

ARTICLE VII: BOARD MEETINGS.

Section 7.1. Place of Meetings. Regular and special meetings of the Board of Directors may be held at any place within the Project that has been designated from time to time by resolution of the Board and stated in the notice of the meeting.

Notwithstanding the provisions of this Section 7.1, a regular or special meeting of the Board may be held at any place within Sacramento County consented to in writing by all the Board Members, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting.

Section 7.2. Annual Meeting of Directors. Immediately following each annual meeting of Members, the Board of Directors shall hold a regular meeting for the purposes of organization, election of officers, and the transaction of other business.

Section 7.3. Other Regular Meetings.

(a) Frequency of Regular Meetings. Other regular meetings of the Board shall be held at such time as shall from time to time be fixed by the Board of Directors. Ordinarily, regular meetings shall be conducted at least monthly. However, regular meetings can be held as infrequently as every three (3) months if the Board's business does not justify more frequent meetings.

(b) Notice Requirements. Notice of the time and place of all regular meetings of the Board shall be given to each Director at least four (4) days prior to the meeting by one of the following methods: (A) by personal delivery of written notice; (B) by first-class mail, postage prepaid; and/or (C) by telephone communication (either directly to the Director or to a person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director). All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. However, notice of a regular meeting need not be given to any Board Member who has signed a written waiver of notice or consent to holding the meeting as more particularly provided in Section 7.11, below.

Notice of the time and place of regular meetings shall also be sent to Members by First-Class Mail, postage prepaid at least four (4) days prior to the meeting. Notice of the time and place of regular meetings may also be published in the Association's newsletter and distributed to the Members at least four (4) days prior to the meeting.

NOTES
NOTICE

Section 7.4. Special Meetings of the Board.

(a) Who May Call a Special Meeting. Special meetings of the Board of Directors may be called for any purpose at any time by the President or by any two (2) Directors.

(b) Notice of Special Meetings.

(i) Manner of Giving. Notice of all special meetings of the Board shall be given to each Director by one of the following methods: (A) by personal delivery of written notice; (B) by first-class mail, postage prepaid; and/or (C) by telephone communication (either directly to the Director or to a person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director). All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association.

Notwithstanding the foregoing, notice of a special meeting need not be given to any Director who signed a written waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof as more particularly provided in Section 7.11, below.

(ii) Time Requirements. Notices sent to Directors by first-class mail shall be deposited in a United States mailbox at least four (4) days before the time set for the meeting. Notices to Directors given by personal delivery, telephone at least forty-eight (48) hours before the time set for the meeting.

(iii) Notice to Members. Notice of the time, date, and place of special meetings shall also be sent to Members by First-Class Mail, postage prepaid at least four (4) days prior to the meeting, or by publication in the association's newsletter and distribution to the Members.

(iv) Notice Contents. The notice of special meetings shall state the time, date, place and purpose of the meeting.

Section 7.5. Emergency Meetings of the Board. The Board of Directors may also hold emergency Board meetings if there are circumstances that could not have been reasonably foreseen and that require immediate attention and possible action by the Board. Given the necessity of emergency Board meetings and the impracticability of providing notice, emergency Board meetings can be held without complying with the notice requirements set forth above in Sections 7.3 and 7.4, above.

If prompt or immediate action of the Board is necessary and there is insufficient time to comply with the notice requirements set forth in Sections 7.3 and 7.4, above, reasonable efforts shall nevertheless be made to contact all Board Members regarding the proposed action in advance thereof, rather than relying on notification after the fact.

Section 7.6. Action Without Meetings. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all of the Directors consent in writing to the action to be taken. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors.

If the Board resolves by unanimous written consent to take action, an explanation of the action taken shall be posted in the Common Area or published in the Association's newsletter and distributed to the Members. The written consent or consents shall be filed and maintained with the minutes of the Board.

If prompt or immediate action of the Board is necessary and there is insufficient time to comply with the notice requirements set forth herein, reasonable efforts shall nevertheless be made to contact all Board Members regarding the proposed action in advance thereof, rather than relying on notification after the fact.

Section 7.7. Executive Sessions. The Board, on the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present, shall be entitled to adjourn at any time for purposes of reconvening in executive session to discuss: (i) litigation in which the Association is or may become a party; (ii) matters relating to the formation of contracts with third parties; (iii) Member discipline; or (iv) personnel matters. Prior to adjournment to executive session, a general statement of the nature of any and all business to be considered in executive session shall be given.

If a Member who may be subject to a fine, penalty and/or other form of discipline requests, the Board shall meet in executive session to discuss the imposition of the fine, penalty and/or other form of discipline. The Member who is the subject of the disciplinary proceeding shall be entitled to attend the executive session.

Section 7.8. Members' Rights.

(a) Meetings Generally Open to Members. With the exception of executive sessions of the Board, any Member of the Association may attend and speak at any Board and/or Member meeting. The Board shall establish a written policy that sets forth: (1) when during the meetings Members may speak; (2) reasonable time limits for each speaker; and (3) the total time allowed for Members to speak. Unless a majority of the Directors expressly votes to allow further non-Director participation, the participation of Members who are not Directors is limited to the foregoing.

(b) Board Meeting Minutes. Minutes shall be kept for all Board meetings. Taking into consideration the need to maintain confidentiality of matters discussed in executive sessions, any matter discussed in an executive session shall only be generally noted in the minutes of the Board meeting.

The minutes (or draft minutes that are marked to indicate draft status, or a summary of the minutes) of any meeting of the Board of Directors, other than minutes of an executive session, shall be available to the Members within thirty (30) days following the Board meeting. Upon a Member's request (and payment of the Association's costs of copying and distribution), copies of the minutes (or draft minutes that are marked to indicate draft status, or a summary of the minutes) shall be provided to the requesting Member.

Members shall be notified annually in writing of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

(c) Members' Right to Notice of Meetings. Except for emergency Board meetings, Members shall be given notice of the time and place of all Board meetings (as defined in Civil Code Section 1363.05(f) or comparable superseding statute) at least (4) four days before the date of the meeting by delivery by First-Class Mail, postage prepaid to the Members, or by publication in the Association's newsletter and distribution to the Members.

Section 7.9. Quorum Requirements. Three (3) Directors shall constitute a quorum for the transaction of business for any and all purposes, except to adjourn as provided in Section 7.10, below. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors.

A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors below a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting, or such greater number as may be required by law.

Section 7.10. Adjournment. A majority of the Directors present, whether or not a quorum exists, may adjourn any Board meeting to another time and place. If the meeting is adjourned for four (4) days or less, no notice of the rescheduled meeting is required. If the adjournment is for a period more than four (4) days, then prior to the time of the rescheduled meeting, notice of adjournment to the new time and/or place shall be sent by First-Class Mail, postage pre-paid to the Members and given to the Directors who were not present at the time of the adjournment. Except as provided above, no other notice needs to be given.

Section 7.11. Waiver of Notice. Any action taken at any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present, individually or collectively, signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting.

All waivers, consents, and approvals shall be filed with the Association records or made a part of the minutes of Board meetings and shall have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting shall also be deemed to have been waived by any Director who attends the meeting without protesting the lack of proper notice either before or at the inception of the meeting.

Section 7.12. Conducting Meetings. All Board meetings shall be conducted in accordance with a recognized system of parliamentary procedure or such other parliamentary procedures as the Association may choose to adopt.

If the Association has not adopted parliamentary procedures and a dispute arises that cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to Robert's Rules of Order.

ARTICLE VIII: OFFICERS.

Section 8.1. Officers. The Officers of the Association shall be a President, a Vice President, a Secretary and a Chief Financial Officer and such other officers as the Board may from time to time by resolution appoint. One person may hold two (2) or more offices, except that neither the Secretary nor the Chief Financial Officer may serve concurrently as President.

Section 8.2. Election of Officers. The Officers of the Association shall be elected by the Board at the first meeting of the Board following each annual meeting of the Membership. New officer positions may be created and filled at any meeting of the Board. Each officer shall hold their office until they resign, is removed or otherwise disqualified to serve or their successor shall be elected and qualified.

Section 8.3. Terms; Removal of Officers. Generally, the Officers of the Association shall hold office for a period of one (1) year. Any Officer may be removed by the Board with or without cause, at any regular or special meeting. Such removal may, in the discretion of the Board, be given immediate effect.

Section 8.4. Resignation of Officers. Any Officer may resign at any time by giving written notice to the Board, the President and/or the Secretary. Any such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. Unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Association under any contract to which the Officer is a party.

Section 8.5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled for the unexpired portion of the term in the manner prescribed in the Bylaws for regular appointments to such office.

Section 8.6. President. The President shall be a member of the Board of Directors. The President shall be the Chief Executive Officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the affairs and Officers of the Association.

The President shall preside at all meetings of the Board, shall have the general power and duties of management usually vested in the office of President of a corporation, together with such other powers, acts and duties as may be prescribed by the Board or are set forth in the Bylaws, and shall see that orders and resolutions of the Board are carried out.

Section 8.7. 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 the powers of, and be subject to all the restrictions upon, the President. The Vice President shall perform such other acts and duties and have such powers as from time to time may be prescribed by the Board or set forth in these Bylaws.

Section 8.8. Secretary.

(a) **Minutes.** The Secretary shall keep or cause to be kept at the principal office or such other place as the Board may order, a book of minutes of all meetings of Directors and Members, with the time and place of holding same, whether regular or special, the notice thereof given, the names of those present at Directors' meetings, the number of Members present in person or by proxy at Members' meetings, and the proceedings thereof. For all special meetings of either the Board or the Members, the book of minutes shall also indicate how the meeting was authorized.

(b) **Records.** The Secretary shall keep, or cause to be kept, all appropriate records of the Association, including current records showing the Members of the Association, together with the Members' addresses as last submitted to the Association by each Member.

(c) **Meetings and Votes.** The Secretary shall give, or cause to be given, notice of all meetings as required by these Bylaws and/or by California law. The Secretary shall record, or cause to be recorded, the results of all votes in a book kept for that purpose.

(d) **Other Responsibilities.** The Secretary shall keep the seal of the Association, if any, in safe custody, sign all certificates of Membership, if any, and perform other acts and duties and have such powers as from time to time may be prescribed by the Board or set forth in these Bylaws.

(e) **Assistants.** Assistant Secretaries, if any, shall perform all the duties of the Secretary in the absence of the Secretary. The Assistant Secretaries, if any, shall also perform other acts and duties as may be assigned to them by the Board.

Section 8.9. Chief Financial Officer. The Chief Financial Officer, who shall be known as the Treasurer, shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the Association and business transactions of the Association, including accounts of the Association's assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. Pursuant to Subsection 12.5(b), the Treasurer shall also cause an annual report of the Association's books to be made by a certified public accountant at the completion of each fiscal year in which the Association's gross income exceeds seventy-five thousand dollars (\$75,000.000).

The Treasurer shall receive and deposit, or cause to be received and deposited, all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board in compliance with the requirements of the Governing Documents. The Treasurer shall disburse the funds of the Association as may be directed by the Board; provided, however, that a resolution of the Board shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of the budget adopted by the Board. The Treasurer may, but need not, be a required signatory on checks, notes and/or other instruments of the Association.

The Treasurer shall render to the President and/or Directors, whenever they request it, an account of all of their transactions as Treasurer and of the financial condition of the Association. The Association's books and financial records shall at all reasonable times be open to inspection by any Director or Member pursuant to inspection rights specified in Article XIII, below.

If required by the Board, the Treasurer shall give the Association a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of their office and for restoration to the Association of all its books, papers, vouchers, money, and other property of every kind in their possession or under their control on their death, resignation, retirement, or removal from office. The Treasurer shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Assistant Treasurers, if any, shall perform all the duties of the Treasurer in the absence of the Treasurer. The Assistant Treasurer(s) shall perform such other acts and duties as may be assigned to them by the Board.

ARTICLE IX: DUTIES AND POWERS OF THE BOARD

Section 9.1. Specific Powers. Without prejudice to the general powers of the Board of Directors set forth in Section 6.1, the Directors shall have the power to:

(a) Exercise all powers vested in the Board under the Governing Documents and under the laws of the State of California.

(b) Appoint and remove all Officers of the Association, the General Manager of the Association, if any, and other Association employees; prescribe any powers and duties for such persons that are consistent with law, the Articles of Incorporation, and these Bylaws; and fix their compensation.

(c) Appoint such agents and employ such other employees, including attorneys and accountants, as they see fit to assist in the operation of the Association, and to fix their duties and to establish their compensation.

(d) Adopt and establish Rules and Regulations subject to the provisions of the Declaration, governing the use of the Common Areas and, the Common Facilities within the Project, and the personal conduct of the Members, the Members' family, contract purchasers, lessees, tenants, servants, employees, guests, invitees, and/or licensees thereon, and take such steps as it deems necessary for the enforcement of such Rules and Regulations, including the imposition of monetary penalties and/or the suspension of voting rights and the right to use any Common Areas or Common Facilities; provided notice and a hearing are provided as more particularly set forth in Section 13.6 of the Declaration. Rules and Regulations adopted by the Board may contain reasonable variations and distinctions as between Owners and tenants.

(e) Enforce all applicable provisions of the Governing Documents relating to the control, management, and use of the Units within the Project and the Common Areas and Common Facilities within the Project.

(f) Contract for and pay premiums for fire, casualty, liability, and other insurance and bonds (including indemnity bonds) that may be required from time to time by the Association.

(g) Contract for and pay for maintenance, landscaping, utilities, materials, supplies, labor, and services that may be required from time to time in relation to the Common Areas and other portions of the Project which the Association is obligated to maintain.

(h) Pay all taxes, special assessments and other assessments, and charges that are or would become a lien on any portion of the Common Areas.

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

(j) Delegate its duties and powers hereunder to the Officers of the Association or to committees established by the Board, subject to the limitations expressed in Section 10.1.

(k) Levy and collect Assessments from the Members of the Association in accordance with the Declaration and establish and collect reasonable use charges for any or all of the Common Facilities as the Board may deem necessary or desirable from time to time for the purpose of equitably allocating among the users the cost of maintenance and operation thereof.

(l) Perform all acts required of the Board under the Declaration.

(m) Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals prepare an annual financial report, a copy of which shall be delivered to each Member as provided in Section 12.5.

(n) Appoint a nominating committee for the nomination of persons to be elected to the Board and prescribe rules under which said nominating committee is to act, as described in Section 6.4.

(o) Appoint such other committees as it deems necessary from time to time in connection with the affairs of the Association in accordance with Article X, including members of the architectural committee described and constituted in accordance with Article VIII of the Declaration.

(p) Fill vacancies on the Board of Directors or in any committee, except a vacancy created by the removal of a Board Member by a Member vote.

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

(r) Bring and defend actions on behalf of more than one Member or the Association to protect the interests of the Members or the Association, as such, as long as the action is pertinent to the operations of the Association, and assess the Members for the cost of such litigation. Any disciplinary action against a Member shall be subject to the hearing and procedural requirements set forth in Section 13.6 of the Declaration.

(s) Enter Units as necessary, subject to the notice requirements of Section 4.5(b) of the Declaration, in connection with construction, maintenance, or emergency repairs for the benefit of the Common Areas, Common Facilities or the Owners in common.

Section 9.2. Limitations on Powers. Without the vote or written assent of a majority of the voting power of the Members, the Board of Directors shall not take any of the following actions:

(a) Enter into a contract with a third party for the furnishing of goods or services to the Common Area or the Association for a term longer than one year. This restriction shall not apply to (i) FHA- or VA-approved management contracts; (ii) public utility contracts in which the rates charged for materials or services are regulated by the Public Utilities Commission, provided that the term of the contract may not exceed the shortest term for which the supplier will contract at the regulated rate; (iii) prepaid casualty or liability insurance policies not to exceed three years' duration, provided that the policies provide for short-rate cancellation by the insured; (iv) agreements for cable television services and equipment or satellite dish television services and equipment not to exceed five years' duration; or (v) agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services not to exceed five years' duration.

(b) Incur aggregate expenditures for capital improvements to the Common Areas in any fiscal year in excess of fifteen percent (15%) of the budgeted gross expenses of the Association for that fiscal year, provided, however, that this limitation shall not apply to the expenditure of any funds accumulated in a reserve fund for capital replacement or new capital improvements so long as the expenditure is for the purpose for which the fund was established.

(c) Sell during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that year.

(d) Pay compensation to members of the Board of Directors or officers of the Association; provided that Directors and Officers can be reimbursed for reasonable out-of-pocket expenses, verified in writing, incurred in the discharge of their duties.

(e) Fill any vacancy on the Board of Directors created by the removal of a Director.

(f) Any action to impose a special assessment or to increase the regular assessment under circumstances requiring Member approval under Article V of the Declaration.

(g) Any action to amend these Bylaws, the Articles of Incorporation or the Declaration, except for any amendments permitted by Board action alone pursuant to Section 14.1.

ARTICLE X: COMMITTEES.

Section 10.1 Committees. The Association may have the following committees:

(a) The Nominating Committee (pursuant to Section 6.4, above). The Nominating Committee shall have the duties and functions described in Section 6.4, above;

(b) The Architectural Committee (pursuant to Article VIII of the Declaration). The Architectural Committee shall have the duties and functions described in Article VIII of the Declaration;

(c) The Finance/Budget Committee. The duties and functions of the Finance/Budget Committee shall be as the Board, in its discretion, determines; and

(d) The Judicial Committee. The duties and functions of the Judicial Committee shall be as the Board, in its discretion, determines; and

(e) Such other committee(s) as may be adopted by Board resolution.

Unless otherwise specified in the Governing Documents, including a Board Resolution creating any additional committee(s), each committee shall consist of a chairman and two (2) or more Members and may, at the Board's discretion, be required to include one (1) or more Directors.

Section 10.2. Term of Office and Authority. Said committees shall serve at the pleasure of the Board and shall have all the authority of the Board with respect to matters within their area of assigned responsibility, except that no committee, regardless of Board resolution, may:

(a) Take any final action on any matter that, under the California Nonprofit Mutual Benefit Corporation Law, also requires approval of the Members;

(b) Fill vacancies on the Board of Directors or on any committee that has been delegated any authority of the Board;

(c) Amend or repeal Bylaws or adopt new Bylaws;

(d) Amend or repeal any resolution of the Board of Directors that by its express terms is not so amendable or repealable;

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

(f) Expend Association funds to support a nominee for Director after there are more people nominated for Director than can be elected; and/or

(g) Approve any transaction (i) to which the Association is a party and one or more Directors have a material financial interest; or (ii) between the Association and one or more of its Directors or between the Association and any person in which one or more of its Directors have a material financial interest.

It shall be the duty of each committee to receive complaints, comments and/or requests from Members on any matter involving Association functions, duties or activities that is within the committee's scope of responsibility. Said committee shall dispose of such complaints, comments and/or requests as it deems appropriate or can refer the complaints, comments and/or requests to such other committee, the Board, a Director or an Officer of the Association that the committee determines may more appropriately handle the issue(s) raised therein.

Section 10.3. Meetings and Actions of Committees. The meetings and actions of all Association committees shall be governed by, and held and taken in accordance with, the provisions of Article VII (concerning meetings of Directors) with such changes in the context of the specific provisions of Article VII as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee.

Special meetings of committees may also be called by resolution of the Board of Directors. Notice of meetings of committees shall be given to any and all regular and alternate committee members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the Association records. The Board of Directors may adopt Rules not inconsistent with the provisions of these Bylaws for the governance of any committee.

Section 10.4. Effect of Committee Actions. Unless otherwise expressly provided in the Governing Documents, including a Board resolution authorizing and empowering a committee, all actions of any committee shall be considered advisory to the Board and shall be scheduled on the agenda of the Board meeting next following the committee's action or decision. At the next Board meeting, the Board may act to affirm, rescind, or modify any and all committee actions, as the Board in its discretion deems appropriate.

ARTICLE XI: CONFLICTS OF INTEREST

Section 11.1. Conflicts of Interest. No Association official shall make, participate in making, or in any way attempt to use their official position to influence an Association decision in which they know, or have reason to know, that they have a direct or indirect financial

interest which is distinguishable from the financial interest of the Members of the Association generally.

(a) "Association official" means all of the following:

- (i)** A member of the Board of Directors ("Board");
- (ii)** A member of any committee, including the Architectural Committee;
- (iii)** The manager, if any.

(b) Except as provided in paragraph (f) of this Section 11.1, an Association official is attempting to use their official position to influence a decision if, for the purpose of influencing the decision, the official contacts, or appears before, or otherwise attempts to influence, any Member, officer, employee, or consultant of the Association. Attempts to influence include, but are not limited to, appearances or contacts by the official on behalf of a business entity, client, customer, or any other source of income to the official. However, an official is not attempting to use their official position to influence a decision if the official appears in the same manner as any other Member of the Association solely to represent their self on a matter which is related to their personal interest in real property which is used, or to be used, by the official as their personal residence, in which case the official shall be precluded from voting on the decision.

(c) A decision in which an Association official has a "financial interest" means a decision in which it is reasonably foreseeable that the decision will have a financial effect, distinguishable from its effect on the Members of the Association generally, on any of the following:

(i) Any real property in which the official has a direct or an indirect interest worth \$1,000 or more if the effect of the decision will be to increase or decrease the fair market value of the property by \$1,000 or more, or will increase or decrease the income producing potential of the property by \$50 or more, per month.

(ii) Any source of income, including gifts, aggregating \$250 or more in value provided to, received by, or promised to the Association official within twelve (12) months of the time when the decision is made if the effect of the decision will be to directly or indirectly increase or decrease the amount of income to be received by the official, a member of the official's immediate family, or the source of the income, in an amount of \$100 or more. Gifts from an official's immediate family or from an individual with whom the official exchanges gifts of approximately the same value, or loans from a financial institution in the regular course of business on terms available to the general public, shall not be included for purposes of this Article XI.

(iii) Any business entity in which the Association official has a direct or indirect investment worth \$1,000 or more, or in which the official is a director, officer, partner, trustee, employee or holds any position of management if the effect of the decision will be to increase or decrease the annualized gross revenues, or the annual net income, or the current assets or liabilities of the business entity, by \$1,000 or more. Current assets are deemed to be decreased by the amount of any expenses incurred as a result of a decision.

(d) "Indirect interest" means any investment or interest owned by the spouse or dependent child of an Association official, by an agent on behalf of an official, or by a business entity or trust in which the official, the official's spouse, dependent children or agent own directly, indirectly or beneficially a ten percent (10%) interest or greater.

(e) "Association generally" means the entire Association Membership or a significant group of Members within the Association. What constitutes a "significant group" will depend on the facts and circumstances surrounding the decision and shall be determined by a majority vote of all members of the Board.

(f) A director may appear before a committee representing a source of income without violating this article if the director removes the conflict by abstaining from making, participating in making, or in any way attempting to influence any decision which would affect the jurisdiction of that committee, for a period of twelve (12) months commencing on the date the official received the income.

Section 11.2. Employees. The provisions of Section 11.1 do not apply to an employee of the Association when they are negotiating their compensation or the terms of their employment.

Section 11.3. Applicability. The provisions of this Article XI shall not apply to contracts entered into on or before the date the effective date of these bylaws.

ARTICLE XII: MEMBER ASSESSMENT OBLIGATIONS AND ASSOCIATION FINANCES, RECORDS AND BOOKS.

Section 12.1. Description of Assessments to which Members are Subject. Members (*i.e.*, Owners of Lots within the Project) are subject to Regular, Special and Special Individual Assessments as set forth in Article V of the Declaration.

Section 12.2. Checks. All checks (or other demands for payments of Association money) and/or notes of the Association shall be signed by the President or by such other Directors and/or Officers or such other person or persons as the Board of Directors may from time to time designate. Notwithstanding the foregoing, any withdrawal of funds from Association reserve accounts shall require the signature of two Directors or an Officer (who is not a Director) and a Director.

Section 12.3. Operating Account. There shall be established and maintained a cash deposit account to be known as "CAMINO VILLAGE HOMEOWNERS ASSOCIATION OPERATING ACCOUNT" into which shall be deposited the operating portion of all Assessments. Disbursements from such account shall be for the general need of the operation including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the Association.

Section 12.4. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes, including (at minimum) a reserve account to be known as "CAMINO VILLAGE HOMEOWNERS ASSOCIATION RESERVE ACCOUNT" for replacement of capital improvements as set forth in Article V of the Declaration.

All Association books of account shall be maintained in accordance with generally accepted accounting principles.

Section 12.5. Budgets and Financial Statements. The following financial statements and related information for the Association shall be regularly prepared and copies thereof shall be distributed to each Member of the Association pursuant to the provisions of Civil Code Section 1365 or comparable superseding statute.

(a) **Budget.** A pro forma operating budget for each fiscal year (or a summary of the pro forma operating budget with a written notice of the location where the full pro forma operating budget is available for Member review pursuant to Civil Code Section 1365(c) or comparable superseding statute).

(b) **Year-End Report.** A year-end report of the Association's finances. The year-end report shall consist of at least the following items: (i) A balance sheet as of the end of the fiscal year; (ii) An operating (income) statement for the just ended fiscal year; (iii) A statement of changes in financial position for the just ended fiscal year; (iv) A statement advising Members of

the place where the names and addresses of the current Members are located; and (v) Any information required to be reported under Corporations Code Section 8322 requiring the disclosure of certain transactions in excess of \$50,000 per year between the Association and any Director or Officer of the Association and indemnifications and advances to Officers or Directors in excess of \$10,000 per year.

The above year-end report shall be prepared by an independent accountant for any fiscal year in which the Association's gross income exceeds seventy-five thousand dollars (\$75,000.00). For any year when the year-end report is not prepared by an independent accountant, the year-end report shall be accompanied by a certificate executed by an authorized officer of the Association stating that the year-end report was prepared without an external audit of the Association's books and records.

(c) Annual Statement Regarding Delinquency/Foreclosure Policy. A statement setting forth the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Assessments and/or violations of Governing Documents.

(d) Annual summary of Association's Insurance Coverage. A summary of the Association's property, general liability, earthquake and flood and other insurance policies, if any. The Association's disclosure obligations may be satisfied by distributing to the Members a copy of the policy declaration page, if that page presents the information specified above.

Section 12.6. Required Reserve Studies and Inspections. The Board shall also comply with the reserve study and inspection requirements specified in Civil Code Section 1365.5 or comparable superseding statute.

Section 12.7. Contracts. The Board may, by resolution, authorize any Officer(s) to enter into any contract in the name of, or on behalf of, the Association (pursuant to the Board's authority to enter into contracts as set forth Subsection 4.7(a) of the Declaration). Unless expressly authorized by resolution of the Board, no Officer shall have any power or authority to bind the Association by any contract or agreement, or to pledge the credit of the Association, or to render the Association liable for any purpose and/or on any account.

Section 12.8. Record Keeping. The Board shall keep or cause to be kept all Association's books, records and papers, including all Governing Documents.

Section 12.9. Fiscal Year. The Association's fiscal year shall be as determined by resolution of the Board.

ARTICLE XIII: INSPECTION.

Section 13.1. Member's Rights to Inspect.

(a) Member's Inspection Rights. All accounting books and records; minutes of proceedings of the Members, the Board and/or committees of the Board; and the Membership list of the Association shall be made available for inspection and copying by any Member (or the Member's duly appointed representative) at any reasonable time at an amount to be paid by the Member to defray the Association's costs. A Member's rights of inspection shall be exercisable after ten (10) business days of the Association's receipt of a request in writing. All Member demands shall state the purpose for which the Member is requesting inspection rights.

A Member's inspection rights arise, if and only if, the Member's purpose is reasonably related to their interests as a Member of the Association. Where the Association reasonably believes that the information will be used for a purpose not reasonably related to the Member's

interests, the Association may deny the Member access or, within ten (10) days of receipt of the Member's written demand, offer a reasonable alternative to inspection.

The Association's Governing Documents shall also be available for inspection by any Member. Copies of any of the Association's Governing Documents will be available for purchase from the Association at an amount to be paid by the Member necessary to defray the Association's costs.

(b) Minutes of Meetings. As more particularly set forth in Subsection 7.8(b), above, Members have a right, upon request and payment of copying and distribution costs, to copies of Association minutes (or draft minutes or minute summaries) for Member and/or Board meetings.

Section 13.2. Director's Rights to Inspect. Every Director shall have an absolute right to, at any reasonable time, inspect all Association books, records, documents, and minutes and/or the Association's physical property. The right of inspection by a Director includes the right to make extracts and copies of documents.

Section 13.3. Adoption of Reasonable Inspection Rules. The Board of Directors may establish reasonable Rules with respect to (i) necessary notice to be given in order to request inspection; (ii) hours and days of the week when inspection may be made; and (iii) payment of the cost of reproducing copies of documents requested by any Member.

ARTICLE XIV: AMENDMENTS.

Section 14.1. Amendment of Bylaws.

(a) Amendment by Board of Directors. The Board of Directors may, by a majority of all Directors, adopt amendments to these Bylaws when an amendment is needed to conform a particular provision or provisions of these Bylaws to changes in applicable California State law when said changes in applicable California State law are mandatory and nondiscretionary in nature.

Before entertaining a motion to approve any such amendment(s), the Board shall receive a written opinion from the Association's legal counsel confirming that (1) a change or changes in California law necessitates a corresponding amendment to the Association's Bylaws to make the affected Bylaw provision(s) an accurate statement of current underlying California law and (2) the Association is bound by law to observe said change or changes in California law.

(b) Amendment by the Members. Except as provided in Subsection (a), above, these Bylaws may be adopted, amended, or repealed only by the affirmative vote (either at a Member meeting or by written ballot pursuant to Section 4.6, above) of Members representing at least fifty-one percent (51%) of all Members.

If any provision of these Bylaws requires the vote of a larger proportion (or all) of the Members, such provisions may not be altered, amended, or repealed except by such vote, unless otherwise specifically provided herein.

Section 14.2. Effective Date. Any amendment to these Bylaws shall become effective immediately upon approval by the Members.

Section 14.3. Book of Bylaws. The Secretary of the Association shall certify adoption of any duly approved amendment to the Bylaws. Whenever new Bylaw(s) or amendment(s) are adopted, a copy of the Bylaw(s) (as amended or adopted) and the certification shall be inserted into the book

of Bylaws maintained by the Association. If any Bylaw(s) are repealed, the date upon which the repeal was enacted shall also be stated in the book of Bylaws.

ARTICLE XV: GENERAL PROVISIONS.

Section 15.1. General Manager. The Board may, from time to time, employ the services of a Manager to manage the affairs of the Association and, to the extent not inconsistent with the laws of the State of California, and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the Manager any of its day-to-day management and maintenance duties and powers under these Bylaws and the Declaration, provided that the General Manager shall at all times remain subject to the general control of the Board.

Section 15.2. Notice Requirements Any notice or other document permitted or required to be delivered as provided herein may be delivered pursuant to the terms and provisions of Article XIV of the Declaration.

Section 15.3. Indemnification of Directors, Officers, Employees and/or Agents. The indemnification rights (including the right to advancement of expenses) of Directors, Officers, employees and/or agents shall be governed by the provisions of Corporation Code Section 7237 or comparable superseding statute.

As set forth in Article IX of the Declaration, the Association has the right to purchase and maintain insurance on behalf of its Directors, Officers, employees and/or agents against liability asserted against or incurred by any Director, Officer, employee and/or agent in its capacity or status as such.

Section 15.4. Personal Application. All present or future Members, Member's family, lessees, tenants, occupants, contract purchasers, guests, invitees, agents, servants, employees, licensees and/or any other persons that might use the facilities of the Project in any manner, are subject to the provisions set forth in these Bylaws and the Governing Documents.

The mere acquisition or rental of any Lot and/or the mere act of use or occupancy of any Lot will signify that these Bylaws and the Governing Documents are accepted, ratified, and will be complied with.

Section 15.5. Construction and Definitions. Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation Law (Corporations Code Sections 7110 *et seq.*) and the Davis-Stirling Act (Civil Code Sections 1350 *et seq.*) shall govern the construction of these Bylaws.

All provisions of these Bylaws shall be liberally construed together to promote and effectuate the fundamental concepts of this Association.

Failure to enforce any provision of the Governing Documents shall not constitute a waiver of the right to enforce that provision subsequently.

The masculine gender includes the feminine (and vice-versa) and neuter, and singular number includes the plural and the plural number includes the singular.

All captions and titles used in these Bylaws are intended solely for the reader's convenience of reference and shall not affect the interpretation or application of any of the terms or provisions contained herein.

Section 15.6. Conflicts With Other 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. In the case of any conflict between other Governing Documents and these Bylaws, the Bylaws shall control.

Section 15.7. State Law; Severability. Notwithstanding the provisions of Section 15.5, above, these Bylaws shall be deemed independent and severable. The invalidity or partial invalidity of any provision of these Bylaws shall not affect the validity or enforceability of any other provision of these Bylaws which shall remain in full force and effect.

In case any of the Bylaws conflicts with any provisions of the laws of the State of California, such conflicting Bylaws shall be null and void upon a court determination to such effect. All other Bylaws shall remain in full force and effect.

CERTIFICATE OF SECRETARY

The undersigned duly elected and acting Secretary of the mutual benefit nonprofit corporation, known as Camino Village Homeowners Association, does hereby certify that the above and foregoing Restated Bylaws consisting of ___ pages, were duly adopted by vote or written consent of the requisite majority of the Members of said Association on the ___ day of _____, and that the same does now constitute the Bylaws of Camino Village Homeowners Association.

Secretary:

(Sign Name)

(Print Name)

Dated: _____