an eviction action shall arise only in the event that (i) the Mutual has given notice to the Owner detailing the nature of the infraction and the owner has had a reasonable opportunity to take corrective action; (ii) the Owner has failed to prevent and/or correct the actions of the lessee giving rise to the damage or interference with the rights of other residents; and (iii) a notice and hearing have been provided to the Owner and lessee in accordance with the Governing Documents and California law. This process of eviction is not intended to be the Mutual's exclusive remedy against an Owner or a lessee for the actions of the lessee, and the Board shall be entitled to employ other remedies provided in the Governing Documents in lieu of or in addition to the eviction action described above.

January 13, 2000
March 30, 2 007
July 14, 2008

42.1.0 OWNERSHIP LEASING AND TRANSFERS

Carport, garage, and golf cart 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 in a Project but *apart from* the exclusive use common area of the buyer's condominium.

A carport, garage, or golf cart 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, garage, or golf cart space that is *apart from* the exclusive use common area of a condominium property remains with the Project and may not be sold to a buyer outside the Project. 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 Project. If the owner of the space ceases to be a member of the Project, and fails to sell the space to a member of the Project, ownership of the space will revert to the Project.

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, TCWM 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 NONVEHICULAR 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, GARAGE, AND GOLF CART SPACES

Page 2 of 2

42.5.0 FLAMMMABLES

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.

April 12, 2004
October 11, 2004
February 9, 2009

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 Third Walnut Creek Mutual.

43.1. PARKING IN PROJECTS

Parking in Projects 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 Projects.

Any vehicle parked in a Project 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 District Director. The District Director 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 a Project 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 TWCM Policy 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

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

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 Third Walnut Creek Mutual's Parking Policies.

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.

43.2 VIOLATION OF PARKING POLICY

Any Owner of a condominium Unit may be subject to a monetary penalty as provided in Section 18, of Appendix A, of this Policy and Procedures Manual for any violation of a third Walnut Creek Mutual Parking Policy 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 Third Walnut Creek Mutual Parking Policies may be towed to an appropriate storage facility. The owner of the vehicle shall be responsible for all towing and storage costs.

April 8, 2002
June 9, 2003
July 14, 2003
October 11, 2004
March 27, 2008
September 9, 2008

44.0.0 COMMERCIAL ACTIVITY RESTRICTIONS

Page 1 of 1

Project 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 Project's CC&Rs if the Board determines, after hearing, that a violation of the letter and the spirit of the Project'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.

March 11, 1996
January 13, 2000

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

Page 1 of 2

To pay all assessments on time, owners must be aware of payment procedures, and allow ample time for mailing or hand delivery of payments. Third Walnut Creek Mutual 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 Third Walnut Creek Mutual'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 policy include, for each Project:

- A. The monthly carrying charge, as set forth in the Project Covenants, Conditions, and Restrictions (CC&Rs).
- B. Costs of common area construction and demolition performed in the Project.
- C. Charges for rebuilding in the Project after damage.
- D. Any special assessment imposed by Third Walnut Creek Mutual or Golden Rain
- E. Any Personal Reimbursement Assessment imposed upon an individual owner for damage to the common area pursuant to Section 50.3.5 of these Policies 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 Third Walnut Creek Mutual policy 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.)

45.4.0 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.

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

Page 2 of 2

See Page 2/2 for footnotes 1-4.

① A 15-day grace period is allowed by Civil Code §1366(d). This supersedes specifications in the Project CC&Rs.

② Civil Code 1366(d)(2) 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 Project 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 §1366(d)(3) allows interest to accrue beginning 30 days after the assessment due date. Civil Code §1366(d)(3) 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 Project 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.

January 13, 2000
September 12, 2005
September 20, 2007

46.0.0 LIMITATION ON IMPOSITION
OF FEES ON OWNERS
Page 1 of 1

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

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

April 8, 1996
January 13, 2000

47.0.0 EMERGENCIES, HEALTH AND PROPERTY

Page 1 of 1

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, inoperative elevator, 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 for the telephone numbers).

January 13, 2000

Third Walnut Creek Mutual, as a community association, is responsible for repairs, maintenance, and replacements in the common area of each of the Projects. This means the buildings as originally built and as upgraded by the Project and the landscaping as planted by the developer and as upgraded by the Project. The owners are generally responsible for the condominium unit (as defined in Policy 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 Project or by the owner directly:

48.1.1 Project funds pay for:

1. All normal and necessary maintenance in the Projects' common areas including exclusive use common areas, such as entryways, buildings, walkways, elevators, patios, decks, carports, steps, bridges, landscaping, and normal tree trimming.
2. Certain maintenance work in the unit such as replacing smoke detector batteries annually 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. Costs of maintaining amenities such as swimming pools, fountains, decorative ponds, and laundry rooms.
5. Upgrades of facilities such as area lighting, sidewalks, and 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 Project 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 policy 56.0.0 on owner maintained gardens) when the owner's purpose is to preserve or improve the owner's view.

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 negligent act or omission of 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 (Project 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 Project 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 district director.

January 13, 2000
September 2003
February 9, 2009
February 14, 2011

Third Walnut Creek Mutual has general authority to conduct inspections in the Projects in order to manage, operate, and maintain the properties. Also, pursuant to Article III of the CC&Rs, Third Walnut Creek Mutual 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 policies.

49.1.0 RESERVE STUDY INSPECTIONS

Third Walnut Creek Mutual 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, Third Walnut Creek Mutual 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 Third Walnut Creek Mutual 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, Third Walnut Creek Mutual 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 Third Walnut Creek Mutual.

49.3.0 ADDITIONAL INSPECTIONS

Third Walnut Creek Mutual 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.

October 8, 2001

August 12, 2002

50.0.0 INSURED AND UNINSURED LOSSES TO PROPERTY

Page 1 of 3

Third Walnut Creek Mutual's property insurance policy provides coverage (in amounts deemed prudent by the Board) for damage to real property in the Projects caused by hazards such as fires, floods, and windstorms. It does not provide protection for personal property or personal liability of owners and residents. Owners and residents who want to purchase insurance coverage for such things as movable items and personal belongings should seek advice from an insurance agent familiar with condominium living and specifically with Rossmoor and the insurance policies covering Third Walnut Creek Mutual.

50.1.0 REAL PROPERTY COVERAGE

Third Walnut Creek Mutual's real property insurance coverage is provided by a special "all risk" property policy that insures the covered property for replacement cost value. It also includes provisions for removal of debris and reconstruction in compliance with current building codes. The property covered includes:

1. Residential structures including manor buildings, carports and garages, and any other buildings or improvements within the common areas, such as laundry rooms.
2. Approved structural alterations that have met the requirements of the Architectural Control Committee, Third Walnut Creek Mutual, and the City of Walnut Creek.
3. Originally installed built-in fixtures and appliances that are permanently affixed to the building structure, such as kitchen and bath cabinets, counter tops, commodes, curtain rods, tile, and floor and wall coverings. ① Any up-grades from original construction of the items just mentioned will be covered if the owner can verify their installation and value at the time of loss.

① Note that wall, ceiling, and floor coverings, which are personal property to the condominium owner, are defined as real property for purposes of insurance against hazards such as fires, floods, and windstorms.

50.2.0 REAL PROPERTY INSURANCE LIMITATIONS AND EXCLUSIONS

The coverage summary above is a general guideline. Third Walnut Creek Mutual's real property insurance policy contains limitations and exclusions not detailed above.

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 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. And by inference, damage to structural alterations is excluded if the Architectural Control Committee, Third Walnut Creek Mutual, and the City of Walnut Creek have not approved the alterations.

50.3.0 PAYING FOR UNINSURED LOSSES

50.3.1 REAL PROPERTY INSURANCE DEDUCTIBLES

Real property insurance deductibles are self-insured by Third Walnut Creek Mutual in behalf of the Projects, in cooperation with certain other mutual corporations in Rossmoor.

50.3.2 LOSSES TO SPECIAL AMENITIES COMMON PROPERTY

Each Project is solely responsible for uninsured losses to its special-amenities common property (such as ponds and swimming pools).

50.3.3 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 damage to that property.

50.3.4 LOSSES TO PERSONAL PROPERTY IN A UNIT CAUSED BY A DEFECT IN THE BUILDING STRUCTURE

The Project may help cover uninsured losses to personal property when the damage is caused by a defect in the building structure (for example, damage caused by water entering through a leaky roof or a crack in a floor slab). The Project will share costs with the owner according to insurance industry standards. All such cost sharing shall be reported to the Board. Any proposed award to an owner in excess of the insurance industry standard amount shall be referred to the Board for approval before being paid.

As a general rule, the Project 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 Project will share the cost of replacing the covering on that wall, but not adjacent walls in the same room or elsewhere in the manor.

50.3.5 LOSSES FOR WHICH UNIT OWNERS ARE RESPONSIBLE

When the Board determines that damage to the common area of a condominium or any

other common area is caused by the negligent act or omission of a condominium owner(s), the owner's family members, agents, lessees, guests, or contractors, and that the repair of the common area damage is necessary, the Board may cause the necessary work to be performed and levy a Personal Reimbursement Assessment against the responsible condominium owner(s) and their condominium unit for the cost of such work. Such Personal Reimbursement Assessment may be collected in the same manner as any other assessment authorized by the Board.

50.0.0 INSURED AND UNINSURED LOSSES TO PROPERTY
Page 3 of 3

November 12, 2001
July 8, 2002
January 13, 2002
August 13, 2007
September 20, 2007
July 14, 2008

51.0.0 OWNER-INITIATED ALTERATIONS GENERALLY

Page 1 of 3

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 TWCM

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, Third Walnut Creek Mutual requires resale inspections of alterations to manors. Third Walnut Creek Mutual also retains a right to inspect as needed for preventive maintenance. If at any time Third Walnut Creek Mutual discovers an alteration that has not been approved by the Board, the Alteration Review Committee, or the City of Walnut Creek as required, Third Walnut Creek Mutual 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, subject to concurrence by the District Director for the Project in which the alteration is proposed.

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, of every Project 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.)

51.0.0 OWNER-INITIATED ALTERATIONS GENERALLY

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.

51.2.0 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, stepping stones, 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 district director. The district director 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 district director the owner must contact MOD to determine the necessary additional steps, which could include:

1. The owner issuing written notice to all other owners in the Project 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 Project District Director, requires the Project 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 Third Walnut Creek Mutual 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 appropriate Project Director and/or the Board of Directors must be obtained.

August 12, 2002
March 10, 2003
June 9, 2003
February 14, 2011

52.0.0 OWNER INITIATED ALTERATIONS
AIR CONDITIONERS AND HEAT PUMPS
Page 1 of 1

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 Project Director and 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.

March 11, 1996
January 13, 2000
February 14, 2011

53.0.0 OWNER-INITIATED ALTERATIONS
BALCONY AND ENTRYWAY FLOOR COVERINGS
Page 1 of 1

An owner who wishes to install or replace a floor covering *on a balcony* must obtain approval of a Resident Alteration Agreement by the Architectural Control 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 Architectural Control 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.

March 11, 1996
January 13, 2000

54.0.0 OWNER-INITIATED ALTERATIONS
ENCLOSURES

Page 1 of 1

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. Third Walnut Creek Mutual 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.

March 11, 1996
January 13, 2000

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.

March 11, 1996
January 13, 2000

56.0.0 OWNER-INITIATED ALTERATIONS
OWNER MAINTAINED GARDENS
Page 1 of 2

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, Policy 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* ❶ extend the landscaped area or modify the irrigation. must not contain *excessive* ❶ statuary or other non-plant items.

- ❶ Director will interpret the italicized terms.
- ❷ 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

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 Project is not responsible for plant loss due to irrigation problems. The gardeners will try not to damage any planting. The Project 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 Project are not responsible. Owners are responsible for moving plants in plant containers to avoid damage during construction or painting.

Any owner modification of the landscaping or irrigation that requires correction will be resident billable.

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* ❷ expand the landscaped area or maintenance expense. The procedure for doing this is covered in Appendix A, Policy 56.0.0.

56.4.0 FENCES

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

56.5.0 STEPPING STONES AND WALKWAYS

Stepping stones and 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 Project Director in writing. If the Director determines that the complaint is valid the owner will be given written notice that the defect(s) must be corrected within sixty 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 Project 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 Project maintenance. If this is not done before closing funds will be put in escrow to cover the restoration expense.

January 13, 2000
April 10, 2006

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. Third Walnut Creek Mutual reserves the right to further limit operation hours or revoke its approval for a spa if necessary to resolve complaints about excessive noise.

March 11, 1996
January 13, 2000

58.0.0 OWNER-INITIATED ALTERATIONS
STEPPING STONES
Page 1 of 1

Placing non-hazardous stepping stones* or 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 Permit Application Review Committee.

Non-hazardous stepping stones or walkways installed by the owner without permits may remain when reported, provided the owner obtains an Alteration Permit.

Hazardous stepping stones or 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 stepping stones are hazardous. In cases of dispute they will consult with the District Director.

58.1.0 Exclusions

Stepping stones or 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 stepping stone has a level non-slip surface; is on a firm base that prevents its movement; and is not more than ¼” above or below the surrounding surface.

** A non-hazardous walkway has a uniform even non-slip surface that does not rise more than ¼” above adjacent surfaces. If the walkway is comprised of bricks or pavers they must be on a firm base that prevents any movement.

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

January 13, 2000
March 11, 1996
June 9, 2007
August 13, 2007
September 20, 2007

59.0.0 OWNER-INITIATED ALTERATIONS
HARD SURFACED FLOORING
Page 1 of 2

This policy pertains only to flooring in a manor located above another manor, and not to flooring in a first story manor.

Installation of hard surfaced flooring in any manor located above another manor requires an alteration permit because of possible noise impacts on the downstairs neighbor. The application permit must include a floor plan of the hard surface flooring. All hard surface flooring must include an underlayment to mitigate the transfer of sound to a lower unit. The installation of hard surface flooring cannot damage the existing sub flooring.

59.1.0 IN FRONT ENTRY, KITCHEN AND LAVATORY AREA

Hard surface floors will be allowed in the front entry way, kitchen and the lavatory area of an upstairs unit, as provided in 59.5.0.

59.2.0 OTHER HARD SURFACE FLOORING

Other hard surface flooring will not be allowed in upstairs units except as permitted under 59.5.0

59.3.0 DISPOSITION OF HARD SURFACED FLOORING PREVIOUSLY INSTALLED UNDER PERMIT

Any hard surfaced replacement flooring that was installed under a permit may remain. The owner may perform minor repairs to the flooring. The owner may replace this flooring, at the owner's expense, only with the kind of flooring originally installed by the developer: carpet, vinyl, or tile or with hard surface flooring as permitted under 59.1.0 and 59.5.0.

59.4.0 DISPOSITION OF HARD SURFACED FLOORING INSTALLED WITHOUT PERMIT

Any hard surfaced replacement flooring that was installed without the required permit shall be replaced at the owner's expense, by direction of the Board of Directors, upon receipt of a credible written complaint by an affected neighbor, and in any event not later than the time of resale or transfer, with the kind of flooring originally installed by the developer: carpet, vinyl, or tile or with hard surface flooring as permitted under 59.1.0 and 59.5.0

59.5.0 PERMITS FOR IMPROVEMENTS OVER FLOORING ORIGINALLY
INSTALLED BY THE DEVELOPER

Notwithstanding the requirements stated above, where the kind of flooring originally installed by the developer is called for, permits may be issued for installing instead a flooring system that is demonstrably less noisy than the flooring installed by the developer. A vinyl system or laminate system including a sound deadening underlayment may replace tile, and a carpet system including padding may replace vinyl or tile.

59.6.0 CARPET OVERLAYMENT

In enforcing section 59.4.0 of this policy, the Board may consider permitting hard surfaced flooring to remain in place if it is overlaid with padded carpet.

Note: The board has been advised by a certified professional architect that: "It is unrealistic for any flooring material to reach the sound deadening levels of the existing carpet and pad." Should future developments improve the sound deadening levels of hard surface flooring to that of a carpet and pad the Board will reconsider this policy.

April 14, 2003
June 13, 2005
June 8, 2009

60.0.0 RESTRICTIONS ON USES OF DECKS, PATIOS AND, ROOFS

Page 1 of 2

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.

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. The plants must be watered with watering cans or with other devices or methods that will avoid continual wetting of the deck surface and, where gutters are lacking, 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 TWCM-approved alteration permits.

February 10, 2003
November 14, 2005
February 9, 2009

61.0.0 OWNER-INITIATED ALTERATIONS
SOLAR ENERGY SYSTEMS
Page 1 of 2

Solar energy systems may be installed within the common areas of Third Walnut Creek Mutual, only as permitted under this policy. Any such systems which are installed in violation of this policy shall be removed, and the surrounding areas and electrical connections shall be restored to their previous condition, at the owner's expense. This policy is intended to conform to Civil Code Sections 714 and 714.1, which shall control this policy in the event of conflict with the law.

61.1.0 PROCEDURES

Alteration permit procedures set forth in Appendix A, Policy 51.0.0 shall be followed, with the following modifications:

- A. District director's review and approval. The application will be brought to the attention of the district director, who may suggest reasonable restrictions on the installation, but may not disapprove the installation.
- B. Neighbors' acceptance. The applicant shall notify each co-owner of the condominium and certify that the notice has been given. Any written comments by the co-owners shall be attached to the application. No application may be denied because of objections by the co-owners. However, objections based on a proposed exclusive use of the common area may be referred to counsel.
- C. ACC review and approval. The Architectural Control Committee shall review the application and offer recommendations, if any, for reasonable restrictions on the installation within limits prescribed in Civil Code Section 714. However, no application may be denied by the committee.
- D. Board review and approval. The solar energy system proposed must be a system approved by Third Walnut Creek Mutual.
- E. City of Walnut Creek permits. The applicant shall provide satisfactory evidence of compliance with requirements of the City of Walnut Creek.

61.1.0 COMPLIANCE WITH MANUFACTURER'S INSTALLATION INSTRUCTIONS

The applicant shall provide satisfactory evidence that the system is installed in a workmanlike manner, by a licensed and insured installer, in accordance with the manufacturer's instructions.

61.2.0 EXECUTION OF LICENSE AND INDEMNITY AGREEMENT

The applicant shall execute and deliver a license and indemnification agreement in a form satisfactory to Third Walnut Creek Mutual which will, among other things, require that the applicant

61.0.0 OWNER-INITIATED ALTERATIONS
SOLAR ENERGY SYSTEMS

Page 1 of 2

(1) procure and maintain liability insurance with minimum limits of Two Hundred Fifty Thousand dollars (\$250,000)

(2) indemnify Third Walnut Creek Mutual and its directors, officers, members, and agents in the event of loss or damage caused by the installation, maintenance, or use of the solar energy system including, without limitation, loss of use of the common area by other owners of the condominium

(3) provide that upon sale or transfer of the unit, the buyer or transferee must assume all of the applicant's obligations in writing as set forth in the policy statement, unless before sale or transfer the applicant removes the solar energy system at the applicant's sole cost and expense, and returns the surrounding areas and electrical connections to their original condition, and (4) provide that the applicant shall remove the solar energy system, upon request by Third Walnut Creek Mutual and at the applicant's sole cost and expense if, in the sole discretion of the Board of Directors the applicant fails to adequately maintain the system, or the system creates a safety hazard, or if necessary to allow the Mutual to maintain or repair the area where the system is installed.

June 9, 2003

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 TWCM Landscape Supervisor at MOD. The Landscape Supervisor shall evaluate the request and disapprove it, after conference with the District Director, 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 District Director for final approval.

The District Director shall obtain a recommendation and signature from the District or Project 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 District Director, who shall have authority to agree with or overrule the disapproval. The District Director's decision is final.

February 14, 2005

63.0.0 ENCROACHMENTS
(Other than owner-maintained gardens *)
Page 1 of 2

An encroachment is a conversion of part of the common area for use by one or more, but not all members of a Project. 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 Project 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 Project.

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 Project. 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 Project, and by the Board. Any such encroachment will be removed, at the owner's expense, by order of the district director, 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 Project.

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 Project 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 district director (1) on the directors' initiative or (2) in any event at the time of resale; provided, the seller may apply for a permit for the

63.0.0 ENCROACHMENTS
(Other than owner-maintained gardens *)
Page 2 of 2

encroachment, subject to approval by the owners of at least 67% of the manors in the Project and by the Board.

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 policy, 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 policy 56.0.0.

February 13, 2006

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. Third Walnut Creek Mutual 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 Third Walnut Creek Mutual 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).

NOTE: *There have been several fireplace flue fires in Third Walnut Creek Mutual.*

This Policy is effective June 1, 2011

February 14, 2011

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 TWCM 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 TWCM recognizes that it is important for the safety of the entire mutual that each unit has working smoke alarms. Therefore, each Project will have the batteries replaced in the smoke alarms required by Code once each year. 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 and their batteries replaced once each year at Project 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 Project 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/Project 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.

December 8, 2003

August 14, 2006

June 14, 2010

The Project Conditions, Covenants, and Restrictions prohibit raising or 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 any one 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 policies and guidelines.

71.1.0 LEASH RULE

1. Dogs and cats must be leashed at all times when outside the manor. ❶
2. Pet pens are not allowed on common property (exclusive use or non) inclusive of those temporarily constructed on front entry porches.

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 feces in plastic bags.
3. Sanitation, odor, and porch surface integrity are the issues that must be adhered to and violations are subject to monetary penalties in accordance with Policy 18.0.0.

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.

71.4.0 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. See section 18.0.0

❶ Special walking areas have been set aside in Rossmoor where owners may allow their dogs to run unleashed (but under control). Maps of these areas are available in the Board Office.

March 11, 1996
January 13, 2000
February 14, 2011

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, Policy 18.10 of Third Walnut Creek Mutual Policy and Procedures specifies the monetary penalty for violations for Policy 72.

March 11, 1996
January 13, 2000
September 9, 2008

73.1.0 CONDITIONS FOR ACCESS

Any member of Third Walnut Creek Mutual who wishes to inspect or obtain a copy of the list of names and addresses of the members of the Project, District, or entire 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.

① 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 Corporation, 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. Third Walnut Creek Mutual may charge a reasonable fee to cover copying and mailing costs.

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 Corporation.

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 TWCM 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.

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.

73.0.0 OWNER ACCESS TO MEMBERSHIP LISTS

Page 2 of 2

❶ 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.

April 8, 1996
January 13, 2000

74.0.0 OWNER ACCESS TO BOARD MINUTES

Page 1 of 1

Owners have access to minutes of the meetings of the 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 "§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 at 1001 Golden Rain Road, Walnut Creek, California 94595

April 8, 1996
January 13, 2000

75.0.0 RESOLUTION OF LOCAL CONFLICTS

Page 1 of 1

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.

2. Less urgent matters of local concern such as parking problems, landscaping problems, or disagreements among residents will be resolved locally (within the individual building, entry, or Project) whenever possible. Each Third Walnut Creek Mutual District Director shall attempt to handle the District's problems but may ask the Board for assistance. The Directors representing the Projects, or the Board, may appoint ad hoc committees to deal with the problems.

3. If a problem cannot be resolved locally, the Directors 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 Project owners.

March 11, 1996
January 13, 2000

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:

"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.

January 13, 2000

May 9, 2005

Noncommercial signs and posters may be posted or displayed as permitted under Civil Code §1353.6(a) and (b), but may not be more than 9 square feet in size. Noncommercial flags and banners may be displayed as permitted under Civil Code §1353.6(a) and (b), but may not be more than 15 square feet in size.

Refer to the Appendix for a copy of the current Civil Code §1353.6.

October 11, 2004

Refer to California Fire Code, Section 308 Open Flames

October 11, 2004
September 9, 2008

79.0.0 SECONDARY MAILING ADDRESSES

Page 1 of 1

Any member may establish a secondary mailing address by notifying the Secretary of the Corporation 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, the districts, and the Projects, for any purpose, will be sent to both addresses.

February 12, 2007

90.0.0 MANAGING AGENT RELATIONS

Page 1 of 1

Golden Rain Foundation, as managing agent for Third Walnut Creek Mutual, has a responsibility to assist the Board in implementing the Board's policies 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.

March 11, 1996
January 13, 2000

91.0.0 WORK SITE RULES FOR CONTRACTORS

Page 1 of 1

The Board establishes work site rules for contractors working in the Projects of Third Walnut Creek Mutual. 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.

March 8, 1999
January 13, 2000

92.0.0 WORK ORDERS, CONTRACTS, AND CHANGE ORDERS

Page 1 of 1

92.1.0 LIMITS ON DIVISION OF TASKS

No party will divide a task into separate work orders or contracts in order to avoid TWCM 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 TWCM and executed by TWCM 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 District Director orders otherwise, in writing. Jobs under \$5000 alone or in aggregate will not be bid out unless the District Director requests bidding. Single-source vendors shall be bid against at least once every 3 years.

92.4.0 MULTIPLE PROJECTS WORK

Any contract for work in two or more TWCM Projects shall state the scope of work and cost separately for each Project, and shall require a strict accounting of expenses by Project.

92.5.0 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 District Director.

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.

March 11, 2002