

AMENDED AND RESTATED BY-LAWS

OF

RIVERSIDE SUN CITY  
HOMEOWNERS ASSOCIATION

A Planned Development

## TABLE OF CONTENTS

ARTICLE 1 – NAME, LOCATION, PURPOSE AND APPLICABILITY .....	1
1.1 Name .....	1
1.2 Principal Office .....	1
1.3 Applicability .....	1
1.4 Purpose .....	1
1.5 Conflicts .....	1
ARTICLE 2 – DEFINITIONS .....	2
ARTICLE 3 – MEMBERSHIP .....	2
3.1 Membership .....	2
3.2 Membership and Residency Rights and Privileges .....	2
3.3 Limitation on Membership Rights and Privileges .....	2
ARTICLE 4 – MEETINGS OF MEMBERS .....	3
4.1 Place of Meetings and Elections .....	3
4.2 Conduct of Meetings .....	3
4.3 Annual Meetings .....	3
4.4 Special Meetings .....	3
4.5 Notice of Meetings .....	3
4.6 Quorum .....	5
4.7 Adjustment of Voting Power and Quorum .....	6
4.8 Record Date for Notice of Meetings .....	6
4.9 Record Date for Eligibility to Vote .....	6
4.10 Record Date for Eligibility to Cast Written Ballot .....	7
4.11 Record Date for Exercise of Other Rights .....	7
ARTICLE 5 – VOTING RIGHTS AND ELECTIONS .....	7
5.1 Membership Class; Voting Rights .....	7
5.2 Exercise of Voting Rights .....	7
5.3 Proxies Permitted .....	8
5.4 Ballots .....	8
5.5 Election Hours .....	8
5.6 Election Called by Member Petition .....	9
ARTICLE 6 – CANDIDATE NOMINATION AND BOARD ELECTIONS .....	10
6.1 Nominating Committee .....	10

6.2	Nomination of Candidates .....	10
6.3	Election of Directors .....	10
6.4	Inspectors of Elections .....	11
ARTICLE 7 – BOARD OF DIRECTORS .....		12
7.1	Number; Eligibility .....	12
7.2	Term .....	12
7.3	Removal .....	13
7.4	Resignation of Directors .....	14
7.5	Return of Association Materials .....	14
7.6	Filling Vacancies .....	14
7.7	Compensation .....	15
ARTICLE 8 – MEETINGS OF DIRECTORS .....		15
8.1	Regular Meetings .....	15
8.2	Special Meetings .....	15
8.3	Emergency Meetings .....	15
8.4	Waiver of Notice .....	16
8.5	Organizational Meeting .....	16
8.6	Quorum .....	16
8.7	Member Attendance at Board Meetings .....	16
8.8	Executive Session .....	17
8.9	Action Without a Meeting .....	17
8.10	Meeting by Telephone .....	17
8.11	Adjournment .....	17
8.12	Board Deliberation Regarding Member Discipline .....	18
8.13	Meeting Minutes .....	18
ARTICLE 9 – POWERS AND DUTIES OF THE ASSOCIATION AND BOARD OF DIRECTORS .....		18
9.1	Powers of the Association .....	18
9.2	Powers of the Board .....	18
9.3	Limitations on Powers .....	21
9.4	General Duties of the Board .....	22
9.5	Financial Documentation; Preparation, Reporting and Review Responsibilities of the Board .....	23
9.6	Disciplinary Actions Against Owners .....	24

ARTICLE 10- OFFICERS .....	26
10.1 Enumeration and Qualification of Officers .....	26
10.2 Other Officers .....	26
10.3 Appointment of Officers .....	26
10.4 Term of Officers .....	26
10.5 Resignation and Removal of Officers .....	27
10.6 Return of Association Materials .....	27
10.7 Vacancies in Offices .....	27
10.8 Duties .....	27
10.9 Compensation .....	29
10.10 Delegation .....	29
ARTICLE 11 - COMMITTEES .....	29
11.1 Formation .....	29
11.2 Reports and Records .....	29
ARTICLE 12 - BOOKS AND RECORDS .....	30
12.1 Required Books and Records .....	30
12.2 Manner of Keeping Minutes and Other Records .....	30
12.3 Inspection by Members .....	30
12.4 Inspection by Directors .....	31
ARTICLE 13 - NON-LIABILITY AND INDEMNIFICATION .....	31
13.1 Definition of Agent .....	31
13.2 Non-liability .....	31
13.3 Indemnification .....	31
13.4 Approval by Board .....	32
13.5 Payments .....	32
13.6 Insurance .....	32
ARTICLE 14 - ASSESSMENTS .....	32
ARTICLE 15 -AMENDMENTS .....	33
15.1 Amendment By Member Vote .....	33
15.2 Amendment by Board Vote .....	33
15.3 Effect of Contrary Law .....	33
15.4 Effective Date of Amendment .....	34

**AMENDED AND RESTATED BY-LAWS OF RIVERSIDE SUN CITY  
HOMEOWNERS ASSOCIATION**

**ARTICLE 1 - NAME, LOCATION, PURPOSE, AND APPLICABILITY**

1.1 Name. The name of this corporation is Riverside Sun City Homeowners Association ("Association").

1.2 Principal Office. The principal office of the Association shall be located in Riverside County, California, or within a reasonable distance from said County. The Board shall have the full power and authority to change the principal office of the Association from one location to another for a proper business purpose. Any such change shall be adopted by a resolution of the Board and noted in the meeting minutes.

1.3 Applicability. These By-laws are applicable to the residential planned development known as Riverside Sun City Homeowners Association ("Development"), located in the City of Menifee, County of Riverside, State of California. These By-laws are also applicable to all Members of the Association and all tenants, guests, family members, employees, and other persons who use the facilities of the Development in any manner. These By-laws amend and restate, in their entirety, the By-laws approved by the Association's developer in or about 1985 and any amendments thereto.

1.4 Purpose. The specific and primary purposes of this corporation are to establish, own, operate, maintain and manage community recreational facilities of the Association and to provide for, promote and protect the general and social welfare and interest of the Members and residents of the Association, including its establishment and continuation as a senior housing development as provided in the Association's recorded Declaration.

1.5 Conflicts. If there is any conflict between the Articles and these By-laws, the Articles shall control, and if there is any conflict between the Declaration and these By-laws, the Declaration shall control.

## ARTICLE 2 - DEFINITIONS

Unless otherwise defined herein, capitalized terms or words used in these By-laws shall have the definitions found in the Association's recorded Declaration

Statutes or administrative regulations that are shown in brackets at the beginning of a section or paragraph in these By-laws are intended to show that the respective section or paragraph is based on the particular statute or administrative regulation referred to in the brackets. Unless otherwise noted, all references are to statutes and administrative regulations of the State of California. Any issues not addressed expressly by the Governing Documents of the Association shall be controlled by relevant provisions of the Corporations Code, the Civil Code, and by judicial interpretations of those Codes, as may be applicable.

## ARTICLE 3 - MEMBERSHIP

3.1 Membership. As provided in the Declaration, ownership of a Lot shall be the sole qualification for Membership in the Association. Every Owner, upon becoming an Owner, shall automatically become a Member of the Association. There shall be only one membership per Lot owned. All memberships shall be appurtenant to the Lot conveyed and cannot be transferred, assigned, conveyed, hypothecated, pledged or alienated except as part of a transfer of the Owner's entire ownership interest. Any transfer of the Owner's title to his or her Lot shall automatically transfer the appurtenant membership to the party to whom the Lot is conveyed.

3.2 Membership and Residency Rights and Privileges. Memberships are issued only to the Owner of a Lot. Members who are not residents are not entitled to use of the Association's recreational facilities and equipment.

3.3 Limitation on Membership Rights and Privileges. No Member shall have the right, without the prior approval of the Board, to exercise any of the powers or to perform any of the acts delegated to the Board by the Governing Documents. Furthermore, Members may be disciplined by limiting or suspending the Member's rights and privileges, as provided in Section 9.6 hereof.

## ARTICLE 4 – MEETINGS OF MEMBERS

4.1 Place of Meetings and Elections. [Corp. Code §§7510(a) and 7511.] All meetings of the Members and elections shall be held at a place designated by the Board. If no meeting place is designated or unless unusual conditions exist, the meetings shall be held in the Association's clubhouse located at 26111 Sunnywood Street, Menifee, California. If a meeting or election day falls upon a legal holiday, then that meeting or election shall be held at the same time on the next day which is not a legal holiday. The Board may establish reasonable rules and procedures for the conduct of membership meetings and elections.

4.2 Conduct of Meetings. [Civ. Code §§5100 through 5130.] At membership meetings, no matter may be presented from the floor of the meeting for a vote of the Members, either by the Board or by any Member, if said matter requires the Members to vote thereon by secret ballot per Civil Code Section 5100. Non-substantive matters may be the subject of voice votes and include votes such as approval of minutes of past meetings, closing or limiting debate, adjournment, and other matters affecting meeting procedures.

4.3 Annual Meetings. [Corp. Code §7510(a) and (b)] The annual meeting of the Members shall be held on a date and time established by the Board.

4.4 Special Meetings. [Corp. Code §§7151(e) and 7510(e)] Special meetings of the Members may be called for any lawful purpose by a majority of a quorum of the Board, the President of the Association, or by a written request signed by Members representing at least five percent (5%) of the total voting power of the Members. The special meeting shall be held on a date to be scheduled by the Board that is not less than thirty-five (35) nor more than ninety (90) days after adoption of the resolution or receipt of the request by an officer of the Association. Only that business stated in the notice of meeting given pursuant to Section 4.5 of these By-laws shall be transacted at the special meeting.

4.5 Notice of Meetings. [Corp. Code §7511(a) and (b)] The Secretary of the Association shall give written notice of any Members' meeting or any election to each Member of record in accordance with the following:

4.5.1 Except as otherwise provided in this Article, the notice shall be given at least ten (10) but not more than ninety (90) days before the meeting or election by first-class mail or by personal delivery. A notice of meeting may be combined in a mailing with a secret ballot distributed in accordance with the requirements of Civil Code Sections 5100 through 5130.

4.5.2 The notice shall be addressed to the Member at the address appearing on the books of the Association or the address supplied by the Member to the Association for this purpose. If there is no such address, the Member's address shall be deemed to be the Property address of the Member's Lot. The notice may be placed in a newsletter or other written communication from the Association. If more than one Member has the same address as provided above, the Association may send one notice to that address that shall be considered joint notice to all the Members at that address.

4.5.3 The notice shall state the place, date and time of the meeting or election. The notice shall also state those matters that the Board, or anyone else, intends to present for a Member vote at the time the notice is given.

4.5.4 [Corp. Code §7510(e).] In the case of a special meeting which is called by Members pursuant to Section 4.4 of these By-laws, the notice shall be given by the Board within twenty (20) days after receipt of the request for the meeting. If that twenty (20) day requirement is not satisfied, the Members who called the meeting may give the notice.

4.5.5 [Corp. Code §7510(f).] Any approval of the Members required for those items listed below, other than unanimous approval by those entitled to vote, shall be valid only if the general nature of the matter to be voted upon was stated in the notice of meeting or election or set out in a ballot distributed pursuant to Civil Code Sections 5100 through 5130.

- (a) Removing a Director without cause pursuant to Section 7.3.2 of these By-laws or Corporations Code Section 7222;



(b) Filling Director vacancies pursuant to Section 7.6 of these By-laws or Corporations Code Section 7224;

(c) Entering into or approving a contract or transaction between the Association and one (1) or more of the Directors or between the Association and any entity in which one (1) or more of the Directors has a material financial interest, except as allowed by Corporations Code Section 7233;

(d) Amending the Articles of Incorporation in accordance with Corporations Code Section 7812;

(e) Electing to dissolve the Association by approval of a majority of all Members or by approval of both the Board and Members pursuant to Corporations Code Section 8610;

(f) Any plan requiring membership approval to distribute the Association's assets on dissolution pursuant to Corporations Code Section 8719.

4.5.6 An affidavit or certificate of the mailing or other means of giving any notice of any Members' meeting may be executed by the Secretary and, if so executed, shall be filed with the corporate records or made a part of the minutes of the meeting. Such affidavit or certificate shall constitute prima facie evidence of the giving of notice.

4.6 Quorum. [Corp. Code §7512.] At any meeting or election, the presence of Members, either in person at a meeting or by absentee ballot at an election, entitled to cast at least twenty-five percent (25%) of the voting power of Members shall constitute a quorum for any action except as otherwise provided in the Articles, these By-laws, or the Declaration. ("Voting power" means the total number of votes eligible to be cast based upon one vote per Lot, less the votes of any Lots whose voting rights have been suspended.) As required by Corporations Code Section 7512(b), the only matters that may be voted upon at any election are matters the general nature of which was given in the notice of the election.

If a quorum is not present at a duly called meeting, a majority of the voting power of the Members actually present in person may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the meeting date, but no other business may be transacted. Provided that the date, time and place of the adjourned meeting is announced at the original meeting, the adjourned meeting may be held without additional written notice. If no such announcement is made or if the selected date is changed after adjournment, notice of the time and place shall be given to Members in the manner provided in Section 4.5 of these By-laws.

4.7 Adjustment of Voting Power and Quorum. For purposes of establishing a quorum and determining the total voting power of the Association, if a Member's voting rights are suspended as provided in the Governing Documents, the total voting power of the Association shall be reduced for the period of time for which the suspension is in effect by an amount equal to the number of Members whose membership voting rights have been suspended.

4.8 Record Date for Notice of Meetings. [Corp. Code §7611(a).] The Board may fix, in advance, a date as the record date for the purpose of determining the Members entitled to notice of any meeting of the Members. Such record date shall not be more than ninety (90) nor less than ten (10) days before the date of the meeting. If no record date is fixed, Members, at the close of business on the business day preceding the day on which notice is given or, if notice is waived, at the close of business on the business day preceding the day on which the meeting is held, are entitled to notice of a meeting of Members. A determination of Members entitled to notice of a meeting of Members shall also apply to any adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting.

4.9 Record Date for Eligibility to Vote. [Corp. Code §7611(b).] The Board may fix, in advance, a date as the record date for the purpose of determining the Members entitled to vote at a meeting of the Members. Such record date shall not be more than sixty (60) days before the date of the meeting. If no other record date is fixed and ballots are distributed pursuant to Civil Code Sections 5100 through 5130, Members who are otherwise eligible to vote on the business day immediately prior to the date of distribution of such ballots shall be entitled to vote.

4.10 Record Date for Eligibility to Cast Written Ballot. [Corp. Code §7611(c).] The Board may fix, in advance, a date as the record date for the purpose of determining the Members entitled to cast a written ballot in lieu of holding a meeting of Members. Such record date shall not be more than sixty (60) days before the day on which the first written ballot is mailed or solicited. If no other record date is fixed and ballots are distributed pursuant to Civil Code Sections 5100 through 5130, Members who are otherwise eligible to vote on the business day immediately prior to the date of distribution of such ballots shall be entitled to vote.

4.11 Record Date for Exercise of Other Rights. [Corp. Code §7611(d).] The Board may fix, in advance, a date as the record date for the purpose of determining the Members entitled to exercise any rights in respect to any other lawful action. Such record date shall not be more than sixty (60) days prior to such other action. If no record date is fixed, Members at the close of business on the day the Board adopt the resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later, are entitled to exercise such rights.

## ARTICLE 5 – VOTING RIGHTS AND ELECTIONS

5.1 Membership Class; Voting Rights. The Association shall have one class of membership, and the rights/duties, obligations and privileges of the Members shall be as set forth in the Governing Documents. Each Lot owned will be entitled to cast one (1) vote for each matter presented to the membership, subject to the provisions set forth in the By-laws and in the Corporations Code.

5.2 Exercise of Voting Rights. Members shall have the power to exercise their voting rights as set forth in these By-laws, subject to the following provisions:

5.2.1 Fractional votes shall not be allowed.

5.2.2 [Corp. Code §5034.] Any provision of the Governing Documents which requires the approval of a specified percentage of the voting power of the Association shall require the approval of the specified percentage of the voting power of the membership. If no percentage of the voting power is specified in the Governing Documents or By laws, approval by a majority of the voting power of those Members voting, so long as a

quorum is present or represented at the election, shall constitute approval.

5.2.3 [Corp. Code §5056.] For purposes of exercising membership rights and privileges and incurring membership obligations, if a Member is a corporation, any Director, officer, employee or agent authorized by the corporation may exercise the membership rights and privileges attributable to the corporation. If a Member is a trust, any trustee may exercise the membership rights and privileges attributable to the trust or as otherwise authorized by the trustee. If a Member is a partnership, any general partner may exercise the membership rights and privileges attributable to the partnership or as otherwise authorized by the partnership. If a Member is any other entity other than a human being, that entity may authorize, in writing, one or more human beings to exercise the membership rights and privileges attributable to that entity.

5.2.4 If there is more than one (1) record Owner of a Lot ("co-owners"), all of the co-owners shall be Members, but only one (1) of them shall be entitled to cast the single vote attributable to the Lot. Co-owners may designate in writing one (1) of their Owners to vote. If no such designation is made or if it is revoked, the co-owners shall decide among themselves, by majority vote, how the vote of that Lot is to be cast. Unless the Board receives a written objection in advance from a co-owner, it shall be conclusively presumed that the voting co-owner is acting with the consent of his or her co-owners.

5.3 Proxies Permitted. [Corp. Code §§5069, 7514 and 7613.] The use of proxies is permitted so long as they are in compliance with the Corporations Code and Civil Code Section 5130.

5.4 Ballots. The Association or its duly appointed inspectors of election shall prepare the ballots for all elections. Ballots cast in each election shall be kept in the custody of the inspectors of election and, thereafter, in the custody of the Association as specified by Civil Code Section 5125.

5.5 Election Hours. Polls shall open as may be specified by the voting rules adopted pursuant to Civil Code Section 5105 and close by determination of the inspectors of election per Civil Code Section 5110(c)(6).

5.6 Election Called by Member Petition. [Corp. Code §§7151(e) and 7510(e); Civ. Code §4365). A petition is defined as a request submitted to the Board by a group of Members for a vote on an issue on which the Members are entitled to vote. A petition must be signed by Members representing at least five percent (5%) of the total voting power of the Members as required for a special meeting under Section 4.4 of these By-laws. The Board shall consider the petition as a motion from the membership. If the petition is obviously unworkable, frivolous or conflicts with current statutes, ordinances or the Governing Documents, it may be rejected without further action.

5.6.1 The purpose for which a petition is circulated must be truthfully disclosed to potential signers. Petitions which are not prepared correctly will not be accepted.

5.6.2 Signed petitions must be submitted to the Association Secretary in a single package. A cover sheet shall state the date submitted, the name, address and membership number of the person or persons submitting the petition, and the total number of signers.

5.6.3 Within fifteen (15) calendar days after the submission, the Secretary shall verify that each signer is a Member according to the Association's current membership list.

5.6.4 If, at the completion of verification, the number of valid signers is less than the required number, no further action will be taken. The presenter will be notified by the Secretary or designee within five (5) business days.

5.6.5 If the petition presents an issue on which the Members are entitled to vote and contains the number of signatures sufficient to validate the petition, then no later than twenty (20) days after receipt of the petition, the Board of Directors shall set a date between thirty-five (35) and ninety (90) days after receipt of the petition for a date to conduct a special election to vote on the issue.

5.6.6 The Board may submit the issue contained in the petition to the Association's attorney for review. The Board shall have the right to state its position on the issue to the Members, but the Association shall

provide equal access to Association media for the petitioners and all Members advocating a point of view, including those not endorsed by the Board, to state their position on the issue.

## ARTICLE 6 - CANDIDATE NOMINATION AND BOARD ELECTIONS

6.1 Nominating Committee. Not later than ninety (90) days before the annual meeting, the Board may appoint three (3) Members who are knowledgeable concerning the Association's Governing Documents to serve on a Nominating Committee. Current Directors who are not candidates may serve on the Nominating Committee. No member of the Nominating Committee may become a candidate.

### 6.2 Nomination of Candidates.

6.2.1 It shall be the duty of the Nominating Committee, if appointed, to nominate one or more candidates for each Director position to be filled. The candidates shall meet the qualifications for a Director set forth in Section 7.1 below. A Member who meets the qualifications set forth in Section 7.1 below may contact the Nominating Committee to express a desire to be a candidate. The Nominating Committee may, if necessary, seek candidates other than those who express a desire to be a candidate.

6.2.2 All candidates will be required to sign a statement agreeing to sign and abide by a "Code of Ethics" upon election to the Board. The Code of Ethics is prepared by the Board and may be amended from time to time.

6.2.3 [Civ. Code §5105(a)(3).] Any Member may nominate himself or herself for election to the Board, provided he/she meets the qualifications of Section 7.1, below. Nominees who are nominated prior to preparation of the Association's ballot shall have their names included as candidates.

6.3 Election of Directors. The election to fill all vacant positions on the Board shall be held as part of the annual meeting of the Members. [Corp. Code §7615; Civ. Code §§5100 through 5130).] Voting for Directors shall be by secret written ballot. In Board elections, voting shall be on a cumulative basis. Specifically, each Member may cast one vote for each vacancy and cast those

votes for a single candidate or divide them among multiple candidates. The candidates receiving the highest number of votes, up to the number of vacancies to be filled, shall be elected.

6.4 Inspectors of Elections. [Civil Code §§5100 through 5130.] In advance of any election or in the case of any action or vote by written ballot, the Board shall appoint one or three inspectors of elections in accordance with Civil Code Sections 5100 through 5130 who shall act with powers and duties as set forth below and in said statutes. The inspectors of elections may appoint other persons to assist them with their duties, provided that the inspectors of elections shall have the sole responsibility for any decisions that are required concerning the election. The act, decision or certificate of a majority of the inspectors of elections is effective, in all respects, as the decision, act or certificate of all. Any report or certificate made by the inspectors of elections is prima facie evidence of the facts stated therein.

The inspectors of elections shall have complete charge of election procedures before, during and after the voting. They shall determine the number of memberships outstanding, the voting power represented in the election, and the existence of a quorum. The inspectors of elections shall also receive votes, proxies, ballots or consents; hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents; determine when the polls shall close; determine the result; and do such acts as may be proper to conduct the election or vote with fairness to all Members. The inspectors of elections shall have the right to consult with and to rely on the advice of the Association's legal counsel. The inspectors of elections shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical.

After the polls close, only the inspectors of elections and any appointed assistants shall open ballots, count and tabulate the votes. The tabulation shall be open to observation by the Members. The inspectors of elections shall conduct the election and perform their duties in accordance with Civil Code Sections 5100 through 5130 and the voting rules adopted by the Board pursuant thereto. The inspectors of elections will announce the results of the election for publication.

If there is a tie on any vote in any election, there shall be an automatic recount. All Members may be present to observe the recount. If necessary, another election conducted in accordance with Civil Code Sections 5100 through 5130 shall be held to determine the election between tied candidates. Ties on issues other than Board elections will be considered a failure to obtain a majority.

## ARTICLE 7 – BOARD OF DIRECTORS

7.1 Number; Eligibility. The affairs of this Association shall be managed and its duties and obligations performed by a Board of five (5) Directors.

To be eligible to be nominated and to serve, a Director shall: (a) be a Member of the Association; (b) be in good standing; (c) be fifty-five (55) years of age or older; (d) not be in litigation with the Association; (e) not be a co-owner with another Association director; (f) not be a convicted felon; (g) not be a judgment debtor of the Association; (h) not be married to, have an immediate family member or share a common household with any person who is employed by, under contract with or employed by a contractor of the Association; (i) not be related by blood or marriage or share a common household with any other Association Director; and (j) be eligible for fidelity coverage by the Association's fidelity bond surety company or insurer. If a Member is a corporation, partnership, trust or any other entity that is not a human being, any officer, Director, principal or agent of such Member shall be eligible to serve as a Director if duly authorized by the Member, so long as he or she meets all the above qualifications for Director.

7.2 Term. [Corp. Code §7220(b).] The term of each Director shall be two (2) years, and each Director shall serve until his or her successor is elected or appointed. The terms of office of Directors shall be staggered with three (3) Director terms ending in each odd-numbered year and two (2) Director terms ending in each even-numbered year. Each Director shall hold office until the election of his or her successor or until the Director's death, resignation, removal or judicial adjudication of mental incompetence. As provided in Article 5, Directors shall be elected at each annual meeting to fill the vacancies of those Directors whose terms then expire. Newly elected Directors shall begin their terms upon the announcement of election results by the inspectors of elections at the annual meeting.



In the first election at which staggered terms are implemented or in any subsequent election in which Directors are elected to terms of different lengths at the same election due to vacancies, removal or any similar reason, each candidate elected shall be entitled to select his or her term of office from the terms available, starting with the candidate who receives the greatest number of votes and then to the remaining candidates in descending order of votes received.

7.3 Removal. Directors may be removed as follows:

7.3.1 [Corp. Code §7221.] The Board may declare vacant the office of a Director on the occurrence of any of the following events:

- (a) The Director ceases to be a Member of the Association;
- (b) The Director fails to sign the Code of Ethics after being asked to do so;
- (c) The Members constituting a quorum fail to elect the full number of authorized Directors in any election;
- (d) The Director is declared of unsound mind by a final order of court;
- (e) The Director is convicted of a felony;
- (f) The Director fails to demonstrate, within thirty (30) calendar days after the question is raised, that he or she is eligible to serve on the Board;
- (g) The Director has failed to attend three (3) consecutive regularly scheduled meetings or executive meetings of the Board;
- (h) The Director is not a Member in good standing. "Good standing" shall mean the Member's assessment obligations are current and paid in full and the Member has no outstanding fines or uncorrected violations of the Association's governing documents.

7.3.2 [Corp. Code §7222.] One (1) or more Directors may be removed (recalled) prior to the expiration of their terms, with or without cause, at an election held at a special meeting for such purpose and conducted in accordance with Civil Code Sections 5100 through 5130. Unless the entire Board of Directors is removed from office by vote of Association Members, an individual Director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the most recent election of Directors were then being elected.

If a Director is removed, his or her successor shall be selected by a vote of the Members at the same special recall meeting and shall serve for the unexpired term of his or her predecessor. The vote on the proposed recall and the vote on election of a successor shall be cast on the same ballot, but the section of the ballot regarding election of a successor shall only be tabulated and announced to the extent a vacancy was created by the recall vote.

7.4 Resignation of Directors. [Corp. Code §7224.] Any Director may resign at any time by giving written notice to the Board, the President, or the Secretary, or by giving verbal notice at a Board meeting such that the resignation is recorded in the minutes of the meeting. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

7.5 Return of Association Materials. All books, records, papers and other materials provided by or from the Association to Directors or officers remain the property of the Association. Upon resignation, removal or expiration of term, Directors shall return to the Association all Association materials in their possession.

7.6 Filling Vacancies. [Corp. Code §§7220(b) and 7224.] Vacancies on the Board of Directors, caused by reason other than the removal of a Director by a vote of the Members, shall be filled by a vote of a majority of the remaining Directors, even though they may constitute less than a quorum. If the Board

accepts the resignation of a Director which is scheduled to take effect at a future date, the Board may appoint a successor to take office when the resignation becomes effective, and the resigning Director may participate in the appointment of a successor.

7.7 Compensation. No Director shall receive any compensation for any service he or she may render to the Association. However, a Director may be reimbursed for actual out-of-pocket expenses incurred by the Director in the performance of his or her duties.

## ARTICLE 8 - MEETINGS OF DIRECTORS

8.1 Regular Meetings. [Corp. Code §7211(a)(2).] Regular meetings of the Board of Directors shall be held, as needed, to conduct the business of the Association at a time and place fixed by resolution of the Board. If said meeting day falls upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Notice of the time and place of any Board meeting shall be communicated to the Directors not less than four (4) days prior to the meeting; provided, however, that notice need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting or for an emergency meeting as provided in Section 8.3.

8.2 Special Meetings. [Corp. Code §7211(a)(1) and (2).] Special meetings of the Board shall be held when called by written notice signed by the President or by any two (2) Directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice of any special meeting shall be posted in the manner provided for notice of regular meetings, and all Directors shall be given at least four (4) days' notice by first-class mail or at least forty-eight (48) hours' notice by telephone, telephone message system, telegraph, facsimile or electronic mail or other electronic means prior to the scheduled time of the special meeting.

8.3 Emergency Meetings. [Civil Code §4923.] An emergency meeting of the Board may be called if there are circumstances that could not reasonably have been foreseen that require immediate attention and possible action by the Board and that make it impractical to provide the notice required for regular or special meetings of the Board.

8.4 Waiver of Notice. [Corp. Code §7211(a).] Notice of a meeting need not be given to any Director who signed a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting the lack of notice to such Director, either prior to the meeting or at its commencement. All such waivers shall be filed with the corporate records or be made a part of the minutes of the meetings.

8.5 Organizational Meeting. Immediately after the annual meeting, described in Section 4.3 of these By-laws, or as soon thereafter as reasonably practicable, the Board shall meet in executive session (personnel matters) to elect the officers of the Association. No other business of the Association shall be conducted at that meeting except to the extent allowed by Civil Code Section 4935.

8.6 Quorum. [Corp. Code §721.1 (a)(7) and (8).] A majority of the authorized number of Directors shall constitute a quorum, and if a quorum is present, the decision of majority of the Directors present shall be the act of the Board. The Board may continue to transact business, at a meeting at which a quorum was present initially, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting or such greater number as may be required for the particular action taken.

8.7 Member Attendance at Board Meetings. [Civil Code §4925.] Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Members who are not on the Board may not participate in any deliberation or discussion unless expressly authorized to do so by the vote of the majority of a quorum of the Board. The Board shall set a reasonable time for Members to speak to the Board at any Association meeting or Board meeting, except for Board meetings held in executive session. Notice of the time and place of a Board meeting, except for emergency meetings and executive sessions, shall be communicated to Members not less than four (4) days prior to the meeting. Notice of executive session, except for emergency meetings, shall be communicated to the Members not less than two (2) days prior to the meeting. Notice may be given by posting the notice and agenda in a prominent place within the Common Area, by mail, by delivery to all Lots in the Development, or by newsletter or similar means of communication.

8.8 Executive Session. [Civil Code §4935.] The Board may meet in executive session to meet with its legal counsel or to discuss (a) litigation in which the Association is or may become involved, (b) matters that relate to the formation of contracts with third parties, (c) personnel matters, (d) at the Member's request to discuss with the Member payment of Assessments per Civil Code Section 5665, and (e) disciplinary matters. The nature of any and all business to be considered in executive session shall first be set forth on an agenda posted in accordance with Section 8.7, above, except for emergency meetings. Nothing herein contained shall be construed to obligate the Board to first call an open meeting before meeting in executive session. An executive session which does not follow an open meeting may be called and noticed in the same manner as a special meeting. Any matter discussed in executive session shall be generally noted in the Association minutes of the next open Board meeting. Members and other persons are generally excluded from executive sessions unless expressly invited.

8.9 Action Without a Meeting. Actions without a meeting may not be taken except for an emergency "meeting" by electronic transmissions as described at Civil Code Section 4910.

8.10 Meeting by Telephone. [Corp. Code §7211(a)(6); Civ. Code §4090(b).] Members of the Board may participate in a meeting through the use of conference telephone or similar communications equipment, so long as all Directors participating in such meeting can hear one another and such participation shall constitute attendance of a Director at such meeting. Except for a teleconference meeting held only in executive session, the notice of any teleconference meeting shall specify at least one (1) physical location and at least one (1) Director, or a person designated by the Board, shall be present at that location. All Board members participating in that meeting must be able to hear one another and any Members of the Association speaking on matters before the Board.

8.11 Adjournment. [Corp. Code §7211(a)(4).] A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment shall be given, prior to the time of the adjourned meeting, to the Directors who were not present at the time of the adjournment.

8.12 Board Deliberation Regarding Member Discipline. [Civ. Code §4935.] In any matter relating to the disciplining of a Member, the Board shall meet in executive session, if requested by that Member or by the Board, and the Member shall be entitled to attend that portion of the executive session in which the Board discusses the discipline of that Member.

8.13 Meeting Minutes. [Civ. Code §4950; Corp. Code §8320.] The Board shall keep accurate written minutes of its meetings and shall retain them in the permanent records of the Association. The minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any Board meeting, other than executive session, shall be available to Members within thirty (30) days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member upon request and upon reimbursement for the costs in making that distribution.

#### ARTICLE 9 - POWERS AND DUTIES OF THE ASSOCIATION AND BOARD OF DIRECTORS

9.1 Powers of the Association. [Civ. Code §4800, et seq.; Corp. Code §7140.] The Association may exercise the powers granted to a nonprofit mutual benefit corporation, as enumerated in Corporations Code Section 7140, the powers granted to the Association by Civil Code Section 5980 and the powers granted to the Association in the Davis-Stirling Common Interest Development Act, Civil Code Section 4000, et seq., as each may be amended from time to time hereafter.

9.2 Powers of the Board. [Corp. Code §7210.] The Board shall exercise for the Association all powers and duties vested in or delegated to the Board or the Association by the Governing Documents and the California Corporations Code governing nonprofit mutual benefit corporations. Said powers and duties shall be subject to the limitations of the Governing Documents and shall include, but not be limited to, the requirements of Section 9.5 and the following:

9.2.1 Formulating rules and regulations for the use and operation of the Lots, the Common Area, and any facilities owned or controlled by the Association as provided in the Declaration and these By-laws;

9.2.2 Enforcing the applicable provisions of the Governing Documents and any other instruments governing the ownership, management and control of the Development;

9.2.3 Initiating and executing disciplinary proceedings against Members for violations of provisions of the Governing Documents in accordance with procedures set forth in Section 9.6 herein;

9.2.4 Suspending the voting rights of a Member and the privilege to use Common Area during any period in which such Member is in default in the payment of any Assessment levied by the Association or in which the Member is responsible for any continuing violation of the Governing Documents;

9.2.5 Paying taxes and Assessments that are, or could become, a lien on all or a portion of the Common Area;

9.2.6 Contracting for casualty, liability and other insurance on behalf of the Association;

9.2.7 Contracting for goods and services for the Common Area, facilities, and interests of the Association, subject to the limitations set forth in Section 9.3 herein;

9.2.8 Borrowing money, pledging the right to exercise its Assessment powers in connection with obtaining funds to repay a debt of the Association, selling property of the Association, incurring indebtedness and executing promissory notes or other evidences of debt for the Association, subject to the limitation set forth in Section 9.3 below;

9.2.9 [Corp. Code §7212] Creating committees pursuant to resolution adopted by a majority of the Board, provided that if a committee will exercise any power or authority of the Board, it shall consist of two (2) or more Directors; all committees serve at the pleasure of the Board;

9.2.10 [Corp. Code §7210] Delegating its authority, duties and responsibilities to its officers, employees, committees or agents, including a community association manager; the Association shall be managed by a community association manager who is not a member of

the Board and who is certified by the California Association of Community Managers, Inc., or by the Community Associations Institute; or by a community association management company that provides such a manager; the activities and affairs of the Association shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board;

9.2.11 Employing attorneys, accountants, independent contractors, or such other agents and employees as they deem necessary and prescribing their duties;

9.2.12 Authorizing the withdrawal of moneys from the Association's reserve accounts upon the signatures of two (2) Directors or one (1) Director and one (1) officer who is not a Director; the Board shall take reasonable precautions to ensure that the appropriate signature authorization cards are delivered to the institution or institutions holding the Association's reserve accounts or shall obtain verification from such institution or institutions that the signature authorization cards on file contain only the signatures of those persons who were authorized to withdraw moneys from the reserve accounts;

9.2.13 Authorizing any officer or officers, agent or agents to enter into any contract or execute any instrument in the name of and on behalf of the Association, unless otherwise provided in the Governing Documents; such authority may be general or confined to specific instances; unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount;

9.2.14 Filling vacancies on the Board, except for a vacancy created by the removal of a Director by Members;

9.2.15 [Civ. Code §4760] Authorizing a modification of the Common Area as provided by law to facilitate access for persons who are blind, visually handicapped, deaf or otherwise eligible to receive such an accommodation; and



9.2.16 [Civ. Code §4530] Providing any Owner with the documents described in Civil Code Section 4525 within ten (10) days of the mailing or delivery of a written request therefor and receipt of the costs estimated by the Association or its designated agent pursuant to Civil Code Section 4528 for it or its designated agent to prepare and reproduce said documents.

9.3 Limitations on Powers. Notwithstanding the provisions of Section 9.2, the Board shall be prohibited from taking any of the following actions, except with the vote or written consent of a majority of the voting power of those Members voting, so long as at least a quorum of Members casts a vote or written consent:

9.3.1 Entering into a contract with a third person under which the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year with the following exceptions:

(a) A management contract which provides that the Association may terminate such contract with or without cause upon thirty (30) days' written notice; provided, however, that the term of any management contract may be renewable by agreement of the parties for successive one (1) year periods;

(b) A contract with a public utility if the rates charged are regulated by the Public Utilities Commission; provided, however, that the term shall not exceed the shortest term for which the utility will contract at the regulated rate;

(c) Prepaid casualty and/or liability insurance of not more than three (3) years' duration, provided that the policy permits short-rate cancellation by the insured; and

(d) Agreements for the purchase or lease of equipment serving the Common Area, such as burglar alarm and fire alarm equipment, installation, and services not exceeding five (5) years' duration.

9.3.2 Incurring aggregate expenditures for capital Improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

9.3.3 Selling, during any fiscal year, Property of the Association having an aggregate fair-market value in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, except as part of another transaction to trade in or replace the Property being sold or as the sale of a Lot obtained through foreclosure of the Association's lien or purchased to protect the Association's lien rights;

9.3.4 Borrowing money, pledging the right to exercise its assessment powers in connection with obtaining funds to repay a debt of the Association, incurring indebtedness and executing promissory notes or other evidences of debt for the Association if the amount of the transaction exceeds five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

9.3.5 Filling a vacancy on the Board created by the removal of a Director by the Members which shall require a plurality vote of the Members;

9.3.6 Paying compensation to Directors or officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a Director or officer to be reimbursed for expenses incurred in carrying on the business of the Association; or

9.3.7 [Civ. Code §§5510 through 5520] Expending funds designated as reserve funds, except as permitted by Civil Code Sections 5510 through 5520, as amended from time to time.

9.4 General Duties of the Board. It shall be the duty of the Board to:

9.4.1 [Corp. Code §8320] Cause to be kept a complete record of all its acts and corporate affairs (including adequate and correct books and records of account, minutes of the proceedings of its Members, Board and committees of the Board, and a membership list);

9.4.2 Supervise all officers, agents and employees of this Association and to see that their duties are properly performed;

9.4.3 [Civ. Code §5800, et seq.] Procure and maintain adequate fire, casualty, liability and hazard insurance, as required by the Declaration, in at least the minimum limits established by Civil Code Sections 5800 through 5805 and otherwise to insure adequately the Property which is owned by the Association;

9.4.4 Cause all officers, agents or employees entitled to withdraw funds of the Association to be bonded;

9.4.5 Invest reserve funds and any other surplus funds of the Association only in the name of the Association and only in financial obligations of the United States of America or in financial institutions whose deposits are insured by an agency of the United States of America, including, by way of illustration and not limitation, F.D.I.C.;

9.4.6 Maintain, repair and restore those portions of the Common Area required by the Declaration.

9.5 Financial Documentation; Preparation, Reporting and Review Responsibilities of the Board. With regard to the preparation, reporting and review of the Association's financial documentation, the Board shall have the following responsibilities:

9.5.1 [Civ. Code §5300] Preparing a pro forma operating budget for each fiscal year and distributing a copy thereof to each Owner not less than thirty (30) and not more than ninety (90) days prior to the beginning of the fiscal year; the budget shall contain the documents and disclosures required by Civil Code Section 5300;

9.5.2 [Civ. Code §5305; Corp. Code §8321] Preparing and distributing an annual financial statement, reviewed by an accountant in accordance with Civil Code Section 5305, within one hundred twenty (120) days after the close of each fiscal year;

9.5.3 [Civ. Code §5310] Preparing and distributing to the Owners, during the thirty (30) to ninety (90) day period before the beginning of each fiscal year, a statement describing the Association's policies pursuant to Civil Code Section 5310.

9.6. Disciplinary Actions Against Owners. [Civ. Code §§5855 and 4935; Corp. Code §7341.] In connection with the general power of enforcement described above, the Association may discipline its Members for violation of any of the provisions of the Governing Documents.

The Board may suspend a Member's rights and privileges, including the Member's voting rights and privileges to use the Common Area, for any period of time during which the Assessment, late charges, costs of collection or other related charges on his or her Lot remains unpaid. The Board shall also be empowered to suspend a Member's rights and privileges, including the Member's voting rights and privilege to use the Common Area, for a period of time to be determined by the Board for any single or non-continuing violation of the Governing Documents and for as long as the violation continues for any continuing violation of the Governing Documents and to impose monetary penalties or other appropriate discipline for any other failure to comply with the Governing Documents, provided that the procedures for notice and hearing, satisfying the minimum requirements of Civil Code Section 5855, as amended from time to time, are followed before a decision to impose such discipline is reached.

Any procedure for Owner discipline must be carried out in good faith and in a fair and reasonable manner. The Association will use the following notice and hearing procedure unless otherwise required by law;

9.6.1 The accused Owner shall be given at least ten (10) prior days, by first-class mail or personal delivery, written notice of (a) the nature of any alleged violation; (b) the specific suspension, monetary fine and/or other discipline proposed; (c) the date, time and place of the hearing; and (d) a statement that the Member has a right to attend and address the Board at the meeting.

9.6.2 The hearing shall be scheduled to be heard in executive session in order to protect the Owner's privacy, but if the Owner wishes to waive, in

writing, his/her right to a hearing in executive session, the Board will reschedule the hearing for a duly noticed open Board meeting.

9.6.3 If the Owner fails to respond to the notice and fails to attend the scheduled hearing, the opportunity for a hearing shall be deemed to be waived, and the Owner may be found guilty by default of any violations which were alleged.

9.6.4 The hearing, if not waived by the Owner, shall be conducted by the Board, or by another body or committee authorized by the Board, to determine whether or not the proposed discipline should be imposed.

9.6.5 If the Association imposes any disciplinary action against the Owner, the Association shall give the Owner written notice of any such disciplinary action, either by personal delivery or first-class mail, within fifteen (15) days after the hearing.

9.6.6 Notwithstanding the foregoing, under circumstances involving conduct that constitutes (a) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (b) a traffic or fire hazard; (c) a threat of material damage to, or destruction of, the Common Area; or (d) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred, the Board or its agents may undertake immediate corrective or disciplinary action and conduct a hearing as soon thereafter as reasonably possible if either (i) requested by the offending Owner within five (5) days following the Association's actions, or (ii) on the Board's own initiative.

9.6.7 The amount of any monetary penalty shall be established from time to time for each type of violation in an amount to be determined by the Board, and a schedule thereof shall be distributed to the Members by personal delivery or first-class mail. Distribution of additional schedules is not required unless there are any changes to an existing schedule;

9.6.8 Except as provided by law or in the Declaration relating to foreclosure for failure to pay Assessments or as a result of the judgment

of a court or a decision arising out of arbitration, the Association shall in no way abridge the right of any Owner to the full use and enjoyment of his or her Lot or the utilities serving such Lot, and no Owner of a Lot may be expelled from the Association.

The provisions of this section are not required with respect to the levying of late charges, interest or reasonable costs of collection (including attorneys' fees) against an Owner who is delinquent in the payment of Assessments.

9.6.9 All Association remedies are cumulative, not exclusive, and the Association may pursue any remedy available by law or the Governing Documents which the Board determines appropriate under the circumstances.

## ARTICLE 10 - OFFICERS

10.1 Enumeration and Qualification of Officers. [Corp. Code §7213(a).] The officers of this Association shall be a President, a Vice President and a Secretary, each of whom shall be Directors, and a Treasurer, who need not be a Director but shall be a Member of the Association. The Board shall strive to appoint a President who has served on the Board for at least one (1) year at any time in the past. The Board shall strive to appoint a Treasurer who has previous experience in accounting or bookkeeping and who is familiar with current accounting procedures. Any number of offices may be held by the same person except for the offices of (a) President and Treasurer, and (b) President and Secretary.

10.2 Other Officers. The Board may appoint such other officers from time to time as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may determine.

10.3 Appointment of Officers. The Officers shall be elected annually by the Board, as provided in Section 8.5.

10.4 Term of Officers. [Corp. Code §7213(b).] Each Officer shall hold office at the pleasure of the Board until the installation of Directors at the next annual

meeting, unless such officer shall sooner resign, or shall be removed, or otherwise become disqualified to serve.

10.5 Resignation and Removal of Officers. [Corp. Code §7213(b).] Any officer may be removed from office by the Board with or without cause. Any officer may resign, at any time, by giving written notice to the Board, the President, or the Secretary, or by giving verbal notice at a Board meeting such that the resignation is recorded in the minutes of the meeting. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. Unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

10.6 Return of Association Materials. Upon resignation, removal or expiration of an officer's term, officers shall return to the Association those Association materials in their possession.

10.7 Vacancies in Offices. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve, subject to Section 10.5, above, for the remainder of the term of the officer he or she replaces.

10.8 Duties. No officer shall have the right, without the prior approval of the Board, to exercise any of the powers or to perform any of the acts delegated to the Board by the Governing Documents. Unless otherwise delegated by the Board, the duties of each officer shall be as follows:

10.8.1 The President shall:

- (a) Preside over all meetings of the Members and of the Board;
- (b) Sign, as President, all deeds, contracts, and other written instruments that have been approved by the Board, unless the Board, by duly adopted resolution, authorizes the signature of a lesser officer;
- (c) Call meetings of the Board whenever he or she deems it necessary in accordance with any rules and notice requirements

imposed by the Board and the Governing Documents; the notice period shall not be less than that required by Section 8.1; and

(d) Discharge any other duties required of him or her by the Board.

10.8.2 The Vice President shall:

(a) Act in the place and in the stead of the President in his or her absence, inability or refusal to act; and

(b) Exercise and discharge any other duties required of him or her by the Board; in connection with any such additional duties, the Vice President shall be responsible to the President.

10.8.3 The Secretary shall:

(a) Record the votes and keep, or cause to be kept, the minutes of all meetings and proceedings of the Board and of the Members;

(b) Serve, or cause to be served, all required notices of meetings of the Board and the Members;

(c) Keep, or cause to be kept, current records showing the names and addresses of all Members; and

(d) Sign, as Secretary, any deeds, contracts, and other written instruments that have been approved by the Board if the instruments that have been approved by the Board and signed by the President require a second Association signature and the Board has not passed a resolution authorizing another officer to sign in the place and stead of the Secretary.

10.8.4 The Treasurer shall:

(a) Oversee the receipt and deposit all of the funds of the Association in any bank or banks selected by the Board;



- (b) Be responsible for and supervise the maintenance of books and records to account for Association funds and other Association assets;
- (c) Sign all checks and promissory notes of the Association;
- (d) Disburse and withdraw Association funds in the manner specified by the Board; and
- (e) Oversee the distribution of the financial statements for the Association required by Civil Code Section 5305.

10.9 Compensation. An officer shall not receive any compensation for any service he or she may render to the Association; provided, however, that any officer may be reimbursed for actual out-of-pocket expenses incurred by the officer in the performance of his or her duties.

10.10 Delegation. With prior Board approval, an officer may delegate his or her powers and duties to any committee, employee or agent of the Association, including, but not limited to, a community association manager.

## ARTICLE 11 - COMMITTEES

11.1 Formation. The Board may appoint such committees as it deems appropriate to carry out the purposes of the Association. However, if any such committee will be authorized to exercise any of the powers of the Board, i.e., an executive committee, it shall consist of two (2) or more Directors. All committees serve at the pleasure of the Board. Directors may, but need not, serve on any committee which does not exercise any power or authority of the Board.

11.2 Reports and Records. The chairperson of each committee shall maintain a record of the committee's activities in the form of written minutes and shall submit a written report to the membership, as necessary, and at the annual meeting and at such other times as requested by the President or the Board of Directors. Such records are the property of the Association.

## ARTICLE 12 – BOOKS AND RECORDS

12.1 Required Books and Records. [Corp. Code §8320.] The Association shall maintain at its principal office:

- 12.1.1 Copies of the Governing Documents as last amended;
- 12.1.2 Adequate and correct books and records of account;
- 12.1.3 Written minutes of the proceedings of its Members, of its Board, and of committees of its Board; and
- 12.1.4 A membership register containing each Member's name, mailing address and voting rights.

12.2 Manner of Keeping Minutes and Other Records. [Corp. Code §8320(b).] Minutes shall be kept in written form. Other books and records shall be kept either in written form or in any other form capable of being converted into written form.

12.3 Inspection by Members. [Civ. Code §5200, et seq.] The required books and records of the Association identified in Civil Code Section 5200, et seq., shall be subject to inspection by any Member or by his or her duly appointed representative in accordance with the provisions of that statute.

The Board may establish reasonable rules with respect to:

- 12.3.1 Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- 12.3.2 Hours and days of the week when such an inspection may be made; and
- 12.3.3 Payment of the costs of reproducing copies of documents requested by a Member.

Provided such rules may not contradict the provisions of Civil Code Section 5200, et seq., as it may be amended from time to time.

12.4 Inspection by Directors. [Corp. Code §8334.] Except as limited by law, every Director of the Association shall have the absolute right, at any reasonable time, to inspect the Common Area and all books, records and documents of the Association. The right of inspection by a Director shall include the right to make extracts and copies of documents at his or her expense.

### ARTICLE 13 – NON-LIABILITY AND INDEMNIFICATION

13.1 Definition of Agent. For purposes of this Article, "Agent" means any present or former Director, officer, committee member or any other employee or agent of the Association.

13.2 Non-liability. [Corp. Code §7237; Civ. Code §5800).] Except as specifically provided in the Governing Documents or as required by law, no right, power or responsibility conferred on the Board or any committee by the Governing Documents shall be construed as a duty, obligation or disability charged upon any Agent. No Agent shall be liable to any party (other than the Association or a party claiming in the name of the Association) for injuries or damage resulting from the Agent's acts or omissions within what the Agent reasonably believed to be the scope of his or her Association duties ("Official Acts"), except to the extent that the injuries or damage result from the Agent's willful or malicious misconduct. No Agent shall be liable to the Association (or to any party claiming in the name of the Association) for injuries or damage resulting from the Agent's Official Acts, except to the extent that the injuries or damage result from the Agent's negligence or willful or malicious misconduct.

13.3 Indemnification. The Association shall pay all expenses actually and reasonably incurred by, and satisfy any judgment or fine levied against, any Agent as a result of any action or threatened action against the Agent to impose liability on the Agent for his or her Official Acts, provided that:

13.3.1 The Board determines that the Agent acted in good faith and in a manner the Agent reasonably believed to be in the best interests of the Association;

13.3.2 In the case of a criminal proceeding, the Board determines that the Agent had no reasonable cause to believe his or her conduct was unlawful;

13.3.3 In the case of an action or threatened action by or in the right of the Association, the Board determines that the Agent acted with the care (including reasonable inquiry) that an ordinarily prudent person in a like position would use under similar circumstances; and

13.3.4 Provided that there is no policy of insurance which is available to pay such expenses.

13.4 Approval by Board. Any determination of the Board required under this Article must be approved by a majority vote of a quorum consisting of Directors who are not parties to the action or threatened action giving rise to the indemnification. If the Board fails or refuses to make any such determination, the determination may be made by the court in which the proceeding is or was pending or by the vote or written consent of a majority of a quorum of the Members, provided that the Agent to be indemnified shall not be entitled to vote.

13.5 Payments. Payments made pursuant to this Article shall include amounts paid and expenses incurred in settling the action or threatened action. This Article shall be construed to authorize payments and indemnification to the fullest extent now or hereafter permitted by applicable law.

13.6 Insurance. The Association may purchase and maintain insurance on behalf of and to indemnify its Agents to the extent and under the circumstances provided in this Article or By-laws.

#### ARTICLE 14 - ASSESSMENTS

As provided in the Declaration, the Association, through the Board, shall be entitled to levy Assessments and to enforce collection of Assessments, including the filing and enforcement of Assessment liens, in the manner provided in and subject to the limitations imposed by the Act, Declaration and these By-laws. Any Assessment, late charges, reasonable costs of collection and interest, as assessed in accordance with the provisions of this Article, shall

also be the personal obligation of the Owner of the Lot at the time the Assessment or other sums are levied. No Owner may waive or otherwise escape liability for Assessments by non-use of the Common Area or abandonment of the Owner's Lot. Regular and Special Assessments shall be uniform and divided equally among all Lots and allocated among, assessed against and charged to each Owner according to the ratio of the number of Lots owned by the assessed Owner to the total number of Lots subject to Assessment.

## ARTICLE 15 - AMENDMENTS

15.1 Amendment By Member Vote. These By-laws may be amended by the Members after following the procedures set forth below.

15.1.1 Amendments may be proposed by a majority of the Board or by a petition in accordance with Corporations Code Section 7510(e) signed by five percent (5%) or more of the Members in good standing.

15.1.2 The Board shall appoint inspectors of election, set meeting dates and otherwise take such actions as may be required for the Members to vote on any duly proposed bylaw amendment(s) in accordance with these By-laws, Civil Code Section 5100, et seq., and the voting rules adopted pursuant thereto.

15.1.3 The affirmative vote of a majority of the votes cast shall be required to approve the amendment, so long as the sum of the votes cast for or against the amendment is sufficient to constitute a quorum of not less than a simple majority of the Members in good standing. The number of votes cast shall include ballots but shall exclude any blank, spoiled or otherwise voided ballots.

15.2 Amendment by Board Vote. The Board shall have the power to amend the By-laws but only as this section permits. By a majority vote of the Board, the Board shall have the power to prepare, adopt and implement an amendment, without any vote of the Members, for the following purpose: to correct any printing or grammatical error or omission in the By-laws.

15.3 Effect of Contrary Law. If any provision of these By-laws shall, at any time, be contrary to the mandate of applicable law, the law shall prevail.

15.4 Effective Date of Amendment. Unless the amendment provides otherwise, the approved amendment shall take effect immediately after the votes have been certified by the inspectors of elections.

CERTIFICATE OF SECRETARY

The undersigned, as the duly appointed Secretary of the Riverside Sun City Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the foregoing Amended and Restated By-laws were duly and properly adopted via ballots cast by Association members tabulated on \_\_\_\_ November 17, 2016, in accordance with Civil Code Section 5100, et seq., the same having been approved by affirmative vote of the requisite 51 percent majority of the Members.

Dated: November 17, 2016



Secretary, Riverside Sun City Homeowners  
Association