

FIRST RESTATED BYLAWS OF – Revised 1997

Gold Ridge Forest Property Owners Association

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OF  
GOLD RIDGE FOREST PROPERTY OWNERS ASSOCIATION

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FIRST RESTATED BYLAWS  
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GOLD RIDGE FOREST PROPERTY OWNERS ASSOCIATION

**ARTICLE I**  
**Recitals and Definitions**

Section 1.      Name of Association. The name of this corporation is Gold Ridge Forest Property Owners Association and shall be referred to herein as the "Association."

Section 2.      Association Is Nonprofit. The Association has been formed pursuant to the California Non profit Mutual Benefit Corporation Law (Cal. Corp. Code & 7110 et seq.) as a nonprofit mutual benefit corporation.

Section 3.      Specific Purpose. The Specific and primary purpose of this Association shall be to operate, repair, maintain and manage the "Recreation Area" and Association "Common Facilities" located therein: to manage, maintain and preserve the "Common Areas" identified as lots C-1 through C-20, which are owned by the individual property owners as tenants in common, within that certain real estate common interest development located in the County of El Dorado, State of California and commonly referred to as Gold Ridge Forest Property Owners Association. In addition to maintain to the extent and in the manner more particularly described in the Declaration, to enforce the Rules and Regulations adopted by the Board of Directors, and the terms and conditions of the Declaration, and to otherwise enhance and promote the use and enjoyment of the "Common Areas" and "Common Facilities" by the owners in common.

Section 4.      Definitions.

(a)      County. "County" means the County of El Dorado, State of California.

(b)      Declaration. "Declaration" means all limitations, restrictions, covenants, terms and conditions set forth in the First Restated Declaration of Covenants, Conditions and Restrictions recorded in the Office of the El Dorado County Recorder with respect to the Properties at Book 4401, page 260/316, Official Records of said County, as such Declaration may from time to time be supplemented, amended or modified by a subsequent Declaration, or amendment thereto, duly recorded in said Recorder's Office.

(c)      Majority of a Quorum. "Majority of a Quorum" means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the membership meeting or the number of ballots cast equals or exceeds the quorum requirement specified in article V, section 5. Any Member may be represented at a membership meeting by a proxy (see article IV, section 5 below).

(d)      Person. "Person" means and includes any individual, corporation, partnership, Association or other entity recognized by the laws of California.

(e)      Voting Power. "Voting Power" means those Members who are eligible to vote for the election of directors or with respect to any other matter, issue or proposal properly presented to the Members for approval at the time any determination of voting power is made.

(f) Other Definitions Incorporated by Reference. The terms defined in the Declaration shall have the same meaning when used herein unless the context clearly indicates a contrary intention.

## **ARTICLE II Location of Principal Office**

The principal office of the Association will be located at Gold Ridge Forest, 4101 Opal Trail, Pollock Pines, California, 95726.

## **ARTICLE III Membership**

Section 1. Members of the Association. Every Owner of a Lot within the Properties is a Member of the Association. Membership in the Association is appurtenant to, and may not be separated from, ownership of any Lot. There are 627 Lots within the Gold Ridge Forest subdivision.

Section 2. Term of Membership. Each Owner shall remain a member until he or she no longer qualifies as such under section 1 above. Upon the sale, conveyance or other transfer of an Owner's interest in a Lot, the Owner's membership interest appurtenant to the Lot shall automatically transfer to the Lot's new Owner(s).

### Section 3. Multiple Ownership of Lots.

(a) Rights, Generally. Ownership of a Lot shall give rise to a single membership vote in the Association. Accordingly, if more than one person owns a Lot, all of said 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. Subject to any Association Rules pertaining to such Common Areas and Facilities.

(b) Allocation of Voting Rights. Any one of the multiple Owners shall be entitled to vote. The membership, unless the secretary of the Association is notified in writing of the Owner designated by his or her co-Owners as having the sole right to vote the membership on their behalf. If such notification does not occur and more than one of the multiple Owners votes a membership, the majority of such votes shall be the vote pertaining to said Lot. If there is not a majority of such votes, the vote of such membership shall not be considered as either in favor of or opposed to the issue or issues which are the subject of the vote, but the membership shall be considered for purposes of determining whether the quorum requirements applicable to the vote or the meeting have been met.

(c) Ownership of Two or More Lots. If a person owns more than one Lot, each Lot owned shall entitle its Owner(s) to all rights and privileges of membership and shall subject such Owner(s) to all the liabilities and duties thereof that are attendant to Lot ownership pursuant to the Governing Documents. For purposes of notice only, any person who owns more than one Lot shall be considered as a single Member.

Section 4. Furnishing Evidence of Membership. A person shall not be entitled to exercise the rights of a Member until such person has advised the secretary in writing that he or she is qualified to be a Member under section 1 above, and, if requested by the secretary, has provided the secretary with evidence of such qualification in the form of a certified copy of a recorded grand deed pertaining to the Owner's lot. Exercise of membership rights shall be further subject to the rules regarding record dates for notice, voting and actions by written ballot and eligibility for voting set forth in article V, section 8, hereof.

#### **ARTICLE IV Membership Voting**

Section 1. Single Class of Membership. The Association shall have one class of voting membership.

Section 2. Member Voting Rights. On each matter submitted to a vote of the Members, whether at a meeting of the membership called and held pursuant to the provisions of these Bylaws or otherwise, each Member shall be entitled to cast one vote for each Lot owned by such Member. Single memberships in which two or more persons have an indivisible interest shall be voted as provided in article III, section 3 of these Bylaws.

Section 3. Eligibility to Vote. Only Members in good standing shall be entitled to vote at any membership meeting. In order to be in good standing, a Member must be current in the payment of all assessments levied against the Member's Lot(s) and not be subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the Declaration. A Member's good standing shall be determined as of the record date established in accordance with article V, section 8 hereof. 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, although a delinquent Member shall be entitled to request such a hearing in accordance with the Declaration.

Section 4. Manner of Casting Votes.

(a) Voting at Membership Meetings. If the election of directors is conducted at a formal membership meeting, rather than by written ballot solicited in accordance with section 6 of this article IV, the election shall be conducted by secret ballot. The vote on any other issue properly before a meeting of the Members shall be conducted by secret ballot when determined by the chairman of the meeting, in his or her discretion, or when requested by 10 percent of the Members present at the meeting. Otherwise any vote at a meeting shall be conducted by a show of hands.

(b) Voting by Written Ballot. In addition to voting in person or by proxy at a meeting, Member's votes may be solicited by written ballot with respect to any issue in accordance with section 6 of this article.

- (c) Proxy Voting. Members otherwise eligible to vote at a meeting may do so in person or by proxy issued as provided in section 5 of this article IV.
- (d) Cumulative Voting. Cumulative voting shall not be permitted.

Section 5. Proxies. Any Member who is, for any reason, unable to attend a membership meeting in person can execute a proxy designating the secretary of the Association or some other person as the Member's proxy holder. The designated proxy holder shall attend the meeting and represent and vote for any such Member strictly in accordance with the provisions of the section; provided, however, that if a Member designates the Association's secretary as his or her proxy holder and the secretary is unable to attend the meeting, the president shall serve as the absent Member's designated proxy holder in accordance with this section. If a Member designates a person other than the Association's secretary as the Member's proxy holder, the issuing Member must, nevertheless, utilize the form of proxy prepared by the Association. Other forms of proxy shall not be permitted.

(a) Request for Proxy. The Member's request for a proxy form must be made in writing and delivered to the Association's principal office no later than 20 days prior to the date of the meeting. The request shall: (i) be signed by the Member; (ii) show the address of his or her residence and the address where the proxy is to sent (if different from the residence address); and (iii) indicate the number of Lots owned by the Member.

(b) Mailing of Proxies to Requesting Members. Upon receipt of the Member's request for a proxy, the Association shall promptly mail the Member one proxy form for each Lot owned by the Member. The proxy form(s) shall be mailed to the Member no later than 10 days prior to date of the membership meeting and shall be accompanied by a return envelope addressed to the Association. The envelope shall be clearly marked to indicate that it contains a proxy order to avoid the possibility of having the envelope overlooked in the Association's general mail.

(c) Completing of Proxy Form. In order to be voted at the meeting, the proxy must be signed by the issuing Member and returned to the Association's principal office prior to the commencement of the meeting. The proxy form must be marked to indicate how the proxy is to be voted on each issue presented therein and the secretary of the Association shall be obligated to vote the proxy in the manner directed by the Member. If the Member fails to indicate a voting preference on any designated matter, or, if some matter not addressed in the proxy is properly brought to a vote of the Members at the meeting, the proxy holder shall have no authority to vote the proxy with respect to such matter unless the issuing Member has clearly indicated, in writing on the proxy, that the Member desires the proxy holder's discretion. Failure of the Member to indicate a voting preference as to any particular matter described in the proxy shall not invalidate the proxy as to other matters where a voting preference is indicated.

(e) Content of Proxy Forms. The Association shall prepare proxy forms for use by Members in accordance with this section. The form shall: (i) designate the Association secretary, or in the secretary's absence, the president, as the proxy holder; (ii) identify the meeting at which the proxy may be used (and it shall only be effective at such meeting or any adjournment thereof); (iii) set forth a general description of each matter which the Board, at the time notice of the meeting is



given, knows will be presented for action by the Members: (iv) present an opportunity for the Member to specify approval or disapproval of each such matter; and (v) provide a line for the Member's signature and Lot number. The proxy shall be dated to assist in verifying its validity.

(e) Use of Proxy to Establish Quorum. All proxies received by the Association and signed by a Member may be counted for purposes of establishing a quorum at the meeting for which the proxy has been issued, regardless of whether the Member has indicated a voting preference on any matter described in the proxy.

(f) No Proxy Voting in Connection With Written Ballots. Proxy voting shall not be allowed when Member's votes are solicited by written ballot in accordance with section 6 below.

(g) Revocation of Proxies. Any proxy issued hereunder shall be revocable by the Member executing such proxy at any time prior to the vote pursuant thereto, by: (i) delivery to the secretary of a written notice of revocation; or (ii) as to any meeting, by attendance at such meeting and voting in person by the Member executing the proxy. A proxy shall be deemed revoked when the secretary receives actual notice of the death or judicially declared incompetence of the issuing Member, or upon termination of such Member's status as an Owner of a Lot as provided in article III, section 2, above.

(h) Proxies for Lots in Multiple Ownership. Where two or more persons possess a membership by virtue of the co-ownership of a Lot, any proxy issued with respect to such membership shall be signed by the Member who is designated as holding the voting rights appurtenant to said Lot (see article III, section 3 above) or by all the co-Owners.

(i) Term of Proxy. Unless earlier revoked by the issuing Member, any proxy issued hereunder shall remain in effect only for the meeting with respect to which the proxy pertains, or any adjournment thereof.

(j) Proxy Rights Strictly Limited. The proxy rights of Members shall be strictly limited to the rights specified in this section.

#### Section 6. Action by Written Ballot.

(a) Definition of Written Ballot. A "written ballot" is a ballot which is mailed or otherwise distributed to every Member entitled to vote on the matter and which complies with the requirements of this section. The term "written ballot" does not include a ballot distributed to Members at a meeting for purposes of conducting a vote of the Members at such meeting.

(b) Written Ballots. Generally. Any matter or issue requiring the vote of the Members, including the election of directors, may be submitted to the Members for approval

by written ballot without the necessity of calling a meeting of the Members, so long as the requirements for action by written ballot set forth in this section are satisfied. The determination to seek Member approval for the Association action in this fashion shall be made by a majority vote of the Board or by Members possessing 5 percent of the Voting Power of the Association signing a written request and delivering this request to the president, vice president or secretary of the Association. Once the determination is made to seek Member approval by written ballot, the Board shall establish a record date (see article V, section (8)(a)(iii), hereof) for purposes of determining those Members eligible to cast written ballots.

(c) Balloting Time Requirements.

(i) Director Elections. In the case of written ballots used in the election of directors, the ballots shall be mailed to all Members who are eligible to vote not more than 35 days prior to the date set for the election, but no less than 20 days prior to such date. If the Member elects to return his or her written ballot by mail or personal delivery to the address set forth in the solicitation materials for return of the ballots prior to the meeting at which the director election will be held, the written ballot must be received no later than 3:00 p.m. on the last business day prior to the scheduled meeting date (i.e., the election day). If the Member elects to return his or her written ballot in person at the meeting, the ballot must be inserted in the ballot box prior to conclusion of the time scheduled on the meeting agenda for receipt of ballots and conclusion of the election process at the meeting. In order for the election of directors to be valid, a quorum of 25 percent of the total voting power of the Association must have cast valid ballots. (See Article V, Section 5 (a) (ii), hereof.)

(ii) Other Matters. In the case of any other matter or issue submitted to the Members for approval by written ballot, the Board shall distribute the written ballot to every Member entitled to vote on the matter at least 30 days prior to final date the written ballots are to be received to be counted.

(iii) Extension of the Balloting Period. The time fixed for the return of written ballots may only be extended if the Board so notifies the Members on the face of ballot or in the balloting materials originally sent to Members and then for not more than two successive periods of (30) days each. Notwithstanding the foregoing, if a meeting which is scheduled to coincide with culmination of a director election is adjourned without concluding the election process, the time fixed for the return of written ballots in the director election shall be extended to the date the adjourned meeting is reconvened.

(d) Content of Written Ballots.

(i) Written Ballots Used for Voting in Director Elections. Written ballots used in any election of directors shall set forth the names of the candidates whose names have been placed in nomination at the time the ballot is issued (see article VII, section 4). The ballot form shall also provide a space where the Member can designate a vote for another (write-in) candidate.

(ii) Written Ballots Used for Voting on Other Matters. Any written ballot distributed to the Members to vote on any issue other than the election of directors shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal.

(iii) Specification of Time for Return of Written Ballot. All written ballots shall state the time by which the ballot must be received in order to be counted (see subparagraph (c). above).

(e) Requirements for Valid Member Action by Written Ballot. Membership approval by written ballot shall only be valid if: (i) the number of votes cast by ballot within the time established for return of the ballots equals or exceeds the quorum (as specified in article V, section 5) that would have been required to be present at a membership meeting if a meeting had been convened to vote on the proposal; (ii) the number of affirmative votes equals or exceeds the number of affirmative votes that would have been required to approve the action at such a meeting; and (iii) all votes cast must be members in good standing (e.g., voting rights not suspended under article XIII, section 6 of the Declaration).

(f) Solicitation Rules.

(i) Solicitation Rules. Generally. Written ballots shall be solicited in a manner consistent with the requirements of article V, section 4, pertaining to the issuance of notices of Member's meetings. All solicitations of written ballots shall indicate: (A) the number of responses needed to meet the quorum requirement for valid action. (B) the time by which the written ballot must be received by the Association in order to be counted; and (C) in the case of any written ballot distributed to vote on matters other than the election of directors, the percentage of affirmative votes necessary to approve the measure submitted for membership approval.

(ii) Director Elections. In addition to the requirements of subparagraph above, solicitation materials accompanying written ballots distributed in director elections shall: (a) advise the Members that their ballots may be returned by mail or personal delivery to the Association's principal office or, if an accounting firm is selected to supervise the election and balloting process pursuant to subparagraph (g), below, then to those accountants at their office address, and (b) the address where written ballots can be returned by mail or personal delivery in advance of the meeting at which the election will be held.

(g) Additional Balloting Procedures. In order to ensure the secrecy of written ballots utilized in director elections and fairness in the conduct of the election, the Board may, but shall not be obligated to, use the services of a public accountant to receive and tabulate all written ballots (whether returned by mail or cast in person by Members attending the meeting at which the election takes place). The accountants retained to perform such services shall have the full powers of an inspector of elections appointed by the Board pursuant to section 7614 of the California Corporations Code. Furthermore, the Board, in its discretion, shall be entitled to adopt such additional reasonable procedures as it deems necessary or appropriate to assure fairness in the balloting process, such as requiring those Members who attend the meeting and desire to vote in person to surrender the written ballot form the Member received in the mail for a written ballot form containing the same information as the mailed ballot, but colored or formatted differently (in order to preclude duplicate voting).

(h) Notification of Results of Balloting Process. Upon tabulation of the written ballots, the Board shall notify the Members of the outcome of the vote within 30 days following the close of the balloting process and tabulation of the ballots. In the case of an election of directors, the Board shall also notify those Members present at the annual membership meeting of the results of the election immediately upon conclusion of the balloting process. If the number of written ballots cast with respect to any matter is insufficient to satisfy the minimum quorum requirements for valid action, the Board shall so notify the Members.

(i) Prohibition of Revocation. Once cast, a written ballot may not be revoked.

(j) Conduct of Informational Meetings. Use of the written ballot procedures set forth herein shall not preclude the Association from also conducting informational meetings of the Members or from scheduling a membership meeting to coincide with the culmination of the balloting period. In the case of director elections, the balloting period shall culminate with the annual meeting, or any special meeting, at which the election is scheduled to be held (see subparagraph (c)(i), above).

Section 7. Majority Vote of Members Represented at Meeting Required for Valid Action. At a meeting, the affirmative vote of a Majority of a Quorum of the Members who are entitled to vote and voting on any matter (other than the election of directors) shall be the act of the Members, unless the vote of a greater number is required by the California Nonprofit Mutual Benefit Corporation 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.

Section 8. 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 formalities of a written) if all Members shall individually or collectively consent in writing to the action. If action is taken by written consent, the consent(s) shall be filed with the Association's minutes.

## **ARTICLE V Membership Meetings**

Section 1. Place of Meetings. Meetings of the Members shall be held at the offices of the Association within the Properties 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.

Section 2. Annual Meeting. There shall be an annual meeting of the Members on the second Saturday of July each year commencing at 1:00 p.m. The time and location of the meeting shall be established by the Board and set forth in the notice of meeting sent to the Members in accordance with section 4, below.

Section 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 the 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 first-class, certified or 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 promptly given to the Members entitled to vote, in accordance with the provisions of Section 4 of this article, that a meeting will be held, and the date, time and purpose for such meeting, which date shall not be less than 35 nor more than 90 days following the receipt of the request.

If notice of the meeting is not given within the 20 days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this subsection shall be construed as limiting, fixing, or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board of Directors or the president.

Section 4. Notice of Member's Meeting.

(a) Requirement That Notice Be Given. Notice of all regular and special meetings of the Members shall be sent or otherwise given in writing to each Member who is eligible to vote at the meeting as of the record date for notice established in accordance with section 8 of this article.

(b) Time Requirements for Notice. The notice of membership meetings shall be given in the manner specified in subparagraph (e) of this section, not less than 10 or more than 90 days before the date of the meeting. If notice is given by mail and the notice is given by mail and the notice is not given by first-class, registered or certified mail, the notice shall be given not less than 20 days (nor more than 90 days) before the meeting.

(c) Minimum Requirements Regarding Content of Notice. The notice of any membership meeting shall specify the place, date, and hour of the meeting and: (i) in the case of a special meeting, the general nature of the business to be transacted, and no other business may in that case be transacted; or (ii) in the case of a regular meeting, those matters which 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 so long as a quorum is present. The notice of any meeting at which directors are to be elected shall include the names of all those individuals who are nominees at the time the notice is given to the Members. If it is anticipated that less than one-third of the Members are likely to attend the meeting in person or by proxy, additional notice requirements apply. See section 5 of this article.

(d) Specification of Certain Significant Actions. If 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):

- (i) Removing a director without cause;
- (ii) Filling vacancies on the Board of Directors under those circumstances where a vote of the Members is required pursuant to article VII, section 6(d) of these Bylaws
- (iii) Amending the Articles of Incorporation of the Association, these bylaws or the Declaration in any manner requiring approval of the Members;
- (iv) 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;

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

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

(e) Manner of Service. Notice of any meeting of Members shall be given either personally or by first-class mail, telegraphic or other written communication, charges prepaid, addressed to each Member either at the address of that Member appearing on the books of the Association or the address given by the Member to the Association for the purpose of notice. If no address appears on the Association's books and no other has been given, notice shall be deemed to have been given if either: (i) notice is sent to that Member by first-class mail or telegraphic or other written communication to the Association's principal office; or (ii) notice is published at least once in the newspaper of general circulation in the County. Notice shall be deemed to have been given at the time the Member personally or deposited in the mail (postage prepaid) or sent by telegram or other means of written or electronic communication to the Member as specified above.

(f) Affidavit of Mailing. An affidavit of the mailing or other means of giving any notice of any Member's meeting may be executed by the secretary or the assistant secretary of the Association, and if so executed, shall be filed and maintained in the minute book of the Association. Such affidavit shall constitute prima facie evidence that proper notice was given.

#### Section 5. Quorum Requirements.

(a) Quorum Requirement. The following quorum requirements must be satisfied in order to take valid action at any meeting of the Members or by written ballot in accordance with article IV, section 6 of these Bylaws:

(i) Quorum for Votes on Assessment Increases. In the case of any membership meeting or written ballot called or conducted for the purpose of voting on assessment increases requiring membership approval (see article IV of the Declaration), the quorum requirement for valid action on the proposal shall be the percentage specified in section 1366 of the Civil Code or comparable successor statute. That quorum percentage is currently a majority of the Members (51 percent).

(ii) Quorum for Valid Action on Other Matters. In the case of a membership meeting or written ballot called or conducted for any other purpose, the quorum shall be 25 percent of the Members eligible to vote and represented in person or by proxy at the meeting or casting a written ballot; provided, however, that if any regular membership meeting is actually attended, in person or by proxy, by less than one-third of the Voting Power of the Association (but a quorum is present), the only matters upon which action may validly be taken are those matters the general nature of which were described in the notice of the meeting.

(b) Members Represented by Proxy. Members present at a membership meeting in person or by proxy shall be counted towards satisfaction of the quorum requirements specified herein.

(c) Effect of Departure of Members From Meeting. The Members present in person or by proxy at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, so long as any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum. If a quorum is never established for the meeting, a majority of those Members who are present may vote to adjourn the meeting for lack of a quorum, but no other action may be taken or business transacted.

#### Section 6. Adjourned Meeting.

(a) Adjournment. Generally. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to another time and/or place (but not for more than 45 days) by the vote of the majority of Members present at the meeting, either in person or by proxy. Unless there is an absence of a quorum (in which case no business other than adjournment may be transacted), the reconvened meeting may take any action which might have been transacted at the original meeting.

(b) Notice Requirements for Adjourned Meetings. When a Member's meeting is adjourned to another time or place, notice need not be given of the new meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. Notwithstanding the foregoing, if after adjournment a new record date is fixed for notice of voting, a notice of the rescheduled meeting must be given to each Member who on the record date for notice of the meeting is entitled to vote thereat.

#### Section 7. Waiver of Notice or Consent by Absent Members.

(a) Waivers and Consents. Generally. If decisions are made or action is otherwise taken by the Members at a meeting where a quorum is present, but for which proper notice was not given to all Members for whatever reason, the decisions or actions made at that meeting will be valid if, either before or after the meeting, each person entitled to vote who was not present at the meeting (in person or by proxy) consents to the meeting by signing: (i) a written waiver of notice; (ii) a consent to holding the meeting; or (iii) an approval of the minutes. The waiver of notice or consent need not specify the purpose or general nature of business to be transacted at such meeting unless action was taken or is proposed to be taken at the meeting with respect to any matters specified in section 4(d) of this article, in which case, the waiver of notice or consent must state the general nature of such matter(s). All such waivers, consents or approvals shall be filed with the Association records or be made part of the minutes of the meeting.

(b) Effect of a Member's Attendance at a Meeting. Attendance by a Member or his or her proxy holder at a meeting shall also constitute a waiver of any objections such person may have with respect to notice of that meeting, except when the Member or proxy holder attends the meeting for the sole purpose of objecting at the beginning of the meeting to the transaction of any business due to the inadequacy or illegality of the notice. Attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting which are required to be described therein pursuant to section 4(d) of this article, if that objection is expressly made at the meeting.

Section 8. 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 are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the California Nonprofit Mutual Benefit Corporation Law. The record dates established by the Board pursuant to this section must be in accordance with the following requirements:

(i) Record Date for Notice of Meetings. In the case of determining those Members entitled to notice of a meeting, the record date shall not be more than 90 days nor less than 10 days before the date of the meeting;

(ii) Record Date for Voting. In the case of determining those Members entitled to vote at a meeting, the record date shall not be more than 60 days before the date of the meeting;

(iii) Record Date for Action By Written Ballot Without Meeting. In the case of determining Members entitled to cast written ballots, the record date shall not be more than 60 days before the day on which the first written ballot is mailed or solicited; and

(iv) Record Date for Other Lawful Action. In the case of determining Members entitled to exercise any rights in respect to other lawful action requiring Member approval, the record date shall not be more than 60 days prior to the date of such other action.

(b) Failure of Board to Fix a Record Date. If the Board, for any reason, fails to establish a record date, the following rules shall apply:

(i) Record Dated for Notice of Meetings. The record date for determining those Members entitled to receive notice of a meeting of Members, shall be the business day preceding the day on which notice is given, or, if notice is waived, the business day preceding the day on which the meeting is held.

(ii) Record Date for Voting. 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.

(iii) Record Date for Action by Written Ballot Without Meeting. The record date for determining those Members entitled to vote by written ballot on proposed Association actions without a meeting, when no prior action by the Board has been taken, shall be the day on which the first written ballot is mailed or solicited, When prior action of the Board has been taken, it shall be the day on which the Board adopts the resolution relating to that action.

(iv) Record Date for Other Lawful Action. The record date for determining those Members entitled to exercise any rights in respect to any other lawful action shall be Members at the close of business on the day on which the Board adopts the resolution relating thereto, or the 60<sup>th</sup> day prior to the date of such other action, whichever is greater.



(v) "Record Date" Means as of Close of Business. For the purposes of this subparagraph (b) a person holding a membership as of the close of business on the record date shall be deemed to be the Member of record.

## ARTICLE VI Membership Rights

Subject to the provisions hereof and the provisions of the Declaration, the Members shall have the following rights:

Section 1. Use and Enjoyment of Common Areas by Members and Family. Each member and the members of his or her immediate family shall be entitled to the use and enjoyment of all Common Areas and Common Facilities within the Properties. As more particularly provided in the Declaration, the Association may levy and collect reasonable user fees as a condition to the use of certain recreational and social Common Facilities by any resident and shall otherwise be entitled to regulate the use of such facilities.

Section 2. Tenants and Lessees. Each Member shall have the right to assign his or her rights as a Member (other than voting rights) to a Lessee or Tenant. Such assignment shall be effective so long as said Tenant or Lessee is in compliance with the declaration and the Association Rules as the same may exist from time to time. At all times the Owner shall remain responsible for compliance by Owner's lessee or Tenant with the provisions of the Governing Documents. Without limiting the foregoing, reference is specifically made to Article II, section 3 of the Declaration for additional tenant and lease restrictions. Under no circumstances can there be joint rights or common facility usage between Owner and Tenant or Lessee.

Section 3. Invitees and Guests. The invitees and guests of a Member shall have the right to use and enjoy Common Areas and Common Facilities within the Properties, so long as the guest or invitee is in the company and supervision of the host Member. Any such guest or invitee shall be subject to the same obligations imposed on the Owner to observe the rules, restrictions and regulations of the Association as set forth in the Governing Documents. The requirement that an invitee be accompanied by a host Member shall not apply to any ingress or egress by the invitee to or from the Member's Residence.

Section 4. Association Rules and Regulations. The right of any person to use and enjoy the Common Areas and Common Facilities shall at all times be subject to the rules, limitations and restrictions set forth herein, in the Declaration and in the Association's published rules and regulations as promulgated by the Board from time to time. With the exception of the right of use of any roads, the Board shall have the right to impose monetary penalties or to temporarily suspend the use and enjoyment of any Common Area and Common Facilities for the failure of a Member to pay any Assessments when due under the Declaration, or to comply with any other rule or regulation imposed upon such Member, his or her tenants or guests, pursuant to the Governing Documents; provided, however, that any such suspension shall only be imposed after such person has been afforded the notice and hearing rights more particularly described in the Declaration.

ARTICLE VII  
Board of Directors

Section 1. General Association Powers. Subject to the provisions of the California Non profit Mutual Benefit Corporation Law, the Davis-Sterling Common Interest Development Act (Cal. Civ. Code, § 1350 et seq.) and any limitations contained 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 in article X, section 1, 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.

Section 2. Number and Qualification of Directors. The Board of Directors shall consist of five (5) persons who shall be Owners of Lots whose memberships are in good standing with all Assessments current and are not subject to any suspension of membership rights. Only one Owner per Lot shall be eligible to serve on the Board at any time.

Section 3. Term of Office. The Directors of this Association shall serve a term of two (2) years with three (3) Directors elected on odd numbered years and two (2) Directors elected on even-numbered years. Directors shall serve no more than two consecutive terms. Each Director, including a Director elected to fill a vacancy or elected at a special meeting of Members, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

Section 4. Nomination of Directors. Individuals can become candidates for election to the Board of Directors in any of the following ways:

(a) Candidates Selected by Nomination Committee. At least 90 days prior to the date of any election of directors, the president shall appoint a nominating committee to select qualified candidates for election to those positions on the Board of Directors held by directors whose terms of office are then expiring. The nominating committee shall consist of a chairman, who shall be a member of Board of Directors, and 2 or more Members of the Association who may or may not be Board members. The nominating committee shall make its report at least 60 days before the date of the election, and the secretary shall forward to each Member, with the notice of the meeting at which the election is scheduled to take place (see article V, section 4), a list of the nominees. The nominating committee shall make as many nominations for election to the Board as it shall, in its discretion, determine, but not less than the number of vacancies on the Board be filled.

(b) Nominations From the Floor. If directors are elected at a formal meeting of the Members, any Member present at the meeting may place names in nomination.

(c) Petition Procedure. A Member can become a candidate for election to the Board by filing with the secretary a petition in support of his or her candidacy signed by at least 2 percent of the Voting Power of the Association who are, themselves, in good standing with all Assessments paid. The member circulating the petition shall append his or her written certification to the petition attesting to the validity of the signatures. Candidate petitions must be filed with the secretary no later than 30 calendar days and no earlier than 50 calendar days prior to the annual election.

(d) Good Standing Requirement for Candidacy. In Order to be eligible for nomination and election to the Board, the Association Secretary must certify that the candidate-Member is in good standing with the Association and is current in the payment of his or her Assessments.

#### Section 5. Election of Directors.

(a) Directors Elected by Written Ballot. The annual election of Directors shall be conducted by written ballot in accordance with article IV, section 6 hereof. Directors shall be elected in accordance with the written ballot procedures of that section to fill the number of positions on the Board then expiring.

(b) Determination of Election Results/Succession to Office. The candidates receiving the highest number of votes shall be elected as Directors and shall take office immediately following their election. In the event there is a tie vote between those candidates who receive the lowest number of votes necessary to qualify the candidate for election, the tie shall be broken by lot.

#### Section 6. 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 pursuant to subparagraphs (c) and (d) hereof, (ii) an increase of the authorized number of directors: or (iii) the failure of Members, at any meeting of Members at which any Director of 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 subparagraph, any director may resign, which 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. If the resignation of a director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

(c) Authority of Board to Remove Directors. 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; or (iii) fails to attend three consecutive regular meetings of the Board of Directors which have been duly noticed in accordance with California Law.

(d) Authority of Members to Remove Directors. Except as otherwise provided in subparagraph (c) hereof, a Director may only be removed from office prior to expiration of his or her term by the affirmative vote of a Majority of a Quorum of the Members. Any membership action to recall or remove a director shall be conducted in accordance with the following procedures:

(i) A petition must be presented in person to the President, Vice President or Secretary of the Association that carries the signatures of Members in good standing who represented at least 5 percent of the Voting Power of the Association. Such petition must set forth the reason(s) the petitioners are seeking the director's removal; the signature and Lot number(s) of each petitioner in his or her own handwriting; the name(s) of the sponsor(s) of the petition; and fulfill all other requirements required by law.

(ii) Within 20 days after receipt of such a petition, the Board shall either call a special meeting or announce the procedures for the conducting a written ballot of the Members to vote upon the requested recall. Such meeting or written ballot shall be conducted not less than 35 nor more than 90 days after the petition is presented. If the Board fails to set a date for, and give the Members notice of, such meeting or written ballot within 20 days, the Members initiation the petition may call such meeting on their own initiative without Board approval or sanction.

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

(iv) 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.

(e) Filling of 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 he vacancy is created through removal of a director by action of the Members in which case the vacancy shall be filled by a vote of the Members. Furthermore, 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 or written ballot.

(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.

## ARTICLE VIII Board Meetings

Section 1. Place of Meetings. Regular and special meetings of the Board of Directors may be held at any place within the Properties that has been designated from time to time by resolution of the Board and stated in the notice of the meeting. In the absence of such designation, regular meetings shall be held at the principal office of the Association. Notwithstanding the above provisions of this section, a regular or special meeting of the Board may be held at any place consented to in writing by all the Board members, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting.

Section 2. Annual Meeting of Directors. Immediately following each annual meeting of Members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other of other business. Notice of this meeting shall not be required.

Section 3. Other Regular Meetings. Other regular meetings of the Board shall be held without call at such time as shall from time to time be fixed by the Board of Directors and communicated to the Board members. Ordinarily, regular meetings shall be conducted at least monthly; provided, however, that regular meetings can be held as infrequently as every three months if the Board's business does not justify more frequent meetings. Notice of the time and place of regular meetings of the Board of Directors shall be posted in a prominent place in the Association's principal office and, if the Board has not fixed the time and location for regular meetings, notice shall be communicated to the Board members not less than 72 hours prior to the meeting. Notwithstanding the foregoing, notice need not be given to any Board member who has signed a written waiver of notice or consent to holding the meeting as more particularly provided in section 7 of this notice.

Section 4. Special Meetings of the Board.

(a) Who May Call a Special Meeting. Special meetings of the Board of Directors for any purpose may be called at any time by the president or any two directors.

(b) Notice of Special Meetings.

(i) Manner of Giving. Notice of the time and place of special meetings of the Board shall be given to each director by one of the following methods: (A) by personal delivery of written notice: (B) by first class mail, postage prepaid: (C) by telephone communication, either directly to the director or to a person at the director's home or office who would reasonably be expected to communicate such notice promptly to the director: or (D) by telegram, charges prepaid. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Association. Notwithstanding the foregoing, notice of a meeting need not be given to any director who has signed a written waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof as more particularly provided in section 7 of this article.

(ii) Time Requirements. Notices sent by first-class mail shall be deposited in a United States mailbox at least four days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least 48 hours before the time set for the meeting.

(iii) Notice Contents. The notice shall state the time, place, and purpose of the meeting.

Section 5. Attendance by Members.

(a) Meetings Generally Open to Members. With the exception of executive sessions of the Board (see subparagraph (b), below, all meetings of the Board shall be open to Members of the Association; provided, however, that non-director Members may only participate in deliberations or discussions of the Board when expressly authorized by a vote of a majority of the directors present at the meeting at which a quorum has been established or by the Board member chairing the meeting.

(b) Executive Sessions. The Board, on the affirmative vote of a majority of the directors present at a meeting at which a quorum has been established, shall be entitled to adjourn 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) personnel matters; (iii) contract negotiations; or (iv) Member disciplinary proceedings where the accused Member requests that the hearing be conducted in executive session. Prior to adjourning into an executive session, the topic(s) to be discussed in such session shall be announced, in general terms, to the Members in attendance at the meeting and matters discussed in executive session shall be generally noted in the minutes, taking into consideration the need to maintain confidentiality. Nothing provided herein shall be construed to obligate the Board to first call an open meeting before meeting in executive session with respect to the matters described above.

Section 6. Quorum Requirements. A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn as provided in section 8 of this article. 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, subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, especially those provisions relating to: (i) approval of contracts or transactions in which a Director has a direct or indirect material financial interest; (ii) appointment of committees; and (iii) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors below a quorum, if any such 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, the Articles or by law.

Section 7. Waiver of Notice. The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as though taken at a meeting duly held after regular call and notice, if: (a) a quorum is present; and (b) either before or after the meeting, each of the directors not present, individually or collectively, signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the Association records or made a part of the minutes of the meeting and shall have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting shall also be deemed to have been waived by any director who attends the meeting without protesting the lack of proper notice either before or at the inception of the meeting.

Section 8. 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 adjourned meeting to the directors who are not present at the time of the adjournment. Except as hereinabove provided, notice of adjournment need not be given.

Section 9. Action Without a Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting. If all members of the Board, individually or collectively consent in writing to that action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as a unanimous vote of the Board. If prompt or immediate action of the Board is necessary and there is insufficient time to comply with the notice requirements set forth herein, reasonable efforts shall nevertheless be made to contact all Board members regarding the proposed action in advance thereof, rather than relying upon notification after the fact.

Section 10.     Compensation. Directors, officers and members of committees shall not be entitled to compensation for their services as such, 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. Expenses for which reimbursement is sought shall be supported by a proper receipt or invoice.

ARTICLE IX  
Duties and Powers of the Board

Section 1.     Specific Powers. Without prejudice to the general powers of the Board of Directors set forth in article VII, section 1, 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, any manager employed by the Association, if any (subject to any contractual commitments which may exist), and other Association employees: prescribe any powers and duties for such persons that are consistent with law, the Articles of Incorporation and these Bylaws; and fix their compensation.

(c)     Appoint such agents and employ such other employees, including 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.

(d)     Adopt and establish rules and regulations subject to the provisions of the Declaration, governing the use of the Common Areas and the Common Areas and the Common Facilities within the Properties, and the personal conduct of the Members and their 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; provided notice and a hearing are provided as more particularly set forth in the Declaration. Rules and regulations adopted by the Board may contain reasonable variations and distinctions as between Owners and tenants.

(e)     Enforce all applicable provisions of the Governing Documents realign to control, management, and use of the Lots, Common Areas and Common Facilities within the Properties.

(f)     Contract for and pay premiums for fire, casualty, liability and other insurance and bonds (including indemnity bonds) which may be required from time to time by the Association.

(g)     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 Common Facilities within the Properties.

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

(i)     Contract for and pay for construction or reconstruction of any portion or portions of the Common Areas and Common Facilities which have been damaged or destroyed and which are to be rebuilt.

(k) 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 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.

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

(m) Prepare budgets 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, and at no greater than annual intervals prepare an annual, financial report, a copy of which shall be delivered to each Member as provided in article XII, section 5 thereof.

(n) 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, all a more particularly described in article VII, section 4 hereof.

(o) Appoint such other committees as it deems necessary from time to time in connection with the affairs of the Association in accordance with article X, hereof.

(p) Fill vacancies on the Board of Directors or in any committee, except for a vacancy created by the removal of a Board member.

(q) Open bank accounts and borrow money on behalf of the Association and designate the signatories to such bank accounts.

(r) Bring and defend actions on behalf of the Members in common or the Association to protect the interests of the Members or the Association, as such, so long as the action is pertinent to the operations of the Association, and assess the Members for the cost of such litigation.

(s) 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.

(i) After consultation with the Recreation Committee, is authorized to dispose of equipment and furniture that has reached or exceeded its expected life or is no longer serviceable. The Association will maintain a record of equipment and furniture that will include the description of the item, date acquired, cost, and estimated economic life. Items to be disposed of will first be offered to the Association members via the Association Newsletter and/or posting at the Association Office.



Section 2. Limitation on Powers. Without the vote or written assent of a majority of the Voting Power of the Association, the Board of Directors shall not take any of the following actions:

(a) 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 year. This restriction shall not apply to: (i) FHA or VA approved management contracts; (ii) public utility contracts where 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: and (iii) prepaid casualty or liability insurance policies not to exceed three years duration; provided the policies provide for short rate cancellation by the insured.

(b) Incur aggregate expenditures for capital improvements to the Common Areas in any fiscal year in excess of 5 percent 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 5 percent 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. Common Area trees will be considered property of the Association.

(d) Pay compensation to members of the Board of Directors or officers of the Association; provided that directors and officers can be reimbursed for reasonable out-of pocket expenses, verified in writing, incurred in the discharge of their duties.

(e) Fill any vacancy of the Board of Directors created by a removal of a director by action of the Members.

(f) Without first obtaining majority assent of the Voting Power of the Association, the Board of Directors will not approve the removal or destruction of any Common Area structures or trees that does not pose an immediate and significant threat to persons or property.

Section 3. Actions by and on Behalf of the Board. Any action or decision which is required or permitted to be taken or made by the BOD shall only be valid if the action/decision is taken/made by at least a majority of the directors present at a meeting at which a quorum is present or is taken/made by the unanimous written consent of the Board in accordance with article VIII section 9 of the Bylaws.

## ARTICLE X Committees

Section 1. Standing Committees. The following Standing Committees shall be established and maintained by the Board:

- (a) Architectural Committee. The Association shall have an Architectural Control Committee comprised of Members and vested with the duties and responsibilities more particularly described in the Declaration.

(b) Nominations Committee. The Board shall establish a Nominations Committee comprised of the Members and vested with the responsibility more particularly described in article VIII, section 4 of these Bylaws.

(c) Recreation Committee. The Association shall have a Recreation Committee comprised of the Members and vested with the responsibilities described in the Declaration.

(d) Governing Documents Amendment Committee. The Association shall have a Governing Documents Amendment Committee, comprised of Members and vested with the responsibility of assuring compliance with changes in California laws and Civil Codes. It shall also assume responsibility of assuring compliance with changes in California laws and Civil Codes. It shall also assume responsibility to receive and follow through with changes to the Association documents, requested by Members, in accordance with the Declaration.

(e) Covenants Committee. The Association shall have a Covenants Committee pursuant to Article XIII, section 7, of Declaration.

Section 2. Committees of Directors. In addition to the nominating committee appointed and constituted pursuant to article VII, section 4(a) of these Bylaws and the Architectural Committee appointed and constituted pursuant to the Declaration, the Board may, by resolution adopted by a majority of the directors then in office, designate one or more committees, each consisting of two or more Members (who may also be directors) to serve at the pleasure of the Board. Committees shall have all the authority of the Board with respect to matters within their area of assigned responsibility, except that no committee, regardless of Board resolution may:

(a) Take any final action on any matter which, under the California Nonprofit Mutual Benefit Corporation Law, also requires approval of the Members.

(b) Fill vacancies on the Board of Directors or on any committee which has been delegated any authority of the Board.

(c) Amend or repeal Bylaws or adopt new Bylaws.

(d) Amend or repeal any regulation of the Board of Directors which by its express terms is not so amendable or repeal-able.

(e) Appoint any other committees of the Board of Directors or designate the members of those committees.

(f) Approve any transaction: (i) to which the Association is a party and one or more directors have a material financial interest or (ii) between the Association and one or more of its directors or between the Association or any person in which one or more of its directors have a material financial interest.

Section 3. Meetings and Actions of Committees. Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of article IX of these Bylaws, concerning meetings of directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board of Directors. Notice of special meetings of committees shall also

be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Unless otherwise provided in the Board resolution establishing the committee, minutes shall be kept of each meeting of any committee and shall be filed with the Association records. The Board of Directors may adopt additional rules, not inconsistent with the provisions of these Bylaws for the governance of any committee.

## ARTICLE XI Officers

Section 1. Officers. The officers of the Association shall be a president, a vice president, a secretary and a chief financial officer. 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 in accordance with the provisions of section 3 following. Any person may hold two or more offices, except that neither the secretary nor the chief financial officer may serve concurrently as president.

Section 2. Election of Officers. The officers of the Association, except such officers as may be appointed in accordance with the provisions of sections 3 and 5 following, 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.

Section 3. Subordinate Officers. The Board may appoint, and may empower the president to appoint, such other officers as the affairs of the Association may require, each of whom shall office for such period, have such authority and perform such duties as are provided in the Bylaws and as the Board may from time to time determine.

Section 4. Removal of Officers. Any officer may be removed, either with or without cause, by the Board at any regular or special meeting.

Section 5. 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 at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Association under any contract to which the officer is a party.

Section 6. Vacancies. A vacancy in an office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 7. 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.

Section 8. Vice President. The Vice president shall be elected by the Board from among the directors. In the absence or disability of the president, the vice president 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 presented by the Board or the Bylaws.

Section 9. Secretary. The secretary shall be elected by the Board from among the directors. 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, with the time and place of holding same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of Members present in person or by proxy at Members' meetings, and the proceedings thereof. 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, and he or she shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws.

Section 10. Chief Financial Officer. 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 books and records shall at all reasonable times be open to inspection by any director or Member. 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.

ARTICLE XII  
Member Assessment Obligations and Association Finances

Section 1. Description of Assessments to Which Owners Are Subject. Owners of Lots within the Properties are subject to Regular, Special and Special Individual Assessments as more particularly described in article IV of the Declaration.

Section 2. Checks. All checks or demands for money and notes of the Association shall be signed by the president and treasurer, or by such other office of officers or such other person or persons 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.

Section 3. 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 Properties.

Section 4. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes, including reserve accounts for replacement of capital improvements as more particularly set forth in article IV of the Declarations. All Association books of account shall be maintained in accordance with generally accepted accounting principles.

Section 5. 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) Budget. A pro forma operating budget meeting the requirements of this subparagraph (a) shall be distributed to Members not less than 45 days nor more than 60 days prior to the beginning of the fiscal year. The budget shall include at least the following information:

(i) The Association's estimated revenue and expenses on an accrual basis;

(ii) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to section 7, below, and Civil code section 1365.5, which shall be printed in bold type and include all of the following:

(A) The current estimated replacement cost, estimated remaining life and estimated useful of each major component of the Properties which the Association is obligated to repair, replace, restore or maintain (collectively "Association Capital Projects");

(B) As of the end of the fiscal year for which the reserve study is prepared, the current estimate of the amount of cash reserves necessary for Association Capital Projects and the current amount of accumulated cash reserves actually set aside for Association Projects.

(C) The percentage that the amount of accumulated cash reserves is of the estimated amount of necessary cash reserves calculated under subparagraph (B), above.

(iii) A statement as to whether the Board of Directors 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 therefore, and

(iv) A general statement setting forth the procedures used by the Board of Directors in calculating and establishing reserves to defray the future costs of repair, replacement or additions to major components of the Properties which the Association is obligated to maintain.

In lieu of distributing the complete pro forma operating budget as specified above, the Board of Directors may elect to distribute a summary of the budget to the Members (within the time limits provided above), together with a notice that the complete budget is available at the Association's principal office and that copies will be furnished, upon request, to any Member at the Association's expense. This notice shall be presented on the front page of the budget summary in at least 10-point bold type. If a Member requests a copy of the complete budget the Association shall mail the material via first class mail, within five days.

(b) Year-End Report. Within 120 days after the close of the fiscal year, a copy of the Association's year-end report consisting of at least the following shall be distributed to Members:

- (i) A balance sheet as of the end of the fiscal year.
- (ii) An operating (income) statement for the fiscal year.
- (iii) A statement of changes in financial position for the fiscal year.
- (iv) A statement advising Members of the place where the names and addresses of the current Members are located; and

(v) Any information required to be reported under section 8322 of the Corporations Code requiring the disclosure of certain transactions in excess of \$50,000 per year between the Association and any director or officer of the Association and indemnifications and advances to officers or directors in excess of \$10,000 per year.

The annual report 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 of the Association exceeds \$75,000.

(c) Annual Statement Regarding Delinquency/Foreclosure. In addition to financial statements, the Board of Directors shall annually distribute, within 60 days prior to the beginning of the fiscal year, a statement describing the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Regular and Special Assessments including the recording and foreclosing of liens against Members' Lots.

(d) Review of Accounts. On no less than a quarterly basis, the Board of Directors shall:

- (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 lodged; and

(v) Review the Association's income and expense statement for the operating and reserve accounts.

Section 6. Required Reserve Studies. At least once every three years, the Board shall cause a study of the reserve account requirements of the Properties to be conducted if the current replacement value of the major components which 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 also review any reserve study required hereunder 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 hereunder shall include the minimum requirements specified in Civil Code section 1365.5 or comparable successor statute.

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.

#### ARTICLE XIII Miscellaneous

##### Section 1. Inspection of Books and Records.

(a) Member Inspection Rights. All accounting books and records, minutes of proceedings of the Members, the Board and committees of the Board and the membership list of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Member or his or her duly appointed representative at the offices of the Association for any purpose reasonably related to the Member's interest as such. Member's rights of inspection hereunder shall be exercisable on 10 days' prior written demand on the Association, which demand shall state the purpose for which the inspection rights are requested. Inspection rights with respect to the membership list shall be subject to the Association's right to offer a reasonable alternative to inspection within 10 days after receiving the Member's written demand (as more particularly set forth in section 8330 and following of the California Corporations Code).

(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 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.

(d) Notice Regarding Right to Minutes. Members shall be notified in writing at the time that the pro forma budget required by section 5, above, 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.

Section 2. Property Manager. The Board may, from time to time, employ the services of a manager to manage the affairs of the Association and, to the extent not inconsistent with the laws of the State of California, and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the manager any of its day-to-day management and maintenance duties and powers under these Bylaws and the Declaration, provided that the manager shall at all times remain subject to the general control of the Board.

Section 3. Corporate Seal. The Association shall have a seal in circular form having within its circumference the words "Gold Ridge Forest Property Owners Association, Incorporated, State of California".

Section 4. Robert's Rules of Order. In the event of a question or dispute concerning the procedural aspects of any meetings which cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to Robert's Rules of Order.

Section 5. Amendment or Repeal of Bylaws.

(a) Amendment by the Board of Directors. The Board of Directors shall be authorized and empowered to amend these Bylaws when and as required to reflect changes in law which supersede or materially modify any provision of these Bylaws. If the Board acts to amend these Bylaws pursuant to this authority, it shall promptly notify the Members of the amendment and provide the Members with a complete copy of the text of the Bylaw provision(s), as amended.

(b) Amendment by the Members. Except as otherwise expressly provided herein, these bylaws may only be amended or repealed, and new Bylaws adopted by the affirmative vote or assent by written ballot of a Majority of a Quorum of the Members; provided that if any provision of these Bylaws requires the vote of a larger proportion or all of the Members, such provisions may not be altered, amended or repealed except by such greater vote, unless otherwise specifically provided herein. Any amendment to these Bylaws shall become effective immediately upon approval by the Members. The secretary of the Association shall certify adoption of any duly approved amendment to the Bylaws and a copy of said certificate and the amendment shall be included in the Association's corporate records.

Section 6. Notice Requirements. Any notice or other document permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, is shall be deemed to have been delivered 72 hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows: If to the Association or the Board of Directors at the principal office of the Association as designated from time to time by written notice to the Members: if to a director, at the address from time to time given by such director to the secretary for the purpose of service of such notice; if to a Member, at the address from time to time given by such Member to the secretary for the purpose of service of such notice, or, if no such address has been given, to the address of any Lot within the Properties owned by such Member.



Section 7. Indemnification.

(a) Indemnification by Association of Directors and Officers. To the fullest extent permitted by law, the Association shall indemnify its directors, and officers, 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 or officer. The term "Expenses," as used in this section, shall have the same meaning as in section 7237(a) of the California Corporations Code.

(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 section 7237(b) or 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 shall promptly call a meeting of Members. At that meeting, the Members shall determine under section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in 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 or officer seeking indemnification under paragraphs (a) and (b) of this section in defending any proceeding covered by those sections shall be advanced by the Association before final disposition of the proceeding, on receipt by the Association of an undertaking by or on behalf of that person 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 Association shall have the power to purchase and maintain insurance on behalf of its directors and officers against other liability asserted against or incurred by any director or officer in such capacity or arising out of the director's or officer's status as such.

Section 3. 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.

CERTIFICATE OF SECRETARY

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, secretary of the corporation known as Gold Ridge Forest Property Owners Association, hereby certifies that the above and foregoing Reinstated Bylaws, consisting of 30 pages, were duly adopted by written ballot of the Members of the Association on or before November 21, 1994, and pursuant to Order of the Superior Court of California, County of El Dorado, entered December 20, 1994, and that they now constitute the Bylaws.

GOLD RIDGE FOREST PROPERTY  
OWNERS ASSOCIATION, a California  
non-profit mutual benefit corporation

signed by: Fred Durrer, Secretary

Recorded December 20,1994

