
SECOND AMENDED AND RESTATED BYLAWS OF SNOWSHOE SPRINGS ASSOCIATION

NOTICE

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SNOWSHOE SPRINGS ASSOCIATION**

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MEMBER DRAFT 9/30/2020-B

1
2 **SECOND AMENDED AND RESTATED BYLAWS OF**
3 **SNOWSHOE SPRINGS ASSOCIATION**
4

5 **ARTICLE 1 ORGANIZATION**
6

- 7 1.1 Name and Location. The name of the corporation is Snowshoe Springs
8 Association, which is hereinafter referred to as the "Association." The principal
9 office of the Association shall be located in Calaveras County, State of California,
10 or at such other place reasonably convenient to the Development as the Board of
11 Directors may from time to time establish.
12
13 1.2 Purpose. The purpose of the Association shall be as set forth in its Articles of
14 Incorporation.
15
16 1.3 Successor Entity. In the event the Association as a corporate entity is dissolved,
17 a nonprofit unincorporated association shall forthwith and without further action or
18 notice be formed to succeed to all the rights and duties of the Association. The
19 affairs of such unincorporated association will be governed by the laws of the State
20 of California, and to the extent consistent therewith, by the Declaration, the Articles
21 of Incorporation, and these Bylaws as if they were created for the purpose of
22 governing the affairs of an unincorporated association.
23
24

25 **ARTICLE 2 DEFINITIONS**
26

27 Any capitalized terms that are not defined below shall have the meaning set forth
28 in Article 1 of the Declaration ("Definitions").
29

- 30 2.1 Additional Charges. "Additional Charges" shall mean all costs, fees, charges, and
31 expenditures including, but not limited to, interest, late charges, attorney fees,
32 recording and filing fees, and all other costs actually incurred by the Association in
33 collecting and/or enforcing payment of Assessments.
34
35 2.2 Articles of Incorporation. "Articles of Incorporation" shall mean the Second
36 Amended and Restated Articles of Incorporation of Snowshoe Springs
37 Association, as they may be amended from time to time, and as filed with the Office
38 of the Secretary of State of California.
39
40 2.3 Assessments. "Assessments," "Regular Assessments," "Special Assessments,"
41 "Reimbursement Assessments," and "Enforcement Assessments" shall have the
42 meanings defined for those terms in the Declaration.
43
44 2.4 Association. "Association" shall mean Snowshoe Springs Association, a California
45 nonprofit mutual benefit corporation, its successors and assigns.

- 1
2 2.5 Board of Directors. “Board of Directors” or “Board” shall mean the governing body
3 of the Association.
4
5 2.6 Bylaws. “Bylaws” shall mean the Second Amended and Restated Bylaws of the
6 Association as they shall be duly adopted by the Board of Directors and the
7 Members and any duly-adopted amendments thereof.
8
9 2.7 Civil Code. “*Civil Code*” shall mean the California *Civil Code* as amended from
10 time to time.
11
12 2.8 Committee of the Board. “Committee of the Board” shall mean a committee
13 consisting only of directors as described in *Corporations Code* section 7212.
14
15 2.9 Common Area. “Common Area” shall mean all real property owned by the
16 Association for the common use and enjoyment of the Owners and Residents of
17 the Development and the improvements thereon.
18
19 2.10 Contract Purchaser / Contract Seller. “Contract Purchaser” and “Contract Seller”
20 shall mean the purchaser and the seller, respectively, under an installment land
21 contract in which title to the property is transferred after the final installment
22 payment is made.
23
24 2.11 Corporations Code. “*Corporations Code*” shall mean the California *Corporations*
25 *Code* as amended from time to time.
26
27 2.12 Declaration. “Declaration” shall mean the Second Amended and Restated
28 Declaration of Covenants, Conditions and Restrictions of Snowshoe Springs
29 Association, recorded in the Office of the County Recorder of Calaveras County,
30 State of California, and any duly-recorded amendments thereof.
31
32 2.13 Delivery, When Effective. As provided for in *Civil Code* section 4050: (i) if notice
33 is sent by United States mail, such notice shall be deemed delivered upon deposit
34 in the United States mail, postage prepaid; (ii) if such notice is sent by electronic
35 means, delivery is complete at the time of the transmission.
36
37 2.14 Development. “Development” shall mean all the real property described in the
38 Declaration as comprising the Snowshoe Springs planned development and any
39 additional real property as may hereafter be brought within the jurisdiction of the
40 Association.
41
42 2.15 General Delivery / General Notice. “General Delivery” or “General Notice” shall
43 mean delivery to a Member or Members by one (1) or more of the following
44 methods, as provided in *Civil Code* section 4045:
45

- 1 (a) By any method provided for delivery of an Individual Notice pursuant to *Civil*
2 *Code* section 4040 which includes but is not limited to first-class mail or
3 express mail or by overnight delivery by an express service carrier;
4
5 (b) By inclusion in a billing statement, newsletter, or other document that is
6 delivered by General Delivery;
7
8 (c) By posting a printed document in a prominent location that is accessible to
9 all Members, if the location has been designated for the posting of General
10 Notices by the Association in the annual policy statement, prepared
11 pursuant to *Civil Code* section 5310;
12
13 (d) If the Association broadcasts television programming for the purpose of
14 distributing information on Association business to its Members, by
15 inclusion in the Association broadcast television programming.
16

17 Notwithstanding the foregoing, if a Member has requested to receive
18 General Notices by Individual Delivery, then all "General Notices" to that
19 Member shall be delivered by "Individual Delivery."
20

21 2.16 Governing Documents. "Governing Documents" shall mean the Articles of
22 Incorporation, Bylaws, Declaration, and Rules.
23

24 2.17 Individual Delivery / Individual Notice. "Individual Delivery" or "Individual Notice"
25 shall mean delivery to a Member or Members by one (1) of the following methods,
26 as provided in *Civil Code* section 4040:
27

- 28 (a) By first-class mail with postage prepaid, registered or certified mail, express
29 mail, or overnight delivery by an express service carrier, addressed to the
30 recipient at such recipient's address last shown on the books of the
31 Association; or
32
33 (b) By email, facsimile, or other electronic means if the recipient has consented,
34 in writing or by email, to that method of delivery. The consent may be
35 revoked, in writing or by email, by the recipient. Delivery by electronic
36 transmission must also comply with *Corporations Code* sections 20 and 21.
37 Among other things, Section 20 of the *Corporations Code* requires the
38 Association to obtain consent from the person to whom the document is
39 transmitted to receive it by means of electronic transmission as well as other
40 technical requirements.
41

42 2.18 Lot. "Lot" shall mean any plot of land shown upon any recorded subdivision map
43 of the Development, but excluding the Common Area. There are three hundred
44 sixty-one (361) Lots in the Development.
45

46 2.19 Majority of a Quorum. "Majority of a Quorum" shall mean a majority of the votes
47 cast in any lawful vote or election by the Members in which the number of ballots

1 cast equals or exceeds the number required to establish a quorum as provided in
2 Section 4.5 (“Quorum Requirements”).
3

4 2.20 Member. “Member” shall mean an Owner.
5

6 2.21 Member in Good Standing. “Member in Good Standing” shall mean a Member of
7 the Association who is current in the payment of all Regular Assessments and
8 Special Assessments imposed in accordance with the Governing Documents and
9 who is in compliance with all of the provisions of the Governing Documents. A
10 Member shall be deemed to be in Good Standing unless, after notice and an
11 opportunity for hearing, pursuant to Article 13 of the Declaration (“Enforcement;
12 Notice; Hearings”), the Board has found the Member to be not in Good Standing
13 and has so notified the Member in accordance with *Civil Code* section 5855.
14

15 2.22 Non-annexed Parcels. “Non-annexed Parcels” shall mean those three (3) parcels
16 of real property identified as Calaveras County Assessor Parcel Numbers 023-
17 027-008, 023-027-009, and 025-009-053 which are adjacent to but not part of the
18 Development and to which the Association has agreed to provide water service in
19 exchange for payment of fees by the owners of the Non-annexed Parcels pursuant
20 to agreements signed in 1989 between the Association and the owners of the three
21 parcels. The Association is prohibited from providing water service to any
22 additional Non-annexed Parcels pursuant to the “Agreement for Water Service”
23 between the Association and the Calaveras County Water District recorded
24 January 30, 2019, as Document No. 2019-000922 in the Official Records of
25 Calaveras County, State of California.
26

27 2.23 Owner. “Owner” shall mean the record owner, whether one (1) or more persons
28 or entities, of the fee simple title to any Lot, including Contract Sellers but excluding
29 Contract Purchasers, and excluding those persons having such interest merely as
30 security for the performance of an obligation.
31

32 2.24 Resident. “Resident” shall mean any person who resides on a Lot within the
33 Development whether or not such person is an Owner.
34

35 2.25 Rules. “Rules” shall mean the policies, rules, and regulations governing the
36 administration, management, operation, use, and occupancy of the Development,
37 including the use of the Common Area and facilities, the personal conduct of
38 Members and Residents, members of their household, pets, tenants, invitees, and
39 guests within the Development, enforcement of the Governing Documents, and
40 any other matter that is within the jurisdiction of the Association, as adopted,
41 published, or amended by the Board from time to time and subject to applicable
42 law including *Civil Code* section 4340 and following.
43

44 2.26 Total Voting Power. “Total Voting Power” shall mean the total number of votes of
45 all Members entitled to vote at a particular time, calculated on the basis of one (1)
46 vote for each Lot.
47

1
2 **ARTICLE 3 MEMBERSHIP AND VOTING RIGHTS**
3

4 3.1 Membership Appurtenant to Lot Ownership. Membership in the Association shall
5 include, and shall be limited to, all Owners of any Lot located within the
6 Development. Ownership of a Lot is the sole qualification to be a Member.
7 Membership shall be appurtenant to and may not be separated from ownership of
8 a Lot. Upon becoming the Owner of a Lot, each Owner shall automatically be a
9 Member of the Association and shall remain a Member until such time as his or
10 her or its Lot ownership ceases for any reason. Membership in the Association
11 shall not be transferred, encumbered, pledged, alienated, or hypothecated in any
12 way, except upon the transfer or encumbrance of the Lot to which it is appurtenant
13 and then only to the transferee or mortgagee, as the case may be, of such Lot.
14 Any attempt to make a prohibited transfer is void. Upon any transfer of title to a
15 Lot, including a transfer upon the death of an Owner, membership in the
16 Association shall pass automatically to the transferee.
17

18 3.2 Owner's Address for Notice. It shall be each Owner's responsibility to notify the
19 Association in writing of any change in the Owner's address for the purpose of
20 receiving notices from the Association. The fact that a different address appears
21 on correspondence to the Association from an Owner shall not constitute such
22 written notice, unless it is expressly stated in writing that such address is a change
23 of address for the purpose of receiving notice from the Association.
24

25 3.3 Owner's Duty to Annually Provide Address, Other Information. As required by *Civil*
26 *Code* section 4041, each Owner shall annually provide written notice to the
27 Association of (i) the Owner's address for the purpose of receiving notices from
28 the Association, (ii) an alternative or secondary address, if any, to which notices
29 from the Association are to be delivered, (iii) the name and address of the Owner's
30 legal representative, if any, including any person with power of attorney or other
31 person who can be contacted in the event of the Owner's extended absence from
32 the Lot, and (iv) whether the Lot is Owner-occupied, is rented out, if the Lot is
33 developed but vacant, or if the Lot is undeveloped land. If an Owner fails to provide
34 notice to the Association as set forth in (i) and (ii), above, the last address provided
35 in writing by the Owner or, if none, the Lot property address, is deemed the address
36 to which the Association shall deliver notices.
37

38 3.4 Notice of Transfer of Title. Upon transfer of title to a Lot, the transferee shall be
39 responsible for notifying the Association of such transfer. The notification shall set
40 forth the address of the Lot, the names of the transferee and the transferor, and
41 the date of sale or other transfer. Prior to receipt of such notification, any and all
42 communications required or permitted to be given by the Association or the Board
43 to the Lot Owner shall be deemed to be duly made and given to the transferee if
44 duly and timely made and given to the person shown as the Owner of the Lot and
45 at the address in the Association's records.
46

1 3.5 Proof of Membership. No person shall exercise the rights of a Member until
2 satisfactory proof of membership has been furnished to the Association. Such
3 proof may consist of either a copy of a duly-executed and acknowledged grant
4 deed or a copy of a title insurance policy showing that the person is an Owner as
5 defined in Section 2.23 ("Owner"). Such deed or policy shall be deemed
6 conclusive proof of ownership in the absence of a conflicting claim based on a later
7 deed or policy.

8
9 3.6 Voting Rights; Joint Owners.

10
11 3.6.1 One Vote Per Lot. Only Members shall be entitled to vote on any issue
12 or matter presented to the Members for approval or membership vote.
13 Members shall be entitled to cast one (1) vote for each Lot owned.

14
15 3.6.2 Joint Owners. In the event more than one (1) person owns a given Lot,
16 the vote for such Lot shall be exercised as the Owners among
17 themselves shall determine, but in no event shall more than one (1) vote
18 be cast with respect to any Lot. If the joint Owners of a Lot are unable
19 to agree among themselves as to how their vote is to be cast, they shall
20 lose their right to vote on the matter in question. If any joint Owner of a
21 Lot casts a vote representing a certain Lot, it will thereafter be
22 conclusively presumed for all purposes that such Owner was acting with
23 the authority and consent of the other Owners of that Lot.

24
25 3.6.3 Trusts, Corporations, Other Entities. In the case of an Owner that is not
26 a natural person (such as a corporate trustee, corporation or other
27 entity), the vote of such Owner may be cast by any authorized
28 representative of the Owner designated by notice in writing to the
29 Association.

30
31 3.6.4 Conservator, Guardian, Parent of Minor, Executor, General Power of
32 Attorney. The power to cast a particular Member's vote may be
33 exercised by (i) the Member's conservator, (ii) the guardian of the
34 Member's estate, (iii) the parent(s) entitled to custody of a Member if the
35 Member is a minor, (iv) the executor or administrator of a deceased
36 Member's estate if the Member's interest in the Lot is subject to
37 administration in his or her estate, or (v) a person with a general power
38 of attorney for a Member.

39
40 3.7 Record Date for Voting. Consistent with *Corporations Code* section 7611(c), the
41 Board may fix a date not more than sixty (60) days before the date of any mailing
42 or delivery of ballots as the record date for determining Members entitled to vote
43 and only Members as shown in the records of the Association as of the record date
44 for voting shall be entitled to vote in such vote or election. If no record date for
45 voting is set by the Board, Members on the day of the mailing or delivery of ballots
46 who are otherwise eligible to vote shall be entitled to vote in such vote or election.
47

1
2 **ARTICLE 4 VOTING BY MEMBERS**
3

4 4.1 Voting by Members; Member Request for Vote. All membership votes, including
5 any vote pursuant to a written request of Members as described in *Corporations*
6 *Code* section 7510(e), shall be by “secret ballot” pursuant to *Civil Code* sections
7 5100 through 5145; *provided, however*, that in the case of a membership vote on
8 any matter not specified in *Civil Code* section 5100(a), the deadline for returning a
9 secret ballot may be a reasonable time that is less than thirty (30) days. Voting by
10 the written ballot method described in *Corporations Code* section 7513 shall not
11 be permitted.

12
13 4.2 Proxies Are Prohibited. Use of proxies in connection with membership votes or
14 membership meetings is expressly prohibited. “Proxy” shall mean a written
15 authorization signed by a Member or a Member’s attorney-in-fact giving another
16 person or persons power to vote for such Member, as defined in *Corporations*
17 *Code* section 5069, other than (i) a designated authorized representative casting
18 a vote pursuant to **Section 3.6.3** (“Trusts, Corporations, Other Entities”), or (ii) a
19 person casting a vote pursuant to **Section 3.6.4** (“Conservator, Guardian, Parent
20 of Minor, executor, General Power of Attorney”).

21
22 4.3 Inspector(s) of Election. To the extent required pursuant to *Civil Code* section
23 5110, prior to any election or vote by the Members, the Board shall appoint one (1)
24 or three (3) inspectors of election, whose powers and duties shall be as set forth
25 in such statute and in the Rules described in **Section 4.4** (“Voting and Election
26 Rules”).

27
28 4.4 Voting and Election Rules. The Board shall adopt Rules governing membership
29 voting and elections of directors in conformity with *Civil Code* section 5105.
30 Election Rules adopted pursuant to *Civil Code* section 5105 shall not be amended
31 less than ninety (90) days prior to an election.

32
33 4.5 Quorum Requirements. The number of ballots that must be cast in order to
34 establish a quorum shall be as follows:

35
36 4.5.1 Election of Directors. In any election of one (1) or more directors, the
37 number of the valid ballots received shall constitute a quorum.

38
39 4.5.2 Assessment Votes. To the extent required by *Civil Code* section 5605,
40 notwithstanding any other provision in the Governing Documents, for
41 purposes of voting on a Special Assessment or an increase in the
42 Regular Assessment that by law must be approved by the Members, a
43 quorum shall mean more than fifty percent (50%) of the Members (as
44 distinguished from percentage of the Total Voting Power), or such other
45 quorum requirement as may be specified by law.
46

- 1 4.5.3 Amending the Declaration. In any vote to amend the Declaration, a
2 quorum shall mean fifty percent (50%) of the Total Voting Power as
3 provided in Section 14.1 of the Declaration ("Required Approval").
4
- 5 4.5.4 All Other Member Votes. For any other vote or election by the Members,
6 a quorum shall mean ten percent (10%) of the Total Voting Power.
7
- 8 4.5.5 Meetings to Count Ballots. There shall be no quorum requirement for
9 Member attendance at any meeting of the Members held for the purpose
10 of tabulating ballots pursuant to *Civil Code* section 5120(a) and no action
11 by the Members shall be conducted at any such meeting other than the
12 tabulation of ballots by the inspector(s) of election.
13
- 14 4.6 Act of Members Requires Majority of a Quorum. Except where the Governing
15 Documents specify a higher percentage of a quorum or require a specified
16 percentage of the Total Voting Power of the Members for any action that may be
17 taken by the Members, the affirmative vote of a Majority of a Quorum of the
18 Members shall constitute the action of the Members.
19
- 20 4.7 Results of Membership Votes. To the extent required by *Civil Code* section
21 5120(b), the Board shall within fifteen (15) days of an election give General Notice
22 of the tabulated results to all the Members. To the extent required by *Corporations*
23 *Code* section 8325, for a period of sixty (60) days following the conclusion of any
24 membership vote (or, if applicable, an annual, regular, or special meeting of
25 Members), a Member shall, upon written request, be informed forthwith of the
26 result of any particular vote of the Members, including the number of memberships
27 voting for, the number of memberships voting against, and the number of
28 memberships abstaining or withheld from voting. If the matter voted on was the
29 election of directors, the Association shall report the number of votes cast for each
30 nominee for director.
31
- 32 4.8 Meetings of Members. To the extent any vote or election by the Members is
33 required by law to be conducted at a meeting of the Members, the provisions of
34 the *Corporations Code*, including *Corporations Code* sections 7510 and 7511, that
35 would otherwise apply shall apply; any such meeting of Members shall be
36 conducted in accordance with a recognized system of parliamentary procedure or
37 such parliamentary procedures as the Association may adopt; and to the extent
38 required pursuant to *Civil Code* sections 4925(b) and 5000(b), a reasonable time
39 limit for all Members to speak at a meeting of the Members shall be established by
40 the Board.
41
- 42 4.9 Place of Member Meetings. Meetings of the Members shall be held at a location
43 within the Development, or the Board may designate by resolution a convenient
44 place located as close as reasonably practicable to the Development.
45
- 46 4.10 Annual Meeting. The annual meeting of Members shall be held in the month of
47 July or as soon thereafter as is practical.

1
2 4.11 Special Meetings of Members. Special meetings of the Members shall be called
3 by the Board and held in response to a request by the Board President, or by vote
4 of a majority of the Board, or upon written request of Members representing five
5 percent (5%) of the Total Voting Power of the Members.
6

7 4.12 Notice of Member Meetings. Written notice of Member meetings shall be given to
8 each Member by Individual Delivery at least ten (10) days but not more than ninety
9 (90) days before such meeting; *except that*, in the case of a special meeting called
10 pursuant to written request of Members, notice of such special meeting shall be
11 given to Members by Individual Delivery within twenty (20) days after receipt of a
12 written request by the Board, and the date for such special meeting shall be not
13 less than thirty-five (35) days nor later than ninety (90) days after the date of the
14 Board's receipt of the written request. The notice shall state the date, time and
15 place of the meeting, and in the case of a special meeting, shall state the purpose
16 for the meeting.
17
18

19 **ARTICLE 5 BOARD OF DIRECTORS: NOMINATION, SELECTION, TERM**
20 **OF OFFICE, REMOVAL**

21
22 5.1 Number of Directors. The affairs of this Association shall be managed by or under
23 the direction of, and the corporate powers shall be exercised by, a Board of
24 Directors. The authorized number of directors shall be seven (7).
25

26 5.2 Time of Annual Election of Directors. Directors shall be elected annually in the
27 month of July, or as soon thereafter as is practical.
28

29 5.3 Qualification of Directors. Only persons who satisfy all of the following
30 qualifications shall be eligible to be elected to or serve on the Board: (i) is a
31 Member in Good Standing or in the case of a Member in Good Standing that is not
32 a natural person (such as a corporation or other entity), an officer, director,
33 principal, or authorized representative of the entity, (ii) is at least eighteen (18)
34 years of age, (iii) has not been found by a court of competent jurisdiction to be of
35 unsound mind, and (iv) does not have a criminal conviction that would, if elected,
36 prevent the Association from purchasing the fidelity bond coverage required by
37 *Civil Code* section 5806 or terminate the Association's existing fidelity bond
38 coverage. Co-Owners of one (1) or more Lots may not be nominated for or serve
39 on the Board at the same time.
40

41 5.4 Nomination Procedures. Nominations of candidates for election to the Board of
42 Directors may be made by a nominating committee (hereinafter, "Nominating
43 Committee") or by self-nomination, as follows:
44

45 5.4.1 By Nominating Committee. Prior to any election of directors, the Board
46 may appoint a Nominating Committee to nominate candidates for
47 election to the Board. If appointed, the Nominating Committee shall

1 nominate as many candidates for election to the Board as it shall in its
2 discretion determine, but shall endeavor to nominate not less than the
3 number of positions on the Board that are to be filled in the election. All
4 nominations shall be made from among persons who satisfy the
5 qualifications set forth in **Section 5.3** (“Qualification of Directors”) and
6 shall be made prior to the deadline for nominations.
7

8 5.4.2 By Self-nomination. Any Member who satisfies the qualifications set
9 forth in **Section 5.3** (“Qualification of Directors”) may place his or her
10 name in nomination for election to the Board by giving written notice to
11 the President or Secretary of the Association. Notice of self-nomination
12 must be received prior to the deadline for nominations.
13

14 5.5 Deadline for Nominations. The deadline for nominations shall be set by the Board
15 and shall be not less than five (5) and not more than forty-five (45) days prior to
16 the date of the mailing or delivery of ballots for any election of directors.
17

18 5.6 Publication of Deadline for Nominations. The date and time of the deadline for
19 nominations and the procedure for submitting a nomination shall be provided to
20 the Members by General Delivery (and by Individual Delivery if so requested by a
21 Member) at least thirty (30) days in advance of the nomination deadline.
22

23 5.7 Election by Acclamation. If, as of the published deadline for nominations, the
24 number of people nominated is not more than the number of directors to be
25 elected, then the persons nominated and qualified to be elected shall, unless
26 election by acclamation is prohibited by law, be declared elected and shall take
27 office at the first Board meeting following the deadline for nominations or, if later
28 and an annual meeting is held, then at the first Board meeting after the annual
29 meeting. Written notice of the election by acclamation shall be given to the
30 Members.
31

32 5.8 List of Known Candidate Names. A list of the names of all persons known by the
33 Board to be qualified candidates for election to the Board as of the published
34 deadline for nominations shall be prepared and distributed as set forth in *Civil Code*
35 section 5115(b) and in the Rules described in **Section 4.4** (“Voting and Election
36 Rules”).
37

38 5.9 Voting for Directors; No Cumulative Voting Permitted; No Write-ins. In all elections
39 of directors, Members may cast, in respect to each position on the Board to be
40 filled, one (1) vote for each Lot owned. The persons receiving the largest number
41 of votes shall be elected. Cumulative voting (i.e., giving more than one vote to any
42 candidate) shall not be permitted. Voting for write-in candidates (that is, voting for
43 any person not nominated prior to the deadline for nominations) is not permitted.
44

45 5.10 Tied Votes. In the case of a tied vote for one (1) or more positions on the Board,
46 the candidates shall draw lots to determine the winner or winners.
47

1 5.11 Election and Term of Office. In the annual election of directors, the Members shall,
2 in successive years, elect three (3) directors, two (2) directors, and two (2)
3 directors, respectively, for terms of three (3) years each. Each director shall serve
4 until the expiration of his or her term and thereafter until a successor is elected, or
5 until the earlier disqualification, death, resignation, or removal of such director.
6

7 5.12 Removal of Directors by the Members. Consistent with *Corporations Code* section
8 7222, any director may be removed from the Board, with or without cause, by the
9 vote of a Majority of a Quorum of the Members.
10

11 5.13 Reduction of Number of Directors. Any reduction of the authorized number of
12 directors shall be subject to the provisions of *Corporations Code* section 7222(c).
13

14 5.14 Vacancies, Resignation, Disqualification of Directors. A vacancy shall exist on the
15 Board (i) in the event of the death, resignation, or removal (by the Members) of
16 any director, (ii) in the event of a declaration of a vacancy by the Board as provided
17 below in this Section 5.14, (iii) if the authorized number of directors is increased,
18 or (iv) if the Members fail to elect the full authorized number of directors.
19

20 5.14.1 Resignation. Any director may resign by giving written notice to the
21 Board. The resignation shall be effective on the date specified in the
22 notice. Unless otherwise provided in the notice, the acceptance of a
23 resignation shall not be necessary to make it effective.
24

25 5.14.2 Disqualification of a Director. As provided in *Corporations Code* section
26 7221(b), the Board of Directors, by a majority vote of the directors who
27 meet all of the qualifications for directors as set forth in Section 5.3
28 (“Qualification of Directors”), may declare vacant the office of any
29 director who fails or ceases to meet any required qualification that was
30 in effect at the beginning of that director’s current term of office.
31

32 5.14.3 Failure to Perform Duties. Pursuant to *Corporations Code* section
33 7221(a), the Board, by vote of a majority of a quorum, may declare
34 vacant the office of any director who: (i) fails within sixty (60) days after
35 receiving notice of election to accept office, either in writing or by
36 attending a meeting of the Board as a director, (ii) is absent from two (2)
37 consecutive meetings of the Board without excuse, (iii) fails to adhere to
38 any code of conduct for directors as adopted from time to time by the
39 Board.
40

41 5.15 Filling Vacancies.

42
43 5.15.1 Removal by Members. Pursuant to *Corporations Code* section 7224,
44 vacancies on the Board created by the removal of a director by the
45 Members shall be filled by approval of the Members. A director elected
46 by the Members to fill such a vacancy shall serve the remainder of the
47 term of office of the director whom he or she replaces.

1
2 5.15.2 Other Vacancies. Any vacancy occurring on the Board of Directors,
3 except a vacancy created by the removal of a director by the Members,
4 may be filled (i) by approval of the Board of Directors; or (ii) by a sole
5 remaining director. If the Board accepts the resignation of a director
6 tendered to take effect at a future time, the Board, including the resigning
7 director, may choose or, if the Board fails to act, the Members may elect,
8 a successor to take office when the resignation becomes effective. The
9 Members may elect a director at any time to fill any vacancy not filled by
10 the directors. A director chosen by the Board in accordance with this
11 Section 5.15.2 to fill a vacancy shall serve the remainder of the term of
12 office of the director whom he or she replaces.
13

14 5.16 Removal of Entire Board; Replacement Directors. In the case of a vote by the
15 Members to remove the entire Board of Directors, the incumbent directors shall
16 not be removed from office unless and until one (1) or more replacement directors
17 have been elected by the Members. If, in such election, the Members fail to elect
18 the full number of replacement directors, the vacancies then existing on the Board
19 may be filled by the elected replacement directors pursuant to clause (i) or clause
20 (ii) of Section 5.15.2 (“Other Vacancies”). All of the directors replacing those
21 removed by the Members shall serve until the next annual election of directors, at
22 which time (i) seven (7) directors shall be elected and the three (3) directors who
23 receive the largest number of votes shall serve a three-year term, the two (2)
24 directors who receive the next largest number of votes shall serve a two-year term
25 and the other two (2) directors shall serve a one-year term, in order to create
26 staggered terms of office; or (ii) alternatively, if the number of qualified candidates
27 for the next annual election is less than or equal to seven (7), the directors shall
28 be elected by acclamation pursuant to Section 5.7 (“Election by Acclamation”) and
29 shall draw lots to determine one-year or two-year terms to create staggered terms
30 of office.
31

32 5.17 Directors’ Conflict of Interest. As provided in *Civil Code* section 5350, no director
33 or member of a committee shall be permitted to vote on matters of (i) discipline of
34 the director or committee member, (ii) an Assessment against the director or
35 committee member for damage to the Common Area or facilities, (iii) a request, by
36 the director or committee member, for a payment plan for overdue Assessments,
37 (iv) a decision whether to foreclose on a lien on the separate interest of the director
38 or committee member, (v) review of a proposed physical change to the separate
39 interest of the director or committee member, (vi) a grant of exclusive use of
40 Common Area to the director or committee member, and (vii) as provided in
41 *Corporations Code* section 7233, any contract or other transaction in which a
42 director or committee member has a material financial interest. As provided in
43 *Corporations Code* section 7234, the interested director or committee member
44 may be counted in determining the presence of a quorum at a meeting of the Board
45 or of a committee.
46

1 5.18 No Compensation of Directors. No director shall receive compensation for any
2 service he or she may render to the Association as a director. However, upon
3 approval by the Board, any director may be reimbursed for his or her expenses
4 actually incurred in the performance of his or her duties.
5

6 5.19 Directors' Standard of Care. As provided in *Corporations Code* section 7231, a
7 director shall perform the duties of a director, including duties as a member of any
8 Committee of the Board upon which the director may serve, in good faith, in a
9 manner such director believes to be in the best interests of the corporation and
10 with such care, including reasonable inquiry, as an ordinarily prudent person in a
11 like position would use under similar circumstances.
12

13 5.20 Limitation of Liability of Officers and Directors. As provided in *Corporations Code*
14 section 7231, no director, officer, committee member, employee, or other agent of
15 the Association shall be liable to any Owner or any other person or entity, including
16 the Association, for any damage, loss, or prejudice suffered or claimed on account
17 of any act, omission, error, or negligence of any such person if such person acted
18 in good faith and in a manner such person reasonably believed to be in the best
19 interests of the Association.
20

21 **ARTICLE 6 MEETINGS OF DIRECTORS**

22
23
24 6.1 Definition of Meeting of the Board. As defined in *Civil Code* section 4090, a
25 "meeting" of the Board shall mean either: (a) a congregation, at the same time
26 and place, of a sufficient number of directors to establish a quorum of the Board,
27 to hear, discuss, or deliberate upon any item of business that is within the authority
28 of the Board or (b) a teleconference, where a sufficient number of directors to
29 establish a quorum of the Board, in different locations, are connected by electronic
30 means, through audio or video or both. The foregoing includes executive session
31 meetings of the Board.
32

33 6.2 Teleconference Meetings. As provided in *Civil Code* section 4090(b), a
34 teleconference meeting shall be conducted in a manner that protects the rights of
35 Members of the Association and otherwise complies with the requirements of the
36 Davis-Stirling Common Interest Development Act (*Civil Code* section 4000 and
37 following). Except for a meeting that will be held solely in executive session, the
38 notice of the teleconference meeting shall identify at least one (1) physical location
39 so that Members of the Association may attend, and at least one director or a
40 person designated by the Board shall be present at the location. Participation by
41 directors in a teleconference meeting constitutes presence at that meeting as long
42 as all directors participating are able to hear one another, as well as Members of
43 the Association speaking on matters before the Board.
44

45 6.3 Organizational Meeting. As soon as possible, but in any event within thirty (30)
46 days after each annual election of directors, the Board of Directors shall hold a

1 meeting for the purpose of organization, appointment of officers, and transaction
2 of other business, as appropriate.
3

4 6.4 Regular Meetings of the Board. Regular meetings of the Board shall be held every
5 odd numbered month of the year upon proper notice which conforms to the
6 provisions of **Section 6.7** (“Notice to Directors”) and **Section 6.8** (“Notice to
7 Members; Agenda”), at the place, day, and time set forth in such notice. In the
8 event the Board should determine that the business to be transacted by the Board
9 does not reasonably justify bi-monthly meetings, then regular meetings of the
10 Board shall be held at such intervals as the Board may determine, but not less
11 frequently than once every three (3) months.
12

13 6.5 Special Meetings of the Board. Special meetings of the Board shall be held when
14 called by the President of the Association or by any two (2) directors.
15

16 6.6 Emergency Meetings of the Board. As provided in *Civil Code* section 4923,
17 emergency meetings of the Board may be called by the President or by any two
18 (2) directors other than the President, if there are circumstances that could not
19 have been reasonably foreseen which require immediate attention and possible
20 action by the Board, and which of necessity make it impracticable to provide the
21 notice required by *Civil Code* section 4920.
22

23 6.7 Notice to Directors. Regular meetings of the Board may be held, without further
24 notice to the Board, at a place within or reasonably convenient to the Development
25 and on a day and time fixed by resolution of the Board. If not fixed by resolution
26 of the Board, notice of each meeting of the Board shall be communicated to the
27 directors not less than four (4) days prior to a regular meeting, and not less than
28 forty-eight (48) hours prior to a special meeting; provided that shorter notice may
29 be given in the case of a bona fide emergency; and *provided, further*, that notice
30 of a meeting need not be given to any director who signed a waiver of notice or a
31 written consent to holding the meeting, whether before or after the meeting.
32

33 6.8 Notice to Members; Agenda. To the extent required pursuant to *Civil Code* section
34 4920, except for bona fide emergency meetings (whether open meeting or
35 executive session), prior written notice of the day, time, and place of each meeting
36 of the Board of Directors shall be given to all Members. The notice shall contain
37 the agenda for the meeting, subject to the provisions of *Civil Code* section 4930.
38

39 6.8.1 Timing of Notice to Members. Notice of open Board meetings shall be
40 given at least four (4) days before the meeting. Notice of a Board
41 meeting that is held exclusively in executive session shall be given at
42 least two (2) days before the meeting.
43

44 6.8.2 Delivery of Notice to Members. The notice to the Members shall be
45 given by General Delivery in accordance with *Civil Code* section 4045.
46

- 1 6.9 Open Meeting. To the extent required pursuant to *Civil Code* section 4925(a),
2 regular and special meetings of the Board of Directors shall be open to all Members
3 of the Association, except when the Board meets in executive session. Pursuant
4 to *Civil Code* section 4925(b), a reasonable time limit for all Members to speak to
5 the Board shall be established by the Board; however, the right to speak to the
6 Board shall not entitle any Member to participate in the Board's deliberations on
7 any matters unless requested to do so by the Board.
8
- 9 6.10 Executive Session. To the fullest extent permitted by law, including *Civil Code*
10 section 4935, the Board may meet in executive session to confer with legal counsel
11 or to discuss and/or vote upon personnel matters, Member discipline, litigation in
12 which the Association is or may become involved, matters that relate to the
13 formation of contracts between the Association and others, and for the purpose of
14 meeting with a Member, upon such Member's request, regarding the Member's
15 payment of Assessments. In any matter relating to the discipline of a Member, the
16 Board shall meet in executive session if requested to do so by that Member, and
17 that Member and any other person(s) whose participation is, in the judgment of the
18 Board, necessary or appropriate, shall be entitled to attend the executive session;
19 *provided, however*, that (i) to the extent required by *Civil Code* section 5673, a
20 decision by the Board to record a lien for delinquent Assessments shall be made
21 at an open meeting of the Board, and (ii) to the extent required by *Civil Code*
22 section 5705(c), a vote of the Board to initiate foreclosure of a lien for delinquent
23 Assessment shall be taken in executive session but shall be recorded in the
24 minutes of the next following open meeting of the Board. There shall be no
25 requirement that the Board convene an open meeting in order to meet in executive
26 session.
27
- 28 6.11 Board's Action by Unanimous Written Consent. To the extent provided in *Civil*
29 *Code* section 4910, the Board may not take action by unanimous written consent
30 without a meeting except in case of emergency and then only by electronic
31 transmission, including email as provided in *Civil Code* section 4910(b)(2). Any
32 such written consents shall be filed with the minutes of the proceedings of the
33 Board.
34
- 35 6.12 Quorum for Board's Action. A majority of the number of directors then in office (but
36 not less than two) shall constitute a quorum for the transaction of business. Every
37 act or decision done or made by a majority of the directors present at a duly-held
38 meeting at which a quorum is present shall be regarded as the act of the Board.
39 A meeting at which a quorum is initially present may continue to transact business,
40 notwithstanding the withdrawal of directors, if any action taken is approved by a
41 majority of the required quorum for that meeting.
42
- 43 6.13 Voting by Directors. Pursuant to *Corporations Code* section 7211(c), each director
44 shall be entitled to one (1) vote and a director may not vote by proxy or otherwise
45 delegate his or her right to vote on any matter before the Board
46

1 6.14 Minutes of Meetings of Directors. To the extent required by *Civil Code* section
2 4950(a), within thirty (30) days after the date of any meeting of the Board, the
3 Board shall make available to the Members either (i) the minutes of that meeting
4 as adopted by the Board, (ii) if the minutes have not yet been adopted by the
5 Board, the minutes as proposed for adoption which shall be marked to indicate
6 draft status, or (iii) a summary of the minutes. To the extent required by *Civil Code*
7 section 4935(e), any matter discussed in an executive session shall be generally
8 noted in the minutes of the Board and minutes of executive sessions shall not
9 otherwise be required. Copies of the minutes, proposed minutes, or summary of
10 minutes shall be provided to any Member of the Association upon request and
11 upon reimbursement of the Association's costs in providing such copies.
12
13

14 **ARTICLE 7 DUTIES OF THE BOARD OF DIRECTORS**

15 The Board shall be ultimately responsible for the management and conduct of the
16 affairs of the Association. Without limiting the generality of the foregoing, the
17 specific duties of the Board shall include the following:
18

19
20 7.1 Supervision. The Board shall supervise all officers, agents, and employees of the
21 Association, if any, and see that their duties are properly performed.
22

23 7.2 Records and Minutes. The Board shall cause to be kept a complete record of all
24 its acts and the corporate affairs, including a membership list described in *Civil*
25 *Code* section 5200(a)(9), adequate and correct books and records of account, and
26 minutes of the proceedings of the Members, the Board, Committees of the Board,
27 and any other committee appointed by the Board having decision-making
28 authority.
29

30 7.3 Maintain Insurance. The Board shall procure and maintain adequate casualty,
31 liability and other insurance, as the Board shall determine consistent with the
32 provisions of Article 10 of the Declaration ("Insurance").
33

34 7.4 Enforcement of Governing Documents. The Board shall enforce the Governing
35 Documents on its own initiative or upon receipt of written complaint from an Owner
36 or a Resident, in accordance with the procedures set forth in Article 13 of the
37 Declaration ("Enforcement; Notice; Hearings").
38

39 7.5 Annual Budget Report. In accordance with *Civil Code* section 5300(a), the
40 Association shall distribute an annual budget report, not less than thirty (30) days
41 and not more than ninety (90) days prior to the end of the Association's fiscal year.
42 The annual budget report shall conform to the requirements of *Civil Code* section
43 5300(b) and (e) and section 5550 concerning the following and any other matters
44 as may be required by law:
45

46 7.5.1 Pro Forma Operating Budget. A "pro forma operating budget" showing
47 the estimated revenue and expenses on an accrual basis.

1
2 7.5.2 Reserves Summary. A summary of the Association's reserves,
3 prepared in accordance with *Civil Code* section 5565.
4

5 7.5.3 Reserves Funding Plan. A summary of the reserve funding plan
6 adopted by the Board in accordance with *Civil Code* section 5550(b)(5).
7 The summary shall include notice to Members that the full reserve study
8 is available on request, and the Association shall provide the full reserve
9 funding plan to any Member upon request.
10

11 7.5.4 Statement of Deferred Repairs. A statement as to whether the Board
12 has determined to defer repairs or replacement of any major component
13 with a remaining life of thirty (30) years or less, including a justification
14 for decision not to make repairs or replacement.
15

16 7.5.5 Statement of Anticipated Special Assessments. A statement, consistent
17 with the reserves funding plan, as to whether the Board has determined
18 that one (1) or more Special Assessments will be required to repair,
19 replace or restore any major component or to provide for adequate
20 reserves for such repair, replacement or restoration. The statement
21 shall set out the estimated amount, commencement date and duration
22 of the Assessment, if anticipated.
23

24 7.5.6 Mechanisms for Funding Reserves. A statement as to the mechanism
25 or mechanisms by which the Board will fund reserves to repair or replace
26 major components, including Assessments, borrowing, use of other
27 assets, deferral of selected replacements or repairs, or alternative
28 mechanisms.
29

30 7.5.7 Statement of Reserve Calculations. A general statement addressing the
31 procedures used for the calculation and establishment of those reserves
32 to defray the future repair, replacement, or additions to those major
33 components that the Association is obligated to maintain. The statement
34 shall include, but need not be limited to, reserve calculations made using
35 the formula described in *Civil Code* section 5570(b)(4), and may not
36 assume a rate of return on cash reserves in excess of two percent (2%)
37 above the discount rate published by the Federal Reserve Bank of San
38 Francisco at the time the calculation was made.
39

40 7.5.8 Statement of Outstanding Loans. A statement as to whether the
41 Association has any outstanding loans with an original term of more than
42 one (1) year, including the payee, interest rate, amount outstanding,
43 annual payment, and when the loan is scheduled to be retired.
44

45 7.5.9 Summary of Association's Insurance Policies. A summary of the
46 Association's property, general liability, earthquake, flood, and fidelity
47 insurance policies; and for each policy, the summary shall include the

1 name of the insurer, the type of insurance, the policy limit, and the
2 amount of the deductible, if any. To the extent that any of the required
3 information is specified in the insurance policy declaration page, the
4 Association may meet its obligation to disclose that information by
5 making copies of that page and distributing it with the annual budget
6 report. The summary distributed pursuant to this paragraph shall
7 contain, in at least 10-point boldface type, the following statement:
8

9 “This summary of the association’s policies of insurance provides only
10 certain information, as required by Section 5300 of the Civil Code, and
11 should not be considered a substitute for the complete policy terms and
12 conditions contained in the actual policies of insurance. Any association
13 member may, upon request and provision of reasonable notice, review
14 the association’s insurance policies and, upon request and payment of
15 reasonable duplication charges, obtain copies of those policies.
16 Although the association maintains the policies of insurance specified in
17 this summary, the association’s policies of insurance may not cover your
18 property, including personal property or real property improvements to
19 or around your dwelling, or personal injuries or other losses that occur
20 within or around your dwelling. Even if a loss is covered, you may
21 nevertheless be responsible for paying all or a portion of any deductible
22 that applies. Association members should consult with their individual
23 insurance broker or agent for appropriate additional coverage.”
24

25 7.5.10 Charges for Documents Provided Disclosure. The completed “Charges
26 for Documents Provided” disclosure identified in *Civil Code* section
27 4528. For purposes of this **Section 7.5.10**, “completed” means that the
28 “Fee for Document” section of the form individually identifies the costs
29 associated with providing each document listed on the form.

30 7.6 Notice of Certain Changes in Insurance. In accordance with *Civil Code* section
31 5810, as soon as reasonably practicable, the Association shall provide Individual
32 Notice to all Members if any of the policies described in **Section 7.5.9** (“Summary
33 of Association’s Insurance Policies”) have lapsed or been canceled, and are not
34 immediately renewed, restored, or replaced, or if there is a significant change, such
35 as a reduction in coverage or limits or an increase in the deductible for any of those
36 policies. If the Association receives any notice of non-renewal of a policy
37 described in **Section 7.5.9** and replacement coverage will not be in effect by the
38 date the existing coverage will lapse, the Association shall immediately provide
39 Individual Notice thereof to the Members.
40

41 7.7 Annual Policy Statement; Notifications to Members. In accordance with *Civil Code*
42 section 5310(a)(1) through (12), not less than thirty (30) days and not more than
43 ninety (90) days before the end of the fiscal year, the Board shall distribute to the
44 Members an annual policy statement which shall include all of the following:
45

46 7.7.1 Official Communications to Association. A statement notifying the
47 Members of the name and address of the person designated to receive

1 official communications to the Association, in the manner prescribed by
2 *Civil Code* section 4035;

3
4 7.7.2 Secondary Address for Certain Notices. A statement notifying the
5 Members of an Owner's right to submit to the Association, in accordance
6 with *Civil Code* section 5260(b), a request to have notices sent to up to
7 two (2) different addresses pursuant to *Civil Code* section 4040(b)
8 (concerning annual reports, enforcement of delinquent Assessments,
9 sale by trustee);

10
11 7.7.3 Location Designated for Posting General Notices. A statement notifying
12 the Members of the location, if any, designated for posting General
13 Notice pursuant to *Civil Code* section 4045(a)(3);

14
15 7.7.4 Option to Receive General Notices by Individual Delivery. A statement
16 notifying the Members of their option to receive General Notices by
17 Individual Delivery in accordance with *Civil Code* section 4045(b);

18
19 7.7.5 Notice of Members' Right to Receive Meeting Minutes. A statement
20 notifying the Members of their right to receive meeting minutes in
21 accordance with *Civil Code* section 4950(b);

22
23 7.7.6 Notice of Assessment Collection Policy. A statement of Assessment
24 collection policies as required by *Civil Code* section 5730(a) printed in
25 at least 12-point type;

26
27 7.7.7 Notice Regarding Liens and Foreclosure. A statement describing the
28 Association's policies and practices in enforcing lien rights or other legal
29 remedies for default in the payment of Assessments;

30
31 7.7.8 Notice of Discipline Policy. A statement describing the Association's
32 discipline policy, if any, including any schedule of penalties for violations
33 of the Governing Documents pursuant to *Civil Code* section 5850;

34
35 7.7.9 Notice of Dispute Resolution Procedures. A summary of the statutory
36 provisions relating to employing internal dispute resolution procedures
37 and alternative dispute resolution procedures in certain matters related
38 to enforcement of the Governing Documents which specifically
39 references *Civil Code* sections 5920 and 5965. The summary of the
40 Association's internal dispute resolution procedure may consist of a
41 copy of Section 13.9 of the Declaration ("Investigation of Complaints")
42 through Section 13.16 of the Declaration ("Internal Dispute Resolution").
43 The summary of the statutory provisions relating to employing
44 alternative dispute resolution procedures in certain matters related to
45 enforcement of the Governing Documents may consist of a copy of
46 Section 13.17 of the Declaration ("Alternative Dispute Resolution Before

1 Initiating Lawsuit”) through Section 13.19 of the Declaration (“Costs and
2 Attorney Fees”);

3
4 7.7.10 Notice of Required Architectural Approval. A notice of the requirement
5 for Association approval of physical changes to property, as required by
6 *Civil Code* section 4765 describing the types of changes that require
7 Association approval and including a copy of the procedure for review
8 and approval or disapproval which may consist of a copy of Article 7 of
9 the Declaration (“Architectural Approval”) and a copy of the Architectural
10 Rules, if any;

11
12 7.7.11 Mailing Address for Overnight Payment of Assessments. A statement
13 notifying the Members of the mailing address for overnight payment of
14 Assessments in accordance with *Civil Code* section 5655(c);

15
16 7.7.12 Other Required Information. A statement notifying the Members of other
17 information required by law, or by the Governing Documents, or that the
18 Board determines in its sole judgment to be appropriate for inclusion in
19 the annual policy statement.

20
21 7.8 Documents Provided to Prospective Purchasers. To the extent required by *Civil*
22 *Code* section 4530(a), the Board shall provide or cause to be provided to a
23 requesting Owner, within ten (10) days of a written request therefor, the items
24 specified in *Civil Code* section 4525(a), or any of them.

25
26 7.9 Association’s Duty to Annually Solicit Owners’ Notice of Address, Other
27 Information. As required by *Civil Code* section 4041, the Association shall annually
28 solicit from each Owner notice of the following: (i) the Owner’s address for the
29 purpose of receiving notices from the Association, (ii) an alternative or secondary
30 address, if any, to which notices from the Association are to be delivered, (iii) the
31 name and address of his or her legal representative, if any, including any person
32 with power of attorney or other person who can be contacted in the event of the
33 Owner’s extended absence from the Lot, and (iv) whether the Lot is Owner-
34 occupied, is rented out, if the Lot is developed but vacant, or if the Lot is
35 undeveloped land. The information obtained from each Owner shall be entered
36 into its books and records of the Association at least thirty (30) days prior to
37 sending its annual budget report as set forth in Section 7.5 (“Annual Budget
38 Report”). If an Owner fails to provide notice to the Association as set forth in (i)
39 and (ii), above, the last address provided in writing by the Owner or, if none, the
40 Lot property address, is deemed the address to which the Association shall deliver
41 notices.

42
43 7.10 Review of Annual Financial Statement. To the extent required pursuant to *Civil*
44 *Code* section 5305, for any fiscal year in which the gross income to the Association
45 exceeds Seventy-five Thousand Dollars (\$75,000), the Board shall obtain a review
46 of the financial statements of the Association prepared in accordance with
47 generally accepted accounting principles by a licensee of the California State

1 Board of Accountancy and shall distribute it to all Members of the Association
2 within one hundred twenty (120) days after the close of such fiscal year by
3 Individual Delivery.
4

5 7.11 Monthly Review of Accounts. The Board shall review the Association's operating
6 and reserve accounts at least monthly in accordance with the minimum
7 requirements set forth in *Civil Code* section 5500, as follows:
8

- 9 (a) Review a current reconciliation of the Association's operating accounts on
10 a monthly basis;
11
12 (b) Review a current reconciliation of the Association's reserve accounts on a
13 monthly basis;
14
15 (c) Review, on a monthly basis, the current year's actual operating revenues
16 and expenses compared to the current year's budget;
17
18 (d) Review, on a monthly basis, the latest account statements prepared by the
19 financial institutions where the Association keeps its operating and reserve
20 accounts;
21
22 (e) Review, on a monthly basis, an income and expense statement for the
23 Association's operating and reserve accounts; and
24
25 (f) Review, on a monthly basis, the check register, monthly general ledgers,
26 and delinquent assessment receivable reports.
27

28 As used in this **Section 7.11**, the term "reserve accounts" shall have the
29 meaning set forth in *Civil Code* section 4177. Pursuant to *Civil Code* section
30 5501, the review requirements of *Civil Code* section 5500 may be met when
31 every member of the Board, or a subcommittee of the Board consisting of
32 the Treasurer and at least one (1) other Board member, reviews the
33 documents and statements described above outside of a Board meeting, so
34 long as the review is ratified at the next Board meeting following the review
35 and the ratification is reflected in the minutes of the Board meeting.
36

37 7.12 Biennial Notice to Secretary of State. The Board shall file with the Secretary of
38 State the biennial (every two years) statement of names of officers and of agent
39 for service of process required pursuant to *Corporations Code* section 8210 and
40 the statement required by *Civil Code* section 5405(a).
41

42 7.13 Three-year Reserve Study and Annual Review. In accordance with *Civil Code*
43 section 5550, at least once every three (3) years, the Board shall cause a study of
44 the reserve account requirements of the Development to be conducted, which
45 study shall include the minimum requirements specified in *Civil Code* section
46 5550(b) or successor statute. The Board shall review the reserve study annually

1 and shall consider and implement necessary adjustments to the Board's analysis
2 of the reserve account requirements as a result of that review.
3

- 4 7.14 Prudent Management of Reserve Funds. The Board shall exercise prudent fiscal
5 management in maintaining the integrity of the reserve account and, to the extent
6 restricted by *Civil Code* section 5510(b), shall not expend funds designated as
7 reserve funds for any purpose other than the maintenance, restoration, repair, or
8 replacement of, or litigation involving the maintenance, restoration, repair, or
9 replacement of, major components for which the Association is responsible and
10 for which the reserve fund was established; *provided, however*, that the Board may
11 authorize a temporary transfer of money from a reserve fund to the Association's
12 general operating fund for the purposes and subject to the procedural
13 requirements specified in *Civil Code* section 5520.
14

15 **ARTICLE 8 POWERS OF THE BOARD OF DIRECTORS**

17 The Board of Directors shall have such powers as may be provided by law or
18 expressly set forth in the Governing Documents. Without limiting the generality of
19 the foregoing, the Board shall have the powers specified in this **Article 8**, subject
20 to any limitations or conditions as may be set forth in the Articles of Incorporation,
21 the Bylaws, or the Declaration.
22

- 23
- 24 8.1 Make Contracts. The Board shall have the power to authorize any officer or
25 officers to enter into any contract in the name of, or on behalf of, the Association.
26
- 27 8.2 Consult Professional Advisors. The Board shall have the power to consult with,
28 seek the advice of, and reasonably rely on the advice of attorneys, accountants,
29 and other professionals in carrying out the Board's authority and responsibility
30 under the Governing Documents and the law, and to pay for such professional
31 services.
32
- 33 8.3 Hire a Manager and Others. The Board shall have the power to engage the
34 services of a manager or management company as either an employee or an
35 independent contractor, and engage such other employees or independent
36 contractors as the Board may deem necessary, and to prescribe their duties.
37
- 38 8.4 Adopt and Enforce Rules. Subject to applicable law, including *Civil Code* sections
39 4340 through 4370 (regarding procedures for adopting or changing certain rules),
40 the Board shall have the power to adopt, publish, amend, repeal, and enforce
41 Rules.
42
- 43 8.5 Collect Assessments by Foreclosure and/or Legal Action. As addressed in the
44 Declaration, the Board shall have the power to collect Assessments levied by the
45 Association by foreclosing the lien against any property for which Assessments
46 are not paid as required by the Declaration and/or by bringing an action at law
47 against the Owner personally obligated to pay the same.

- 1
2 8.6 Impose Sanctions. Upon an explicit finding and for reasons specified by the Board
3 following a hearing conducted in accordance with Article 13 of the Declaration
4 (“Enforcement; Notice; Hearings”), the Board shall have the power to impose
5 sanctions on a Member who is in default in the payment of any Assessment or
6 other charge levied by the Board or is found to be in violation of any provision of
7 the Governing Documents. Sanctions may include loss of good standing,
8 suspension of other rights, and/or monetary penalties (fines), as described in
9 Section 13.8 of the Declaration (“Imposing Sanctions”).
10
11 8.7 Pay Property Taxes. The Board shall have the power to pay all real property taxes
12 and assessments levied upon any property within the Development to the extent
13 not separately assessed to the Owners. Provided that any such taxes are paid or
14 that a bond insuring the payment is posted, such taxes and assessments may be
15 contested or compromised by the Association prior to the sale or other disposition
16 of any property to satisfy the payment of such taxes.
17
18 8.8 Deal with Association’s Property; Certain Limitations. The Board shall have the
19 power to acquire and deal with real and personal property of the Association,
20 subject to any applicable limitations set forth in the Governing Documents,
21 including Section 3.5 of the Declaration (“New Capital Improvements”).
22
23 8.9 Open Bank Accounts; Borrow. The Board shall have the power to open bank
24 accounts, designate signatories upon such bank accounts (subject to the
25 requirements of Section 10.4 (“Checks, Drafts, and Evidences of Indebtedness”)
26 concerning withdrawal of reserve account funds), and borrow money on behalf of
27 the Association, subject to any applicable provisions of Section 3.5 of the
28 Declaration (“New Capital Improvements”).
29
30 8.10 Pledge Assessments As Security. The Board shall have the power to assign or
31 pledge Assessments of the Association as security for a loan, provided that such
32 assignment or pledge is made to a financial institution or lender chartered or
33 licensed under federal or state law to the extent required by *Civil Code* section
34 5735; and *provided, further*, that approval of the Members shall be required if such
35 assignment or pledge is in conjunction with an increase in the Regular Assessment
36 or the imposition of a Special Assessment that by law requires approval of the
37 Members, and such Members’ approval shall be the same as the Members’
38 approval required for such increase in the Regular Assessment or imposition of a
39 Special Assessment.
40
41 8.11 Invest Reserve Funds. The Board shall have the power to manage and invest the
42 Association’s reserve funds in prudent investments, provided it does so in a
43 prudent manner designed to achieve the primary objective of preserving principal
44 while realizing a reasonable return and to assure the availability of funds as they
45 are needed based upon the Board’s most recent review of the reserve fund study
46 obtained by the Board as required in Section 7.13 (“Three-year Reserve Study and
47 Annual Review”) and applicable law.

1
2 8.12 Indemnify Agents. To the extent provided in *Corporations Code* section 7237, the
3 Board on behalf of the Association shall have the power to and shall indemnify and
4 hold harmless, to the maximum extent permitted by California law, each person
5 who is or at any time was a director, officer, employee, or agent of the Association,
6 or member of any committee appointed by the Board from and against any and all
7 claims, liabilities, expenses, judgments, fines, settlements, and other amounts, as
8 those terms are defined by California law, actually and reasonably incurred by any
9 such person, and to which any such person shall become subject by reason of his
10 or her being a director, officer, employee, or agent of the Association, or member
11 of any committee appointed by the Board.
12

13 8.13 Appoint Committees. The Board may appoint an Architectural Committee, as
14 provided in the Declaration, or may appoint a Nominating Committee, as provided
15 in Section 5.4 (“Nomination Procedures”), and may appoint such other committees
16 as it deems appropriate in carrying out the powers and purposes of the Association
17 except that the Board may not delegate its authority to hold hearings or impose
18 sanctions. Any “Committee of the Board” (as defined in Section 2.8) shall consist
19 of at least two (2) directors and shall have such powers and duties as the Board
20 shall determine, subject to the limitations of *Corporations Code* section 7212. As
21 provided in *Corporations Code* section 7212(b), a committee exercising the
22 authority of the Board shall not include as members any persons who are not
23 directors. All committees and committee members shall serve at the pleasure of
24 the Board.
25

26 8.14 Operate a Mutual Benefit Water Company. The Board shall have the power to
27 operate a mutual benefit water company to provide water services to the
28 Development and to the Non-annexed Parcels (as defined in Section 2.22). It is
29 the intention of the Association to continue to furnish water service to each of the
30 Non-annexed Parcels in accordance with the terms and conditions of the 1989
31 water service agreements between the Association and the owners of the Non-
32 annexed Parcels; *provided, however,* that the Association’s obligations under
33 those agreements shall be limited to the provision of water service to one single
34 family dwelling on each of the Non-annexed Parcels for residential water use only.
35

36 8.15 Other Powers and Duties. The Board shall have the power to exercise for the
37 Association all powers, duties, and authority vested in or delegated to the
38 Association and not reserved to the Members by other provisions of the Governing
39 Documents, and undertake any action on behalf of the Association as the Board
40 shall deem necessary or proper in furtherance of the purposes and powers of the
41 Association and/or the interests of the Association and its Members.
42
43

44 **ARTICLE 9 OFFICERS AND THEIR DUTIES**

45
46 9.1 Enumeration of Principal Officers. The principal officers of this Association shall
47 be a President, a Vice-President, and a Secretary, who shall at all times be

1 members of the Board of Directors, and a Treasurer. The Board may, from time
2 to time, by resolution appoint other officers as the Board may determine, as
3 provided in **Section 9.4** ("Special Appointments").
4

5 9.2 Appointment of Principal Officers. The appointment of the principal officers shall
6 take place at the first meeting of the Board following each annual election of
7 directors.
8

9 9.3 Term. The principal officers of this Association shall be appointed annually by the
10 Board, and each shall hold office for one (1) year, unless he or she shall sooner
11 resign, be removed by the Board, or otherwise be disqualified to serve.
12

13 9.4 Special Appointments. The Board may appoint such other officers as the affairs
14 of the Association may require (for example, one or more assistant vice-presidents
15 or assistant secretaries or assistant treasurers), each of whom shall hold office for
16 such period, have such authority, and perform such duties as the Board may, from
17 time to time, determine. Officers appointed pursuant to this **Section 9.4** need not
18 be members of the Board or Members of the Association.
19

20 9.5 Resignation and Removal. Any officer may be removed from office, with or without
21 cause, by the Board. Any officer may resign at any time by giving written notice to
22 the Board, the President, or the Secretary. Such resignation shall take effect on
23 the date of receipt of such notice or at any later time specified therein and, unless
24 otherwise specified therein, the acceptance of such resignation shall not be
25 necessary to make it effective.
26

27 9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board.
28 The officer appointed to such vacancy shall serve for the remainder of the term of
29 the officer he or she replaces, subject to the Board's right to remove an officer.
30

31 9.7 Multiple Offices. One (1) person may hold two (2) or more offices except that
32 neither the Secretary or any assistant secretary nor the Treasurer or any assistant
33 treasurer may serve concurrently as President. This provision is intended to
34 prohibit a single individual from having apparent authority to bind the Association
35 by virtue of holding both offices, pursuant to *Corporations Code* section 7214.
36

37 9.8 Authority to Bind Association. Unless expressly authorized by resolution of the
38 Board, no officer shall have any power or authority to bind the Association or to
39 render the Association liable for any purpose or on any account.
40

41 9.9 No Compensation of Officers. No officer shall receive compensation for any
42 service he or she may render to the Association as an officer. However, upon
43 approval by the Board, any officer may be reimbursed for his or her expenses
44 actually incurred in the performance of his or her duties.
45

46 9.10 President. The President shall be the chief executive officer of the Association
47 and shall, subject to control of the Board of Directors, have general supervision,

1 direction, and control of the affairs of the Association and of the other officers and
2 the employees and agents of the Association. The President shall preside at all
3 meetings of the Members and at all meetings of the Board, shall have the general
4 powers and duties of management usually vested in the office of the President of
5 an Association, and shall have such other powers and duties as may be prescribed
6 by the Board of Directors and the Bylaws, subject, however, to any limitations
7 contained in the Declaration.
8

9 9.11 Vice-President. In the absence or disability of the President, the Vice-President
10 shall perform all the duties of the President, and when so acting, shall have all of
11 the powers of, and be subject to all of the restrictions upon, the President including
12 the restriction on holding multiple offices as set forth in **Section 9.7** ("Multiple
13 Offices"). The Vice-President shall have such other powers and perform such
14 other duties as, from time to time, may be prescribed by the Board of Directors. In
15 the absence or disability of both the President and the Vice-President, or if there
16 is not a Vice-President in office, the Board shall designate another director to
17 preside at a meeting of the Board or of the Members.
18

19 9.12 Secretary. The Secretary shall keep or cause to be kept, at the principal office or
20 such other place as the Board of Directors may prescribe, a book of minutes of all
21 meetings of directors and Committees of the Board, all meetings of any other
22 committee appointed by the Board that has decision-making authority, and all
23 meetings and votes of Members. The Secretary shall give, or cause to be given,
24 notice of all meetings of the Members and of the Board of Directors required by
25 the Bylaws or by law to be given and shall maintain a proper record of the giving
26 of such notice; shall keep or cause to be kept in safe custody the books, records,
27 and documents of the Association; and shall have such other powers and perform
28 such other duties as may be prescribed by the Board of Directors or the Bylaws.
29

30 9.13 Treasurer. The Treasurer shall be responsible for the receipt and deposit in
31 appropriate accounts of all monies of the Association and shall cause
32 disbursement of such funds as directed by resolution of the Board of Directors;
33 may sign all checks and promissory notes of the Association; shall keep or cause
34 to be kept proper books of account; shall cause an annual review of the
35 Association's books and financial statements to be made by a public accountant
36 at the completion of any fiscal year for which such review is required by law or as
37 determined by the Board; shall assist the Board in preparation of an annual budget
38 and a statement of income and expenditures to be presented to the Members of
39 the Association as provided by law; and shall have such other powers and perform
40 such other duties as may be prescribed by the Board of Directors.
41
42

43 **ARTICLE 10 MINUTES; BOOKS AND RECORDS; FUNDS**

44
45 10.1 Minutes of Meetings. To the extent required by *Corporations Code* section
46 8320(a)(2), the Association shall keep minutes of meetings and proceedings of the
47 Members (including membership votes), meetings of the Board and Committees

1 of the Board, and meetings of any other committee appointed by the Board that
2 has decision-making authority. As provided in **Section 6.14** (“Minutes of Meetings
3 of Directors”), any matter discussed in executive session shall be generally noted
4 in the minutes of the next following open meeting of the Board, and minutes of
5 executive sessions shall not otherwise be required. Minutes shall set forth the time
6 and place of holding of such meetings; whether regular or special, and if special,
7 how authorized; what notice was given; the names of those present at meetings of
8 the directors or of any Committee of the Board or of any other committee appointed
9 by the Board that has decision-making authority; the number of votes cast in any
10 vote or election of the membership (or, if applicable, the number of memberships
11 and votes present at Member meetings); and all the proceedings thereof.
12

13 10.2 Members’ Access to Minutes, Books, and Records. To the extent required by *Civil*
14 *Code* sections 5200, 5205, 5210, 5215, 5220, 5225, and 5230, and subject to a
15 requesting Member’s compliance with all applicable prerequisites and any
16 applicable limitations (including but not limited to *Corporations Code* section 8332
17 concerning protection of constitutional rights of other Members, *Corporations Code*
18 section 8338 concerning use of memberships lists, and *Civil Code* section 5215
19 concerning withholding or redacting certain records), the Association shall make
20 available for inspection and copying by any Member “Association records” (as
21 defined in *Civil Code* section 5200) maintained by the Association. This provision
22 does not require the Association to create or maintain any records not otherwise
23 required by law to be maintained. The Board may adopt and publish reasonable
24 Rules and regulations establishing procedures relating to a Member’s inspection
25 and obtaining copies of Association records.
26

27 10.3 Directors’ Inspection Rights. As provided in *Corporations Code* section 8334, and
28 subject to any limitations established by law, every director shall have the right at
29 any reasonable time to inspect and copy all books, records, and documents and
30 to inspect the physical properties of the Association.
31

32 10.4 Checks, Drafts, and Evidences of Indebtedness.

33
34 10.4.1 Operational Expenditures. All checks, drafts, or other orders for
35 payment of money, or notes or other evidences of indebtedness issued
36 in the name of the Association for operational expenditures shall be
37 signed by the persons and in the manner specified by resolution of the
38 Board of Directors.
39

40 10.4.2 Reserve Expenditures. In accordance with *Civil Code* section 5510(a),
41 the withdrawal of funds from the Association’s reserve account shall
42 require the signatures of at least two (2) persons who shall be members
43 of the Board of Directors or one (1) member of the Board of Directors
44 and one officer who is not a member of the Board of Directors.
45

46 10.5 Funds and Deposits. Any funds of the Association shall be deposited to the credit
47 of the Association in such banks or other depositories as the Board of Directors

1 shall, from time to time, determine. The managing agent of the Association, if any,
2 shall manage the Association's funds in accordance with *Civil Code* section 5380.
3

4 10.6 Fiscal Year. The fiscal year of the Association shall be April 1 through March 31.
5
6

7 **ARTICLE 11 AMENDMENTS**

8
9 11.1 Amendments Generally. These Bylaws may be amended by approval of the Board
10 and the affirmative vote of a Majority of a Quorum of the Members; *provided,*
11 *however,* that, upon advice of legal counsel licensed to practice law in the State of
12 California, including the drafting by legal counsel of appropriate amendatory
13 provisions, the Board shall have the authority without the requirement of the
14 Members' approval to amend any provision of the Bylaws: (i) to resolve any conflict
15 between the Bylaws and applicable law which may arise due to the enactment or
16 amendment of a statute or due to a development in applicable case law or (ii) to
17 conform the provisions of the Bylaws to changes in applicable statutory law that
18 impose requirements that are non-discretionary.
19

20 11.2 Amendments Affecting Water Service to Non-annexed Parcels. Any amendment
21 affecting the rights of Non-annexed Parcel owners to receive water service from
22 the Association in its capacity as a mutual water company shall require the
23 affirmative vote of both (i) a majority of the Non-annexed Parcel owners (with one
24 (1) vote per Non-annexed Parcel), and (ii) two-thirds of the Members of the
25 Association.
26

27 11.3 Record of Amendments. When an amendment or a new Bylaw provision is
28 adopted, it shall be placed in the appropriate place in the minute book of the
29 Association together with a certificate signed by the Secretary stating the date on
30 which it was approved by the Board and whether at a meeting or by unanimous
31 written consent of the directors, and the date on which it was approved by the
32 Members.
33
34

35 **ARTICLE 12 MISCELLANEOUS**

36
37 12.1 Conflict in Governing Documents. In the case of any conflict between the Articles
38 of Incorporation and these Bylaws, the Articles of Incorporation shall control; and
39 in the case of any conflict between the Declaration and these Bylaws, the
40 Declaration shall control.
41

42 12.2 Amendments to Referenced Statutes; Time for Performance. References in the
43 Bylaws to particular statutes, including sections of the *Civil Code* or the
44 *Corporations Code*, shall be deemed to include any successor statute and any
45 amendments to existing or successor statutes. Whenever these Bylaws state a
46 time for the performance of any act by the Association which by law (as it may exist

1 from time to time) must be performed at or within a specified time, the time for the
2 performance of such act shall be deemed to be the widest timeframe permitted
3 under then-applicable law.

MEMBER DRAFT 9/30/2020-B