

FIRST RESTATED BYLAWS
OF
SWANSBORO COUNTRY
PROPERTY OWNERS ASSOCIATION

April, 2019

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Not Valid For Title Transfer

FIRST RESTATED BYLAWS
OF
SWANSBORO COUNTRY PROPERTY OWNERS ASSOCIATION

ARTICLE 1. NAME AND LOCATION

Section 1.01 Name and Location

Swansboro Country Property Owners Association (the "Association"), a California nonprofit mutual benefit corporation, organized and existing under the laws of the State of California, is located in El Dorado County, California.

Section 1.02 Association Seal

The Association may have a seal in circular form having within its circumference the words: Swansboro Country Property Owners Association.

ARTICLE 2. MISSION, VISION AND VALUES STATEMENT

Section 2.01 Mission

Our mission is to enhance and preserve the quality of life and sense of community through effective and efficient management of the Association, enforcement of rules and covenants to preserve property values, and support initiatives and improvements that benefit the greater good of our community.

Section 2.02 Vision

We envision a community of neighbors working together to promote a friendly, healthy and safe lifestyle and provide a desirable place in which to live and enjoy the benefits of family, friends and community.

Section 2.03 Values

In achieving our vision and fulfilling our mission, we value integrity, respect, fairness, consistent firmness, community participation, cooperation and neighborliness in all our actions.

ARTICLE 3. ASSOCIATION PURPOSE

The purpose of the Association shall be as set forth in its Articles of Incorporation.

ARTICLE 4. MEMBERSHIP AND VOTING

Section 4.01 Membership

Membership in the Association shall include, and shall be limited to, all Owners of any Lot located within the Development.

Membership shall be appurtenant to and may not be separated from ownership of a Lot. Upon becoming the Owner of a Lot, each Owner shall automatically be a Member of the Association and shall remain a Member until such time as his or her Lot ownership ceases for any reason.

Membership in the Association shall not be transferred, encumbered, pledged,

alienated, or hypothecated in any way, except upon the transfer or encumbrance of the Lot to which it is appurtenant and then only to the transferee or mortgagee, as the case may be, of such Lot.

Any attempt to make a prohibited transfer is void. Upon any transfer of title to a Lot including a transfer upon the death of an Owner, membership in the Association shall pass automatically to the transferee.

Section 4.02 Voting

- (a) Members in Good Standing shall be entitled to cast one (1) vote for each Lot owned.
- (b) In the event more than one (1) person owns a given Lot, the vote for such Lot shall be exercised as the Owners among themselves shall determine, but in no event shall more than one vote be cast with respect to any Lot.
- (c) In the case of an Owner that is not a natural person (such as a corporate trustee, corporation or other entity), the vote of such Owner may be cast by any authorized representative of the Owner designated by notice in writing to the Association.

Section 4.03 Adoption of Election Rules (California has required new Election Rules. These rules (October 29, 2020 for SCPOA) have been replaced and the replacement change rules are on pages 27 through 35 of this form.)

The Board of Directors shall adopt rules that govern the Association's election procedures which shall include the minimum requirements specified in California Civil Code Sections 5100-5145, or comparable successor statute, as it may be amended from time to time.

Section 4.04 Assignment of Membership Rights

- (a) Each Member shall be entitled to the use and enjoyment of the Common Areas and facilities.
- (b) Any Member may delegate his/her rights of enjoyment in the Common Areas and facilities to the Members of his/her family or guests or to any of his/her tenants who may reside thereon under a rental agreement. The rights and privileges of such persons are subject to suspension to the same extent as those of the Member.

Section 4.05 Record Dates

The Record Dates for notice of Member meetings and voting shall be determined as follows:

- (a) The Board of Directors may fix a time not more than ninety (90) days and not less than ten (10) days preceding the date of any Member meeting as the Record Date for determining the Members entitled to be notified of any such meeting. In the event no such Record Date is fixed by the Board of Directors, the Record Date for the determination of Members entitled to notice of any Member meeting shall be the close of business on the business day preceding the day on which notice is given. Only those persons or entities identified as Members in the records of the Association on the Record Date shall be entitled to notice of such meeting.
- (b) The Board of Directors may fix a date not more than sixty (60) days before the date of any mailing or delivery of ballots as the Record Date for determining Members entitled to vote and only Members in Good Standing as shown in the records of the Association as of the Record Date for voting shall be entitled to

vote in such vote or election. If no Record Date for voting is set by the Board of Directors, Members in Good Standing on the day of the mailing or delivery of ballots shall be entitled to vote in such vote or election.

ARTICLE 5. BOARD OF DIRECTORS

Section 5.01 Number of Directors

The affairs of the Association shall be managed by or under the direction of a Board consisting of seven (7) Directors. No more than one (1) Director may be a non-Member of the Association.

Section 5.02 Objectives, Powers and Duties

(a) Objectives

The objectives of the Board of Directors include, but are not limited to, the following:

- (i) Encourage collaborative and diverse participation that includes an involved membership.
- (ii) Establish and maintain appropriate and effective forums to actively listen to the concerns of the community.
- (iii) Seek continuous improvements in effective and efficient management of the Association.
- (iv) Establish and maintain a strong financial foundation for all operations of the Association.
- (v) Be forever mindful of preserving the Association's Mission, Vision and Values.
- (vi) Serve in the best interests of the Association.

(b) Powers

In addition to such other powers as may be expressly set forth in the Governing Documents or provided by law (Davis Stirling Act), the Board of Directors shall have the power:

- (i) To adopt and publish rules and regulations governing the use of the Common Areas and facilities and the personal conduct of the Members and their guests thereon.
 - 1) The procedure for the adoption and modification of Rules ("Rule Change") by the Board shall be in accordance with the law.
 - 2) A Rule Change adopted by the Board may be reversed as follows:
 - a) Members owning 5 percent or more of the separate interests may call a special vote of the Members to reverse a rule change.
 - b) A special vote of the Members may be called by delivering a written request (petition) to the association. Not less than 35 days nor more than 90 days after receipt of a proper request, the association shall hold a vote of the Members on whether to reverse the rule change. The written request may not be delivered more than 30 days after the association gives general notice of the rule change.

- c) Collection of signatures to call a special vote under this section is a purpose reasonably related to the interests of the Members of the association. A Member request to copy or inspect the membership list solely for that purpose may not be denied on the grounds that the purpose is not reasonably related to the Member's interests as a Member.
- d) The rule change may be reversed by the affirmative vote of a majority of a quorum of the Members.
- e) A rule change reversed under this section may not be readopted for one year after the date of the vote reversing the rule change. Nothing in this section precludes the Board from adopting a different rule on the same subject as the rule change that has been reversed.
- f) As soon as possible after the close of voting, but not more than 15 days after the close of voting, the Board shall provide general notice of the results of the Member vote.
- g) This section does not apply to an emergency rule change.

(ii) Contracts

- 1) To enter into, make, perform and carry out contracts of every kind for any lawful purpose without limit as to amount, with any person, firm, association or corporation, municipality, county, state or other municipal governmental subdivision.
- 2) The Board will not hire, engage, or otherwise compensate, for monetary or other consideration, any individual, party, company or organization that:
 - Is owned, in whole or in part, by any Board member.
 - Is owned, in whole or in part, by the immediate family of any Board member.
 - Is owned, in whole or in part, by the spouse of any Board member.
 - Any Board member has a material interest in.
- 3) The Board may authorize, by Resolution, any officer or officers to enter into any contract in the name of, or on behalf of, the Association.
- 4) Unless expressly authorized by resolution of the Board, no officer shall have any power or authority to bind the Association or to render the Association liable for any purpose or on any account.
- 5) No contract with any person or entity to supply or furnish the Association with goods or services for the Common Areas shall be for a term in excess of one (1) year, with the following exceptions:
 - A contract with a public utility company.
 - Prepaid casualty and/or liability insurance policies not to exceed three (3) years, provided they permit short-rate cancellation by the insured.

(iii) Determination of Good Standing

- 1) “Member in Good Standing” shall mean a Member of the Association who is current in the payment of all assessments (including any costs, fees, charges, and expenditures including, but not limited to, interest, late charges, attorneys’ fees, recording and filing fees, and all other costs actually incurred by the Association in collecting and/or enforcing payment of assessments imposed in accordance with the Governing Documents) or any other amounts owed to the Association.
- 2) Determine, after notice to the Member and an opportunity for a hearing by the Board, that a Member is not a Member in Good Standing during any period in which the Member is in default in the payment of any assessment (including any costs, fees, charges, and expenditures including, but not limited to, interest, late charges, attorneys’ fees, recording and filing fees, and all other costs actually incurred by the Association in collecting and/or enforcing payment of assessments imposed in accordance with the Governing Documents) or any other amounts owed to the Association.
- 3) A Member found by the Board to not be in Good Standing shall be deemed to continue in that status until the Member brings their account current.

(iv) Sanctions and Hearings

Conduct hearings and impose any or all of the following sanctions, as indicated below:

- 1) All Board meetings regarding complaints by Members shall be held in Executive Session.
- 2) Suspend the voting or other membership rights and privileges of a Member, including the right to use the Common Areas:
 - During any period in which such Member is in default in the payment of any Assessment.
- 3) At least ten (10) days prior to an Executive Session where the imposition of sanction(s) upon a Member is to be considered, the Board shall provide written notice of the meeting to the Member. The notice shall contain:
 - The date, time and place of the meeting.
 - The nature of the alleged violation for which sanctions are being considered.
 - A statement that the Member has a right to attend the meeting and may address the Board at the meeting.
- 4) If the Board sanctions a Member, the Board shall provide the Member with written notification of the sanction within fifteen (15) days following the action.

(v) Manager

Engage the services of a manager or management company as either an employee or an independent contractor, and engage such other employees or independent contractors as the Board may deem necessary, and to prescribe their duties.

(vi) Professional Advisors

Consult with, seek the advice of, and reasonably rely on the advice of attorneys, accountants, or other professionals in carrying out its authority and responsibilities under the Governing Documents and the law and to pay for such professional services.

(vii) Association Property

Acquire, own, hold, convey, transfer, dedicate, or otherwise dispose of Association property consistent with the purposes and powers of the Association.

(viii) Indemnification of Agents

Indemnify and hold harmless, to the maximum extent permitted by California law, each person who is, or at any time was, a Director, officer, employee, or agent of the Association (including members of any committee appointed by the Board) from and against any and all claims, liabilities, expenses, judgments, settlements, and other amounts (as those terms are defined by California law) actually and reasonably incurred by any such person or who is subject to such by reason of his or her being a Director, officer, employee, or agent of the Association.

(ix) Bank Accounts

Open bank accounts and designate signatories upon such bank accounts, subject to any restrictions set forth in the Governing Documents.

(c) Duties

The Board of Directors shall adopt duties which shall include the minimum requirements specified in the California Civil Code.

In addition to the duties required by law, the Board of Directors shall have the following additional duties:

(i) Act in such a way that promotes the health, safety and welfare of the residents within the Association.

(ii) Maintain Common Areas and Roads.

- 1) Maintain, repair, improve and provide for, finance and pay for subsequent stages of construction of the roads shown upon and dedicated by the Official Maps of Swansboro Country.
- 2) Install, maintain and replace street signs and traffic control signs on the roads shown upon and dedicated by the Official Maps of Swansboro Country.
- 3) Maintain, repair and replace the white rail fences on Mosquito Road and Rock Creek Road.

(iii) Records and Minutes

Cause to be kept a complete record of all its acts and corporate affairs, including an accurate and current record of the Members, setting forth their names and addresses, adequate and correct books and records of account and minutes of the proceedings of the Board meetings.

(iv) Pro Forma Budget

Prepare and distribute to the Members annually, not less than thirty (30)

days nor more than ninety (90) days prior to the beginning of each fiscal year, a pro forma operating budget which shall include all of the following and shall be accompanied by the form specified in California Civil Code Section 5300:

- 1) An estimate of the Association's revenue and expenses for such fiscal year on an accrual basis.
- 2) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to law, based only on assets held in cash or cash equivalents, which summary shall be printed in **bold type** and shall include the following:
 - The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component the Association is obligated to maintain, restore, repair or replace.
 - A current estimate, as of the end of the fiscal year for which the study is prepared, of the amount of cash reserves necessary to maintain, restore, repair, or replace such major components.
 - The current amount, as of the end of the fiscal year for which the study is prepared, of accumulated cash reserves actually set aside to maintain, restore, repair, or replace such major components.
 - The percentage of the amount of cash reserves necessary to maintain, restore, repair, or replace such major components that is represented by the amount of cash reserves actually set aside.
 - If applicable, the amount of funds received from either a compensatory damage award or settlement to the Association from any person or entity for injuries to property, real or personal, arising out of any construction or design defects, and the expenditure or disposition of funds, including the amounts expended for the direct and indirect costs of repair of construction or design defects. These amounts shall be reported at the end of the fiscal year for which the study is prepared.
 - The current deficiency, if any, in reserve funding expressed on a per unit basis, calculated in accordance with California Civil Code Section 5565.
 - A statement as to all of the following:
 - a) Whether the Board has determined to defer or declined to undertake repair or replacement of any major component with a remaining life of thirty (30) years or less, including a justification for the deferral or decision to decline to undertake the repair or replacement.
 - b) Whether the Board, consistent with the reserve funding plan adopted pursuant to California Civil Code Sections 5550 and 5560, has determined or anticipates that the levy of one (1) or more Special Assessments will be required to restore, repair, or

replace any major component or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date and duration of the Special Assessment.

- c) 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.
 - d) Whether the Association has any outstanding loans with an original term of more than one (1) year, including payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.
 - e) A general statement setting forth the procedures used for the calculation and establishment of reserves to defray the future cost of repair, replacement, or additions to those major components that the Association is obligated to maintain, restore, repair or replace.
 - The general statement shall include, but need not be limited to, reserve calculations made using the formula described in California Civil Code Section 5570 and may not assume a rate of return on cash reserves in excess of two percent (2%) above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.
- 3) In lieu of the distribution of the pro forma operating budget, the Board may distribute a summary of such budget (which must be accompanied by the form specified in California Civil Code Section 5570) to all Members together with a written notice that the budget is available at the office of the Association or at another suitable location and that copies will be provided to a Member upon a Member's request and at the expense of the Association.
 - 4) If any Member so requests, the Association shall provide a copy of the pro forma operating budget to such Member.
 - 5) The written notice that is distributed to each Association Member as set forth herein shall be set forth in at least **ten (10) point bold type** on the front page of the summary of the budget.
- (v) Reserve Study
- 1) Cause to be conducted, at least once every three (3) years, a 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 of the Development.
 - 2) The Board shall review the reserve study (or cause it to be reviewed) annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.
 - 3) The reserve study required by this section shall include the minimum requirements specified in California Civil Code Sections 5500-5560 or comparable successor statute.

(vi) Reserve Funds

Reserve Funds shall never be invested where the capital may be at risk. All deposits shall be in a federally insured institution.

- 1) Manage Association Reserve Funds in a prudent manner designed to achieve the primary objective of preserving principal. Such funds shall be deposited in a federally insured bank, credit union or savings association in the State of California.
- 2) Expend funds designated as reserve funds only for maintenance, restoration, repair/replacement of or litigation involving the maintenance, restoration, repair/replacement of major components which the Association is obligated to maintain, restore, repair or replace and for which the reserve fund was established.
 - a) The Board may, however, authorize a 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, so long as the Board has made a written finding, recorded in the Board's Minutes, explaining the reason(s) the transfer is needed and describing when and how the money will be repaid to the Reserve Fund.

Any transferred funds shall be restored to the Reserve Fund within one (1) year of the date of the initial transfer, except as otherwise expressly provided by law.
 - b) The Board shall exercise prudent fiscal management in maintaining the integrity of the Reserve Account.

(vii) Review of Accounts

Review the Association's operating and reserve accounts at least in accordance with the following minimum requirements:

- 1) Review a current reconciliation of the Association's operating accounts on at least a quarterly basis.
- 2) Review a current reconciliation of the Association's reserve accounts on at least a quarterly basis.
- 3) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget.
- 4) Review the latest account statements prepared by the financial institutions where the Association keeps its operating and reserve accounts.
- 5) Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.
- 6) As used in this subsection, the term "reserve accounts" shall mean monies that the Board has identified in its annual budget to defray the future costs of repair, replacement or addition to those major components which the Association is obligated to maintain, restore, repair, or replace.

(viii) Annual Financial Statements

- 1) Cause an annual report to be prepared not later than one hundred twenty (120) days after the close of the Association's fiscal year.

Such annual report shall contain:

- A balance sheet as of the end of the fiscal year.
 - An income statement for such fiscal year.
 - A statement of changes in financial position for such fiscal year.
 - Any information required by California Corporations Code Section 8322.
- 2) The annual report shall be accompanied by any report of independent accountants, or, if there is no such report, by a certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.
 - 3) The latest annual report shall be sent to any Member promptly upon his or her written request.
 - 4) Distribute to all Members of the Association within one hundred and twenty (120) days after the close of such fiscal year a review of the financial statements of the Association prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.
 - 5) Cause an audit to be conducted at least every five (5) years by an independent auditor.
- (ix) Annual Notifications to Members
- 1) Distribute to the Members annually:
 - a) A statement describing the Association's policies and practices in enforcing lien rights and other legal remedies for default in payment of assessments as required by California Civil Code Section 5310(a)(7).

This statement shall be distributed not less than thirty (30) days nor more than ninety (90) days immediately preceding the beginning of the Association's fiscal year.
 - b) A summary of the statutory provisions relating to employing alternative dispute resolution procedures in certain matters with respect to enforcement of the Governing Documents which specifically references California Civil Code Sections 5925 through 5965 and which includes the language required by California Civil Code Section 5965 describing the Association's internal dispute resolution process as required by California Civil Code Section 5920.

The summary shall be provided either at the time the budget required by Section 5.02(c)(iv) of these Bylaws is distributed or in the manner specified in California Corporations Code Section 5016.
 - c) A written notice regarding assessments and foreclosure required by California Civil Code Section 5730 and California Civil Code Section 5310(a)(7).

The notice shall be printed in at least **twelve (12) point bold** type and shall be distributed within the sixty (60) day period immediately preceding the beginning of the Association's fiscal year.

- d) A statement notifying the Members of the name and address of the person designated to receive official communications to the Association, in the manner prescribed by Civil Code section 4035.
- e) A statement notifying the Members of the location, if any, designated for posting general notices.
- f) A statement notifying the Members of their option to receive general notices by individual delivery in accordance with Civil Code section 4045.
- g) A statement describing the Association's collection policies as required by Civil Code section 5730.
- h) A statement notifying the Members of the mailing address for overnight payment of assessment in accordance with Civil Code section 5655(c).
- i) A notice and statement concerning the insurance carried by the Association as required by Section 5.02(c)(xii) of these Bylaws and California Civil Code Section 5300(a)(9).

This statement shall be distributed not less than thirty (30) days nor more than ninety (90) days immediately preceding the beginning of the Association's fiscal year.

- j) A pro forma operating budget as required by Section 5.02(c)(iv) of these Bylaws and California Civil Code Section 5300, including the form specified in California Civil Code Section 5300(e).

The pro forma operating budget shall be distributed not less than thirty (30) days nor more than ninety (90) days prior to the beginning of each fiscal year.

- k) Statement explaining the Members' right to obtain copies of minutes of meetings of the Board as required by Section 6.01(j)(iv) of these Bylaws and by California Civil Code Section 5310.

This statement may be distributed together with the pro forma budget specified in Section 5.02(c)(iv) of these Bylaws or at the time of any general mailing to the entire membership.

- l) A notice of the Members' right to receive the annual report specified in Section 5.02(c)(viii) of these Bylaws. This notice may be distributed in any general mailing to the entire membership.
- m) A notice of the Member's right to mail to the Association written notice of the Member's secondary address.

The Member's written notice of his or her secondary address shall be mailed to the Association in a manner that shall indicate that the Association has received the Member's written notice.

The notice to the Members shall be distributed together with the pro forma operating budget specified in Section 5.02(c)(iv) of these Bylaws.

- n) A summary of the Reserve Funding Plan adopted by the Board, as specified in California Civil Code Section 5560. 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 Study Plan to any Member upon request.

(x) Assessments

To establish, levy and assess, and cause to be collected the assessments or charges.

- 1) Provide notice to each Member, by first class mail, of any increase in the Regular Assessments or Special Assessments not less than thirty (30) days nor more than sixty (60) days prior to such increased Regular Assessment or Special Assessment becoming due.
- 2) Collect assessments levied by the Association by lien against any property for which assessments are not paid as required in the Declaration and/or by bringing an action at law against the Owner personally obligated to pay the same.
- 3) Issue, or cause an appropriate officer to issue, upon demand by any proper person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(xi) Insurance

- 1) The Board of Directors shall obtain and maintain in effect at all times, as a common expense, insurance sufficient to protect the Association including Property, General Liability, Umbrella Liability, Directors' and Officers' Liability Insurance and any other insurance required by law.
- 2) The summary of the Association's policies of insurance provides only certain information, as required by subdivision (b) of Section 5300 of the Civil Code and should not be considered a Substitute for the complete policy terms and conditions contained in the actual policies of insurance.
- 3) The Association shall periodically (and not less than once every three (3) years) review all insurance policies maintained by the Association to determine the adequacy of the coverage and to adjust the policies accordingly.
- 4) Any Association Member may request verification of insurance coverage.

(xii) Notification Regarding Insurance Coverage

In accordance with California Civil Code Section 5300, not less than thirty (30) days nor more than ninety (90) days immediately preceding the beginning of the Association's fiscal year, prepare and distribute to all

Members a summary of the Association's property, general liability, earthquake, flood, and fidelity insurance policies, if any.

The summary shall include the name of the insurer, the type of insurance, the policy limits of the insurance, and the amount of deductibles, if any.

The Association's disclosure obligations may be satisfied by distributing to the Members a copy of the insurance policy declaration page, so long as that page presents the information specified in the preceding sentence.

As soon as reasonably practicable, the Association shall notify the Members by first-class mail if any of the policies described above have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible for any of those policies.

If the Association receives any notice of nonrenewal of a policy described above, the Association shall immediately notify the Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

The summary distributed pursuant to this section shall contain the statement required by California Civil Code Section 5300. The statement shall be printed in at least **twelve (12) point bold type**.

(xiii) Supervision

Supervise all officers, agents, and employees of the Association and see that their duties are properly performed.

(xiv) Enforcement of Governing Documents

Enforce the provisions of the Governing Documents, as more particularly set forth in the CC&Rs, and perform all acts required of the Board under the Governing Documents or required by law.

(xv) Water and Other Utilities

Acquire, provide and pay for utility services as necessary for the Common Areas and facilities.

(d) Qualifications and Term of Office

(i) With respect to Member Directors, only Members in Good Standing shall be eligible to be elected to, or serve on, the Board.

(ii) Co-owners of one or more Lots may not serve on the Board at the same time.

(iii) A person shall be deemed disqualified to serve under the following circumstances:

1) The person is found by a court of competent jurisdiction to be of unsound mind.

2) The person is absent, without an excuse approved by the Board, from three (3) consecutive meetings of the Board.

3) The person, if a Member, ceases to be a Member in Good Standing.

(iv) At each Annual Meeting of the Members, the Members shall elect Directors for terms of two (2) years each to replace those Directors whose

terms are then expiring.

- (v) Each Board member shall serve no more than three consecutive two - year terms.
- (e) Enumeration of Officers
 - (i) The officers of the Association shall be President, Vice-President, Secretary and Treasurer.
 - (ii) Officers shall at all times be members of the Board of Directors.
- (f) Election of Officers
 - (i) The Board of Directors shall elect the officers.
 - (ii) The election of officers shall take place at the first open meeting of the Board of Directors following each Annual Meeting of the Members.
- (g) Term
 - (i) The officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year, unless he or she shall sooner resign, be removed by the Board, or otherwise be disqualified to serve.

In the event that an officer fails, for any reason, to hold office for one (1) year, his or her successor shall hold office for the remaining term of his or her predecessor.

- (h) Special Appointments
 - (i) The Board may elect 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 the Board may, from time to time, determine.
- (i) Resignation or Removal
 - (i) Any Officer may be removed from office, with or without cause, by the Board.
 - (ii) Any Officer may resign at any time by giving written or oral notice to the Board, the President or the Secretary.
 - 1) Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
 - (iii) In the event that any member of the Board of Directors of this Association shall be absent from three (3) consecutive regular meetings of the Board of Directors, the Board may, at the meeting during which the third absence occurs, declare the office of the absent Director to be vacant.
- (j) Vacancies of Officers
 - (i) A vacancy in any Office may be filled by appointment by the Board.
 - (ii) The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he/she replaces, subject to the Board's right to remove an Officer.
- (k) Multiple Offices
 - (i) No person shall simultaneously hold more than one of any of the other

offices, except in the case of special appointments.

(l) President

- (i) The President shall be the Chief Executive Officer of the Association and shall, subject to control of the Board, have general supervision, direction, and control of the affairs and the other officers and the employees and agents of the Association.
- (ii) The President shall preside at all meetings of the Members and at all meetings of the Board, shall have the general powers and duties of management usually vested in the office of the President of an Association, and shall have such other powers and duties as may be prescribed by the Board and the Bylaws, subject, however, to any limitations contained in the Declaration.

(m) Vice-President

- (i) In the absence or disability of the President, the Vice-President shall perform all the duties of the President, and when so acting, shall have all of the powers of, and be subject to all of the restrictions upon, the President.
- (ii) The Vice-President shall have such other powers and perform such other duties as, from time to time, may be prescribed by the Board.

(n) Secretary

- (i) The Secretary shall keep (or cause to be kept) at the principal office or such other place as the Board may prescribe:
 - 1) A current register showing names of Members and their addresses.
 - 2) A book of Minutes of all meetings of the Directors and the Members, setting forth:
 - The time and place of such meetings.
 - The notice thereof given.
 - Meeting Agendas.
 - The names of those present at Directors meetings.
 - The number of memberships and votes present or represented at Members meetings.
 - All the proceedings thereof.

(o) Treasurer

- (i) The Treasurer is responsible for the oversight of the financial affairs of the Association, including but not limited to:
 - 1) The receipt and deposit in appropriate accounts of all monies of the Association and the disbursement of such funds as directed by the Board.
 - 2) Sign all checks and promissory notes of the Association.
 - 3) Proper books of account.
 - 4) An annual review of the Association's books and financial statements to be made by a public accountant at the completion of any fiscal

year for which such review is required by law or as determined by the Board.

- 5) Assist the Board in preparation of an annual budget and a statement of income and expenditures to be presented to the Members of the Association as provided by law.
- 6) Have such other powers and perform such other duties as may be prescribed by the Board.
- 7) When a management company is retained and said management company's duties include the undertaking financial acts on behalf of the Association, it shall be the responsibility of the Treasurer to oversee the financial acts undertaken by that management company.

(p) Election and Term of Office

- (i) All elections for the Board of Directors shall be made with written ballots which shall:
 - 1) Describe the vacancy to be filled.
 - 2) Set forth the names of those nominated.
- (ii) In all elections of Directors, Members in Good Standing may cast, in respect to each position on the Board to be filled, one vote for each Lot owned. The persons receiving the largest number of votes shall be elected. Cumulative voting (i.e., giving more than one vote to any candidate) shall not be permitted.
- (iii) Each Member shall receive as many ballots as he/she has votes. Notwithstanding that a Member may be entitled to several votes, he/she shall exercise on any one ballot, one vote for any vacancy shown thereon.
- (iv) The Secretary shall cause the ballot to be prepared and mailed to the Members at least thirty (30) days in advance of the date set therein for the return thereof.
- (v) Any tie in the number of votes cast for candidates where more than one (1) Director is to be elected shall be decided by a run-off election.

(q) Filling Vacancies

- (i) Vacancies on the Board created by the removal of a Director by the Members shall be filled by approval of the Members. A Director elected by the Members to fill such a vacancy shall serve the remainder of the term of office of the Director whom he or she replaces.
- (ii) Any vacancy occurring on the Board of Directors, except a vacancy created by the removal of a Director by the Members, may be filled (a) by approval of the Board of Directors; or (b) by a sole remaining Director.
- (iii) A Director chosen by the Board to fill a vacancy shall serve the remainder of the term of office of the Director whom he or she replaces.

(r) Compensation

- (i) No Director or Officer shall receive compensation for any service he or she may render to the Association as a Director or Officer. However, upon approval by the Board, any Director or Officer may be reimbursed for his or her expenses actually incurred in the performance of his or her duties.

(s) Nomination and Election of Directors

- (i) The Board shall adopt reasonable nomination procedures that comply with California State Law for the nomination of eligible candidates.
- (ii) Such procedures shall include, without limitation, a mechanism for any eligible Member to nominate himself or herself for election to the Board.
- (iii) Nominating Committee
 - 1) The Nominating Committee, if any, shall consist of the Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each Annual Meeting and shall serve until the close of the next Annual Meeting. Such appointments shall be announced at each such Annual Meeting.
- (iv) All nominees shall meet the qualifications set forth in Section 5.02(d) of these Bylaws.
- (v) The Board shall include the name of each eligible nominee on the ballot.
- (vi) Director elections shall be conducted by secret ballot in accordance with the procedures set forth in California Civil Code Sections 5100-5145.
- (vii) The quorum for any such elections shall be as stated in Section 6.02(f) of these Bylaws. The candidates receiving the largest number of votes shall be elected.
- (t) Uncontested Election of Directors
 - (i) If, after the close of nominations, the number of people nominated for the Board of Directors is equal to or less than the number of vacancies, the Board may, without further action, declare those nominated and qualified to be elected to the Board.
 - (ii) Where ballots are not sent due to an uncontested election, no quorum requirement applies.
 - (iii) In such case, the Board of Directors shall notify the Members of its action. If the number of Directors so elected is less than the number of vacancies, the incoming Board of Directors shall fill the vacancy as provided for in Section 5.02(q) of these Bylaws.

ARTICLE 6. MEETINGS

Section 6.01 Meetings of Directors

The first meeting of a newly elected Board of Directors shall be held immediately following the Annual Meeting of the Membership and upon proper notice.

(a) Regular Board Meetings

- (i) Regular meetings of the Board of Directors shall be held monthly at a place within the Development or at the Mosquito Firehouse, on a day and a time set by the Board and upon proper notice.

(b) Special Board Meetings

- (i) Special meetings of the Board shall be held when called by the President of the Association or by any two (2) Directors and upon proper notice.

(c) Emergency Board Meetings

- (i) The President or any two (2) Directors may call an emergency meeting of

the Board.

- (ii) An "emergency meeting" is defined as a meeting held to address 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 the Notice to Members required by Section 6.01(f) of these Bylaws.
 - (iii) In the event of an Emergency Meeting, a reasonable effort to give notice to each Director shall be made, taking into consideration the nature and circumstances of the emergency.
 - (iv) When practicable, a notice of said meeting will be placed on the website and posted where regular meeting notices are posted.
- (d) Executive Session
- (i) The Board of Directors may meet in Executive Session, upon proper notice, to confer with legal counsel or to discuss and vote upon personnel matters, Member sanctions, litigation in which the Association is or may become involved, matters that relate to the formation of contracts between the Association and others, and any other matters which the law permits or requires to be addressed in executive session.
 - (ii) In any matter relating to Member sanctions, the Board shall meet in Executive Session. That Member and any other person whose attendance is, in the judgment of the Board or the Member, necessary or appropriate, may attend such meeting.
- (e) Except as otherwise provided in these Bylaws, notice of each meeting of the Board shall be communicated to the Directors by first class mail not less than four (4) days prior to the meeting or by: (a) personal delivery; (b) telephone, including a voice Messaging system or other system or technology designed to record and communicate messages; (c) telegraph; (d) facsimile; or (e) electronic mail or other electronic means, not less than forty-eight (48) hours prior to the meeting. In the event of an emergency meeting as provided in Section 6.01(c) of these Bylaws, strict adherence to the notice requirements of this section shall not be required provided that a reasonable effort to give notice to each Director shall be made taking into consideration the nature and circumstances of the emergency. Notice of a meeting need not be given to any Director who signed a waiver of notice or a written consent to holding the meeting, or an approval of the minutes thereof, whether before or after the meeting, nor must notice be given to any Director who attends a meeting without protesting, prior thereto or at its commencement, the lack of notice to that Director.
- (f) Notice to Members
- (i) Except for emergency meetings and executive, at least four (4) days' prior notice of the day, time, and place of each meeting of the Board, whether regular or special, shall be given to all Members by posting it in a prominent place or places within the Common Areas and by mail to any Owner who had requested notification of Board meetings by mail at the address requested by the Owner. Notice of Board meetings may also be given by: (a) mailing or delivery to each Residence; (b) by newsletter; or (c) by other means of communication reasonably designed to provide prior actual notice of such meeting. The notice shall contain the agenda for the meeting.

- (ii) If a non-emergency meeting is held solely in executive session, the Association shall give notice of the time and place of the meeting at least two (2) days prior to the meeting by posting it in a prominent place or places within the Common Areas and by mail to any Owner who has requested notification of Board meetings by mail at the address requested by the Owner. Notice of Board meetings may also be given by:
 - (a) mailing or delivery to each Residence;
 - (b) by newsletter;
 - (c) by other means of communication reasonably designed to provide prior actual notice of such meeting; or
 - (d) with the consent of the Member, by electronic means. The notice shall contain the agenda for the meeting.
- (g) Open Meetings
 - (i) Regular, Special and Emergency meetings of the Board of Directors shall be open to all Members of the Association, except when the Board meets in Executive Session pursuant to Section 6.01(d) of these Bylaws.
 - (ii) A reasonable time limit for all Members to speak to the Board shall be established by the Board, which may limit Member commentary to a specific portion of the meeting.
- (h) Telephone Participation
 - (i) Directors may participate in Board meetings through the use of conference telephone, electronic video screen communications, or other communications equipment to the extent permitted by law, including, without limitation, California Corporations Code Section 7211(a)(6).
- (i) Quorum
 - (i) A majority of the number of Directors then in office, but not less than four (4) Directors, shall constitute a quorum for the transaction of business.
 - (ii) Every act or decision done or made by a majority of the Directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board.
- (j) Minutes of Meetings of Directors
 - (i) Within thirty (30) days after the date of any meeting of the Board, the Board shall make available to the Members either:
 - 1) The Minutes of that meeting as adopted by the Board, or
 - 2) Those Minutes as proposed for adoption which shall be marked to indicate draft status, or
 - 3) A summary of the Minutes.
 - (ii) Any matter discussed in an Executive Session shall be generally noted in the Minutes of the next Board meeting which is open to the entire membership.
 - (iii) To protect and preserve the confidential nature of Executive Sessions, Minutes of Executive Sessions shall not be subject to inspection by Members or others, barring court order.
 - (iv) Copies of the Minutes, Proposed Minutes, or Summary of Minutes shall be provided to any Member upon request.

The Board may, but shall not be required to, post the Minutes of its meetings on an internet site.

- (v) Members shall be notified annually, in writing, either at the time that the pro forma budget required under California Civil Code Section 5300 is distributed or at the time of any other general mailing to the entire membership of the Association, of their right to obtain copies of the Minutes of meetings of the Board and how and where those Minutes may be obtained.
- (vi) The Minutes of Board meetings (other than Executive Sessions) shall be made permanently available to the Members of the Association.

Section 6.02 Meetings of Members

- (a) Annual Membership Meeting
 - (i) The annual meeting of the Members shall be held on a date and at a time and place to be designated by the Board of Directors, upon proper written notice to all of the Members.
- (b) Special Membership Meetings
 - (i) Special meetings of the Members may be called at any time by the President or by the Board of Directors or pursuant to the written request by Members entitled to cast at least five percent (5%) of the membership.
- (c) Notice of Meetings.
 - (i) Written notice of each meeting of the Members shall be given by or at the direction of the Secretary or other person authorized to give notice of a meeting.
 - (ii) Written notice shall be mailed by first class mail, postage prepaid, at least ten (10) days but not more than ninety (90) days before such meeting, to each Member who, on the Record Date for notice of the meeting, is entitled to vote at such meeting.
 - (iii) Notice of meetings shall be addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice.
 - (iv) Notice of any meeting of Members shall specify the date, hour, place and agenda of the meeting.
 - (v) With respect to Special Meetings, only those matters referred to in such notice may be transacted.
 - (vi) With respect to Regular Meetings, and notwithstanding the foregoing, any proper matter may be presented at the meeting for action by the Members. The Members may act only on matters the general nature of which has been set forth in the notice of such meeting.
- (d) Conduct of Membership Meetings
 - (i) All meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure, such as Robert's Rules of Order, or such parliamentary procedures as the Association may adopt.
 - (ii) A reasonable time limit for all Members to speak at a meeting of the Members shall be established by the Board of Directors.
- (e) Place of Membership Meetings
 - (i) Annual and special meetings shall be held at a location within the

Development or at the Mosquito Firehouse.

(f) Quorum

The number of ballots that must be cast in order to establish a quorum shall be as follows:

- (i) In any election of one or more Directors, where written ballots are used, the number of valid ballots received shall constitute a quorum. Where ballots are not sent due to an uncontested election, no quorum requirement applies.
- (ii) To the extent required by Civil Code section 5605, notwithstanding any other provision in the Governing Documents, for purposes of voting on a special assessment or an increase in the regular assessment that by law must be approved by the Members, a quorum shall mean more than fifty percent (50%) of the Members, or such other quorum requirement as may be specified by law.
- (iii) For any act governed by the Articles of Incorporation or by the Declaration applicable to the Development, any quorum requirement specified therein shall apply.
- (iv) For any other vote or election by the Members, a quorum shall mean twelve-and-one-half percent (12.50%) of the membership.
- (v) There shall be no quorum requirement for Member attendance at any meeting of the Members held for the purpose of tabulating ballots pursuant to Civil Code section 5120(a) and no voting by the Members other than the tabulation of ballots by the inspector(s) of election shall be conducted at any such meeting.

(g) Vote of the Members

- (i) Except where the Governing Documents otherwise specify, for any action that may be taken by the Members the affirmative vote of a majority of a quorum of the Members shall constitute the action of the Members.

(h) Disclosure of Voting Results

- (i) For a period of one (1) year following the conclusion of a meeting or vote by secret ballot of the Members, the Association shall, upon written request from a Member, inform the Member of the result of any particular vote of the Members taken at such meeting, including the number of Memberships voting for, the number of Memberships voting against, and the number of Memberships abstaining or withheld from voting in a particular vote.
 - (ii) If the matter voted on was the election of Directors, the Association shall report the number of Membership votes cast for each nominee for Director.
- (i) Action without A Meeting
- (i) Any action which may be taken at a regular or special meeting may be taken without a meeting of the Members if the Association distributes a written ballot to every Member entitled to vote. The determination to seek Member approval for Association actions through the use of written ballots shall be made by a majority vote of the Board.

- (ii) Written ballots distributed to the Members shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal.
 - (iii) A reasonable amount of time shall be provided within which to return ballots to the Association.
 - (iv) Approval by written ballot shall be valid only when the number of votes cast equals or exceeds the quorum that would be required if the action were taken at a meeting, and the number of approvals equals or exceeds the number of votes that would be required to approve the action if it were taken at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.
 - (v) The written ballot solicitation shall identify the number of responses needed to meet the quorum requirement and the percentage of approvals necessary to pass the measure submitted and shall specify the time by which the ballot must be received by the Association in order to be counted.
 - (vi) A written ballot, once cast, may not be revoked.
- (j) Voting by Secret Ballot
- Elections regarding the following shall be conducted by secret ballot in accordance with the procedures set forth in California Civil Code Sections 5100-5415 or comparable successor statute.
- Assessments.
 - Selection of Directors.
 - Removal of Directors.
 - Amendments to the Governing Documents.
 - Grants of exclusive use of Common Area property pursuant to California Civil Code Section 4600.
- (k) Voting by Proxy
- (i) Use of proxies in connection with membership votes is expressly prohibited.

ARTICLE 7. COMMITTEES

Section 7.01 Committees of the Board

- (a) Any "Committee of the Board" (that is, a committee consisting only of Directors, as referred to in California Corporations Code Section 7212) shall consist of at least two (2) Directors and shall have such powers and duties as the Board shall determine, subject to the limitations of California Corporations Code Section 7212.
- (b) Such committees, to the extent provided in the resolution of the Board or in the Bylaws, shall have all the authority of the Board, except with respect to:
 - (i) Approving any action on matters which, under the Articles of Incorporation or Declaration, also require Members' approval or approval of a majority of all the Members;
 - (ii) Filling vacancies on the Board of Directors or in any committee which has

the authority of the Board;

- (iii) Amending or repealing any resolution of the Board of Directors which in its express terms is not so amendable or repealable.
- (iv) Amending or repealing Bylaws or adopting new Bylaws.
- (v) Appointing any other committees of the Board of Directors or the Members of these committees;
- (vi) Expending corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected;
- (vii) Entering into contracts of any kind.
- (viii) Approving 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 between the corporation or any person in which one or more of its Directors have a material financial interest.

Section 7.02 Non-Director Committees

- (a) The Board of Directors may, by resolution adopted by a majority of the Directors then in office, designate one or more committees, each consisting of one or more Directors and non-directors which shall not have the authority of the Board, but shall act only in an advisory capacity to the Board.
- (b) Non-director Committees shall report on their activities to the Board from time to time as directed by the Board and shall operate under the supervision of and at the direction of the Board.
- (c) No committee shall have the authority to enter into contracts or otherwise act on behalf of the Association.
- (d) The Board of Directors shall have the right at any time, in its complete discretion, to disband any committee or remove and replace any member thereof.

Section 7.03 Compensation of Committee Members

- (a) No committee member shall receive compensation for any service he or she may render to the Association as a committee member.
- (b) Upon approval by the Board, a committee member may be reimbursed for his or her consequential expenses actually incurred in the performance of his or her duties.

ARTICLE 8. BOOKS, RECORDS AND FUNDS

Section 8.01 Access to Association Records

- (a) Association records shall, to the extent required by California law, be available for inspection by any Member. The Governing Documents shall be available for inspection by any Member online or by mail upon request.

Section 8.02 Checks, Drafts, and Evidences of Indebtedness

- (a) All checks, drafts, or other orders for payment of money and all notes or other evidences of indebtedness, issued in the name of the Association, shall be signed in any manner specified by the Board, with the following exceptions:

- (i) Written approval of at least two (2) Directors shall be required for any expenditure in excess of five thousand dollars (\$5000.00).
- (ii) The signatures of at least two (2) Directors, shall be required for the approval to withdraw funds from the Association's reserve account.
- (iii) With respect to Reserve Funds, see Section 5.02(c)(vi).

Section 8.03 Funds and Deposits

- (a) Any funds of the Association shall be deposited in the name of the Association in a federally insured bank, credit union or savings association within the State of California with limits not to exceed the federally insured amount.
- (b) At no time and under no circumstances shall any Association funds be placed in any individual's name and/or bank account.

Section 8.04 Fiscal Year

- (a) The fiscal year of the Association shall run from March through February of each year unless otherwise determined by resolution of the Board of Directors.

ARTICLE 9. AMENDMENTS

Section 9.01 Amendments

- (a) These Bylaws may be amended by approval of the Board and the affirmative vote of a majority of a quorum of the Members. The power of the Board of Directors to amend, repeal or adopt new Bylaws as permitted in the California Corporations Code, Article 5, Section 7150 (a), is hereby eliminated, provided however that, upon advice of legal counsel licensed to practice law in the state of California, including the drafting by legal counsel of appropriate amendatory provisions, the Board shall have the authority without the requirement of Member approval to amend any provision of the Bylaws:
 - (i) To resolve any conflict between the Bylaws and applicable law which may arise due to the enactment or amendment of a statute or due to a development in applicable case law.
 - (ii) To conform the provisions of the Bylaws to changes in applicable statutory law that impose requirements that are non-discretionary.

Section 9.02 Restatements of Bylaws

- (a) The Board of Directors may, by the affirmative vote of the majority of the Directors present at a meeting at which a quorum has been established, restate these Bylaws when it has been properly amended pursuant to this Article.
- (b) Any such restatement shall supersede any prior Bylaws and amendments in their entirety.
- (c) Such restatement may also:
 - (i) Add, delete, or rearrange the text of the Bylaws to maintain consistency with any amendments including, but not limited to, altering the title and numbering of the restatement.
 - (ii) Delete material that is no longer legally effective.
- (d) Text shall be added to indicate that the Board of Directors has authorized the restatement and otherwise describes the background of the Development and the

restatement process.

ARTICLE 10. HIERARCHY OF DOCUMENTS

Section 10.01 Hierarchy of Governing Documents and the Law (Davis-Stirling 4205).

- (a) To the extent of any conflict between the Governing Documents and the law, the law shall prevail.
- (b) To the extent of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall prevail.
- (c) To the extent of any conflict between the Bylaws and the Articles of Incorporation or the Declaration, the Articles of Incorporation or Declaration shall prevail.
- (d) To the extent of any conflict between the Operating Rules and the Bylaws, Articles of Incorporation, or Declaration, the Bylaws, Articles of Incorporation or the Declaration shall prevail.

ARTICLE 11. DEFINITIONS

Section 11.01 Table of Definitions

Articles of Incorporation	Articles of Incorporation is the document necessary to register a corporation with a state and acts as a charter to recognize the establishment of a corporation.
Board or Board of Directors	The Governing Committee of the Association, comprised of all the elected Directors.
Bylaws	The Governing Document establishing the operational requirements of the Swansboro Country Property Owners Association.
Common Areas	The properties held in common by the Association.
Declaration	The Declaration of Covenants, Conditions, and Restrictions (the "Declaration" or "CC&Rs") recorded against all Lots located within the the Swansboro Country development (the "Development").
Development	Refers to the Swansboro Country development in El Dorado County, CA.
Director	An elected member of the Board of Directors, selected and empowered to conduct the day to day business of the Association.
Governing Documents	Documents that govern the operation of the Swansboro Country Property Owners Association. The documents consist of the Operating Rules, Bylaws, Articles of Incorporation, and the Declaration.

Lot	Any separate interest plot of land within the Development.
Member or Owner	Any individual or corporate entity who owns one or more Lots in the Development.
Members in Good Standing	“Member in Good Standing” shall mean a Member of the Association who is current in the payment of all assessments (including any costs, fees, charges, and expenditures including, but not limited to, interest, late charges, attorneys’ fees, recording and filing fees, and all other costs actually incurred by the Association in collecting and/or enforcing payment of assessments imposed in accordance with the Governing Documents) or any other amounts owed to the Association.
Operating Rules	The set of rules and regulations established by the SCPOA Board of Directors in order to establish community norms of behavior with regard to the Common Areas of the Association.
Properties	All properties recorded in the county record as part of the Development.
Record Date	Official date of a record when it was prepared, authorized, signed, or issued. If more than one date is shown, usually the latest date is considered the record date.

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SWANSBORO COUNTRY PROPERTY OWNERS ASSOCIATION
NOTICE OF ELECTION RULES AND
NOTICE OF FIRST AMENDMENT TO FIRST RESTATED BYLAWS

October 29, 2020

Dear Member:

Election Rules

At the open meeting of the Board of Directors on October 29, 2020 the Board adopted new Election Rules and the First Amendment to the Restated Bylaws (with Resolution and Certification). Copies are enclosed for your records.

The Election Rules and Amendments were adopted to comply with changes in California law affecting the way membership votes in homeowner associations are to be conducted. These changes, which went into effect January 1, 2020, include new requirements include new deadlines; address verification tasks and mailings; candidate qualifications; member voting qualifications; inspector of elections qualifications; and recordkeeping obligations. These changes are not discretionary. The law requires our Association to adopt Election Rules consistent with these new requirements and this task was accomplished with assistance from the Association's legal counsel.

Bylaw Amendments

Also enclosed here is a First Amendment to the Bylaws which the Board has adopted by Resolution (also enclosed). No Membership vote on this amendment was necessary because it is merely to conform our current Bylaws (the First Restated Bylaws certified on July 20, 2019) to those changes in the law which took effect on January 1, 2020. (First Restated Bylaws, Art. 9, Section 9.01(a).) The First Amendment was prepared with assistance from the Association's legal counsel.

If you have any questions regarding the Election Rules and/or the First Amendment to the First Restated Bylaws, please contact R. LaFrance, Manager Rick.lafrance@managementtrust.com.

Sincerely,

Board of Directors

L APPROVED 10/29/20

Swansboro Country Property Owners Association Election Rules

These Election Rules apply to all Member votes undertaken by SWANSBORO COUNTRY PROPERTY OWNERS ASSOCIATION ("Association"). These Election Rules shall be effective on the date of adoption, shall supersede any other rules of the Association affecting voting or elections, and shall remain in effect until modified by the Board of Directors (the "Board").

ARTICLE 1 MEMBER VOTING RIGHTS

1.1 Member Voting Rights. Notwithstanding anything to the contrary in the Association's governing documents, all Members shall be entitled to vote, and no Member shall be denied a ballot for any reason other than not being a Member. "Member" means a person who holds legal title to the separate interest (i.e., is named in the recorded deed for the separate interest property). The "separate interest" property means the lot owned by a Member.

1.1.1 Entity Owners. In the case of a Member that is not a natural person (such as a trust, corporation or other entity), the vote of such Member may be cast by any authorized representative of the Member designated by written notice to the Association.

1.1.2 General Power of Attorney. A person with general power of attorney for a Member, who has provided satisfactory evidence thereof, shall not be denied a ballot and said ballot shall be counted if returned by the deadline for voting.

1.2 Voter List. The Association shall maintain a "Voter List" which shall include for each separate interest: the Member's name; voting power; and, unless the Member has "opted out" of the public distribution of their address, the physical address of the Member's separate interest, or the parcel number, or both, and the mailing address of the Member if it is different than the physical address of the separate interest (or if the parcel number is used). Upon request, the Association shall permit Members to verify the accuracy of their individual information on the Voter List at least 30 days before the ballots are mailed. The Member shall report any errors to the Inspector of Elections who shall make the correction within two business days. The Association may, at its discretion, report any known errors to the Inspector of Elections. The Voter List shall be retained as "association election materials" as required by law.

1.3 Voting Power of Each Membership. On each matter before the Members, only one (1) vote shall be cast for each separate interest. Once a ballot is received by the Inspector of Elections, it may not be rescinded. Votes on behalf of a separate interest owned by more than one person or entity shall be treated as a single member for voting purposes. The vote for such separate interest shall be exercised as the owners among themselves shall determine, but in no event shall more than one (1) vote be cast with respect to any separate interest. If the joint owners of a separate interest are unable to agree among themselves as to how their vote is to be cast, they shall lose their right to vote on the matter in question. If any joint owner of a separate interest casts a vote representing the separate interest, it will thereafter be conclusively presumed for all purposes that such owner was acting with the authority and consent of the other owners of that separate interest.

1.4 Cumulative Voting. Cumulative voting is not permitted in the election of directors.

1.5 Proxies. Use of proxies in connection with membership votes or membership meetings is expressly prohibited. "Proxy" shall mean a written authorization signed by a Member or a

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Member's attorney-in-fact giving another person or persons power to vote for such Member, as defined in Civil Code section 5130.

1.6 General Power of Attorney. A Member may delegate their voting rights to a third party by use of a general power of attorney that conforms to the laws of the state in which the power is conveyed. The power of attorney must be returned to the Association at or before the casting of the ballot for which voting rights have been delegated.

ARTICLE 2 VOTING PROCEDURE

2.1 Notice of Election Information. At least thirty (30) days before the ballots are distributed, the Association shall provide general notice of all of the following: (i) the date and time by which, and the physical address where, ballots are to be returned by mail or handed to the Inspector of Elections; (ii) the date, time, and location of the meeting at which ballots will be counted; and (iii) the "Candidate Registration List," as defined in Section 3.3 below.

2.2 Distribution of Ballots. For a vote on any of the matters specified in *Civil Code* section 5100(a), voting by the Members shall be conducted by secret ballot using a "double envelope system" as described in *Civil Code* section 5115(a). Ballots and two envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered to all Members in such vote or election. Ballots shall be distributed a minimum of thirty (30) days prior to the deadline for voting. These matters are: (i) elections regarding assessments legally requiring a Member vote, (ii) election and removal of directors, (iii) amendments to the governing documents, and (iv) grants of exclusive use of common area property pursuant to *Civil Code* section 4600. For votes on any other matter, votes may be by secret ballot, written ballot or any other manner not prohibited by law (including electronic voting), and the polling period for such voting may be a reasonable time as determined by the Board unless otherwise prescribed by law.

2.3 Frequency of Director Elections. The Association shall hold an election for a seat on the Board at the expiration of the corresponding director's term or sooner if required by the Bylaws.

2.4 Extension of Voting. The Board shall be entitled to extend the deadline for the return of ballots one or more times due to the lack of a quorum or for such other reason(s) as the Board deems reasonable and prudent.

2.5 Tabulation and Observation. The Inspector of Elections shall open all ballots and tabulate the votes at a properly noticed open meeting of the Board or Members in a manner that allows the Members to view the opening and tabulation. The Inspector of Elections may appoint additional persons to assist in the opening of ballots and tabulation of votes. Observers must remain at least five (5) feet from the area of opening and tabulation and not communicate, harass, or otherwise interfere with the Inspector of Elections and/or those assisting the Inspector of Elections in any manner whatsoever. The Inspector of Elections or the Board shall have the power and authority to cause the removal of any person who interferes with or disrupts the voting, opening or tabulating process. The Inspector of Elections may suspend the opening and tabulation process if anyone causes interference with or disrupts the process.

2.6 Reporting Election Results. The tabulated results of the election shall be promptly reported to the Board and shall be recorded in the minutes if reported at a meeting of the Board or recorded in the minutes of the next meeting of the Board if reported at a Member meeting. Within fifteen (15) days of the election, the Board shall give the Members general notice of the tabulated results of the election.

2.7 Retention of Association Election Materials. "Association election materials" shall mean the returned ballots, signed voter envelopes, the Voter List, proxies, and the Candidate Registration List. The association election materials shall at all times be in the custody of the

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Inspector of Elections or at a location designated by the Inspector of Elections for a period of one (1) year after the Inspector of Elections notifies the Board and the Members are notified of the election results, at which time custody shall be transferred to the Association. The Association shall retain the association election materials for the current fiscal year and prior two (2) fiscal years. At the expiration of the retention period all association election materials may be destroyed.

ARTICLE 3 CANDIDATES FOR THE BOARD AND NOMINATION PROCEDURES

3.1 Qualification of Candidates. Candidates for the Board must be Members at the time of their nomination and must meet all other qualifications or restrictions set forth in these Election Rules. In the case of a Member that is not a natural person (such as a corporation or other entity), the entity Member shall have the power to appoint a natural person as the "Member" for purposes of director elections. The Association shall disqualify a nominee for the Board if the nominee is not a Member.

3.2 Nominations/Solicitation of Candidates. At least thirty (30) days before the deadline for submitting a nomination, the Association shall provide general notice of the procedure and deadline for submitting a nomination for the Board. Any Member who satisfies the qualifications and is not otherwise prohibited from running for the Board may place their name in nomination for the Board by submitting the nomination before the published deadline for receiving nominations. In addition, the Board may recruit qualified candidates and/or may appoint a nominating committee to nominate qualified candidates. No "write-in" candidates shall be permitted on the ballots in the election of directors.

3.3 Candidate Registration List. The "Candidate Registration List" shall mean the list of candidates who will appear on the ballot. Upon request, the Association shall permit Members to verify the accuracy of their individual information on the Candidate Registration List at least thirty (30) days before the ballots are mailed. The Member shall report any errors to the Inspector of Elections who shall make the correction within two business days. The Association may, at its discretion, report any known errors to the Inspector of Elections. The Candidate Registration List shall be retained as "association election materials" as required by law.

3.4 Notice of Known Candidates. The names of all persons on the Candidate Registration List shall be set forth on the ballot.

3.5 Candidacy Statements. Any candidate who wishes to submit a candidacy statement may only do so using the Association's authorized form. The content of any candidate statement shall be limited to a statement of the candidate's qualifications to serve as a director.

ARTICLE 4 USE OF ASSOCIATION MEDIA AND CAMPAIGNING

4.1 Access to Association Media – Candidates for the Board. The Board may, but is not required to, make Association media (e.g., newsletter, notice board, website, or other notices provided to the Members) available to qualified candidates running for election to the Board for purposes that are reasonably related to the election in which that candidate is running. If the Board allows any candidate access to Association media, then all qualified candidates shall be allowed equal access to the same media.

4.2 Access to Association Media – Other Matters. If the Board utilizes Association media to advocate a point of view on any matter (other than election of directors) that requires Member approval or allows any Member access to Association media for that purpose, then all Members advocating a different point of view shall be allowed equal access to the same media. The Board shall not be required to allow access to more than one Member advocating the same point of view.

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4.3 "Equal Access." "Equal access" shall mean publication of written statements not to exceed a predetermined length as determined by the Board. The Board shall not edit or redact any statement but shall not be required to publish any statement that exceeds the predetermined length restrictions. Modifications to formatting may be made so as to allow for space and/or media restrictions. If any formatting modifications should become necessary, they shall be applied equally to all submissions and at no time shall any formatting be applied that may signify a preference or partiality.

4.4 Responsibility for Content. All statements published in Association media pursuant to the "equal access" rules must identify the author or proponent. No anonymous statements will be permitted. The author and/or proponent of any statement or point of view shall be solely responsible and liable for the content of their statements. The Association shall not be responsible or liable for the content of any statement published pursuant to the "equal access" rules.

4.5 Campaigning. No Association funds shall be expended for the purposes of campaigning in connection with any vote or election other than those funds specifically required to distribute required correspondence, notices, or forms that may contain the names of candidates or necessary information on the issues being voted upon, or as is otherwise deemed by the Board to be necessary or appropriate for the fair and reasonable conduct of a vote or election, or to the extent necessary to comply with duties of the Association imposed by law. Specifically excluded is the expenditure of Association funds for the purposes of expressly advocating approval, election, or defeat of any candidate.

ARTICLE 5 USE OF COMMON AREA MEETING SPACE

5.1 Access to Common Area Meeting Space – Campaigning by Candidates for the Board. The Board shall ensure that during a campaign all qualified candidates for election to the Board are given access to common area meeting space (if any) upon request, at no cost, for purposes reasonably related to their campaigns.

5.2 Access to Common Area Meeting Space – Other Matters. Whenever the Board places a matter before the Members which requires Member approval, the Board shall ensure that Members advocating a point of view on the matter are given access to common area meeting space (if any) upon request, at no cost, for purposes reasonably related to advocating their point of view, whether or not they agree with the point of view advocated by the Board on the matter at issue.

5.3 All Access. Any use of the common area facilities for the purposes described above shall be regulated by any existing rules and regulations for such use. The Board, in its sole discretion, may reasonably limit a candidate's or Member's access to common area facilities in order to facilitate equal access for other candidates and Members, and so as not to unreasonably interfere with other Members' rights to use such facilities.

ARTICLE 6 INSPECTOR OF ELECTIONS

6.1 Appointment of Inspector of Elections. Whenever there is a membership vote or election, the Board shall appoint one (1) or three (3) Inspectors of Elections, hereinafter individually or collectively referred to as the "Inspector of Elections," whose powers and duties shall be as set forth in Civil Code section 5100 *et seq.* The Board shall have the power to remove an Inspector of Elections who ceases to meet the required qualifications, is unable or unwilling to perform their duties, or for other good reason, and to appoint a new Inspector of Elections in their place.

6.2 Qualification of Inspector of Elections. The Inspector of Elections may be any persons the Board reasonably believes to be independent with respect to the matter or matters being

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voted on and may include Members of the Association, but may not be (i) a member of the Board or a candidate for election to the Board or be related to a current member of the Board or a candidate for election to the Board or (ii) the Association's manager, accountant, legal counsel, or any other person, business entity, or subdivision of a business entity that is employed by or under contract with the Association to provide compensable services to it at and/or after commencement of the election process other than serving as Inspector of Elections.

6.3 Payment to Inspector of Elections. The Board may authorize payment of Association funds to any third party appointed to serve as Inspector of Elections; however, no payment may be authorized for any Member appointed to serve as the Inspector of Elections.

6.4 Duties of the Inspector of Elections. The Inspector of Elections shall be responsible to perform their duties as follows:

- 6.4.1 Perform those tasks enumerated in Civil Code section 5110(c); and
- 6.4.2 Perform all duties impartially, in good faith, to the best of the Inspector of Election's ability, as expeditiously as is practical, and in a manner that protects the interest of all Members of the Association; and
- 6.4.3 Make any necessary corrections to the Candidate Registration List or the Voter List within two business days of being informed of an error by a Member or by the Association; and
- 6.4.4 Deliver (or cause to be delivered) the following documents to the members at least thirty (30) days before an election: (a) the ballot(s) by first-class mail and (b) a copy of these Election Rules by (i) individual delivery or (ii) by posting the internet website address where these Election Rules may be accessed on the ballot together with the phrase in at least 12-point font, "The rules governing this election may be found here: SCPOA.INFO ; and
- 6.4.5 Retain the association election materials as provided herein.

6.5 Indemnification of Inspector of Elections; Liability Insurance. The Association may, at the Board's sole discretion, indemnify the Inspector of Elections to the fullest extent provided by law. The Association shall have the power to purchase and maintain insurance to protect it and/or the Inspector of Elections against any liability asserted against the Association and/or against the Inspector of Elections arising out of the Inspector of Elections' acts and/or omissions relating to any Association vote or election.

ARTICLE 7 AMENDMENTS

The Board may amend these Election Rules from time to time except that these Election Rules may not be amended less than ninety (90) days prior to an election unless that amendment is merely to conform to non-discretionary changes in the law.

I, Megan Lattin, am the Secretary of the SWANSBORO COUNTRY PROPERTY OWNERS ASSOCIATION, and certify that these Election Rules were duly adopted by the Board of Directors of the Association and came into effect on the 29 day of October, 2020.



Secretary
10/29/20

Date 2020

**FIRST AMENDMENT TO THE FIRST RESTATED BYLAWS
OF
SWANSBORO COUNTRY PROPERTY OWNERS ASSOCIATION**

The Association does hereby declare that the Bylaws are amended as follows (words with a strike through are deleted, and words in underlined italics are added):

1. Section 4.02 ("Voting"), subsection (a) is hereby amended to read as follows:
 - (a) Members ~~in Good Standing~~ shall be entitled to cast one (1) vote for each Lot owned.

2. Section 4.05 ("Record Dates"), subsection (b) is hereby amended to read as follows:
 - (b) The Board of Directors may fix a date not more than sixty (60) days before the date of any mailing or delivery of ballots as the Record Date for determining Members entitled to vote and only Members in Good Standing as shown in the records of the Association as of the Record Date for voting shall be entitled to vote in such vote or election. If no Record Date for voting is set by the Board of Directors, Members in Good Standing on the day of the mailing or delivery of ballots shall be entitled to vote in such vote or election.

3. Section 5.01 ("Number of Directors") is hereby amended to read as follows:

The affairs of the Association shall be managed by or under the direction of a Board consisting of seven (7) Directors, ***all of whom shall be Members of the Association.*** ~~No more than one (1) Director may be a non-Member of the Association.~~

4. Section 5.02 ("Objectives, Powers and Duties"), subsection (b) ("Election and Term of Office"), subparagraph (iii) 1) is hereby amended to read as follows:
 - 1) "Member in Good Standing" shall ~~mean a Member of the Association who is current in the payment of all assessments (including any costs, fees, charges, and expenditures including, but not limited to, interest, late charges, attorneys' fees, recording and filing fees, and all other costs actually incurred by the Association in collecting and/or enforcing payment of assessments imposed in accordance with the Governing Documents) or any other amounts owed to the Association~~ ***have that meaning set forth in Article 11, Section 11.01.***

5. Section 5.02 ("Objectives, Powers and Duties"), subsection (p) ("Election and Term of Office"), subparagraph (ii) is hereby amended to read as follows:
 - (ii) In all elections of Directors, Members ~~in Good Standing~~ may cast, in respect to each position on the Board to be filled, one vote for each Lot owned. The persons receiving the largest number of votes shall be elected. Cumulative voting (i.e., giving more than one vote to any candidate) shall not be permitted.

6. The definition of "Member in Good Standing" at Article 11 ("Definitions"), Section 11.01 ("Table of Definitions") is hereby amended to read as follows:

Except as provided herein, "Member in Good Standing" shall mean a Member of the Association who is current in the payment of all assessments (including any costs, fees, charges, and expenditures including, but not limited to, interest, late charges, attorneys' fees, recording and filing fees, and all other costs actually incurred by the Association in collecting and/or enforcing payment of assessments imposed in accordance with the Governing Documents) or any other amounts owed to the Association. **Notwithstanding the previous sentence, for purposes of qualifying to run for and serve on the Board of Directors, a Member shall be in Good Standing unless, at the time of nomination, the Member is delinquent in the payment of regular and/or special assessments. For purposes of qualifying to run for or serve on the Board, a nominee shall not be considered "delinquent" if the delinquency relates to the payment of fines, fines renamed as assessments, collection charges, late charges, or costs levied by a third party and/or if the nominee: (a) has paid the regular or special assessment under protest; (b) has entered into a payment plan for repayment of the delinquent assessments and is not delinquent in payments due under the plan; or (c) has requested and has not been provided an opportunity to engage in internal dispute resolution.**

All other provisions of the First Restated Bylaws shall remain unchanged.

End Amendments.

**CERTIFICATE OF FIRST AMENDMENT TO THE FIRST RESTATED BYLAWS
OF
SWANSBORO COUNTRY PROPERTY OWNERS ASSOCIATION**

I, Megan Lattanner, hereby certify that:
(Print Name)

I am the Secretary of Swansboro Country Property Owners Association.

The attached First Amendment to the Bylaws of Swansboro Country Property Owners Association was duly approved by the Board of Directors of the Association on 10/29, 2020 in accordance with Article 9, Section 9.01(a) of the Bylaws and in reliance on the advice of legal counsel.

Executed this 29 day of October, 2020.

Signed: 
Secretary
Swansboro Country Property Owners Association

**RESOLUTION OF THE BOARD OF DIRECTORS
SWANSBORO COUNTRY PROPERTY OWNERS ASSOCIATION**

WHEREAS, the Board of Directors requested legal counsel for the Association to prepare a First Amendment to the First Restated Bylaws so that the Association's Bylaws conform to changes to the Davis-Stirling Common Interest Development Act which took effect January 1, 2020 and affect Association voting and elections;

WHEREAS, pursuant to Article 9, Section 9.01(a) of the Bylaws and in reliance on the advice of counsel, the Board authorized counsel for the Association to prepare an Amendment to the Bylaws to conform with changes in the law, which changes are non-discretionary, and counsel has prepared the First Amendment to the First Restated Bylaws which is attached hereto as Exhibit A;

NOW, THEREFORE, BE IT RESOLVED, that the First Amendment to the First Restated Bylaws attached hereto as Exhibit A is hereby adopted by the affirmative vote of a majority of a quorum of the Board of Directors;

RESOLVED, FURTHER, that the Secretary of the Association is authorized and directed to execute the Certificate of First Amendment to the First Restated Bylaws in the form included as part of Exhibit A;

RESOLVED, FURTHER, that the proper officers and agents of the Association are authorized and directed to do such other acts and things as may be necessary or appropriate to perfect the adoption of the First Amendment to the Bylaws; and

RESOLVED, FURTHER, that a copy of this resolution and its attachment shall be attached to the minutes of the meeting at which they were adopted and placed in the official minutes of the proceedings of the Board of Directors.

Adopted by the Board of Directors at a duly noticed open meeting of the Board on Oct 29, 2020.

By: Megan Lattanner
[Signature], Secretary

Dated: 10/29/20, 2020