

**FIRST AMENDED AND RESTATED
BYLAWS
OF
ROWLAND HEIGHTS VILLAS
HOMEOWNERS ASSOCIATION**

RECITALS

This First Amended and Restated Bylaws is made on this ____ day of _____, 2025, by the Members of Rowland Heights Villas Homeowners Association, a California non-profit corporation (the “Association”).

WHEREAS, the Board of Directors has determined that it would be in the best interests of the Association to update and revise the Bylaws; and

WHEREAS, at least seventy five percent (75%) of the voting interest of the membership have approved the adoption of this First Amended and Restated Bylaws.

NOW, THEREFORE, the First Amended and Restated Bylaws are hereby amended:

**ARTICLE I
PLAN OF CONDOMINIUM OWNERSHIP**

Section 1.1 Name. The name of the corporation is ROWLAND HEIGHTS VILLAS HOMEOWNERS ASSOCIATION, hereinafter referred to as the “Association.” The principal office of the corporation shall be located in Los Angeles County, California.

Section 1.2 Bylaws Applicability. The provisions of this First Amended and Restated Bylaws (“Bylaws”) are applicable on the Project (the term “Project” as used herein shall include the land and all structures and improvements thereon).

Section 1.3 Personal Application. All present or future Owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the Project in any manner are subject to the regulations set forth in these Bylaws and the recorded Declaration of Restrictions applicable to the property or any portion thereof, as may be amended from time to time as therein provided.

In case any portion of these Amended and Restated Bylaws conflict with any provisions of the laws of the State of California, such conflicting Bylaws shall be null and void upon final Court determination to such effect, but all other Bylaws shall remain in full force and effect.

**ARTICLE II
VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES**

Section 2.1 Voting. Voting shall be on a percentage basis and the percentage of the vote to which the Owner is entitled is the percentage assigned to his or her Condominium or Condominiums in the Declaration.

Section 2.2 Majority of Owners. As used in these Bylaws the term “Majority of Owners” shall mean those Owners holding fifty one percent (51%) of the votes in accordance with the percentages assigned in the Declaration.

Section 2.3 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by ballot of twenty percent (20%) plus one (1) shall constitute a quorum. **[we suggest reducing the quorum requirement to 25%]**

Section 2.4 Cumulative Voting. Cumulative voting is not permitted.

Section 2.5 Termination of Membership. Membership in the Association shall automatically terminate when such Member no longer holds an ownership interest in a Unit entitling him or her to such membership.

**ARTICLE III
ADMINISTRATION**

Section 3.1 Association Responsibilities. The Owners of the Condominiums will constitute the Association of Owners which has the responsibility for administering the Project, approving the annual budget, establishing and collecting monthly assessments and arranging for the management of the Project pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of a management agent. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a Majority of Owners.

Section 3.2 Place of Meetings. Meetings of the Association shall be held at the principal office of the Project or such other suitable place convenient to the Owners as may be designated by the Board of Directors.

Section 3.3 Annual Meetings. The Annual Meetings of the Association shall be held on [Insert Date] of each year. At such meetings there shall be elected by secret ballot of the Owners, a Board of Directors in accordance with the requirements of these Bylaws. The Owners may also transact such other business of the Association as may properly come before them.

Section 3.4 Special Meetings.

(a) *Authorized Persons Who May Call.* A special meeting of the Members may be called at any time by any of the following: The Board, the Chairman of the Board, if any, or the

President. A special meeting of the Members may also be called at any time pursuant to a petition by five percent (5%) or more of the Members.

(b) *Calling Meetings by Members.* If a special meeting is called by Members other than the President, the petition shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, any Vice-President, or the Secretary of the Association. The officer receiving the request shall cause notice to be promptly given to the Members entitled to vote that a meeting will be held and the date for such meeting, which date shall be not less than thirty-five (35) days nor more than ninety (90) days following the receipt of the request. If the notice is not given within the twenty (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 or by an officer.

Section 3.5 Notice of Members' Meetings

(a) *General Notice.* All notices of meetings of Members both special and annual, shall be sent or otherwise given in accordance with this section not less than thirty (30) days nor more than ninety (90) days before the date of the meeting. The notice 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 that no other business may in that case be transacted, or (ii) in the case of the annual meeting, those matters which the Board or persons calling the meeting at the time of giving the notice intend to present for action by the Members.

(b) *Notice of Certain Agenda Items.* If action is to be taken at any 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 states the general nature of the proposal(s):

- (i) Recall of a director;
- (ii) Filling vacancies on the Board by the Members;
- (iii) Amending the governing documents; and/or
- (iv) Approving a contract or transaction in which a director has a material financial interest.

(c) *Manner of Giving Notice.* Notice of any meeting of Members, both annual and special, shall be given either personally, by first-class mail or by other means which are permitted by law, 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.

Section 3.6 Adjourned Meetings. Any Members meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the Members represented at the meeting, in person; provided, however, an adjournment for lack of a quorum shall be to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called. If, after adjournment, a new date is fixed for the adjourned meeting, notice of the time and place of such adjourned meeting shall be given to Members in the manner prescribed for the giving of notice of annual and special meetings of Members. In the absence of a quorum, no other business may be transacted at that meeting.

Section 3.7 Order of Business. The order of business at all meetings of the Owners of Units shall be as follows: (a) roll call, (b) proof of notice of meeting or waiver of notice, (c) reading of Minutes of preceding meeting, (d) reports of officers, (e) report of Federal Housing Administration representative; if present, (f) report of committees, (g) election of inspectors of election, (h) election of directors, (i) unfinished business, and (j) new business.

Section 3.8 Action Without Meeting. Any lawful action of the Members that may be taken at a meeting of the Owners, may be taken without a meeting if authorized by a writing signed by all of the Owners who would be entitled to vote a meeting for such purpose, and filed with the Secretary.

ARTICLE IV BOARD OF DIRECTORS

Section 4.1 Number and Qualification.

The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, all of whom must be Owners of record of Condominiums within the Project.

Section 4.2 Powers and Duties.

In addition to the powers and duties of the Board as set forth in the Declaration, the Articles, or elsewhere in these First Amended and Restated Bylaws, and California law and subject to limitations thereof, as to action to be authorized or approved by the Members, all corporate powers shall be exercised by, or under the authority of, and the business and affairs of the Association shall be controlled by the Board. Without prejudice to such general powers but subject to the same limitations, the Board is vested with and shall have the following powers:

(a) To select and remove all the other officers, agents or employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, or these Bylaws.

(b) To change the principal office for the transaction of the business of the Association from one location to another within the same Los Angeles County; to designate any place within said County for the holding of any Membership meeting.

(c) To enforce the provisions of the Declaration, the Articles of Incorporation, these Bylaws and any rules, regulations and instruments relating to the ownership, management and control of the Project.

(d) To borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor, provided, however, no property of the Association shall be encumbered as security for any such debt, except with the approval of a majority of the Members entitled to vote.

(e) To manage, operate, maintain and repair any personal property or any real property owned by the Association, together with all buildings, structures and other improvements on the Common Area of the Project, including (by way of description and not by way of limitation) the following:

(f) To contract and pay for (1) fire, casualty, liability and other insurance insuring said property and (2) bonding expense incurred in bonding the officers and directors of the Association,

(g) Except as otherwise allowed by law, to pay all charges for all utility services consumed on the Common Area of the Project.

(h) To provide and pay for appropriate lighting on all property owned, operated or maintained by the Association or any Common Areas.

(i) To maintain, repair, resurface and paint the property owned, operated or maintained by the Association or any Common Area and any improvements new or hereafter constructed thereon, and to provide and pay for maintenance and/or janitorial service for said property.

(j) To landscape, care for, maintain, and water all planted areas of any Common Area.

(k) To restore or replace any and all of said building, structures, or improvements on the Common Area at any time, and from time to time, as the Board may determine desirable or necessary.

(l) To pay for reconstruction of any portion or portions of the improvements on the Common Area damaged or destroyed which are to be rebuilt.

(m) To purchase, own and/or sell any real and/or personal property owned by the Association.

(n) To enforce each and every provision of these Bylaws, the Rules and Declaration.

(o) To contract and pay for maintenance, gardening, utilities, materials and supplies, and services relating to the Common Areas, and to employ personnel necessary for the management, operation and maintenance of said property, including legal and accounting services.

(p) To pay any taxes and special assessments which are or would become a lien on property owned by the Association.

(q) To delegate any of its powers hereunder. However, no transfers of Association funds which exceed the lesser of ten thousand dollars (\$10,000.00) or five percent (5%) of the annual operating budget may be made by such delegee without the Board's prior written authorization.

(r) To enter into any Unit, upon reasonable notice, except in cases of emergency, when necessary in connection with maintenance, construction or emergency repair, for the benefit of the Common Area or the Unit Owners in common, and for which the management body is responsible as described in the Declaration.

(s) To prepare budgets and financial statements for the Association as provided herein. The Board's members must review the Association's financial records and accounts on a monthly basis.

(t) To collect Annual and Special Assessments from the Owners.

(u) Notwithstanding the foregoing, the Board shall not, except with the vote or written assent of a majority of the voting power of the Association residing in Members:

- (i) Enter into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one year, except:
- (ii) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.
- (iii) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years in duration provided that the policy provides for short rate cancellation by the insured.
- (iv) Incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses for that fiscal year.

- (v) Sell during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.
- (vi) Pay compensation to Members of the Board or to officers of the Association for services performed in the conduct of the Association's business, provided, however, the Board may cause a Member or officer to be reimbursed for reasonable and preapproved expenses incurred in carrying on the business of the Association.

ARTICLE V ELECTION AND TERM OF OFFICE

Section 5.1 Term of Office. Directors shall serve a term of three (3) years and shall hold office until their successors have been elected. The Directors' terms shall be staggered.

Section 5.2 Inspectors of Elections.

The Association shall select one (1) or three (3) independent third party or parties as an Inspector of Election. For purposes of this section, an independent third party includes, but is not limited to, a volunteer poll worker with the County of Registrar of Voters, a licensee of the California Board of Accountancy, or a Notary Public. An independent third party may not be a person, a business entity, or subdivision of a business entity who is currently employed or under contract to the Association for any compensable services. The Inspector of Election shall do all of the following:

- (a) Determine the number of Memberships entitled to vote and the voting power of each;
- (b) To receive ballots;
- (c) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote;
- (d) Count and tabulate all votes;
- (e) Determine when the polls shall close, consistent with the governing documents;
- (f) Determine the tabulated results of the election;
- (g) Perform any acts as may be proper to conduct the election with fairness to all Members in accordance with the California Civil Code, the Corporation Code and all applicable rules of the Association regarding the conduct of the election so long as they are not in conflict with California law.

(h) An Inspector of Elections shall perform his, her or its duties impartially, in good faith, to best of his, her or their ability, and as expeditiously as practical. If there are three (3) Inspectors of Election, the decision or act of the majority shall be effective in all respects as the decision or act of all.

Section 5.3 Ballots. Ballots and two (2) preaddressed envelopes with instructions on how to return ballots shall be mailed by first class mail or delivered by the Association to every Member according to the then applicable timeline which is specified in the Davis-Stirling Act. In order to preserve confidentiality, a voter may not be identified by name, address, lot, parcel, or unit number on the ballot.

(a) The ballot shall not be signed by the voter but is inserted into an envelope that is sealed. This envelope is inserted into a second envelope that is also sealed. In the upper left hand corner of the second envelope, the voter shall sign his, her or its name, indicate his, her or its name, and indicate the address of separate identifier that entitles him or her to vote.

(b) The second envelope is addressed to the Inspector or Inspectors of Election, who will be tallying the votes. The envelope may be mailed or delivered by hand to a location specified by the Inspector or Inspectors of Election. The Member may request a receipt for delivery.

Section 5.1 Term of Office. Directors shall serve a term of **two (2) [our recommendation]** years and shall hold office until their successors have been elected. The Directors' terms shall be staggered.

Section 5.2 Election Rules. the Board shall prepare updates code compliant Election Rules.

Section 5.3 Inspectors of Elections.

The Association shall select one (1) or three (3) independent third party or parties as an Inspector of Election. For purposes of this section, an independent third party includes, but is not limited to, a volunteer poll worker with the County of Registrar of Voters, a licensee of the California Board of Accountancy, or a Notary Public. An independent third party may not be a person, a business entity, or subdivision of a business entity who is currently employed or under contract to the Association for any compensable services. The Inspector(s) of Election shall do all of the following:

- (a) Determine the number of Memberships entitled to vote and the voting power of each;
- (b) To receive ballots;
- (c) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote;

- (d) Count and tabulate all votes;
- (e) Determine when the polls shall close, consistent with the governing documents;
- (f) Determine the tabulated results of the election;

(g) Perform any acts as may be proper to conduct the election with fairness to all Members in accordance with the California Civil Code, the Corporation Code, and all applicable Rules of the Association regarding the conduct of the election so long as they are not in conflict with California law.

(h) Inspector(s) of Elections shall perform his, her or their duties impartially, in good faith, to best of his, her or their ability, and as expeditiously as practical. If there are three (3) Inspectors of Election, the decision or act of the majority shall be effective in all respects as the decision or act of all.

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(a) The ballot shall not be signed by the voter but is inserted into an envelope that is sealed. This envelope is inserted into a second envelope that is also sealed. In the upper left hand corner of the second envelope, the voter shall sign his, her or its name, indicate his, her or its name, and indicate the address of separate identifier that entitles him or her to vote.

(b) The second envelope is addressed to the Inspector or Inspectors of Election, who will be tallying the votes. The envelope may be mailed or delivered by hand to a location specified by the Inspector or Inspectors of Election. The Member may request a receipt for delivery.

Section 5.5 Electronic Voting.

(a) Members are permitted to vote, except to levy regular or special assessments, by means of an electronic secret ballot.

(b) Once a secret ballot is transmitted (electronic or otherwise) it shall become effective and cannot be revoked.

(c) Prior to each election for which electronic voting will be available, the Association shall provide written notice to each Member which includes instructions for casting electronic secret ballots as well as for opting out of electronic voting. Such notice shall also set forth the date and time by which electronic secret ballots are to be transmitted to the internet based voting system.

(d) The Association shall only mail a written secret ballot to Members who have opted out of voting by electronic secret ballot or for whom the Association does not have an email address required to vote by electronic secret ballot.

(e) No person shall open or review any tally sheet of votes cast by electronic secret ballot before the time and place at which the ballots are counted and tabulated. The tally sheet of votes cast by electronic secret ballot shall remain in the custody of the Inspector(s) of Elections but shall be made reasonably available to Members and their representatives for review.

(f) Electronic secret ballots shall contain the same information and initiatives that are described in written secret ballots.

(g) The Association shall maintain a voting list which identifies Members who will vote by electronic secret ballot and which Members will vote by written ballot. A Member may change his or her preferred method of voting no later than ninety (90) days before an election.

(h) The Association may prohibit nomination of candidates from the floor of Membership meeting in elections when electronic secret ballots are utilized.

(i) The Association shall deliver, by Individual Notice concerning electronic voting and casting secret ballots to each Member at least thirty (30) days before the election which shall include instructions on both of the following:

- (i) How to obtain access to that internet-based voting system.
- (ii) How to vote by electronic secret ballot.

Delivery of the Individual Notice described above may be accomplished electronically or by other statutorily permissible means, to an address, location, or system which has been designated by the Member.

(j) The Association shall provide Individual Notice at least thirty (30) days before the deadline to opt out of voting by electronic secret ballot, of all of the following:

- (i) The Members current voting method.
- (ii) If the Members' voting method is by electronic secret ballot and the Association has an email address for the Member, the email address of the Member that will be used for voting by electronic secret ballot.
- (iii) An explanation that the Member is required to opt out of voting by electronic secret ballot if the Member opts to vote by written secret ballot.
- (iv) An explanation of how and when a Member may opt out of voting by electronic secret ballot.

- (v) If the Association does not have a Member's email address required to vote by electronic secret ballot by the time at which ballots are to be distributed, the Association shall send the Member a written secret ballot.
- (vi) For purposes of determining a quorum, a Member voting electronically shall be counted as a Member in attendance at the meeting. Once quorum is established, a substantive vote of the Members shall not be taken on any issue other than the issues specifically identified in the electronic vote.
- (vii) Electronic secret ballot means a ballot conducted by an electronic voting system that ensures the secrecy and integrity of a ballot.
- (viii) Any internet based voting system that is utilized shall have the ability to accomplish all of the following:
 - (1) Authenticate the Members identity.
 - (2) Authenticate the validity of each electronic secret ballot to ensure that the electronic secret ballot is not altered in transit.
 - (3) Transmit a receipt from the internet based voting system to each Member who casts an electronic secret ballot.
 - (4) Permanently separate any authenticating or identifying information from the electronic secret ballot, rendering it impossible to connect an election ballot to a specific Member.
 - (5) Store and keep electronic secret ballots accessible to elections officials or their authorized representatives for recount, inspection and review purposes.

Section 5.6 Quorum. The quorum required for elections of Directors shall be equal to the number of ballots cast in such election.

Section 5.7 Ballots Counted. All votes shall be counted and tabulated by the Inspector(s) of Election or his, her or their designee in public at a properly noticed open meeting of the Board of Directors or Members. Any candidate or other Member of the Association may witness the counting and tabulation of the votes. No person, including a Member of the Association or employee of the management company shall open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated. The Inspector(s) of Election, or his, her or their delegee, may verify the Members' information and signatures on the

outer envelopes prior to the meeting at which ballots are tabulated. Once a secret ballot is received by the Inspector of Election, it shall be irrevocable.

Section 5.8 Reporting of Election Outcome. The tabulated results of the election shall be promptly reported to the Board of Directors and shall be recorded in the minutes of the next meeting of the Board of Directors and shall be available for review by Members of the Association. Within fifteen (15) days of the election, the Board shall provide by general notice or delivery of the tabulated results of the election to all Members.

Section 5.9 Maintenance of Ballots. The ballots at all times shall be in the custody of the Inspector or Inspectors of Election or at a location designated by the Inspector or Inspectors for one (1) year after the election, at which time custody shall be transferred to the Association or destroyed at the request of the Board. If there is a recount or other challenge to the election process, the Inspector or Inspectors of Election shall, upon written request, make the ballots available for inspection and review by a Member or his, her or their authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.

Section 5.10 Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association may be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a director until a successor is elected at the next Annual Meeting of the Association.

Section 5.11 Removal of Directors. To the extent authorized by the California Civil Code, Directors may, by secret ballot, with or without cause, be removed, by a majority of the Owners. Provided, however, unless the entire Board is removed, an individual Director shall not be removed if the number of votes cast against the resolution for his or her removal exceeds the quotient arrived at when the total number of votes entitled to vote is divided by one plus the authorized number of Directors.

ARTICLE VI BOARD MEETINGS

Section 6.1 Organizational Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 6.2 Other Regular Meetings.

Other regular meetings of the Board may be fixed from time to time by resolution of the Board; provided, however, should said day fall upon a legal holiday or weekend, then the meeting which otherwise would be held on said day shall be held at the same time on the next day thereafter ensuing which is not a legal holiday or weekend. Notice of the time and place of any regular meeting shall be posted at a prominent and accessible place or places within the

Project and shall be communicated to the directors not less than four (4) days prior to the meeting; provided, however, that notice of the meeting need not be given to any director who has signed a waiver of notice or written consent to holding the meeting. Notices shall be delivered personally to the directors or sent to each director by letter or telegram, postage or charges prepaid, addressed to him or her at his or her address as it is shown upon the records of the Association. In no event shall regular meetings of the Board be held less than once every six (6) months.

Section 6.3 Special Meetings; Notices.

Special meetings of the Board for any purpose may be called at any time by the President or by any two (2) directors other than the President. Except in the case of an emergency or where a special meeting is held solely in executive session, not less than four (4) days prior to the scheduled time set for any special meeting of the Board, written notice of the time and place of such special meeting and the nature of any special business to be considered thereat shall be posted in a prominent and accessible place or places in the Project and shall be communicated to the directors; provided, however, that notice of the meeting need not be given to any director who has signed a waiver of notice or written consent to holding the meeting. Notices shall be delivered personally to the directors or sent to each director by letter or telegram, postage or charges prepaid, addressed to him or her at his or her address as it is shown upon the records of the Association.

Section 6.4 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 6.5 Board of Director's Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may Independent Audit. Within sixty (60) days of the close of each fiscal year, the Board shall cause an independent audit of the accounts of the Association by certified public accountants, and upon completion of said audit, cause to be prepared and delivered to each Unit Owner within one hundred and twenty (120) days after the close of each fiscal year.

Section 6.6 Annual Members' Meetings. Meetings of Members may be held at a place as may be stated in or fixed in accordance with these Bylaws. If no other place is stated or so fixed, meetings of Members shall be held at the principal office of the Association. Subject to any limitations in the Articles or these Bylaws, if authorized by the Board of Directors in its sole discretion, and subject to those guidelines and procedures as the Board of Directors may adopt, Members not physically present in person [or, if proxies are allowed, by proxy. We suggest

not permitting the use of proxies] at a meeting of Members may, by electronic transmission by and to the Association, electronic video screen communication, conference telephone, or other means of remote communication, participate in a meeting of Members, be deemed present in person **[or, if proxies are allowed, by proxy]**, and vote at a meeting of Members.

A regular meeting of Members shall be held on a date and time, and with the frequency stated in or fixed in accordance with the Bylaws, but in any event in each year in which Directors are to be elected at that meeting for the purpose of conducting such election, and to transact any other proper business which may be brought before the meeting.

If the Association fails to hold a regular meeting for a period of sixty (60) days after the date designated therefor or, if no date has been designated, for a period of fifteen (15) months after its last regular meeting, or if the Association fails to hold a written ballot for a period of sixty (60) days after the date designated therefor, then the Superior Court may summarily order the meeting to be held or the ballot to be conducted upon the application of a Member or the Attorney General, after notice to the Association giving it an opportunity to be heard.

Section 6.7 Special Meetings of Members. A Special Meeting of Members for any lawful purpose may be called by the Board, the President, or such other persons, if any, as are specified in these Bylaws. In addition, Special Meetings of Members for any lawful purpose may be called by five percent (5%) or more of the Members.

A meeting of the Members may be conducted, in whole or in part, by electronic transmission by and to the Association, electronic video screen communication, conference telephone, or other means of remote communication if the corporation implements reasonable measures: (1) to provide Members **[and proxyholders, if proxies are allowed]**, a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings, (2) if any Member or proxyholder, if proxies are allowed, votes or takes other action at the meeting by means of electronic transmission to the corporation, electronic video screen communication, conference telephone, or other means of remote communication, to maintain a record of that vote or action in its books and records, and (3) to verify that each person participating remotely is a Member or proxyholder, if proxies are allowed.

ARTICLE VII OFFICERS

Section 7.1 Designation. The principal officers of the Association shall be a President, a Vice-President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an Assistant Secretary, and such other officers as in their judgment may be necessary.

Section 7.2 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 7.3 Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his or her successor elected at any regular meeting of the Board of Directors, or any special meeting of the Board called for such purpose.

Section 7.4 President. The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board of Directors. He or she shall have all of the general powers and duties which are usually vested in the office of the President of an Association.

Section 7.5 Vice-President. The Vice-President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint another member of the Board to so do on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board of Directors.

Section 7.6 Secretary. The Secretary shall keep the Minutes of all meetings of the Board of Directors and the Minutes of all meetings of the Association; he or she shall have charge of such books and papers as the Board of Directors may direct; and he or she shall, in general, perform all the duties incident to the office of Secretary.

Section 7.7 Treasurer. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VIII RULES AND REGULATIONS

Section 8.1 Rules.

The following provisions shall govern the promulgation of the Rules and Regulations authorized by the Declaration which shall include the establishment of a system of fines and penalties:

(a) The Board in its discretion shall adopt such rules and regulations as are consistent with and in furtherance of existing law, the Declaration, the Articles and these First Amended and Restated Bylaws. Such rules and regulations shall take effect as the Association Rules and Regulations.

(b) The Board, in its discretion, shall adopt a schedule of specific fines and penalties for the violation by any Member of the provisions of the Declaration, the Articles, these First Amended and Restated Bylaws and the Rules and Regulations, provided, however, no such violation shall entitle the Board or the Association to cause a forfeiture or abridgement of a Member's rights to full use and enjoyment of the Unit, including all necessary access thereto.

Such fines and penalties shall be binding on all Members. Such remedy shall not be deemed to be exclusive and the Board shall have such other remedies as are provided for by applicable law, the Declaration, the Articles, these Bylaws and the Association Rules.

(c) Any Rules and Regulations promulgated pursuant to this Section shall provide that no fine or penalty shall be imposed or levied without the following procedural safeguards:

- (i) a written statement of the alleged violations shall be provided to any Member against whom such charges are made by first-class or registered mail or by electronic delivery, if the Unit Owner has provided his or her consent to such means of delivery, addressed to such Member at his or her last address as shown on the Association's records, and such written statement shall set forth the place, time and date (which date shall not be less than fifteen (15) days after the date of mailing of such statement) on which the charges shall be heard;
- (ii) The Board, or an executive committee appointed by the Board, shall hear the charges and evaluate the evidence of the alleged violation;
- (iii) At such hearing the Member so charged shall have the right to be heard by the presentation of oral or written evidence and to confront and cross-examine adverse witnesses; and
- (iv) Within thirty (30) days after the conclusion of such hearing, the panel shall notify the Member so charged by mail as aforesaid of its decision, which notice shall specify the fines or penalties to be imposed on levied, if any, and the reasons therefor, and which notice shall state that such fines or penalties shall become effective on a date certain which shall not be less than fifteen (15) days after the date on which such notice is mailed to such Member.

ARTICLE IX AMENDMENTS

Section 9.1 Bylaws.

These Bylaws and the Declaration may be amended by the Association in a duly constituted meeting for such purpose or by written consent and no amendment shall take effect unless approved by Owners representing at least **fifty-one percent (51%) [we suggest using this reduced percentage]** of the total voting interest of all Condominiums in the Project as shown in the Declaration, and provided further that, unless otherwise permitted by law, no amendment shall take effect unless approved by Mortgagees representing at least fifty-one percent (51%) of the total record holders of all First Mortgagees (meaning any mortgage with first priority over other mortgages) affecting the Project.

It shall be the responsibility of the Board of Directors to mail a notice of any such amendments to all mortgagees however, its failure to do so shall not invalidate any such amendment.

ARTICLE X MORTGAGEES

Section 10.1 Notice to Association.

An Owner who mortgages his or her Condominium shall notify the Association through the Management Agent, if any, or the Board of Directors in the event there is no Management Agent, the name and address of his or her mortgagee. Any such Owner shall likewise notify the Association as to the release or discharge of any such mortgage.

Section 10.2 Notice of Unpaid Assessments.

The Association shall, at the request or a mortgagee of a Unit, report any unpaid assessments due from the Owner of such Unit.

ARTICLE XI INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHER AGENTS

Section 11.1 Definitions

For the purpose of this Article,

(a) “*Agent*” means any person who is or was a director, officer, employee, or other agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the Association, or of another enterprise at the request of the predecessor corporation;

(b) “*Proceeding*” means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and

(c) “*Expenses*” includes, without limitation, all attorneys’ fees, costs, and any other expenses incurred in the defense of any claims or proceedings against an agent by reason of his or her position or relationship as agent and all attorneys’ fees, costs, and other expenses incurred in establishing a right to indemnification under this Article.

(d) The following terms, as used in these Bylaws, shall have the same meaning as are applied to such terms in the Declaration: “*Project*,” “*Condominium*,” “*Common Areas*,” “*Unit*,” “*Mortgage*,” and “*Mortgagee*.”

Section 11.2 Successful Defense by Agent

To the extent that an agent of the Association has been successful on the merits in the defense of any proceeding referred to in this Article, or in the defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection with the claim. If an agent either settles any such claim or sustains a judgment rendered against him or her, then the provisions of this Article shall determine whether the agent is entitled to indemnification.

Section 11.3 Actions Brought by Persons Other Than the Association

Subject to the required findings to be made below, the Association shall indemnify any person who was a party, or is threatened to be made a party, to any proceeding other than an action brought by, or on behalf of, the Association, or by an officer, director or person granted related status by the Attorney General, or by the Attorney General on the ground that the defendant director was or is engaging in self-dealing by reason of the fact that such person is or was an agent of the Association, for all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding.

Section 11.4 Action Brought By or on Behalf of the Association

(a) *Claims Settled Out of Court.* If any Agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of the Association, with or without court approval, the Agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition or for any expenses incurred in defending against the proceeding.

(b) *Claims and Suits Awarded Against Agent.* The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action brought by or on behalf of the Association, for all expenses actually and reasonably incurred in connection with the defense of that action, provided that both of the following are met:

- (i) The determination of good faith conduct required, below, must be made in the manner provided for in that Section; and
- (ii) Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the agent should be entitled to indemnity for the expenses incurred. If the Agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

Section 11.5 Determination of Agent's Good Faith Conduct

The indemnification granted to an agent in Section 11.3 and Section 11.4, above, is conditioned on the following:

(a) Required Standard of Conduct. The agent seeking reimbursement must be found, in the manner provided below, that he or she acted in good faith, in a manner he believed to be in the best interest of the Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he or she reasonably believed to be in the best interest of the Association or that he or she had reasonable cause to believe that his or her conduct was unlawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his or her conduct was unlawful.

(b) Manner of Determination of Good Faith Conduct. The determination that the agent did act in a manner complying with subparagraph (a), above, shall be made by:

- (i) the board by a majority vote of a quorum consisting of directors who are not parties to the proceeding; or
- (ii) the affirmative vote (or written ballot) of a majority of the total votes of the Members of the Association, with the persons to be indemnified not being entitled to vote hereon; or
- (iii) the court in which the proceeding is or was pending, upon application made by the Association or the agent or the attorney or other person rendering services in connection with the defense of the agent, whether or not the application by the agent, attorney, or other person is opposed by the Association.

Section 11.6 Limitations

No indemnification or advance shall be made under this Article in any circumstance when it appears:

(a) that the indemnification or advance would be inconsistent with a provision of the Articles, a resolution of the Members, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) that the indemnification would be inconsistent with any condition expressly imposed by a Court in approving a settlement.

Section 11.7 Insurance.

In addition to insurance required by the Declaration, the Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Association against any liability asserted against or incurred by the agent in such capacity or arising out of

the agent's status as such, whether or not the Association would have the power to indemnify the agent against that liability under the provisions of this Article.

ARTICLE XII RECORDS AND REPORTS

Section 12.1 Annual Budget Report.

Not less than thirty (30) days nor more than ninety (90) days before the end of the Association's fiscal year the Association shall distribute an Annual Budget Report to its Members.

(a) *Required Content of the Annual Budget Report.* The Annual Budget Report must include the following information:

- (i) *Pro-Forma Operating Budget.* The Annual Budget Report shall include a pro forma operating budget, showing the estimated revenue and expenses on an accrual basis.
- (ii) *A Summary of the Association's Reserves.* The Annual Budget Report shall include a summary of the Association's Reserves, based on the most recent Reserve Study.
- (iii) *A Summary of the Association's Reserve Funding Plan.* The Annual Budget Report shall include a summary of the Reserve Funding Plan adopted by the Board. The summary shall include notice to Members that the full Reserve Funding Plan is available upon request, and the Association shall provide the full Reserve Funding Plan to any Member upon request.
- (iv) *Disclosure of Decisions to Defer Major Repairs or Replacements.* If the Board has decided not to undertake needed repairs or replacements of Major Components of the Project for which the Association is responsible, the Annual Budget Report shall include a disclosure of that decision, including a justification for the deferral or decision not to undertake the repairs or replacement.
- (v) *Disclosure of Any Special Assessment(s) that is/are Needed to Abide by the Reserve Funding Plan.* The Annual Budget Report shall include a statement as to whether the Board, consistent with the Reserve Funding Plan adopted pursuant to Civil Code Section 5560 has determined or anticipates that the levy of one or more Special Assessments will be required to repair, replace, or restore any Major Components or to provide adequate Reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the Special Assessment.

- (vi) Statement of Anticipated Funding Methods. The Annual Budget Report shall include a statement as to the mechanism or mechanisms by which the Board will fund Reserves to repair or replace Major Components of the Project, including the levy or increase in Assessments, borrowing, the use of other assets, deferral of selected replacement or repair Projects, or alternative mechanisms.
- (vii) A Statement of How Reserve Funding Requirements. Have Been Calculated. The Annual Budget Report shall include a general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to Major Components of the Project. The statement shall include, but need not be limited to, reserve calculations made using the formula described in Civil Code Section 5570(b)(4) and may not assume a rate of return on cash reserves in excess of two percent (2%) above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.
- (viii) Disclosure Regarding the Basic Terms of any Long-Term Loan Obligations. The Annual Budget Report shall include a statement as to whether the Association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.
- (ix) Summary of Association-Maintained Insurance. The Annual Budget Report shall include a summary of the Insurance Policies that the Association is maintaining, including policies for property insurance, general liability insurance, earthquake, flood, and fidelity insurance. For each policy, the summary shall include the name of the insurer, the type of insurance, the policy limit, and the amount of the deductible, if any. To the extent that any of the required information is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it with the Annual Budget Report. The summary distributed pursuant to this subparagraph shall contain, in at least 10-point boldface type, the following statement:

“This summary of the Association’s policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association Member may, upon request and provision of reasonable notice, review the Association’s insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Association

maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property, including personal property or real property improvements to or around your Separate Interest, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association Members should consult with their individual insurance broker or agent for appropriate additional coverage."

(b) *Manner of Distributing the Annual Budget Report.* The Annual Budget Report shall be made available to the Members by some form of Individual Delivery. If a Member requests full copies of the reports, full copies must be provided to that Member.

(c) *Inclusion of Civil Code Assessment and Reserve Disclosure Summary Form.* The Assessment and Reserve Funding Disclosure Summary form, prepared pursuant to Section 5570, must accompany each Annual Budget Report or summary of the Annual Budget Report that is delivered pursuant to this Section. The Association may deliver copies of the full report or document and if a summary is provided, the summary shall include instructions on how to request a complete copy of the report at no cost to the Member.

Section 12.2 *Year End Review of the Association's Financial Statement.*

Within one hundred twenty (120) days after the close of the fiscal year, the Association shall distribute to its Members, by Individual Delivery a review of the financial statement of the Association, prepared in accordance with generally accepted accounting principles by a licensee of the California Board of Accountancy, for any fiscal year in which the gross income to the Association exceeds seventy-five thousand dollars (\$75,000).

Section 12.3 *Review of Accounts.*

On no less than a monthly basis, the Board of Directors shall:

- (a) Review a current reconciliation of the Association's operating accounts;
- (b) Review a current reconciliation of the Association's Reserve Accounts;
- (c) Review the current year's actual revenues and expenses compared to the current year's budget;
- (d) Review the Association's latest account statements prepared by the financial institution(s) with whom the operating and Reserve Accounts are lodged; and
- (e) Review the Association's income and expense statement for the Operating and Reserve Accounts.

(f) Review, on a monthly basis, the check register, monthly general ledger, and delinquent Assessment receivable reports.

The review requirements required by Civil Code Section 5500 and this Section may be met when every individual member of the Board, or a subcommittee of the Board consisting of the treasurer and at least one other Board member, reviews the documents and statements described in subparagraphs (a) through (f), above, independent of a Board meeting, so long as the review is ratified at the Board meeting subsequent to the review and that ratification is reflected in the minutes of that Board meeting.

Section 12.4 Required Reserve Studies.

At least once every three (3) years, the Board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the Major Components within the Project for which the Association is responsible and which have a remaining useful life of thirty (30) years or less as part of a study of the Association's Reserve Account requirements. The Board shall review this Reserve Study, or cause it to be reviewed, annually and shall consider and implement necessary adjustments to the Board's analysis of the Reserve Account requirements for the Association Capital Replacement Projects as a result of that review.

The Reserve Study required by this Section shall at a minimum include the following information:

(a) Identification of each of the Major Components within the Project that the Association is obligated to repair, replace, restore or maintain that, as of the date of the Reserve Study, have a remaining useful life of less than thirty (30) years. Components with an estimated remaining useful life of more than thirty (30) years may be included in the Reserve Study as a capital asset or disregarded from the Reserve calculation, so long as the decision is revealed in the Reserve Study report and reported in the Assessment and Reserve Funding Disclosure Summary;

(b) Identification of the probable remaining useful life of those Major Components identified in subparagraph (a) as of the date of the Reserve Study;

(c) An estimate of the cost of repair, replacement, restoration, or maintenance of the Major Components identified in subparagraph (a).

(d) An estimate of the total annual contribution necessary to defray the cost the Association Capital Replacement Projects identified in subparagraph (a) during and at the end of the useful life of the Major Components, after subtracting total Reserve Funds as of the date of the study.

(e) A Reserve Funding Plan that indicates how the Association plans to fund the contribution identified in subparagraph (d) to meet the Association's obligation for the repair and replacement of the Major Components which have an expected remaining life of thirty (30) years or less, not including those components that the Board has determined will not be replaced or

repaired. The Reserve Funding Plan shall also include a schedule of the date and amount of any change in Regular or Special Assessments that would be needed to sufficiently fund the Reserve Funding Plan. The Reserve Funding Plan shall be adopted by the Board of Directors at a meeting that is open to attendance to the Members.

If the Board determines that an Assessment increase is necessary to fund the Reserve Funding Plan, any increase shall be approved in a separate action of the Board that is consistent with the procedure described in Civil Code Section 5605.

Section 12.5 Statutory Assessment and Reserve Funding Disclosure Summary.

On an annual basis and as part of the Association's Annual Budget Report, the Association shall provide the Members with a summary of the Association's Reserves, based on the most recent Reserve Study. The summary shall be based only on assets held in cash or cash equivalents using the form that is set forth in Civil Code Section 5570. The form required by the Civil Code may be supplemented so long as the minimum information set out in the statute is provided. For the purpose of the report and summary of the Association's Assessment and Reserve disclosures, the amount of Reserves needed to be accumulated for a Major Components at a given time shall be computed as the current cost of replacement or repair of each Major Component multiplied by the number of years the Component has been in service divided by the useful life of the Component.

Section 12.6 Other Required Reports And Disclosures To Members.

In addition to the documents that the Association is required to distribute to the Members as described above, the following disclosures and information must be provided to the Members:

Section 12.7 Annual Policy Statement.

Within thirty (30) to ninety (90) days before the end of the Association's fiscal year, the Board of Directors shall distribute to the Members, by Individual Delivery, an Annual Policy Statement that provides the Members with information about Association policies. The Annual Policy Statement shall include all of the following information:

(a) *Information Regarding Designated Association Contact Person.* The name and address of the person designated to receive official communications to the Association.

(b) *Right to Request Sending of Information to Two Addresses.* A statement explaining that a Member may submit a request to have certain notices sent to up to two different specified addresses.

(c) *Location for Posting of General Notices.* The location, if any, designated for posting of a General Notice in a prominent location in the Development that is accessible to all Members and designated for the posting of General Notices. Such location shall be: **[insert location]**_____

(d) *Notice of Right to Receive Notices by "Individual Delivery."* Notice of a Member's option to receive General Notices by Individual Delivery.

(e) *Notice of Right to Receive Minutes.* Notice of a Member's right to receive copies of meeting minutes, draft minutes or a summary of the minutes within thirty (30) days of the meeting.

(f) *Annual Notice Form Regarding Assessments & Foreclosure Remedies.* The notice, in at least 12-point type, entitled "NOTICE OF ASSESSMENTS AND FORECLOSURE" that the Association is required to deliver to its Members as part of the Annual Policy Statement in the form set forth in Civil Code Section 5730.

(g) *Policy Statement Regarding Enforcement of Lien Rights.* A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of Assessments.

(h) *Policy Statement Regarding Member Discipline & Fine Schedule.* A statement describing the Association's discipline policy, if any, including any schedule of penalties for violations of the Governing Documents.

(i) *Summary of Association Dispute Resolution Procedures.* A summary of the Association's dispute resolution procedures (ADR and IDR) adopted by the Board pursuant and distributed to the Members in accordance with Civil Code Sections 5920 and 5965. This notice must specifically reference Article 3 of Chapter 10 of the Davis-Stirling Common Interest Development Act and must include this statement:

"Failure by any Member of the Association to comply with the pre-filing requirements of Civil Code Section 5930 may result in the loss of your rights to sue the Association or another Member of the Association regarding enforcement of the Governing Documents or the applicable law."

(j) *Summary of Requirements for Obtaining Architectural Approval of Improvement Projects.* A summary of any requirements for approval of Improvement Projects by the Architectural Committee pursuant to the Declaration.

(k) *Mailing Address for Over-Night Payment of Assessments.* The mailing address for overnight payment of Assessments which the Association must provide as convenience to its Members.

(l) *Other Appropriate Information.* Any other information that is required by law or the Governing Documents or that the Board determines to be appropriate for inclusion in the Annual Policy Statement.

The Association may deliver copies of the full report and if a summary is provided, the summary shall include instructions on how to request a complete copy of the report at no cost to

the Member shall be printed in at least 10-point boldface type on the first page of the summary and if a particular Member has requested that all reports be sent in full, the Association must deliver the full report to that Member, rather than a summary of the report.

Section 12.8 Notification to the Members of Rule Changes.

(a) *Rule Changes Requiring Notification to Members.* For purposes of this Section, a “Rule Change” is defined as any proposed action by the Board of Directors to adopt, amend, or repeal an Operating Rule. An Operating Rule is one that pertains to one of the following subjects: (i) use of the Association Common Areas of the Project; (ii) use of a Unit (including, without limitation, the adoption or amendment of any Architectural Rule); (iii) Rule Changes relating to Member discipline, including any action to adopt or amend a fine schedule or procedures for the imposition of penalties; (iv) any standards for delinquent Assessment payment plans; (v) any procedures adopted by the Association for resolution of disputes; (vi) any procedures for reviewing and approving or disapproving a proposed physical change to a Member’s Unit pursuant to the Declaration; and (vii) procedures for the conduct of elections.

Specifically excluded from the definition of a Rule Change or an Operating Rule are the following: (i) a decision regarding maintenance of the Common Area; (ii) decisions on specific matters that are not intended to apply generally; (iii) decisions setting the amount of the Regular Assessment or Special Assessment; (iv) Rule Changes that are required by law if the Board has no discretion with respect to the substantive effect of the Rule Change; and (v) issuance of a document that merely repeats existing law or the Governing Documents.

(b) *Required Notice to Members.* Civil Code Section 4360 requires the Board of Directors to provide notice pursuant to Civil Code Section 4045 (“General Delivery”) of a proposed Rule Change, as defined in subparagraph (a), above, to the Members at least twenty eight (28) days prior to making any Rule Change. The notice must include the text of the proposed Rule Change and a description of the purpose and effect of the proposed Rule Change. Notice is not required under this subparagraph (b) if the Board determines that an immediate Rule Change is necessary to address an imminent threat to public health, or safety or imminent risk of substantial economic loss to the Association. The decision on any Rule Change that is subject to these notice requirements shall be made by the Board at a duly noticed meeting that is open to the Members, after consideration of any comments made by the Members. As soon as possible after making a Rule Change (but in no event later than fifteen (15) days thereafter), the Board shall deliver notice of the Rule Change to every Member. If the Rule Change was an emergency Rule Change, the notice shall include the text of the Rule Change, a description of the purpose and effect of the Rule Change and the date that the Rule Change expires (emergency rules cannot remain in effect for more than one hundred and twenty (120) days). The notices required by this Section may be given to the Members by any method of General Notice. The Member notification requirements for the preceding categories of Operating Rules are intended to afford Members the right to demand that the Board conduct a special vote to rescind the proposed Rule Change in accordance with Civil Code Section.

**ARTICLE XIII
MISCELLANEOUS**

Section 13.1 Inspection of Books and Records.

(a) *Member Inspection Rights.*

- (i) Scope of Inspection Rights of Members. All accounting books and records, minutes of proceedings of the Members, the Board and committees of the Board, the membership list of the Association, and other documents that are defined as “*association records*” or “*enhanced association records*” shall at all times, during reasonable business hours, be subject to the inspection of any Member in accordance with the requirements and restrictions set forth in Civil Code Sections 5200 through 5240. The Member who desires to inspect those documents must submit a written request for inspection to the Association and that request must state a reason for the requested inspection that reasonably related to the Member’s interests in the Association. The accounting books and records and the minutes of proceedings of an Association, and any information contained in those records may not be used or sold for commercial purposes or used for any other purpose that is not reasonably related to a Member’s interests as a Member. Prohibited uses of the Association’s membership list are set forth in Corporations Code Section 8338 and Civil Code Section 5230, and the Association shall have the right, pursuant to Corporations Code Section 8330 to offer a Member who is seeking access to the membership list an alternative method of achieving the Member’s stated purpose without providing access to or a copy of the list, itself, so long as the Association presents its alternative method within ten (10) days following receipt of the Member’s request.
- (ii) Association’s Right to Withhold Information. The Association has the right to withhold or redact information from the accounting books and records and the minutes of proceedings for any of the following reasons: (A) the release of the information is reasonably likely to lead to identity theft (i.e., the unauthorized use of another person’s personal identifying information to obtain credit, goods, services, money or property); (B) the release of the information is reasonably likely to lead to fraud in connection with the Association; or (C) the information is privileged by law. However, except as provided by the attorney-client privilege, the Association may not withhold or redact information concerning the compensation paid to employees, vendors or contractors. Compensation information for individual employees shall be presented only by job classification or title, and not by use of the employee’s name, social security number or other personal information.

- (iii) Designation of Agent for Purposes of Inspection. A Member may inspect and copy those records that are open to Member inspection either in person or through his or her duly appointed representative. If a Member designates another person to inspect and/or copy Association records that are open to Member inspection, that designation must be in writing.
- (iv) Where Inspection Rights May be Exercised. The Association shall make the accounting books and records and the minutes of proceedings available for inspection and copying in the Association's business office within the Project or if there is no such office at a mutually agreeable location as established by the Association and the Member who requests the inspection; provided, however, that the Association has the right to satisfy the requirement to make the accounting books and records and the minutes of proceeding available for inspection and copying by mailing copies of the requested records to the Member by first-class mail within ten (10) days of receiving the Member's request.
- (v) Cost of Copies. The Association may bill the requesting Member for its actual, reasonable costs for copying and mailing requested documents so long as the Association informs the Member of the amount of the copying and mailing costs before sending the requested documents. Except as otherwise provided in subparagraph (iii), above and in sections 4525 through 4535 of the Civil Code (which obligate associations to provide certain information to requesting Members), nothing in this subparagraph (v) shall be construed to obligate the Association to make copies of requested documents or to organize or compile specific information or categories of information sought by a requesting Member under circumstances where the Association has made the information available for inspection and copying by the Member or his or her agent.
- (vi) Electronic Delivery of Information. Requesting parties shall have the option of receiving specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that does not allow the records to be altered. Under such circumstances, the cost of duplication for purposes of subparagraph (v), above, shall be limited to the direct cost of producing the copy of a record in that electronic format. The Association may deliver specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that prevents the records from being altered.

(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 except for those records which relate to claims and

action disputes which relate to that Director. The right of inspection by a Director includes the right to make extracts and copies of documents. All Directors should consider their fiduciary obligations to act in good faith and in a manner the Director believes to be in the best interests of the Association in determining what use and/or dissemination is to be made of information obtained in the Director's exercise of his or her inspection rights.

(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.

Section 13.2 Checks and Drafts.

All checks, drafts, or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such officer or officers and in such manner as, from time to time, shall be determined by resolution of the Board. Withdrawal of funds from the Association's reserve account shall require the signatures of either: (i) two (2) Board members or; (ii) one (1) member of the Board and an officer of the Association who is not also a Board member. Notwithstanding the foregoing, any withdrawal of funds from a reserve account shall require the signature of two (2) Directors or an Officer and Director.

Section 13.3 Transfers of Funds.

Transfers of Association funds which exceed ten thousand dollars (\$10,000.00) or five percent (5%) of the Association's operating budget shall not be permitted without the prior written approval of the Board.

IN WITNESS WHEREOF this _____ day of _____, 2025 we certify that these Amended and Restated Bylaws have been duly approved and adopted by at least seventy five percent (75%) of the membership of the Rowland Heights Villas Homeowners Association.

CERTIFICATE OF SECRETARY

I certify that I am duly elected and acting Secretary and President of the Rowland Heights Villas Homeowners Association and the above Restated Bylaws, consisting of thirty (30) pages, including this signature page, are the Bylaws of this Association, and that they have not been amended or modified since that date.

This Certificate is executed under penalty of perjury, under the laws of the State of California, on _____, 2025, in _____, California.

[Signature(s) Follows]