

Creekside Oaks

Homes Association Second Restated Bylaws

NOTICE REGARDING DISCRIMINATORY RESTRICTIONS

(California Government Code 12956.1)

In accordance with California Government Code 12956.1 the Association includes with this governing document the following information:

"If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status."

SECOND RESTATED BYLAWS
OF
CREEKSIDE OAKS HOMES ASSOCIATION

April 30, 2007

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OF
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SECOND RESTATED BYLAWS
OF
CREEKSIDE OAKS HOMES ASSOCIATION

ARTICLE I

Recitals and Definitions

Section 1.01. Name of Corporation. The name of this corporation shall be Creekside Oaks Homes Association and shall be referred to herein as the "Association".

Section 1.02. Corporation is Non-Profit. This corporation has been formed pursuant to the California Non-Profit Corporation Law as a mutual benefit corporation.

Section 1.03. Specific Purpose. The specific and primary purpose of this Association shall be to own, repair, maintain and manage the Common Area within that certain common interest development located in the County of Santa Clara, State of California and commonly referred to as Creekside Oaks, to maintain individual Residences and Lots to the extent and in the manner more particularly described in the Covenants, Conditions and Restrictions, to enforce the Association Rules adopted by the Board of Directors, as amended from time to time, and the terms and conditions of the Covenants, Conditions and Restrictions, and to otherwise enhance and promote the use and enjoyment of the Common Area and Association property by the Owners in common.

Section 1.04. Definitions.

(a) "Covenants, Conditions and Restrictions" or "CC&Rs" shall mean all limitations, restrictions, covenants, terms and conditions set forth in the Second Restated Declaration of Covenants, Conditions and Restrictions recorded in the Office of the Recorder of the County of Santa Clara with respect to the Properties located in Tract 4964, as shown on the Map thereof filed in the Office of the County Recorder of the County of Santa Clara, California, on April 10, 1971, in Map Book 281, Pages 50 and 51,

and Tract No. 5063, as shown on the Map thereof filed in the Office of the County Recorder of the County of Santa Clara, California on October 22, 1971 in Map Book 291, Pages 53 and 54, 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.

(b) "County" shall mean the County of Santa Clara, State of California.

(c) "Director" shall mean a member of the Board of Directors of the Association.

(d) "Office of Recorder" shall mean the Office of the Recorder, County of Santa Clara, State of California.

(e) "Person" shall mean and include any individual, corporation, partnership, association, limited liability company or other entity recognized by the laws of the State of California.

(f) Properties shall have the meaning set forth in Article I, Section 1.37, in the Covenants, Conditions and Restrictions.

(g) "Voting Power" shall mean the total membership of the Association eligible to vote, that is, all Members, except those suspended for default in payment of assessments or otherwise.

(h) Other Definitions Incorporated by Reference. The terms defined in the Covenants, Conditions and Restrictions shall have the same meaning when used herein unless the context clearly indicates a contrary intention.

ARTICLE II

Principal Office

Section 2.01. Location of Principal Office. The principal office of the Association shall be located at such place within the County as the Board may, from time to time, designate by resolution.

ARTICLE III

Membership

Section 3.01. Members of the Association. Every Owner of a Lot within the Properties shall be a Member of the Association. Membership in the Association shall be appurtenant to, and may not be separate from, ownership of any Lot. Membership rights are subject to temporary suspension in the event that a Member is in default in the payment of assessments or is otherwise in violation of these Bylaws, the Covenants, Conditions and Restrictions or the Association Rules, provided that disciplinary action resulting in such suspension is taken in accordance with Article XIV, Section 14.06, of the Covenants, Conditions and Restrictions.

Section 3.02. Term of Membership. Each Owner who is a Member shall remain a Member until he or she no longer qualifies as such under Section 3.01 above.

Section 3.03. Multiple Ownership of Lots. If more than one person owns a Lot, all of said persons shall be deemed to be one Member. In the case of multiple ownership, unless the Secretary of the Association is given written notice to the contrary, and is given a copy of the instrument or court order allocating voting rights differently, only one of such multiple Owners shall be entitled to vote the membership. The Secretary of the Association or the Association Manager shall be 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. In the absence of such designation, the person voting shall be deemed the designated voting co-Owner for such vote. If more than one multiple Owner attempts to vote a membership, the Secretary may refuse to count any ballot pertaining to said Lot.

Section 3.04. Furnishing Evidence of Membership. A person shall not be entitled to exercise the rights of a Member until such person has advised the Secretary or Association Manager in writing that the person is qualified to be a Member under Section 3.01 above, and has provided the Secretary with evidence of such qualification in the form of a copy of a recorded grant deed, a currently effective policy of title insurance, or other satisfactory evidence, or in the absence of such evidence the Secretary may rely on the Association's then current membership list or the records of the County Assessor. Exercise of membership rights shall be further subject to the rules regarding record dates for notice, voting and actions by written ballot set forth herein. Authentication of signatures shall occur as provided in Section 5.11 of these Bylaws.

ARTICLE IV

Membership Voting

Section 4.01. Single Class of Membership. The Association shall have but one class of voting membership.

Section 4.02. 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 3.03 of these Bylaws. 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 of Covenants, Conditions and Restrictions. A Member who owns more than one Lot shall be ineligible to vote if that Member is delinquent with respect to any of such Lots.

Section 4.03. Eligibility to Vote. The persons entitled to vote at any meeting of Members shall be those persons who are Members as of the record date determined in accordance with Section 5.08 of Article V hereof, subject to the provisions of California's Non-Profit Corporation Law. A Member must be in good standing, with all assessments current, and not be subject to any suspension of membership rights, in order to be eligible to vote.

Section 4.04. Manner of Casting Votes. Voting may be by voice or by ballot, provided that elections concerning assessments pursuant to Article IV of the Declaration, selection of members of the Association's Board of Directors pursuant to this Section 7.04 of the Bylaws, amendments to the governing documents, or the grant of exclusive use of Common Area property pursuant to Section 2.07 of the Declaration, and Civil Code Section 1363.07 shall be held by secret ballot in accordance with the procedures set forth in Section 7.04(c). Members otherwise eligible to vote may do so in person or by proxy in accordance with Section 4.05 of this Article IV.

Section 4.05. Proxies.

(a) Any Member entitled to vote may do so either in person or by one or more agents authorized by a written proxy signed (whether by manual signature, typewriting, telegraphic transmission or otherwise) by the Member and filed with the Secretary of the Association or the Association Manager before the appointed time of each meeting. Any

proxy shall be for a term not to exceed eleven (11) months from the date thereof, unless otherwise provided in the proxy; provided that the maximum term of any proxy shall be three (3) years from the date of execution and, provided further, that any proxy pertaining to the nomination or election of Directors shall have a maximum term not to exceed one year. Any form of proxy distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon. The proxy also shall identify the person or persons authorized to exercise the proxy and the length of time it will be valid. In addition, voting by proxy shall comply with other applicable requirements of California Corporations Code Section 7514 and 7613.

(b) Any proxy issued hereunder shall be revocable by the person executing such proxy at any time prior to the vote pursuant thereto, by (1) delivery to the Secretary of a written notice of revocation; (2) a subsequent proxy executed by the Member executing the prior proxy and presented prior to the meeting or (3), as to any meeting, by attendance at such meeting and voting in person by the Member executing the proxy. The dates contained on the forms of proxy presumptively determine the order of execution, and the order in which they are mailed. A proxy shall be deemed revoked when the Secretary shall receive actual notice of the death or judicially declared incompetence of the Member issuing the proxy, or upon termination of such Member's status as an Owner of a Lot as provided in Article III, Section 3.01 above.

(c) Any proxy given with respect to any of the matters described in this Subsection (c) shall be valid only if the proxy sets forth the general nature of the matter to be voted on. The matters subject to this requirement are:

- (1) Removal of Directors.
- (2) Filling of vacancies on the Board.
- (3) Approval of contracts or transactions between the Association and one or more of its Directors, or between the Association and a corporation, firm or association in which one or more of its Directors has a material financial interest.
- (4) Action to amend the Articles of Incorporation, these Bylaws or the Covenants, Conditions and Restrictions.
- (5) Sale, lease, exchange, transfer or other disposition of all or substantially all of the Association's assets otherwise than in the regular course of the Association's activities.

- (6) Approval of any merger of the Association or adoption and approval of an amendment of an agreement of merger.
- (7) Election by the Association to voluntarily wind up and dissolve.
- (8) Action to change any Association assessments in a manner requiring membership approval under the Covenants, Conditions and Restrictions.

(d) In any election of Directors any form of proxy in which the Directors to be voted upon are named therein as candidates, and which is marked by a Member "withhold" or otherwise marked in a manner indicating that the authority to vote for the election of Directors is withheld, shall not be voted either for or against the election of a Director. If any proxy issued in connection with the election of Directors is marked so as to direct the proxy holder to vote the proxy for a specified candidate or candidates, the proxy holder shall vote in accordance with the direction of the proxy issuer.

(e) Where two or more persons constitute a Member, any proxy with respect to the vote of such Member may be signed by any of such persons, but only one proxy may be cast for each Member. All such persons may attend meetings, but no vote of such Member shall be cast without the unanimous consent of all persons present at such meeting constituting each Member.

(f) No amendment of the Articles or these Bylaws repealing, restricting, or expanding proxy rights may be adopted without approval by the affirmative vote of a majority of the voting power of the Members represented and voting at a duly held meeting at which a quorum is present, or the affirmative vote of a majority of the voting power of the Members by written ballot as provided in Article IV, Section 4.06.

Section 4.06. Action by Written Ballot Without a Meeting.

(a) Written ballot votes concerning the subjects described in Section 7.04(c) shall be conducted in accordance with Section 7.04. Any matter or issue requiring the vote of the Members may be submitted for vote by written ballot without a meeting of the Members, provided the requirements for action by written ballot set forth in this Section 4.06 and the provisions of California Corporations Code Section 7513 and 7516 are met. The determination to seek Member approval for corporate action in this fashion shall be made by a majority of the Board or by Members having ten (10%) percent of the total votes of the membership signing a written request and delivering this request to the Secretary. In the event that any matter or issue is to be voted upon by written ballot, at least fifteen (15) days prior to the date the written ballots are to be received to be counted,

the Board shall distribute the written ballot to every Member entitled to vote on the matter. Such ballot shall set forth the proposed action and provide an opportunity to specify a choice between approval or disapproval of each matter or a group of matters to be acted upon. The written ballot shall provide a reasonable time within which to return the written ballot to the Association and shall state on its face or in an accompanying notice the date by which the written ballot must be returned in order to be counted. The written ballot shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice. The time fixed for the return of ballots may only be increased if the Board has notified the Members in writing in the initial ballot of its right to do so and elects to do so in writing prior to expiration of the balloting period and then for no more than sixty (60) days from the initial return date of the ballots.

(b) Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting of Members authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the action at a meeting of Members.

(c) Written ballots shall be solicited in a manner consistent with the requirements of Article V, Section 5.04(c) pertaining to the giving of notice of Members' meetings. All solicitations of written ballots shall indicate the number of responses needed to meet the quorum requirement for valid action and shall state the percentage of approvals necessary to pass the measure submitted. If deemed necessary by the Board, the ballot shall be conducted in accordance with such additional procedures, not inconsistent with the provisions of this Section, as may be prescribed by a firm of certified public accountants of good repute who may also be retained to supervise the secrecy and control of the vote.

(d) Upon tabulation of the ballots, the Board shall notify the Members of the outcome of the balloting process. If insufficient votes to constitute a quorum are cast, the Board shall so notify the Members. Once exercised, a written ballot may not be revoked.

Section 4.07. Only Majority Vote of Members Represented at Meeting Required, Unless Otherwise Specified. If a quorum as defined in Article V, Section 5.05, of these Bylaws is present, the affirmative vote of the majority of the Members represented at the meeting, 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 California's Non-Profit Corporation Law, by the Articles of Incorporation, by the Bylaws or by the Covenants, Conditions and Restrictions of the Association.

ARTICLE V

Membership Meetings

Section 5.01. Place of Meeting. The meetings of the Members shall be at such reasonable place within the County and at such time as may be specified herein or designated by notice of the Board of the meeting.

Section 5.02. Annual Meeting. There shall be an annual meeting of the Members on the second Sunday of March of each year at a time to be determined by the Board. If for any reason it is impossible or impractical to hold the annual meeting on such date, the meeting shall be held at such time within sixty (60) days preceding or following such date, as the Board shall determine.

Section 5.03. Special Meetings.

(a) **Who May Call.** A majority of the Board, the President or Members representing five percent (5%) or more of the Voting Power of the Association may call special meetings of the Members at any time to consider any reasonable business of the Association.

(b) **Calling Special Meetings by Members.** If a special meeting is called by Members other than the President or a majority of the Board, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, any Vice President, or the Secretary of the corporation. 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 5.04 of this Article V, that a meeting will be held, and the date and time for such meeting, which date shall be not less than thirty-five (35) or more than ninety (90) days following the receipt of the request. If the notice is not given within 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 of Directors or the President.

Section 5.04. Notice of Members' Meetings.

(a) All notices of meetings of Members (whether annual or special) shall be sent or otherwise given in writing to each Member who, on the record date for notice of the meeting (Article V, Section 5.08) is entitled to vote thereat, in accordance with

Subsection (c) of this Section 5.04, not less than ten (10) nor more than ninety (90) days before the date of the meeting stating (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 an annual 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 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 twenty (20) nor more than ninety (90) days before the meeting.

(b) If action is proposed 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):

- (1) Removing a Director without cause.
- (2) Filling vacancies on the Board of Directors under those circumstances where a vote of the Members is required pursuant to Article VII, Section 7.05 of these Bylaws.
- (3) Amending the Articles of Incorporation, these Bylaws or the Covenants, Conditions and Restrictions in any manner requiring approval of the Members.
- (4) Approving a contract or transaction between the Association and one or more of its Directors or Owners, or between the Association and any corporation, firm or association in which one or more of its Directors or Owners has a material financial interest.
- (5) Approving a plan of distribution of assets, other than cash, in liquidation.
- (6) Approving any change in the Association's assessments in a manner requiring membership approval under the Covenants, Conditions and Restrictions.
- (7) Voting upon any election to voluntarily wind up and dissolve the corporation.

(c) Notice of any meeting of Members shall be given either personally or by first-class mail, or other means of 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 (1) notice is sent to that Member by first class mail, telegraphic or other written communication addressed to the Association's principal office, or (2) notice is published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at that time when delivered personally or seventy-two (72) hours following deposit in the mail. In the event that the Association regularly sends its Members a newsletter or magazine, the requirement of written notice hereunder may be satisfied by setting forth the required information in said newsletter or magazine so long as it is addressed and mailed or delivered to the Member at the Member's address as shown on the books of the Association.

(d) An affidavit of the mailing or other means of giving any notice of any Members' meeting may be executed by the Secretary or Assistant Secretary of the Association, and if so executed, shall be filed and maintained in the Association's minute book. Such affidavit shall constitute prima facie evidence of the giving of notice.

Section 5.05. Quorum Requirements.

(a) Thirty-five percent (35%) of the Voting Power of Members, represented in person or by proxy, shall constitute a quorum for the transaction of business at an annual or special meeting of the Members. Notwithstanding anything herein to the contrary, a quorum for purposes of obtaining membership approval of special assessments or increases in regular assessments as may be required by Article IV, Sections 4.02(a) and 4.03(c) of the Covenants, Conditions and Restrictions means more than fifty (50%) percent of the Owners. The quorum requirements of this Section 5.05 shall apply to votes of the membership by secret ballot pursuant to Section 7.04 of the Bylaws.

(b) The Members present 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, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

Section 5.06. Adjourned Meeting. 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 Members represented at the meeting, either in person or by proxy. Unless

there is an absence of a quorum (in which case no other business may be transacted at that meeting except as provided in Section 5.05(b)), the adjourned meeting may take any action which might have been transacted at the original meeting. When a Members' meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. No meeting may be adjourned for more than forty-five (45) days. If, after adjournment, a new record date is fixed for notice or voting, a notice of the adjourned meeting must be given to each Member who, on the record date for notice of the meeting, is entitled to vote thereat.

Section 5.07. Waiver of Notice or Consent by Absent Members.

(a) The transactions of any meeting of Members, either annual or special, however called or noticed, and wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to a holding of the meeting, or an approval of the minutes. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meeting of Members, except that if action is taken or proposed to be taken for approval of any of those matters specified in Section 5.04(b) of this Article V, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

(b) Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects at the beginning of the meeting to the transaction of any business due to the inadequacy or illegality of the notice. Also, 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 5.04(b) of this Article V, if that objection is expressly made at the meeting.

Section 5.08. Record Dates for Member Notice, Voting and Giving Consents.

(a) 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 corporation after the record date,

except as otherwise provided in the Articles of Incorporation, by agreement, or in the California Non-Profit Corporation Law. The record dates established by the Board pursuant to this Section shall be:

- (1) In the case of determining those Members entitled to notice of a meeting, not more than ninety (90) nor less than ten (10) days before the date of the meeting.
 - (2) In the case of determining those Members entitled to vote at a meeting, not more than sixty (60) days before the date of the meeting.
 - (3) In the case of determining Members entitled to cast written ballots, not more than sixty (60) days before the day on which the first written ballot is mailed or solicited.
 - (4) In the case of determining Members entitled to exercise any rights in respect to other lawful action, not more than sixty (60) days prior to the date of such other action.
- (b) Failure of Board to Fix a Record Date.
- (1) Record Date for Notice of Meetings. Unless fixed by the Board, 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.
 - (2) Record Date for Voting. Unless fixed by the Board, 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.
 - (3) Record Date for Action by Written Ballot Without Meeting. Unless fixed by the Board, the record date for determining those Members entitled to vote by written ballot on proposed corporate 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.

- (4) **Record Date for Other Lawful Action.** Unless fixed by the Board, the record date for determining those Members entitled to exercise any rights in respect to any lawful action shall be Members at the close of business on the day on which the Board adopts the resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later.
- (5) **"Record Date" Means as of Close of Business.** For purposes of this Section (b) a person holding a membership as of the close of business on the record date shall be deemed the Member of record.

Section 5.09. Open Forums. In addition to the annual and special meetings discussed in Sections 5.02 and 5.03 of this Article V, the Secretary of the Association shall be entitled to call informal meetings of the membership, to be known as Open Forums, for the purpose of discussing problems common to Members residing in a particular area within the Properties or problems common to all Members. Open Forums shall be called on written notice delivered to all Members at least five (5) days before the date of the meeting. The notice shall set forth the date, time and place of the Open Forum and the general nature of each item to be discussed. Although the Members attending the Open Forum may discuss any issue that has been noticed, no formal action may be taken at the meeting, such action being reserved to membership meetings satisfying the requirements of Sections 5.01 through 5.08 of this Article V.

Section 5.10. Meeting Procedures. Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. The Board shall permit any Member of the Association to speak at any meeting of the Association. A reasonable time limit for all Members of the Association to speak before a meeting of the Association shall be established by the Board.

Section 5.11. Authentication of Signatures.

(a) If the name signed on a ballot, consent, waiver, or proxy appointment corresponds to the record name of a Member, the Association, if acting in good faith, is entitled to accept the ballot, consent, waiver or proxy appointment and give it effect as the act of the Member.

(b) If the name signed on a ballot, consent, waiver, or proxy appointment does not correspond to the record name of a Member, the Association if acting in good faith is nevertheless entitled to accept the ballot, consent, waiver, or proxy appointment and give it effect as the act of the Member if any of the following occur:

- (1) The Member is an entity and the name signed purports to be that of an officer or agent of the entity.
- (2) The name signed purports to be that of an attorney-in-fact of the Member and if the Association requests, evidence acceptable to the Association of the signatory's authority to sign for the Member has been presented with respect to the ballot, consent, waiver, or proxy appointment.
- (3) Two or more persons hold the membership as cotenants or fiduciaries and the name signed purports to be the name of at least one of the coholders and the person signing appears to be acting on behalf of all the coholders.
- (4) The name signed purports to be that of an administrator, executor, guardian, or conservator representing the Member and, if the Association requests, evidence of fiduciary status acceptable to the Association has been presented with respect to the ballot, consent, waiver, or proxy appointment.
- (5) The name signed purports to be that of a receiver or trustee in bankruptcy of the Member, and, if the Association requests, evidence of this status acceptable to the Association has been presented with respect to the ballot, consent, waiver, or proxy appointment.

(c) The Association is entitled to reject a ballot, consent, waiver, or proxy appointment if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has a reasonable basis for doubt concerning the validity of the signature or the signatory's authority to sign for the Member.

(d) The Association and any officer or agent thereof who accepts or rejects a ballot, consent, waiver, or proxy appointment in good faith and in accordance with the standards of this Section 5.11 shall not be liable in damages to the Member of the consequences of the acceptance or rejection.

(e) Association action based on the acceptance or rejection of a ballot, consent, waiver, or proxy appointment under this Section 5.11 is valid unless a court of competent jurisdiction determines otherwise.

ARTICLE VI

Membership Rights

Subject to the provisions hereof and the provisions of the Covenants, Conditions and Restrictions, the Members shall have the following rights:

Section 6.01. Use and Enjoyment of Common Area. Each Member shall be entitled to the use and enjoyment of the Common Area and Common Facilities within the Properties.

Section 6.02. Use of Common Area by Household Members. In the interests of safety, and of enforcing the Association Management Documents, each Member shall notify the Board in writing of the names of the occupants of the Members Residence who may use and enjoy the Common Area and Common Facilities within the Properties.

Section 6.03. Tenants. Subject to the Covenants, Conditions and Restrictions, each Member shall have the right to assign the Member's rights as a Member (other than voting rights and qualification to serve as a Director) to a Tenant residing within said Member's Lot. Such assignment shall only be effective so long as said Tenant is so residing in said Member's Lot and is in compliance with the Covenants, Conditions and Restrictions and the Association Rules, as the same may exist from time to time. At all times the Member shall remain responsible for compliance by the Member's Tenant with the provisions of these Bylaws, the Covenants, Conditions and Restrictions and the Association Rules. The assignment of the Member's right to use Common Area recreational facilities to a Tenant shall not be effective until such time as the Member has given the Secretary or managing agent written notice thereof setting forth the name of the assignee and the members of the assignee's Household who will be entitled to the use and enjoyment of the Common Facilities by virtue of said assignment. During the period of any lease or rental of a Lot, neither the Member nor the Member's Guests shall be entitled to use the Common Facilities except to the extent reasonably necessary to perform the usual responsibilities of a landlord or to ensure or gain compliance by the Tenant with the requirements of these Bylaws and the Covenants, Conditions and Restrictions.

Section 6.04. Guests. The Guests of a Member or assignee of the Member under Section 6.03 above shall have the right to use and enjoy the Common Area, recreation facilities and roads within the Properties subject to the terms of the Covenants, Conditions and Restrictions, and further subject to the Association Rules, provided that such Guests are accompanied by the Member or the assignee while using the Common Facilities.

Section 6.05. Compliance with Association Governing Documents and Association Rules. The right of use and enjoyment hereunder, shall at all times be subject to the rules, limitations and restrictions set forth herein and, in the Association Rules, as the same are in existence from time to time. The Board shall have the right to impose monetary penalties or to temporarily suspend the use and enjoyment of any Common Facilities, with the exception of the right of use of any roads or driveways, for the failure of a Member to pay any assessments when due under the Covenants, Conditions and Restrictions, or to comply with any other rule or regulation imposed upon such Member, the Member's Tenants or Guests, pursuant to the Articles of Incorporation, these Bylaws or the Covenants, Conditions and Restrictions; provided, however, that any such suspension shall only be imposed after such person has been afforded the notice and opportunity for a hearing more particularly described in the Covenants, Conditions and Restrictions.

ARTICLE VII

Board of Directors

Section 7.01. General Corporate Powers. Subject to the provisions of the California Non-Profit Corporation Law, the Covenants, Conditions and Restrictions, and any limitations in the Articles and these Bylaws relating to action requiring approval by the Members, the business and affairs of the Association shall be vested in and exercised by, the Association's Board of Directors consisting of seven (7) persons who shall be Members in good standing, provided, however, that no two persons owning or residing in the same Lot may serve as Director at the same time. Subject to the limitations expressed in Article X, Section 10.01, 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 exercised under the ultimate direction of the Board.

Section 7.02. Term of Office.

(a) Each Director elected at the annual meeting shall hold office for a term of two (2) years and until a successor Director has been elected and qualified. A Member elected or appointed to fill an unexpired Board vacancy shall serve for the unexpired term of the Member's predecessor. Three (3) Directors shall be elected in each even numbered year and four (4) Directors shall be elected in each odd numbered year.

(b) Any person serving as a Director may be re-elected for not more than three (3) consecutive full terms. After the lapse of one year, a former Board member will be eligible for election.

Section 7.03. Nominations of Directors.

(a) **Candidates Selected by Nomination Committee.** At least sixty (60) days prior to the date of any election of Directors, the Board shall appoint a Nominating Committee to select qualified candidates for election to those positions on the Board of Directors held by Directors whose terms are then expiring. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association who may or may not be Board members. The Nominating Committee shall make its report to the Board at least thirty (30) days before the date of the election, and the Secretary shall forward to each Member, with the notice of meeting required by Article V, Section 5.04, a list of candidates nominated. 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 to be filled. Members in good standing may be nominated as candidates for election to the Board.

(b) **Candidate Communications.** The Board shall adopt procedures that provide for a reasonable opportunity for nominees to communicate their qualifications and reasons for candidacy to the Members and to solicit votes, and for a reasonable opportunity for all Members to choose among the nominees.

(c) **Self-Nomination.** A Member can become a candidate for election by self-nomination as a candidate in the Ballot, by (i) giving timely notice to the Board, (ii) as a write-in candidate, or (iii) as a candidate nominated from the floor if the secret ballot election concludes at a meeting of the Members.

(d) **Good Standing Requirement for Candidacy.** In order to be eligible for nomination, election and service on 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 7.04. Secret Ballot Elections.

(a) At each annual meeting of the Members, the Members shall elect persons to those positions on the Board of Directors held by Directors whose terms are then expiring. The persons thus elected shall be selected from among those persons nominated pursuant to Section 7.03 above; however, if for any reason an annual meeting is not held

or the Directors are not elected at any annual meeting, the Directors may be elected at any special meeting held for that purpose. The Directors thus elected shall take office immediately upon the close of the meeting of the Members at which the Directors are elected.

(b) Cumulative voting for the election of Directors is prohibited. Voting for Directors shall be by secret written ballot, and the candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be elected. A Member may cast votes for election of Directors equal to the number of vacancies to be filled. No Member may cast more than one vote per candidate.

(c) An election regarding assessments pursuant to Article IV of the Declaration, selection or removal of members of the Association's Board of Directors pursuant to this Section 7.04 of the Bylaws, amendments to the governing documents, or the grant of exclusive use of Common Area property pursuant to Section 2.07 of the Declaration, and Civil Code Section 1363.07 shall be held by secret ballot in accordance with the procedures set forth in this Subsection (c).

- (1) The Association shall select an independent third party or parties as an inspector of election. The number of inspectors of election shall be one or three.
- (2) For the purposes of this Subsection (c), an independent third party includes, but is not limited to, a volunteer poll worker with the County registrar of voters, a licensee of the California Board of Accountancy, or a notary public. An independent third party may be a Member of the Association, but may not be a member of the Board of Directors or a candidate for the Board of Directors or related to a member of the Board of Directors or a candidate for the Board of Directors. An independent third party may not be a person who is currently employed or under contract to the Association for any compensable services unless expressly authorized by rules of the Association adopted pursuant to Section 3.08(e)(5) of the Declaration.
- (3) The inspector or inspectors of election shall do all of the following:
 - (A) Determine the number of memberships entitled to vote and the voting power of each.
 - (B) Determine the authenticity, validity, and effect of proxies, if any.

- (C) Receive ballots.
 - (D) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote.
 - (E) Count and tabulate all votes.
 - (F) Determine when the polls shall close.
 - (G) Determine the tabulated results of the election.
 - (H) Perform any acts as may be proper to conduct the election with fairness to all Members in accordance with Civil Code Section 1363.03, the Corporations Code and the governing documents of the Association regarding the conduct of the election that are not in conflict with Civil Code Section 1363.03.
- (4) An inspector of election shall perform his or her duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical. If there are three inspectors of election, the decision or act of a majority shall be effective in all respects as the decision or act of all. Any report made by the inspector or inspectors of election is prima facie evidence of the facts stated in the report.
- (5) Any instruction given in a proxy issued for an election that directs the manner in which the proxy holder is to cast the vote shall be set forth on a separate page of the proxy that can be detached and given to the proxy holder to retain. The proxy holder shall cast the Member's vote by secret ballot.
- (6) Ballots and two preaddressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered by the Association to every Member not less than thirty (30) days prior to the deadline for voting. In order to preserve confidentiality, a voter may not be identified by name, address, or lot, parcel, or unit number on the ballot. The Association shall use as a model those procedures used by California counties for ensuring confidentiality of voter absentee ballots, including all of the following:

- (A) The ballot itself is not signed by the voter, but is inserted into an envelope that is sealed. This envelope is inserted into a second envelope that is sealed. In the upper left hand corner of the second envelope, the voter prints and signs his or her name, and indicate the address, or separate interest 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.
- (7) All votes shall be counted and tabulated by the inspector or inspectors of election 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 an 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. However, the inspector of election, or his or her designee, may verify the Member's information and signature on the outer envelope prior to the meeting at which the ballots are tabulated. Once a secret ballot is received by the inspector of elections, it shall be irrevocable.
 - (8) The tabulated results of the election shall be promptly reported to the Board of Directors of the Association 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 publicize the results of the election in a communication directed to all Members.
 - (9) The sealed 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 until after the tabulation of the vote, and until the time allowed by Section 7527 of the Corporations Code for challenging the election has expired, at which time custody shall be transferred to the Association. In the event of a recount or other challenge to the election process, the inspector(s) shall, upon written request, make the ballots available for inspection and review by Association Members or their

authorized representatives. Any recount shall be conducted in a manner that shall preserve the confidentiality of the vote.

- (10) After the transfer of the ballots to the Association, the election ballots shall be stored by the Association in a secure place for no less than one year after the date of the election.
- (11) Association funds shall not be used for campaign purposes in connection with any Association Board election. Funds of the Association shall not be used for campaign purposes in connection with any other Association election except to the extent necessary to comply with duties of the Association imposed by law.
- (12) For the purposes of this Section "campaign purposes" include, but are not limited to, the following:
 - (A) Expressly advocating the election or defeat or any candidate that is on the Association election ballot.
 - (B) Including the photograph or prominently featuring the name of any candidate on a communication from the Association or its Board, excepting the ballot and ballot materials, within thirty (30) days of an election, provided that this is not a campaign purpose if the communication is one for which subdivision (a) of Civil Code Section 1363.03 requires that equal access be provided to another candidate or advocate.

Section 7.05. Vacancies on Board of Directors.

(a) A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following: (1) the death or resignation of any Director or the removal of a Director pursuant to Subsection (d) hereof; (2) the failure of the Members, at any meeting of Members at which any Director or Directors are to be elected, to elect the number of Directors to be elected at such meeting.

(b) Except as provided in this Section, 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 appoint a successor to take office when the resignation becomes effective.

(c) Vacancies on the Board shall be filled by a majority vote of the remaining Directors, though less than a quorum, or by a sole remaining Director. The successor Director shall serve for the unexpired term of his or her predecessor. The Members may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors, but any such election or written ballot shall require the approval of a majority of the Voting Power. A vacancy created by the removal of a Director can be filled only by election of the Members.

(d) The Board of Directors shall have the power and authority to remove a Director and declare such office vacant if the Director has: (1) been declared of unsound mind by a final order of court; (2) been convicted of a felony; (3) been found by a final order or judgment of any court to have breached any duty under Sections 7230-7236 of the California Non-Profit Corporation Law (relating to the standards of conduct of Directors); (4) if the Director fails to attend three (3) consecutive regular meetings of the Board which have been duly noticed in accordance with California law; or (5) if the Director becomes more than ninety (90) days delinquent in the payment of assessments. Except as otherwise provided in the immediately preceding sentence and in Subsection (e) hereof, a Director may only be removed from office prior to expiration of the Director's term by the affirmative vote of a majority of the votes conducted by secret ballot as required by the procedures set forth in Section 7.04.

(e) 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 Meeting

Section 8.01. Place of Meetings. Regular meetings of the Board of Directors may be held at any place within the County that has been designated from time to time by resolution of the Board. In the absence of such designation, regular meetings shall be held at the principal office of the Association. Special meetings of the Board shall be held at any place within the County that has been designated in the notice of the meeting or, if not stated in the notice, at the principal office of the Association. Notwithstanding the above provisions of this Section 8.01, 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 8.02. Meetings of Directors. Within thirty (30) days 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 business. Reasonable notice of this meeting shall be given to the Members. Regular meetings shall be conducted at least quarterly.

Section 8.03. Notice of Regular Meetings. Notices of regular and special meetings of the Board of Directors shall be given to the Board members upon four (4) days' notice by first-class mail or forty-eight (48) hours' notice delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means. Notice of the date, time and location of all regular Board meetings also shall be given to the Members at least four (4) days prior to the meeting by posting the notice in a prominent place or places within the Common Area, by mail, or delivery of the notice to each Residence, or by newsletter or similar means of communication, except for an emergency meeting. Notice shall be given by mail to any Owner who had requested notification of Board meetings by mail, at the address requested by the Owner. An emergency meeting of the Board of Directors may be called by the President, or by any two (2) members of the Board of Directors other than the President, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board and which, of necessity, make it impracticable to provide notice as required by this Section.

Section 8.04. Special Meetings of the Board.

(a) Special meetings of the Board of Directors for any purpose may be called at any time by the President, the Vice-President, the Secretary, or any two Directors.

(b) Notice of Special Meetings.

- (1) 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:
 - (i) By personal delivery of written notice.
 - (ii) By first-class mail, postage prepaid.
 - (iii) By telephone communication, including a voice message system or other system or technology designed to record and communicate messages.

- (iv) By telegraph, facsimile, electronic mail, or other electronic means.

All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notice of a meeting need not be given to any Director who signed a written waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at commencement of the meeting, the lack of notice to such Director. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes.

Reasonable advance notice of any special meeting of the Board also shall be given to the Members of the Association. Notice of the date, time and location of special Board meetings also shall be given to the Members at least four (4) days prior to the meeting by posting the notice in a prominent place or places within the Common Area, by mail, or delivery of the notice to each Residence, or by newsletter or similar means of communication. Notice shall be given by mail to any Owner who had requested notification of Board meetings by mail, at the address requested by the Owner. Notices of emergency meetings of the Board need not be given to the Members.

- (2) Time Requirements. Notices sent by first-class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, e-mail or telegraph shall be delivered, telephoned, e-mailed or given to the telegraph company at least forty-eight (48) hours before the time set for the meeting.
- (3) Notice Contents. The notice shall state the date, time, place and purpose for the meeting.

Section 8.05. Attendance by Members and Association Manager.

(a) With the exception of executive sessions of the Board (see Subsection (b), below) and emergency meetings of the Board as defined in Civil Code Section 1363.05(h), all meetings of the Board shall be open to Members of the Association provided that non-Director members may only participate in deliberations or discussions

of the Board when expressly authorized by a vote of a majority of a quorum of the Board. However, the Board shall permit any Member of the Association to speak at any meeting of the Board, except for meetings of the Board held in executive session. A reasonable time limit for all Members of the Association to speak to the Board shall be established by the Board. The Association Manager may, at the Board's discretion, attend regular and special meetings. As used in this Section, "meeting" includes any congregation of a majority of the members of the Board at the same time and place to hear, discuss, or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session.

(b) The Board may adjourn a meeting and reconvene in executive session to discuss and vote upon litigation, matters that relate to the formation of contracts with third parties, Member discipline, personnel matters, or to meet with a Member, upon the Member's request, regarding the Member's payment of assessments, as specified in California Civil Code Section 1367 or 1367.1. The nature of any and all business to be discussed in executive session shall first be announced in open session. The Board of Directors shall meet in executive session, if requested by a Member who may be subject to a fine, penalty, or other form of discipline, and the Member shall be entitled to attend the executive session. 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. Any matters discussed in executive session shall be generally noted in the minutes of the immediately following meeting that is open to the entire membership.

Section 8.06. Meeting Format. Members of the Board may participate in a meeting through use of conference telephone, electronic video screen communications, or other communications equipment. Participation in a meeting through use of conference telephone pursuant to this Section constitutes presence in person at that meeting as long as all Members participating in the meeting are able to hear one another. Participation in a meeting through use of electronic video screen communication or other communications equipment (other than conference telephone) pursuant to this Section constitutes presence in person at that meeting if all of the following apply:

(a) Each Member of the Association participating in the meeting can communicate with all of the other Members concurrently.

(b) Each Member of the Association is provided the means of participating in all matters before the Board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation.

(c) The corporation adopts and implements some means of verifying both of the following:

(i) A person participating in the meeting is a Director or other person entitled to participate in the Board meeting.

(ii) All actions of, or votes by, the Board are taken or cast only by the Directors and not by persons who are not Directors.

(d) The rights of Members of the Association to attend and participate in the meeting as provided in Section 8.05 of these Bylaws are preserved.

Section 8.07. 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 8.09 of this Article VIII. Every act done or decision 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 Non-Profit Corporation law, especially those provisions relating to (1) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, (2) appointment of committees, and (3) 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 action taken is approved by at least a majority of the required quorum for that meeting.

Section 8.08. Waiver of Notice. The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid 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 corporate 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 also shall be deemed to have been waived by any Director who attends the meeting without protesting before or at its commencement about the lack of notice.

Section 8.09. Adjournment. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the

Directors who are not present at the time of the adjournment. Except as hereinabove provided, notice of adjournment need not be given.

Section 8.10. 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.

Section 8.11. Minutes. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of Directors, other than an executive session, shall be available to Members within thirty (30) days of the meeting. Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting open to the entire membership. The minutes, proposed minutes, or summary minutes shall be distributed to any Member of the Association upon request and upon reimbursement of the Association's costs in making that distribution. Members of the Association shall be notified in writing at the time that the pro forma budget required in California Civil Code Section 1365 is distributed, or at the time of any general mailing to the entire membership of the Association, of their right to have copies of the minutes of meetings of the Board of Directors, and how and where those minutes may be obtained.

ARTICLE IX

Duties and Powers of the Board

Section 9.01. Standard of Care. Each Director shall perform his or her duties as a Director, including the duties as a member of any committee of the Board on which the Director serves, in good faith, in a manner such Director believes to be in the best interests of the Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Section 9.02. Specific Powers and Duties. Without prejudice to the general powers of the Board of Directors set forth in Article VII, Section 7.01, the Directors shall have the power to:

(a) Exercise all powers vested in the Board under the Articles of Incorporation, these Bylaws, the Covenants, Conditions and Restrictions, and under the laws of the State of California.

(b) Appoint and remove all officers of the Association, the Association Manager of the Association, if any, and any Association employees, prescribe any powers and duties for such persons that are consistent with law, the Articles, the Covenants, Conditions and Restrictions and these Bylaws.

(c) Appoint such agents, employees and consultants, 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) Subject to the provisions of the Covenants, Conditions and Restrictions, to adopt, establish and distribute upon adoption, rules and regulations governing the use of the Common Area, the Common Facilities, and the personal conduct of the Members and their Guests thereon, and to take such steps as it deems necessary for the enforcement of the Association Rules, including the imposition of monetary penalties and/or the suspension of voting rights and the right to use any Common Facilities; provided notice and an opportunity for a hearing are provided as more particularly set forth in the Covenants, Conditions and Restrictions. Association Rules adopted by the Board may contain reasonable variations and distinctions as between Owners and Tenants.

(e) Enforce all applicable provisions of the Covenants, Conditions and Restrictions, these Bylaws and all other regulations relating to the control, management, and use of the Lots within the Properties and the Common Area and Common Facilities; provided that the procedures set forth in Section 9.04 are followed.

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

(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 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 Area, and complete and file all tax-related reports and returns.

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

(j) If and when the Board deems it appropriate and subject to the limitations expressed in Article X, Section 10.01 hereof, to delegate its duties and power hereunder to the officers of the Association or to committees established by the Board or a manager or management company retained by the Board.

(k) Establish and levy assessments on the Members of the Association and to collect the same, in accordance with the Covenants, Conditions and Restrictions, and to 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 Members the cost of maintenance and operation thereof.

(l) Perform all acts required of the Board under the Covenants, Conditions and Restrictions.

(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 12.11 hereof. The Board may appoint a Budget and Finance Committee as provided in Section 10.02(c) of the Bylaws to assist in the preparation of the annual budget.

(n) Appoint a Nominating Committee for the nomination of persons to be elected to the Board, and to prescribe rules under which said Nominating Committee is to act, all as more particularly described in Section 7.03 of Article VII hereof.

(o) Appoint an Architectural Committee and/or a Landscape Committee to prescribe rules under which said committee is to act in order to discharge its responsibilities under the Covenants, Conditions and Restrictions.

(p) 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, and to prescribe the duties, powers and rules of such committees.

(q) Fill vacancies on the Board of Directors or in any committee.

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

(s) Bring and defend actions by or against one or more Members of the Association to protect the interests of the Members or the Association, as such, so long as

the action is pertinent to the operation of the Association, and to assess the Members for the cost of such litigation.

(t) Subject to the Covenants, Conditions and Restrictions, to enter Lots as necessary in connection with construction, maintenance or emergency repairs for the benefit of the Common Area or the Owners in common.

(u) To maintain and otherwise manage: (1) all easements and real property and all facilities, improvements and landscaping thereon in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association, (2) all personal property in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association, and (3) all property, real or personal, which the Association is obligated to repair or maintain pursuant to the Declaration of Covenants, Conditions and Restrictions.

(v) Provide an Owner within ten (10) days of the delivery of written request, with (1) a copy of the Association's governing instruments; (2) a copy of the most recent financial statement distributed pursuant to California Civil Code Section 1365; (3) a true written statement from an authorized representative of the Association as to the amount of the Association's current Regular and Special Assessments and fees, as well as any assessments levied upon the Owner's Lot which are unpaid on the date of the statement. The statement also shall include true information on late charges, interest and cost of collection which, as of the date of the statement, are or may be made a lien upon the Owner's Lot pursuant to California Civil Code Section 1367; (4) any change in the Association's current Regular and Special Assessments and fees which have been approved by the Board of Directors, but have not become due and payable as of the date disclosure is provided pursuant to this Subsection; and (5) a copy or a summary of any notice previously sent to the Owner pursuant to subdivision (h) of California Civil Code Section 1363 that sets forth any alleged violation of the governing documents that remains unresolved at the time of the request. The notice shall not be deemed a waiver of the Association's right to enforce the governing documents against the Owner or the prospective purchaser of the separate interest with respect to any violation. This Subsection shall not be construed to require the Association to inspect an Owner's separate interest. The Association may charge a fee for this service, which shall not exceed the Association's reasonable cost to prepare and reproduce the requested information.

(w) To grant permits, licenses and easements on, over, and under the Common Area for utilities, roads and other purposes not inconsistent with the intended use and occupancy of the covered property and reasonably necessary or useful for the proper maintenance or operation of the Properties, provided that such permits, licenses and

easements shall not unreasonably interfere with the right of any Owner to the use and enjoyment of the Owner's Lot and the Common Area.

(x) The Board shall have the duty to conduct the business of the Association in such manner that the Association can qualify and be considered an organization exempt from federal and state income taxes pursuant to Internal Revenue Code Section 528 and California Revenue and Taxation Code Section 23701t, as amended. The Board shall cause to be timely filed any annual election for tax-exempt status as may be required under federal or state law, and shall undertake to cause the Association to comply with the statutes, rules and regulations which have been or shall be adopted by federal and state agencies pertaining to such exemption.

Section 9.03. Limitations on Powers. Without the vote or written assent of a majority of the Members, 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: (1) FHA or VA approved management contracts; (2) public utility contracts where the rates charged for materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract does not exceed the shortest term for which the supplier will contract at the regulated rate; (3) prepaid casualty or liability insurance policies not to exceed three years duration; provided the policies provide for short rate cancellation by the insured; (4) agreements for cable television services and equipment or satellite dish television services and equipment not to exceed five (5) years duration; or (5) agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services not to exceed five (5) years duration.

(b) Incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of ten percent (10%) of the budgeted gross expenses of the Association for that year. For purposes of this Section 9.03(b), capital improvements do not include reserve expenditures for those components described in Section 12.14 of these Bylaws, and means a new fixture or facility proposed for the Common Area.

(c) Sell during any fiscal year personal property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that year. Sale of real property of the Association requires the approval of two-thirds (2/3rds) of the Members as more particularly provided in Section 2.01(f) of the Declaration.

(d) Pay compensation to members of the Board of Directors for services performed in the conduct of the Association's business; provided that Directors can be reimbursed for reasonable travel and other expenses, verified in writing, incurred in the discharge of their duties.

(e) Borrow money on behalf of the Association in a sum in excess of twenty percent (20%) of the budgeted gross receipts for the current fiscal year.

Section 9.04. Due Process Requirements. Before the Board imposes any monetary penalties (except late charges and interest for late payment of any assessment), or suspends membership rights or Common Area use privileges against any Member for failure to comply with the Declaration, these Bylaws, or Association Rules, the Board must act in good faith and must satisfy each of the following requirements:

(a) The Member is given not less than ten (10) nor more than sixty (60) days prior notice of the discipline to be imposed and the reasons for the imposition of the discipline, and of the right to request a hearing. The notice may be given by either personal delivery or first-class mail. The notification may contain, at a minimum, the nature of the alleged violation for which the Member may be disciplined, and a statement that the Member has a right to attend and may address the Board at the meeting, if a meeting is requested. The Board of Directors of the Association shall meet in executive session if requested by the Member being disciplined.

(b) If a hearing is held, the Board shall deliver its decision and the reasons therefor to the Owner within fifteen (15) days after the hearing, by either personal delivery or first-class mail. The disciplinary and/or corrective action and/or penalties determined by the Board shall become effective five (5) days after delivery of the decision and the reasons therefor to the Owner. The provisions of this Section 9.04 shall not apply to any monetary penalties, suspensions of membership rights or Common Area use privileges against any Member for failure to pay Regular or Special Assessments in accordance with the provisions of Article IV of the Covenants, Conditions and Restrictions.

(c) The Board shall adopt and distribute to each Member, by personal delivery or first-class mail, a schedule of the monetary penalties that may be assessed. The Board of Directors shall distribute, in like manner, additional schedules of monetary penalties whenever changes to the schedule are adopted.

ARTICLE X

Committees

Section 10.01. Committees Generally. The Board may, by resolution, adopted by a majority of the Directors then in office, designate one or more committees, each consisting of one or more Members to serve at the pleasure of the Board, which shall have such authority as the Board may specify, except that no committee, regardless of Board resolution, may:

(a) Take any final action on any matter which, under the Non-Profit Corporation Law of California, also requires approval of the Members.

(b) Fill vacancies on the Board of Directors or in 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 resolution of the Board of Directors which by its express terms is not so amendable or repealable.

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

(f) Approve any transaction (1) to which the corporation is a party and one or more Directors have a material financial interest; or (2) between the corporation and one or more of its Directors or (3) between the corporation or any person in which one or more of its Directors have a material financial interest.

(g) Levy monetary penalties.

Section 10.02. Standing Committees. Standing committees may be established and maintained by the Board as the Board deems appropriate, including the following:

(a) **Architectural Committee.** The Board may appoint an Architectural Committee consisting of three or more Members, said committee to have the powers and responsibilities described in Article VIII of the Covenants, Conditions and Restrictions.

(b) **Landscape Committee.** The Board may appoint a Landscape Committee consisting of three or more Members. The committee shall assist the Board in promoting the proper planting and maintenance of the landscaping within the properties.

(c) **Nomination Committee.** The Board may appoint a three person Nomination Committee in accordance with Article VII, Section 7.03 of these Bylaws, which committee shall have the powers and responsibilities described in said Section 7.03.

(d) **Budget and Finance Committee.** The Board may appoint four Members, one of whom shall be the Association's Treasurer, to a Budget and Finance Committee. The Committee shall meet a minimum of two (2) times annually. The Committee shall assist the Treasurer in executing his or her responsibilities as described herein and shall be responsible for developing the Association's annual budget for presentation to the membership at the Annual Meeting. The Committee shall also monitor and report to the Board on financial and tax developments of interest to the Association.

Section 10.03. 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 VIII 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 also may be called by resolution of the Board of Directors. Notice of special meetings of committees also shall be given to any and all alternate Members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board of Directors may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

ARTICLE XI

Officers

Section 11.01. Officers. The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, each of whom shall be a member of the Board. 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 11.03 following.

Section 11.02. Election of Officers. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 11.03 following, shall be chosen annually by majority vote of the Board at its first regular

meeting, and each shall hold office until he or she shall resign or shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified.

Section 11.03. 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 hold 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. Such other officers need not be members of the Board.

Section 11.04. Removal of Officers. Any officer may be removed, either with or without cause, by the Board at any regular or special meeting, or by any officer upon whom such power of removal may be conferred by the Board; provided, however, that no such officer shall remove an officer chosen by the Board.

Section 11.05. 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 11.06. Vacancies. A vacancy in any 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 11.07. President. The President shall be the chief executive officer of the Association, and subject to the control of the Board, shall have general supervision, direction and control of the affairs and officers of the Association. The President shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds and other written instruments and shall sign all promissory notes and shall have the general power and duties of management usually vested in the office of president of a California nonprofit mutual benefit corporation, together with such other power and duties as may be prescribed by the Board or the Bylaws.

Section 11.08. Vice-President. In the event of absence, disability or refusal to act 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. The Vice-President shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

Section 11.09. Secretary. The Secretary shall keep or cause to be kept at the principal office or such other place as the Board may order, the following:

(a) 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, the proceedings thereof and record of the votes.

(b) Appropriate current records showing the Members of the Association, together with their addresses.

(c) A copy of the Articles, Bylaws and Covenants, Conditions & Restrictions as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the Board required by the Bylaws or by law to be given, and the Secretary shall keep any 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. The Secretary shall be responsible to verify the filing of the registration form and statement of principal business activity as required by Civil Code Section 1363.6.

Section 11.10. Treasurer. 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, fund balance and other matters customarily included in financial statements. The books of account shall at all reasonable times be open to inspection by any Director or Member. The Treasurer shall deposit or cause to be deposited all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall 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 such officer's 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 the Treasurer's possession, or under his or her control, on the death, resignation, retirement, or removal from office of the Treasurer.

Section 11.11. Multiple Offices. The office of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of subordinate officer positions created pursuant to Section 11.03 of this Article XI.

ARTICLE XII

Assessments and Finances

Section 12.01. Description of Assessments to which Owners are Subject. Owners of Lots within the Properties are subject to Annual and Special Assessments as more particularly described in Article IV of the Covenants, Conditions and Restrictions.

Section 12.02. Creation of the Lien and Personal Obligation of Assessments. The creation of the lien and personal obligation for assessments are governed by Section 4.01 of Article IV of the Covenants, Conditions and Restrictions.

Section 12.03. Purpose and Basis of Assessments. The purpose and basis of assessments are as specified in Sections 4.02 through 4.05 of Article IV of the Covenants, Conditions and Restrictions.

Section 12.04. Date of Commencement of Assessments: Due Dates. The date of commencement and the due dates of assessments are as specified in Sections 4.02(f), 4.03(d) and 4.04(b) of Article IV of the Covenants, Conditions and Restrictions.

Section 12.05. Effect of Non-Payment of Assessment: Remedies of the Association. The effect of non-payment of assessments and the remedies of the Association shall be as specified in Section 4.09 of Article IV of the Covenants, Conditions and Restrictions.

Section 12.06. Annual Notice Concerning Assessment Collection. The Association shall distribute the written notice described herein to each Member of the Association during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year. The notice shall be printed in at least 12-point type. The notice required by this Section shall read as follows:

"NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the

associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay Association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Section 1367.4 of the Civil Code. When using judicial or nonjudicial foreclosure, the Association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 1366, 1367.1, and 1367.4 of the Civil Code)

In a judicial or nonjudicial foreclosure, the Association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The Association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a Member or a Member's Guests, if the governing documents provide for this. (Sections 1366 and 1367.1 of the Civil Code)

The Association must comply with the requirements of Section 1367.1 of the Civil Code when collecting delinquent

assessments. If the Association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the Association. (Section 1367.1 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the Association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the Association's records to verify the debt. (Section 1367.1 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 1367.1 of the Civil Code)

The collection practices of the Association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the Association is required to provide it. On the receipt, the Association must indicate the date of payment and the person who received it. The Association must inform owners of a mailing address for overnight payments. (Section 1367.1 of the Civil Code)

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the Association as set forth in Article 5 (commencing with Section 1368.810) of Chapter 4 of Title 6 of Division 2 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral

third party as set forth in Article 2 (commencing with Section 1369.510) of Chapter 7 of Title 6 of Division 2 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 1367.1 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a timeshare may request the Association to consider a payment plan to satisfy a delinquent assessment. The Association must inform owners of the standards for payment plans, if any exist. (Section 1367.1 of the Civil Code)

The board of directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the Association, if they exist. (Section 1367.1 of the Civil Code)"

The notice specified above is required pursuant to Civil Code Section 1365.1. In the event Civil Code Section 1365.1 is amended, the provisions of this Section 12.06 shall be deemed amended to conform to amendments to that statute or to any successor statute thereto.

Section 12.07. Notice Regarding Secondary Addresses. The Association shall notify Owners of their right to submit secondary addresses to the Association, at the time the Association issues the pro forma operating budget pursuant to Section 1365. The Owner's request shall be in writing and shall be mailed to the Association in a manner that shall indicate the Association has received it. The Owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the point the Association receives the request.

Section 12.08. Subordination of Lien to Mortgages. The lien of the assessments shall be subordinated to the lien or charge of any first mortgage of record as more particularly described in Section 4.11 of Article IV of the Covenants, Conditions and Restrictions.

Section 12.09. Checks. Except as provided in Section 12.13, all checks or demands for money and notes of the Association shall be signed by the President and Treasurer, or by such other officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 12.10. Association Accounts. The Board shall maintain a deposit account and any other accounts it shall deem necessary to carry out its purposes, including reserve accounts as more particularly set forth in Section 4.08 of Article IV of the Covenants, Conditions and Restrictions.

Section 12.11. Budgets and Financial Statements. Financial statements for the Association shall be regularly prepared and copies thereof shall be distributed to each Member of the Association as follows:

(a) A pro forma operating budget for each fiscal year shall be distributed to Members not less than thirty (30) nor more than ninety (90) days before the beginning of the fiscal year. The pro forma operating statement shall include all of the following:

- (1) The estimated revenue and expenses on an accrual basis.
- (2) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to California Civil Code Section 1365.5 (or any successor statute thereto), based only on assets held in cash or cash equivalents, which shall be printed in at least 10-point boldface type and include all of the following:
 - (i) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component;
 - (ii) As of the end of the fiscal year for which this study is prepared:
 - (A) The current estimate of the amount of cash reserves necessary to repair, replace, restore or maintain the major components.

- (B) The current amount of accumulated cash reserves actually set aside to repair, replace, restore or maintain major components.
- (iii) The percentage that the amount determined for purposes of clause (B) of Subsection (ii) is of the amount determined for purposes of clause (A) of Subsection (ii).
- (3) The current deficiency in reserve funding expressed on a per unit basis. The figure shall be calculated by subtracting the amount determined for purposes of clause (B) of subparagraph (ii) from the amount determined for purposes of clause (A) of subparagraph (ii) and then dividing the result by seventy-six (76).
- (4) Whether the Board of Directors has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.
- (5) A statement as to whether the Board of Directors of the Association has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor.
- (6) The mechanism or mechanisms by which the Board of Directors will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacement or repairs, or alternative mechanisms.
- (7) 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.
- (8) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the Association is obligated to maintain. The report shall include, but need not be limited to, reserve calculations made using the formula described in Paragraph (4) of Subdivision (b) of Civil Code Section 1365.2.5, and may not assume a rate of return on cash reserves in

excess of two percent (2%) above the rediscount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.

- (9) Commencing January 1, 2009, a summary of the reserve funding plan adopted by the Board of Directors, as specified in paragraph (4) of subdivision (e) of Section 1365.5. The summary shall include notice to Members that the full reserve study plan is available upon request, and the Association shall provide the full reserve plan to any Member upon request.
- (10) For the purposes of preparing a summary pursuant to this Section 12.11(a)(6):
 - (i) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
 - (ii) "Major component" has the meaning used in Civil Code Section 1365.5. Components with an estimated remaining useful life of more than thirty (30) years may be included in a 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.
 - (iii) The form set out in Civil Code Section 1365.2.5(a) shall accompany each pro forma operating budget that is delivered pursuant to this Section 12.11(a). The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in Civil Code Section 1365.2.5(a) is provided.
 - (iv) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the Board to fund reserves in accordance with this calculation.

(b) Within one hundred twenty (120) days after the close of the fiscal year, an annual report consisting of:

- (1) A balance sheet as of the end of the fiscal year.
- (2) An operating (income) statement for the fiscal year.
- (3) A statement of changes in financial position for the fiscal year.
- (4) A statement of the place where the names and addresses of the current Members are located.
- (5) Any information required to be reported under Section 8322 of the Corporations Code with respect to certain transactions in excess of \$50,000.00 per year between the Association and a Director or officer of the Association and indemnifications and advances to officers or Directors in excess of \$10,000.00 per year or such other transactions as may be required to be disclosed by such statute or any successor statute.

A review of the financial statement shall be prepared by an independent accountant for any fiscal year in which the gross income of the Association exceeds \$75,000.00, and shall be prepared in accordance with generally accepted accounting principles and standards as established by the California State Board of Accountancy. If the annual report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the corporation that the statements were prepared without audit from the books and records of the corporation.

(c) In lieu of the distribution of the pro forma operating budget required by Section 12.11(a) of this Article XII, the Board may elect to distribute a summary of the budget to all Members with a written notice that the pro forma operating budget is available at the business office of the Association or at another suitable location within the boundaries of the development and that copies will be provided upon request and at the expense of the Association. If any Member requests a copy of the pro forma operating budget required by said Section 12.11(a) to be mailed to the Member, the Association shall provide the copy to the Member by first-class United States mail at the expense of the Association and delivered within five (5) days. The written notice that is distributed to each of the Association Members shall be in at least 10-point bold type on the front page of the summary of the budget.

(d) A statement as to the Association's policies and practices in enforcing the lien rights or other legal remedies for the default in the payment of its assessments against its Members shall be annually delivered to each Member of the Association not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the fiscal year.

(e) The Association shall distribute the written notice concerning assessments and foreclosure prescribed by California Civil Code Section 1365.1 to each Member of the Association during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year. The notice shall be printed in at least 12-point type.

Section 12.12. Fiscal Review. The Board of Directors shall do all of the following:

(a) Review a current reconciliation of the Association's operating accounts on at least a quarterly basis.

(b) Review a current reconciliation of the Association's reserve accounts on at least a quarterly basis.

(c) Review the current year's actual reserve revenues and expenses compared to the current year's budget, on at least a quarterly basis.

(d) Review the latest account statements prepared by the financial institution where the Association has its operating and reserve accounts.

(e) Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

Section 12.13. Withdrawal From Reserves. The signatures of at least two (2) persons, who shall be members of the Board, shall be required for the withdrawal of monies from the Association's reserve accounts.

Section 12.14. Limitation on Reserve Expenditures. The Board of Directors shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash-flow requirements or other expenses, if the Board has provided notice of the intent to consider the transfer in a notice of meeting, which shall be provided as specified in Civil Code Section 1363.05.

The notice shall include the reasons the transfer is needed, some of the options for repayment, and whether a Special Assessment may be considered. If the Board authorizes the transfer, the Board shall issue a written finding, provided the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the reserve fund. The transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except that the Board may, after giving the same notice required for considering a transfer, and, upon making a finding supported by documentation that a temporary delay would be in the best interests of the Association, temporarily delay the restoration. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limits required by this Section. The Board may, at its discretion, extend the date the payment of the Special Assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid Special Assessment.

When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Association shall notify the Members of the Association of that decision in the next available mailing to all Members pursuant to Section 5016 of the Corporations Code, and of the availability of an accounting of those expenses. The Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members of the Association at the Association's office.

Section 12.15. Reserve Study Requirements. At least once every three years the Board of Directors shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the Association which excludes the Association's reserve account for that period. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.

The study required by this Section shall at a minimum include:

(a) Identification of the major components which the Association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years.

(b) Identification of the probable remaining useful life of the components identified in Subsection (a) of this Section 12.15, as of the date of the study.

(c) An estimate of the cost of repair, replacement, restoration, or maintenance of each major component identified in Subsection (a) of this Section 12.15.

(d) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in Subsection (a) during and at the end of their useful life, 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 all major components with an expected remaining life of 30 years or less, not including those components that the Board has determined will not be replaced or repaired. The plan shall include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan. The plan shall be adopted by the Board of Directors at an open meeting before the membership of the Association as described in Section 1363.05. If the Board of Directors 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 1366.

As used in this Section 12.15, "reserve accounts" means both (1) monies that the Board of Directors has identified for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain; and (2) the funds received and not yet expended or disposed from either a compensatory damage award or settlement to the Association from any person or entity for injuries to property, real or personal, arising from any construction or design defects. These funds shall be separately itemized from funds described in Subsection (1) above. The term "reserve account requirements" means the estimated funds which the Board of Directors has determined are required to be available at a specified point in time to repair, replace, or restore those major components which the Association is obligated to maintain.

Section 12.16. Secondary Address. A member of an association may provide written notice by facsimile transmission or United States mail to the Association of a secondary address. If a secondary address is provided, the Association shall send any and all correspondence and legal notices required pursuant to this Article XII to both the primary and the secondary address.

ARTICLE XIII

Indemnification and Insurance

Section 13.01. Indemnification Right and Power.

(a) The Association shall indemnify any agent of the Association who was a party to any proceeding by reason of the fact that the person is or was an agent of the Association against expenses actually and reasonably incurred in any proceeding to the extent that the agent was successful on the merits in defense of the proceeding or in defense of any claim, issue, or matter therein. Expenses shall include any attorney's fees and any other expenses of establishing a right to indemnification.

(b) The Association may indemnify any agent of the Association who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an agent of the Association, against expenses actually and reasonably incurred in connection with such proceeding provided the approval requirements described in Section 13.02 of these Bylaws have been satisfied.

(c) For purposes of Sections 13.01-13.05 of these Bylaws, the term "agent" means any present or former Director, officer, employee, or other agent of the association, the term "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, and the term "expenses" includes judgments, fines, or settlements occurring in any proceeding other than a proceeding brought by or on behalf of the Association.

Section 13.02. Indemnification Approval.

(a) Unless indemnification is required as provided in Section 13.01 of these Bylaws, indemnification shall be made only if authorized in the specific case on a determination that indemnification is proper in the circumstances because the agent satisfied the appropriate standard of care described in Section 13.03 of these Bylaws. The determination must be made by one of the following methods:

- (1) A majority vote of a quorum of the Board consisting of Directors who are not parties to the proceeding.
- (2) The affirmative vote of a majority of the Voting Power of the Members entitled to vote at a duly held Members' meeting in which a quorum was present, or the approval by written ballot under the procedures described in Section 4.06 of these Bylaws, provided that

if the agent to be indemnified is a Member, the agent shall not be entitled to vote.

- (3) The court in which such proceeding is or was pending on application made by the Association or the agent or the attorney or other person rendering services in connection with the defense, whether or not the application is opposed by the Association.

(b) Notwithstanding the foregoing, any indemnification in any proceeding brought by or on behalf of the Association shall be subject to the restrictions contained in California Corporation Code Section 7237(c).

Section 13.03. Standard of Care. In any proceeding brought by or on behalf of the Association, the applicable standard of care shall require that the agent acted in good faith, in a manner the agent believed to be in the best interests of the Association and with the care, including reasonable inquiry, that an ordinarily prudent person in like position would use under similar circumstances. In all other proceedings, the agent must have acted in good faith, in a manner the agent believed to be in the best interests of the Association and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

Section 13.04. Advancement of Expenses. On approval by the Board, expenses incurred in defending any proceeding may be advanced by the Association prior to the final disposition of the proceeding, provided the Association receives an undertaking by or on behalf of the agent that the advances will be repaid unless it is ultimately determined that the agent was entitled to indemnification as required or authorized by these Bylaws.

Section 13.05. Insurance. The Association shall have the power to purchase and maintain insurance on behalf of its agents against any liability asserted against or incurred by any 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 such liability under Section 13.01-13.04 of these Bylaws.

Section 13.06. Officer and Director Liability.

(a) Until Section 1365.7 of the California Civil Code is amended to provide otherwise, any person who suffers injury, including, but not limited to, bodily injury, emotional distress, wrongful death, or property damage or loss as a result of the tortious act or omission of a volunteer officer or volunteer Director of the Association shall not

recover damages from a volunteer officer or volunteer Director if all of the following criteria are met:

(i) The act or omission was performed within the scope of the officer's or Director's Association duties.

(ii) The act or omission was performed in good faith.

(iii) The act or omission was not willful, wanton, or grossly negligent.

(iv) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim is made one or more policies of insurance which shall include coverage for (1) general liability of the Association and (2) individual liability of officers and Directors of the Association for negligent acts or omissions in that capacity; provided, that both types of coverage are in the minimum amount of Five Hundred Thousand Dollars (\$500,000). However, in no event shall the Association maintain lower limits of insurance than are provided in Article XI, Sections 11.01 and 11.09 of the Covenants, Conditions and Restrictions.

(b) The payment of actual expenses incurred by a Director or officer in the execution of the duties of that position does not affect the Director's or officer's status as a volunteer within the meaning of this Section.

(c) Nothing in this Section shall be construed to limit the liability of the Association for its negligent act or omission or for any negligent act or omission of an officer or Director of the Association.

(d) This Section shall only apply to a volunteer officer or Director who is a Tenant of a separate interest in the Properties or is an Owner of not more than two separate interests in the Properties.

ARTICLE XIV

Miscellaneous

Section 14.01. Records. The Association shall maintain the following records:

(a) Adequate and correct books and records of account.

- (b) Written minutes of the proceedings of its Members, Board and committees of the Board.
- (c) A record of its Members, giving their names, addresses and voting rights.
- (d) The Association shall keep at its principal office the original or a copy of the CC&Rs, the Articles, these Bylaws, and the Association Rules as amended to date.

Section 14.02. Inspection of Books and Records.

- (a) For the purposes of this Section 14.02, the following definitions shall apply:

- (1) "Association records" means all of the following:

- (A) Any financial document required to be provided to a Member in Civil Code Section 1365.

- (B) Any financial document or statement required to be provided in Civil Code Section 1368.

- (C) Interim unaudited financial statements, periodic or as compiled, containing any of the following:

- (i) Balance sheet.

- (ii) Income and expense statement.

- (iii) Budget comparison.

- (iv) General ledger. A "general ledger" is a report that shows all transactions that occurred in the Association account over a specified period of time.

The records described in this Section shall be prepared in accordance with generally accepted accounting principles.

- (D) Executed contracts not otherwise privileged under law.

- (E) Written Board approval of vendor or contractor proposals or invoices.

(F) State and federal tax returns.

(G) Reserve account balances and records of payments made from reserve accounts.

(H) Agendas and minutes of meetings of the Members, the Board of Directors and any committees appointed by the Board of Directors; excluding, however, agendas, minutes, and other information from executive sessions of the Board of Directors as described in Civil Code Section 1363.05.

(I) (i) Membership lists, including name, property address, and mailing address, if the conditions set forth in Subsection (ii) are met and except as otherwise provided in Subsection (iii).

(ii) The Member requesting the list shall state the purpose for which the list is requested which purpose shall be reasonably related to the requester's interest as a Member. If the Association reasonably believes that the information in the list will be used for another purpose, it may deny the Member access to the list. If the request is denied, in any subsequent action brought by the Member under Civil Code Section 1365.2, the Association shall have the burden to prove that the Member would have allowed use of the information for purposes unrelated to his or her interest as a Member.

(iii) A Member of the Association may opt out of the sharing of his or her name, property address, and mailing address by notifying the Association in writing that he or she prefers to be contacted via the alternative process described in subdivision (c) of Section 8330 of the Corporations Code. This opt-out shall remain in effect until changed by the Member.

(J) Check registers.

(2) "Enhanced Association records" means invoices, receipts and canceled checks for payments made by the Association, purchase orders approved by the Association, credit card statements for credit cards issued in the name of the Association, statements for services rendered, and reimbursement requests submitted to the Association, provided that the person submitting the reimbursement request shall be solely responsible for removing all personal identification information from the request.

(b) (1) The Association shall make available Association records and enhanced Association records for the time periods and within the time frames provided in Subsections (g) and (h) for inspection and copying by a Member of the Association, or the Member's designated representative. The Association may bill the requesting Member for the direct and actual cost of copying requested documents. The Association shall inform the Member of the amount of the copying costs before copying the requested documents.

(2) A Member of the Association may designate another person to inspect and copy the specified Association records on the Member's behalf. The Member shall make this designation in writing.

(c) (1) The Association shall make the specified Association records available for inspection and copying in the Association's business office within the common interest development.

(2) If the Association does not have a business office within the development, the Association shall make the specified Association records available for inspection and copying at a place that the requesting Member and the Association agree upon.

(3) If the Association and the requesting Member cannot agree upon a place for inspection and copying pursuant to Subsection (c)(2), or if the requesting Member submits a written request directly to the Association for copies of specifically identified records, the Association may satisfy the requirement to make the Association records available for inspection and copying by mailing copies of the specifically identified records to the Member by first-class mail within the time frames set forth in subdivision (j).

(4) The Association may bill the requesting Member for the direct and actual cost of copying and mailing requested documents. The Association shall inform the Member of the amount of the copying and mailing costs, and the Member shall agree to pay those costs, before copying and sending the requested documents.

(5) In addition to the direct and actual costs of copying and mailing, the Association may bill the requesting Member an amount not in excess of ten dollars (\$10) per hour, and not to exceed two hundred dollars (\$200) total per written request, for the time actually and reasonably involved in redacting the enhanced Association records as provided in Section (2) of Subsection (a).

The Association shall inform the Member of the estimated costs, and the Member shall agree to pay those costs, before retrieving the requested documents.

(d) (1) Except as provided in Subsection (d)(2), the Association may withhold or redact information from the Association records for any of the following reasons:

(A) The release of the information is reasonably likely to lead to identity theft. For the purposes of this Section, "identity theft" means the unauthorized use of another person's personal identifying information to obtain credit, goods, services, money, or property. Examples of information that may be withheld or redacted pursuant to this Section include bank account numbers of Members or vendors, social security or tax identification numbers, and check, stock, and credit card numbers.

(B) The release of the information is reasonably likely to lead to fraud in connection with the Association.

(C) The information is privileged under law. Examples include documents subject to attorney-client privilege or relating to litigation in which the Association is or may become involved, and confidential settlement agreements.

(D) The release of the information is reasonably likely to compromise the privacy of an individual Member of the Association.

(E) The information contains any of the following:

(i) Records of a-la-carte goods or services provided to individual Members of the Association for which the Association received monetary consideration other than assessments.

(ii) Records of disciplinary actions, collection activities, or payment plans of homeowners other than the homeowner requesting the records.

(iii) Any person's personal identification information, including, without limitation, social security number, tax identification number, driver's license number, credit card account numbers, bank account number, and bank routing number.

(iv) Agendas, minutes, and other information from executive sessions of the Board of Directors as described in Civil Code Section 1363.05, except for executed contracts not otherwise privileged. Privileged contracts shall not include contracts for maintenance, management, or legal services.

(v) Personnel records other than the payroll records required to be provided under Subsection (d)(2).

(vi) Interior architectural plans, including security features, for individual homes.

(2) 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 set forth by job classification or title, not by the employee's name, social security number, or other personal information.

(3) No Association, officer, Director, employee, agent or volunteer of an Association shall be liable for damages to a Member of the Association as the result of identity theft or other breach of privacy because of the failure to withhold or redact that Member's information under this subdivision unless the failure to withhold or redact the information was intentional, willful, or negligent.

(4) If requested by the requesting homeowner, an Association that denies or redacts records shall provide a written explanation specifying the legal basis for withholding or redacting the requested records.

(e) (1) The Association records, and any information from them, may not be sold, used for a commercial purpose, or used for any other purpose not reasonably related to a Member's interest as a Member. An Association may bring an action against any person who violates this Section for injunctive relief and for actual damages to the Association caused by the violation.

(2) This Section may not be construed to limit the right of the Association to damages for misuse of information obtained from the Association records pursuant to this Section or to limit the right of an Association to injunctive relief to stop the misuse of this information.

(3) The Association shall be entitled to recover reasonable costs and expenses, including reasonable attorney's fees, in a successful action to enforce its rights under this Section.

(f) 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. The cost of duplication shall be limited to the direct cost of producing the copy of a record in that electronic format.

(g) The time periods for which specified records shall be provided is as follows:

(1) Association records shall be made available for the current fiscal year and for each of the previous two fiscal years.

(2) Minutes of Member and Board meetings shall be permanently made available. If a committee has decision making authority, minutes of the meetings of that committee shall be made available commencing January 1, 2007, and shall thereafter be permanently made available.

(h) The time frames in which access to specified records shall be provided to a requesting Member is as follows:

(1) Association records prepared during the current fiscal year, within ten (10) business days following the Association's receipt of the request.

(2) Association records prepared during the previous two fiscal years, within thirty (30) calendar days following the Association's receipt of the request.

(3) Any record or statement available pursuant to Civil Code Section 1365 or Civil Code 1368, within the time frame specified therein.

(4) Minutes of Member and Board meetings, within the time frame specified in subdivision (d) of Civil Code Section 1363.05.

(5) Minutes of meetings of committees with decision making authority for meetings commencing on or after January 1, 2007, within fifteen (15) calendar days following approval.

(6) Membership list, within the time frame specified in Section 8330 of the Corporations Code.

Section 14.03. Manager. The Board may employ the services of an Association 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 Association Manager any of its day-to-day management and maintenance duties and powers under these Bylaws and the Covenants, Conditions and Restrictions. The Board also may employ the services of a Landscape Manager to manage the landscaping within the

Common Area, excluding the Exclusive Use Common Area, upon such conditions as the Board may deem advisable provided that the Landscape Manager shall at all times remain subject to the general control of the Board. No Owner or occupant of a Residence may be a vendor or be an employee of a vendor.

Section 14.04. Corporate Seal. The Association may have a seal in circular form having within its circumference the words Creekside Oaks Homes Association, State of California.

Section 14.05. Amendment or Repeal of Bylaws. Except as otherwise expressly provided herein, these Bylaws may only be amended or repealed, and new Bylaws adopted by the secret vote by written ballot pursuant to Section 7.04 of a majority of the total membership of the Association; 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.

Section 14.06. Notice Requirement. Except as otherwise specifically provided in these Bylaws, 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, it shall be deemed to have been delivered seventy-two (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 at such address as the Board of Directors may from time to time designate in a writing distributed 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 so given, to any Residence within the Properties owned by such Member.

Section 14.07. 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 Non-Profit 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 or titles used in these Bylaws are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of these Bylaws.

Section 14.08. Fiscal Year. The fiscal year of the Association shall be the calendar year. However, the fiscal year of the Association is subject to change from time to time as the Board shall determine by resolution, and without the necessity of amending these Bylaws.

Section 14.09. Conflicts Between Documents. The terms and provisions set forth in these Bylaws are not exclusive as Owners also shall be subject to the terms and provisions of other Association management documents including the Articles of Incorporation, Declaration of Covenants, Conditions and Restrictions, Association Rules, and Architectural Standards. In the event of a conflict between any provisions of any of said Association management documents with the provisions of any other Association management documents, the order of superiority of such documents shall be (1) Articles of Incorporation, (2) Declaration of Covenants, Conditions and Restrictions, (3) Bylaws, (4) Architectural Standards, and (5) Association Rules, and the provisions of any such documents shall be superseded by the provisions of the document shown above to be superior to such document to the extent of such conflict.

In Witness Whereof, we have hereunto subscribed our names this 2nd day of May, 2007.

Creekside Oaks
Homeowners Association

By Carole Hartoch Flaxman
Carole Hartoch Flaxman, President

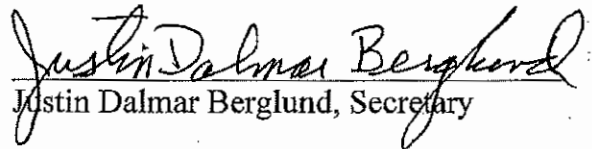
By Justin Dalmar Berglund
Justin Dalmar Berglund, Secretary

Certificate of Secretary

I, the undersigned, the duly elected and acting Secretary of Creekside Oaks Homes Association, do hereby certify:

That the within and foregoing Bylaws were adopted by secret written ballot of the Members of said Association as the Bylaws of said Association on the 2nd day of May, 2007, and that the above foregoing Bylaws consisting of 59 pages do now constitute the Bylaws of said Association.

In Witness Whereof, I have hereunto subscribed my name this 2nd day of May, 2007.


Justin Dalmar Berglund, Secretary

o:\users\kathy\govinst\creeksidenaksbylaws\April 30, 2007

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