

ADAMS | STIRLING PLC
2566 Overland Avenue, Suite 730
Los Angeles, California 90064
(310) 945-0280

RESTATED BYLAWS
OF LAING'S FIRST EDITION – ONTARIO CENTER
HOMEOWNERS ASSOCIATION
a California nonprofit mutual-benefit corporation

TABLE OF CONTENTS

Table of Contents.....	i
Article 1: Administration.....	1
1.1 Name	1
1.2 Definitions.....	1
Article 2: Membership	1
2.1 Membership.....	1
2.2 Proof of Ownership.....	1
2.3 Suspension of Membership Privileges.....	1
Article 3: Meetings of Members	1
3.1 Place of Membership Meetings.....	1
3.2 Annual Meetings.....	1
a. Date of Annual Meeting	1
b. Notice of Annual Meeting.....	2
3.3 Special Meetings	2
a. Notice of Special Meetings Called by the Board.....	2
b. Notice of Special Meetings Called by Petition of the Members.....	2
3.4 Notice Contents	2
3.5 Those Entitled to Notice	2
3.6 Manner of Giving Notice.....	2
3.7 Voting Rights.....	3
a. Co-Owners	3
b. Voting Rights Suspended	3
3.8 Proxies	3
3.9 Chair and Secretary of Meetings.....	3
3.10 Recording of Meetings.....	3
3.11 Quorum and Approval Requirements	3
a. Quorum	3
b. Quorum Requirements	3
3.12 Loss of Quorum.....	4
3.13 Adjourned Meetings	4
Article 4: Action By Ballot Without a Meeting.....	4
4.1 Secret Ballot.....	4
4.2 Approval Requirement	4
4.3 Form of Ballot.....	4
4.4 Return of Ballot.....	4
4.5 Inspectors of Election.....	5

4.6	Counting Ballots.....	5
4.7	Announcement of Results	5
4.8	Storing Election Materials	5
Article 5: Election of Directors.....		5
5.1	Number and Term	5
5.2	Director Qualifications	5
a.	Code of Conduct.....	5
b.	Ownership and Resident in Development	5
c.	Co-Owners Eligible for Only One Position.....	5
d.	Member in Good Standing	6
e.	Regularly Attend Meeting	6
f.	No Felonies	6
g.	No Litigation	6
h.	No Conflict.....	6
i.	Subject to Removal	6
5.3	Impersonal Entities	6
5.4	Nominations	6
5.5	Voting for Directors.....	7
5.6	No Quorum for Electing Directors.....	7
5.7	Uncontested Elections	7
5.8	Breaking a Tie.....	7
Article 6: Removal of Directors.....		7
6.1	Removal of Director by the Board	7
6.2	Grounds for Removal of a Director	7
6.3	Removal of Directors by Membership.....	8
6.4	Resignation.....	8
6.5	Vacancies	8
Article 7: Role of Board of Directors		8
7.1	Powers.....	8
7.2	Enactment of Rules.....	8
a.	Distribution to Members.....	8
b.	Vote on Rules	9
c.	Approved Rules	9
d.	Applicability	9
e.	Member Vote to Reverse Rule Change	9
7.3	No Compensation.....	9
7.4	Conflicts of Interest.....	9
7.5	Duty to Defend.....	9
Article 8: Meetings of the Board		10
8.1	Member Notice of Board Meetings	10

8.2	<i>Director Notice of Board Meetings</i>	10
8.3	<i>Waiver of Notice</i>	10
8.4	<i>Place of Meetings</i>	10
8.5	<i>Regular Meetings</i>	10
8.6	<i>Special Meetings</i>	10
8.7	<i>Executive Sessions</i>	10
8.8	<i>Quorum</i>	11
8.9	<i>Adjournment of Board Meetings</i>	11
8.10	<i>Attendance by Members</i>	11
8.11	<i>Conduct of Board Meetings</i>	11
8.12	<i>Teleconference</i>	11
8.13	<i>Minutes of Meetings</i>	11
8.14	<i>Recording of Meetings</i>	11
Article 9:	Officers	11
9.1	<i>Number</i>	11
9.2	<i>Election of Officers</i>	12
9.3	<i>Term of Office</i>	12
9.4	<i>Removal and Resignation</i>	12
9.5	<i>Vacancies</i>	12
9.6	<i>President</i>	12
9.7	<i>Vice President</i>	12
9.8	<i>Secretary</i>	12
9.9	<i>Treasurer</i>	13
9.10	<i>Assistant Treasurer and Assistant Secretary</i>	13
Article 10:	Committees	13
10.1	<i>Establishment of Committees</i>	13
10.2	<i>Term of Office</i>	13
10.3	<i>Committee Authority</i>	13
10.4	<i>Member Comments</i>	13
10.5	<i>No Compensation</i>	13
10.6	<i>Meetings</i>	14
10.7	<i>Conflicts of Interest</i>	14
10.8	<i>Executive Committee</i>	14
Article 11:	Budgets, Reserves, and Financial Statements	14
11.1	<i>Review of Accounts</i>	14
a.	<i>Operating Accounts</i>	14
b.	<i>Reserve Accounts</i>	14

c.	Actual to Budget.....	14
d.	Bank Statements.....	14
e.	Income and Expense Statements.....	14
11.2	<i>Operating Budget</i>	14
a.	Revenue and Expenses.....	14
b.	Reserves.....	14
c.	Special Assessments.....	15
d.	Reserve Procedure.....	15
e.	Summary in Lieu of.....	15
f.	Revised Budget.....	15
11.3	<i>Annual Review</i>	15
11.4	<i>Reserve Study</i>	15
a.	Components.....	15
b.	Remaining Life.....	15
c.	Cost to Repair or Replace.....	15
d.	Annual Contribution.....	15
e.	Reserve Funding Plan.....	16
11.5	<i>Approval of IRS Resolution</i>	16
Article 12:	Inspection of Records.....	16
12.1	<i>Maintenance of Records</i>	16
12.2	<i>Records Subject to Inspection</i>	16
12.3	<i>Records Not Subject to Inspection</i>	17
12.4	<i>Limitation on Availability of Records</i>	18
12.5	<i>Deadlines for Producing Records</i>	18
12.6	<i>Inspection and Copying Procedure</i>	19
12.7	<i>Redacting Information</i>	19
12.8	<i>Members' Use of Records</i>	19
12.9	<i>Production Fees</i>	19
Article 13:	Disclosures.....	19
13.1	<i>Distribution of Disclosures</i>	19
13.2	<i>Annual Budget Report</i>	19
13.3	<i>Assessment and Reserve Funding Disclosure Summary Form</i>	21
13.4	<i>Annual Policy Statement</i>	21
13.5	<i>Minutes</i>	22
13.6	<i>Financial Statement</i>	22
13.7	<i>Reserve Transfers for Litigation</i>	22
13.8	<i>Other Disclosures as Required by Law</i>	22
Article 14:	Rules Enforcement and Dispute Resolution.....	22
14.1	<i>Rules Enforcement Procedures</i>	22
a.	Notice of Hearing.....	22
b.	Hearing.....	22

c.	Notice of Decision.....	23
14.2	<i>Internal Dispute Resolution</i>	23
14.3	<i>Pre-Litigation Dispute Resolution</i>	23
Article 15:	Miscellaneous.....	23
15.1	<i>Fiscal Year</i>	23
15.2	<i>Singular Includes Plural</i>	23
15.3	<i>Conflicts</i>	23
15.4	<i>Amendments</i>	23
a.	Amendment by Members	23
b.	Amendment to Conform to Statute.....	23
CERTIFICATION	24

**RESTATED BYLAWS
OF LAING'S FIRST EDITION – ONTARIO HOMEOWNERS ASSOCIATION**
a California nonprofit mutual-benefit corporation

These Restated Bylaws ("Bylaws") revoke all previous bylaws, and all amendments to those bylaws, and substitute in their place these Bylaws.

ARTICLE 1: ADMINISTRATION

1.1 Name. The name of this corporation is the Laing's First Edition – Ontario Homeowners Association ("Association"), a California nonprofit mutual-benefit corporation.

1.2 Definitions. All terms used in these Bylaws will, unless otherwise stated, be defined as set forth in the Association's Restated Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Laing's First Edition at Ontario Center ("CC&Rs").

ARTICLE 2: MEMBERSHIP

2.1 Membership. Each person or entity will automatically become a Member of the Association upon obtaining a publicly-recorded fee title ownership interest in a Condominium and will remain a Member until he or she ceases to have such recorded fee ownership of a Separate Interest in the Development. Members will be subject to the terms and provisions of the Articles of Incorporation, the CC&Rs, these Bylaws, and the Rules & Regulations ("Rules").

2.2 Proof of Ownership. Proof of ownership will be in the form of a recorded deed.

2.3 Suspension of Membership Privileges. Membership rights and privileges, including voting rights, may be suspended as provided for in these Bylaws.

ARTICLE 3: MEETINGS OF MEMBERS

3.1 Place of Membership Meetings. Annual and special meetings of the membership will be held at a suitable location in or reasonably close to the Development.

3.2 Annual Meetings. There will be an annual meeting each year to elect or announce the outcome of the election of Directors and conducting any other business of the Association.

- a. *Date of Annual Meeting*. The Board will fix the date, time, and location of the annual meeting. The meeting will be held in the same month as the preceding annual meeting if it is reasonably practicable to do so, but in no event over fifteen (15) months from the preceding annual meeting.

- b. *Notice of Annual Meeting.* Notice of the annual meeting will be given by the Board not less than 30 days prior to the meeting to allow for the mailing of secret ballots as provided for in these Bylaws.

3.3 Special Meetings. Special meetings of the Members may be called for any lawful purpose by: (i) President of the Board; (ii) majority of the Board; or (iii) Members constituting at least five percent (5%) of the voting power of the Association. If a special meeting is called by Members of the Association, the request will be submitted to the Board in writing and will specify the nature of the business to be transacted. The Director or Officer receiving the request will promptly deliver the request to the remaining Directors.

- a. *Notice of Special Meetings Called by the Board.* Notice of special meetings called by the Board will be given not less than ten (10) days nor over ninety (90) days before the date of the meeting. If action is to be taken at the meeting, secret ballots will be mailed to every member not less than 30 days prior to the deadline for voting as provided for in these Bylaws.
- b. *Notice of Special Meetings Called by Petition of the Members.* Notice of special meetings called by the Members will be given by the Board within twenty (20) days after the Board's receipt of such request. If the Board fails to give notice, the persons calling the special meeting may give notice consistent with these Bylaws. The special meeting must be held not less than thirty-five (35) days nor over ninety (90) days following the Board's receipt of the request. If action is to be taken at the meeting, secret ballots will be mailed to every member not less than 30 days prior to the deadline for voting as provided for in these Bylaws.

3.4 Notice Contents. Notice of any membership meeting will specify the place, date, and hour of the meeting. If applicable, the notice will also specify those matters presented for action by the Members.

3.5 Those Entitled to Notice. Only those persons or entities on title and have provided such evidence to the Association prior to the date meeting notice is sent will receive such notice.

3.6 Manner of Giving Notice. A declaration of the mailing or other means of giving any notice of any membership meeting may be executed by the Secretary, President, or any other party giving notice, and will be prima facie evidence of the effective transmittal of the notice. Notice of any membership meeting will be given either personally or by first-class mail, charges prepaid, and addressed to each Member: (i) at the address appearing on the books of the Association; (ii) at the address given by the Member for notice; or (iii) at the address of the Member's Separate Interest, if no address appears on the Association's books and no other address has been given. Notice will be deemed to have been given when delivered personally or deposited in the mail. Notice may also be given by any other method provided for by law.

3.7 Voting Rights. In all matters submitted for a membership vote, Members will be entitled to one (1) vote per Separate Interest (regardless of the number of Members having an interest in the Separate Interest), except for those Members whose voting rights have been properly suspended under the Governing Documents and applicable law.

- a. *Co-Owners*. Where there is more than one owner of a property subject to the Association's CC&Rs, all such co-Owners will be Members and may attend any meeting of the Association, but only one co-Owner may exercise the vote to which the property is entitled. Fractional votes will not be allowed. In the event more than one ballot is cast for a particular Separate Interest, only the first ballot received will be opened and counted.
- b. *Voting Rights Suspended*. Subject to the notice and hearing provisions in these Bylaws, the voting rights of a Member may be suspended for continuing violations of the Governing Documents. Once suspended, a Member's voting rights will remain suspended until such continuing violation is cured.

3.8 Proxies. Proxies are allowed and proxy forms must comply with applicable law. The Association is not obligated to provide proxy forms.

3.9 Chair and Secretary of Meetings. The President of the Board or, in the President's absence, the Vice President or any other person designated by the Board will call the membership meeting to order and will chair the meeting. The Secretary of the Board will act as Secretary. Absent the Secretary, the presiding Officer will appoint someone to serve as acting Secretary for the meeting.

3.10 Recording of Meetings. Audio and video recording of meetings are prohibited by anyone other than a person authorized by the Board to record the meetings to prepare official Association minutes.

3.11 Quorum and Approval Requirements.

- a. *Quorum*. Quorum for Membership meetings is only required if by applicable law or specified within these Bylaws.
- b. *Quorum Requirements*. Quorum will not be required for (i) election of directors and (ii) the approval of an IRS Resolution that any excess income for the current year will be applied to the next fiscal year, as provided by IRS Revenue Ruling 70-604. Notwithstanding the foregoing, quorum will be required for removal of directors as provided under the article entitled *Removal of Directors* below.
- c. *Approval Requirements*. The approval requirement for all matters will be a majority of those Members represented and voting at a duly held election, unless specified otherwise in a specific provision.

3.12 Loss of Quorum. The Members represent at a duly called election at which a Quorum is required may continue to transact business until adjournment, notwithstanding the loss of a Quorum, so long as the business is approved by enough Members to constitute at least a majority of a Quorum, had a Quorum been present.

3.13 Adjourned Meetings. Any membership meeting, whether or not a Quorum is present, may be adjourned by the vote of the majority of the Members represented at the meeting; provided, however, an adjournment lacking a Quorum will be to a date not less than five (5) days nor over thirty (30) days from the date the original meeting was called. Absent a Quorum, no business may be transacted, except to adjourn the meeting to another date and time. If a new date for the adjourned meeting is announced prior to adjournment, no further notice need be given to the membership. If, however, a new date is not announced prior to adjournment, the Board President (or the remaining Directors, in the President's absence or failure to act) may set the date for a subsequent meeting and will cause written notice of the date, time, and place of such meeting to be given to the Members at least four (4) days before the meeting. If Quorum was initially required, then for adjourned meetings, quorum will be at least 25% of the voting power.

ARTICLE 4: ACTION BY BALLOT WITHOUT A MEETING

4.1 Secret Ballot. All ballots mailed to the membership will include a double-envelope system for returning the ballots as provided for in the Davis-Stirling Act and as set forth in the Election Rules. Any action which may be taken at any meeting of Members may be taken without a meeting if the Association distributes a secret written ballot to every Member entitled to vote on the matter.

4.2 Approval Requirement. Approval by written ballot will be valid only when: (i) the number of votes cast by ballot by the specified deadline equals or exceeds the quorum required to be present at a meeting authorizing the action; and (ii) the number of votes cast equals or exceeds the number of votes required to approve the action at a meeting.

4.3 Form of Ballot. Ballots and two (2) preaddressed envelopes with instructions on how to return ballots will be mailed by first-class mail or delivered to every Member not less than thirty (30) days prior to the deadline for voting. To preserve voter confidentiality, a voter may not be identified by name, address, or unit or parcel on the ballot. Ballots will: (i) set forth the proposed action; (ii) provide an opportunity to approve or disapprove each item submitted for a vote; (iii) set forth the number of ballots needed to satisfy the Quorum requirement; (iv) specify the percentage of votes required to pass the proposal; and (v) state a deadline by which the ballot must be returned to be counted.

4.4 Return of Ballot. The ballots may be mailed or delivered by hand to the location or locations specified by the Inspectors of Election. Once a secret ballot has been received by the Inspectors of Election, it will be irrevocable.

4.5 Inspectors of Election. Prior to the date ballots are sent to the membership, the Board will, at an open meeting of the Board, select either one (1) or three (3) independent Inspectors of Election to: (i) oversee all ballot measures and elections, including the election of Directors; (ii) hear and determine all challenges and questions regarding any aspect of the election; (iii) collect and maintain custody of all ballots; (iv) supervise the opening and counting of ballots; (v) certify the election results; and (vi) do such other acts as may be proper to conduct the election.

4.6 Counting Ballots. Inspectors of Election will oversee the opening and tabulating of all ballots before the membership at a properly noticed open meeting of the Board or membership as provided for in the Election Rules. No person will open or otherwise review any ballot before and place at which the ballots are opened and counted.

4.7 Announcement of Results. The results of the election will be announced immediately after all the ballots have been counted. Within fifteen (15) days of the election, the Board will publicize the results of the election in a communication to all Members.

4.8 Storing Election Materials. All election materials will be stored in a secure place for no less than one (1) year after the election.

ARTICLE 5: ELECTION OF DIRECTORS

5.1 Number and Term. The Board will comprise five Directors. Each Director will serve for a term of two (2) years or until a qualified successor is elected to fill his/her seat. Director terms will be staggered. There will be five (5) term limits and a Director who has reached the term limit must sit out at least one (1) year after before seeking election to the board.

5.2 Director Qualifications. Directors must continuously meet these requirements in order to be nominated for and to maintain a position on the Board:

- a. *Code of Conduct*. Directors must abide by a Code of Conduct, which will set forth directors' responsibilities, duties, and professionalism requirements. A director's failure to comply with the Code of Conduct, or violations thereof, will subject such director to disciplinary action, including removal by a majority vote of the other directors as provided for in the Code of Conduct and these Bylaws.
- b. *Ownership and Resident in Development*. He/she must be a Member and a resident within the Development. Tenants, Members who do not occupy their Unit as a permanent resident, and Persons holding a fee simple interest in a Separate Interest merely as security for performing an obligation will not be eligible to serve on the Board.
- c. *Co-Owners Eligible for Only One Position*. He/she must not have a record fee simple ownership interest in a Separate Interest part of the Development with another person concurrently serving as a Director.

Where two or more co-Owners concurrently seek election to the Board, only the first nomination will be effective.

- d. *Member in Good Standing.* He/she must not be delinquent by over sixty (60) days in the payment of any Assessment, fee, or fine, and must not be found to violate the Association's Governing Documents (following proper notice, hearing, and a finding by the Board).
- e. *Regularly Attend Meeting.* He/she must regularly attend meetings and can only have four (4) total missed meetings in any twelve (12) month period.
- f. *No Felonies.* He/she must not have been convicted of a felony.
- g. *No Litigation.* He/she must not be a party in any legal proceeding against the Association or its Officers or Directors.
- h. *No Conflict.* He/she cannot serve on the board if their intent is (i) to obtain, or potentially gain, financial benefits from their position on the board or (ii) to benefit their relatives, tenants, or particular members or residents.
- i. *Subject to Removal.* A Director's failure to meet any of the required qualifications will subject that director to removal as provided within these Bylaws.

5.3 Impersonal Entities. If an impersonal entity is a Member of the Association, it may designate one person to stand for election to the Board so long as the designated person lives at the Separate Interest and meets all other the qualifications of section 5.2:

- a. *Trust.* If the record fee title is held in a trust, the trustees of the trust may serve on the Board.
- b. *Corporation.* If the record fee title is held by a corporation, the president of the corporation, as designated in the corporation's minutes, may serve on the Board.
- c. *Partnership.* If the record fee title is held by a partnership, the managing partner, as designated in the partnership agreement, will be authorized to serve on the Board.
- d. *Other Entities.* If the record fee title is held by a legal entity not described above, the majority owner of the entity may serve on the Board.

5.4 Nominations. Prior to an election, the Association may, by written notice to all Members, solicit nominations for election to the Board of Directors. The notice will include the qualifications for election to the Board of Directors and a cutoff date for close of nominations. Qualified candidates may nominate themselves, provided they submit

their nomination prior to the date set for close of nominations. Nominations from the floor of a meeting are not permitted.

5.5 Voting for Directors. Cumulative voting is not permitted. The candidates receiving the highest number of votes will be elected to serve as Directors.

5.6 No Quorum for Electing Directors. The election of Directors may occur entirely through the mail with the cutoff for balloting preceding the meeting at which the ballots are counted. There will be no Quorum requirements for the election of Directors or the counting of election ballots. Ballots will be counted either at an open meeting of the Board or at any membership meeting called for that purpose, following proper notice to the membership. Those persons receiving the largest number of votes will be elected.

5.7 Uncontested Elections. In any election where the number of candidates nominated exceeds the number of vacancies, voting for directors will be by secret written ballot. When, at the close of nominations, the number of qualified candidates nominated does not exceed the number of vacancies, the candidates may be declared elected without need for balloting and will take their seats on the date set for the membership meeting.

5.8 Breaking a Tie. If a tie occurs, all other newly elected Directors will immediately serve their terms. An incumbent Director whose seat was tied will continue in office until a runoff election determines the winner for his/her seat. Only those candidates who tied for the seat will be in the runoff. In lieu of a runoff and if the tied candidates agree, the winner may be decided by a coin toss or drawing names by the Inspector of Elections.

ARTICLE 6: REMOVAL OF DIRECTORS

6.1 Removal of Director by the Board. By vote at a duly noticed meeting of the Board, a majority of the Board may declare vacant the office of any Director for any of the reasons listed below. However, before any such removal may occur, the Board will, at its next meeting or a special meeting called for this purpose, review evidence and make a finding of whether the Director should be removed. The Board may meet in executive session if it believes certain discussions and evidence concerning the reasons for removal should be confidential and private..

6.2 Grounds for Removal of a Director.

- a. Ceases to meet the qualifications of a Director, including but not limited to, the circumstances set forth below in paragraphs b – e below;
- b. Violates the Code of Conduct;
- c. Has been declared of unsound mind by a final order of court;
- d. Has been absent from two (2) consecutive regular meetings of the Board or four (4) regular meetings within any twelve month period; or

- e. Allows a proposed contract or other transaction to be put to a vote by the Board or membership without disclosing that he or she will receive a financial benefit from the transaction.

6.3 Removal of Directors by Membership. The entire Board or any individual Director may be removed from office by a majority of those Members represented and voting at a duly held election at which a Quorum is present. If any or all Directors are so removed, new Directors will be elected as provided for in these Bylaws. Quorum of a majority of the Membership will be required for a meeting to remove Director(s).

6.4 Resignation. Any Director may resign by giving written notice to the President, the Secretary, or the Board. The resignation will take effect upon giving the notice, unless a later time is specified in the notice. If the resignation is effective at a future time, the resigning Director may participate in the selection of a successor to fill the vacated seat.

6.5 Vacancies. Vacancies on the Board caused by the membership's removal of one or more Directors will be filled by the membership by a special election. Vacancies created other than by removal by the Members may be filled by a majority of the remaining Directors, except, if there are less than three Directors, vacancies must be filled by the unanimous consent. If the remaining Directors cannot so designate a Director to fill the vacancy, then the Board may notice a special election for Members to elect a replacement Director. Each Director so appointed or elected will hold office until the end of his predecessor's term.

ARTICLE 7: ROLE OF BOARD OF DIRECTORS

7.1 Powers. The business and affairs of the Association will be controlled by the Board. Besides the powers and duties set forth in the Association's Governing Documents, the Board will have the power to perform all other acts that a nonprofit mutual benefit corporation is empowered to do in the administration of the Association's affairs and to protect and advance the general welfare of the Association.

7.2 Enactment of Rules. The Board may adopt, amend, and repeal Rules and Regulations regarding any matter in the Governing Documents, including: (i) the use, occupancy, and maintenance of the Development; (ii) the general health, welfare, comfort, and safety of residents in the Development; and (iii) the interpretation and implementation of the Governing Documents. The Board will use these procedure for adopting Rules and Regulations:

- a. *Distribution to Members.* The proposed Rules will be distributed to the membership at least thirty (30) days before an open Board meeting at which the Board will vote on adopting the policy. The distribution will include a notice of the meeting and a description of the purpose and effect of the proposed Rules.

- b. *Vote on Rules.* At the scheduled Board meeting, the Board will vote on adoption, amendment, or repeal of the Rules after considering any comments received from Members on this issue.
- c. *Approved Rules.* Within fifteen (15) days of approving the Rules, the Association will distribute notice of the Rules change to the membership.
- d. *Applicability.* This Section will apply to Rules that relate to: (i) use of the Common Area, Exclusive Use Common Areas, or Separate Interests; (ii) architectural modifications by the Members, including procedures for architectural approval; (iii) Member discipline, including fine schedules and procedures for imposing discipline; (iv) standards for payment plans for Members' delinquent assessments; (v) dispute resolution procedures; and (vi) election procedures. This Section does not apply to: (i) Common Area maintenance; (ii) decisions on specific situations that are not intended to apply generally; (iii) assessment rates; or (iv) Rules changes or issuing other documents required by law or that repeat existing law or the Governing Documents, if the Board has no discretion on the substantive effect of the change.
- e. *Member Vote to Reverse Rule Change.* A Rule for which adoption is subject to this Section may be overturned by the affirmative vote of a majority of votes of a quorum represented and voting at a special meeting called for that purpose. A Rule reversed under this Section may not be re-adopted for one (1) year after the membership vote reversing the rule change. However, the Board may adopt a different Rule on the same subject as the Rule reversed.

7.3 No Compensation. No Officer or Director will receive compensation for services rendered to the Association. However, Officers and Directors may be reimbursed for actual expenses in the performance of their duties. Any Officer or Director requesting reimbursement for expenses will provide documentation, such as a receipt, to the Board before being reimbursed by the Association.

7.4 Conflicts of Interest. The Association will not contract with any party in which any Officer or Director of the Association, the Manager, management company, Member or any employee of the Association has a direct or indirect economic interest in the contract without: (i) full disclosure of the interest to the Board; (ii) full disclosure of the interest, in the minutes of the Board meeting where the discussion occurred; and (iii) recusal from the deliberations and voting by the interested party.

7.5 Duty to Defend. The Association will indemnify and defend and will advance reasonable attorneys' fees and costs and all expenses and liabilities its Officers, Directors, Committee members, and employees reasonably incur in connection with any proceeding to which they may be a party by having been an Officer, Director, Committee member, or employee of the Association. However, the Association may recover its attorneys' fees and costs from those persons adjudged to have acted in bad faith or

grossly negligent in performing their duties or to be liable to the Association (unless the Court determines that the person is fairly and reasonably entitled to indemnity for expenses).

ARTICLE 8: MEETINGS OF THE BOARD

8.1 Member Notice of Board Meetings. Members will be given an agenda and notice of the time and place of open session Board meetings at least four (4) calendar days prior to the meeting and of executive session Board meetings at least two (2) calendar days prior to the meeting. The notice and agenda may be given by posting the notice on the Association's website or in a prominent place or places within the Common Area that is accessible to all Members and that has been designated for posting notices by the Association in the annual policy statement, by mail or delivery of the notice to each Separate Interest, by newsletter, inclusion in a billing statement or other properly delivered document, by email or web posting, or by broadcast television programming, as provided for in the Davis-Stirling Act. An emergency meeting of the Board may be called for unforeseen circumstances which require immediate attention by the Board. In such instances, the Board will give notice, as may be reasonable and practical.

8.2 Director Notice of Board Meetings. Notice of Board meetings will be given to each Director, at least four (4) calendar days prior to an open meeting or at least two (2) calendar days before an executive session meeting, to the address, phone number, fax number, or e-mail address on the Association's records for the Director.

8.3 Waiver of Notice. Attendance by a Director at any meeting of the Board will be a waiver of notice by that Director of the time and place thereof. If all of the Directors are present at any meeting of the Board, no notice will be required and any business may be transacted at such meeting. Whether present at or absent from a meeting, any Director may provide a written waiver of notice or written consent to holding any meeting

8.4 Place of Meetings. All meetings of the Board will be held at a place in or near the Development designated by the Board or at a suitable location in or reasonably close to the Development.

8.5 Regular Meetings. Meetings of the Board will be held at least six times per year although the Board may, for good reason, waive a certain meeting. Such "good reason" will be set forth in the minutes of the next Board meeting.

8.6 Special Meetings. Special meetings of the Board may be called by the President or by at least two members of the Board. Such meetings may be held upon four (4) days' notice for open session meetings and upon two (2) days' notice for executive session meetings. If an emergency occurs, the Board may meet with less notice, but must post such notice to the membership and must note in the minutes of the meeting the reason more notice could not be given.

8.7 Executive Sessions. Executive session meetings of the Board may be held as authorized by statute. Such purposes include but are not limited to: (i) litigation; (ii)

the formation of contracts with third parties; (iii) Member discipline; (iv) personnel matters; (v) meeting with a Member to consider a payment plan for delinquent assessments; and (vi) to vote on the foreclosure of a delinquent assessment lien. Any matters considered in executive session will be noted in the minutes of the next meeting that is open to the membership.

8.8 Quorum. A majority of the number of Directors authorized in the Bylaws constitutes a quorum of the Board for the transaction of business. Directors may not attend Board meetings by proxy and may not vote by proxy.

8.9 Adjournment of Board Meetings. A majority of the Directors present at a meeting, whether or not a quorum is present, may adjourn any Board meeting to a stated day and hour. If the meeting is adjourned for over twenty-four (24) hours, before the adjourned meeting is held, notice of the adjournment will be given to Directors who were not present during the adjournment.

8.10 Attendance by Members. Members may attend regular and special (non-executive session) meetings of the Board. A reasonable amount of time will be set aside during the meeting for Members to address the Board, as provided for in the Davis-Stirling Act.

8.11 Conduct of Board Meetings. The Board may establish Rules for the orderly conduct of its meetings. Board meetings will be conducted by the Association's President or, in the President's absence, an Officer or Director designated by the Board. All questions of parliamentary procedure may be decided under a recognized parliamentary system or modified version thereof.

8.12 Teleconference. Members of the Board may participate in a meeting through a conference telephone, electronic video screen, or similar communications equipment, so long as all Directors participating in such meeting can hear one another. Participation in a meeting under this subdivision constitutes presence in person at such meeting.

8.13 Minutes of Meetings. The minutes, minutes proposed for adoption marked as draft, or a summary of the minutes of Board meetings, other than executive session meetings, will be available to Members within thirty (30) days of the meeting and will be distributed to any Member upon request and upon reimbursement of the Association's cost.

8.14 Recording of Meetings. Audio and video recording of meetings are prohibited by anyone other than a person authorized by the Board to record the meetings to prepare official Association minutes.

ARTICLE 9: OFFICERS

9.1 Number. The Officers will be President, Vice President, Secretary, Treasurer, and such other Officers as the Board may designate. The President may not

hold more than one (1) office; however, any two (2) of the remaining offices may be held by a single person.

9.2 Election of Officers. The Board will meet to select the Officers of the Association immediately after or as soon as practicable after the results of the election of Directors are announced. If the meeting of the Board for selection of Officers occurs at a separate meeting from the one where the Directors were elected, the Board will give notice to all Members, consistent with notice requirements. Notice of the organizational meeting will be given at the same time as the annual meeting. If the meeting is held immediately following the annual meeting, notice to the newly elected Directors is unnecessary to legally constitute the meeting, provided that a majority of the Board is present.

9.3 Term of Office. Officers will hold office at the pleasure of the Board. Officers will be appointed by the Board and will hold office until the annual election of Directors or such time as they resign, are removed, or are otherwise disqualified to serve. Within thirty (30) days of the election of Directors each year, the Board will reappoint Officers. The same persons may be appointed to the same offices.

9.4 Removal and Resignation. Any Officer may be removed by the vote of a majority of all the Directors then in office, at any regular or special meeting of the Board at which a quorum is present. Any Officer may resign by giving written or verbal notice to the Board. Any such resignation will take effect on the date the notice is given, unless a later date is specified in the notice.

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

9.6 President. The President will be the principal executive Officer of the Association and will, subject to the control of the Board, supervise, direct, and control all of the business and affairs of the Association. The President will preside at all meetings of the Board, will have the general powers and duties of management usually vested in the office of the President of a corporation, and will have such other powers and duties as prescribed by the Board or these Bylaws. The President will act as the spokesperson (or liaison) between the Manager and the Board, unless the Board directs otherwise.

9.7 Vice President. In the absence or disability of the President, the Vice President will perform all duties of the President. The Vice President will have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

9.8 Secretary. The Secretary will keep or cause to be kept in the management office: (i) minutes of all meetings of the Board and the membership; (ii) the names of all Members of the Association and their addresses; and (iii) such other records of the Association's affairs as may be necessary and proper. The Secretary will give or cause to be given notice of all meetings of the Members and of the Board required by the Bylaws

or by law and will have such other powers and perform such other duties as prescribed by the Board or by these Bylaws.

9.9 Treasurer. The Treasurer will keep or cause to be kept accounts of the monies, properties, and business transactions of the Association. The Treasurer will cause to be deposited all monies and other valuables, in the name and to the credit of the Association, with such depositories, as designated by the Board. The Treasurer will cause to be disbursed the funds of the Association as ordered by the Board, will render to the President and Directors, whenever they request it, an account of the Association's transactions and the financial condition of the Association, which will be made a part of the minutes of Board meetings, and will have such other powers and perform such other duties as prescribed by the Board or these Bylaws.

9.10 Assistant Treasurer and Assistant Secretary. The Board may appoint one (1) or more Assistant Treasurers and/or Assistant Secretaries, who must be Members of the Association, to assist the Officers in their duties.

ARTICLE 10: COMMITTEES

10.1 Establishment of Committees. The Board may establish Committees as it deems appropriate and necessary to advise and/or assist the Board in carrying out its duties. The Board will specify the task of each Committee, may limit the number of members of any Committee, may appoint non-Members to Committees, may limit the term of the Committee, and may appoint Committee chairpersons, who need not be Board members. Committee chairpersons may be appointed by the Board and, if not appointed, may be elected by members of the Committee.

10.2 Term of Office. Committee members will serve one year terms to be reappointed by the new Board at the Board's discretion. Individual Committee members and Committee chairs may be added or removed by the Board, with or without cause.

10.3 Committee Authority. Except as may be otherwise provided in these Bylaws, Committees are advisory only and will have no authority to spend Association monies, enter contracts, or direct Association personnel or vendors.

10.4 Member Comments. Each Committee will receive comments and complaints from Members on any matter within its field of responsibility. Committees will handle or dispose of such comments or complaints as they deem appropriate or refer them to any other Committee, Director, or Officer of the Association also involved or to the Board.

10.5 No Compensation. Committee membership is voluntary and members will not be compensated for their services. However, Committee members may be reimbursed for reasonable expenses in the performance of their duties with documentation (i.e. receipts).

10.6 Meetings. Committees will meet as may be necessary to perform their duties. Committees will report to the Board during their task and will report to the Board upon completion of their tasks.

10.7 Conflicts of Interest. No Committee member may participate in or make recommendations on any matter which involves a Committee member or a member of his/her own family or in which a Committee member or a member of his/her family has a direct or indirect financial interest.

10.8 Executive Committee. The Board may appoint Executive Committees as provided for by law.

ARTICLE 11: BUDGETS, RESERVES, AND FINANCIAL STATEMENTS

11.1 Review of Accounts. The Board will do the following not less frequently than quarterly, under the Davis-Stirling Act:

- a. *Operating Accounts*. Cause a current reconciliation of the Association's operating accounts to be made and to review the same.
- b. *Reserve Accounts*. Cause a current reconciliation of the Association's Reserve Accounts to be made and to review the same.
- c. *Actual to Budget*. Review the current year's actual revenues and expenses compared to the current year's budget for the Association's Operating and Reserve Accounts.
- d. *Bank Statements*. Review and cause to be reconciled the most current account statements prepared by the financial institution where the Association has its Operating and Reserve Accounts.
- e. *Income and Expense Statements*. Review an income and expense statement for the Association's Operating and Reserve Accounts.

11.2 Operating Budget. The Board will annually prepare an estimated operating budget for the next fiscal year. The budget will include:

- a. *Revenue and Expenses*. The estimated revenue and expenses on an accrual basis;
- b. *Reserves*. A summary of the Association's Reserves, based upon the most recent review or study, which will be printed in bold type and include: (i) the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component; (ii) the current estimate of the cash reserves to repair, replace, restore, or maintain the major components; and (iii) the current amount of accumulated cash reserves set aside to repair, replace, restore, or maintain major components, by the end of the fiscal year for which the study is prepared;

- c. *Special Assessments.* A statement whether the Board has determined or anticipates that the levy of one or more Special Assessments will be required to repair, replace, or restore any major component or to provide adequate Reserves therefore;
- d. *Reserve Procedure.* A general statement addressing the procedures used for the calculation and establishment of Reserves to defray the costs of future repair, replacement, or additions to those major components that the Association maintains;
- e. *Summary in Lieu of.* In lieu of distributing the budget, the Board may elect to distribute a summary of the budget to all Members, with a written notice, in at least 10-point boldface type on the front page of the summary, that the budget is available at the business office of the Association or at another suitable location and that copies will be provided upon request, at the Association's expense;
- f. *Revised Budget.* If the Board, in its reasonable discretion, deems it necessary during its fiscal year to adjust or modify the budget, it may do so and copies of the revised budget will be sent to all Members within thirty (30) days of its adoption by the Board.

11.3 Annual Review. An annual review of the financial statement of the Association will be prepared under Generally Accepted Accounting Principles by a licensee of the California State Board of Accountancy. A copy of the review of the financial statement will be distributed to all Members within one hundred twenty (120) days after the close of each fiscal year.

11.4 Reserve Study. The Reserve Study will be reviewed annually and at least once every three (3) years, the Board will cause a site-review study of the Reserve account to be performed. The Reserve Study will, at a minimum, include:

- a. *Components.* Identification of those components of the Common Areas which the Association must repair, replace, restore, or maintain;
- b. *Remaining Life.* Identification of the probable remaining useful life of the components, by the date of the study;
- c. *Cost to Repair or Replace.* An estimate of the cost of repair, replacement, restoration, or maintenance of the components during and at the end of their useful life;
- d. *Annual Contribution.* An estimate of the total annual contribution to defray the cost to repair, replace, restore, or maintain the components during and at the end of their useful life, after subtracting total Reserve funds by the date of the study;

- e. *Reserve Funding Plan.* A reserve funding plan that indicates how the Association plans to fund the annual contribution to meet the Association's obligations for the repair and replacement of all major components with an expected remaining life of thirty (30) years or less, not including those components that the Board has determined will not be replaced or repaired. The plan will include a schedule of the date and amount of any change in regular or special assessments needed to sufficiently fund the reserve funding plan. The plan will be adopted by the Board of Directors at an open meeting before the membership of the Association. If the Board of Directors determines that an assessment increase is necessary to fund the reserve funding plan, any increase will be approved in a separate action of the Board.

11.5 Approval of IRS Resolution. The Membership may approve an IRS Resolution that any excess income for the current year will be applied to the next fiscal year, as provided by IRS Revenue Ruling 70-604. Neither secret balloting nor a Quorum is required for this approval.

ARTICLE 12: INSPECTION OF RECORDS

12.1 Maintenance of Records. The Association will keep or cause to be kept records of the Association :

- a. A membership register, setting forth all names, mailing addresses, and telephone numbers of the Members (as changed by written notice from the Member to the Board of Directors);
- b. The Association's governing documents, minutes of the meetings of the Board, and minutes of meetings of the membership; minutes will be kept in written form; other records may be kept in written form or any other form capable of being converted into clearly legible paper form;
- c. Financial records and books of account of the Association, including a chronological listing of all receipts and expenditures of funds and a separate account for each Assessment levied or charged against each Separate Interest or Member, the dates when so assessed and when due, the amounts paid thereon, and the balance of any Assessment remaining unpaid; and
- d. All other documents required to be provided to Members under this Article. Such additional documents will be kept for at least the time frame during which Members may inspect them, as stated below.

12.2 Records Subject to Inspection. The Association will provide the following documents for inspection and copying by any Member or a representative designated in writing by the Member, subject to the Member reimbursing the Association for reasonable expenses as permitted by the Davis-Stirling Act:

- a. Any financial document or statement required to be distributed annually to Members;
- b. Interim unaudited financial statements, periodic or as compiled, containing any of the following, which will be prepared under Generally Accepted Accounting Principles: (i) balance sheet; (ii) income and expense statement; (iii) budget comparison; and (iv) general ledger, showing all transactions that occurred in Association's account over a specified period ;
- c. Executed contracts, not otherwise privileged under law;
- d. Board-approved vendor or contractor proposals or invoices;
- e. State and federal tax returns;
- f. Reserve account balances and records of payments made from Reserve Accounts;
- g. Agendas and minutes of meetings of the Members, the Board, and any Committees appointed by the Board; excluding, however, minutes, and other information from executive sessions of the Board;
- h. Check registers;
- i. The Association's Governing Documents;
- j. "Enhanced Association records," which are defined as 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 will be solely responsible for removing all personal identification information from the request; and
- k. The Association's membership list, including each Member's name, property address, and mailing address. The Member requesting the list will state the purpose for which the list is requested which purpose will 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.

12.3 Records Not Subject to Inspection. These records are not subject to inspection:

- a. Executive session minutes of the Board;
- b. Personnel records (other than payroll records);

- c. Litigation files or records protected by the attorney-client privilege;
- d. Pending contracts;
- e. Legal invoices and opinions (however, Members have the right to know how much money is being spent on legal matters);
- f. Records likely to lead to identity theft;
- g. Records likely to lead to fraud;
- h. Records reasonably likely to compromise the privacy of an individual Member (such as owner records, including goods or services provided to Members for which the Association received monetary consideration other than assessments);
- i. Disciplinary actions, collection activities, or payment plans of other owners;
- j. Personal information, including a social security number, tax id number, driver's license number, credit card account numbers, bank account number, or bank routing number; and
- k. Interior architectural plans for individual homes.

12.4 Limitation on Availability of Records. As provided for in the Davis-Stirling Act, Association records for the current fiscal year and for each of the previous two (2) fiscal years will available for inspection and copying. However, minutes of Member meetings, Board meetings, and meetings of Committees with decision-making authority will be permanently available for inspection and copying, if they exist. All records are subject to redacting, as provided for by law.

12.5 Deadlines for Producing Records. Associations must produce records within these time frames under the Davis-Stirling Act:

- a. Minutes of Member and Board meetings: within thirty (30) calendar days of the meeting;
- b. Minutes of Committees with decision making authority: within fifteen (15) calendar days following approval of the minutes;
- c. Records for the current fiscal year: within ten (10) business days from receipt of the request;
- d. Records for the previous two (2) fiscal years: within thirty (30) calendar days from receipt of the request;

- e. Any record or statement available under Sections 5300 and 5310 (budget, reserves, lien policies, insurance, financial statement, etc.) or 4525 (governing documents, assessments, violations, construction defects, etc.) of the Civil Code or any successor statutes: within the timeframe specified by statute;
- f. Membership list: within five (5) business days of the Association's receipt of a Member's written request.

12.6 Inspection and Copying Procedure. The Association will provide the above Association records for inspection and copying in the Association's business office within the Development. If the Association has no business office within the Development, the Association will provide the specified Association records for inspection and copying at a place agreed upon by the Member and the Association. If the Association and the Member cannot agree upon a place for inspection and copying, or if the Member requests, in writing, copies of specifically-identified records, the Association may mail copies of the requested records to the Member by first-class mail.

12.7 Redacting Information. The Association may withhold or redact information from the Association records, as provided for by law.

12.8 Members' Use of Records. Members may not sell Association records, use them for commercial purposes, or use them for any purpose not reasonably related to their interest as a Member of the Association.

12.9 Production Fees. The Association may bill the requesting Member for copying, redacting, and mailing the requested records as permitted by the Davis-Stirling Act.

ARTICLE 13: DISCLOSURES

13.1 Distribution of Disclosures. Upon written consent of members, the Associations may distribute documents and disclosures electronically; otherwise, all documents must be distributed by "first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier." The annual budget report and annual policy statement will be provided to the members as a full report or a summary of the report as provided for in Civil Code Section 5320.

13.2 Annual Budget Report. The Association will distribute an annual budget report 30 to 90 days before the end of its fiscal year including all of these information:

- a. A pro forma operating budget, showing the estimated revenue and expenses on an accrual basis.
- b. A summary of the association's reserves, prepared under Civil Code Section 5565.
- c. A summary of the reserve funding plan adopted by the board, as specified

in paragraph (5) of subdivision (b) of Civil Code Section 5550. The summary will include notice to members that the full reserve study plan is available upon request, and the association will provide the full reserve plan to any member upon request.

- d. A statement whether the board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.
- e. A statement whether the board, consistent with the reserve funding plan adopted under Civil Code Section 5560, has determined or anticipates that the levy of one or more special assessments will have to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement will also set out the estimated amount, commencement date, and duration of the assessment.
- f. A statement on the mechanism or mechanisms by which the board will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacements or repairs, or alternative mechanisms.
- g. 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 must maintain. The statement will include, but need not be limited to, reserve calculations made using the formula described in paragraph (4) of subdivision (b) of Civil Code Section 5570, and may not assume a rate of return on cash reserves over 2 percent above the discount rate published by the Federal Reserve Bank of San Francisco when the calculation was made.
- h. A statement 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.
- i. A summary of the Association's property, general liability, earthquake, flood, and fidelity insurance policies. For each policy, the summary will include the name of the insurer, the insurance, the policy limit, and the deductible, if any. If any of the required information is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it with the annual budget report. The summary distributed under this paragraph will contain, in at least 10-point boldface type, these statement:

This summary of the association's policies of insurance provides only certain information, as required by Section

5300 of the Civil Code, and should not be a substitute for the complete policy terms and conditions in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may pay all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.

13.3 Assessment and Reserve Funding Disclosure Summary Form. The Assessment and Reserve Funding Disclosure Summary form, prepared under Civil Code Section 5570, will accompany each annual budget report or summary of the annual budget report.

13.4 Annual Policy Statement. Within 30 to 90 days before the end of its fiscal year, the Board will distribute an annual policy statement that provides the members with information about association policies. The annual policy statement will include all of these information:

- a. The name and address of the person designated to receive official communications to the association, under Civil Code Section 4035.
- b. A statement explaining that a member may submit a request to have notices sent to up to two specified addresses, under subdivision (b) of Section 4040 of the Civil Code.
- c. The location designated for posting of a general notice, under paragraph (3) of subdivision (a) of Section 4045 of the Civil Code.
- d. Notice of a member's option to receive general notices by individual delivery, under subdivision (b) of Section 4045 of the Civil Code.
- e. Notice of a member's right to receive copies of meeting minutes, under subdivision (b) of Section 4950 of the Civil Code.
- f. The statement of assessment collection policies required by Civil Code Section 5730.
- g. A statement describing the association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of

assessments.

- h. A statement describing the association's discipline policy including any schedule of penalties for violations of the governing documents under Civil Code Section 5850.
- i. A summary of dispute resolution procedures, under Civil Code Sections 5920 and 5965.
- j. A summary of any requirements for association approval of a physical change to property, under Section 4765.
- k. The mailing address for overnight payment of assessments, under Section 5655.
- l. Any other information required by law or the governing documents or that the board determines to be appropriate for inclusion.

13.5 Minutes. The Board will notify Members of their right to receive minutes and how and where those minutes may be obtained when the budget is distributed or at the time of any general mailing to the entire membership of the Association.

13.6 Financial Statement. The Board will annually distribute to the Members a review of the Association's financial statement for any fiscal year in which the gross income to the Association exceeds \$75,000 within one hundred twenty (120) days of the close of the fiscal year all under Civil Code Section 5305.

13.7 Reserve Transfers for Litigation. The Board will notify Members, in its next mailing, of any transfers from Reserves to pay for litigation under Civil Code 5520.

13.8 Other Disclosures as Required by Law. The Board will make such other applicable disclosures as required by law.

ARTICLE 14: RULES ENFORCEMENT AND DISPUTE RESOLUTION

14.1 Rules Enforcement Procedures. Privileges and voting rights may be suspended or fines imposed:

- a. *Notice of Hearing*. The Board will set a hearing date and notify the Member in writing at least ten (10) days in advance, either personally or by prepaid first-class or registered mail to the most recent address of the Member on the Association's records. The notice will set forth the date and nature of the violation, the proposed penalty, and the Member's right to present evidence in his or her defense, either in writing or in person, at the hearing.
- b. *Hearing*. The hearing will be held in executive session, unless the Member requests otherwise.

- c. *Notice of Decision.* Within fifteen (15) days after the Board decides on imposition of any penalty or fine, notice of the decision will be given to the Member, which will specify the violation and the penalty imposed. If the Association suspends voting rights or privileges, the suspension does not take effect until fifteen (15) days after the notice of decision is given to the Member.

14.2 Internal Dispute Resolution. If the Association and a Member are involved in a dispute involving their rights, duties, or liabilities under California law or the Governing Documents, either the Association or the Member may request internal dispute resolution, as provided for in the Association's Rules and Regulations, under the Davis-Stirling Act.

14.3 Pre-Litigation Dispute Resolution. Before suing for actions for declaratory, injunctive, or writ relief, either alone or with a money claim of \$5,000 or less, the party seeking to litigate the matter will offer alternative dispute resolution, under the procedures described in the Davis-Stirling Act.

ARTICLE 15: MISCELLANEOUS

15.1 Fiscal Year. The fiscal year of the Association will be a calendar year, unless a different fiscal year is adopted by the Board.

15.2 Singular Includes Plural. Wherever the context of these Bylaws requires, the singular will include the plural and the masculine will include both feminine and the neuter.

15.3 Conflicts. With any conflict, the CC&Rs will prevail over the Articles of Incorporation, which will prevail over the Bylaws and the Bylaws will prevail over the Rules.

15.4 Amendments. These Bylaws may be modified, amended, or replaced with new Bylaws :

- a. *Amendment by Members.* These Bylaws may be modified, amended, or replaced with new Bylaws by the vote or written consent of a majority of a Quorum of the membership.
- b. *Amendment to Conform to Statute.* If a provision in these Bylaws contradicts current law, according to a written opinion of the Association's legal counsel, the Board of Directors will have the authority, on the unanimous approval of the Directors and without approval of the Members, to amend that provision, but only to the extent to render the provision compliant with applicable law; and for any typographical errors.

CERTIFICATION

WE CERTIFY this 19th day of JUNE, 2019 these Restated Bylaws have been duly approved and adopted by the membership of the Laing's First Edition – Ontario Center Homeowners Association

LAING'S FIRST EDITION – ONTARIO CENTER HOMEOWNERS ASSOCIATION

Margaret Stearns

President

Peggy Burke

Secretary