

## **Proposed Restated Bylaws of**

It is recommended that all provisions of the original Bylaws adopted on April 20, 1973, be restated and the following new provisions supersede the original Bylaws:

### **ARTICLE I**

#### **INTRODUCTION**

1.1 Purpose of Association. The purpose of this Association is to provide for management, administration, maintenance, preservation, and architectural control of the Units and Common Area within the Project, and to promote the health, safety, and welfare of all the residents within the Property and any additions to the Property as may be brought within the jurisdiction of the Association for this purpose, all according to that certain Restated Declaration of Covenants, Conditions and Restrictions of The Village Condominium Owners Association, Inc. ("Declaration") recorded or to be recorded with respect to the property in the Office of the Recorder of Los Angeles County, California.

1.2 Purpose of Bylaws. The purpose of these Bylaws is to set forth the administrative rules for the day-to-day operation and management of the Association.

### **ARTICLE II**

#### **NAME, PRINCIPAL OFFICE, GOVERNING DOCUMENTS, DEFINITIONS**

2.1 Name. The name of the corporation is THE VILLAGE CONDOMINIUM OWNERS ASSOCIATION, INC.

2.2 Location of Principal Office. The principal office of the Association will be located at such place within the County as the Board may from time to time designate by resolution.

2.3 Governing Documents. The Association's governing documents shall consist of the Declaration and any other documents, such as these Bylaws, operating rules and regulations, Articles of Incorporation, or any other such documents duly adopted by the Association.

2.4 Definitions. The words used in the Bylaws shall be given their normal, commonly understood definitions. The definitions set forth in Article II of the Declaration shall be incorporated herein and made a part of these Bylaws.

### **ARTICLE III**

#### **MEMBERSHIP**

3.1 Members of the Association. Every Owner of a Unit within the Property is a Member of the Association. Membership in the Association may not be separated from ownership of any Unit.

3.2 Term of Membership. Each Owner who is a Member shall remain a Member until the sale, conveyance, or other transfer of an Owner's interest in a Unit. **Upon the sale, conveyance, or other transfer of an Owner's interest in a Unit, the Owner's membership interest appurtenant to the Unit shall automatically transfer to the Unit's new Owner(s).**

3.3 Multiple Ownership of Units. Ownership of a Unit shall give rise to a single membership vote in the Association. Accordingly, if more than one person owns a Unit, all of these persons shall be deemed to be one Member for voting and election purposes, although all such Owners shall have equal rights as Members to use and enjoy the Common Areas and Common Facilities. If the multiple Owners of a Unit attempt to vote the membership attributable to said Unit in an inconsistent fashion, the Secretary or election inspectors may refuse to count any ballot or proxy pertaining to the Unit.

3.4 Furnishing Evidence of Membership. **A person shall not be entitled to exercise the rights of a Member until such person has advised the secretary in writing that he or she is qualified to be a Member under these Bylaws and, if requested by the secretary, has provided the secretary with evidence of such qualification in the form of a certified copy of a recorded grant deed or a currently effective policy of title insurance. Exercise of membership rights shall be further subject to the rules regarding record dates for notice, voting and actions by written ballot and eligibility for voting as set forth in these Bylaws.**

## ARTICLE IV

### MEMBERSHIP VOTING

4.1 Single Class of Membership. The Association shall have one class of voting membership.

4.2 Eligibility To Vote. Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. "Good standing" means that all Assessments and related charges are current, the Owner is not in violation of the Governing Documents, and there are no outstanding fines against the Owner. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of the nonpayment of assessments.

4.3 Manner of Casting Votes.

A. Proxy Voting. Members otherwise eligible to vote at a meeting may do so in person or by proxy, except for voting on matters where the use of a proxy is strictly prohibited or a secret ballot is required by statute. Proxies used for the purposes of conducting Association business must comply with applicable law.

B. Secret Ballot Voting.

The secret ballot process must be used when voting on the following issues: assessments; election and removal of board of directors; amendments to the governing documents; and the grant of exclusive use of Common Area property.

(1) Definition of Secret Ballot. A “secret ballot” is a ballot that is mailed or otherwise distributed to every Member entitled to vote on the matter that complies with the requirements of this section, at least thirty (30) days prior to the vote or election. Voters may not be identified by name, address, lot, unit or parcel number. The term “secret ballot” does not include a ballot distributed to Members for purposes of voting on matters other than assessments, election of board of directors, amendments to the governing documents and the grant of exclusive use of Common Area property.

(2) Content of Secret Ballots. Any secret ballot distributed to the Members to vote on any issue, including the election of directors, must conform to current law.

(3) Balloting Time Requirements. All secret ballots shall provide a reasonable time within which to return the written ballot to the Association. The time fixed for the return of secret ballots may be extended for reasonable intervals at the discretion of the Board, without notice to the Members.

(4) Revocation of Ballots. A secret ballot may not be revoked once submitted for vote in accordance with the ballot.

C. Voting by Written Ballot. Any matter or issue requiring the vote of the Members, other than matters requiring the use of secret ballot, may be submitted for vote by written ballot without the necessity of calling a meeting of the Members, so long as the Association fulfills the requirements for action by written ballot pursuant to applicable law.

4.4 Majority Vote Required. If a quorum is present, the affirmative vote of the majority of the voting power of Members represented at the meeting, entitled to vote and voting on any matter, shall be the act of the Members, unless the vote of a greater number is required by law or by the Governing Documents. In the case of director elections, the candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected to the vacant director positions.

4.5 Cumulative Voting Prohibited. Cumulative voting shall not be allowed.

4.6 Action by Unanimous Written Consent. Any action required or permitted to be taken by the Members at a meeting may be taken without a meeting (and without complying with the formalities of a written ballot) if all Members individually or collectively consent in writing to the action. When an action is taken by written consent, the consent(s) shall be filed with the Association's Secretary and recorded in the minutes.

4.7 Record Dates for Member Notice; Voting and Giving Consents.

A. Record Dates Established by the Board of Directors. For the purpose of determining which Members are entitled to receive notice of any meeting, to vote, to act by written ballot without a meeting, or exercise any rights in respect to any other lawful action, the Board of Directors may fix, in advance, a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the California Nonprofit Mutual Benefit Corporation Law. The record dates established by the Board pursuant to this section shall be as follows:

(1) Record Date for Notice of Meetings. In the case of determining those Members entitled to notice of a meeting, the record date shall be no more than 90 nor less than 10 days before the date of the meeting;

(2) Record Date for Voting. In the case of determining those Members entitled to vote at a meeting, the record date shall be no more than 60 days before the date of the meeting;

(3) Record Date for Action by Written Ballot Without Meeting. In the case of determining Members entitled to cast written ballots, the record date shall be no more than 60 days before the day on which the first written ballot is mailed or solicited; and

(4) Record Date for Other Lawful Action. In the case of determining Members entitled to exercise any rights in respect to other lawful action, the record date shall be no more than 60 days prior to the date of such other action.

B. Failure of Board to Fix a Record Date. If the Board, for any reason, fails to establish a record date, the following rules shall apply:

(1) Record Date for Notice of Meetings. The record date for determining those Members entitled to receive notice of a meeting of Members shall be the business day preceding the day on which notice is given, or, if notice is waived, the business day preceding the day on which the meeting is held.

(2) Record Date for Voting. The record date for determining those Members entitled to vote at a meeting of Members shall be the day of the meeting, or in the case of an adjourned meeting, the day of the adjourned meeting.

(3) Record Date for Action by Written Ballot Without Meeting. The record date for determining those Members entitled to vote by written ballot on proposed Association actions without a meeting, when no prior action by the Board has been taken, shall be the day on which the first written ballot is mailed or solicited. When prior action of the Board has been taken, it shall be the day on which the Board adopts the resolution relating to that action.

(4) Record Date for Other Lawful Action. The record date for determining those Members entitled to exercise any rights in respect to any other lawful action shall be Members at the close of business on the day on which the Board adopts the resolution relating thereto, or the 60th day prior to the date of such other action, whichever is later.

(5) "Record Date" Means as of Close of Business. For purposes of this subparagraph B, a person holding a membership as of the close of business on the record date shall be deemed the Member of record.

## ARTICLE V

### MEMBERSHIP MEETINGS

5.1 Place of Meeting. Meetings of the Members shall be held within the Property or at such other reasonable place within the County and at such time as may be designated by the Board in the notice of the meeting.

5.2 Annual Meeting. There shall be an annual meeting of the Members in the month of February of each year. The exact date, time, and location of the meeting shall be established by the Board and set forth in the notice of meeting sent to the Members.

5.3 Special Meetings.

A. Persons Entitled To Call Special Meetings. A majority of the Board, the President, or 5 percent or more of the Members may call special meetings of the Members at any time to consider any lawful business of the Association.

B. Procedures for Calling Special Meetings Requested by Members. If a special meeting is called by Members, other than the Board of Directors or President, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, any Vice President, or the Secretary of the Association. The officer receiving the request shall cause notice to be given to the Members entitled to vote that a meeting

will be held, and the date, time, and purpose for such meeting, which date shall be not less than 10 nor more than 90 days following the receipt of the request. If notice of the meeting is not given within 20 days after receipt of the request, the persons requesting the meeting may give the notice.

#### 5.4 Notice of Members' Meetings.

A. Requirement That Notice Be Given. Notice of all regular and special meetings of the Members shall be sent in writing by first-class mail, postage prepaid or personally delivered in writing to each Member who is eligible to vote at the meeting. Notice shall be deemed given when deposited in the mail or personally delivered.

B. Time Requirements for Notice. The notice of membership meetings shall be given not less than 10 nor more than 90 days before the date of the meeting. If the notice is given by mail and the notice is not given by first-class, registered, or certified mail, the notice shall be given not less than 20 days before the meeting.

C. Minimum Requirements Regarding Content of Notice. The notice of any membership meeting shall specify the place, date, and hour of the meeting. In the case of a special meeting, the notice shall also state the general nature of the business to be transacted, and no other business may in that case be transacted at the special meeting. In the case of a regular meeting, the notice shall also describe those matters that the Board of Directors, at the time of giving the notice, intends to present for action by the Members; but any proper matter may be presented at the meeting for such action so long as a quorum is present.

D. Specification of Certain Significant Actions. If any action is proposed to be taken at any membership 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 or consent states the general nature of the proposal(s):

- (1) Removing a director without cause;
- (2) Filling vacancies on the Board of Directors under those circumstances where a vote of the Members is required pursuant to these Bylaws;
- (3) Amending the Articles of Incorporation of this Association, these Bylaws or the Declaration in any manner requiring approval of the Members;
- (4) Approving a contract or transaction between the Association and one or more of its directors, or between the Association and any corporation, firm, or association in which one or more of its directors has a material financial interest;
- (5) Approving any change in the Association's assessments in a manner requiring membership approval under the Declaration; or

(6) Voting upon any election to voluntarily terminate and dissolve the Association.

5.5 Telephonic Participation in Meetings. Members of the board or any committee the board designates may participate in a meeting of the board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence at such meeting.

5.6 Quorum Requirements.

A. Quorum Requirements Generally. The following quorum requirements must be satisfied in order to take valid action at any meeting of the Members or by written ballot in accordance with these Bylaws:

(1) Quorum. The quorum requirement for valid action on any proposal, except as otherwise specifically prescribed for a specific action in the Declaration, these Bylaws, or applicable legal authority, shall be at least fifty percent (50%) of the votes of the entire Membership.

(2) Reduction in Quorum Percentage for Adjourned Meetings. If the minimum quorum percentage is not satisfied, the meeting may be adjourned to another date, time, and/or place not more than forty-five (45) days after the initial meeting date and, at the reconvened meeting, the quorum percentage shall be reduced to twenty-five percent (25%) of the voting power of the Members. Notwithstanding the foregoing, quorum at an adjourned meeting shall be a majority of the Members for each of the following actions:

- (i) Recall of the Board of Directors, and
- (ii) Increases in Assessments.

B. Members Represented by Proxy. Members present at a membership meeting in person or by proxy shall be counted toward satisfaction of the quorum requirements specified herein.

C. Effect of Departure of Members From Meeting. The Members present in person or by proxy at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, so long as any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

5.7 Adjourned Meeting.

A. Adjournment Generally. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to another date, time, and/or place (but not for more than forty-five (45) days) by the vote of the majority of Members present at the meeting either in person or by proxy. Unless there is an absence of a quorum (in which case no business other than adjournment may be transacted), the members may take any action at the adjourned meeting that might have been transacted at the original meeting.

B. Notice Requirements for Adjourned Meetings. When a Members' meeting is adjourned to another time or place, notice need not be given of the new meeting if the date, time, and place are announced at the meeting at which the adjournment is taken.

## ARTICLE VI

### BOARD OF DIRECTORS

6.1 General Association Powers. Subject to the provisions of the California Nonprofit Corporation Law, the Davis-Stirling Common Interest Development Act (Civil Code Sections 1350-1373) and any limitations in any of the Governing Documents relating to action required to be approved by the Members, the business and affairs of the Association shall be vested in and exercised by the Association's Board of Directors. Subject to the limitations expressed in Article VIII, Section 8.2, the Board may delegate the management of the activities of the Association to any person or persons, management company, or committee, provided that notwithstanding any such delegation the activities and affairs of the Association shall continue to be managed and all Association powers shall continue to be exercised under the ultimate direction of the Board.

6.2 Number and Qualification of Directors. The Board of Directors shall consist of five (5) persons who shall be Owners of Units within the Property whose memberships are in good standing. "Good standing" means that all Assessments and related charges are current, the Owner is not in violation of the Governing Documents, and there are no outstanding fines against the Owner. Only one Owner per Unit shall be eligible to serve on the Board at any time.

6.3 Term of Office. The directors shall be elected at each annual meeting of members. All directors shall hold office until their successors are elected.

6.4 Nomination of Directors. Individuals can become candidates for election to the Board of Directors in any of the following ways:

A. Petition Procedure. A Member can become a candidate for election to the Board by filing with the Secretary a Candidate Nomination Form for his or her candidacy. Candidate Nomination Forms must be filed with the Secretary no later than 45 calendar days prior to the annual election.

B. Nominations From the Floor. Any Member present in person or by proxy at a meeting to elect directors may place names in nomination.

6.5 Determination of Election Results and Succession to Office. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected as directors and shall take office immediately following their election. **In the event there is a tie vote between those candidates who receive the lowest number of votes necessary to qualify the candidate for election, the tie shall be broken by lot.**

6.6 Vacancies on Board of Directors.

A. \_\_\_\_ Vacancies Generally. A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following: (i) the death, resignation, or removal of a director under paragraphs B, C and D below; (ii) an increase of the authorized number of directors; or (iii) the failure of the Members, at any meeting of Members at which any director or directors are to be elected, to elect the number of directors to be elected at such meeting.

B. \_\_\_\_ Resignation of Directors. Except as provided in this paragraph, any director may resign, and such resignation shall be effective on giving written notice to the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective.

C. \_\_\_\_ Authority of Board to Remove Directors. The Board of Directors shall have the power and authority to remove a director and declare his or her office vacant if he or she: (i) has been declared of unsound mind by a final order of court; (ii) has been convicted of a felony; (iii) has been found by a final order or judgment of any court to have breached any duty under Corporations Code Sections 7233 through 7236 (relating to the standards of conduct of directors) or the equivalent; (iv) fails to attend three (3) consecutive regular meetings of the Board of Directors that have been duly noticed in accordance with these Bylaws and California law; or (v) fails to meet the qualifications of a director.

D. \_\_\_\_ Removal of Directors by Members. Except as set forth in Section 6.6, paragraph C, only the Members may remove Directors from the Board as follows:

(1) Required Vote. Majority of a Quorum of the Members.

(2) Procedures. Any membership action to recall or remove a director shall be conducted in accordance with the following procedures:

(i) A petition must be presented in person to the president, vice president or secretary of the Association that carries the signatures of Members in good standing who represented at least five percent (5%) of the Voting Power of the Association. Such petition must set forth the reason(s) the petitioners are seeking the di-

rector's removal; the signature and Lot number(s) of each petitioner in his or her own handwriting; the name(s) of the sponsor(s) of the petition; and fulfill all other requirements required by law.

(ii) Within twenty (20) days after receipt of such petition, the Board shall either call a special meeting or announce the procedures for conducting a written ballot of the Members to vote upon the requested recall. Such meeting or written ballot shall be conducted not less than thirty five (35) nor more than ninety (90) days after the petition is presented. If the Board fails to set a date for, and give the Members notice of, such meeting or written ballot within twenty (20) days, the Members initiating the petition may call such meeting on their own initiative without Board approval or sanction.

(iii) The director whose removal is being sought shall have the right to rebut the allegations contained in the petition orally, in writing or both. If in writing, such rebuttal shall be mailed by the Association or otherwise provided to all Members, together with the recall ballot.

(iv) If the quorum requirement for a valid membership action is not satisfied or if the recall vote results in a tie, the removal action will have failed.

E. Filling Vacancies. Vacancies on the Board of Directors shall be filled by a majority vote of the remaining directors though less than a quorum, or by a sole remaining director unless the vacancy is created through removal of a director, in which case the vacancy shall be filled by the affirmative vote of a majority of the Members represented in person or by proxy at a duly held meeting of the Members (at which a quorum is present). The Members may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors by an election at a duly held meeting of the Members or written ballot. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected to the vacant director positions.

F. Reduction in Number of Directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

6.7 Supervision of Election Process. In order to insure secrecy of ballots and fairness in the conduct of director elections, the Board may utilize the services of inspectors of election (either one (1) or three (3), who must be independent Members) or the Association's legal counsel or a Certified Public Accountant, or any combination of same, to receive and tabulate the ballots (both absentee ballots and ballots cast in person by Members attending the meeting at which the election takes place). Any such persons retained to perform such services shall have the full powers and obligations of an inspector of elections appointed by the Board pursuant to *Corporations Code* Section 7614.

## ARTICLE VII

### BOARD MEETINGS

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

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. Notice of this meeting shall not be required.

7.3 Other Regular Meetings. Regular meetings shall be held at least monthly. Other meetings of the Board shall be held at such times as shall from time to time be fixed by the Board of Directors and communicated to the Board Members and Members.

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 any two Directors.

B. Notice of Special Meetings.

(1) Manner and Time of Giving. Notice of the time and place of special meetings of the Board shall be given to each Director at least four (4) days in advance of the meeting by first-class mail, postage prepaid, or by forty-eight (48) hours' notice delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means. All such notices shall be given or sent to the Director's address as shown on the records of the Association. Notwithstanding the foregoing, notice of 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.

(2) Notice Contents. The notice shall state the time, place, and general purpose of the meeting.

7.5 Attendance by Members.

A. Meetings Generally Open to Members. With the exception of executive sessions of the Board (see paragraph B below), any member of the Association may attend meetings of the Board of Directors, provided, however, that nondirector Members may speak at any Board meeting subject to a reasonable limit of time established by the Board.

B. 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. The Board must meet in executive session if requested by a Member who may be subject to the collection of delinquent assessments, a fine, penalty, or other form of discipline and the Member who is the subject of the disciplinary proceeding shall be entitled to attend the executive session. Any matter discussed in executive session shall be generally noted in the minutes of the meeting, taking into consideration the need to maintain confidentiality.

C. Board Meeting Minutes. The minutes, minutes proposed for adoption 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 30 days following the meeting. The minutes, proposed minutes, or summary of the minutes shall be distributed to any Member on request and on reimbursement of the Association's costs of making that distribution. Members shall be notified in writing at the time that the pro forma budget is distributed, or at the time of any general mailing to the entire membership, of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

D. Members' Right to Notice of Meetings. Members shall be given notice of the time and place of Board meetings, except for "emergency meetings," at least four (4) days prior to the meeting. Notice shall be given by posting the notice in a prominent place or places within the Common Area, by mail or by facsimile transmission. Notice may also be given by delivery of the notice to each Unit in the development, or by newsletter or similar means of communication. For purposes of this Section, an "emergency meeting" of the Board means a meeting called by the President or by any one Member of the Board under circumstances that could not have been reasonably foreseen that require immediate attention and possible action by the Board and that of necessity make it impracticable to provide prior notice to the Members as required by the Open Meeting Act.

7.6 Quorum Requirements. A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn. 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 enough Directors to constitute less than 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 is required by these Bylaws, by the Articles, or by law.

7.7 Adjournment. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the meeting is ad-

journed for more than twenty-four (24) hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the Directors who are not present at the time of the adjournment.

7.8 Compensation. Directors, Officers, and Members of Committees shall not be entitled to compensation for their services, although they may be reimbursed for such actual expenses as may be determined by resolution of the Board of Directors to be just and reasonable.

## ARTICLE VIII

### DUTIES AND POWERS OF THE BOARD

8.1 Specific Powers. Without prejudice to the general powers of the Board of Directors set forth in these Bylaws, and in the Declaration, 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, any 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 managers, attorneys and accountants, as it sees 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, the Common Facilities and roads within the Properties, and the personal conduct of the Members and their tenants and guests 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, except for ingress and egress; provided notice and a hearing are given.

E. Enforce all applicable provisions of the Governing Documents relating to the control, management, and use of the Units within the Property and the Common Areas, Common Facilities, and the roads within the Property.

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 Property which the Association is obligated to maintain, and to contract for water services for provision to the Units.

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 Properties 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.

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 recreational 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, financial reports 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.

N. Appoint such committees as it deems necessary from time to time in connection with the affairs of the Association.

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

P. Open bank accounts and borrow money on behalf of the Association and designate the signatories to such bank accounts. The Board shall have the power to pledge assessments in connection with borrowing funds and to make an assignment of assessments which are then payable or will become payable to the Association. The assignment shall allow the Association to continue to collect the assessments unless and until the Association shall default in the repayment of the loan for which the assignment is made.

Q. 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.

R. Enter Units as necessary, subject to the notice requirements 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, or to enforce the provisions of these Bylaws and the Declaration.

8.2 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, satellite dish television services and equipment, and telecommunications services and equipment all 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 5 percent 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 5 percent of the budgeted gross expenses of the Association for that year; provided, however, that this limitation shall not apply to the sale or other disposition of Units acquired by the Association in foreclosure proceedings.

D. Fill any vacancy on the Board of Directors created by the removal of a Director.

E. Impose a special assessment or to increase the regular assessment under circumstances requiring Member approval.

F. Amend these Bylaws (unless the Board is empowered pursuant to law to amend certain portions of the Bylaws without Members' consent), any Articles of Incorporation or the Declaration.

G. Grant a Member exclusive use of any portion of Common Area held by the Association in fee. The vote for transfer of Common Area for said use must be

done as proscribed by applicable law. The voting materials used must advise whether or not the Association will be compensated for granting the exclusive easement and whether the Member receiving the grant will be providing insurance coverage for the area in question. Notwithstanding anything to the contrary, membership approval is not needed under the following circumstances:

1. If the grant of an exclusive easement is to correct errors; or
- (2) If the grant of an exclusive easement is to transfer the responsibility of maintenance on "inaccessible" Common Area(s).

## **ARTICLE IX**

### **OFFICERS**

9.1 Officers. The Officers of the Association shall be a President, a Vice President, a Secretary and a Chief Financial Officer or Treasurer. The Association may also have, at the discretion of the Board, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 9.2. One person may hold two or more offices, except that neither the Secretary nor the Treasurer may serve concurrently as President.

9.2 Election of Officers. Except as otherwise provided herein, the Officers of the Association shall be chosen annually by majority vote of the Board at its first regular meeting following the annual meeting of the Members or the election of Directors, and each shall hold his or her office until he or she shall resign or shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified.

9.3 Removal of Officers. Any Officer may be removed by the Board with or without cause, at any duly noticed regular or special meeting of the Board.

9.4 Resignation of Officers. Any Officer may resign at any time by giving written notice to the Board, or to the President, or to the Secretary. Any 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, acceptance of such resignation shall not be necessary to make it effective.

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

9.6 President. The President shall be elected by the Board from among the Directors. He or she 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. He or she shall preside at all meetings of the Board, and shall have the general power and duties of management usually vested in the office of President of a corporation, together with such other powers and duties as may be prescribed by the Board or the Bylaws.

9.7 Vice President. The Vice President shall be elected by the Board from among the Directors. 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. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

9.8 Secretary. The Secretary shall be elected by the Board from among the Directors. 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. The Secretary shall keep, or cause to be kept, appropriate current records showing the Members of the Association, together with their addresses. He or she shall give, or cause to be given, notice of all meetings of the Board required by the Bylaws or by law, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws.

9.9 Chief Financial Officer or Treasurer. The Chief Financial Officer shall be elected by the Board from among the Directors. 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 properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The Treasurer shall deposit 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. He or she shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of all of his or her transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws. 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 his or her office and for restoration to the Association of all its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from office.

9.10 Code of Ethics: Duty of Care. It is prudent to recognize that the interests of  
of  
the Members require their Units to be protected, their Association united and the value and enjoyment of their property assured. Members require their properties to be properly maintained, they expect a healthful living environment, they anticipate the Board of

Directors will function efficiently and effectively and provide a financially sound organization.

Accordingly, the services provided by the Board of Directors require honesty, impartiality, fairness and equity, and must be dedicated to the protection of the public health, safety, and welfare. The Board of Directors must perform under a standard of professional behavior that requires adherence to the highest principles of ethical conduct. These expectations impose solemn obligations beyond those of day-to-day living. They impose serious social responsibilities and a devoted duty to which "Board Members" should dedicate themselves, and for which they should be diligent in preparing themselves. Board Members, therefore, must be eager to maintain and improve the standards of their calling and share with their fellow homeowners a common responsibility for its integrity and honor.

In recognition and appreciation of their obligations to the Members, Boards of Directors must continuously strive to become and remain informed on issues affecting the Members and the Association and, as knowledgeable semi-professionals, they willingly share the fruits of their experience and interaction with the Members. They identify and take measures, through enforcement of this Code of Ethics and by assisting appropriate regulatory bodies, to eliminate practices which may damage the Members or which might discredit or bring dishonor to community association living. Board members having direct personal knowledge of conduct that may be in violation of the Code of Ethics involving misappropriation of Association funds or property, willful discrimination, or fraud resulting in substantial economic harm, bring such matters to the attention of the appropriate authority, Board of Directors or the Association of Homeowners.

The term "Board of Directors" has come to indicate competency, fairness, and high integrity resulting from adherence to a proud ideal of moral conduct in association and business relations. No inducement of self-benefit or profit and no instruction from homeowners or residents ever can justify departure from this ideal. In the interpretation of this responsibility, Boards of Directors can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule, "Whatever ye would that others should do to you, do ye even so to them." Accepting this standard as their own, Boards of Directors pledge to observe its spirit in all of their decisions and to conduct the business of the Association in accordance with the creed set forth below.

A. Duties to Members and Association. When representing the homeowners, Boards of Directors pledge themselves to protect and promote the interests of the Members and Association. This obligation of absolute fidelity to the Association's interests is primary, but it does not relieve Board of Directors of their obligation to treat all parties fairly and honestly. When serving a Member, resident or other party, Boards of Directors remain obligated to treat all parties fairly and honestly, and adhere to the following duties of care:

(1) Board of Directors shall remain obligated by the duties imposed by this Section 9.10, which shall be known as the "Code of Ethics".

(2) The duties the Code of Ethics imposes are applicable when Boards of Directors are acting in a legally recognized capacity except that any duty imposed exclusively by law or regulation shall not be imposed by this Code of Ethics on Boards of Directors acting in their capacity.

(3) The obligation of the Board of Directors to preserve confidential information as defined by state law regarding the Members in the course of their relationship recognized by law continues after termination of the relationship. The Board of Directors shall not knowingly, during or following the termination of professional relationships with the Members or other residents: 1) reveal confidential information of the Members or other residents; or 2) use confidential information of the Members or other residents to the disadvantage of the Members or other residents.

(4) The Board of Directors shall, consistent with the generally accepted duties of their office, competently manage the Association's Properties with due regard for the rights, responsibilities, benefits, safety and health of residents and others lawfully on the Properties.

(5) The Board of Directors shall exercise due diligence and make reasonable efforts to protect the investment property of the Members and the Association against reasonably foreseeable contingencies and losses.

(6) When entering into contracts or agreements, Boards of Directors shall exercise due diligence and care to protect the Association.

(7) The Board of Directors shall not accept any commission, rebate, or profit in any way on expenditures or activities made for and in behalf of the Association. When recommending services or products such as homeowner's insurance, projects, maintenance or landscape contracts, Boards of Directors shall disclose any financial benefits or fees that may be derived from such activities.

(8) The Board of Directors shall not recommend or suggest to the Association the use of services of another organization or business entity in which they have a direct interest without disclosing such interest at the time of the recommendation or suggestion.

(9) The Board of Directors Members shall disclose to the Association if there is any financial benefit or fee the Board Member or its company or firm may receive as a direct result of having recommended services.

(10) The Board of Directors shall keep in a special account, in an appropriate and insured financial institution, separate and exclusive from their own funds, monies coming into their possession or control for the Association, such as homeowner's dues or other monies, and like items.

(11) The Board of Directors, for the protection of all parties, shall assure whenever possible that contracts or agreements shall be in writing, and shall be in clear and understandable language expressing the specific terms, conditions, obligations and commitments of all the parties.

(12) The Board of Directors shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, or national origin. Boards of Directors shall not be parties to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status, or national origin. Boards of Directors shall not volunteer or provide information regarding the racial, religious or ethnic composition of any homeowner or resident.

(13) The Board of Directors shall not undertake to provide specialized professional services concerning matters or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of matters or service.

(14) If charged with practice or asked to present evidence or to cooperate in any other way, in any professional standards proceeding or investigation, the Board of Directors shall place all pertinent facts before the proper tribunals or council and shall take no action to disrupt or obstruct such processes.

(15) The Board of Directors shall not knowingly or recklessly make false or misleading statements about Members or other residents.

(16) The Board of Directors shall not engage in any practice or take any action inconsistent with the Association.

B. Code of Ethics: Construction with Current Law. While this Code of Ethics establishes obligations that may be higher than those mandated by law, in any instance where the Code of Ethics and the law conflict, the obligations of the law must take precedence.

## **ARTICLE X**

### **COMMITTEES**

10.1 Committees of Directors. In addition to any committees required by these Bylaws and the Declaration, the Board may, by resolution adopted by a majority of the Directors then in office, designate one or more committees, each consisting of two or more Members (who may also be Directors), to serve at the pleasure of the Board. Committees 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 Non-profit 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 without prior Board approval.
- 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 or any person in which one or more of its Directors have a material financial interest.

10.2 Meetings and Actions of Committees. Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of these Bylaws, concerning meetings of Directors, with such changes in the context of those Bylaws 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 special meetings of committees shall also be given to any and all alternate 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 Secretary and placed in the Association's records. The Board of Directors may adopt rules not inconsistent with the provisions of these Bylaws for the governance of any committee.

10.3 Effect of Committee Actions. Unless otherwise expressly provided in the Governing Documents or in the 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 for affirmation, rescission, or modification, as the Board in its discretion deems appropriate.

## ARTICLE XI

### ASSOCIATION FINANCES

11.1 Checks. All checks or demands for money and notes of the Association shall be signed by the President and Treasurer, or by such other Officer 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 at least two Directors.

11.2 Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all Regular and Special Assessments as fixed and determined for all Members. Disbursements from such account shall be for the general need of the Association's operation including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the Property.

11.3 Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes, including "Reserve Accounts" and the equivalent for replacement of capital improvements. All Association books of account shall be maintained in accordance with generally accepted accounting principles.

11.4 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:

A. Budget. A pro forma operating budget for each fiscal year shall be distributed to Members not less than **30** days nor more than **90** days prior to the beginning of the fiscal year;

(1) In lieu of distributing the complete pro forma operating budget as specified above, the Board of Directors may elect to distribute a summary of the budget to the Members (within the time limits provided above), together with a notice that the complete budget is available at the Association's principal office and that copies will be furnished, upon request, to any Member at the Association's expense. If a Member requests a copy of the complete budget, the Association shall mail the material, via first-class mail, within five business days. The notice required hereunder shall be presented on the front page of the summary of the budget in at least 10-point bold type.

B. Year-End Report. Within 120 days after the close of the fiscal year, a copy of the Association's year-end report shall be distributed to Members.

(1) A review of the financial statement of the Association shall be prepared in accordance with generally accepted accounting principles by a licensee of the State Board of Accountancy for any fiscal year in which the gross income of the Association exceeds \$75,000. If the annual report is not prepared by such a licensee, it shall be accompanied by the certificate of an authorized Officer of the Association that the statement was prepared without an audit from the books and records of the Association.

C. Review of Accounts. On no less than a quarterly basis, the Board of Directors shall:

(1) Review a current reconciliation of the Association's operating accounts;

(2) Review a current reconciliation of the Association's reserve accounts;

(3) Review the current year's actual reserve revenues and expenses compared to the current year's budget;

(4) Review the Association's latest account statements prepared by the financial institution(s) with whom the operating and reserve accounts are lodged; and

(5) Review the Association's income and expense statement for the operating and reserve accounts.

To the extent one document provides the information required in more than one of the above listed items, any such requirements listed above may be satisfied by reviewing the same document.

11.5 Required Reserve Studies. At least once every three years, the Board must have a study of the reserve account requirements of the Association conducted if the current replacement value of the major components that the Association is obligated to repair, replace, restore, or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year. The Board shall also review any reserve study required under this section on an annual basis 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 under this section shall include the minimum requirements of Civil Code Section 1365.5 or comparable superseding statute(s).

11.6 Notification to Members of Insurance Coverage Maintained by Association.

A. Scope of Required Summary Disclosures. In accordance with Civil Code Section 1365 and at the times specified in paragraph C below, the Association shall prepare and distribute to its Members a summary of the general liability and property insurance maintained by the Association. In addition, if the Association also maintains a policy of earthquake, fidelity or flood insurance, a summary of that insurance shall also be provided to the Members. As to all types of insurance coverage, the disclosure shall include the name of the insurer, the type of coverage, the policy limits of the insurance and the amount of deductibles, if any.

The summary shall contain the following statement in at least 10-point bold type:

**"This summary of the Association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 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."**

B. Use of Policy Declaration Page to Comply With Summary Disclosure Requirements. 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.

C. Times When Insurance Summaries Must Be Provided. The summary information required by this section shall be provided to each Member of the Association at the following times:

(1) With the first newsletter, annual budget or financial disclosure, or other general mailing to all Members by the Association following the adoption of these Bylaws;

(2) As soon as reasonably practical by first-class mail following any lapse or cancellation of the policies which are not immediately renewed, restored or replaced or if there is a significant change in any of the Association's policies, such as a reduction in coverage or an increase in the deductible.

(3) Each year, within sixty days preceding the beginning of the Association's fiscal year.

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

D. Manner of Delivery of Insurance Summaries and Cancellation Notices. Any insurance summary or summaries delivered pursuant to these Bylaws or pursuant to the law shall be mailed by prepaid first-class mail or personally delivered to each Member. All mailings shall be to the Members at their respective addresses as shown in the books and records of the Association.

## ARTICLE XII

### OTHER REQUIRED DISCLOSURES TO MEMBERS

12.1 Other Required Reports and Disclosures. As required by law, the following reports and/or disclosures, in addition to those set forth in Article XI above and the *Civil Code*, shall be made or provided to the Members in compliance with the deadlines set forth below.

A. Annual Statement of Association's Collection Policy.

(1) The Board of Directors shall annually distribute, within 60 days prior to the beginning of the fiscal year, a statement describing the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Regular and Special Assessments, including the recording and foreclosing of liens against Members' units.

(2) The Association shall distribute the written notice described in *Civil Code* Section 1365.1(b), and any comparable superseding statutes, all as may be amended from time to time, to each member of the Association during the 60-day period immediately preceding the beginning of the Association's fiscal year. The notice shall be printed in at least 12-point type.

B. Alternative Dispute Resolution (ADR) Disclosure. On an annual basis, the Board shall provide each Member a summary of the provisions of *Civil Code* Section 1369.510-590. The summary shall be provided to the Members as part of the budget materials sent to the Members.

C. Disclosure of Schedule of Fines or Other Monetary Penalties. If the Association adopts a schedule of fines for commonly recurring infractions of the Governing Documents or any other policy imposing a monetary penalty or a fee on any Member for violation of any Governing Document or the Association Rules, including any monetary penalty relating to the activities of a tenant, guest or invitee of a Member, the Board shall distribute the schedule or policy to the Members by either personal delivery or by first-class mail. This distribution obligation shall arise whenever such a schedule or policy is adopted or subsequently amended.

D. Internal Dispute Resolution Procedure. On an annual basis, the Board shall provide each Member a copy of the internal dispute resolution procedure adopted by the Association, if any, and the following resolution disclosure pursuant to *Civil Code* Section 1369.590:

“Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 1369.520 of the Civil Code may result in the loss of your right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.”

The summary shall be provided to the Members as part of the budget materials sent to the Members.

## **ARTICLE XIII**

### **ENFORCEMENT OF GOVERNING DOCUMENTS**

#### **13.1 Association’s Authority to Enforce Governing Documents.**

A. Member Compliance. Any Director, Officer, or agent of the Association, including a property manager, has the authority to demand, orally or in writing, that the Owner bring himself/herself into compliance with the Governing Documents.

B. Notwithstanding, when the Board of Directors is to meet to consider or impose discipline upon a Member, the Board shall notify the Member in writing, by either personal delivery or first-class mail, at least ten (10) days prior to the meeting. The notification shall contain, at a minimum, the date, time, and place of the meeting, the nature of the alleged violation for which a Member may be disciplined, and a statement that the Member has a right to attend and may address the Board at the meeting.

The Board of Directors of the Association shall meet in executive session if requested by the Member being disciplined.

C. If the Board imposes discipline on a Member, the board shall provide the Member a written notification of the disciplinary action, by either personal delivery or first-class mail, within fifteen (15) days following the action. A disciplinary action shall not be effective against a Member unless the Board fulfills the requirements of Civil Code Section 1363(h).

## ARTICLE XIV

### MISCELLANEOUS

#### 14.1 Inspection of Books and Records.

A. Member Inspection Rights. Any Member or his or her duly appointed representative may inspect or copy all Association books, records and documents pursuant to applicable statute. Inspection or copying of such documents shall be during reasonable business hours, at the designated offices of the Association, for any purpose reasonably related to the Member's interest. Members shall make a written request on the Association, which request shall state the purpose for which the inspection or copying rights are requested and the person designated by the Member to inspect and/or copy the records on the Member's behalf, if any.

The Association may charge the requesting Member for its actual, reasonable costs for copying and mailing the requested documents. The Association shall inform the Member of the amount of copying and mailing costs, and the requesting Member shall agree in writing, before sending the requested documents.

The Association may withhold or redact information from the requested documents if the information being redacted is privileged by law, or if the release of information is reasonably likely to lead to identity theft or fraud in connection with the Association, or for any other reason as enumerated by applicable statute.

B. Director Inspection Rights. Every Director shall have an absolute right at any reasonable time to inspect all books, records, documents, and minutes of the Association, except for Members' Ballots, and the physical properties owned by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

C. Adoption of Reasonable Inspection Rules. The Board of Directors may establish reasonable rules with respect to: (i) notice of inspection; (ii) hours and days of the week when inspection may be made; and (iii) payment of any and all costs of reproducing copies of documents requested by the Member.

14.2 Parliamentary Procedure. Meetings of the Members shall be conducted in accordance with a recognized system of parliamentary procedure or any parliamentary procedures the Association may adopt.

14.3 Amendment or Repeal of Bylaws by Members. Except as otherwise expressly provided herein, these Bylaws may be amended or repealed, and new Bylaws adopted, only by the affirmative vote or assent by written ballot of a majority of the eligible voting power of the Members of the Association.

14.4 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 Declaration and California Nonprofit Corporation Law shall govern the construction of these Bylaws and therefore be incorporated herein. Without limiting the generality of the above, the masculine gender includes the feminine 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.

14.5 Fiscal Year. The fiscal year of the Association shall be a calendar year unless and until a different fiscal year is adopted by the Board.

## **ARTICLE XV**

### **INDEMNIFICATION**

#### 15.1 Indemnification.

A. Indemnification of Association. Each Owner shall be liable to the Association for any damage to the Common Areas caused by the negligence or willful misconduct of the Owner or his or her family, guests, invitees or lessees, to the extent that the damage shall not be covered by insurance. Each Owner shall indemnify, hold harmless, and pay any costs of defense of each other Owner from claims for personal injury or property damage occurring within any Unit owned by the indemnitor, provided that this protection shall not extend to any indemnitee whose negligence or willful misconduct caused or contributed to the injury or damage. This section is not intended to be for the benefit of any insurer and shall not affect nor limit the duty of any insurer to pay any claim which would be payable by said insurer but for this section.

B. Indemnification by Association of Directors and Officers, Employees, and Other Agents. To the fullest extent permitted by law, the Association shall indemnify its Directors and Officers, employees, and other agents described in Corporations Code section 7237, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in

that section and including an action by or in the right of the Association, by reason of the fact that such person is or was a person described in that section. "Expenses," as used in this section, shall have the same meaning as in Corporations Code section 7237(a).

C. Approval of Indemnity by Association. On written request to the Board by any person seeking indemnification hereunder, the Board shall promptly determine in accordance with Corporations Code section 7237(e), whether the applicable standard of conduct set forth in Corporations Code section 7237(b) or section 7237(c) has been met, and if it has, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to the proceeding, the Board shall promptly call a meeting of Members. At that meeting, the Members shall determine under Corporations Code section 7237(e) whether the applicable standard of conduct set forth in Corporations Code section 7237(b) or section 7237(c) has been met, and if it has, the Members present at the meeting in person or by proxy shall authorize indemnification.

D. Advancement of Expenses. To the fullest extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a Director, Officer, employee or agent seeking indemnification under paragraphs (b) and (c) of this section 13.1 in defending any proceeding covered by those sections shall be advanced by the Association before final disposition of the proceeding, on receipt by the Association of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Association for those expenses.

## **ARTICLE XVI**

### **INCONSISTENCIES WITH DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

In the event there is an inconsistency or contradiction between these Bylaws and the Declaration of Covenants, Conditions and Restrictions for this Project, the Declaration will supercede; provided, however, to the extent the Declaration contains language contrary to existing law, the Declaration shall not be utilized.

