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RESTATED BYLAWS

OF

VILLA MARGARITA OWNERS' ASSOCIATION,

A CALIFORNIA NON-PROFIT CORPORATION

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VILLA MARGARITA OWNERS' ASSOCIATION,
A CALIFORNIA NON-PROFIT CORPORATION**

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**RESTATED BYLAWS OF
VILLA MARGARITA OWNERS' ASSOCIATION,
A California Non-Profit Corporation**

These Restated BYLAWS of VILLA MARGARITA OWNERS' ASSOCIATION are made this _____ day of _____, 2019, by the undersigned with reference to the following facts:

A. BYLAWS were adopted in or about August of 1979 and amended August 23, 1985.

B. The undersigned have confirmed and placed in the records of VILLA MARGARITA OWNERS' ASSOCIATION the signatures representing the necessary voting power of the Owners of the Condominiums covered by said BYLAWS reflecting their confirmation and approval to make the Restated BYLAWS which follow.

C. The undersigned desire to restate and by these Restated BYLAWS do, in fact, restate said BYLAWS. These BYLAWS supersede and replace all previously adopted BYLAWS.

**ARTICLE I
PRINCIPAL OFFICE**

1.1 Location of Principal Office. The principal office of the Association will be located at such place within the County of Los Angeles as the Board may from time to time designate by resolution.

**ARTICLE II
MEMBERSHIP**

2.1 Members of the Association. Every Owner of a Condominium within the Property is a Member of the Association. Ownership shall be evidenced by a recorded deed. Membership in the Association is appurtenant to, and may not be separated from, ownership of any Condominium.

2.2 Term of Membership. Each Owner who is a Member shall remain a Member until the sale, conveyance or other transfer of an Owner's interest in a Condominium.

2.3 Multiple Ownership of Condominiums. Ownership of a Condominium shall give rise to a single membership vote in the Association. Accordingly, if more than one person owns a Condominium, all of these persons shall be deemed to be one Member for voting purposes, although all such Owners shall have equal rights as Members to use and enjoy the Common Areas and Common Facilities. If the multiple Owners of a Condominium attempt to vote the membership attributable to said Condominium in an inconsistent fashion, the Secretary or election inspectors may refuse to count any ballot pertaining to the Condominium.

2.4 Furnishing Evidence of Membership. If there is a question as to whether a person is entitled to exercise the rights of a Member, the Secretary may require evidence of such qualification in the form of a copy of a recorded grant deed.

ARTICLE III MEMBERSHIP VOTING

3.1 Eligibility To Vote. Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. In order to be in good standing, a Member must be current in the payment of all assessments levied against the Member's Condominium and not be in violation of the governing documents and subject to disciplinary proceedings, including unpaid fines or pending court proceedings to enforce the governing documents or court orders. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of the nonpayment of assessments. The Association shall send written notice of the suspension of voting rights at least 15 days before the Secret Ballots are mailed out.

3.2 Adoption of Election Rules. In accordance with Civil Code Section 5105, the Association shall adopt rules that (a) ensure that any candidate or member advocating a point of view is provided access to Members through association media, newsletters, or internet websites, (b) ensure access to common area meeting space, (c) specify the qualifications for candidates for the Board of Directors and procedures for the nomination of candidates, (d) specify the qualifications for voting, the voting power of each member, the authenticity, validity and effect of proxies, and the voting period for elections, (e) specify a method of selecting one or three independent third parties as inspector of election, (f) allow the inspector to appoint and oversee additional persons to verify signatures and count and tabulate votes.

3.3 Nomination Procedures. The following nomination procedures shall be included in the Election Rules to be adopted by the Board:

- (a) A Member may nominate himself/herself as a candidate for the Board;
- (b) Another Member may nominate an Owner as a candidate for the Board;
- (c) Write-in candidates shall not be permitted;

(d) Nominations from the floor shall not be permitted unless the number of candidates is less than the number of Board positions to be filled.

3.4 Secret Ballot Procedure for Voting. Votes regarding assessments legally requiring a vote, election and removal of Directors, amendments to the governing documents, or the grant of exclusive use of common area shall be conducted by secret written ballot pursuant to Civil Code Section 5100. Pursuant to Civil Code Section 5115, the procedure shall be as follows:

(a) Ballots and two pre-addressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered by the Association to every member not less than (30) thirty days before the deadline for voting.

(b) Ballots must insure the confidentiality of the voters. A ballot shall not identify any voter by name, address, or Condominium number. A ballot shall not require nor contain the signature of the voter. A completed ballot shall be inserted by the voter into an envelope that is sealed. The sealed envelope shall be inserted into a second envelope that is sealed. The voter shall print and sign his name, and place his address and Condominium number that entitles him or her to vote on the upper left corner of the outer sealed envelope. The ballot will not be counted if the outer envelope does not have the voter's printed and signed name, address, and Condominium number. The outer second envelope shall be addressed to the inspector(s) of election assigned to tally the votes.

(c) A Member may return his or her secret ballot by mail, hand deliver it to the meeting at which the votes will be counted, or complete the ballot at the meeting before the polls close and return it to the inspector of election. However, only ballots received before the first ballot is opened by the Inspector(s) shall be counted.

(d) Upon request, the Board shall provide an owner with a receipt for delivery of his or her sealed ballot.

(e) The record date for purposes of voting shall be the date the ballots are mailed/delivered to the Members.

(f) An election may be conducted entirely by mail, but the votes must be tallied at an open Board or Members Meeting. Any written ballot distributed to the Members to vote shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal, the number required for quorum and the percentage of responses needed for affirmative votes needed to approve the action.

(g) Voting may be conducted electronically, if and when authorized by State or Federal law after the adoption of these Bylaws.

3.5 Ballot Tally.

(a) No one shall open or otherwise review any ballot before the time at which the ballots are counted and tabulated. Sealed ballots shall be maintained in the custody of or at a location designated by the inspector(s) of election until delivered to the inspector at the meeting for the opening and tallying of the vote.

(b) The inspector(s) of election shall count and tabulate all votes at a properly noticed open meeting of the Members or the Board. Any candidates or other Member of the Association may witness the counting and tabulation of votes.

(c) The inspector(s) of election shall maintain a sign-in sheet on which receipt of each ballot will be noted when it is received by the inspector(s). Once a ballot is received by the inspector(s), the ballot shall be irrevocable. Any subsequent ballot received from the same Condominium shall be deemed void and invalid and shall be discarded.

(d) The ballots shall be separated from their outer envelopes, and maintained separately by the inspector(s) until after the votes are tallied and the report of the vote is delivered to the Board.

(e) After the ballots are tabulated and a report of the vote is delivered to the Board, the inspector(s) shall deliver the ballots and the outer envelopes to the Association. The ballots shall be stored by the Association in a secure place for no less than one year after the date of the election.

(f) The Board of Directors shall be deemed to have taken office upon certification by the Board of the election results reported by the inspector(s). The Board shall give notice, pursuant to Civil Code Section 4045, of the tabulated results of the election to the members within fifteen days after the election, in a manner reasonably designed to reach each member.

(g) In the event of a challenge to the election process, or a recount, the Board shall, upon written request, make the ballots available for inspection and review by the Members or their authorized representatives. Any recount shall be conducted in a manner that will preserve the confidentiality of the vote.

3.6 Proxy Voting. Proxies may be used.

3.7 No Cumulative Voting. Each Condominium entitled to vote shall be entitled to cast a number of votes up to the number of positions being filled on the Board of Directors, but only one vote may be cast for each candidate(s) of choice. As to all other matters to be voted on by Members, each Condominium is entitled to one vote for each matter submitted for approval. Cumulative voting shall not be permitted. The candidates receiving the highest number of votes are elected and the matter with the highest number of approvals is passed. The entire Board or any individual director may be removed from office by a majority of the votes represented at a meeting at which a quorum is present as provided by Corporations Code Section 7222 and Civil Code Section 5034. If any or all of the directors are so removed, new directors may be elected at the same meeting.

3.8 Election by Acclamation. If authorized by law, in the event that the number of candidates is equal to the number of positions to be filled on the Board, the Secret Ballot procedure shall not be required and the candidates shall be deemed elected to the Board.

3.9 Majority Vote Required. The affirmative vote of the majority of the Members entitled to vote and voting on any matter, except the election of Directors, shall be the act of the Members, unless the vote of a greater or lesser number is required by the California Nonprofit Mutual Benefit Corporation Law, the Davis Stirling Act, or by the Governing Documents.

ARTICLE IV MEMBERSHIP MEETINGS

4.1 Place of Meeting. Meetings of the Members shall be held within the Property or at such other reasonable place within the County and at such time as may be designated by the Board in the notice of the meeting.

4.2 Annual Meeting. There shall be an annual meeting of the Members in OCTOBER of each year. The date, time, and location of the meeting shall be established by the Board and set forth in the notice of meeting sent to the Members. At the Annual Meeting, the Members shall elect Directors to fill any seats on the Board of Directors which may be expiring and shall transact such other business of the Association as may properly come before them.

4.3 Special Meetings.

(a) Persons Entitled To Call Special Meetings. A majority of the Board, the President or 5 percent or more of the Members may call special meetings of the Members at any time to consider any lawful business of the Association.

(b) Procedures for Calling Special Meetings Requested by Members. If a special meeting is called by Members other than the Board of Directors or President, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, any Vice President, or the Secretary of the Association. The officer receiving the request shall cause notice to be given to the Members entitled to vote that a meeting will be held, and the date, time, and purpose for such meeting, which date shall be not less than 35 nor more than 90 days following the receipt of the request. If notice of the meeting is not given within 20 days after receipt of the request, the persons requesting the meeting may give the notice.

4.4 Notice of Members' Meetings.

(a) Requirement That Notice Be Given. Notice of all regular and special meetings of the Members shall be sent in writing by first-class mail, postage prepaid or personally delivered in writing or e-mailed to each Member who is eligible to vote at the meeting and posted in the Common Area. Notice shall be deemed given when deposited in the mail, personally delivered or posted in the Common Area.

(b) Time Requirements for Notice. The notice of Membership meetings shall be given not less than 30 nor more than 90 calendar days before the date of the meeting by first-class, registered, certified mail or e-mail if the Member consents to such notice.

(c) Minimum Requirements Regarding Content of 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 state the general nature of the business to be transacted, and no other business may in that case be transacted at the special meeting. In the case of a regular meeting, the notice shall also describe those matters that the Board of Directors, at the time of giving the notice, intends to present for action by the Members; but any proper matter may be presented at the meeting for such action.

(d) Specification of Certain Significant Actions. If any action is proposed to be taken at any Membership meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice or consent states the general nature of the proposal(s):

(1) Removing a Director without cause;

(2) Filling vacancies on the Board of Directors under those circumstances where a vote of the Members is required pursuant to these Bylaws;

(3) Amending any Articles of Incorporation of this Association, these Bylaws or the Declaration in any manner requiring approval of the Members;

(4) 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;

(5) Approving any change in the Association's assessments in a manner requiring membership approval under the Declaration; or

(6) Voting upon any election to voluntarily terminate and dissolve the Association.

4.5 Quorum Requirements.

(a) Election of Directors. In the case of any Membership meeting or written ballot called or conducted for the purpose of electing Board Members, a majority (19) of the Members present in person or by Secret Ballot shall constitute quorum.

(b) Other Member Actions.

(1) Quorum for Assessment Votes. When a vote is required by Civil Code Section 5605 to increase regular assessments more than twenty percent (20%) above the regular assessment for the previous fiscal year or imposing special assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, a quorum of more than Fifty Percent (50%) of the Members of the Association shall be required.

(2) In the case of any Membership meeting or written ballot called or conducted for any purpose other than the election of Directors or the increase or levying of regular and special assessments, the quorum requirement for valid action on the proposal shall be One-Third (1/3) of the Members.

(3) Reduction in Quorum Percentage for Action on Other Matters. If the minimum quorum percentage specified above is not satisfied, the meeting may be adjourned to another time and/or place not more than 30 days after the initial meeting date and at the reconvened meeting the quorum percentage shall remain at One-Third (1/3) of the voting power of the Members.

(4) Removal of Directors by Members. A quorum of a majority of the Members shall be required for removal of individual Board Members or the entire Board.

4.6 Adjourned Meeting.

(a) Adjournment Generally. Any Members' meeting, annual or special, may be adjourned to another place and/or time (but not for more than 30 days) by the vote of the majority of Members present at the meeting. The reconvened meeting may take any action that might have been transacted at the original meeting.

(b) Notice Requirements for Adjourned Meetings. When a Members' meeting is adjourned to another time or place, notice by mail or personal delivery need not be given of the new meeting if the time and place are announced at the meeting at which the adjournment is taken and notice is posted in the Common Area.

4.7 Record Dates for Member Notice; Voting and Giving Consents.

(a) Record Dates Established by the Board of Directors. For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting, or exercise any rights in respect to any other lawful action, the Board of Directors may fix, in advance, a "record date" and only Members of record on the date so fixed, who are in good standing, are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be. The record date established by the Board pursuant to this section shall be no more than 60 nor less than 30 days before the date of the meeting.

(b) Failure of Board to Fix a Record Date. If the Board, for any reason, fails to establish a record date, the record date for determining those Members entitled to vote at a meeting of Members shall be the day of the meeting, or in the case of an adjourned meeting, the day of the adjourned meeting.

ARTICLE V BOARD OF DIRECTORS

5.1 General Association Powers. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, the Davis-Stirling Common Interest Development Act (Civil Code sections 4000 - 6150) and any limitations in any of the Governing Documents relating to action required to be approved by the Members, the business and affairs of the Association shall be vested in and exercised by the Association's Board of Directors. Subject to the limitations expressed herein, the Board may delegate the management of the activities of the Association to any person or persons, management company, or committee, provided that notwithstanding any such delegation the activities and affairs of the Association shall continue to be managed and all Association powers shall continue to be exercised under the ultimate direction of the Board.

5.2 Number and Qualification of Directors. The Board of Directors shall consist of Five (5) persons, who shall be Owners of Condominiums within the Property and whose Memberships are in good standing with all financial obligations current, including but not limited to assessments, late fees, collection costs, legal fees and costs and fines as of the close of nominations. Board Members shall reside at 4365 McLaughlin Avenue, Los Angeles, California. Any Member who is delinquent in the payment of financial obligations, a party in a lawsuit with the Association as the opposing party, owes fines to the Association, or is in violation of the governing documents is not qualified to serve on the Board of Directors. Should any Director become not qualified to serve during the Director's term, the Director may be removed from the Board by the remaining Directors.

5.3 Term of Office. The Members shall elect a total of Five (5) Directors whom shall serve for a term of one year. All Directors shall hold office for one year or until their respective successors are elected, subject to the provisions of the California Non-Profit Mutual Benefit Law and the provisions of these Restated BYLAWS.

5.4 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 following their election.

5.5 Vacancies on Board of Directors.

(a) Vacancies Generally. A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following: (i) the death, resignation, or removal of a Director under paragraphs (c) and (d) below; (ii) an increase of the authorized number of Directors; or (iii) the failure of the Members, at any meeting of Members at which any Director or Directors are to be elected, to elect the number of Directors to be elected at such meeting.

(b) Resignation of Directors. Except as provided in this paragraph, any Director may resign, and such resignation shall be effective on giving written notice to the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. In the event that a member of the Board intends to sell his or her Condominium, he or she shall resign, by giving written notice to the President, the Secretary or Board of Directors within five days of listing his or her Condominium for sale.

(c) Authority of Board to Remove Directors. A majority of the Board of Directors shall have the power and authority to remove a Director and declare his or her office 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 by a final order or judgment of any court to have breached any duty under Corporations Code sections 7233 - 7236 (relating to the standards of conduct of Directors); (iv) has missed three (3) Board Meetings in a year, (v) is delinquent by more than 60 days in the payment of his/her assessments and other charges, (vi) sues the Association or the Board, (vii) is in violation of the governing documents, or (viii) upon close of escrow for the sale of his or her Condominium to another.

(d) Removal of Directors by Members. Except as set forth in Section 5.5(c) above, only the Members may remove Directors from the Board. The number of votes required to remove a Director or the entire Board is a majority of all Members at a meeting at which a quorum is present.

(e) Filling Vacancies. Vacancies on the Board of Directors 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 Secret Ballot at a duly held meeting of the Members. The Members may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors by an election at a duly held meeting of the Members. The Directors receiving the largest number of votes shall be deemed elected.

(f) 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.

5.6 Non-Liability of Directors and Officers and Indemnification.

(a) Indemnification by Association of Directors, Officers, Employees, and Other Agents. To the fullest extent permitted by law, the Association shall indemnify its Directors, Officers, employees, and other agents described in Corporations Code Section 7237, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in that section and including an action by or in the right of the Association, by reason of the fact that such person is or was a Director, Officer, employee or agent. "Expenses," as used in this section, shall have the same meaning as in Corporations Code section 7237(a).

(b) Approval of Indemnity by Association. On written request to the Board by any person seeking indemnification hereunder, the Board shall promptly determine in accordance with Corporations Code Section 7237(e), whether the applicable standard of conduct set forth in Corporations Code Section 7237(b) or section 7237(c) has been met, and if it has, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to the proceeding, the Board shall promptly call a meeting of the Members. At that meeting, the Members shall determine under Corporations Code Section 7237(e) whether the applicable standard of conduct set forth in Corporations Code Section 7237(b) or Section 7237(c) has been met, and if it has, the Members present at the meeting in person or by proxy shall authorize indemnification.

(c) Advancement of Expenses. To the fullest extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a Director, Officer, employee or agent seeking indemnification in defending any proceeding shall be

advanced by the Association before final disposition of the proceeding. The Board may require the Director, Officer, employee or agent to post an undertaking by or on behalf of that person to ensure that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Association for those expenses.

(d) Insurance. The Board shall have the power to purchase and maintain insurance on behalf of its Directors, Officers, employees, and agents against other liability asserted against or incurred by any Director, Officer, employee or agent in such capacity or arising out of the Director's, Officer's, employee's or agent's status as such.

ARTICLE VI BOARD MEETINGS

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

6.2 Types of Meetings.

(a) Annual Meeting of Directors. Immediately following each annual meeting of Members, the Board of Directors shall hold a regular meeting for the purposes of organization, election of officers, and the transaction of other business.

(b) Regular Meetings. Regular meetings of the Board shall be held at such time as shall from time to time be fixed by the Board of Directors and communicated to the Board Members and Members. Meetings shall be held Monthly.

(c) Special Meetings. Special Meetings of the Board of Directors may be called for any purpose at any time by the President or any two Directors.

(d) Executive Sessions. The Board may meet solely in Executive Session. The Board, on the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present, shall be entitled to adjourn from an Open Session at any time for purposes of reconvening in executive session to consider: (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; (iv) personnel matters; or (v) to meet with a Member, at the Member's request to discuss the Member's payment of assessments. The Board must meet in executive session if requested by a Member who may be subject to 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 Board meeting, taking into consideration the need to maintain confidentiality.

(e) Emergency Meetings. An emergency meeting of the Board may be called by the President of the Association or by any two Members of the Board other than the President, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide notice.

6.3 Amount of Notice.

(a) Regular and Special Meetings. Notice of the time and place of regular and special meetings of the Board shall be given to each Director and the Members at least four (4) days' in advance of the meeting by one of the following methods: (A) by personal delivery of written notice, or (B) by posting by the mailboxes, or (C) by electronic transmission if a Board Member consents. All such notices shall be given or sent to the Director's address as shown on the records of the Association or e-mail address if provided by the Director.

(b) Executive Session. The Board may meet solely in Executive Session upon two (2) days notice to the Directors and Members.

(c) Emergency Meetings. If the meeting meets the requirements of Section 6.2(e) above, no notice is required.

6.4 Notice Contents. The notice shall state the time, place, and purpose of the meeting and shall include the Agenda for the meeting.

6.5 Action Without A Meeting.

(a) Not Permissible. No action shall be taken by the Board of Directors outside of a meeting nor shall the Board conduct a meeting via a series of e-mails.

(b) Exception for Emergency Meetings. Electronic transmissions may be used as a method of conducting an emergency meeting if all Board Members consent in writing, including by electronic transmission, to do so. The written consents shall be filed with the Minutes for the meeting.

6.6 Conduct of Meetings.

(a) Physical Meeting. A meeting is a congregation of a majority of Directors, at the same time and place, to hear, discuss, or deliberate upon any item of business that is within the authority of the Board.

(b) Teleconference. The Board may meet in a teleconference during which a majority of the Board, in different locations, are connected by electronic means through audio or video or both. A teleconference meeting shall be conducted so as to comply with the requirements of the law as to Open Meetings. Except for a meeting that will be held solely in executive session, the notice of the teleconference meeting shall identify at least one physical location so that Members may attend and at least one Board Member shall be present at that location. Participation by Board Members in a teleconference shall constitute presence at the meeting if all Board Members and Members can hear one another speaking on matters before the Board.

6.7 Agenda for Board Meetings.

(a) Action Items Must Be On Agenda. The Board may not discuss nor take action on any item unless the item was placed on the Agenda included in the Notice of the meeting.

(b) Exceptions. A Board Member, managing agent, employee, or other agent of the Board may do the following:

(1) Statements or Questions by Members in Open Forum. Make a brief response to a statement or question posed by a Member is permitted.

(2) Brief Announcements. The Board may ask a question for clarification, make a brief announcement or make a brief report on his or her activities.

(3) Provide Factual Information. The Board may provide a reference to or other resource for factual information to its managing agent, other agent or employees.

(4) Request Managing Agents to Report. The Board may request a managing agent, other agent, or employees to report back to the Board at the next meeting or take action to direct a managing agent, other agent, or employee to place a matter of business on a future agenda.

(5) Administrative Tasks. The Board can direct its managing agent, other agents or employee to perform administrative tasks in connection with an agenda item.

(6) Emergency. If a majority of the Board determine that an emergency exists because there are circumstances that could not have been reasonably foreseen by the Board that require immediate attention and possible action by the Board and that, of necessity, make it impossible to provide notice or include the item in the Agenda, the Board may take action on an item not on the Agenda.

(7) Vote of 2/3 of Members. Upon a determination made by the Board by a vote of 2/3 of the Members present or by unanimous vote of the Members present, if less than 2/3, 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.

(8) Prior Agenda Item. The Board may take action on an item not on the Agenda if the item appeared on an Agenda that was posted and distributed for a prior meeting that occurred no more than 30 days before the date that action is taken on the item and action on the item was continued to the meeting at which action is taken.

6.8 Attendance by Members.

(a) Meetings. With the exception of executive sessions of the Board, any Member of the Association may attend meetings of the Board. Members may speak at a Board meeting at a time to be determined by the Board and subject to a reasonable limit of time established by the Board.

(b) 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 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.

6.9 Quorum. A majority of the Directors shall constitute a quorum for the transaction of business, except to adjourn. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of enough Directors to constitute less than a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting, or such greater number as is required by these Bylaws, by the Articles, or by law.

6.10 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 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 and to the Members.

6.11 Compensation. Directors, Officers, and Members of Committees shall not be entitled to compensation for their services, although they may be reimbursed for such actual expenses as may be determined by resolution of the Board of Directors to be just and reasonable.

ARTICLE VII DUTIES AND POWERS OF THE BOARD

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

(a) Exercise all powers vested in the Board under the Governing Documents and under the laws of the State of California.

(b) Appoint and remove all Officers of the Association;

(c) Hire and fire any Manager of the Association and prescribe any powers and duties for such Manager that are consistent with law, the Articles of Incorporation, and these Bylaws; and fix their compensation.

(d) Hire and fire such other persons, including managers, attorneys and accountants, security personnel, and other employees as it sees fit to assist in the operation of the Association, and to fix their duties and to establish their compensation. The Board shall be required to obtain three references for any person or firm hired.

(e) Adopt and establish Rules and Regulations subject to the provisions of the Declaration and Civil Code Section 4340, et seq., governing the use of the Common Areas, the Exclusive Use Common Areas, and the Common Facilities within the Properties, and the personal conduct of the Members and their guests thereon, and such other topics as the Board deems desirable for the proper operation of the Property, and take such steps as it deems necessary for the enforcement of such Rules and Regulations, including but not limited to the imposition of monetary penalties and/or the suspension of voting rights and the right to use any Common Areas or Common Facilities; provided notice and a hearing are provided prior to the disciplinary measure being imposed. The Board may suspend a Member's voting rights for non-payment of assessments, late charges, collection costs, legal fees, and interest without the necessity of a hearing.

(f) Enforce all applicable provisions of the Governing Documents relating to the control, management, and use of the Condominiums within the Property and the Common Areas, Exclusive Use Common Areas, and Common Facilities within the Property.

(g) 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 Association.

(h) 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 Property which the Association is obligated to maintain.

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

(j) Contract for and pay for construction or reconstruction of any portion or portions of the Common Area and Common Facilities that have been damaged or destroyed and that are to be rebuilt by the Association.

(k) Delegate its duties and powers hereunder to the Officers of the Association or to committees established by the Board.

(l) Levy and collect Assessments from the Members of the Association 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.

(m) Request from the Members information for all persons who reside in their Condominium who are not owners and their family Members including, but not limited to, copies of leases, the identity of and contact information such as e-mail addresses and telephone numbers at home, work and cell phone, automobile information, including the make, model, and year of the residents' automobiles, and emergency information as deemed necessary by the Board.

(n) Perform all acts required of the Board under the Declaration.

(o) 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.

(p) Appoint a nominating committee for the nomination of persons to be elected to the Board and prescribe rules under which said nominating committee is to act.

(q) Appoint such other committees as it deems necessary from time to time in connection with the affairs of the Association.

(r) Fill vacancies on the Board of Directors or on any committee and Officers, except a vacancy created by the removal of a Board Member by the Members.

(s) Open bank accounts on behalf of the Association by corporate resolution and designate the signatories to such bank accounts, who shall be Directors of the Association.

(t) Bring and defend actions on behalf of 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.

(u) Enter Condominiums as necessary, subject to reasonable notice, in connection with construction, maintenance, or emergency repairs for the benefit of the Common Areas, Common Facilities or the Owners in common.

(v) Enter into leases or licenses for the rental of portions of the Common Area, including the pool, for exercise, day care, or other activities of benefit to the Members and residents of the Association, as long as such activity does not impact the Association's non-profit corporation designation, does not grant long-term exclusive use of the Common Facility to any Member or Members, and does not subject the Association to liability or ADA requirements.

(w) Establish Common Area facilities of benefit to the Members and residents, subject to approval by the Members as may be required to fund such purpose pursuant to Section 7.2(b) below or State law.

(x) Borrow money on behalf of the Association with approval of a majority of the Members.

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:

(a) Enter into a contract for the furnishing of goods or services to the Common Area or the Association for a term longer than one year unless the contract may be terminated by the Association upon thirty (30) days' notice with or without cause. Even if the contract may be terminated upon thirty (30) days' notice, none of the following contracts may exceed the stated term: (i) public utility contracts, provided that the term of the contract may not exceed the shortest term for which the supplier will contract at the regulated rate; (ii) prepaid casualty or liability insurance policies not to exceed three years' duration, provided that the policies provide

for short-rate cancellation by the insured; (iii) agreements for cable television services and equipment or satellite dish television services and equipment not to exceed five (5) years' duration; and (iv) agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services not to exceed five (5) years' duration.

(b) 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.

(c) 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 Condominiums acquired by the Association in foreclosure proceedings.

(d) Fill any vacancy on the Board of Directors created by the removal of a Director by the Members.

(e) Any action to impose a special assessment or to increase the regular assessment under circumstances requiring Member approval.

(f) Any action to amend these Bylaws, any Articles of Incorporation or the Declaration, except as provided by law.

(g) Grant exclusive use of a portion of the Common Area.

(h) Court actions to enforce the governing documents, the Davis-Stirling Act, or the non-profit mutual benefit corporation portion of the Corporations Code, may only be initiated on behalf of the Association as follows:

(1) Upon approval of the Board;

(2) Prior to filing suit, the Board or any Owner must attempt to comply with the pre-litigation alternative dispute resolution procedures set forth in Civil Code Sections 5900, et seq. (Internal Dispute Resolution) and 5925, et seq. (Alternate Dispute Resolution), unless the suit is for non-payment of assessments, is a small claims action, involves an immediate threat to safety of residents or the Property, the Board requires entry to perform its maintenance and repair responsibility, or is for damages without injunctive relief, writ relief or declaratory relief requested.

7.3 Notice and Hearing Procedures.

(a) Actions prior to hearing. Any officer, Member of the Board, or agent of the ASSOCIATION, including a property manager, has the authority to informally request, orally or in writing, that an Owner bring himself/herself into compliance with the Governing Documents.

(b) Written Complaint. If the actions described above prove unsuccessful, a written complaint by any officer or Member of the BOARD, or by the property manager containing a written statement of all allegations of non-compliance shall be served on the Owner, along with notice of a hearing by any of the following means: (1) personal delivery or (2) by registered or certified mail, return receipt requested, and addressed to the Owner, at the address appearing on the books of the ASSOCIATION. Service by mailing shall be deemed delivered and effective two (2) days after such mailing in a regular depository of the United States mail.

(c) Notice of Hearing. Along with service of the complaint, the BOARD or property manager shall notify the Owner by personal delivery or first-class mail at least ten (10) days prior to the hearing. The notice to the Owner shall be substantially in the following form but may include other information:

"You are hereby notified that a hearing will be held in executive session before the BOARD at ___ _ on the _ day of ___, 20 __, at the hour of ___, upon the charges made in the complaint served upon you. You may but need not be present at the hearing, may but need not be represented by counsel, may present any relevant evidence and you will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to compel the attendance of witnesses and the production of books, documents or other items by applying to the BOARD."

If any of the parties can, within twenty-four hours, show good cause as to why they cannot attend the hearing on the set date and indicate times and dates on which they would be available, the BOARD may reset the time and date of hearing and promptly deliver notice of the new hearing date.

(d) Notice of Defense. The Owner may respond to the Complaint in writing or attend the hearing to present a defense.

(e) Hearing.

(1) Each party shall have these rights: to call and examine witnesses; to introduce exhibits; to cross-examine opposing witnesses; and to rebut the evidence against him. Even if the Owner does not testify in his own behalf he may be called and examined as if under cross-examination.

(2) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Generally, any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence shall not be sufficient in itself to support a finding.

(3) The accusing party must appear at the hearing for purposes of examination. The hearing shall be conducted in executive session.

(f) Decision. After all testimony and documentary evidence has been presented to the BOARD, the BOARD shall vote upon the matter, with a majority of the entire BOARD controlling. The Board shall notify the Owner of its decision by personal delivery or by first-class mail within fifteen (15) days of the decision. There is no right of appeal.

ARTICLE VIII OFFICERS

8.1 Officers. 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, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed. One person may hold two or more offices, except that the Secretary may not serve concurrently as President, unless there is only one Director. All Officers shall be Directors of the Association.

8.2 Election of Officers. Except as otherwise provided herein, the Officers of the Association shall be chosen annually 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 his or her office until he or she shall resign or shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified.

8.3 Removal of Officers. Any Officer may be removed by the Board with or without cause, at any regular or special meeting of the Board.

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 on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

8.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled by a majority of the Board of Directors.

8.6 President. The President shall be elected by the Board from among the Directors. He or she shall be the Chief Executive Officer of the Association and 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 Presidents. The Vice Presidents shall be elected by the Board from among the Directors. In the absence or disability of the President, the First Vice President, or the Second Vice President, if the First Vice President is unable to serve, shall 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 be elected by the Board. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of Directors and Members. The Secretary shall keep, or cause to be kept, appropriate current records showing the Members of the Association, together with their addresses. He or she 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 Chief Financial Officer or Treasurer. The Chief Financial Officer shall be elected by the Board from among the Directors. The Chief Financial Officer, who shall be known as the Treasurer, 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. He or she shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of all of his or her transactions as Treasurer 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. While the Board may delegate these activities to a managing agent, the activities shall be performed under the ultimate supervision of the Treasurer and the Board.

ARTICLE IX ASSOCIATION FINANCES

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

9.2 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 operation including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the Property.

9.3 Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes, including adequate reserve accounts for the repair and replacement of Common Area improvements. All Association books of account shall be maintained in accordance with generally accepted accounting principles.

9.4 Budgets and Financial Statements. The following financial statements and related information for the Association shall be regularly prepared and copies thereof shall be distributed to each Member of the Association:

(a) Pro Forma Operating Budget Report. Pursuant to Civil Code Section 5300, the Board of Directors, through its management company, shall distribute the following documents to Members not less than 30 days nor more than 90 days prior to the beginning of the fiscal year:

(1) The Pro Forma Operating Budget, showing the estimated revenue and expenses on an accrual basis.

(2) A summary of the Association's reserves prepared pursuant to Civil Code Section 5565.

(3) A Summary of the Reserve Funding Plan adopted by the Board pursuant to Civil Code Section 5550, and a statement that the full Reserve Funding Plan will be made available upon request.

(4) A statement as to whether the Board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less and if the Board has made such determination, the Board shall state the reasons.

(5) A statement as to whether the Board, consistent with the Reserve Funding Plan adopted by the Board, has determined or anticipates that the levy of one or more special assessments will be required to repair, replace or restore any major component or to provide adequate reserves therefor. If so, the statement shall set forth the estimated amount of each special assessment, commencement date and duration of the special assessment follows.

(6) A statement as to the mechanisms the Board will use to fund reserves to repair or replace major components, whether by an increase in regular assessments or levying special assessments, borrowing, using other assets, the deferral of selected replacements or repairs, or other alternative mechanisms, which shall be specified.

(7) A statement as to the procedures used for calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the association is obligated to maintain.

(8) A statement as to whether the Association does or does not have any outstanding loans with an original term of more than one year, including the payee, the interest rate, the amount outstanding, the annual payment, and when the loan is scheduled to be retired.

(9) 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, the Association may meet its obligation to disclose that information by making copies of that page and distributing it with the annual budget. The summary distributed pursuant to this paragraph 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."

(b) Members' Annual Notice of Address.

Pursuant to Civil Code Section 4041, the Association shall annually (at least 90 days prior to the fiscal year end) provide to the Owner of each Unit a request for written notice to the Association of:

- (1) the address or addresses to which notices from the Association are to be delivered,
- (2) an alternative or secondary address to which notices from the Association are to be delivered,
- (3) the name and address of his or her legal representative, if any, including any person with power of attorney or other person who can be contacted in the event of the owner's extended absence from the separate interest,
- (4) whether the Unit is owner-occupied, is rented out, or vacant.
- (5) an e-mail address and telephone numbers for all adult occupants of the Unit.

(c) Accountant Review of Financial Statement Pursuant to Civil Code Section 5305. Unless the documents impose more stringent standards, a review of the financial statement of the Association shall be prepared 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 to the Association exceeds \$75,000. A copy of the review of the financial statement shall be distributed to the Members within 120 days after the close of each fiscal year, by individual delivery pursuant to Civil Code Section 4040.

(d) Annual Policy Statement Pursuant to Civil Code Section 5310. Within 30 to 90 days before the end of its fiscal year, the Board shall distribute an annual policy statement that provides the Members with information about Association policies. The annual policy statement shall include all of the following information:

(1) The name and address of the person designated to receive official communications to the Association pursuant to Civil Code Section 4035.

(2) A statement explaining that a Member may submit a request to have notices sent to up to two different addresses pursuant to Civil Code Section 4040(b).

(3) The location, if any, designated for posting of General notices pursuant to Civil Code Section 4045(a)(3).

(4) Notice of a Member's option to receive General notices by individual delivery pursuant to Civil Code Section 4045(b) by requesting this in writing from the Board of Directors or property manager.

(5) Notice of a Member's right to receive copies of meeting minutes pursuant to Civil Code Section 4950(b).

(6) The statement of assessment collection policies required by Civil Code Section 5730.

(7) A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments.

(8) A statement describing the Association's discipline policy and schedule of penalties for violations of the governing documents pursuant to Civil Code Section 5850.

(9) A summary of dispute resolution procedures pursuant to Civil Code Sections 5920 and 5965.

(10) A summary of any requirements for Association approval of a physical change to property (architectural review procedures) pursuant to Civil Code Section 4765.

(11) The mailing address for overnight payment of assessments pursuant to Civil Code Section 5655.

(12) Any other information that is required by law or the governing documents or that the Board determines to be appropriate for inclusion.

(e) Delivery of Annual Budget Report and Annual Policy Statement. The Association shall deliver either the full report or a summary of the report of the Annual Budget Report and Annual Policy Statement to all Members by individual delivery pursuant to Civil Code Section 4040. If a Member has requested to receive all reports in full, the Association shall deliver the full report to that Member, rather than a summary of the report.

(f) Review of Accounts. On no less than a quarterly basis, the Board of Directors shall pursuant to Civil Code Section 5500:

- (i) Review a current reconciliation of the Association's operating accounts;
- (ii) Review a current reconciliation of the Association's reserve accounts;
- (iii) Review the current year's actual reserve revenues and expenses compared to the current year's budget;
- (iv) Review the Association's latest account statements prepared by the financial institution(s) with whom the operating and reserve accounts are maintained; and
- (v) Review the Association's income and expense statement for the operating and reserve accounts.

To the extent one document provides the information required in more than one of the above listed items, any such requirements listed above may be satisfied by reviewing the same document.

9.5 Reserves.

(a) Required Reserve Studies. Pursuant to Civil Code Section 5550, at least once every three (3) years, the Board shall cause to be conducted a reasonably competent and diligent inspection of the accessible areas of the major components the Association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements, if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the Association, excluding the Association's reserve account, for that period. The Board shall also 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 required under this section shall include the minimum requirements of Civil Code Section 5550 or comparable superseding statute, including a reserve funding plan. The plan shall indicate how the Association intends to fund the reserve contributions required to repair and replace all major building components with an

expected remaining life of thirty (30) years or less. Pursuant to Civil Code Section 5560, the plan shall include a schedule of the dates and amounts of any change in assessments that would be needed to sufficiently fund the reserve funding plan.

(b) Reserve Funding Plan. The Reserve Funding Plan shall include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan. The Plan shall be adopted at an open meeting of the Board. If the Board determines that an assessment increase is necessary to fund the Plan, any increase shall be approved by the Board in accordance with the limitations set forth in Civil Code 5605. Any increase in the regular monthly assessment which exceeds twenty percent (20%) of the current regular monthly assessment or the levy of a special assessment exceeding Five Percent (5%) of the budgeted gross expenses of the Association shall require Member approval.

(c) Reserve Summary. The summary of the Association's reserves shall be based on the most recent reserve review or study, shall be based only on assets held in cash or cash equivalents, shall be printed in boldface type, and shall include all of the following:

(1) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component.

(2) As of the end of the fiscal year for which the study is prepared:

(A) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain major components.

(B) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components.

(C) If applicable, the amount of funds received from either a compensatory damage award or settlement to the Association from any person for injuries to property, real or personal, arising out of any construction or design defects.

(3) The percentage that the amount of accumulated cash reserves actually set aside equals the amount of the estimate of cash reserves necessary.

(4) The current deficiency in the reserve funding expressed on a per unit basis.

(d) Reserve Funding Disclosure. The Association shall provide each Member with an Assessment and Reserve Funding Disclosure Summary, as provided in Civil Code

Section 5570, with the Pro Forma Operating Budget. The Disclosure shall be in the form prescribed by such Section and shall state the balance in the reserve account, the required amount of the reserve funds, and the method by which the Association anticipates increasing the balance in the reserve fund, if the balance is not the required amount.

(e) Signatures Required for Withdrawal. The signatures of at least two (2) Directors, or one Director and one Officer shall be required for all withdrawals of money from the Association's Reserve Account.

(f) Purpose of Reserve Fund Expenditures. The Board shall not spend funds designated as Reserve Funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that the Association is obligated to repair, restore, replace, or maintain and for which the Reserve fund was established. Notwithstanding the foregoing, the Board may authorize the temporary transfer of money from a Reserve fund to the Association's general operating fund to meet short-term cash flow requirements or other expenses, if the Board has provided notice of the intent to consider transfer in a Board meeting notice and provided that a written finding is prepared explaining why the money is needed, and describing when and how the money will be repaid to the Reserve account. Generally, the money shall be repaid within a year, unless the Board determines that a longer period of time is in the best interests of the Association.

9.6 Insurance.

(a) Insurance Limits.

(1) Liability Insurance. The Board shall maintain liability insurance in a minimum amount of two million dollars (\$2,000,000).

(2) Directors and Officers Liability. The Board shall maintain Directors and Officers coverage in a minimum amount of Five Hundred Thousand Dollars (\$500,000).

(3) Other Insurance. The Board shall obtain such other insurance as is specified in the Declaration of Covenants, Conditions and Restrictions, including, but not limited to, casualty insurance, worker's compensation in insurance, demolition insurance, earthquake insurance and any other insurance the Board determines is prudent to obtain.

(b) Notice of Change in Insurance Coverage. The Association shall, as soon as reasonably practicable, provide individual notice to all Members if any of the policies described in the Annual Budget Report have lapsed, been canceled, and are not immediately

renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible, as to any of those policies. If the Association receives any notice of non-renewal of a policy, the Association shall immediately notify its Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

9.7 Emergency Expenditures. The President and one other Officer shall have the authority to pay for or authorize an emergency expense up to the sum of \$5,000 for emergency repairs without prior Board approval. Management is authorized to spend up to the sum of \$5,000 without prior Board approval for emergency expenditures. The expense shall be documented by invoice(s) and reports, if applicable, and the Board shall be informed of the necessity of the expenditure as soon as possible after the emergency and at the next Board Meeting following the expenditure. "Emergency" is defined as circumstances which could not have been reasonably foreseen by the Board at its previous meetings which require immediate action by the Board that cannot wait for an emergency meeting of the Board to be conducted in order to protect or preserve persons and/or property from harm or damage.

ARTICLE X MISCELLANEOUS

10.1 Inspection of Books and Records.

(a) Member Inspection Rights.

(1) Records Available. In accordance with Civil Code Section 5205, the Association shall make *association records* and *enhanced association records* available for inspection and copying by a Member or the Member's designated representative. "*Association records*" include financial documents, documents which are provided to prospective purchasers, interim unaudited financial statements including the general ledger, executed contracts (not otherwise privileged under law), written board approval of vendor or contractor proposals or invoices, tax returns, reserve account balances and records of payments from the reserve account, agendas and minutes of meetings of Members, Directors and committees (except executive session), Member lists, check registers, governing documents, accounting of expenses related to litigation, and enhanced association records. "*Enhanced association records*" are invoices, receipts and canceled checks for payments, purchase orders, credit card statements, statements for services rendered (excluding attorney statements, which may be redacted to prevent privileged information from being disclosed), and requests for reimbursement records.

(2) Time. The Association must produce records within ten (10) business days of a written request for records prepared during the current fiscal year. For records prepared during the previous two (2) fiscal years, the association has thirty (30) days from receipt of a

request to provide the records. Minutes of Member and Board meetings shall be permanently made available. Minutes of committees which have decision making ability shall be permanently made available.

(3) Place. Records shall be inspected in the Association's business office or management company's office or at a place that the Member and Association shall agree. If the Member and Association cannot agree on a location or the Member specifies certain documents, the Association shall make the records available by copying them and mailing them to the Member by first class mail.

(4) Costs. The Association may bill a Member for the direct and actual cost of copying and mailing requested documents. The Member shall be provided the amount of copying and mailing costs and shall pay the costs prior to receiving records. The Association may only bill a Member \$10 per hour, not to exceed \$200.00, for the time actually and reasonably involved in redacting the enhanced association records. The Association shall inform the Member of the anticipated costs and the Member shall pay the costs prior to receiving the documents.

(5) Redacted Information. Information likely to lead to identity theft, information likely to lead to fraud in connection with the Association, information privileged by law, and information likely to compromise the privacy of a Member may be redacted. Other redacted information includes executive session minutes, any person's personal identification information, records of disciplinary actions, collection actions, or payment plans of homeowners, records of services or goods provided to individual Members for which the association received monetary consideration, personnel records, (other than payroll records), interior architectural plans for homes.

(6) Misuse of Information. The information may not be sold, used for a commercial purpose or used for any other purpose not reasonably related to a Member's interest as a Member.

(b) 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.

(c) 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 the cost of reproducing copies of documents requested by the Member.

10.2 Parliamentary Procedure. Meetings of the Members shall be conducted in accordance with a recognized system of parliamentary procedure such as Robert's Rules of Order or any parliamentary procedures the Association may adopt. The Order of Business shall be as follows, unless modified by the Board prior to the Meeting:

- (a) Roll Call.
- (b) Proof of Notice of Meeting
- (c) Reading of Minutes of preceding meeting
- (d) Reports of Directors and Officers
- (e) Election of Directors
- (f) Unfinished Business
- (g) New Business

10.3 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 or assent by written ballot of fifty one percent (51%) of the voting power of the Members of the Association or as otherwise permitted by law.

10.4 Construction and Definitions. Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation Law shall govern the construction 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.

10.5 Fiscal Year. The fiscal year ends June 30.

10.6 Electronic Communications to Members. The delivery of notices and other communications with a Member may be made by electronic transmission if the Member consents to receive such communications by electronic transmission. The Member must consent in writing to receive notifications and/or communications by electronic means and may designate which notices and communications are authorized by the consent. The Member must be informed of the

procedures required to withdraw consent to the receipt of electronic communications from the Association.

10.7 Conflicts. In the case of any conflict between these Bylaws and the Articles of Incorporation or the Declaration of Covenants, Conditions and Restrictions, the Articles or the Declaration shall control. To the extent of any conflict between the law and these Bylaws, the law shall control.

IN WITNESS WHEREOF, these Restated BYLAWS have been adopted as provided above effective this ____ day of _____, 2019.

**VILLA MARGARITA OWNERS’
ASSOCIATION**
A California Non-Profit Corporation

By: _____,
President

By: _____,
Secretary

CERTIFICATE

I, the undersigned, the duly elected and acting Secretary of VILLA MARGARITA OWNERS’ ASSOCIATION does hereby certify that the foregoing Restated BYLAWS were adopted on _____ 2019, and that the same does now constitute the Restated BYLAWS of the Association. This Certificate is executed under penalty of perjury on _____, 2019, in Los Angeles, California.

, Secretary