

SIXTH RESTATED BYLAWS
OF
SIERRA SPRINGS OWNERS ASSOCIATION

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**SIXTH RESTATED BYLAWS OF THE
SIERRA SPRINGS OWNERS ASSOCIATION**

By this instrument, the Members of the Association hereby fully amend and restate, in their entirety, all previous bylaws, as well as all amendments to those bylaws, and substitute in their place these Bylaws in order to comply with the statutory updates required by law.

ARTICLE 1 NAME AND LOCATION

The name of the corporation is Sierra Springs Owners Association (the "Association"), a California nonprofit mutual benefit corporation. The principal office of the Association shall be located in El Dorado County, California or at such other place reasonably convenient to the Development as the Board of Directors may from time to time establish.

ARTICLE 2 DEFINITIONS

2.1 Declaration. "Declaration" means collectively (a) Amended Declaration of Restrictions Sierra Springs Units 1, 2, 3, and 4, Recorded on May 10, 1988, in Book No. 2942, at Page 435; (b) Supplementary Declaration of Restrictions Sierra Springs Unit 22, Recorded on March 12, 1976, in Book 1382, at Page 716; (c) Supplementary Declaration of Restrictions Sierra Springs Unit 23, Recorded on December 11, 1974, in Book 1299, at Page 510; (d) Amended Declaration of Restrictions Sierra Springs Units 21 and 22, Recorded on June 22, 1987, in Book 2775, at Page 711; (e) Amendment of Declaration of Restrictions of Sierra Springs Unit No. 24, Recorded on December 5, 1975, in Book 1364, at Page 618; (f) Supplemental Declaration of Restrictions-Sierra Springs Unit No. 25, Recorded on May 5, 1976, in Book 1394, at Page 211; (g) Across Sly Park Road Supplemental Declaration of Restrictions Parcel Map No. 12-27 Sierra Springs, Recorded on September 3, 1976, in Book 1426, at Page 568; (h) Supplemental Declaration of Restrictions Parcel Map No. 12-15 Sierra Springs, recorded on September 3, 1976, in Book 1426, at Page 562; of the Official Records of El Dorado County, California, as such Declaration may from time to time be amended.

2.2 Other Definitions Incorporated by Reference. The terms defined in the Declaration shall have the same meaning when used herein unless the context clearly indicates a contrary intention.

ARTICLE 3 MEMBERSHIP AND VOTING

3.1 Membership. Membership in the Association shall include, and shall be limited to, all Owners of any Lot located within the Development. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Upon becoming the Owner of a Lot, each Owner shall automatically be a Member of the Association and shall remain a Member until such time as his or her Lot ownership ceases for any reason. Membership in the Association shall not be transferred, encumbered, pledged, alienated, or hypothecated in any way, except upon the transfer or encumbrance of the Lot to which it is appurtenant and then only to the transferee or mortgagee, as the case may be, of such Lot. Any attempt to make a prohibited transfer is void. Upon any transfer of title to a Lot including a transfer upon the death of an Owner, Membership in the Association shall pass automatically to the transferee.

3.2 Suspension of Membership Privileges. The Association is permitted to suspend Membership rights and privileges, except voting rights, as provided for in these Bylaws.

3.3 Voting Rights. Members shall be entitled to cast one vote for each Lot owned. The Association may not suspend the voting rights of Members. In the event more than one person owns a given Lot, the vote for such Lot shall be exercised as the Owners among themselves shall determine, but in no event shall more than one vote be

cast with respect to any Lot. Where there is more than one owner of a Separate Interest subject to the Association's CC&Rs, all such co-owners are Members and may attend any meeting of the Association, but only one co-owner is entitled to exercise the vote to which the Separate Interest is entitled. Fractional votes are not permitted. In the event more than one ballot is cast for a particular Separate Interest, only the first ballot received will be opened and counted. Unless the Inspector(s) of Election receive a written objection prior to the close of balloting from a co-owner, it is conclusively presumed that a voting owner acted with the consent of his or her co-owners. In any election of Directors where the number of candidates does not exceed the number of Directors to be elected, the election of Directors may be accomplished in accordance with Section 6.3.¹

3.4 Adoption of Election Rules. The Association shall adopt Election Rules that comply with the requirements contained in the Davis-Stirling Act.

3.5 Assignment of Membership Rights. A Member who has sold his or her Lot to a Contract Purchaser shall be entitled to assign to such Contract Purchaser his or her rights and privileges of membership in the Association and shall be deemed to have assigned to a Contract Purchaser who has assumed occupancy of the Member's Residence all rights of use and enjoyment of the Common Area. No assignment of any membership rights or privileges to a non-resident Contract Purchaser shall be binding, however, until the Board of Directors has been notified thereof in writing. Notwithstanding any assignment, until fee title to the Lot has been transferred of record, a Contract Seller shall remain liable for all assessments, fines, and other charges imposed by the Board and for compliance with the Governing Documents by all Residents of his or her Lot. Any Member who has leased or rented his or her Residence to another person or persons shall in all events be deemed to have assigned to his or her tenants all rights of use and enjoyment of the Common Area. It is the express purpose and intent of the provisions of this Section to limit the right of use and enjoyment of the Common Area to Residents of the Development and their guests.

3.6 Record Dates. The record dates for notice of meetings of Members and voting shall be determined as follows:

(a) For Membership elections where ballots are used, and for any other Membership election where the board has not set a Record Date for the election, the Record Date will be the date ballots are distributed to the Membership. Only Owners on title on the Record Date are entitled to vote. Persons acquiring title after the Record Date may attend the election meeting but are not entitled to vote. For any Membership election where a written ballot is not used, the Board is permitted to set a Record Date for an election no more than thirty (30) days before the date of the election meeting.

(b) Members are entitled to receive notice of meetings and are entitled to vote. Members of the Association are limited to Owners. "Owner" shall mean any person, firm, corporation or other entity in which fee title to a Lot is vested as shown by the official records of the office of the County recorder, including Contract Sellers, but excluding Contract Purchasers and excluding those having such interest merely as security for the performance of an obligation. Where the context requires, the term "Owner" shall include the members of the Owner's household and the Owner's guests, tenants/lessees and invitees; provided, however, that such persons are not "Owners" for purposes of exercising voting rights in the Association.

ARTICLE 4 MEETINGS OF MEMBERS

4.1 Annual Membership Meeting. The annual meeting of the Members shall be held during the month of June of each year, on a date and at a time and place to be designated by the Board of Directors, upon proper written notice to all of the Members.

4.2 Special Membership Meetings. Special meetings of the Members may be called at any time by any of the following: (i) the President of the Board; (ii) majority of the Board of Directors; or (iii) Members entitled to

¹ Compliance with Section 6.3 meets new legal requirements effective 2022.

cast at least five percent (5%) of the Total Voting Power of the Association. If a special meeting is called by Members of the Association, the request must be submitted to the Board in writing and must specify the nature of the business to be transacted. The Director or Officer receiving the request must promptly deliver the request to the remaining Directors.

4.3 Notice of Membership Meetings.

(a) Notice of Annual Meeting. Notice of the annual meeting must be given by the Board not less than thirty (30) days prior to the date of the meeting to allow for the mailing of secret ballots as provided for in these Bylaws.

(b) Notice of Special Meetings Called by the Board. Except where one or more different periods are required by superseding provisions of the Davis-Stirling Act, all the following requirements apply: Notice of special meetings called by the Board must be given not less than ten (10) days nor more than ninety (90) days before the date of the meeting. If action is to be taken at the meeting, secret ballots must be mailed to every member not less than thirty (30) days prior to the deadline for voting as provided for in these Bylaws.

(c) Notice of Special Meetings called by Petition of the Members. Except where one or more different periods are required by superseding provisions of the Davis-Stirling Act, all the following requirements apply: Notice of special meetings called by the Members must 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 more one hundred and twenty (120)² days following the Board's receipt of the request. If action is to be taken at the meeting, secret ballots must be mailed to every member not less than thirty (30) days prior to the deadline for voting as provided for in these Bylaws.

(d) Date, Time and Location of Meetings. Notice of any membership meeting must specify the place, date, and hour of the meeting. If action is proposed to be taken at any meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s).

(e) Notice of Members' Meetings.

- a. Notice of any meeting of Members shall be given by General Notice, charges prepaid, addressed to each Member: (i) either at the address of that Member appearing on the books of the Association; (ii) the address given by the Member to the Association for the purpose of such notice; or (iii) at the address of the Member's Separate Interest, if no address appears on the Association's books and no other has been given.
- b. Notice shall be deemed to have been given if either (1) notice is sent to that Member by first class mail, telegraphic or other written communication addressed to the Association's principal office, or (2) notice is published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at that time when delivered personally or seventy-two (72) hours following deposit in the mail. In the event that the Association regularly sends its Members a newsletter or magazine, the requirement of written notice hereunder may be satisfied by setting forth the required information in said newsletter or magazine so long as it is addressed and mailed or delivered to the Member at the Member's address as shown on the books of the Association.
- c. Unless ballots must be mailed, notice may also be given by e-mail, facsimile, or other electronic means, if the Member has consented, in writing, to that method of delivery. Such consent may be revoked, in writing, by the Member.

² Corp. Code §7511

- d. Notice may also be given by any other method provided for by Corporations Code section 7511 in the event the development is effected by a state of emergency.³
- e. Notices of membership meetings held by teleconference must comply with the requirements of Civil Code §§ 4926 or 5450.⁴

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

4.4 Conduct of Membership Meetings. All meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure, such as Robert's Rules of Order, or such parliamentary procedures as the Association may adopt. A reasonable time limit for all Members to speak at a meeting of the Members shall be established by the Board of Directors.

4.5 Place of Membership Meetings. Annual and special meetings shall be held at a suitable location within the Development, or the Board may designate a convenient place located as close as reasonably practicable to the Development.

4.6 Membership Meetings Conducted Entirely By Teleconference. A membership meeting may be conducted entirely by teleconference, without any physical location being held open for the attendance of any Director or Member, if all notices and other conditions required in Civil Code §§ 4926 or 5450 are met. This Section does not apply to teleconference membership meetings at which ballots are counted and tabulated pursuant to Civil Code § 5120.⁵

4.7 Quorum. The presence at any meeting, in person, by proxy, or secret ballot of Members entitled to cast at least twenty-five percent (25%) of the Total Voting Power shall constitute a quorum for the transaction of any business. If, however, such quorum shall not be present or represented at any meeting, the Members otherwise entitled to vote at that meeting shall have the power to adjourn the meeting from time to time, to be reconvened at a subsequent time, including the same day as the originally scheduled meeting, which is not more than thirty (30) days from the time of the adjourned meeting, without notice other than announcement at the meeting, until a quorum shall be present or represented. At the continuation of any meeting so adjourned, the presence in person, by proxy, or secret ballot of Members entitled to cast at least fifteen percent (15%) of the Total Voting Power shall constitute a quorum.

4.8 Proxies. The Association may use and accept proxies as permitted by law, provided that the Association is not required to prepare or distribute proxies. Proxies are not permitted to be construed or used in lieu of a ballot at a meeting.

- (a) Proxy Form. Any instruction given in a proxy issued for an election that directs the manner by which the proxyholder is to cast the vote must be set forth on a separate page of the proxy that can be detached and given to the proxyholder to retain. Proxies must meet all requirements of Chapter 4 of Article 2 of the Davis-Stirling Act, other laws, and the Association's governing documents.
- (b) Vote by Proxyholder. The proxyholder must cast the Member's vote by secret ballot unless the proxy is revoked by the Member prior to the receipt of the ballot by any Inspector of Election as described in Corp. Code §7613.
- (c) Who May Be Proxyholder? As provided for in Civil Code §5130(a)(1), proxyholders must be Members.

³ Corporations Code §7511

⁴ Civ. Code §4296

⁵ Civ. Code §4296

4.9 Vote of the Members. If a quorum is present, by secret ballot, in person or by proxy, the affirmative vote of a majority of the voting power so present and voting on any matter (that is, a Simple Majority) shall constitute the act of the Members, unless the approval of a greater number or proportion of Members is required by any provision of the Governing Documents or of law. The Members present at a meeting may continue to transact business until adjournment of the meeting notwithstanding the withdrawal of enough members to leave less than a quorum. Other than adjournment, any other action requiring a vote of the Members must be approved by at least a majority of the voting power required to constitute a quorum, or by such greater number as required by law or by the Governing Documents.

4.10 Custody of Ballots. Sealed ballots, signed voter envelopes, voter list, proxies, and candidate registration list shall at all times be in the custody of the Inspector(s) of Election or at a location designated by the Inspector(s) until after the tabulation of the vote, and until the time allowed by Civil Code §5145 for challenging the election has expired, at which time custody shall be transferred to the Association. No person, including a Member of the Association or an employee of the management company, is permitted to open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated. The Inspector(s) of Election or the Inspector(s) appointee(s) may verify the Member's information and signature on the outer envelope prior to the meeting at which ballots are tabulated.

4.11 Adjournment. Whether or not a quorum is present, any meeting of Members or election conducted at a membership meeting may be adjourned from time to time to be reconvened at a later time by the vote of a majority of the Members represented at the meeting; provided, however, in the absence of a quorum, no business other than adjournment may be transacted. No meeting may be adjourned for more than 45 days. 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 must cause written notice of the date, time, and place of such meeting to be given to the Members at least four (4) days in advance of the meeting.

4.12 Action by Written Ballot Without A Meeting.

- (a) Any action which may be taken at a regular or special meeting may be taken without a meeting of the Members if the Association distributes a written ballot to every Member entitled to vote.
- (b) Written ballots distributed to the Members shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal. The written ballots shall provide a reasonable time within which to return the ballot to the Association. The Board shall have the power to extend, at its discretion, the date within which ballots must be returned if sufficient responses to establish a quorum are not received by the original deadline set for their return.
- (c) Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum that would be required if the action were taken at a meeting, and the number of approvals equals or exceeds the number of votes that would be required to approve the action if it were taken at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.
- (d) The written ballot solicitation shall identify the number of responses needed to meet the quorum requirement and the percentage of approvals necessary to pass the measure submitted and shall specify the time by which the ballot must be received by the Association in order to be counted.
- (e) A written ballot, once cast, may not be revoked.

- (f) Directors must be elected by secret⁶ written ballot under this Section.
- (g) When directors are to be elected by written ballot, and the articles or bylaws prescribe a nomination procedure, the procedure may provide for a date for the close of nominations prior to the printing and distributing of the written ballots.

4.13 Voting by Secret Ballot. California law requires⁷ (including without limitation California Civil Code Sections 5100-5145), elections regarding (a) Assessments requiring Member approval, (b) election of Directors, (c) removal of Directors, (d) amendments to the Governing Documents and (e) grants of exclusive use of Common Area property pursuant to California Civil Code Section 4600 shall be conducted by secret ballot in accordance with the procedures set forth in Civil Code Sections 5100-5145 or comparable successor statute.

4.14 Form of Secret Ballot. All secret ballots mailed or otherwise delivered to the membership must include a double-envelope system and voting instructions for returning the secret ballots as provided for in the Davis-Stirling Act, and must be mailed by first-class mail or delivered to every Member entitled to vote at least thirty (30) days before the initial voting deadline. Ballots seeking approval to amend or restate governing documents must be delivered to the Members with the text of the proposed amendment.

- (a) Signature. Secret ballots do not require a signature. Secret ballots signed by Members remain valid.
- (b) Inner Envelope. The Association will provide two envelopes. To preserve secrecy, the secret ballot is to be placed within an inner envelope with no identifying information. However, information written on the inner envelope by a Member will not invalidate the ballot. The inner envelope containing the secret ballot is to be placed into a second outer envelope containing identifying information.
- (c) Outer Envelope. In the upper left-hand corner of the outer envelope containing a secret ballot, the voting Member must sign his/her name and indicate (print, type, etc.) his/her name and the address entitling the voter to vote. The outer envelope must be addressed to the Inspector(s) of Election.
- (d) Delivery. Such outer envelope may be mailed to the address on the envelope or delivered to a location specified by the Inspector(s) of Election. The Member may request a receipt for delivery.
- (e) Content. Ballots must: (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.

4.15 Inspector(s) of Election. Prior to the date ballots are sent to the membership, the Board must, 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.

4.16 Tabulation and Results. Inspectors of election must 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 is permitted to open or otherwise review any ballot prior to the time and place at which the ballots are opened and counted. The tabulated results of the election shall be promptly reported to the Board and shall be recorded in the minutes of the next meeting of the Board and shall be available for review by Members of the

⁶ Civ. Code §5105

⁷ Civ. Code §5105

Association. Within fifteen (15) days of the election, the Board shall give general notice of the tabulated results of the election.

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

ARTICLE 5 BOARD OF DIRECTORS; QUALIFICATIONS; TERM OF OFFICE

- 5.1 Number of Directors. The Board consists of five (5) Directors.
- 5.2 Candidate and Director Qualifications. Members must meet the qualifications in the subsections hereafter to be eligible for nomination as a candidate for or to serve as a Director on the Board.
- (a) Candidates must be Members. The Association must disqualify the nomination of a candidate who is not a member of the Association at the time of nomination.
- (b) Prior Ownership for One Year. To be eligible for nomination and/or to serve on the Board, a candidate for the Board or serving Director must be the record Owner for a period of at least one year. The Association may disqualify a nominee if that person has been a member for less than one year.
- (c) Member in Good Standing. Only Members in Good Standing shall be eligible to be nominated and serve on the Board. The person or impersonal entity must not be delinquent by more than thirty (30) days in the payment of any regular or special Assessment (following proper notice, hearing, and a finding by the Board).
- a. A person may not be disqualified from nomination for nonpayment of fines, fines characterized as Assessments, collection charges, late charges or costs levied by a third party.
- b. A person may not be disqualified from nomination because the person has paid the regular or special Assessment under protest.
- c. A person may not be disqualified from nomination due to delinquent Assessments if the person has entered into a payment plan with the Association pursuant to Civil Code § 5665 and is fulfilling the terms of the payment plan.⁸
- (d) Co-Owners Eligible for Only One Position. Only one Owner of a particular Lot may serve on the Board at any time. Where two or more co-Owners concurrently seek election to the Board, only the first nomination will be effective.
- (e) Criminal Conviction. A person who has disclosed, or concerning whom the Board has become aware, of a past criminal conviction that would, if the person is elected, either prevent the Association from purchasing the fidelity bond coverage required by Civil Code §5806, or any successor statute, or which conviction would cause such coverage to be terminated, is ineligible for nomination to the Board. Each nominee, at the time of nomination, shall disclose the existence of any past criminal conviction and the details thereof, with sufficient details in order to allow the Association to determine whether the criminal conviction will prevent the Association from purchasing the required fidelity bond coverage.
- (f) Internal Dispute Resolution. Before any candidate for nomination or serving Director may be disqualified, the person or impersonal entity must be provided the opportunity to engage in internal dispute resolution as provided in the Davis-Stirling Act.

⁸ Civ. Code §5105

5.3 Election and Term of Office.

- (a) At each Director election, the Members shall elect Directors for a term of two years.
- (b) Each Director shall serve until the expiration of his or her term and thereafter until a successor is elected and qualified, or until the earlier disqualification, death, resignation, or removal of such Director.
- (c) In the event of a tie leaving the outcome of the election unresolved, the following will apply:
 - (i) The Inspector(s) of Election, and any designees, will immediately conduct a recount of the ballots. If there is a charge, the Association will bear the expense. Members may observe the recount under the same conditions as the original ballot counting.
 - (ii) Following the immediate recount, if the tie remains, all other newly elected Directors will immediately begin serving 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 candidates who tied for the seat will be in the runoff.
 - (iii) In lieu of a runoff and if the tied candidates agree, the winner may be decided by a coin toss or the drawing of names by the Inspector(s) of Election.
- (d) Directors shall serve no more than two consecutive terms. For the purposes of this subparagraph, a "term" includes any length of service of more than one (1) year. After a Member has served for four years, they may not serve again for two years.

5.4 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 must, at its next open meeting or a special open meeting called for this purpose, review evidence and make a finding of whether the Director should be removed and, if the Board makes such finding, the Board may remove the Director from the Board and, if so, must record its findings and action in the minutes of the meeting. The Board of Directors shall have the power and authority to remove a Director and declare such office vacant if the Director:

- (a) ceases or fails to meet the qualifications for election of a Director;
- (b) has been declared of unsound mind by a final order of court;
- (c) has been convicted of a felony that would (i) prevent the Association from purchasing the fidelity bond coverage or (ii) terminate the Association's existing fidelity bond coverage;

5.5 Removal of Director by Membership. The vote required to remove a Director shall be as set forth in Corporations Code §7222(a). The entire Board, or any individual Director, may be removed from office by the affirmative vote of a majority of the votes represented and voting at a duly held meeting at which a quorum is present, which affirmative votes also constitute a majority of the required quorum. If the entire Board or a quorum of the Board is removed, a new Board must be elected by the Membership at the same special meeting at which the Board was removed. Where the election is to remove less than the entire Board or less than a quorum of the Board, such replacement election may be conducted simultaneously with the removal election as long as the timing of the elections is consistent with the law.⁹

⁹ Corp. Code §7220

5.6 Resignation. Any Director may resign at any time by giving written notice to the President, the Secretary, or the Board. The resignation will take effect upon the giving of the notice unless a later time is specified therein. 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.

5.7 Vacancies. A vacancy shall be deemed to exist in the event of the disqualification, death, resignation, or removal of any Director, or if the authorized number of Directors is increased, or if the Members fail to elect the full authorized number of Directors. A reduction in the authorized number of Directors shall not cause removal of a Director prior to the expiration of his or her term. The Board of Directors, by a majority vote of the Directors who meet all of the qualifications for Directors as set forth in Section 5.2, above, may declare vacant the office of any Director who fails or ceases to meet any required qualification that was in effect at the beginning of that Director's current term of office.

5.8 Filling Vacancies. Vacancies created other than by removal by the Members may be filled by the designation of a majority of the remaining Directors, except, if there are less than three (3) Directors, vacancies may be filled by the unanimous designation of the remaining Directors. If the remaining Directors are unable to so designate a qualified Member to fill the vacancy, the Board may notice a special election for Members to elect replacement Directors. Each Director so appointed or elected holds office until the end of his/her predecessor's term.

5.9 Compensation. No Officer or Director is permitted to receive compensation for any service he or she may render to the Association. However, upon approval by the Board, or per established policy, any Director may be reimbursed for his or her expenses actually incurred in the performance of his or her duties. Any Officer or Director requesting reimbursement for expenses must provide appropriate documentation, such as a receipt, to the Board before being reimbursed by the Association.

ARTICLE 6 NOMINATION AND ELECTION OF DIRECTORS

6.1 Nomination.

(a) Prior to the election of Directors, the Board must, by written notice to all Members, solicit nominees. The solicitation must include the "Candidate and Director Qualifications" described above and provide general notice of the procedure and deadline for submitting a nomination. The deadline must be at least thirty (30) days after giving notice. Delivery of the solicitation must be given by individual notice, pursuant to Civil Code §4040, if individual notice is requested by a Member before the solicitation is given. Nominees must be listed as candidates on the ballot provided (i) they meet candidate and Director qualifications and (ii) their nomination is made prior to the date and time set for the close of nominations

(b) Any qualified person may nominate himself or herself for election to the Board of Directors by submitting to the Association a written statement signed and dated by the person nominating himself or herself. The Association must set a cut-off date for the receipt of self-nomination statements, which date must be publicized in advance to the Members.

6.2 Election of 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. Qualified candidates receiving the highest number of votes are elected.

6.3 Uncontested Elections. In any election where the number of candidates nominated exceeds the number of vacancies, voting for directors must be by secret written ballot. When, as of the deadline for submitting nominations to serve on the Board of Directors, the number of qualified candidates is not more than the number of vacancies to be filled, as determined by the inspector or inspectors of the elections, the Board may, but is not

required to, consider the qualified candidates elected by acclamation if all the conditions set forth in Civil Code § 5103 are met.¹⁰

ARTICLE 7 MEETINGS OF DIRECTORS

7.1 Organizational Board Meetings. Within thirty (30) days after each annual meeting of the Members, the Board of Directors shall hold a meeting for the purpose of organization, election of officers, and transaction of other business, as appropriate. The Board must give notice of the organizational meeting to all Members, consistent with notice requirements.

7.2 Regular Board Meetings. Regular meetings of the Board of Directors may be held at least monthly without notice to the Directors (because the day time and place of regular Board meetings are established and announced during Board meetings) by teleconference,¹¹ at a place within the Development, or at a convenient place located as close as reasonably practicable to the Development, and on a day and at a time as fixed from time to time by resolution of the Board, or upon proper notice which conforms to the provisions of Section 7.5 of these Bylaws, at another place, day, and time as set forth in such notice. However, the Board must on a monthly basis, review the Association's finances as required by Civil Code §5500. Directors may fulfill this requirement through independent monthly review of the financial records and then confirming such review in quarterly Board meetings.

7.3 Special Board Meetings. Special meetings of the Board of Directors shall be held when called by the President or by any two (2) Directors. Such meetings may be held upon four (4) days' notice for open session meetings and upon two (2) days' notice for executive session meetings. In the event of an emergency, 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 why more notice could not be given.

7.4 Emergency Board Meetings. The President or any two (2) Directors may call an emergency meeting of the Board. An "emergency meeting" is defined as a meeting held to address circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide the notice to Members required by Civil Code §4920 or any successor statute.

7.5 Notice to Directors. Notice of Board meetings must 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 listed on the Association's records for the Director. In the event of an emergency meeting as provided above, strict adherence to the notice requirements of this Section shall not be required provided that a reasonable effort to give notice to each Director shall be made taking into consideration the nature and circumstances of the emergency. Notice of a meeting need not be given to any Director who (1) signed and provided a waiver of notice or a written consent to holding the meeting, or (2) provided an approval of the minutes thereof in writing, whether before or after the meeting, or (3) who attends the meeting without protesting the lack of notice to that Director, prior thereto or at its commencement. The waivers, consents and approvals referenced in this Section must be filed with the corporate records or made a part of the minutes of the meetings.

7.6 Notice to Members. Members must 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 in a prominent place or places accessible to all Members and which have been designated for the posting of 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 broadcast television programming, or as

¹⁰ Per Civ. Code §5103

¹¹ Per Civ. Code §4926

otherwise permitted in the Davis-Stirling Act. An emergency meeting of the Board may be called if there are circumstances that could not have been reasonably foreseen which require immediate attention by the Board.

7.7 Open Meeting. Regular and special meetings of the Board of Directors shall be open to all Members of the Association, except when the Board meets in executive session pursuant to Section 7.8. A reasonable time limit for all Members to speak to the Board shall be established by the Board, which may limit Member commentary to a specific portion of the meeting.

7.8 Executive Session. The Board of Directors may meet in executive session as authorized by statute to consider litigation, matters relating to the formation of contracts with third parties, Member discipline, personnel matters, or to meet with a Member, upon the Member's request, regarding the member's payment of assessments, as specified in Civil Code §5665 and to vote on the foreclosure of a delinquent assessment lien. Any matters considered in executive session must be generally noted in the minutes of the next meeting that is open to the membership.

7.9 Teleconference. Directors may participate in regular or special Board meetings through the use of conference telephone, electronic video screen communications, or other communications equipment to the extent permitted by law, including, without limitation, Corporations Code §7211(a)(6) and Civil Code section 4090, 4926 and 5450.

7.10 Quorum of Directors. A majority of the number of Directors then in office, but not less than three (3) Directors, shall constitute a quorum for the transaction of business. Directors may not attend Board meetings by proxy and may not vote by proxy. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. Business may continue to be conducted if any action taken is approved by at least a majority of the Directors required to constitute a quorum notwithstanding the withdrawal of enough directors to leave less than a quorum.

7.11 Minutes of Meetings of Directors.

(a) Within 30 days after the date of any meeting of the Board, the Board shall make available to the Members either: (i) the minutes of that meeting as adopted by the Board, (ii) the minutes proposed for adoption which shall be marked to indicate draft status, or (iii) a summary of the minutes. Any matter discussed in an executive session shall be generally noted in the minutes of the immediately following Board meeting which is open to the entire membership. To protect and preserve the confidential nature of executive sessions, minutes of executive sessions shall not be subject to inspection by the Members or others.

(b) Copies of the minutes, proposed minutes, or summary of minutes shall be provided to any Member of the Association upon request and upon reimbursement of the Association's costs in providing such copies. The Board may, but shall not be required to, post the minutes of its meetings on an internet site.

(c) Members of the Association shall be notified annually in writing at the time that the annual policy statement is distributed pursuant to Civil Code §5310 is distributed, or at the time of any general mailing to the entire membership of the Association, of their right to have copies of the minutes of meetings of the Board of Directors, and how and where those minutes may be obtained.

ARTICLE 8 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1 Powers. In addition to such other powers and duties as may be expressly set forth in the Governing Documents or provided by law, the Board of Directors is empowered to perform any and 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.

8.1.1 Rules and Regulations. The Board may adopt, amend, repeal and enforce Rules and Regulations and establish a system of fines and penalties regarding any matter set forth in the Association's Governing Documents, including, without limitation, (i) governing the administration, management, and operation of the Development, (ii) use, occupancy, and maintenance of the Development, (iii) general health, welfare, comfort, and safety of residents in the Development, (iv) the conduct of persons within the Development, (v) the use of the Common Area and facilities, (vi) election rules, and (vii) the interpretation and implementation of the Governing Documents. The Board must use the following procedure for the adoption and modification of Rules and Regulations:

- a. Distribution to Members. The Board shall provide general notice of a proposed rule change at least 28 days before making the rule change (a "Rule Change"). The notice shall include the text of the proposed Rule Change and a description of the purpose and effect of the same. Notice is not required under this subsection if the Board determines that an immediate Rule Change is necessary to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Association.
- b. Vote on Rules. A decision on a proposed Rule Change shall be made at a meeting of the Board, after consideration of any comments made by Members. The Board must vote on adoption, amendment, or repeal of any Rules.
- c. Approved Rules. As soon as possible after making a Rule Change, but not more than 15 days after making the Rule Change, the Board shall deliver general notice of the Rule Change to all Members. If the Rule Change was an emergency Rule Change made under Section 8.1.1(d), the notice shall include the text of the Rule Change, a description of the purpose and effect of the Rule Change, and the date that the Rule Change expires.
- d. Emergency Rules. If the Board determines that an immediate Rule Change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Association, it may make an emergency Rule Change. In such case, the notice specified in Section 8.1.1.a shall not be required. An emergency Rule Change is effective for 120 days, unless the Rule Change provides for a shorter effective period. A Rule Change made pursuant to this subsection may not be readopted pursuant to this subsection.
- e. Applicability. This Section applies only 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 the issuance of other documents that are required by law or that repeat existing law or the Governing Documents, if the Board has no discretion as to the substantive effect of the change.
- f. Member Vote to Reverse Rule Change. A Rule Change may be reversed by the affirmative vote of a majority of the votes represented and voting at a duly held meeting at which a Quorum is present. A Rule which is reversed pursuant to this Section may not be re-adopted for one (1) year after the date of the membership vote reversing the Rule Change. However, the Board may at any time adopt a different Rule on the same subject as the Rule change that had been reversed.

8.1.2 Contracts. The Board may authorize any officer or officers to enter into any contract in the name of, or on behalf of, the Association. Unless expressly authorized by resolution of the Board, no officer shall have any power or authority to bind the Association or to render the Association liable for any purpose or on any account. No contract with any person or entity to supply or furnish the Association with goods or services shall be for a term in excess of three (3) years, except upon the prior affirmative vote or written consent of a Simple Majority of Members.

8.1.3 Determination of Good Standing. Determine, after notice to the Member and an opportunity for a hearing by the Board, that a Member is not a Member in Good Standing during any period in which the Member is in default in the payment of any assessment by more than thirty (30) days or is in violation of any provision of the Governing Documents. However, a Member shall not be denied any privileges of membership except upon an explicit finding by the Board of Directors, after notice and an opportunity for a hearing, that a Member is not a Member in Good Standing for specified reasons. A Member found by the Board to be not a Member in Good Standing shall be deemed to continue in that status until the Board shall make a determination, either upon the Board's own initiative or upon the request of the Member, that such Member is, once again, a Member in Good Standing of the Association.

8.1.4 Notice of Hearing. Before the Board imposes any monetary penalties, or suspends Common Area use privileges against any Member for failure to comply with these Bylaws, the Declaration or Association Rules, the Board must act in good faith and must satisfy each of the following requirements:

- a. Written Notice. At least ten (10) days prior to any Board meeting where the imposition of discipline upon a Member is to be considered, the Board shall provide written notice of the meeting to the Member by either personal delivery or first-class mail. The notice shall contain at least (i) the date, time and place of the meeting, (ii) the nature of the alleged violation for which the Member may be disciplined, and (iii) a statement that the Member has a right to attend the meeting and may address the Board at the meeting, and the monetary penalty or other discipline which may be imposed and the Member's right to present evidence in his or her defense, either in person or in writing at the hearing.
- b. Hearing. The Board shall meet in executive session if requested by the Member.
- c. Notice of Decision. Within fifteen (15) days after the Board makes a decision on imposition of any penalty or fine, notice of the decision must be given to the Member, which must specify the violation and the penalty imposed. In the event the Association suspends Membership privileges, the suspension does not take effect until five (5) days after the notice of decision is given to the Member.

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

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

8.1.7 Investment of Reserve Funds. Invest Association reserve funds in prudent investments subject to the provisions of Section 8.2.5 of these Bylaws.

8.1.8 Entry for Repairs. Enter any Lot, whenever such entry is necessary, in the Board's sole discretion, in connection with the performance of any maintenance, repair, construction, or replacement for which the Association is responsible or which it is authorized to perform, including without limitation the authorization as may be provided in the Declaration. Although under no obligation to do so, the Board, in its complete and sole discretion,

may enter or may authorize the Association's agents to enter any Lot to effect emergency repairs where such repairs are necessary for safety reasons or to prevent or discontinue damage to the entered Lot, any other Lot or the Common Area. Such entry shall be made with as little inconvenience to the Residents as practicable and only upon reasonable advance written notice of not less than 24 hours, except in emergency situations.

8.1.9 Property Taxes. Pay all real property taxes and assessments levied upon any property within the Development to the extent not separately assessed to the Owners. Such taxes and assessments may be contested or compromised by the Association provided that any such taxes are paid or that a bond insuring the payment is posted.

8.1.10 Mergers. To the extent permitted by law, participate in mergers and consolidations with other nonprofit organizations organized for the same purposes as this Association subject to any limitations set forth in the Declaration.

8.1.11 Association Property. Subject to the provisions of the Declaration, including any required approval of Members, acquire, own, hold, convey, transfer, dedicate, or otherwise dispose of real or personal property consistent with the purposes and powers of the Association and the management, administration, and operation of the Development or the business and affairs of the Association, and grant and convey easements, licenses, and rights of way in, over, upon, or under the Common Area.

8.1.12 Indemnification of Agents. The Association must indemnify and defend and must 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 reason of 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 who are adjudged to have acted in bad faith or in gross negligence in the performance of 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).

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

8.1.14 Borrowing. Borrow money on behalf of the Association.

8.1.15 Other Powers and Duties. Exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the Members by other provisions of the Governing Documents, and undertake any action on behalf of the Association as the Board shall deem necessary or proper in furtherance of the purposes and powers of the Association and/or the interests of the Association and its Members.

8.1.16 Limitation of Powers. The powers of the Board shall be subject to the limitations set forth in the Declaration, the Bylaws, and the Articles of Incorporation.

8.2 Duties. It shall be the duty of the Board of Directors to:

8.2.1 Records and Minutes. Cause to be kept a complete record of all its acts and the corporate affairs, including an accurate and current record of the Members setting forth their names and addresses, adequate and correct books and records of account, and minutes of the proceedings of the Members, the Board, and Committees of the Board, and to present a statement thereof to the Members at the annual meeting of the Members.

8.2.2 Annual Budget Report. Prepare and distribute to the Members annually, not less than 30 days nor more than 90 days prior to the beginning of each fiscal year, a pro forma operating budget which shall include all of the following and shall be accompanied by the form specified in Civil Code §5300(e):

- a. An estimate of the Association's revenue and expenses for such fiscal year on an accrual basis;
- b. A summary of the Association's reserves, prepared pursuant to Civil Code §5565;
- c. A summary of the reserve funding plan adopted by the Board, as specified in paragraph 5 of subdivision (b) of Civil Code §5550. The summary must include notice to members that the full reserve study plan is available upon request, and the Association must provide the full reserve plan to any member upon request.
- d. A statement as to whether the Board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of thirty (30) years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.
- e. A statement as to whether the Board, consistent with the reserve funding plan adopted pursuant to Civil Code §5560, has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement must also set out the estimated amount, commencement date, and duration of the assessment.
- f. A statement as to 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 is obligated to maintain. The statement must include, but need not be limited to, reserve calculations made using the formula described in paragraph (4) of subdivision (b) of Civil Code §5570 and may not assume a rate of return on cash reserves in excess of two percent (2%) above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.
- h. A statement as to whether the Association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.
- i. A summary of the Association's property, general liability, earthquake, flood, and fidelity insurance policies. For each policy, the summary must include the name of the insurer, the type of insurance, the policy limit, and the amount of the deductible, if any. To the extent that any of the required information is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it with the annual budget report. The summary distributed pursuant to this paragraph must contain, in at least 10-point boldface type, the following statement:

This summary of the Association's policies of insurance provides only certain information, as required by section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association Member may, upon request and provision of reasonable notice, review the Association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Association maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling,

or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association Members should consult with their individual insurance broker or agent for appropriate additional coverage.

- j. A copy of the completed “Charges For Documents Provided” disclosure identified in Civil Code §4528. For purposes of this Section, “completed” means that the “Fee for Document” section of the form individually identifies the costs associated with providing each document listed on the form.

8.2.3 Assessment and Reserve Funding Disclosure Summary Form. The Assessment and Reserve Funding Disclosure Summary form, prepared pursuant to Civil Code §5570, must accompany each annual budget report or summary of the annual budget report.

8.2.4 Annual Policy Statement. Within thirty (30) to ninety (90) days before the end of its fiscal year, the Board must distribute an annual policy statement that provides the members with information about Association policies. The annual policy statement must include all of the following information:

- a. The name and address of the person designated to receive official communications to the Association, pursuant to Civil Code §4035;
- b. A statement explaining that a member may submit a request to have notices sent to up to two (2) different specified addresses, pursuant to Civil Code §4040(b);
- c. The location, if any, designated for posting of a general notice, pursuant to Civil Code §4045(a)(3);
- d. Notice of a member’s option to receive general notices by individual delivery, pursuant to Civil Code §4045(b);
- e. Notice of a member’s right to receive copies of meeting minutes, pursuant to Civil Code §4950(b);
- f. The statement of assessment collection policies required by Civil Code §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, if any, including any schedule of penalties for violations of the governing documents pursuant to Civil Code §5850;
- i. A summary of dispute resolution procedures, pursuant to Civil Code §§5920 and 5965;
- j. A summary of any requirements for the Association approval of a physical change to property, pursuant to Civil Code §4765;
- k. The mailing address for overnight payment of assessments, pursuant to Civil Code §5655; and
- l. Any other information that is required by law or the governing documents or that the Board determines to be appropriate for inclusion.

8.2.5 Reserve Study. Cause to be conducted, at least once every three years, a reasonably competent and diligent visual inspection of the accessible areas of the major components that the Association is obligated to repair, replace, restore or maintain as part of a study of the reserve account requirements of the Development if the current replacement value of such major components is equal to or greater than one-half of the gross budget of the Association for the fiscal year, excluding the Association's reserve account for that period. The Board shall review the reserve study (or cause it to be reviewed) annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The reserve study required by Civil Code §5550 must at a minimum, include:

- a. Major Components. Identification of those major components of the Common Areas which the Association is obligated to repair, replace, restore, or maintain;
- b. Remaining Life. Identification of the probable remaining useful life of the components, as of 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 necessary 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 as of 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 must include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan. The plan must 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 must be approved in a separate action of the Board.

8.2.6 Reserve Funds. Not expend funds designated as reserve funds for any purpose other than the maintenance, restoration, repair, or replacement of, or litigation involving the maintenance, restoration, repair, or replacement of, major components which the Association is obligated to maintain, restore, repair, or replace and for which the reserve fund was established; provided, however, that the Board may authorize a temporary transfer of money from a reserve fund to the Association's general operating fund to meet short term cash flow requirements or other expenses, provided the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed and describing when and how the money will be repaid to the reserve fund, and provided, further, that any such transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except as otherwise expressly provided by law. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account.

8.2.7 Investment of Reserve Funds. Manage and invest Association reserve funds in a prudent manner designed to achieve the primary objective of preserving principal while realizing a reasonable return and to assure the availability of funds as they are needed based upon the most recent reserve fund study obtained by the Board as provided in these Bylaws and by law.

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

- a. Review a current reconciliation of the Association's operating accounts on at least a monthly basis;
- b. Review a current reconciliation of the Association's reserve accounts on at least a monthly basis;
- c. Review, on at least a monthly basis, the current year's actual operating revenues and expenses compared to the current year's budget;
- d. Review the latest account statements prepared by the financial institutions where the Association keeps its operating and reserve accounts;
- e. Review an income and expense statement for the Association's operating and reserve accounts on at least a monthly basis; and
- f. Review the check register, monthly general ledger, and delinquent assessment receivable reports on at least a monthly basis.
- g. As used in this subsection, the term "reserve accounts" shall mean monies that the Board has identified in its annual budget for use to defray the future costs of repair or replacement of, or additions to, those major components which the Association is obligated to maintain, restore, repair, or replace.

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

8.2.10 Notice of Assessments. Send written notice to each Owner in advance of each fiscal year of the regular assessment levied against his or her Lot for that fiscal year.

8.2.11 Notification of Assessment Increases. Provide notice to each Member of any increase in the Regular Assessments or Special Assessments not less than 30 nor more than 60 days prior to such increased Regular Assessment or Special Assessment becoming due as required by Civil Code §5615 or any successor statute.

8.2.12 Annual Notice Concerning Assessment Collection. The Association shall distribute the notice described herein to each Member of the Association during the thirty (30) to ninety (90) day period immediately preceding the beginning of the Association's fiscal year. The notice shall be printed in at least 12-point type. The notice required by this Section shall read as follows:

"NOTICE ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often

referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

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

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The board, or their designated representative, must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)”

8.2.13 Certificate of Payment of Assessments. Issue, or cause an appropriate officer to issue upon demand by any proper person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

8.2.14 Insurance. To the extent they are available at a reasonable premium cost, obtain and maintain in force policies of insurance, and the Board shall have powers and obligations with respect to insurance, as follows:

- a. Property Insurance. The Association shall obtain and maintain a master or blanket policy of property insurance, written on all risk, replacement cost basis, on all Common Area, and all Improvements within the Development for which the Association has an obligation to maintain or insure. The insurance shall be kept in full force and effect at all times and the full replacement value of the insured property shall be redetermined on an annual basis. Such policy may provide for a deductible in an amount to be determined in the discretion of the Board.
- b. Commercial General Liability Insurance (“CGL”). The Association must maintain one or more CGL policies which provide appropriate liability limits for injury or death to one or more Persons in any one accident or occurrence. The Association must carry coverage in amounts that meet or exceed those called for in Civil Code §5805 and any successor statutes.
- c. Directors and Officers Liability Insurance. The Association must purchase Directors and Officers errors and omission insurance insuring the Association, Directors, Officers, Committee members, trustees, Association employees, Association volunteers, any community manager in contract with the Association, any management company in contract with the Association and employees of such Association management company who perform services on behalf of the Association. The Association must carry coverage

in amounts that meet or exceed those called for in Civil Code §5800 and any successor statutes.

- d. *Fidelity Bond.* The Association must maintain fidelity bond coverage for all Directors, Officers, Committee members, and employees of the Association in an amount no less than the greater of either (1) 150% of annual operating expenses plus Association reserves, or (2) the combined amounts of the total assessments of the Association for three months, plus Association reserves. Such fidelity bond must include coverage for computer fraud, funds transfer fraud and social engineering fraud. If the Association uses a managing agent or management company, the fidelity bond coverage must also include dishonest acts by that person or entity and its employees.
- e. *Workers' Compensation.* The Association must carry workers' compensation insurance as required by law to cover employees of the association. If available, the Association must also purchase a Voluntary Labor Endorsement to protect its volunteers.
- f. *Additional Insurance.* The Association shall have the authority to purchase such additional insurance as it may, from time to time determine to be necessary or desirable, including, without limiting the generality of this Section, demolition, flood, and earthquake insurance. The decision to purchase any additional insurance shall be in the complete discretion of the Board.
- g. *Substitute Forms of Coverage.* Should the Association, despite the Board's reasonable efforts to do so, be unable to obtain insurance coverage meeting all of the specifications set forth herein, it shall observe such specifications as closely as possible. Where forms of coverage or insuring agreements specified in this Section are unavailable, the Board shall substitute available forms of coverage and insuring agreements which in its judgment are the nearest equivalent to those specified.
- h. *Association-Appointed Attorney-in-Fact.* Each Owner shall be deemed to appoint the Association as his or her attorney-in-fact to act with respect to all matters concerning the insurance policies obtained by the Association. Without limiting the generality of the foregoing, the Association as such attorney-in-fact shall have full power and authority to compromise and settle claims and execute releases on behalf of the Owners. Any insurer may deal exclusively with the Association with respect to such insurance policies and any claims thereunder.
- i. *Common Expense.* The premiums for any insurance obtained by the Association shall be a common expense of the Association and shall be paid for out of the operating fund of the Association. However, the amount of any deductible relating to any claim covered by insurance obtained by the Association shall be borne by the Owner or Owners of any property affected by any loss covered by such insurance.
- j. *Consequential Damages Exclusion.* An Owner is responsible for the cost of repair of those portions of the Owner's Residence which are required to be maintained by the Owner, those portions of Common Area which are to be maintained by the Owners, and the fixtures and personal property located on the Owner's Lot or Residence, even if the cause of the damage originates from a source maintained by the Association, unless the cause is the gross negligence of the Association or its agents.
- k. *General Insurance Exception.* Except as provided in this Section, the Association is under no obligation to provide insurance coverage. In accordance with Section 8.2.8, each

Member is advised to consult with his or her insurance advisor to ensure that such Member has purchased and is maintaining adequate and appropriate insurance coverage.

- l. Individual Owner's Property Insurance. Each Owner shall purchase and at all times maintain a policy of personal liability and property insurance insuring the Owner's Lot, any Improvements to the Owner's Lot, and personal property.
- m. Board Authority to Revise Insurance Coverage. The Board shall have the power and right to deviate from the insurance requirements contained this Section in any manner that the Board, in its discretion, considers to be in the best interests of the Association. If the Board elects to materially reduce the coverage from the coverage required in this Section, the Board shall make all reasonable efforts to notify the Members of the reduction in coverage and the reasons therefor at least 30 days prior to the effective date of the reduction.

The Board is authorized to negotiate and agree on the value and extent of any loss under any policy carried by the Association, including, but not limited to, the right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer.

Each Owner, by acceptance of a deed to a Lot, irrevocably appoints the Association or the insurance trustee, described in Section 8.2.12(h), as that Owner's attorney-in-fact for purposes of procuring, negotiating, accepting, compromising, releasing, settling, distributing and taking out related actions in connection with any insurance policy maintained by the Association and any losses or claims related thereto and agrees to be bound by the actions so taken as if the Owner had personally taken the action.

- n. Periodic Insurance Review. The Board periodically (and not less than once every two years) shall review the Association's insurance policies and make such adjustments to the policies' terms and conditions as the Board considers to be in the best interests of the Association. The review may, at the Board's sole discretion, include an appraisal by a qualified appraiser of the current replacement costs of all covered property under the Association's policy.

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

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

ARTICLE 9 OFFICERS AND THEIR DUTIES

9.1 Enumeration of Officers. The officers of the Association shall be a President, a Vice-President, a Secretary, and a Chief Financial Officer (who may from time to time be referred to as the Treasurer), who shall at all times be members of the Board of Directors, and such other officers as the Board of Directors may, from time to time, by resolution appoint.

9.2 Election of Officers. The Board must 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 must give notice to all Members, consistent with notice requirements. Notice of the organizational meeting must 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 not necessary to legally constitute the meeting, provided that a majority of the Board is present.

9.3 Term. The officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year, unless he or she shall sooner resign, be removed by the Board, or otherwise be disqualified to serve. In the event that an officer fails, for any reason set forth in the preceding sentence, to hold office for one (1) year, his or her successor shall hold office for the remaining term or his or her predecessor.

9.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

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

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

9.7 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 9.4 of this Article.

9.8 President. The President shall be the chief executive officer of the Association and shall, subject to control of the Board of Directors, have general supervision, direction, and control of the affairs and the other officers and the employees and agents of the Association. The President shall preside at all meetings of the Members and at all meetings of the Board of Directors, shall have the general powers and duties of management usually vested in the office of the President of an Association, and shall have such other powers and duties as may be prescribed by the Board of Directors and the Bylaws, subject, however, to any limitations contained in the Declaration.

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

9.10 Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may prescribe, a current register showing names of Members and their addresses; a book of minutes of all meetings of Directors, Members, and Committees of the Board setting forth the time and place of holding of such meetings; whether regular or special, and if special, how authorized; the notice thereof given; the names of those present at Directors or Committee meetings; the number of memberships and votes present or represented at Members meetings; and all the proceedings thereof. The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board required by the Bylaws or by law to be given and shall maintain a proper record of the giving of such notice, and shall keep the books, records, and documents of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

9.11 Treasurer. The Treasurer shall be responsible for the receipt and deposit in appropriate accounts of all monies of the Association and shall cause disbursement of such funds as directed by resolution of the Board of Directors; may sign all checks and promissory notes of the Association; shall cause to be kept proper books of

account; shall cause an annual review of the Association's books and financial statements to be made by a public accountant at the completion of any fiscal year for which such review is required by law or as determined by the Board; shall assist the Board in preparation of an annual budget and a statement of income and expenditures to be presented to the Members of the Association as provided by law; and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

ARTICLE 10 COMMITTEES

10.1 Committees of the Board. The Board may, by resolution adopted by a majority of the number of Directors then in officer, provided that a quorum is present, create one or more committees, each consisting of at least two (2) Directors to serve at the pleasure of the Board subject to the limitations of California Corporations Code §7212.

10.2 Working Committees. The Board may, in its sole discretion, appoint working committees consisting of at least one person who is not a Director. Directors may be members of committees created pursuant to this Section provided that fewer than a majority of Directors then in office serve on any one such committee. Such committees shall not be required to keep minutes but shall report on their activities to the Board from time to time as directed by the Board and shall operate under the supervision of and at the direction of the Board. No working committee shall have the authority to enter into contracts or otherwise act on behalf of the Association. The Board of Directors shall have the right at any time, in its complete discretion, to disband any working committee or remove any member thereof.

10.3 Compensation of Committee Members. No committee member shall receive compensation for any service he or she may render to the Association as a committee member. However, upon approval by the Board, any committee member may be reimbursed for his or her expenses actually incurred in the performance of his or her duties.

ARTICLE 11 BOOKS, RECORDS AND FUNDS

11.1 Maintenance of Records. The Association must keep or cause to be kept records of the Association as follows:

- (a) A membership register, setting forth all names, mailing addresses, and telephone numbers of the Members (as may be changed from time to time by written notice from the Member to the Board of Directors);
- (b) The Association's books and records, membership lists, governing documents, minutes of meetings, and any other documents relevant to the Association must be kept in written form or any other form capable of being converted into clearly legible paper form, and must be retained pursuant to the Association's document retention policy and applicable law;
- (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, if any, of any Assessment remaining unpaid; and
- (d) All other documents required to be made available to Members under this Article. Such additional documents must be kept for at least the time frame during which Members are entitled to inspect them, as stated below.

11.2 Records Subject to Inspection. The Association must make the following documents available for inspection and copying by any Member.

- (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 must be prepared in accordance with 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 of time;
- (c) Executed contracts, not otherwise privileged under law;
- (d) Written board approval of 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) An accounting prepared pursuant to Civil Code §5520(b) or any successor statute;
- (k) "Enhanced Association records," which are defined as invoices, receipts, and canceled checks for payments made by the Association, purchase orders approved by the Association, bank account statements for bank accounts in which Assessments are deposited or withdrawn,¹² 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 is solely responsible for removing all personal identification information from the request;
- (l) The Association's membership list, including each Member's name, property address, mailing address and email address, but not including information for members who have opted out under the Davis-Stirling Act. The Member requesting the list must state the purpose for which the list is requested which purpose must 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; and
- (m) "Association Election Materials" which means returned ballots, signed voter envelopes, the voter list of names, parcel numbers, and voters to whom ballots were to be sent, proxies, and the candidate registration list. Signed voter envelopes may be inspected but may not be copied.

11.3 Records Not Subject to Inspection. The following records are not subject to inspection:

- (a) Executive session minutes of the Board;

¹² Civ. Code §5200(b)

- (b) Personnel records (other than payroll records);
- (c) Litigation files or records protected by the attorney-client privilege;
- (d) Pending contracts;
- (e) Legal invoices (however, Members do 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 Members;
- (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.

11.4 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 must be made available for inspection and copying. However, minutes of Member meetings, Board meetings, and meetings of Committees with decision-making authority must be permanently available for inspection and copying. All records are subject to redacting, as provided for by law.

11.5 Deadlines for Producing Records. Association must produce records within the following time frames pursuant to 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 pursuant to Civil Code §5300 (budget, reserves, lien policies, insurance, financial statement, etc.) or Civil Code §4525 (governing documents, assessments, violations, construction defects, etc.), or any successor statutes within the timeframes specified by statute;
- (f) Membership list: within five (5) business days of the Association's receipt of a Member's written request.

11.6 Inspection and Copying Procedure. The Association must make the above Association records available for inspection and copying in the Association's business office within the Development. If the Association does not have a business office within the Development, the Association must make the specified Association records available 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.

11.7 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.

11.8 Association's Use of Records. Neither the Association nor its managing agent shall (a) sell a Member's personal information for any purpose without the consent of the Member or (b) transmit a Member's personal information to a third party without the consent of the Member unless required to do so by law, including, but not limited to, Civil Code §§ 5200 through 5240, inclusive.¹³

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

11.10 Checks, Drafts, and Evidences of Indebtedness. All checks, drafts, or other orders for payment of money and all notes or other evidences of indebtedness, issued in the name of the Association shall be signed by (i) any two (2) officers of the Association, (ii) any officer of the Association and any Director, or (iii) in any other manner specified by the Board of Directors.

11.11 Withdrawal from Reserves. The signatures of at least two (2) Persons, who shall be members of the Board, shall be required for the withdrawal of monies from the Association's reserve accounts. Transfers of greater than ten thousand dollars (\$10,000) or five percent (5%) of the Association's total combined reserve and operating account deposits, whichever is lower, shall not be authorized from the Association's reserve or operating accounts without prior written Board approval.

11.12 Reserve Transfers for Litigation. The Board must notify Members, in its next available mailing, of any transfers from Reserves to pay for litigation pursuant to Civil Code §5520.

11.13 Funds and Deposits. Any funds of the Association shall be deposited to the credit of the Association in such banks or other depositories as the Board of Directors shall, from time to time, determine.

ARTICLE 12 RULES ENFORCEMENT AND DISPUTE RESOLUTION

12.1 Rules Enforcement Procedures. Voting rights may not be suspended. Other Membership privileges may not be suspended, or fines imposed, except as provided in Section 8.1.4:

12.2 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 Davis-Stirling Act.

12.3 Pre-Litigation Dispute Resolution. Before filing suit for actions for declaratory, injunctive, or writ relief, either alone or in conjunction with a money claim in an amount within the jurisdiction of the small claims court,

¹³ Civ. Code §5230

the party seeking to litigate the matter must offer alternative dispute resolution, pursuant to the procedures described in the Civil Code §5930.

ARTICLE 13 MISCELLANEOUS

13.1 Fiscal Year. The fiscal year of the Association shall run from January 1 through December 31 of each year unless otherwise determined by resolution of the Board of Directors.

13.2 Notice and Delivery of Documents to Members.

13.2.1 *General Notices and Document Distribution.* Unless individual delivery is required by the law,¹⁴ all general notices and documents distributed by the Association to the Members shall be delivered by one or more of the following methods:

- a. Personal delivery.
- b. First-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier addressed to the Member at the address last shown on the books of the Association or otherwise provided by the Member. Delivery is deemed to be complete on deposit into the United States mail.
- c. E-mail, facsimile, or other electronic means, if the Member has consented, in writing or by email, to that method of delivery. If a document is delivered by electronic means, delivery is complete at the time of transmission.
- d. If the Association broadcasts television programming for the purpose of distributing information on Association business to its Members, by inclusion in the programming.
- e. By posting the printed document in a prominent location that is accessible to all Members, including but not limited to the Association's internet site,¹⁵ if the location has been designated for the posting of General Notices by the Association in the Annual Policy Statement, prepared pursuant to Civil Code §5310.
- f. A method of delivery provided in a Recorded provision of the Governing Documents.
- g. Any other method of delivery, provided that the Member has agreed to that method of delivery.

13.2.2 *Delivery with Other Association Materials.* Unless individual delivery is required by law, a document may be included in or delivered with a billing statement, newsletter, or other document that is delivered by one of the methods provided in Section 13.2.

13.2.3 *Delivery Procedures in Unrecorded Governing Documents.* For the purposes of this Section 13.2, an unrecorded provision of the Governing Documents providing for a particular method of delivery does not constitute agreement by a Member to that method of delivery.

¹⁴ Civ. Code §4040

¹⁵ Civ. Code §4045

13.2.4 Individual Delivery. If requested by a Member or if individual delivery is required by law, notices and documents shall be delivered to the Member (a) at the Member's preferred mailing address, email address or both, and, if specified, the Member's alternate or secondary delivery method as specified in a written notice provided by the Member to the Association pursuant to Civil Code § 4041(a); or (b) if the Member fails to provide such notice, the last mailing address provided in writing by the Member; or (c) if none of the above, the property address of the Member's Unit/Lot.¹⁶

13.3 Conflicts between Documents. In the case of any conflict between the Articles and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

13.4 Amendments. These Bylaws may be amended modified, amended, or replaced with new Bylaws as follows:

- (a) Amendment by Members. These Bylaws may be modified, amended, or replaced with new Bylaws by the affirmative vote or written consent of Members representing a majority of the Members.
- (b) Amendment to Conform to Statute. If at any time a provision in these Bylaws contradicts current law, the Board of Directors may amend these Bylaws solely to comply with a change in applicable federal, state or local law, statute or ordinance.

¹⁶ Civ. Code §4040 and 4041

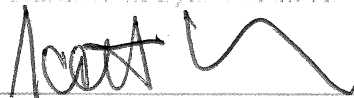
CERTIFICATE OF AMENDMENT AND ADOPTION

A. I am the Secretary of the Sierra Springs Owners Association.

B. The preceding Sixth Restated Bylaws of Sierra Springs Owners Association, consisting of twenty-nine (29) pages, were duly approved by the required vote of the Board of Directors of the Association pursuant to Section 13.4 of the Association's Fifth Restated Bylaws certified as of February 10, 2021, as documented in the attached resolution, see Exhibit "A".

C. The preceding Sixth Restated Bylaws now constitute the Bylaws of the Association.

Dated: 1-20-25

By: , Secretary

Scott Wheeler
(Print Name)

EXHIBIT "A"
RESOLUTION OF THE BOARD OF DIRECTORS

SIERRA SPRINGS OWNERS ASSOCIATION

The following actions were approved by the Board of Directors (the "Board") of the Sierra Springs Owners Association (the "Association") at its Board meeting on December 11, 2024, at which a quorum of the Directors was present. The Board finds and resolves as follows:

WHEREAS, the FIFTH Restated Bylaws of Sierra Spring Owners Association was adopted on February 10, 2021 ("Bylaws");

WHEREAS, the Board hereby amends its Bylaws to conform with statutory requirements; and

WHEREAS, member approval is not required for amendment pursuant to Section 13.4 of the Association's Bylaws;

NOW, THEREFORE, IT IS RESOLVED, that the Board approves the decision to amend the Association's Bylaws solely to incorporate statutory requirements.

BE IT FURTHER RESOLVED, that the Board shall, within 15 days following the adoption of the Sixth Restated Bylaws, notify the Association Members that the Sixth Restated Bylaws to which this Resolution is attached have been adopted.

CERTIFICATE OF SECRETARY

The undersigned certifies that he/she is the duly elected Secretary of the Board, and the above is a true and correct copy of the resolution that was duly adopted at a regular meeting of the Board of Directors, which was held in accordance with the Bylaws of the Association.

Dated: 1-20-2025

By:



, Secretary

Scott Wheeler

(Print Name)