

MUTUAL OPERATIONS

Common Interest Development – Mutual Two Only

YOUR RIGHTS and PROTECTIONS UNDER THE DAVIS-STIRLING ACT

Seal Beach **Mutual Two**, a California corporation, and a stock cooperative common interest development, is subject to, and will abide by California Civil Code Sections 1350-1378, “The Davis-Stirling Common Interest Development” as specified in the Civil Code as well as the Corporation Code.

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 have no legal right to attend your Mutual Two Board of Directors’ Meetings except for the Annual Membership Meeting, unless your Board of Directors gives you permission. 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 mutual Two.

HOWEVER

WITH THE DAVIS STIRLING ACT – you have a legal right to attend any or 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 meetings of your Board of Directors.

WITH THE DAVIS-STIRLING ACT – you have a legal right to see every check written, to inspect all the books of Mutual Two, and to inspect every piece of business conducted by Mutual Two Board of Directors.

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

Mutual Two is part of Leisure World, a common interest development. All of our shareholders have the rights and protections of the Davis-Stirling Common Interest Development Act.

(May 14)

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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 the Mutual Two (a corporation of which you are a voting Shareholder) are set forth in your Occupancy Agreement, your Mutual Two Handbook, and the Mutual Policies available to you in the Leisure World Library or online at www.lwsb.com.

Effective October 9, 2012, Superior Court of the State of California, County of Orange, Central Justice Center, adjudged, ordered and decreed that Mutual Two, case no. 30-2011-00509241, is an association within the meaning of Civil Code, Section 1350, et. Seq., and therefore subject to provisions of the Davis-Stirling Common Interest Development Act.

MUTUAL ADOPTION**AMENDMENTS**

TWO: 05-15-14

(May 14)