

MUTUAL OPERATIONS**Common Interest Development - Mutual Twelve Only**

Whereas, Section 1350, the first Section of Title 6 in Part 2 of the California Civil Code, states: "This title shall be known and may be cited as the Davis-Stirling Common Interest Development Act," and

Whereas, Mutual Twelve, a stock cooperative, is defined in Section 1351(m) of this title* and, meeting all other necessary criteria for inclusion in the above noted Act, is subject to common interest development law, thus giving its shareholders the rights and protections therein.

Be it resolved that the flyer reproduced on the other side of this policy, "WELCOME NEW MUTUAL TWELVE SHAREHOLDER" be included with information given to new shareholders during escrow at their buyer interview.

*" 'Stock cooperative' means a development in which a corporation is formed or availed of, primarily for the purpose of holding title to, either in fee simple or for a term of years, improved real property, and all or substantially all of the shareholders of the corporation receive a right of exclusive occupancy in a portion of the real property, title to which is held by the corporation. The owners' interest in the corporation, whether evidenced by a share of stock, a certificate of membership, or otherwise, shall be deemed to be an interest in a common interest development and a real estate development for purposes of subdivision (f) of Section 25100 of the Corporations Code."

MUTUAL ADOPTION

TWELVE: 14 Jul 11

WELCOME NEW MUTUAL TWELVE SHAREHOLDER

(Jul 11)

MUTUAL OPERATIONSCommon Interest Development - Mutual Twelve Only**YOUR RIGHTS AND PROTECTIONS UNDER THE DAVIS-STIRLING ACT**

THE DAVIS-STIRLING ACT IS A PART OF THE CALIFORNIA CIVIL CODE. IT SPECIFICALLY PROTECTS YOU AS A SHAREHOLDER IN A COMMON INTEREST DEVELOPMENT SUCH AS OURS.

WITHOUT THE DAVIS-STIRLING ACT, you would have no legal right to attend your Mutual Board of Directors' Meetings except for the Annual Membership Meeting – unless your Board of Directors gave you permission, and they would not be legally required to do so.

WITHOUT THE DAVIS-STIRLING ACT, you would have no legal right to be notified in advance of any meetings of your Board of Directors.

WITHOUT THE DAVIS-STIRLING ACT, you would have no legal right to inspect any of the books or business of your Mutual.

BUT

WITH THE DAVIS-STIRLING ACT, you have a legal right to attend all of your Mutual Board of Directors meetings except for Executive Sessions where, by law, only certain private issues may be discussed.

WITH THE DAVIS-STIRLING ACT, you have a legal right to be notified at least four days in advance of any meeting of your Board of Directors.

WITH THE DAVIS-STIRLING ACT, you have a legal right to inspect all of the books and business of your Mutual. You have a legal right to see every check written, all of the books of the Mutual, and to inspect every piece of business the Mutual conducts.

WITH THE DAVIS-STIRLING ACT come many, many other rights and protections that you would not have without it.

Mutual 12, itself, is a common interest development. It is also part of Leisure World, a common interest development. Our shareholders have the rights and protections of the Davis-Stirling Common Interest Development Act.

(Jul 11)

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Most of your rights and responsibilities that are specific to the Golden Rain Foundation (a corporation of which you are a voting Member) and to Mutual 12 (a corporation of which you are a voting Shareholder) are set forth in your "Pink Book," your Occupancy Agreement, your Mutual 12 Handbook, and the Mutual Policies available to you in the Leisure World Library or on line at lwsb.com.

(Jul 11)