

RESTATED BYLAWS
NEW HORIZONS SOUTH BAY ASSOCIATION
(A Senior Citizen Association)

TABLE OF CONTENTS

Table of Contents	i
Article 1: Administration	6
1.1 <i>Name</i>	6
1.2 <i>Definitions</i>	6
Article 2: Membership	6
2.1 <i>Membership</i>	6
2.2 <i>Proof of Ownership</i>	6
2.3 <i>Suspension of Membership Privileges</i>	6
Article 3: Meetings of Members	6
3.1 <i>Place of Membership Meetings</i>	6
3.2 <i>Annual Meetings</i>	6
a. <i>Date of Annual Meeting</i>	6
b. <i>Notice of Annual Meeting</i>	7
3.3 <i>Special Meetings</i>	7
a. <i>Notice of Special Meetings Called by the Board</i>	7
b. <i>Notice of Special Meetings Called by Petition of the Members</i>	7
3.4 <i>Notice Contents</i>	7
3.5 <i>Those Entitled to Notice</i>	7
3.6 <i>Manner of Giving Notice</i>	7
3.7 <i>Voting Rights</i>	8
a. <i>Co-Owners</i>	8
b. <i>Voting Rights Suspended</i>	8
3.8 <i>Proxies</i>	8
3.9 <i>Cumulative Voting</i>	8
3.10 <i>Chair and Secretary of Meetings</i>	8
3.11 <i>Quorum and Approval Requirements</i>	8
3.12 <i>Loss of Quorum</i>	8
3.13 <i>Adjourned Meetings</i>	9
Article 4: Action By Ballot Without a Meeting	9
4.1 <i>Secret Ballot</i>	9
4.2 <i>Approval Requirement</i>	9
4.3 <i>Form of Ballot</i>	9
4.4 <i>Return of Ballot</i>	9
4.5 <i>Inspectors of Election</i>	9
4.6 <i>Counting Ballots</i>	10

{00046145; 1}

4.7	<i>Announcement of Results</i>	10
4.8	<i>Storing Election Materials</i>	10
Article 5: Election of Directors		10
5.1	<i>Number and Term</i>	10
5.2	<i>Director Qualifications</i>	10
a.	Ownership in Development	10
b.	Co-Owners Eligible for Only One Position.....	10
c.	Member in Good Standing	10
d.	No felonies	10
e.	No Litigation	11
f.	Resident in the Development.....	11
5.3	<i>Impersonal Entities</i>	11
5.4	<i>Nominations</i>	11
5.5	<i>Voting for Directors</i>	11
5.6	<i>Electing Directors Without Meeting</i>	11
5.7	<i>Uncontested Elections</i>	11
5.8	<i>Breaking a Tie</i>	12
Article 6: Removal of Directors		12
6.1	<i>Removal of Director by the Board</i>	12
6.2	<i>Removal of Directors by Membership</i>	12
6.3	<i>Resignation</i>	12
6.4	<i>Vacancies</i>	12
Article 7: Role of Board of Directors		13
7.1	<i>Powers</i>	13
7.2	<i>Enactment of Rules</i>	13
a.	Distribution to Members.....	13
b.	Vote on Rules	13
c.	Approved Rules.....	13
d.	Applicability.....	13
e.	Member Vote to Reverse Rule Change	13
7.3	<i>No Compensation</i>	14
7.4	<i>Conflicts of Interest</i>	14
7.5	<i>Duty to Defend</i>	14
Article 8: Meetings of the Board		14
8.1	<i>Member Notice of Board Meetings</i>	14
8.2	<i>Director Notice of Board Meetings</i>	14
8.3	<i>Waiver of Notice</i>	14
8.4	<i>Place of Meetings</i>	15
8.6	<i>Special Meetings</i>	15

(00046145; 1)

8.7	<i>Executive Sessions</i>	15
8.8	<i>Quorum</i>	15
8.9	<i>Adjournment of Board Meetings</i>	15
8.10	<i>Attendance by Members</i>	15
8.11	<i>Conduct of Board Meetings</i>	15
8.12	<i>Teleconference</i>	16
8.13	<i>Minutes of Meetings</i>	16
8.14	<i>Action by Written Consent in Lieu of Meeting</i>	16
Article 9: Officers		16
9.1	<i>Number</i>	16
9.2	<i>Election of Officers</i>	16
9.3	<i>Term of Office</i>	16
9.4	<i>Removal and Resignation</i>	16
9.5	<i>Vacancies</i>	16
9.6	<i>Board Chair</i>	17
9.7	<i>Vice Chair</i>	17
9.8	<i>Secretary</i>	17
9.9	<i>Treasurer</i>	17
9.10	<i>Parliamentarian</i>	17
Article 10: Committees		18
10.1	<i>Establishment of Committees</i>	18
10.2	<i>Member Comments</i>	18
10.3	<i>No Compensation</i>	18
10.4	<i>Meetings</i>	18
10.5	<i>Conflicts of Interest</i>	18
Article 11: Budgets, Reserves, and Financial Statements		18
11.1	<i>Review of Accounts</i>	18
a.	<i>Operating Accounts</i>	18
b.	<i>Reserve Accounts</i>	18
c.	<i>Actual to Budget</i>	18
d.	<i>Bank Statements</i>	18
e.	<i>Income and Expense Statements</i>	19
11.2	<i>Operating Budget</i>	19
a.	<i>Revenue and Expenses</i>	19
b.	<i>Reserves</i>	19
d.	<i>Special Assessments</i>	19
e.	<i>Reserve Procedure</i>	19
f.	<i>Summary in Lieu of</i>	19
g.	<i>Revised Budget</i>	19

(00046145; 1)

11.3	<i>Annual Review</i>	20
11.4	<i>Capital Reserves Study</i>	20
a.	<i>Major Components</i>	20
b.	<i>Remaining Life</i>	20
c.	<i>Cost to Repair or Replace</i>	20
d.	<i>Annual Contribution</i>	20
e.	<i>Reserve Funding Plan</i>	20
11.5	<i>Approval of IRS Resolution</i>	20
Article 12: Inspection of Records		21
12.1	<i>Maintenance of Records</i>	21
12.2	<i>Limitation on Availability of Records</i>	21
12.3	<i>Records Subject to Inspection</i>	21
12.4	<i>Records Not Subject to Inspection</i>	22
12.5	<i>Deadlines for Producing Records</i>	23
12.6	<i>Inspection and Copying Procedure</i>	23
12.7	<i>Redacting Information</i>	23
12.8	<i>Members' Use of Records</i>	24
12.9	<i>Production Fees</i>	24
Article 13: Disclosures		24
13.1	<i>Notice of Enforcement Rights</i>	24
13.2	<i>Minutes</i>	24
13.3	<i>Budget</i>	24
13.4	<i>Reserves</i>	24
13.5	<i>Financial Statement</i>	24
13.6	<i>Assessment Collection Policies</i>	24
13.7	<i>Insurance</i>	24
13.8	<i>Reserve Transfers for Litigation</i>	24
13.9	<i>Alternative Dispute Resolution Summary</i>	25
Article 14: Rules Enforcement and Dispute Resolution		25
14.1	<i>Rules Enforcement Procedures</i>	25
a.	<i>Notice of Hearing</i>	25
b.	<i>Hearing</i>	25
c.	<i>Notice of Decision</i>	25
14.2	<i>Internal Dispute Resolution</i>	25
14.3	<i>Pre-Litigation Dispute Resolution</i>	25
Article 15: Miscellaneous		25
15.1	<i>Fiscal Year</i>	25
15.2	<i>Singular Includes Plural</i>	25

(00046145; 1)

15.3	<i>Conflicts</i>	26
15.4	<i>Amendments</i>	26
a.	Amendment by Members	26
b.	Amendment to Conform to Statute.....	26
CERTIFICATION		26

{00046145; 1}

RESTATED BYLAWS
NEW HORIZONS SOUTH BAY ASSOCIATION
a homeowners association located in Los Angeles County

These Restated Bylaws ("Bylaws") revoke all previous bylaws, as well as all amendments to those bylaws, and substitute in their place these Bylaws.

ARTICLE 1: ADMINISTRATION

1.1 **Name.** The name of this homeowner association is the New Horizons South Bay Association ("Association").

1.2 **Definitions.** All terms used in these Bylaws shall, unless otherwise stated, be defined as set forth in the Association's Restated Declaration of Covenants, Conditions and Restrictions ("CC&Rs").

ARTICLE 2: MEMBERSHIP

2.1 **Membership.** Each person or entity shall automatically become a Member of the Association upon obtaining a publicly-recorded fee title ownership interest in a Unit and shall remain a Member until he or she ceases to have such recorded fee ownership interest in a Unit. Members shall be subject to the terms and provisions of the CC&Rs, these Bylaws, and the Rules & Regulations ("Rules").

2.2 **Proof of Ownership.** If the Board should request proof of record fee ownership for a Unit within the Development, then such proof shall be in the form of a recorded deed.

2.3 **Suspension of Membership Privileges.** Membership rights and privileges, including voting rights, may be suspended as provided for in these Bylaws.

ARTICLE 3: MEETINGS OF MEMBERS

3.1 **Place of Membership Meetings.** Annual and special meetings of the membership shall be held at a suitable location in or reasonably close to the Development.

3.2 **Annual Meetings.** There shall be an annual meeting each year for the purpose of electing or announcing the outcome of the election of Directors and conducting any other business of the Association.

- a. **Date of Annual Meeting.** The Board shall fix the date, time, and location of the annual meeting. The meeting shall be held in the same month as the preceding annual meeting if it is reasonably practicable to do so, but in no event more than fifteen (15) months from the date of the preceding annual meeting.

- b. *Notice of Annual Meeting.* Notice of the annual meeting shall be given by the Board not less than 30 days prior to the date of the meeting so as to allow for the mailing of secret ballots as provided for in these Bylaws.

3.3 Special Meetings. Special meetings of the Members may be called for any lawful purpose by any of the following: (i) Board Chair; (ii) majority of the Board; or (iii) Members constituting at least five percent (5%) of the voting power of the Association. If a special meeting is called by Members of the Association, the request shall be submitted to the Board in writing and shall specify the nature of the business to be transacted. The Director or Officer receiving the request shall promptly deliver the request to the remaining Directors.

- a. *Notice of Special Meetings Called by the Board.* Notice of special meetings called by the Board shall be given not less than ten (10) days nor more than ninety (90) days before the date of the meeting. If action is to be taken at the meeting, secret ballots shall be mailed to every member not less than 30 days prior to the deadline for voting as provided for in these Bylaws.
- b. *Notice of Special Meetings Called by Petition of the Members.* Notice of special meetings called by the Members shall be given by the Board within twenty (20) days after the Board's receipt of such request. If the Board fails to give notice, the persons calling the special meeting may give notice consistent with these Bylaws. The special meeting must be held not less than thirty-five (35) days nor more than ninety (90) days following the Board's receipt of the request. If action is to be taken at the meeting, secret ballots shall be mailed to every member not less than 30 days prior to the deadline for voting as provided for in these Bylaws.

3.4 Notice Contents. Notice of any membership meeting shall specify the place, date, and hour of the meeting. If applicable, the notice shall also specify those matters which will be presented for action by the Members.

3.5 Those Entitled to Notice. Only those persons or entities that are on title and have provided such evidence to the Association prior to the date meeting notice is sent are entitled to receive such notice.

3.6 Manner of Giving Notice. A declaration of the mailing or other means of giving any notice of any membership meeting may be executed by the Secretary, Board Chair, or any other party giving notice, and shall be prima facie evidence of the effective transmittal of the notice. Notice of any membership meeting shall be given either personally or by first-class mail, charges prepaid, and addressed to each Member: (i) at the address appearing on the books of the Association; (ii) at the address given by the Member for the purpose of notice; or (iii) at the address of the Member's Unit, if no address appears on the Association's books and no other address has been given. Notice

shall be deemed to have been given at the time when delivered personally or deposited in the mail. Notice may also be given by any other method provided for by law.

3.7 **Voting Rights.** In all matters submitted for a membership vote, Members shall be entitled to one (1) vote per Unit (regardless of the number of Members having an interest in the Unit), except for those Members whose voting rights have been properly suspended pursuant to the Governing Documents and applicable law.

- a. ***Co-Owners.*** Where there is more than one owner of a property subject to the Association's CC&Rs, all such co-Owners shall be Members and may attend any meeting of the Association, but only one co-Owner shall be entitled to exercise the vote to which the property is entitled. Fractional votes shall not be allowed. In the event more than one ballot is cast for a particular Unit, only the first ballot received shall be opened and counted.
- b. ***Voting Rights Suspended.*** Subject to the notice and hearing provisions set forth in these Bylaws, the voting rights of a Member may be suspended for continuing violations of the Governing Documents. Once suspended, a Member's voting rights shall remain suspended until such continuing violation is cured.

3.8 **Proxies.** All voting shall be by secret ballot, as provided for in Section 1363.03 of the Civil Code or any successor statutes. Proxy voting is not allowed.

3.9 **Cumulative Voting.** Every member entitled to vote at any election of directors may cumulate the member's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the member is entitled, or distribute the member's votes on the same principle among as many candidates as the member thinks fit.

3.10 **Chair and Secretary of Meetings.** The Board Chair or, in the Chair's absence, the Vice Chair or any other person designated by the Board shall call the membership meeting to order and shall chair the meeting. The Secretary of the Board shall act as Secretary. In the absence of the Secretary, the presiding Officer shall appoint someone to serve as acting Secretary for the meeting.

3.11 **Quorum and Approval Requirements.** More than fifty percent (50%) of the Voting Power of the Association shall constitute a quorum at all membership meetings. The approval requirement for all matters shall be a majority of the votes cast at a duly held meeting at which at least 301 valid ballots are cast.

3.12 **Loss of Quorum.** The Members present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the loss of a quorum, so long as the business is approved by enough Members to constitute at least a majority of a quorum, had a quorum been present.

3.13 Adjourned Meetings. Any membership meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the Members represented at the meeting; provided, however, an adjournment for lack of a quorum shall be to a date not less than five (5) days nor more than thirty (30) days from the date the original meeting was called. In the absence of a quorum, no business may be transacted, except to adjourn the meeting to another date and time. If a new date for the adjourned meeting is announced prior to adjournment, no further notice need be given to the membership. If, however, a new date is not announced prior to adjournment, the Board Chair (or the remaining Directors, in the Chair's absence or failure to act) may set the date for a subsequent meeting and shall cause written notice of the date, time, and place of such meeting to be given to the Members at least four (4) days in advance of the meeting.

ARTICLE 4: ACTION BY BALLOT WITHOUT A MEETING

4.1 Secret Ballot. Any action which may be taken at any meeting of Members may be taken without a meeting if the Association distributes a secret written ballot to every Member entitled to vote on the matter. All ballots mailed to the membership shall include a double-envelope system for returning the ballots as provided for in Section 1363 of the Civil Code or any successor statutes and as set forth in the Election Rules.

4.2 Approval Requirement. Approval by written ballot shall be valid only when: (i) the number of votes cast by ballot by the specified deadline equals or exceeds the quorum required to be present at a meeting authorizing the action; and (ii) the number of votes cast equals or exceeds the number of votes that would be required to approve the action at a meeting.

4.3 Form of Ballot. Ballots and two (2) preaddressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered to every Member not less than thirty (30) days prior to the deadline for voting. In order to preserve voter confidentiality, a voter may not be identified by name, address, or unit or parcel on the ballot. Ballots shall: (i) set forth the proposed action; (ii) provide an opportunity to approve or disapprove each item submitted for a vote; (iii) set forth the number of ballots needed to satisfy the quorum requirement; (iv) specify the percentage of votes required to pass the proposal; and (v) state a deadline by which the ballot must be returned in order to be counted.

4.4 Return of Ballot. The ballots may be mailed or delivered by hand to the location or locations specified by the Inspectors of Election. Once a secret ballot has been received by the Inspectors of Election, it shall be irrevocable.

4.5 Inspectors of Election. Prior to the date ballots are sent to the membership, the Board shall, at an open meeting of the Board, select either one (1) or three (3) independent Inspectors of Election to: (i) oversee all ballot measures and elections, including the election of Directors; (ii) hear and determine all challenges and questions regarding any aspect of the election; (iii) collect and maintain custody of all ballots; (iv)

supervise the opening and counting of ballots; (v) certify the election results; and (vi) do such other acts as may be proper to conduct the election.

4.6 **Counting Ballots.** Inspectors of Election shall oversee the opening and tabulating of all ballots before the membership at a properly noticed open meeting of the Board or membership as provided for in the Election Rules. No person shall open or otherwise review any ballot prior to the time and place at which the ballots are opened and counted.

4.7 **Announcement of Results.** The results of the election shall be announced immediately after all the ballots have been counted. Within fifteen (15) days of the election, the Board shall publicize the results of the election in a communication to all Members.

4.8 **Storing Election Materials.** All election materials shall be stored in a secure place for no less than one (1) year after the date of the election.

ARTICLE 5: ELECTION OF DIRECTORS

5.1 **Number and Term.** The Board shall consist of fifteen (15) Directors. Each Director shall serve for a term of two (2) years or until a qualified successor is elected to fill his/her seat. Seven (7) Directors shall be elected in odd-numbered years and eight (8) Directors shall be elected in even-numbered years.

5.2 **Director Qualifications.** Members must continuously meet the following requirements in order to be nominated for and to maintain a position on the Board:

- a. ***Ownership in Development.*** He/she must be the record Owner of at least a ten percent (10%) fee simple interest in a Unit for a period of at least one year, proof of which shall be a recorded deed. Persons holding a fee simple interest in a Unit merely as security for the performance of an obligation shall not be eligible to serve on the Board.
- b. ***Co-Owners Eligible for Only One Position.*** He/she must not have a record fee simple ownership interest in a Unit which is part of the Development with another person who is concurrently serving as a Director. Where two or more co-Owners concurrently seek election to the Board, only the first nomination will be effective.
- c. ***Member in Good Standing.*** He/she must not be delinquent by more than sixty (60) days in the payment of any Assessment, fee, or fine, and must not be found to be in violation of the Association's Governing Documents (following proper notice, hearing, and a finding by the Board).
- d. ***No felonies.*** He/she must not have been convicted of a felony.

- e. ***No Litigation.*** He/she must not be a party in any legal proceeding against the Association or its Officers or Directors.
- f. ***Resident in the Development.*** He/she must reside in the Development.

5.3 **Impersonal Entities.** In the event an impersonal entity is a Member of the Association, it may designate one person to stand for election to the Board as follows:

- a. ***Trusts.*** If the record fee title to a Unit is held in the name of a trust, the trustees of the trust may serve on the Board.
- b. ***Corporations.*** If the record fee title to a Unit is held by a corporation, the president of the corporation, as designated in the corporation's minutes, may serve on the Board.
- c. ***Partnerships.*** If the record fee title to a Unit is held by a partnership, the managing partner, as designated in the partnership agreement, shall be authorized to serve on the Board.
- d. ***Other Entities.*** If the record fee title to a Unit is held by a legal entity not described above, the majority owner of the entity may serve on the Board.

5.4 **Nominations.** Each year prior to the annual meeting, the Board shall, by written notice to all Members, solicit nominations of candidates for election to the Board of Directors. The notice shall include the qualifications for election to the Board of Directors and a cutoff date for close of nominations. Qualified candidates may nominate themselves, provided they submit their nomination prior to the date set for close of nominations.

5.5 **Voting for Directors.** The candidates receiving the highest number of votes shall be elected to serve as Directors. Cumulative voting is allowed. Ballots shall be counted either at an open meeting of the Board or at any membership meeting called for that purpose, following proper notice to the membership. Those persons receiving the largest number of votes shall be elected.

5.6 **Electing Directors Without Meeting.** The election of Directors may occur entirely through the mail with the cutoff for balloting preceding the meeting at which the ballots are counted.

5.7 **Uncontested Elections.** In any election where the number of candidates nominated exceeds the number of vacancies, voting for directors shall be by secret written ballot. When, at the close of nominations, the number of qualified candidates nominated does not exceed the number of vacancies, the candidates may be declared elected without need for balloting and shall take their seats on the date set for the membership meeting.

5.8 **Breaking a Tie.** In the event of a tie, all other newly elected Directors shall immediately begin serving their terms. An incumbent Director whose seat was tied shall continue in office until a runoff election determines the winner for his/her seat. Only those candidates who tied for the seat shall be in the runoff. In lieu of a runoff and if the tied candidates agree, the winner may be decided by a coin toss or the drawing of names by the Inspector of Elections.

ARTICLE 6: REMOVAL OF DIRECTORS

6.1 **Removal of Director by the Board.** By vote at a duly noticed meeting of the Board, a majority of the Board may declare vacant the office of any Director for any of the reasons listed below. However, before any such removal may occur, the Board shall, at its next open meeting or a special open meeting called for this purpose, review evidence and make a finding of whether the Director should be removed and, if the Board makes such finding, the Board shall remove the Director from the Board and shall record its findings and action in the minutes of the meeting.

- a. Ceases to meet the qualifications of a Director;
- b. Has been declared of unsound mind by a final order of court;
- c. Has been absent from three (3) consecutive regular meetings of the Board or four (4) regular meetings within any twelve (12) month period; or
- d. Allows a proposed contract or other transaction to be put to a vote by the Board or membership without disclosing that he or she will receive a financial benefit from the transaction.

6.2 **Removal of Directors by Membership.** The entire Board or any individual Director may be removed from office by a majority of those Members represented and voting by secret ballot at a duly held meeting at which a quorum votes. In the event that any or all Directors are so removed, new Directors shall be elected as provided for in these Bylaws.

6.3 **Resignation.** Any Director may resign by giving written notice to the Board Chair, the Secretary, or the Board. The resignation shall take effect upon the giving of the notice, unless a later time is specified in the notice. If the resignation is effective at a future time, the resigning Director may participate in the selection of a successor to fill the vacated seat.

6.4 **Vacancies.** Vacancies on the Board caused by the membership's removal of one or more Directors shall be filled by the membership by means of a special election. Vacancies created other than by removal by the Members may be filled by the designation of a majority of the remaining Directors, except, if there are less than three Directors, vacancies may be filled by the unanimous designation of a majority of the remaining Directors. If the remaining Directors are unable to so designate a Director to fill the vacancy, then the Board may notice a special election for Members to elect a

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replacement Director. Each Director so appointed or elected shall hold office until the end of his predecessor's term.

ARTICLE 7: ROLE OF BOARD OF DIRECTORS

7.1 **Powers.** The business and affairs of the Association shall be controlled by the Board. In addition to the powers and duties set forth in the Association's Governing Documents, the Board shall have the power to perform any and all other acts that a nonprofit mutual benefit corporation is empowered to do in the administration of the Association's affairs and to protect and advance the general welfare of the Association.

7.2 **Enactment of Rules.** The Board may adopt, amend, and repeal Resident and Guest Regulations regarding any matter set forth in the Governing Documents, including: (i) the use, occupancy, and maintenance of the Development; (ii) the general health, welfare, comfort, and safety of residents in the Development; and (iii) the interpretation and implementation of the Governing Documents. The Board shall use the following procedure for adopting Resident and Guest Regulations:

- a. **Distribution to Members.** The proposed Rules shall be distributed to the membership at least thirty (30) days before an open Board meeting at which the Board will vote on adopting the policy. The distribution shall include a notice of the meeting and a description of the purpose and effect of the proposed Rules.
- b. **Vote on Rules.** At the scheduled Board meeting, the Board shall vote on adoption, amendment, or repeal of the Rules after considering any comments received from Members on this issue.
- c. **Approved Rules.** Within fifteen (15) days of approving the Rules, the Association shall distribute notice of the Rules change to the membership.
- d. **Applicability.** This Section shall apply to Rules that relate to: (i) use of the Common Area, Exclusive Use Common Areas, or Units; (ii) architectural modifications by the Members, including procedures for architectural approval; (iii) Member discipline, including fine schedules and procedures for imposing discipline; (iv) standards for payment plans for Members' delinquent assessments; (v) dispute resolution procedures; and (vi) election procedures. This Section does not apply to: (i) Common Area maintenance; (ii) decisions on specific situations that are not intended to apply generally; (iii) assessment rates; or (iv) Rules changes or the issuance of other documents that are required by law or that repeat existing law or the Governing Documents, if the Board has no discretion as to the substantive effect of the change.
- e. **Member Vote to Reverse Rule Change.** A Rule for which adoption is subject to this Section may be overturned by the affirmative vote of the

majority of a quorum of the membership voting at a special meeting called for that purpose.

7.3 **No Compensation.** No Officer or Director shall receive compensation for services rendered to the Association. However, Officers and Directors may be reimbursed for actual expenses incurred in the performance of their duties. Any Officer or Director requesting reimbursement for expenses shall provide appropriate documentation, such as a receipt, to the Board before being reimbursed by the Association.

7.4 **Conflicts of Interest.** The Association shall not enter into any contract with any party in which any Officer or Director of the Association or any employee of the Association has a direct or indirect economic interest in the contract without: (i) full disclosure of the interest to the Board; (ii) full disclosure of the interest, in the minutes of the Board meeting where the discussion occurred; and (iii) recusal from the deliberations and voting by the interested party.

7.5 **Duty to Defend.** The Association shall indemnify and defend and shall advance reasonable attorneys' fees and costs and all expenses and liabilities its Officers, Directors, Committee members, and employees reasonably incur in connection with any proceeding to which they may be a party by reason of having been an Officer, Director, Committee member, or employee of the Association. However, the Association may recover its attorneys' fees and costs from those persons who are adjudged to have acted in bad faith or in gross negligence in the performance of their duties or to be liable to the Association (unless the Court determines that the person is fairly and reasonably entitled to indemnity for expenses).

ARTICLE 8: MEETINGS OF THE BOARD

8.1 **Member Notice of Board Meetings.** Members shall be given an agenda and notice of the time and place of Board meetings at least four (4) calendar days prior to the meeting. The notice and agenda may be given by posting the notice in a prominent place or places within the Common Area, by mail or delivery of the notice to each Unit, or by newsletter or similar means of communication. An emergency meeting of the Board may be called if there are circumstances that could not have been reasonably foreseen which require immediate attention by the Board. In such instances, the Board shall give notice, as may be reasonable and practical.

8.2 **Director Notice of Board Meetings.** Notice of Board meetings shall be given to each Director at least four (4) calendar days prior to the meeting to the address, phone number, fax number, or e-mail address listed on the Association's records for the Director.

8.3 **Waiver of Notice.** Attendance by a Director at any meeting of the Board shall be a waiver of notice by that Director of the time and place thereof. If all of the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. Whether present at or absent from a meeting,

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any Director may provide a written waiver of notice or written consent to holding any meeting.

8.4 Place of Meetings. All meetings of the Board shall be held at a place in or near the Development designated by the Board or at such other place convenient to the Board.

8.5 Regular Meetings. Meetings of the Board shall be held at least once per month although the Board may, for good reason, waive a monthly meeting. Such "good reason" shall be set forth in the minutes of the next Board meeting.

8.6 Special Meetings. Special meetings of the Board may be called by the Board Chair or by a majority of the Board. Such meetings may be held upon four (4) days' notice. In the event of an emergency, the Board may meet with less notice, but must post such notice to the membership and must note in the minutes of the meeting the reason why more notice could not be given.

8.7 Executive Sessions. The Board may, upon the vote of a majority of the Board's quorum, meet or adjourn a Board meeting and reconvene in executive session, exclusive of all Members who are not Directors, to consider or vote upon: (i) litigation; (ii) the formation of contracts with third parties; (iii) Member discipline (unless the Member and Board agree to have the matter heard in open session); (iv) personnel matters; or (v) to meet with a Member, upon the Member's request, regarding the Member's payment of assessments, as required by statute. Any matters considered in executive session shall be generally noted in the minutes of the next meeting that is open to the entire membership.

8.8 Quorum. A majority of the number of Directors authorized in the Bylaws constitutes a quorum of the Board for the transaction of business. Directors may not attend Board meetings by proxy and may not vote by proxy.

8.9 Adjournment of Board Meetings. A majority of the Directors present at a meeting, whether or not a quorum is present, may adjourn any Board meeting to a stated day and hour. If the meeting is adjourned for more than twenty-four (24) hours, before the adjourned meeting is held, notice of the adjournment shall be given to Directors who were not present at the time of the adjournment.

8.10 Attendance by Members. Regular and special (non-executive session) meetings of the Board shall be open to all Members. A reasonable amount of time shall be set aside during the meeting to permit Members the opportunity to address the Board, as provided for in the Open Meeting Act of the Davis-Stirling Act.

8.11 Conduct of Board Meetings. Board meetings shall be conducted by the Association's Board Chair or, in the Chair's absence, an Officer or Director designated by the Board. All questions of parliamentary procedure shall be decided in accordance with Robert's Rules of Order.

8.12 Teleconference. Members of the Board may participate in a meeting through use of a conference telephone, electronic video screen, or similar communications equipment, so long as all Directors participating in such meeting can hear one another. Participation in a meeting pursuant to this subdivision constitutes presence in person at such meeting.

8.13 Minutes of Meetings. The minutes, minutes proposed for adoption that are marked as draft, or a summary of the minutes of Board meetings, other than executive session meetings, shall be available to Members within thirty (30) days of the meeting and shall be distributed to any Member upon request and upon reimbursement of the Association's cost.

8.14 Action by Written Consent in Lieu of Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all Directors consent in writing to such action. Such written consent shall state that the action was taken by unanimous written consent of the Board without a meeting, and that these Bylaws authorized the Directors to so act. The written consent shall be filed with the minutes of the Board meetings and be posted at a prominent place in the Common Area within three (3) days after the consent is obtained. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors.

ARTICLE 9: OFFICERS

9.1 Number. The Officers shall be the Board Chair, Vice Chair, Secretary, Treasurer. All Officers must be Directors elected to the Board.

9.2 Election of Officers. The Board shall meet to select the Officers of the Association immediately after or as soon as practicable after the results of the election of Directors are announced.

9.3 Term of Office. Officers shall hold office at the pleasure of the Board. Officers shall be appointed by the Board and shall hold office until the annual election of Directors or such time as they resign, are removed, or are otherwise disqualified to serve. Within thirty (30) days of the election of Directors each year, the Board shall reappoint Officers. The same persons may be appointed to the same offices.

9.4 Removal and Resignation. Any Officer may be removed at any time by the vote of a majority of all the Directors then in office, at any regular or special meeting of the Board at which a quorum is present. Any Officer may resign at any time by giving written or verbal notice to the Board. Any such resignation shall take effect on the date the notice is given, unless a later date is specified in the notice.

9.5 Vacancies. A vacancy in any office, because of death, resignation, removal, disqualification, or any other cause, shall be filled in the manner prescribed in these Bylaws for regular appointments to such office.

9.6 **Board Chair.** The Board Chair shall be the principal executive Officer of the Association and shall, subject to the control of the Board, supervise, direct, and control all of the business and affairs of the Association. The Board Chair shall preside at all meetings of the Board.

9.7 **Vice Chair.** In the absence or disability of the Board Chair, the Vice Chair shall perform all duties of the Chair. The Vice Chair shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or these Bylaws. The Vice Chair shall be responsible for all personnel matters. The Vice Chair shall chair the Executive and Rules Committee, which shall be established to assist the Board by preparing an agenda for Board meetings. As part of this function the committee shall review proposed motions for inclusion on the agenda, such as review to consist of analysis of the motions for form and completeness. The committee will offer counsel and assistance to residents and owners as to the drafting of such motions. While the committee may present recommendations to the Board regarding such motions, it does not have an approval or disapproval function and may not delay or table motions by omitting them from the Board agenda. The Executive and Rules Committee will meet regularly in advance of scheduled Board meetings in order to prepare the agenda and process motions to be included therein. Whenever possible, the agenda will be prepared in sufficient time to be included in the Newsletter prior to the Board meeting. Except in emergency situations, the Board shall take final action only on motions on the established agenda. Any measure to waive such requirement on grounds of emergency shall require a two-thirds (2/3) vote of Board members present at the duly constituted Board meeting held when a quorum is present.

9.8 **Secretary.** The Secretary shall keep or cause to be kept in the management office: (i) minutes of all meetings of the Board and the membership; (ii) the names of all Members of the Association and their addresses; and (iii) such other records of the Association's affairs as may be necessary and proper. The Secretary shall give or cause to be given notice of all meetings of the Members and of the Board that are required by the Bylaws or by law and shall have such other powers and perform such other duties as may be prescribed by the Board or by these Bylaws.

9.9 **Treasurer.** The Treasurer shall keep or cause to be kept accounts of the monies, properties, and business transactions of the Association. The Treasurer shall cause to be deposited all monies and other valuables, in the name and to the credit of the Association, with such depositories, as may be designated by the Board. The Treasurer shall cause to be disbursed the funds of the Association as may be ordered by the Board, shall render to the Board Chair and Directors, whenever they request it, an account of the Association's transactions and the financial condition of the Association, which shall be made a part of the minutes of Board meetings, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

9.10 **Parliamentarian.** The Board may also appoint a Parliamentarian to advise it on matters of parliamentary procedure.

ARTICLE 10: COMMITTEES

10.1 **Establishment of Committees.** The Board may establish Committees as it deems appropriate and necessary to advise and/or assist the Board in carrying out its duties. The Board shall specify the task of each Committee.

10.2 **Member Comments.** Each Committee shall receive comments and complaints from Members on any matter within its field of responsibility. Committees shall handle or dispose of such comments or complaints as they deem appropriate or refer them to any other Committee, Director, or Officer of the Association also involved in that matter or to the Board.

10.3 **No Compensation.** Committee membership is voluntary and members shall not be compensated for their services. However, Committee members may be reimbursed for reasonable expenses incurred in the performance of their duties.

10.4 **Meetings.** Committees shall meet from time to time as may be necessary to perform their duties. Committees shall make interim reports to the Board during the course of their task and shall make a final report to the Board upon completion of their tasks.

10.5 **Conflicts of Interest.** No Committee member may participate in or make recommendations on any matter which involves a Committee member or a member of his/her own family or in which a Committee member or a member of his/her family has a direct or indirect financial interest without full disclosure to the Board.

ARTICLE 11: BUDGETS, RESERVES, AND FINANCIAL STATEMENTS

11.1 **Review of Accounts.** The Board shall do the following not less frequently than quarterly, in accordance with Section 1365.5 of the Civil Code or any successor statutes:

- a. ***Operating Accounts.*** Cause a current reconciliation of the Association's operating accounts to be made and to review the same.
- b. ***Reserve Accounts.*** Cause a current reconciliation of the Association's Reserve Accounts to be made and to review the same.
- c. ***Actual to Budget.*** Review the current year's actual revenues and expenses compared to the current year's budget for the Association's Operating and Reserve Accounts.
- d. ***Bank Statements.*** Review and cause to be reconciled the most current account statements prepared by the financial institution where the Association has its Operating and Reserve Accounts.

- e. *Income and Expense Statements.* Review an income and expense statement for the Association's Operating and Reserve Accounts.

11.2 **Operating Budget.** The Board shall annually prepare an estimated operating budget for the next fiscal year. The budget shall include the following, in accordance with Section 1365 of the Civil Code or any successor statutes:

- a. *Revenue and Expenses.* The estimated revenue and expenses on an accrual basis;
- b. *Reserves.* A summary of the Association's Reserves, based upon the most recent review or study, which shall be printed in bold type and include: (i) the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component; (ii) the current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components; and (iii) the current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components, as of the end of the fiscal year for which the study is prepared;
- c. *General Reserve.* An amount equal to no more than 20%, of the Maintenance Budget portion of the yearly Operating Budget shall be kept in the General Reserve. Its purpose is to fund unforeseen major expenses not reasonably funded elsewhere;
- d. *Special Assessments.* A statement as to whether the Board has determined or anticipates that the levy of one or more Special Assessments will be required in order to repair, replace, or restore any major component or to provide adequate Reserves therefore;
- e. *Reserve Procedure.* A general statement addressing the procedures used for the calculation and establishment of Reserves to defray the costs of future repair, replacement, or additions to those major components that the Association is obligated to maintain;
- f. *Summary in Lieu of.* In lieu of the distribution of the budget, the Board may elect to distribute a summary of the budget to all Members, with a written notice, in at least 10-point boldface type on the front page of the summary, that the budget is available at the business office of the Association or at another suitable location and that copies will be provided upon request, at the Association's expense;
- g. *Revised Budget.* If the Board, in its reasonable discretion, deems it necessary at any time during the course of its fiscal year to adjust or modify the budget, it may do so and copies of the revised budget shall be sent to all Members within thirty (30) days of its adoption by the Board.

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11.3 **Annual Review.** An annual review of the financial statement of the Association shall be prepared in accordance with Generally Accepted Accounting Principles by a licensee of the California State Board of Accountancy. A copy of the review of the financial statement shall be distributed to all Members within one hundred twenty (120) days after the close of each fiscal year.

11.4 **Capital Reserves Study.** The Reserve study shall be reviewed annually and at least once every three (3) years, the Board shall cause a site-review study of the Reserve account to be performed. The study shall, at a minimum, include:

- a. ***Major Components.*** Identification of those major components of the Common Areas which the Association is obligated to repair, replace, restore, or maintain;
- b. ***Remaining Life.*** Identification of the probable remaining useful life of the components, as of the date of the study;
- c. ***Cost to Repair or Replace.*** An estimate of the cost of repair, replacement, restoration, or maintenance of the components during and at the end of their useful life;
- d. ***Annual Contribution.*** An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components during and at the end of their useful life, after subtracting total Reserve funds as of the date of the study;
- e. ***Reserve Funding Plan.*** A reserve funding plan that indicates how the Association plans to fund the annual contribution to meet the Association's obligations for the repair and replacement of all major components with an expected remaining life of thirty (30) years or less, not including those components that the Board has determined will not be replaced or repaired. The plan shall include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan. The plan shall be adopted by the Board of Directors at an open meeting before the membership of the Association. If the Board of Directors determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved by the Board when the annual budget is approved.

11.5 **Approval of IRS Resolution.** The Board will apply any excess income for the current year to the budget prepared in the following year, as provided by IRS Revenue Ruling 70-604.

ARTICLE 12: INSPECTION OF RECORDS

12.1 Maintenance of Records. The Association shall keep or cause to be kept records of the Association as follows:

- a. A membership register, setting forth all names, mailing addresses, and telephone numbers of the Members (as may be changed from time to time by written notice from the Member to the Board of Directors);
- b. The Association's governing documents, minutes of the meetings of the Board, and minutes of meetings of the membership; minutes shall be kept in written form; other records may be kept in written form or any other form capable of being converted into clearly legible paper form;
- c. Financial records and books of account of the Association, including a chronological listing of all receipts and expenditures of funds and a separate account for each Assessment levied or charged against each Unit or Member, the dates when so assessed and when due, the amounts paid thereon, and the balance, if any, of any Assessment remaining unpaid; and
- d. All other documents required to be made available to Members under this Article. Such additional documents shall be kept for at least the time frame during which Members are entitled to inspect them, as stated below.

12.2 Limitation on Availability of Records. As provided for in the Davis-Stirling Act, Association records for the current fiscal year and for each of the previous two (2) fiscal years shall be made available for inspection and copying. However, minutes of member and board meetings shall be permanently made available. If a committee has decision making authority, minutes of the meetings of that committee shall be made permanently available. All records are subject to redacting, as provided for by law.

12.3 Records Subject to Inspection. The Association shall make the following documents available for inspection and copying by any Member or a representative designated in writing by the Member:

- a. Any financial document or statement required to be distributed annually to Members;
- b. Interim unaudited financial statements, periodic or as compiled, containing any of the following, which shall be prepared in accordance with Generally Accepted Accounting Principles: (i) balance sheet; (ii) income and expense statement; (iii) budget comparison; and (iv) general ledger, showing all transactions that occurred in Association's account over a specified period of time;
- c. Executed contracts, not otherwise privileged under law;

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- d. Board-approved vendor or contractor proposals or invoices;
- e. State and federal tax returns;
- f. Reserve account balances and records of payments made from Reserve Accounts;
- g. Agendas and minutes of meetings of the Members, the Board, and any Committees appointed by the Board; excluding, however, agendas, minutes, and other information from executive sessions of the Board;
- h. Check registers;
- i. "Enhanced Association records," which are defined as invoices, receipts, and canceled checks for payments made by the Association, purchase orders approved by the Association, credit card statements for credit cards issued in the name of the Association, statements for services rendered, and reimbursement requests submitted to the Association, provided that the person submitting the reimbursement request shall be solely responsible for removing all personal identification information from the request; and
- j. The Association's membership list, including each Member's name, property address, and mailing address.

12.4 Records Not Subject to Inspection. The following records are not subject to inspection:

- a. Executive session agendas and minutes of the Board;
- b. Personnel records (other than payroll records);
- c. Litigation files or records protected by the attorney-client privilege;
- d. Pending contracts;
- e. Legal invoices (however, Members do have the right to know how much money is being spent on legal matters);
- f. Records likely to lead to identity theft;
- g. Records likely to lead to fraud;
- h. Records reasonably likely to compromise the privacy of an individual Member (such as owner records, including goods or services provided to Members for which the Association received monetary consideration other than assessments);

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- i. Disciplinary actions, collection activities, or payment plans of other owners;
- j. Personal information, including a social security number, tax id number, driver's license number, credit card account numbers, bank account number, or bank routing number; and
- k. Interior architectural plans for individual homes.

12.5 Deadlines for Producing Records. Associations must produce records within the following time frames:

- a. Minutes of Member and Board meetings: within thirty (30) calendar days of the meeting;
- b. Minutes of Committees with decision making authority: within fifteen (15) calendar days following approval of the minutes;
- c. Records for the current fiscal year: within ten (10) business days from receipt of the request;
- d. Records for the previous two (2) fiscal years: within thirty (30) calendar days from receipt of the request;
- e. Any record or statement available pursuant to Sections 1365 (budget, reserves, lien policies, insurance, financial statement, etc.) or 1368 (governing documents, assessments, violations, construction defects, etc.) of the Civil Code or any successor statutes: within the timeframe specified by statute;
- f. Membership list: within five (5) business days of the Association's receipt of a Member's written request.

12.6 Inspection and Copying Procedure. The Association shall make the above Association records available for inspection and copying in the Association's business office within the Development. If the Association does not have a business office within the Development, the Association shall make the specified Association records available for inspection and copying at a place agreed upon by the Member and the Association. If the Association and the Member cannot agree upon a place for inspection and copying, or if the Member requests, in writing, copies of specifically-identified records, the Association may mail copies of the requested records to the Member by first-class mail.

12.7 Redacting Information. The Association may withhold or redact information from the Association records, as provided for by law.

12.8 Members' Use of Records. Members may not sell Association records, use them for commercial purposes, or use them for any purpose not reasonably related to their interest as a Member of the Association.

12.9 Production Fees. The Association may bill the requesting Member for copying, redacting, and mailing the requested records as permitted by Section 1365.2 of the Civil Code or any successor statutes.

ARTICLE 13: DISCLOSURES

13.1 Notice of Enforcement Rights. The Board shall annually distribute to each Member a schedule of penalties for violation of the Association's Governing Documents (e.g., monetary penalties, suspension of privileges, or injunctive relief).

13.2 Minutes. The Board shall annually notify Members of their right to receive minutes and how and where those minutes may be obtained.

13.3 Budget. The Board shall annually distribute the operating budget to all Members thirty (30) to ninety (90) days prior to the beginning of the fiscal year.

13.4 Reserves. The Board shall annually distribute to all Members: (i) a summary of the Association's reserves; (ii) a statement of the procedures used for calculating the reserves; (iii) whether Special Assessments will be needed for repairs or to replenish reserves; and (iv) a summary of the reserve funding plan adopted by the Board of Directors of the Association.

13.5 Financial Statement. The Board shall annually distribute to the Members a review of the Association's financial statement within one hundred twenty (120) days of the close of the fiscal year. The financial statement may be distributed by electronic transmission (fax, e-mail, or posting on an electronic message board or network designated by the Association for that purpose, coupled with a separate notice to the recipient of the posting).

13.6 Assessment Collection Policies. The Board shall annually distribute to the Members during the sixty (60) day period prior to the beginning of the fiscal year the Association's policies and practices for enforcing lien rights or other legal remedies for enforcing delinquencies (e.g., late charges, interest, or suspension of privileges).

13.7 Insurance. The Board shall annually distribute to Members a summary of the Association's insurance which complies with Section 1365 of the Civil Code or any successor statutes.

13.8 Reserve Transfers for Litigation. The Board shall notify Members, in its next available mailing, of any transfers from Reserves to pay for litigation.

13.9 Alternative Dispute Resolution Summary. The Board shall annually provide to Members a summary of the Alternative Dispute Resolution provisions which comply with Section 1369.590 of the Civil Code or any successor statutes.

ARTICLE 14: RULES ENFORCEMENT AND DISPUTE RESOLUTION

14.1 Rules Enforcement Procedures. Privileges and voting rights may not be suspended or fines imposed, except as follows:

- a. *Notice of Hearing.* The Board shall set a hearing date and notify the Member in writing at least ten (10) days in advance, either personally or by prepaid first-class or registered mail to the most recent address of the Member as shown on the Association's records. The notice shall set forth the date and nature of the violation, the proposed penalty, and the Member's right to present evidence in his or her defense, either in writing or in person, at the hearing.
- b. *Hearing.* The hearing shall be held in executive session, unless the Member requests otherwise.
- c. *Notice of Decision.* Within fifteen (15) days after the Board makes a decision on imposition of any penalty or fine, notice of the decision shall be given to the Member, which shall specify the violation and the penalty imposed. In the event the Association suspends voting rights or privileges, the suspension does not take effect until fifteen (15) days after the notice of decision is given to the Member.

14.2 Internal Dispute Resolution. If the Association and a Member are involved in a dispute involving their rights, duties, or liabilities under California law or the Governing Documents, either the Association or the Member may request internal dispute resolution, as provided for in the Association's Resident and Guest Regulations, pursuant to the Davis-Stirling Act.

14.3 Pre-Litigation Dispute Resolution. Before filing suit for actions for declaratory, injunctive, or writ relief, either alone or in conjunction with a money claim of \$5,000 or less, the party seeking to litigate the matter shall offer alternative dispute resolution, pursuant to the procedures described in the Davis-Stirling Act.

ARTICLE 15: MISCELLANEOUS

15.1 Fiscal Year. The fiscal year of the Association shall be a calendar year, unless a different fiscal year is adopted by the Board.

15.2 Singular Includes Plural. Wherever the context of these Bylaws requires, the singular shall include the plural and the masculine shall include both feminine and the neuter.

15.3 Conflicts. In the case of any conflict, the CC&Rs shall prevail over the Bylaws and the Bylaws shall prevail over the Rules.

15.4 Amendments. These Bylaws may be modified, amended, or replaced with new Bylaws as follows:

- a. *Amendment by Members*. These Bylaws may be modified, amended, or replaced with new Bylaws by the vote or written consent of a majority of Quorum of the Voting Power of the membership.
- b. *Amendment to Conform to Statute*. If at any time a provision in these Bylaws contradicts current law, according to a written opinion of the Association's legal counsel, the Board of Directors will have the authority, on the unanimous approval of the Directors and without approval of the Members, to amend that provision, but only to the extent necessary to render the provision compliant with applicable law.

CERTIFICATION

WE CERTIFY this 24th day of March, 2013 that these Restated Bylaws have been duly approved and adopted by the Association's membership.

William S. Munro
Board Chair

Dorothy M. Adland
Secretary