

**Amended and Restated Bylaws of  
BAYSHORE VILLAGE HOMEOWNERS ASSOCIATION  
a California Non-Profit, Mutual Benefit Corporation**

**Table of Contents**

	<b>Page No.</b>
<b>Article I - Bayshore Village Homeowners Association</b> .....	1
1.1 Name and Status .....	1
1.2 Purpose .....	1
1.3 Principal Office .....	1
<b>Article II - Association Membership</b> .....	1
2.1 Members of the Association .....	1
2.2 Membership Rights and Privileges .....	2
<b>Article III - Membership Meetings</b> .....	2
3.1 Location of Meeting .....	2
3.2 Annual Meeting .....	2
3.3 Special Meetings .....	2
3.4 Notice of Membership Meetings .....	3
3.5 Participation in Meetings .....	4
3.6 Quorum .....	5
3.7 Adjourned Meeting .....	5
3.8 Parliamentary Procedure .....	6
<b>Article IV - Membership Voting</b> .....	6
4.1 Voting Memberships .....	6
4.2 Eligibility to Vote .....	6
4.3 Record Dates for Member Voting and Action .....	6
4.4 Majority Vote Required .....	6
4.5 Manner of Casting Votes .....	6
4.6 Cumulative Voting .....	8
4.7 Action by Unanimous Written Consent .....	8
<b>Article V - Board of Directors</b> .....	9
5.1 Generally .....	9
5.2 Number and Qualification of Directors .....	9
5.3 Term of Office .....	9

5.4	Nomination of Directors .....	10
5.5	Determination of Election Results and Succession to office .....	10
5.6	Vacancies on Board of Directors .....	10
5.7	Inspector(s) of Election .....	12
<b>Article VI - Board Meetings .....</b>		<b>12</b>
6.1	Place of Board Meetings .....	12
6.2	Annual Board Meeting .....	12
6.3	Regular Board Meetings .....	12
6.4	Special Board Meetings .....	12
6.5	Action by the Board at a Meeting .....	13
6.6	Adjournment .....	15
6.7	Attendance by Members .....	15
6.8	Action Without Meeting by Unanimous Written Consent .....	17
<b>Article VII - Duties and Powers of the Board .....</b>		<b>17</b>
7.1	Specific Powers .....	17
7.2	Limitations on Powers .....	19
<b>Article VIII - Officers .....</b>		<b>21</b>
8.1	Generally .....	21
8.2	Appointment of Officers .....	21
8.3	Removal of Officers .....	21
8.4	Resignation of Officers .....	21
8.5	Vacancies .....	21
8.6	President .....	21
8.7	Vice President .....	21
8.8	Secretary .....	22
8.8	Treasurer (or Chief Financial Officer) .....	22
<b>Article IX - Committees .....</b>		<b>22</b>
9.1	Generally .....	22
9.2	Advisory Committees .....	22
9.3	Executive Committees .....	23
9.4	Meetings of Committees .....	23
9.5	Records of Committees .....	23
<b>Article X - Association Finances .....</b>		<b>24</b>
10.1	Checks .....	24
10.2	Operating Account .....	24
10.3	Other Accounts .....	24

10.4	Budget .....	24
10.5	Revised Budget .....	25
10.6	Quarterly Review of Accounts .....	25
10.7	Year-End Report .....	25
10.8	Required Reserve Studies .....	25
<b>Article XI - Periodic Disclosures .....</b>		<b>26</b>
11.1	Annual Reports and Statements, Summaries .....	26
11.2	Annual Budget Report .....	26
11.3	Annual Policy Statement .....	27
11.4	Year-End Report .....	28
<b>Article XII - Maintenance and Inspection of Records .....</b>		<b>28</b>
12.1	Keeping of Records .....	28
12.2	Inspection of Books and Records .....	29
<b>Article XIII - Enforcement Of Governing Documents .....</b>		<b>30</b>
13.1	Association's Authority to Enforce Governing Documents .....	30
13.2	Disciplinary Hearing .....	30
13.3	Disciplinary Action .....	30
<b>ARTICLE XIV - Indemnification and Ethics .....</b>		<b>30</b>
14.1	Indemnification of Association .....	30
14.2	Indemnification by Association .....	31
14.3	Code of Ethics: Duty of Care .....	31
<b>Article XV - General Provisions .....</b>		<b>33</b>
15.1	Conflicts .....	33
15.2	Amendment or Repeal of Bylaws by Members .....	33
15.3	Construction and Definitions .....	34
15.4	Fiscal Year .....	34
15.5	Dissolution .....	34
15.6	Notice to Association .....	34
15.7	Individual Notice to Members .....	34
15.8	General Notice to Members .....	35
15.9	Delivery of Notices .....	35

**Restated Bylaws of**  
**BAYSHORE VILLAGE HOMEOWNERS ASSOCIATION,**  
**a California Non-Profit Mutual Benefit Corporation**

All provisions of the Bylaws adopted in 1993 and amended on August 12, 1998, are hereby revoked and the following new provisions shall supersede all previous Bylaws:

**ARTICLE I**  
**BAYSHORE VILLAGE HOMEOWNERS ASSOCIATION ("Association")**

1.1 Name and Status. The name of this corporation is Bayshore Village Homeowners Association ("Association"), a non-profit mutual benefit corporation, organized under the Davis-Stirling Common Interest Development Act and the California Non-Profit Mutual Benefit Corporation Law.

1.2 Purpose. The purpose of the Association is to manage, maintain, preserve, and administer the business of, a planned development (the "Development"), and to promote the health, safety, and welfare of the residents within the Development, all according to that Declaration of Covenants, Conditions and Restrictions ("Declaration") recorded in the Office of the County Recorder of San Luis Obispo County, California, as Document Number \_\_\_\_\_.

1.3 Principal Office. The principal office of the Association will be located at such place within the Development, or at such other place as the Association's Board of Directors ("Board") may from time to time designate by resolution.

**ARTICLE II**  
**ASSOCIATION MEMBERSHIP**

2.1 Members of the Association. Ownership of every Lot includes one Membership in the Association, which may not be separated from ownership of the Lot, and shall automatically transfer upon any transfer of legal title to the Lot.

2.1.1 Joint Ownership. Each person or entity who is an Owner of an interest in a Lot, as reflected in the Official Records of San Luis Obispo County, shall be considered a Member, except for interests held solely as security for an obligation or in shares of less than ten percent (10%).

2.1.2 Entity Ownership. If a Lot is owned by any trust, corporation, LLC, partnership, or other non-personal entity, the entity shall be deemed the Member.

2.2 Membership Rights and Privileges. Membership rights and privileges include, without limitation, the use and enjoyment of the Common Areas and Common Facilities; attendance and participation in meetings of the Board and of the Members as provided herein; participation in Association business, including service as a director, officer, or committee member; receipt of notice of meetings of the Members and of the Board; receipt of Association disclosures; inspection of Association records; or exercise of any other right or privilege of a Member, as provided by and except as otherwise limited by applicable law, the Declaration, or these Bylaws.

2.2.1 Exercise of Membership Rights. A person or entity may exercise membership rights and privileges only after notifying the Secretary in writing of his, her, or its qualification to be a Member, and (if requested by the Secretary) providing evidence of said person's or entity's interest in, or authority to represent, the Lot. Such evidence may include, but is not limited to, a legally effective deed, policy of title insurance, trust instrument, corporate charter, power of attorney, or corporate resolution.

2.2.2 Limitations on Exercise of Rights. Each Membership is entitled to only one vote in any Association election or ballot measure; only one representative on the Board of Directors; and only one distribution of required Association notices, annual disclosures, meeting notices, agendas or minutes, or similar records, except as otherwise required by law. Rights to use and enjoy the Common Areas and Common Facilities may be limited or delegated, as provided herein or in the Declaration.

2.2.3 Suspension of Membership Rights. Certain membership rights and privileges, including without limitation voting rights and the rights to use and enjoy the Common facilities, may be suspended by the Association as provided in these Bylaws.

### ARTICLE III MEMBERSHIP MEETINGS

3.1 Location of Meeting. Meetings of the Members shall be held within the Development or such other reasonable place within the County as the Board may designate.

3.2 Annual Meetings. An annual meeting of the Members shall be held the third Saturday in January of each year, or no later than fifteen (15) months after the preceding annual meeting. The exact date, time, and location of the meeting shall be established by the Board and set forth in the notice of the meeting.

3.3 Special Meetings. A special meeting of the Members may be called at any time to consider any lawful business of the membership. The exact date, time, and location of the meeting shall be set forth in the notice of any special meeting of the Members.

3.3.1 Special Meetings Called by the Board. A majority of the Board, or the President, may call a special meeting of the Members.

3.3.2 Special Meetings Called by the Members. Five percent (5%) or more of the Members may call a special meeting of the Members, by signing a petition specifying the business proposed to be transacted, and submitting the petition to the President, Vice President, or Secretary, by personal delivery, registered mail, or telegraphic or facsimile transmission. The Association shall give notice of the meeting within twenty (20) days after receipt of the petition, but if the notice is not sent within that time, the petitioning Members may give the notice. Petitions proposing unlawful or invalid member action are void and shall not require a meeting of the Members to be called.

3.4 Notice of Membership Meetings. Notice of all meetings of the Members shall be given in writing, either by first-class mail, or by personal delivery to each eligible Member. If the recipient has consented, in writing, to receive notice by e-mail, notice may be delivered by e-mail. The consent may be revoked, in writing, by the recipient. Notice shall be deemed given upon deposit in the mail or upon personal delivery.

3.4.1 Record Date for Notice. Only Members who are eligible to vote as of the close of business on the "record date for notice" are entitled to receive notice of the meeting, notwithstanding any change in eligibility thereafter, except as otherwise provided in the Articles of Incorporation, by agreement, or by law. The record date for notice of a membership meeting shall be the business day preceding the date on which notice is given, or, if notice is waived, the business day preceding the date of the meeting.

3.4.2 Time Requirements for Notice. The notice of any membership meeting shall be given not less than ten (10) days nor more than ninety (90) days before the date of the meeting. If the notice is given by mail, but not by first-class, registered, or certified mail, the notice shall be given not less than twenty (20) days before the meeting.

3.4.3 Content Requirements for Notice. The notice of any membership meeting shall specify the place, date, and hour of the meeting. In the case of a special meeting, the notice shall also include a general agenda of the business to be transacted; no other business may be transacted at the special meeting. In the case of a regular meeting, the notice shall also include an agenda of matters that the Board intends to present for action by the Members; any lawful matter may be presented for action at the meeting so long as a quorum of the Members is present. In the case of an election of directors, the agenda must also identify candidates nominated prior to the record date.

3.4.4 Specification of Certain Significant Actions. If any of the following actions are proposed at any membership meeting, any Member action on such items is invalid unless the notice of meeting, or written waiver of notice, or written consent, states the general nature of the proposal:

- (a) Removing a director without cause;
- (b) Filling vacancies on the Board, if approval of the Members is required pursuant to these Bylaws;
- (c) Amending the Association's Articles of Incorporation, Bylaws, or Declaration in any manner requiring approval of the Members;
- (d) Approving a contract or transaction between the Association and one or more of its directors, or between the Association and any corporation, firm, or association in which one or more of its directors has a material financial interest;
- (e) Approving any change in the Association's assessments in any manner requiring membership approval under the Declaration or California law; or
- (f) Voting to voluntarily terminate and dissolve the Association.

3.5 Participation in Meetings. Any Member of the Association may attend all membership meetings. Any Member may speak at any membership meeting, subject to reasonable regulation of time limits and protocols established by the Board, and provided that the Member does not interrupt or interfere with the transaction of scheduled business of the Members.

3.5.1 Remote Participation. Members may participate in a membership meeting by means of conference telephone, electronic communications, or similar communications equipment, by means of which all persons participating in the meeting can hear each other, to the extent required by California law. Participation in a meeting pursuant to this subsection shall constitute presence at such meeting.

3.5.2 Conduct During Membership Meetings. Members must be respectful to one another and to the Board, Officers, Manager, and other attendees at a membership meeting, to ensure that business is carried out in an orderly and expeditious fashion during meetings. Member comments may be limited in time, must be in clear and simple terms, and must avoid repetition, disruptive behavior, profanity, personal attacks, rhetorical concerns discussed by the same person, or harassment. Member comments or questions may be briefly responded to by a Board member or staff, in his or her sole discretion, or may be deferred for private or future response. The

Board may adopt further specific rules, parliamentary or otherwise, governing conduct during meetings, which may result in limitation of a Member's participation at that meeting or, provided that such rules are adopted pursuant to the Declaration and applicable law, may result in discipline pursuant to Article XIII hereof.

3.6 Quorum. The following quorum requirements must be satisfied in order to take valid action at any meeting of the Members or by secret or other written ballot in accordance with these Bylaws. In the absence of a quorum, no business may be transacted nor any action taken, other than adjournment.

3.6.1 Default Quorum. A majority of the Members eligible to vote as of the record date, represented in person, by proxy, or by ballot, shall constitute a quorum for valid membership action, unless a different quorum is prescribed for a specific action in the Declaration, these Bylaws, or applicable law.

3.6.2 Quorum for Adjourned Meetings. If a meeting is adjourned to a later date due to absence of a quorum, the quorum at the adjourned meeting shall be reduced to twenty-five percent (25%) of the Members eligible to vote as of the record date, except for any of the following actions:

- (a) Amendment of the Governing Documents;
- (b) Recall of Directors; or
- (c) Increases in Assessments or levy of Special Assessments.

3.6.3 Departure of Members From Meeting. The Members present in person or by proxy at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the departure of Members leaving less than a quorum, so long as any action taken (other than adjournment) is approved by at least that number of Members required to constitute a majority of a quorum at that meeting.

### 3.7 Adjourned Meeting.

3.7.1 Adjournment Generally. Any membership meeting, whether or not a quorum is present, may be adjourned to another date not less than five (5) nor more than forty-five (45) days from the date of the original meeting, by a majority of the Members present in person or by proxy. The Members may take any action at the adjourned meeting that might have been transacted at the original meeting.

3.7.2 Notice for Adjourned Meetings. When a membership meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the date, time, and place are announced at the meeting at which the adjournment is taken.



3.8 Parliamentary Procedure. Meetings of the Members shall be conducted in accordance with a recognized system of parliamentary procedure or any parliamentary procedures the Association may adopt.

#### ARTICLE IV MEMBERSHIP VOTING

4.1 Voting Memberships. The Association shall have one equal class of voting memberships, and only one voting membership is included in every Lot.

4.2 Eligibility To Vote.

4.2.1 Qualification. Only Members in good standing shall be entitled to vote, and any quorum requirement shall only include those Members in good standing who are eligible to vote on the matter under consideration as of the record date. "Good standing" means that all Assessments and related charges are current, the Owner is not in violation of the Governing Documents, and there are no outstanding fines against the Lot.

4.2.2 Eligibility of Joint Owners. If multiple Owners of a single Lot attempt to separately vote that Lot's membership, the Secretary or inspector of election may refuse to acknowledge any or all votes, proxies, or ballots pertaining to that Lot.

4.3 Record Dates for Member Voting and Action. Unless otherwise provided in the Articles of Incorporation, by agreement, or by law, only those Members eligible to vote or act as of the close of business on the record date shall be entitled to vote at a meeting, or act by written ballot without a meeting, or exercise any rights in respect to other lawful action of the Membership, notwithstanding any transfer of membership or change in eligibility thereafter. The record date for determining eligibility shall be sixty (60) days before the following dates, respectively: (i) the date of the meeting; (ii) the date on which the first written ballot is mailed or solicited for an action without meeting; or (iii) the date of such other lawful action requiring eligibility.

4.4 Majority Vote Required. If a quorum of eligible Members is present, the affirmative vote of the majority of the eligible voting power of Members represented at the meeting, entitled to vote and voting on any matter, shall be the act of the Members, unless the vote of a greater number is required by applicable law or by the Governing Documents. In the case of director elections, the candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected to the vacant director positions.

4.5 Manner of Casting Votes.

4.5.1 Voting in Person or by Proxy. Members eligible to vote at a meeting may do so in person or by proxy, except for voting on matters where the use of

a proxy is strictly prohibited or a secret ballot is required by statute. Proxies used for the purposes of conducting Association business must comply with applicable law.

4.5.2 Voting by Secret Ballot. As prescribed by law, secret ballot procedures shall be used when voting on the following issues: assessments; election and removal of directors; amendments to the Governing Documents; and the grant of exclusive use of Common Area property.

(a) Secret Ballots Generally. A "secret ballot" is a ballot which does not identify the voter by name, address, lot, Residence or parcel number. The term "secret ballot" does not include a ballot for purposes of voting on any matter other than assessments, election or removal of directors, amendments to the Governing Documents or the grant of exclusive use of Common Area property. All secret ballots, including for election of directors, must conform to the requirements of applicable law.

(b) Distribution of Secret Ballots. Each secret ballot is distributed with two (2) envelopes: the "inner envelope," which also shall not identify the voter; and the "outer envelope," which shall be addressed or self-addressed to identify the voting Membership. Each secret ballot, along with said envelopes, shall be mailed or otherwise distributed to every eligible Member at least thirty (30) days prior to the vote or election

(c) Return of Secret Ballots. Each secret ballot is returned to the Association, in person or otherwise, as follows: the secret ballot is sealed within the "inner envelope," and the "inner envelope" is then sealed within the "outer envelope." The ballot is then delivered, in person or by mail or otherwise, to the Association's designated ballot collector or inspector of election, and is deemed cast when so delivered or mailed.

(d) Time Requirements. All secret ballots shall provide a reasonable time within which to return the ballot to the Association, which may be set at the discretion of the Board unless otherwise required by law. The time for the return of secret ballots may be extended for reasonable intervals at the discretion of the Board, without notice to the Members.

(e) Ballots Irrevocable. A ballot may not be revoked once cast.

4.5.3 Voting by Written Ballot. Any action requiring Member approval, other than those requiring a secret ballot, may be submitted for vote by written ballot without calling a meeting of the Members. The written ballot shall describe the proposed action(s), provide an opportunity to specify approval or disapproval of each proposal, and provide a reasonable time within which to return the ballot to the Association.

(a) Decision. The determination to conduct a vote by written ballot shall be made by the Board or by members having 10% of the eligible voting power signing a written request and delivering same to any Association officer.

(b) Ballot. The officer shall thereupon distribute a written ballot to every Member eligible to vote on the matter. A written ballot may not be revoked.

(c) Solicitation. All solicitations shall indicate the number of responses needed to meet the quorum requirement and the percentage of approvals needed to approve each proposal. The solicitation must specify the time by which the ballot must be received in order to be counted.

(d) Procedure. Written ballots and solicitations shall be distributed in the same manner as notice of meetings. Approval by written ballot shall be valid only when the number of eligible ballots received meets the quorum required at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Upon tabulation of the ballots, the Board shall promptly notify the Members of the outcome of the vote or failure to meet quorum.

4.6 Cumulative Voting. In any election of directors, each Membership eligible to vote shall have the right to cumulate its votes and give one candidate a number of votes equal to the number of directors to be elected, or to distribute its votes as desired among the candidates.

4.6.1 Protection of Cumulative Voting Rights. In a recall election, unless the entire Board is removed from office, no director may be removed when the votes cast against removal, or not consenting in writing to such removal, would be sufficient to elect such director if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written ballot, all memberships entitled to vote were voted) and the entire number of directors authorized at the time of the director's most recent election were then being elected.

4.7 Action by Unanimous Written Consent. Any action required or permitted to be taken by the Members at a meeting may be taken without a meeting (and without complying with the formalities of a written ballot) if all Members individually or collectively consent in writing to the action, and any such consents shall be filed in the Association's records by the Secretary and recorded in the minutes.

**ARTICLE V**  
**BOARD OF DIRECTORS**

5.1 Generally. Except for any action requiring approval of the Members under applicable law or the Governing Documents, the power to conduct all business and affairs of the Association shall be vested in and exercised by a Board of Directors ("Board"). Subject to the limitations in Article VII, the Board may delegate the execution, administration, or management of Association business or affairs to any person or persons, management company, or committee, provided that all such matters shall continue to be managed and all such powers shall continue to be exercised under the ultimate direction and control of the Board.

5.2 Number and Qualification of Directors. The Board shall consist of five (5) directors who shall be Owners of Lots within the Development whose memberships are in good standing. "Good standing" means, as defined in the Declaration, that all Assessments and related charges are current, the Owner is not in violation of the Governing Documents, and there are no outstanding fines against the Lot or the Owner.

5.2.1. Lot Ownership Qualification. Only one Owner per Lot shall be eligible to serve on the Board at any time. If a Lot is owned by an impersonal entity, including without limitation any trust, corporation, or partnership, the entity may designate one (1) individual person with authority to exercise the Lot's interests, who must be an officer, partner, majority owner, trustee, or similarly empowered executor of for that entity, and in that event both the entity and the individual person so designated must each meet the qualifications of Section 5.2. No person is eligible to serve as a director unless that person, or the entity he or she represents, owns at least a ten percent (10%) interest in a Lot, nor on the basis of any interest which is merely security for an obligation.

5.2.2. Disqualifications. No person may serve as a director, and no entity may designate a representative as a director, if he, she, or it, has been convicted of a felony, or is engaged as an opponent in any legal proceeding against the Association, or fails or ceases to meet the other qualifications for directors hereunder.

5.2.3 Compensation. Directors, officers, and members of committees shall not be entitled to compensation for their services. Acceptance of any direct or indirect compensation for Association service shall disqualify any person or entity for Association service as a director, officer, or committee member. "Compensation" does not include reimbursement for actual expenses as may be deemed just and reasonable by the Board.

5.3 Terms of Office. Directors shall be elected at each annual meeting of Members. The directors shall serve for a term of two years, with three (3) directors elected in even-numbered years, and two (2) directors elected in odd-numbered years. All directors shall hold office until their successors are elected.

5.4 Nomination of Directors. Individuals may become candidates for election to the Board of Directors in any of the following ways:

5.4.1 Written Nomination Procedure. Any Member may nominate any qualified Member as a candidate, including himself or herself, by filing a written nomination with the Secretary or other designated representative of the Association no later than forty-five (45) calendar days prior to the annual election. This requirement may be satisfied by an announcement of candidacy by an incumbent director which is recorded in the minutes of a Board meeting no later than forty-five (45) calendar days prior to the annual election. Nominees must approve or otherwise consent to their nomination.

5.4.2 Nominations From the Floor. Any Member present in person or by proxy at a meeting to elect directors may place names in nomination.

5.5 Determination of Election Results and Succession to Office. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected as directors and shall take office immediately following their election. Any tie vote may be broken by lot, which may include any method of randomly deciding the issue as agreed by the candidates or adopted by the Board, including without limitation drawing names or straws, or use of a coin, die or other object, or a lottery, or any other random selection process, or by runoff election, as determined by the Board.

5.6 Vacancies on Board of Directors.

5.6.1. Generally. A vacancy shall be deemed to exist on the occurrence of any of the following: (i) the death, resignation, or removal of a director; (ii) an increase in the authorized number of directors; or (iii) the failure of the Members to elect a sufficient number of directors at a meeting or election called for that purpose.

5.6.2. Resignation. Any director may resign upon giving written notice to any member of the Board, and unless the notice specifies otherwise, such resignation shall be effective immediately upon receipt.

5.6.3. Removal by Board. The Board may, by resolution or majority vote at a meeting of the Board in executive session, remove a director and declare his or her directorship vacant if he or she: (i) has been declared of unsound mind by a final order of court; (ii) has been convicted of a felony; (iii) has been found to have breached any duty to the Association or standard of conduct of directors under applicable law, by a final order or judgment of court; (iv) fails to attend three (3) consecutive regular meetings of the Board that have been duly noticed; or (v) fails or ceases to meet the qualifications of a director as specified herein.

5.6.4. Removal by Members. The Members may remove directors by a vote of the majority of the eligible voting power of the Association, in accordance with the following procedures:

(a) A petition must be presented, in person, to the President or Secretary of the Association, bearing the signatures of Members in good standing who represent at least five percent (5%) of the eligible voting power of the Association. The petition must state the reason(s) justifying the director's removal; the signature and address or Residence number of each petitioner in his or her own handwriting; the name(s) of the sponsor(s) of the petition; and fulfill all other legal requirements.

(b) Within twenty (20) days after receipt of such petition, the President, Secretary, or Board shall either call a special meeting or distribute secret ballots to the Members to vote upon the requested recall. Such meeting or vote by secret ballot shall be conducted not less than thirty-five (35) nor more than ninety (90) days after the petition is presented. If the Board fails to set a date for, or fail to give notice of, such meeting or vote within twenty (20) days, the Members initiating the petition may call such meeting on their own initiative pursuant to Section 3.3.2 hereof.

(c) The director(s) whose removal is being sought shall have the right to rebut the allegations contained in the petition orally, in writing or both. Any written rebuttal shall be mailed by the Association or otherwise provided to all Members, together with the recall ballot.

(d) If the quorum requirement for a valid membership action is not satisfied or if the recall vote results in a tie, the removal action will have failed.

5.6.5. Removal by Court. In response to a suit filed by any director or the lesser of twenty (20) Members or five percent (5%) of the Members, the Superior Court may remove any director determined to lack any qualification for directorship, or to have committed fraudulent or dishonest acts or gross abuse of authority or discretion with reference to the Association. The Association shall be made a party to any such action.

5.6.6 Protection of Cumulative Voting Rights. Unless the entire Board is removed from office, no director may be removed when the votes cast against removal, or not consenting in writing to such removal, would be sufficient to elect such director if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written ballot, all memberships entitled to vote were voted) and the entire number of directors authorized at the time of the director's most recent election were then being elected.

5.6.7. Filling Vacancies. Vacancies on the Board shall be filled by a majority vote of the remaining directors though less than a quorum, or by a sole remaining director unless the vacancy is created through removal of a director, in which case the vacancy shall be filled by the affirmative vote of a majority of the Members

represented in person or by proxy at a duly held meeting of the Members (at which a quorum is present). The Members may fill any vacancy or vacancies not otherwise filled by the Board, at an election conducted by secret ballot pursuant to the procedures herein.

5.6.8. Reduction in Number of Directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

5.7 Inspector(s) of Election. In conducting any elections of directors or other votes by secret ballot, the Board shall designate inspectors of election, either one (1) or three (3) in number, to receive and tabulate the ballots (both absentee ballots and ballots cast in person by Members attending the meeting at which the election takes place). Inspectors of election may be any of the following or any combination thereof: (i) any Member(s) not nominated or otherwise a candidate in said election nor presently serving on the Board, nor related to any candidate or director; (ii) the Association's legal counsel; (iii) a Certified Public Accountant; (iv) the Association's managing agent; or (v) any retained or appointed neutral person or entity. Inspector(s) of elections shall have the full powers and obligations as provided by applicable law.

## ARTICLE VI BOARD MEETINGS

6.1 Place of Board Meetings. Regular and special meetings of the Board of Directors may be held at any place within the County that has been designated from time to time by resolution of the Board and stated in the notice of the meeting.

6.2 Annual Board Meeting. Immediately following each annual meeting of the Members, the Board shall convene a regular meeting for purposes of organization, appointment of officers, and transaction of other business. Notice of this meeting shall not be required separately from the notice of the annual meeting, but agenda requirements must be satisfied.

6.3 Regular Board Meetings. Regular meetings shall be held at least quarterly. Other regular meetings of the Board shall be held at such time as shall be fixed by the Board and communicated to all directors and all Members.

6.4 Special Board Meetings. Special meetings of the Board may be called for any purpose at any time by the President or by any two directors.

6.4.1. Notice to Directors. Notice of the time, place, and general purpose of special meetings of the Board shall be given to each director not later than four (4) days in advance of a special meeting in open session, or forty-eight (48) hours in advance of a special meeting held in executive session, except for any emergency meeting in which case notice shall be given to each director as promptly as

practicable. Notice may be given to directors by first-class mail, postage prepaid, or by delivering personally or to the director's contact address as reflected in the Association records, or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, including but not limited to text messaging, telegraph, facsimile, electronic mail, or by any other method to which the director has consented. Notice of any Board meeting shall be deemed satisfied for any director who signed a written waiver of notice or a written consent to holding the meeting, or who approved the minutes of the meeting.

#### 6.5 Action by the Board at a Meeting.

6.5.1. Meeting Requirement. The Board shall not take action on any item of business outside of a meeting, except as provided herein. Further, the Board shall not conduct a meeting via a series of electronic transmissions, including, but not limited to, electronic mail, except to conduct an emergency meeting if all members of the Board unanimously consent in writing to that action, and if the written consent or consents are filed with the minutes of the meeting. Written consent to conduct an emergency meeting may be transmitted electronically.

As used herein, "item of business" means any action within the authority of the Board, except actions the Board has validly delegated (including, without limitation, to its managing agent or an officer); and "meeting" means any congregation of a majority of the Board at the same time to hear, discuss, or deliberate upon any item of business that is within the authority of the board, whether at the same place or by a teleconference in which a majority of Board members are connected electronically through audio or video or both, conducted in compliance with applicable law. Except for a meeting solely in executive session, the notice of such a teleconference meeting shall identify a physical location where Members of the Association may attend, and at least one member of the Board shall be present at that location, and Board members participating in the meeting must be able to hear one another and any Members of the Association speaking at the meeting.

6.5.2 Agenda Requirement. Except as described below, the Board may not discuss or take action on any item at a meeting, except an emergency meeting, unless the item was placed on the agenda included in the notice that was posted and distributed for the meeting. However, a member who is not on the Board may speak on issues not on the agenda, and a member of the Board, or a managing agent or other agent or employee of the Association, may do any of the following:

- (a) Briefly respond to statements made or questions posed at a meeting;
- (b) Ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities, whether in



response to questions posed by a Member of the Association or on his or her own initiative;

- (c) Provide a reference or other resources for factual information to Association agents or employees;
- (d) Request agents or employees to report to the Board at a later meeting concerning any matter, or direct Association agents or staff to place a matter of business on a future agenda;
- (e) Direct Association agents or staff to perform administrative tasks necessary to carry out any of the above;
- (f) Take action on an item of business not on the agenda if (i) a majority of the Board determines at the meeting that an emergency situation exists, as described herein, or (ii) if two-thirds of the Board members at the meeting (or, if less than two-thirds of the Board is present, then all Board members present) decide that there is a need to take immediate action and that the need for action came to the attention of the Board after the agenda was posted and distributed, or (iii) the item appeared on an agenda for a prior meeting of the Board that occurred not more than 30 calendar days previously and, at the prior meeting, action on that item was continued to the current meeting.

**6.5.3. Quorum and Vote.** A majority of the authorized number of directors, except any directorships deemed vacant, shall constitute a quorum for the transaction of any Board business, except to adjourn. Every act or decision done or made by a majority of the directors present at any meeting at which a quorum is initially present shall be deemed a valid act or decision of the Board. The Board may continue to transact business at a duly held meeting, where a quorum was initially present, notwithstanding the withdrawal, recusal, or departure of directors; however, any action must be approved by at least a majority of those directors initially present for that meeting, unless otherwise required herein, or by the Articles, or by law.

(a) **Conflicts and Recusal.** A personal or financial interest as to an item of business before the Board may, in certain circumstances, cause a director to be unable, or be perceived to be unable, to vote on that item of business in keeping with such director's fiduciary duties to the Association. In any circumstance in which a director is either presumed by law, or reasonably believed by a majority of the Board, to be unable to vote by reason of such a conflict, and where a majority of the Board reasonably believe such director's vote or participation will cause the Association or Board to suffer adverse legal or financial consequences, said director may be asked by

the Board to voluntarily recuse himself or herself from voting on the matter, or if he or she refuses to do so, may be involuntarily recused from voting on that matter by the vote of a majority of the Board.

Furthermore, no Director or Committee member may vote on any of the following matters: (1) discipline directly involving the Director or Committee member; (2) any Special Individual Assessment against him or her; (3) any request by him or her, or by his or her Lot, for a payment plan for overdue assessments; (4) any decision whether to foreclose on a lien on his or her separate interest; (5) any review of a proposed physical change to his or her separate interest; or (6) any grant of exclusive use common area to him or her. The provisions of Sections 7233 and 7234 of the Corporations Code shall apply to any contract or other transaction authorized, approved, or ratified by the Board or any Committee.

(b) Director Conduct During Meetings. Directors should be respectful to one another and to Members, to ensure that business is carried out in an orderly and expedient fashion during meetings. Directors should respect the Association's parliamentary rules, policies, practices, and decorum. The Board may adopt further specific rules to govern conduct during meetings, the violation of which may result in a director's or officer's involuntary recusal pursuant to paragraph (a), above, or, provided that such rules are adopted pursuant to the Declaration and applicable law, may result in discipline pursuant to Article XIII hereof.

6.6 Adjournment. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the Directors who are not present at the time of the adjournment. Any such adjournment shall be to a date not more than thirty (30) days from the original meeting date.

6.7 Attendance by Members.

6.7.1. Board Meetings in Open Session. With the exception of any meeting held in executive session, any Member of the Association may attend all Board meetings. Any Member may speak at any Board meeting subject to reasonable regulation of time limits and protocols established by the Board, and provided that the Member does not interrupt or interfere with the transaction of scheduled Board business.

6.7.2. Board Meetings in Executive Session. Members may not attend meetings of the Board in executive session except as permitted by law or by the Board. The Board may convene exclusively in executive session or, by vote of a majority of the directors present at a meeting at which a quorum is present, may adjourn a meeting in open session at any time for purposes of reconvening in executive session to discuss: (i) litigation in which the Association is or may become a party; (ii) matters relating to the

formation of contracts with third parties; (iii) Member discipline; or (iv) personnel matters. The Board must meet in executive session if requested by a Member who may be subject to the collection of delinquent assessments, a fine, penalty, or other form of discipline and the Member who is the subject of the disciplinary proceeding shall be entitled to attend the executive session. Any matter discussed in executive session shall be generally noted in the minutes of the meeting, taking into consideration the need to maintain confidentiality.

6.7.3. Board Meeting Minutes. 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, other than minutes of an executive session, shall be available to the Members within thirty (30) days following the meeting. The minutes, proposed minutes, or summary of the minutes shall be distributed to any Member on request and on reimbursement of the Association's costs of making that distribution. Members shall be notified in writing at the time that the pro forma budget is distributed, or at the time of any general mailing to the entire membership, of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

6.7.4. Members' Right to Notice of Meetings. Members shall be given notice of the time and place of Board meetings in open session, except for "emergency meetings," at least four (4) days prior to the meeting. Members shall be given notice of the time and place of Board meetings in executive session, except for "emergency meetings," at least two (2) days prior to the meeting. Notice shall be given by posting the notice in a prominent place or places within the Common Area, by mail or by facsimile transmission or by e-mail in accordance with Section 3.4 of these Bylaws. Notice may also be given by delivery of the notice to each Lot in the development, or by newsletter or similar means of communication. For purposes of this Section, an "emergency meeting" of the Board means a meeting called by the President, or by any two Members of the Board other than the President, under circumstances that could not have been reasonably foreseen that require immediate attention and possible action by the Board and that of necessity make it impracticable to provide prior notice to the Members as required by applicable law.

6.7.5. Member Conduct During Meetings. Members must be respectful to one another and to the Association's Board, officers, Manager, and employees, to ensure that business is carried out in an orderly and expeditious fashion during meetings. No Members or guests will be permitted to enter Board discussions during open session, unless permitted by the meeting chairperson. Member comments during open forum will be limited in time, must be in clear and simple terms, and may be further limited at the boards' discretion to avoid repetition, disruptive behavior, profanity, personal attacks, heated discussion or challenge to the Board or management, rhetorical concerns discussed by the same person, or harassment. Member comments or questions may be briefly responded to by a Board member or staff, in his or her sole discretion, or may be deferred for private or future response. The Board may adopt

further specific rules, parliamentary or otherwise, governing Member conduct during meetings, which may result in limitation of a Member's participation at that meeting or, provided that such rules are adopted pursuant to the Declaration and applicable law, may result in discipline pursuant to Article XIII hereof.

6.8 Action Without Meeting by Unanimous Written Consent. To the extent that applicable law prohibits the Board from doing so, the Board may not take any action without a meeting. However, the Board may unanimously consent in writing to holding an emergency meeting by electronic communication, in compliance with these Bylaws and applicable law. If any other action is permitted by law to be taken by unanimous written consent, nothing herein shall be deemed to prohibit the same. Any such written consent(s) shall comply with applicable law and shall be filed with the Secretary and recorded in the minutes, and in such case the action by written consent shall have the same force and effect as a unanimous vote of the directors.

## **ARTICLE VII DUTIES AND POWERS OF THE BOARD**

7.1 Specific Powers. Without prejudice to the general powers of the Board set forth in these Bylaws, and in the Declaration, the Board shall have the power to:

7.1.1. Exercise all powers and perform all functions vested in the Board in the Declaration, Articles of Incorporation, these Bylaws, and applicable law. The Board may not delegate the ultimate oversight of the Association's affairs.

7.1.2. Appoint and remove all officers of the Association, and members of any committees, and prescribe any powers and duties for such persons that are consistent with law and the Governing Documents. The Board may not delegate this power.

7.1.3. Appoint such agents and employ such other employees, including property managers, attorneys and accountants, as it sees fit to assist in the operation of the Association, and to fix their duties and to establish their compensation. The Board may not delegate this power.

7.1.4. Adopt and establish Rules and Regulations subject to the provisions of the Declaration, governing the use of the Common Areas and Common Facilities within the Development, and the personal conduct of the Members, and their tenants and guests, thereon, and take such steps as it deems necessary for the enforcement of such Rules and Regulations, including the imposition of monetary penalties and/or the suspension of voting rights and the right to use any Common Areas or Common Facilities, except for ingress and egress; provided notice and a hearing are given. The Board may not delegate these powers, except that it may direct its agents, including the Manager, to carry out its enforcement decisions.

7.1.5. Enforce all applicable provisions of the Governing Documents relating to the control, management, and use of the Lots within the Property and the Common Areas, Common Facilities, and the roads within the Property.

7.1.6. Contract for and pay premiums for fire, casualty, liability, and other insurance and bonds (including indemnity bonds) that may be required from time to time by the Governing Documents and applicable law.

7.1.7. Contract for and pay for maintenance, landscaping, utilities, materials, supplies, labor, and services that may be required from time to time in relation to the Common Areas and other portions of the Development which the Association is obligated to maintain.

7.1.8. Pay all taxes, special assessments and other assessments, and charges that are or would become a lien on any portion of the Common Areas.

7.1.9. Contract for and pay for construction or reconstruction of any portion or portions of the Properties that have been damaged or destroyed and that are to be rebuilt by the Association.

7.1.10. Delegate its duties and powers to the officers, agents, or Manager of the Association, or to committees established by the Board, except as limited herein.

7.1.11. Levy and collect Assessments in accordance with the Declaration, and establish and collect reasonable use charges for any or all of the recreational Common Facilities as the Board may deem necessary or desirable from time to time for the purpose of equitably allocating among the users the cost of maintenance and operation thereof. The Board may not delegate the decision to levy Assessments, nor the decision to record a lien or to initiate foreclosure proceedings on the basis of delinquency.

7.1.12. Perform all acts required of the Board under the Declaration.

7.1.13. Prepare budgets, financial reports and maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles.

7.1.14. Open bank accounts and borrow money on behalf of the Association and designate the signatories to such bank accounts. The Board shall have the power to pledge assessments in connection with borrowing funds and to make an assignment of assessments which are then payable or will become payable to the Association. The assignment shall allow the Association to continue to collect the assessments unless and until the Association shall default in the repayment of the loan for which the assignment is made. The Board may delegate the power to open bank accounts, subject to its direction, but may not delegate the decisions to borrow money or to pledge or assign assessments or other security.

7.1.15. Bring and defend actions on behalf of more than one Member or the Association to protect the interests of the Members or the Association, as such, as long as the action is pertinent to the operations of the Association, and assess the Members for the cost of such litigation. The Board may not delegate the decision to bring or defend an action, nor the decision to assess the Members.

7.1.16. Enter Lots as necessary, subject to the notice requirements of the Declaration, in connection with construction, maintenance, or emergency repairs for the benefit of the Common Areas, Common Facilities or the Owners in common, or to enforce the provisions of the Governing Documents.

7.2 Limitations on Powers. Without the vote or written assent of a majority of the voting power of the Members, the Board of Directors shall not take any of the following actions:

7.2.1. Enter into a contract with a third party for the furnishing of goods or services to the Common Area or the Association for a term longer than one (1) year. This restriction shall not apply to: (i) FHA - or VA - approved management contracts; (ii) public utility contracts in which the rates charged for materials or services are regulated by the Public Utilities Commission, provided that the term of the contract may not exceed the shortest term for which the supplier will contract at the regulated rate; (iii) prepaid casualty or liability insurance policies not to exceed three (3) years' duration, provided that the policies provide for short-rate cancellation by the insured; (iv) agreements for cable television services and equipment, satellite dish television services and equipment, and telecommunications services and equipment all not to exceed five (5) years' duration; (v) agreements for sale or lease of burglar alarm and fire alarm equipment, installation, and services not to exceed five (5) years' duration; or (vi) lease agreements for laundry room fixtures and equipment not to exceed five (5) years' duration.

7.2.2. Incur aggregate expenditures for capital improvements to the Common Areas in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, provided, however, that this limitation shall not apply to the expenditure of any funds accumulated in a reserve fund for capital replacement or new capital improvements so long as the expenditure is for the purpose for which the fund was established.

7.2.3. Sell during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that year; provided, however, that this limitation shall not apply to the sale or other disposition of Lots acquired by the Association in foreclosure proceedings.

7.2.4. Fill any vacancy on the Board created by the removal of a director.

7.2.5. Impose a Special Assessment or increase the Regular Assessment under circumstances requiring Member approval.

7.2.6. Amend these Bylaws (unless the Board is empowered pursuant to law to amend certain portions of the Bylaws without Members' consent), any Articles of Incorporation or the Declaration.

7.2.7. Grant a Member exclusive use of any portion of Common Area held by the Association in fee. The vote for transfer of Common Area for said use must be done as prescribed by applicable law. The voting materials used must advise whether or not the Association will be compensated for granting the exclusive easement and whether the Member receiving the grant will be providing insurance coverage for the area in question. Notwithstanding anything to the contrary herein, Membership approval is not required for a grant of exclusive use for the following purposes:

(a) To eliminate or correct errors in documents recorded or on file with a public agency or utility company.

(b) To eliminate or correct encroachments due to errors in construction of any improvements.

(c) To permit changes in the plan of development submitted to the Real Estate Commissioner in circumstances where the changes are the result of topography, obstruction, hardship, aesthetic considerations, or environmental conditions.

(d) To fulfill the requirement of a public agency.

(e) To transfer the burden of management and maintenance of any common area that is generally inaccessible and not of general use to the members.

(f) To accommodate a disability.

(g) To assign a parking space, storage unit, or other amenity designated in the Declaration for assignment, but not assigned by the Declaration to a specific Lot.

(h) To install and use an electric vehicle charging station either (1) in an owner's designated parking space, subject to legal requirements, where the installation or use of the charging station requires reasonable access through, or across, the common area for utility lines or meters; or (2) within unassigned common areas, through a license granted by the Board meeting legal requirements.

(j) To comply with governing law.

## ARTICLE VIII OFFICERS

8.1 Generally. The Officers of the Association shall be a President, a Vice President, a Secretary, and a Chief Financial Officer or Treasurer. The Association may also have, at the discretion of the Board, such other officers as may be appointed in accordance with the provisions of Section 8.2. One person may hold two or more offices, except that neither the Secretary nor the Treasurer may serve concurrently as President.

8.1.1 Qualifications. Each officer shall be a Member whose membership is in good standing as defined herein, or a non-Member who is selected for said position on the basis of demonstrated professional skill. Notwithstanding, the office of President and Treasurer shall only be held by a director.

8.2 Appointment of Officers. The Officers shall be chosen by majority vote of the Board at its first regular meeting following the annual meeting of the Members or the election of directors, and each shall hold office until he or she shall resign or shall be removed or otherwise disqualified to serve, or his or her successor appointed.

8.3 Removal of Officers. Any officer may be removed by the Board with or without cause, at any duly noticed meeting.

8.4 Resignation of Officers. Any Officer may resign at any time by giving written notice to the Board, or to the President, or to the Secretary. Any such resignation shall take effect upon receipt of such notice or at any time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be required.

8.5 Vacancies. Any vacancy in any office shall be filled in the manner prescribed for regular appointments to such office.

8.6 President. The President shall, subject to the control of the Board, have general supervision, direction and control of the affairs and Officers of the Association. He or she shall preside at all meetings of the Board, and shall have the general power and duties of management usually vested in the office of President of a corporation, together with such other powers and duties as may be prescribed by the Board or the Bylaws.

8.7 Vice President. The Vice President shall, subject to the control of the Board and in the absence or disability of the President, perform all the duties of the President and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.



8.8 Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, the records of the Association, including without limitation the minutes of all meetings of Directors and Members, and appropriate current records showing the Members of the Association, together with their addresses. The Secretary shall give, or cause to be given, notice of all meetings of the Board 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 the Bylaws.

8.9 Treasurer (or Chief Financial Officer). The Treasurer, who may also be known as the Chief Financial Officer, shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The Treasurer shall deposit 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, and shall disburse the funds of the Association as may be ordered by the Board. The Treasurer shall render to the President and Board, upon request, an account of transactions and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws. If required by the Board, the Treasurer shall give the Association a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his or her office and for restoration to the Association of all its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from office.

## ARTICLE IX COMMITTEES

9.1 Generally. In addition to any committees required by the Governing Documents, the Board may, by resolution, create and/or dissolve committees as it deems appropriate to advise or assist the Board in its duties. The resolution shall specify the scope of each committee's duty, and may specify the number and qualifications (if any) of committee members, limit the terms thereof, and the manner and frequency of meetings to be held by the committee, all in its discretion. The Board may delegate actions to a committee that it may delegate to any other agent pursuant to the Governing Documents and applicable law. All members of committees serve at the pleasure of the Board and may be appointed or removed by the Board at any time, with or without cause. If the Board does not appoint a chairperson, the committee members may elect a chairperson.

9.2 Advisory Committees. Except as provided herein, actions of a committee shall be considered merely advisory to the Board and shall be scheduled on the agenda of the next Board meeting following the committee's action or decision for affirmation, rescission, or modification, as the Board in its discretion deems appropriate, and except

as provided herein, no committee shall have authority to expend Association funds or dispose of Association property, nor enter into any contract or otherwise bind the Association, nor direct any Association Member, employee, agent, or vendor.

9.3 Executive Committees. The Board may, by resolution, establish one or more "executive committees," each consisting of two or more Directors, as it deems appropriate to assist the Board in its duties. Such committees may be delegated the powers and authority of the Board with respect to matters within the specified scope of the committee, except that no committee, regardless of Board resolution, may be delegated the powers and authority of the Board with respect to:

9.3.1. Taking any final action on any matter that requires approval of the Members or of the Board under the Governing Documents or applicable law.

9.3.2. Filling vacancies on the Board or on any committee.

9.3.3. Amending or repealing any resolution of the Board.

9.3.4. Creating any other committees or appointing or removing any member of any committee.

9.3.5. Expending Association funds without prior Board approval.

9.3.6. Approving any transaction to which the Association is a party and in which one or more Directors have a material financial interest, including any such interest of a Director in any entity involved in the transaction.

9.3.7. Making any decision to record a lien against any Lot, or making any decision to foreclose a lien against any Lot, in connection with an assessment delinquency or otherwise.

9.4 Meetings of Committees. Meetings of executive committees as described in Section 9.3 hereof shall be held in accordance with the provisions of these Bylaws and applicable law, concerning meetings of Directors, including, if the committee includes a majority of Directors, those provisions requiring notice, agenda, and rights of Members to attend and be heard. Meetings of other committees shall be held and conducted at the discretion of the committee, unless otherwise specified by the Board or in the Governing Documents. All members of a committee shall be given notice of all meetings of the committee, and shall have the right to attend all meetings of the committee.

9.5 Records of Committees. Minutes shall be kept of each meeting of any committee and shall be filed with the Secretary and maintained in the Association's records. The Board of Directors may adopt rules not inconsistent with the provisions of these Bylaws for the governance of any committee.

**ARTICLE X**  
**ASSOCIATION FINANCES**

10.1 Checks. All checks or demands for money and notes of the Association shall be signed by the President and Treasurer, or by such other Officer or Officers or such other person or persons as the Board may from time to time designate. Notwithstanding the foregoing, any withdrawal of funds from Association reserve accounts shall require the signature of at least two Directors.

10.2 Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all Regular and Special Assessments as fixed and determined for all Members. Disbursements from such account shall be for the general need of the Association's operation including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the Property.

10.3 Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes, including "Reserve Accounts" and the equivalent for replacement of capital improvements. All Association books of account shall be maintained in accordance with generally accepted accounting principles.

10.4 Budget. Each year, the Board shall prepare an estimated operating budget for the next fiscal year, which shall include the following, as required by Section 5300 of the Civil Code or comparable superseding law:

10.4.1 Estimated revenue and expenses on an accrual basis;

10.4.2 A summary of the Association's reserves based upon the most recent review or study conducted, based only on assets held in cash or cash equivalents, which shall be printed in boldface type and include (a) the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component; (b) the current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components; (c) the funding of reserves expressed as that percentage of the estimated costs in (a) above which are satisfied by the estimated reserves in (b) above; (d) 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 in which the last study was prepared; (d) the current deficiency in reserve funding on a per Lot basis; and (e) the amount and disposition of any funds received by award or settlement resulting from any claim of construction or design defect;

10.4.3 A statement as to (a) whether the Board has determined to defer repairs or replacement of a major component with a remaining life of 30 years or less, and if so, a justification for the decision; (b) whether the Board has determined or

anticipates the levy of any Special Assessment(s) for repair or replacement of major components or to provide for reserves, and if so, the estimated amount, date, and duration thereof; (c) the mechanism for funding reserves for repair or replacement of major components, including without limitation assessments, borrowing, or deferral of other expenses; and (d) information regarding any outstanding loans with original terms of more than one year; and

10.4.4 A general statement of procedures for calculation and establishment of reserves for future repair, replacement, or additions to major components the Association is obligated to maintain.

10.5. Revised Budget. The Board may, in the exercise of its reasonable discretion, adjust or modify the Budget during the course of the fiscal year. If so, copies of the revised Budget shall be sent to all Members within thirty (30) days of its adoption by the Board.

10.6. Quarterly Review of Accounts. At least quarterly, the Board shall cause to be prepared, and shall review, all of the following. To the extent one document provides the information required in more than one of the below listed items, these requirements may be satisfied by reviewing the same document.

10.6.1 A current reconciliation of the operating accounts;

10.6.2 A current reconciliation of the reserve accounts;

10.6.3 The current year's actual reserve revenues and expenses compared to the current year's budget;

10.6.4 The latest account statements prepared by the financial institution(s) with whom the operating and reserve accounts are lodged; and

10.6.5 The income and expense statement for the operating and reserve accounts.

10.7 Year-End Report. A review of the financial statement of the Association shall be prepared annually in accordance with generally accepted accounting principles by a licensee of the State Board of Accountancy for any fiscal year in which the gross income of the Association exceeds \$75,000. If the annual report is not prepared by such a licensee, it shall be accompanied by the certificate of an authorized Officer of the Association that the statement was prepared without an audit from the books and records of the Association.

10.8 Required Reserve Studies. At least once every three years, the Board must cause to be conducted a competent and diligent study of the reserve requirements of the Association, including a visual inspection of the major components, if the current

replacement value of the major components that the Association is obligated to repair, replace, restore, or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year. The Board shall review any reserve study required under this section on an annual basis and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The reserve study shall include the minimum requirements of any applicable laws.

## ARTICLE XI PERIODIC DISCLOSURES

11.1 Annual Reports and Statements, Summaries. The Annual Budget Report and Annual Policy Statements described in this Article shall be delivered by the Association to all Members, by individual delivery pursuant to Civil Code Section 4040. In each case, the Association may deliver either the full report, or a summary of the report which includes a general description of the report's contents. If a summary is delivered, it shall include instructions on how to request a complete copy of the full report at no cost to the Member, printed in at least 10-point boldface type on the first page of the summary. Notwithstanding the foregoing, if a Member has requested to receive all reports in full, the Association shall deliver the full reports to that Member, rather than summaries, unless otherwise allowed by law.

11.2 Annual Budget Report. The Association shall distribute an Annual Budget Report (or a summary thereof as described in Section 11.1) to all Members not less than thirty (30) days nor more than ninety (90) days before the end of each fiscal year. The Annual Budget Report shall include the following, which are intended to reflect the requirements of Civil Code Sections 5300, et seq., but shall not be deemed to impose a more stringent standard.

11.2.1 A copy of the pro forma operating budget;

11.2.2 A summary of the reserve funding plan adopted by the Board, including a notice that the full reserve study plan is available upon request;

11.2.3 A statement as to the mechanism(s) by which the Board will fund reserves, including assessments, borrowing, use of other assets, deferral of selected replacements or repairs, or otherwise;

11.2.4 A statement as to whether the Association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired;

11.2.5 A summary of the Association's property, general liability, earthquake, flood, and fidelity insurance policies. For each policy, the summary shall

include the name of the insurer, the type of insurance, the policy limit, and the amount of the deductible, if any. To the extent that any of the required information is specified in the insurance policy declaration page, the association may meet its obligation to disclose that information by making copies of that page and distributing it with the annual budget report. The summary shall contain, in at least 10-point boldface type, the following statement:

"This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage."

11.2.6 The Assessment and Reserve Funding Disclosure Summary form, prepared pursuant to Civil Code Section 5570.

11.3 Annual Policy Statement. Within thirty (30) to ninety (90) days before the end of each fiscal year, the Association shall distribute an Annual Policy Statement that includes all of the following information:

11.3.1 The name and address of the person designated to receive official communications to the Association, or if no person has been designated to receive documents, the name and address of the President or Secretary.

11.3.2 A statement explaining that a Member may request to have notices sent to up to two specified addresses, pursuant to Civil Code Section 4040.

11.3.3 The location, if any, for posting of a general notice, pursuant to Civil Code Section 4045.

11.3.4 Notice of a Member's option to receive general notices by individual delivery, pursuant to Civil Code Section 4045.

11.3.5 Notice of a Member's right to receive copies of meeting minutes, pursuant to Civil Code Section 4950.

11.3.6 The statement of assessment collection policies required by Civil Code Section 5730, printed in at least 12-point type.

11.3.7 A statement describing the Association's policies and practices in enforcing legal remedies for default in the payment of Assessments, including lien rights.

11.3.8 A statement describing the Association's discipline policy, if any, including any schedule of penalties for violations of the governing documents. This disclosure obligation shall also arise whenever such a schedule or policy is adopted or subsequently amended.

11.3.9 A summary of any provisions required by law relating to the subject matter of alternative dispute resolution ("ADR") proceedings. The ADR disclosure shall include the following language, or other language as required by applicable law:

"Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of your right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law."

11.3.10 A summary of the internal dispute resolution ("IDR") procedure adopted by the Association, if any, or the IDR procedure described in Section 5915 of the Civil Code or comparable superseding law.

11.3.11 A summary of the Association's requirements for approval of a physical change to property, pursuant to Civil Code Section 4765, describing the types of changes that require approval and a copy of the procedure used to review and approve or disapprove a proposed change.

11.3.12 The mailing address for overnight payment of Assessments.

11.4 Year-End Report. Within 120 days after the close of the fiscal year, a copy of the Association's year-end report shall be distributed to Members.

## ARTICLE XII MAINTENANCE AND INSPECTION OF RECORDS

12.1 Keeping of Records. The Association, under the supervision of the Secretary and Treasurer as described in Article VIII hereof, shall keep or cause to be kept the following records of the Association:

12.1.1 A membership register prepared on the basis of information provided by the Members, setting forth the names, addresses for mailing, telephone numbers, and any other contact information of all Members.

12.1.2 The Governing Documents and amendments thereto; agendas and minutes of all meetings of the Members; agendas and minutes of all meetings of the Board in open session; agendas (and, if required by law or by these Bylaws, minutes) of all meetings of the Board in executive session; agendas and minutes (if any) of meetings of committees; and resolutions and other formal acts of the Board or Membership; all of which shall be maintained in perpetuity.

12.1.3 Financial records and books of account; chronological records of receipts and expenditures, and a separate account for each Lot's Regular and Special Assessment(s) showing the dates when such assessments were levied and when the same are due, the amounts paid or credited to such account, and the balance thereof.

12.1.4 Any documents required to be made available to Members pursuant to applicable law or these Bylaws, which shall be maintained for at least that entire period for which Members shall be entitled to inspect them pursuant to these Bylaws or applicable law.

## 12.2 Inspection of Books and Records.

12.2.1. Member Inspection Rights. Any Member or his or her duly appointed representative may inspect or copy Association books, records and documents as provided by applicable law. Inspection or copying of such documents shall be during reasonable business hours, at the designated offices of the Association, for any purpose reasonably related to the Member's interest. Members shall make a written request on the Association, which request shall state the purpose for which the inspection or copying rights are requested and the person designated by the Member to inspect and/or copy the records on the Member's behalf, if any.

The Association may charge the requesting Member for its actual, reasonable costs for copying and mailing the requested documents. The Association shall inform the Member of the amount of copying and mailing costs, and the requesting Member shall agree in writing, before sending the requested documents.

The Association may withhold or redact information from the requested documents, if such information is privileged by law, or if the release of such information is reasonably likely to lead to identity theft or fraud in connection with the Association or any Member, or for any other reason permitted by applicable law.



12.2.2. Director Inspection Rights. Every Director shall have an absolute right at any reasonable time to inspect all books, records, documents, and minutes of the Association, except for Members' Ballots, and the physical properties owned by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

12.2.3. Adoption of Reasonable Inspection Rules. The Board of Directors may establish reasonable rules with respect to: (i) notice of inspection; (ii) hours and days of the week when inspection may be made; and (iii) payment of any and all costs of reproducing copies of documents requested by the Member.

### ARTICLE XIII ENFORCEMENT OF GOVERNING DOCUMENTS

13.1 Association's Authority to Enforce Governing Documents. Any Director, Officer, or agent of the Association, including a property manager, has the authority to demand, orally or in writing, that any Member or resident bring himself/herself into compliance with the Governing Documents.

13.2 Disciplinary Hearing. When the Board is to meet to consider or impose discipline upon a Member, the Board shall notify the Member in writing, by either personal delivery or first-class mail, at least ten (10) days prior to the meeting. The notification shall contain, at a minimum, the date, time, and place of the meeting, the nature of the alleged violation for which a Member may be disciplined, and a statement that the Member has a right to attend and may address the Board at the meeting. The Board shall meet in executive session if requested by the Member being disciplined.

13.3. Disciplinary Action. If the Board imposes discipline on a Member, the Board shall provide the Member a written notification of the disciplinary action, by either personal delivery or first-class mail, within fifteen (15) days following the action. A disciplinary action shall not be effective against a Member unless the Board fulfills the requirements of applicable law.

### ARTICLE XIV INDEMNIFICATION AND ETHICS

14.1 Indemnification of Association. Each Owner shall be liable to the Association for any damage to the Common Areas caused by the negligence or willful misconduct of the Owner or his or her family, guests, invitees or lessees, to the extent that the damage shall not be covered by insurance. Each Owner shall indemnify, hold harmless, and pay any costs of defense of each other Owner from claims for personal injury or property damage occurring within any Lot owned by the indemnitor, provided that this protection shall not extend to any indemnitee whose negligence or willful misconduct caused or contributed to the injury or damage. This section is not intended

to be for the benefit of any insurer and shall not affect nor limit the duty of any insurer to pay any claim which would be payable by said insurer but for this section.

14.2 Indemnification by Association. To the fullest extent permitted by law, the Association shall indemnify its current and former directors, officers, employees, committee members, and other agents as defined by applicable law, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding by reason of the fact that such person is or was a person so described. As used in this section, "expenses" shall have the meaning defined by applicable law pertaining to indemnity of directors, and "proceeding" shall have the meaning defined by applicable law and shall include an action by or on behalf of the Association.

14.2.1 Approval of Indemnity by Association. On written request to the Board by any person seeking indemnity under this Article, the Board shall promptly determine in accordance with any applicable laws, whether the standard of conduct set forth in such applicable law has been met, and if it has, the Board shall authorize indemnification. Any director seeking such indemnity shall not be entitled to vote on such request. If this prevents the formation of a quorum of directors, the Board shall promptly call a meeting of Members to determine whether the standard of conduct set forth by applicable law has been met, and if it has, the indemnity shall be deemed authorized.

14.2.2 Advancement of Expenses. To the fullest extent permitted by law and unless otherwise determined by the Board, expenses incurred by a Director, Officer, committee member, employee, or agent in defending any proceeding described herein shall be advanced by the Association before final disposition of the proceeding. The Association may, however, require an undertaking by or on behalf of that person that the advance will be repaid if it is ultimately determined that the person is not entitled to indemnity for those expenses.

14.3 Code of Ethics: Duty of Care. The services provided by the Association's Officers and Directors require honesty, impartiality, fairness and equity, and must be dedicated to the protection of the public health, safety, and welfare. Officers and Directors must perform under a standard of professional behavior that requires adherence to the highest principles of ethical conduct. Therefore, they should be eager to maintain and improve the standards of their calling and share with their fellow homeowners a common responsibility for its integrity and honor.

Officers and Directors identify and take measures, through enforcement of this Code of Ethics and by assisting appropriate regulatory bodies, to eliminate practices which may damage the Members or which might discredit or bring dishonor to the Association. Any Officer or Director having direct personal knowledge of conduct in violation of the Code of Ethics involving misappropriation of Association funds or property, willful discrimination, or fraud resulting in substantial economic harm, hereby

agrees to bring such matters to the attention of the appropriate authority, Board, or the Association.

14.3.1 Duties to Members and Association. Officers and Directors pledge themselves to protect and promote the interests of the Members and Association. Although the obligation of absolute fidelity to the Association's interests is primary, Officers and Directors remain obligated to treat all parties fairly and honestly, and adhere to the following duties of care:

(1) The duties the Code of Ethics imposes are applicable whenever an Officer or Director acts on behalf of the Association or with respect to Association business, however this Code of Ethics does not incorporate any duty imposed exclusively by law or regulation.

(2) Officers or Directors shall not knowingly, during or following their services to the Association: (a) reveal confidential information of the Members or other residents obtained in the course of such services; nor (b) use confidential information of the Members or other residents to the disadvantage of said Members or other residents.

(3) Officers and Directors shall, consistent with the generally accepted duties of their office, competently manage the Association's Properties with due regard for the rights, responsibilities, benefits, safety and health of residents and others lawfully on the Properties, and shall exercise due diligence and make reasonable efforts to protect the investment property of the Members and the Association against reasonably foreseeable contingencies and losses.

(4) When entering into contracts or agreements, Officers and Directors shall exercise due diligence and care to protect the Association, and shall assure whenever possible that contracts or agreements shall be in writing, and shall be in clear and understandable language expressing the specific terms, conditions, obligations and commitments of all the parties.

(5) Officers and Directors shall not accept any commission, rebate, or profit in any way on expenditures or activities made for and in behalf of the Association. When recommending services or products such as homeowner's insurance, projects, maintenance or landscape contracts, Officers and Directors shall disclose any financial benefits or fees that may be derived from such activities, or any direct interest in any project, organization, or business entity involved in the proposed transaction.

(6) Officers and Directors shall keep in a special account, in an appropriate and insured financial institution, separate and exclusive from their own

funds, monies coming into their possession or control for the Association, such as homeowner's dues or other monies, and like items.

(7) Officers and Directors shall not deny equal professional services to, nor otherwise discriminate against, any person for reasons of race, color, religion, sex, handicap, familial status, or national origin. Officers or Directors shall not volunteer or provide information regarding the racial, religious or ethnic composition of any homeowner or resident.

(8) Officers and Directors shall not undertake to provide specialized professional services concerning matters or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of matters or service.

(9) If charged with malfeasance or asked to present evidence or to cooperate in any other way, in defense of his or her conduct, including in any professional standards proceeding or investigation, an Officer or Director shall place all pertinent facts before the proper tribunals or council and shall take no action to disrupt or obstruct such processes.

(10) The Board of Directors shall not knowingly or recklessly make false or misleading statements about Members or other residents.

(11) The Board of Directors shall not engage in any practice or take any action inconsistent with the Association.

14.3.2 Code of Ethics: Construction with Current Law. While this Code of Ethics may establish higher obligations than those mandated by law, in any instance where the Code of Ethics and the law conflict, the obligations of the law supersede.

## ARTICLE XV GENERAL PROVISIONS

15.1 Conflicts. In the event of any conflict, the Declaration shall supersede these Bylaws, and these Bylaws shall supersede the Articles and Rules, and all of which shall be subject to applicable law.

15.2 Amendment or Repeal of Bylaws by Members. Except as otherwise expressly provided herein, these Bylaws may be amended or repealed, and new Bylaws adopted, only by the affirmative vote by secret ballot of a majority of the eligible Members.

15.3 Construction and Definitions. Unless the context requires otherwise or a term is specifically defined herein, or in the Declaration or applicable law, the words used in these Bylaws shall be given their usual and ordinary definitions, and general rules of construction shall govern the interpretation of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, and singular number includes the plural and the plural number includes the singular. All captions and titles used in these Bylaws are intended solely for the reader's convenience of reference and shall not affect the interpretation or application of any of the terms or provisions contained herein.

15.4 Fiscal Year. The fiscal year of the Association shall be a calendar year unless and until a different fiscal year is adopted by the Board.

15.5 Dissolution. Unless otherwise provided in the Articles or Declaration, this corporation may be dissolved by any procedure provided by applicable law for dissolution of non-profit mutual benefit corporations; however, in no event shall the corporation be dissolved except with the affirmative vote by secret ballot of at least a majority of the eligible Members to repeal these Bylaws, unless any higher requirement is otherwise required by the Governing Documents.

15.6 Notice to Association. Any document required to be delivered to the Association shall be delivered to the person designated in the Annual Policy Statement, described in Section 11.3 hereof, to receive documents on behalf of the Association, or, if no person has been so designated, to the President, Secretary, or Manager. Documents may be delivered by any of the following methods: (1) by first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier; (2) by e-mail, facsimile, or other electronic means, if the Association and the person designated to receive documents has agreed to that method of delivery; or (3) by personal delivery, if the Association and the person designated to receive documents have agreed to that method of delivery. A written receipt shall be provided, acknowledging delivery of any document accepted by personal delivery.

15.7 Individual Notice to Members. If any provision of law or the Governing Documents requires that a document be delivered to a Member by "individual delivery" or "individual notice," the document shall be delivered by one of the following methods: (1) by first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier, to the address last shown on the books of the association; (2) by e-mail, facsimile, or other electronic means, if the recipient has consented, in writing, to that method of delivery, which consent may be revoked, in writing. Upon receipt of a written request by a Member, identifying a secondary address for delivery of notices, the Association shall deliver an additional copy of the following notices to the secondary address: all notices described in Article VI of the Declaration; and the Annual Budget Report and Annual Policy Statement described in Article XI of these Bylaws.

15.8 General Notice to Members. If any provision of law or the Governing Documents require that a document be delivered by "general delivery" or "general notice," the document shall be provided by one or more of the following methods: (1) by any method described in Section 15.7; (2) by inclusion in a billing statement, newsletter, or other document that is delivered by one of the methods provided in this Section; (3) by posting the document in a prominent location that is accessible to all Members, if the location has been designated for the posting of general notices in the Annual Policy Statement required by Section 11.3 hereof; or (4) by inclusion in any television programming broadcast by the Association for the purpose of distributing information on Association business to the Members. Notwithstanding the foregoing, if a Member requests to receive general notices by individual delivery, all general notices to that Member shall be delivered pursuant to Section 15.7.

15.9 Delivery of Notices. If a document is delivered by mail, delivery is deemed to be complete on deposit into the United States mail. If a document is delivered by electronic means, delivery is complete at the time of transmission. If the Association or a Member has consented to receive information by electronic means, then any requirement under the Governing Documents or under the law that the information be in "writing" is satisfied if the recipient is able to retain the electronically delivered record at the time of its receipt.

IN WITNESS WHEREOF, the Restated Bylaws have been adopted as provided above effective this 22nd day of APRIL, 2016.

**BAYSHORE VILLAGE  
HOMEOWNERS ASSOCIATION**

By: Janet Gould  
\_\_\_\_\_  
, President

Janet Gould  
\_\_\_\_\_  
(Print Name)


By: Brian Hodgson  
\_\_\_\_\_  
, Secretary

BRIAN HODGSON  
\_\_\_\_\_  
(Print Name)

**CERTIFICATE**

I, the undersigned, the duly elected and acting Secretary of BAYSHORE VILLAGE HOMEOWNERS ASSOCIATION, a California non-profit mutual benefit corporation, do hereby certify that the foregoing Bylaws were adopted on 4/22, 2016, and that the same do now constitute the Bylaws of the Association.

This Certificate is executed under penalty of perjury on 4/22, 2016, in MORRO BAY, California.

  
\_\_\_\_\_  
SECRETARY  
BRIAN HODGSON  
\_\_\_\_\_  
(Print Name)