

2013
AMENDED AND RESTATED BYLAWS
OF
SUN CITY CIVIC ASSOCIATION
A Planned Development

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2013 AMENDED AND RESTATED BYLAWS OF SUN CITY CIVIC ASSOCIATION

ARTICLE 1 - NAME, LOCATION, PURPOSE, AND APPLICABILITY

1.1 Name. The name of this corporation is Sun City Civic 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 Bylaws are applicable to the residential planned development known as Sun City Civic Association ("Development"), located in Sun City, in the City of Menifee, County of Riverside, State of California. These Bylaws 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 Bylaws amend and restate, in their entirety, the Amended and Restated Bylaws approved by the Membership on August 22, 2003, and all 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 Bylaws, the Articles shall control, and if there is any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE 2 - DEFINITIONS

Unless otherwise defined herein, capitalized terms or words used in these Bylaws shall have the definitions found in Exhibit A, attached hereto and

incorporated herein by this reference, other than those found in the Association's First Amended and Consolidated Declaration of Restrictions ("Declaration") Recorded in the Official Records of the County Recorder of Riverside County, or in the Davis-Stirling Common Interest Development Act ("Act" - California Civil Code Section 1350, et seq., as of January 1, 2014, will be renumbered as Civil Code Section 4000, et seq.). Words not defined in the Declaration or these Bylaws or in the Civil Code shall be understood in their ordinary and popular sense, as determined by the context in which they are used, unless the context indicates that the term or word is a defined term which was inadvertently not capitalized.

Statutes or administrative regulations that are shown in brackets at the beginning of a section or paragraph in these Bylaws 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 and by judicial interpretations of it, whether the Association is incorporated or not.

ARTICLE 3 - MEMBERSHIP

3.1 Membership. As provided in the Declaration, ownership of a Residential 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 Residential Lot owned. All Memberships shall be appurtenant to the Residential 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 Residential Lot shall automatically transfer the appurtenant Membership to the party to whom the Residential Lot is conveyed.

3.2 Membership and Residency Rights and Privileges. Memberships are issued only to the Owner of a Residential Lot. Resident Activity Cards may be issued to those Members who reside on a Residential Lot and to other Residents who are not Members who reside on a Residential Lot owned by someone else.

A Resident Activity Card is required to use any of the Association's facilities and equipment. Members who are not Residents are not entitled to a Resident Activity Card or to use of the Association's recreational facilities and equipment. The fees charged for Memberships and Resident Activity Cards are established by the Board.

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 Webb Hall adjacent to the Association offices located at 26850 Sun City Boulevard, Sun City, 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. [Civil Code §1363.03; as of January 1, 2014, this will be renumbered as Civil Code Sections 5100 through 5130.] At Membership meetings, no substantive matter may be presented from the floor of the meeting for a vote of the Members, either by the Board or by any Member, since all votes of the Members must be conducted in accordance with Article 5. By way of example and not limitation, substantive matters include votes to elect or remove Directors, to approve amendments to the Governing Documents, and to increase or impose Assessments, or any other matter that, by Law, require a vote of the Membership. Non-substantive matters include votes such as 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, so long as the annual meeting is held within the month of February. At the annual meeting, the Board shall submit an un-audited annual report, including a financial statement with a balance sheet and an income and expense statement and reports of other matters pertaining to the Board activities. A Written copy of each report shall be attached to the minutes of the annual meeting.

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 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 4.6 of these Bylaws shall be transacted at the special meeting.

4.5 Voting by Members. All elections and other matters that require a vote of the Members on substantive matters (as defined in Section 4.2) shall be conducted using a Written Ballot that is distributed to all Members, as provided herein.

4.6 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:

4.6.1 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 Section 1363.03. (As of January 1, 2014, Section 1363.03 will be Civil Code Sections 5100 through 5130.)

4.6.2 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

Separate Interest. 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.

4.6.3 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.

4.6.4 [Corp. Code §7510(e).] In the case of a special meeting which is called by Members pursuant to Section 4.4 of these Bylaws, 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.

4.6.5 [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 Section 1363.03. (As of January 1, 2014, Section 1363.03 will be renumbered as Civil Code Sections 5100 through 5130.)

(a) Removing a Director without cause, pursuant to Section 7.3.2 of these Bylaws or Corporations Code §7222;

(b) Filling Director vacancies pursuant to Section 7.6 of these Bylaws or Corporations Code §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 §7233;

(d) Amending the Articles of Incorporation in accordance with Corporations Code §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 §8610;

(f) Any plan requiring Membership approval to distribute the Association's assets on dissolution pursuant to Corporations Code §8719;

4.6.6 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.

4.7 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 two percent (2%) of the Voting Power of Members shall constitute a quorum for any action except as otherwise provided in the Articles, these Bylaws, or the Declaration. 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 4.6 of these Bylaws.

4.8 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.

4.9 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.

4.10 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 Section 1363.03 (as of January 1, 2014, Section 1363.03 will be renumbered as 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 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 Section 1363.03 (as of January 1, 2014, Section 1363.03 will be renumbered as 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.

4.12 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 Residential 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 Bylaws 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 Bylaws, 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 Law, 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 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 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 Residential 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 Residential 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 Residential 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 Prohibited. [Corp. Code §§5069, 7514 and 7613.] The use of Proxies is not permitted.

5.4 Absentee Ballots. Because proxies are not permitted, Members shall be entitled to vote by absentee ballot. To the extent required by Civil Code Section 1363.03(b) [as of January 1, 2014, *see* Civil Code Section 5100], balloting shall be conducted in accordance with Civil Code Section 1363.03 (as of January 1, 2014, Section 1363.03 will be Civil Code Sections 5100 through 5130), and the voting rules adopted by the Board in accordance with Civil Code Section 1363.03(a) [as of January 1, 2014, *see* Civil Code Section 5105(a)].

5.5 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 1363.03(h) and (i) [as of January 1, 2014, Section 1363.03(h) and (i) will be Civil Code Section 5125].

5.6 Election Hours. Polls shall open as may be specified by the voting rules adopted pursuant to Civil Code Section 1363.03(a) [as of January 1, 2014, Section 1363.03(a) will be Civil Code Section 5105], and close by determination of the inspectors of election per Civil Code Section 1363.03(c)(3)(F) [as of January 1, 2014, Section 1363.03(c)(3)(F) will be Civil Code Section 5110(c)(6)].

5.7 Election Called by Member Petition. [Corp. Code §§7151(e) and 7510(e); Civ. Code §1357.140 (as of January 1, 2014, Section 1357.140 will be Civil Code Section 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 Bylaws. 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.

5.7.1 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.

5.7.2 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.

5.7.3 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.

5.7.4 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 within five (5) business days.

5.7.5 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 35 and 90 days after receipt of the petition, for a date to conduct a special election to vote on the issue. The Board may also set a date to hold a special meeting to discuss the issue and to consider the merits of the issue submitted in the petition.

5.7.6 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 Nomination and Election Procedures. [Corp. Code §§7520, 7521, 7522, 7523 & 7524.] There shall be available to the Members reasonable nomination and election procedures given the nature, size and operations of the Association. Such procedures shall be adopted, or amended from time to time, by the Board, and may, but do not necessarily need to include the following:

6.1.1 A reasonable means of nominating Persons for election as Directors.

6.1.2 A reasonable opportunity for a nominee to communicate to the Members the nominee's qualifications and the reasons for the nominee's candidacy.

6.1.3 A reasonable opportunity for all nominees to solicit votes.

6.1.4 A reasonable opportunity for all Members to choose among the nominees.

6.2 Nominating Committee. Not later than September 15th of each year, the Board may appoint five (5) 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.

6.3 Nomination of Candidates.

6.3.1 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.

6.3.2 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.

6.3.3 [Civ. Code §1363.03(a)(3); as of January 1, 2014, *see* Civil Code Section 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.

6.3.4 Not later than December 1st, the Board or Committee shall announce names of the nominees to the Members.

6.4 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. However, if an election is not held, the election may be authorized and conducted in the same manner as provided in Section 4.4 for calling a special meeting of Members.

[Corp. Code §7615; Civ. Code §1363.03 (as of January 1, 2014, Section 1363.03 will be Civil Code Sections 5100 through 5130).] Voting for Directors shall be by secret Written ballot. In Board elections, voting shall be on a non-cumulative basis. Specifically, each Member may cast only one vote for each candidate and may vote for as many candidates as there are vacancies to be filled. The candidates receiving the highest number of votes, up to the number of vacancies to be filled, shall be elected. Only candidates whose names appear on the ballot will be considered. Votes for write-in candidates are invalid and will not be counted.

6.5 Inspectors of Elections. [Civ. Code §1363.03; as of January 1, 2014, Section 1363.03 will be Civil Code Sections 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 Section 1363.03 (as of January 1, 2014, *see* Civil Code Sections 5100 through 5130), who shall act with powers and duties as set forth below and in said statute. 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 and the Voting Power of each, the Voting Power represented in the election, and the existence of a quorum. The inspectors of elections shall also receive votes, 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 Section 1363.03 (as of January 1, 2014, Section 1363.03 will be 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 Section 1363.03 (as of January 1, 2014, *see* 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.

6.6 Vote By Written Ballot. [Corp. Code §7513.] Any action that may be taken through use of an election may be taken without the use of a polling date and an election provided the following ballot requirements are satisfied:

6.6.1 The Association shall distribute a Written Ballot to every Member entitled to vote on the matter. The ballot shall be solicited in the same manner as provided in Section 4.6 of these Bylaws for the giving of notice of meetings of Members.

6.6.2 The Written Ballot shall (1) set forth the proposed action; (2) provide an opportunity to specify approval or disapproval of any proposal, including confirmation that, if the Member specifies a choice, the vote shall be cast in accordance with that Member's choice; and (3) provide a reasonable time, but not less than 30 days, within which to return the ballot. The voting instructions accompanying the Written Ballot or the Written Ballot itself (1) shall state the date and time by which the Written Ballot must be received (not sent) to be counted; (2) shall indicate the number of responses needed to meet the quorum requirement; and (3) shall state the percentage of approvals necessary to pass the measure submitted.

6.6.3 The proposed action shall be considered approved if:

(a) The number of votes cast by ballot within the specified time period equals or exceeds the quorum required to be present at a meeting authorizing the action; and

(b) The number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast was the same as the number of ballots received in response to the ballot solicitation.

6.6.4 No Written Ballot may be revoked.

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 seven (7) Directors.

To be eligible to be nominated and to serve, a Director shall: (i) be a Resident Member of the Association; (ii) be in Good Standing; (iii) be fifty-five years (55 yrs.) of age or older; (iv) not be in litigation with the Association; (v) not be a co-owner with another Association director; (vi) not be a convicted

felon; (vii) not be a judgment debtor of the Association; (viii) 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; (ix) not be related by blood or marriage or share a common household with any other Association director; and (x) 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 four (4) 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.

A Director may serve for a maximum of two (2) consecutive terms and will be eligible to serve on the Board again at the next annual meeting after the annual meeting at which the Director's term expires. A fractional term shall not be counted as one term, unless the fractional term is for a period longer than one year (1 yr.). If a Director resigns or his or her term ends, and the Person is later elected or appointed to the Board, the prior term shall be

considered part of the new term, unless at least one year has elapsed since the Director last served on the Board.

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 Resident Member of the Association;
- (b) The Director fails to sign the Code of Ethics after being asked to do so;
- (c) The Members 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 without permission from the President;
- (h) The Director is not a Member in Good Standing.

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 Section 1363.03 (as of January 1, 2014, Section 1363.03 will be Civil Code Sections 5100 through 5130). Any removal without cause shall be approved by a majority vote of the Members represented and voting in such an election so long as the ballots cast for or against removal constitutes at least a quorum of the Membership. 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.

7.3.3 By a majority vote, the Board may remove any Director who was appointed by the Board to fill a vacancy on the Board.

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 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) & 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.

When the Board has appointed a Director during the first year of a two-year term, the appointed Director's term shall end at the close of the next Annual Meeting, and the Members shall elect a candidate to serve for the remainder of the term in the election held prior to the Annual Meeting. The Directors who are elected to fill a two-year term and the Directors who are elected to serve a one-year term shall be determined in the manner provided in Section 7.2 above.

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 at least once every other month 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. The meeting place shall ordinarily be held in Webb Hall or elsewhere within the Development unless, in the judgment of the Board, a reasonable meeting place does not exist or a larger meeting room is required than exists within the Development. Any other meeting place selected by the Board shall be as close as possible to the Development. 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, any Vice President, or the Secretary of the Association, 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 days' notice by first-class mail or at least 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 §1363.05; as of January 1, 2014, Section 1363.05 will be Sections 4900 through 4955; see Section 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 Bylaws, 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 1363.05 (as of January 1, 2014, *see* 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 §1363.05, as of January 1, 2014, *see* Civil Code Section 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 days prior to the meeting. Notice may be given by posting the notice and agenda in a prominent place, or places within the Common Area, by mail, by delivery to all Separate Interests in the Development, or by newsletter or similar means of communication.

8.8 Executive Session. [Civil Code §1363.05; as of January 1, 2014, *see* Civil Code Section 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 Sections 1367 or 1367.1 (as of January 1, 2014, *see* 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. Members and other persons are generally excluded from Executive Session 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 1363.05(j) [as of January 1, 2014, Section 1363.05(j) will be renumbered as Civil Code Section 4910].

8.10 Meeting by Telephone. [Corp. Code §7211(a)(6); Civ. Code §1363.05(k)(2)(B), as of January 1, 2014, *see* Civil Code Section 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 physical location, and at least one 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. [Civil Code §1363.05, as of January 1, 2014, *see* Civil Code Section 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. [Civil Code §1363.05, as of January 1, 2014, *see* Civil Code Section 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. [Civil Code §1363, as of January 1, 2014, Section 1363 will be renumbered as Civil Code Section 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 1368.3 (as of January 1, 2014, Section 1368.3 will be renumbered as Civil Code Section 5980) and the powers granted to the Association in the Davis–Stirling Common Interest Subdivision Act, Civil Code Section 1350, et seq. (as of January 1, 2014,

see 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 Separate Interests, the Common Area, and common facilities and facilities owned or controlled by the Association as provided in the Declaration and these Bylaws;

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 any Recreational Facilities 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 [Vehicle Code §21107.7.] Petitioning the local governmental body having jurisdiction for application of the California Vehicle Code to any privately owned and maintained roads in the Development in the manner prescribed by California Vehicle Code Section 21107.7, as amended from time to time;

9.2.13 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 insure 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 monies from the Reserve Accounts;

9.2.14 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;

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

9.2.16 [Civil Code §1360(a)(2); as of January 1, 2014, Section 1360(a)(2) will be renumbered as Civil Code Section 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

9.2.17 [Civil Code §1368; as of January 1, 2014, *see* Civil Code Section 4530.] Providing any Owner with the following documents 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 1368.2 (as of January 1, 2014, *see* Civil Code Section 4528) for it or its designated agent to prepare and reproduce said documents:

- (a) A copy of the Governing Documents;
- (b) A copy of the most recent financial statement and other documents distributed per Civil Code Section 1365 (as of January 1, 2014, *see* Civil Code Section 5305).
- (c) A Written statement from an authorized representative of the Association specifying (i) the amount of the Association's current Regular and Special Assessments or other fees; (ii) the amount of any Assessments levied on the Owner's Separate Interest that are unpaid on the date of the statement; and (iii) the amount of late charges, interest, and costs of collection that, as of the date of the statement, are or may be made a lien on the Owner's Separate Interest as provided in Civil Code Sections 1367 (as of January 1, 2014, Section 1367 will be renumbered Civil Code Section 5600, *et seq.*) or 1367.1 (as of

January 1, 2014, Section 1367.1 will be renumbered Civil Code Sections 5660–5690).

(d) A statement noting any change in the Association's current Assessments and fees which have been approved by the Board, but which have not become due and payable as of the date disclosure is provided pursuant to this Section; and

(e) Any other documents and/or disclosures required by Civil Code Section 1368 (as of January 1, 2014, *see* Civil Code Section 4530).

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 total 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-year (1 yr.) 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 years' (3 yrs.) duration; provided that the policy permits short rate cancellation by the insured; and

(d) Agreements for the purchase or lease of office equipment, such as computers and copiers, burglar alarm and fire alarm equipment, installation, and services not exceeding five years (5 yrs.) duration.

(e) Contracts intended to produce net income to the Association, which are otherwise consistent with the Governing Documents, for a term not to exceed ten (10) years. The Board of Directors shall only approve such a contract after consultation with the Association's Finance Committee, legal counsel and tax accountant.

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 to acquire a Separate Interest 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 [Civil Code §1365.5(c); as of January 1, 2014, *see* Civil Code Sections 5510 through 5520.] Expending funds designated as Reserve funds, except as permitted by Civil Code Section 1365.5(c) (as of January 1, 2014, *see* 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, a record of the Members giving their names and addresses and the class of Membership held by each), and to present a general statement of its acts and corporate affairs to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested by one-fourth (1/4) of the Voting Power of Members;

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

9.4.3 [Civil Code §§1365.7, et seq.; as of January 1, 2014, *see* Civil Code Section 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 Section 1365.7, et seq. (as of January 1, 2014, *see* Civil Code Sections 5800 through 5805) and otherwise to insure adequately the property which is owned either by the Association or by its Members in common;

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 Development which are required by the Governing Documents;

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 [Civil Code §1365(a), as of January 1, 2014, *see* Civil Code Section 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 1365(a) (as of January 1, 2014, *see* Civil Code Section 5300), including, but not limited to, the following:

(a) The estimated revenue and expenses on an accrual basis;

(b) A summary of the Association's Reserves based upon the most recent review or study conducted pursuant to Section 1365.5 of the California Civil Code (as of January 1, 2014, *see* Civil Code Section 5550) which shall be printed in bold type and include all of the following:

(i) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component;

(ii) As of the end of the fiscal year for which the study is prepared: (1) the current estimate of the amount of cash Reserves necessary to repair, replace, restore, or maintain the major components, and (2) the current amount of accumulated cash Reserves actually set aside to repair, replace, restore, or maintain those major components; and

(iii) The percentage that the amount determined for purposes of clause (2) of subparagraph (ii), above, is of the amount determined for purposes of clause (1) of subparagraph (ii), above.

The summary of the Association's Reserves disclosed pursuant to this Section shall not be admissible in evidence to show improper financial management of the Association, provided that other relevant and competent evidence of the financial condition of the Association is not made inadmissible by this provision;

(c) A statement as to whether the Board has determined or anticipates that the levy of one or more Special Assessments will be required to repair, replace, or restore any major component or to provide adequate Reserves therefore; and

(d) A general statement addressing the procedures used by the Board for the calculation and establishment of those Reserves to defray the future repair, replacement, or additions to those major components that the Association is obligated to maintain, or other components identified by the Board.

(e) [Civil Code §1363.05; as of January 1, 2014, *see* Civil Code Section 4950.] A statement informing Members of their right to obtain copies of the minutes of meetings of the Board, and how and where those minutes may be obtained. If not mailed with the annual budget materials, this statement may be sent at the time of any general mailing to the entire Membership.

(f) In lieu of distributing the pro forma budget, the Board may elect to distribute a summary of the statement to each Owner with a Written notice, in at least 10 point bold type on the front page of the summary, that the statement is available at the business office of the Association or other designated location and that copies will be provided upon Written request and at the expense of the Association. The Association shall provide the copy to the Owner within five (5) working days after receipt of the Owner's Written request by first-class United States mail.

9.5.2 [Civil Code §1365(c) (as of January 1, 2014, Section 1365(c) will be renumbered Civil Code Section 5305; Corp. Code §8321] Preparing and distributing an annual report, within one hundred twenty (120) days after the close of each fiscal year, consisting of the following:

- (a) A balance sheet as of the end of the fiscal year;
- (b) An operating (income) statement for the fiscal year;
- (c) A statement of changes in financial position for the fiscal year; and

(d) For any fiscal year in which the gross income to the Association exceeds \$75,000.00, a copy of an audit of the Association's financial statement prepared in accordance with generally accepted accounting principles by a Certified Public Accountant, licensed to practice in California. [Corp. Code §8321.] If the gross income to the Association does not exceed \$75,000, and the annual report is not prepared by a Certified Public Accountant, it shall be

accompanied by the certificate of an authorized Officer of the Association that the financial statements in the annual report were prepared from the books and records of the Association without independent audit or review.

(e) [Corp. Code §8322] Information concerning loans, guarantees, and indemnifications involving Directors and Officers and such other information required to be reported under Corporations Code Section 8322.

(f) [Corp. Code §8321(a)] A statement of the place where the names and addresses of the current Members are located.

9.5.3 [Civil Code §1365(e); as of January 1, 2014, Section 1365(e) will be renumbered as Civil Code Section 5310(a)(7).] 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 and practices in enforcing lien rights or other legal remedies for default in payment of its Assessments against Owners;

9.5.4 [Civil Code §1365.5; as of January 1, 2014, Section 1365.5 will be renumbered Civil Code Section 5550.] Causing, at least once every three (3) years, a reasonably competent and diligent visual inspection of the accessible areas of the major components that the Association is obligated to repair, replace, restore or maintain as part of a study of the Reserve Account requirements of the Development to be conducted if the current replacement value of the major components which the Association is obligated to repair, replace, restore or maintain is equal to or greater than one-half (1/2) of the gross budget of the Association for any fiscal year. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the Reserve Account requirements as a result of that review. This study shall, at a minimum, include:

(a) Identification of the major components which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years;

(b) Identification of the probable remaining useful life of the components identified in (a), above, as of the date of the study;

(c) An estimate of the cost of repair, replacement, restoration or maintenance of the components identified in (a), above, during and at the end of their useful life;

(d) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain the components identified in (a), above, during and at the end of their useful life, after subtracting total Reserve funds as of the date of the study (e.g., if a component costs \$100,000 to replace, \$50,000 is currently set aside in the Reserves for its replacement, and it has an estimated 10 years of remaining useful life, then the estimate of the total annual contribution to' Reserves for this component should be \$5000); and

(e) A reserve funding plan that indicates how the Association plans to fund the contribution identified in paragraph (d), above, to meet the Association's obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less, not including those components that the Board has determined will not be replaced or repaired. The plan shall include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan. The plan shall be adopted by the Board of Directors at an open meeting before the membership of the Association as described in Civil Code Section 1363.05 (as of January 1, 2014, *see* Civil Code Sections 4900, et seq.). If the Board of Directors determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the Board that is consistent with the procedure described in Civil Code Section 1366 (as of January 1, 2014, Section 1366 will be renumbered Civil Code Sections 5600–5625).

As used herein, the term "Reserve Account requirements" means the estimated funds which the Board has determined are required to be available at a specified point in time to repair, replace, or restore those major components which the Association is obligated to maintain; and

9.5.5 [Civil Code §1365.5(a); as of January 1, 2014, Section 1365.5(a) will be renumbered Civil Code Section 5500.] Reviewing the following:

(a) A current reconciliation of the operating accounts of the Association on at least a quarterly basis;

(b) A current reconciliation of the Association's Reserve Accounts on at least a quarterly basis;

(c) The actual Reserve revenues and expenses for the current year compared to the budget for the current year on at least a quarterly basis;

(d) An income and expense statement for the operating and Reserve Accounts of the Association on at least a quarterly basis; and

(e) The most recent account statements prepared by the financial institution where the Association has its operating and Reserve Accounts.

9.5.6 Compliance with the Association reserve disclosures mandated by Civil Code Section 1365.2.5 (as of January 1, 2014, Section 1365.2.5 will be renumbered Civil Code Section 5570).

9.6. Disciplinary Actions Against Owners. [Civil Code §§1363 (as of January 1, 2014, *see* Civil Code Section 5855) and 1363.05 (as of January 1, 2014, *see* Civil Code Section 4935); Corp. Code §7341.] In connection with the general power of enforcement described above, the Association may discipline Owners, and Members for violation of any of the provisions of the Governing Documents.

The Board may suspend a Member's rights and privileges of ownership, including the Member's voting rights and privileges to use the Common Area and facilities, for any period of time during which the Assessment, late charges, costs of collection or other related charges on his or her Separate Interest 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 and facilities, 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 1363(g) (as of January 1, 2014, Section 1363(g) will be renumbered 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 10 prior days, by first-class mail or personal delivery, prior Written notice of (1) the nature of any alleged violation, (2) the specific suspension, monetary fine, and/or other discipline proposed, and (3) the date, time, and place of the hearing, and (4) 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 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 (e.g. parking violations), the Board or its agents may undertake immediate corrective or disciplinary action and conduct a hearing as

soon thereafter as reasonably possible, if either (1) requested by the offending Owner within five (5) days following the Association's actions, or (2) the 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 Separate Interest or the utilities serving such Separate Interest, and no Owner of a Residential 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 attorney's 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.

9.7 Expending Reserve Funds. [Civil Code §1365.5; as of January 1, 2014, Section 1365.5 will be renumbered Civil Code Section 5510(b).] The Board may not expend funds designated as Reserve funds for any purpose other than the repair, restoration, replacement or maintenance of, or litigation involving the repair, restoration, replacement or maintenance of, major components which the Association is obligated to repair, restore, replace, or maintain and for which the Reserve fund was established. However, the Board may authorize the temporary transfer of money from a Reserve fund to the Association's general operating fund to meet short-term cash-flow requirements or other expenses. Any such temporary transfer and decisions related thereto shall be authorized by the Board, if at all, in compliance with the procedures established by Civil Code Section 1365.5(c)(2) (as of January 1, 2014, *see* Civil Code Section 5515).

The transferred funds shall be restored to the Reserve fund within one (1) year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a delay would be in the best interests of the Development, delay the restoration until the time which the Board reasonably determines to be necessary. The Board shall exercise prudent fiscal management in maintaining the integrity of the Reserve funds, and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limits required by this Section. This Special Assessment is subject to the limitation imposed by Section 1366 of the California Civil Code (as of January 1, 2014, *see* Civil Code Section 5605).

When the Board decides to use Reserve funds or to transfer money temporarily from the Reserve fund to pay for litigation, the Board shall notify the Member of that decision, in the next available mailing to Members and of the availability of an accounting of those expenses. The Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be available for inspection by Members at the Association's office.

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 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) Keep the seal of the Association, if any, and affix it on all papers requiring the seal;

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

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

(e) 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 preparation and distribution of the financial statements for the Association required by Section 9.5.2.

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.

11.3 Finance Committee. The Board shall appoint a Finance Committee composed of Members with knowledge and experience in the fields of finance, accounting, financial controls, business administration or related. The Finance Committee shall be composed of the number of Members the Board may choose to appoint from time to time. The Treasurer shall be an ex officio member of the Finance Committee. The Finance Committee may advise the Board on matters related to the Association's annual budget and on such other matters as the Board may request from time to time. The Finance Committee serves at the pleasure of the Board.

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. [Civil Code §1365.2; as of January 1, 2014, Section 1365.2 will be renumbered Civil Code Section 5200, et seq.] The required books and records of the Association identified in Civil Code Section 1365.2 (as of January 1, 2014, Section 1365.2 will be renumbered 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 1365.2 (as of January 1, 2014, Section 1365.2 will be renumbered 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; Civil Code §1365.7 (as of January 1, 2014, Section 1365.7 will be renumbered Civil Code Section 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 law.

ARTICLE 14 - CORPORATE SEAL

The Association shall have a seal, in circular form, having within its circumference the words: Sun City Civic Association, a California corporation.

ARTICLE 15 - ASSESSMENTS

15.1 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 Bylaws. 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 Separate Interest 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 Separate Interest. Regular and Special Assessments shall be uniform and divided equally among all Residential Lots and allocated among, assessed against and charged to each Owner according to the ratio of the number of Residential Lots owned by the assessed Owner to the total number of Residential Lots subject to Assessment.

15.2 Due Date. Unless a more frequent payment period is established by the Board, Regular Assessments are payable annually in advance. The Assessment will be due on a date to be specified by the Board that is no later than sixty (60) days after the start of the payment period. The Association will not prorate unpaid or prepaid Assessments as part of any closing. Once an Assessment is due for the payment period, the Owner on the due date is responsible for the full payment of that Assessment. If a selling Owner wishes to prorate Assessments through the date of closing, the seller and buyer shall establish the proration and carry it out as part of the closing.

15.3 Costs, Late Charges and Interest. [Civil Code §1366; as of January 1, 2014, *see* Civil Code Section 5650.] Late charges may be levied by the

Association against an Owner for the delinquent payment of any Assessment, fines and monetary penalties. An Assessment, including any installment payment, is delinquent fifteen (15) days after its due date. If an Assessment is delinquent, the Association may recover all of the following from the Owner:

15.3.1 Reasonable costs incurred in collecting the delinquent Assessment, including actual attorneys' fees.

15.3.2 A late charge not exceeding ten percent (10%) of the delinquent Assessment or ten dollars (\$10.00), whichever is greater, or the maximum amount allowed by law.

15.3.3 Interest on the foregoing sums, at an annual percentage rate of twelve percent (12%) commencing thirty (30) days after the Assessment becomes due.

15.3.4 No late charge may be imposed more than once for the delinquency of the same payment. The amounts delinquent, including the entire unpaid balance and any related costs described herein, may be collected by the Association as provided by Law.

15.4 Collection of Delinquent Assessments and Late Charges. [Civil Code §§1367 (as of January 1, 2014, see Civil Code Section 5650) and 2924b.] Delinquent Assessments, fines, monetary penalties, and any related late charges, reasonable costs of collection (including actual attorneys' fees), penalties, and interest, assessed in accordance with Section 15.3 herein, shall become a lien upon the Separate Interest when a Notice of Delinquent Assessment (hereafter "Lien") is duly Recorded as provided in California Civil Code Section 1367, et seq. (as of January 1, 2014, Section 1367, et seq., will be renumbered Civil Code Section 5650, et seq.) Unless otherwise provided by Law, the Lien shall describe the amount of the delinquent Assessment or installment, the related charges authorized by the Declaration, a description of the Separate Interest, the name of the purported Owner, and, if the Lien is to be enforced by power of sale under non-judicial foreclosure proceedings, the name and address of the trustee authorized by the Association to enforce the Lien by sale. The Lien shall be signed by any Officer of the Association, or any employee or agent of the Association authorized to do so by the Board, or by the Association's attorney. The Lien shall be mailed, in the manner set forth in

Civil Code Section 1367.1 (as of January 1, 2014, *see* Civil Code Section 5675), to all Record Owners of the Unit no later than ten (10) calendar days after Recording. The Lien shall also secure all other Assessments and all other charges, including late charges, interest, costs, and attorney's fees, which shall become due and payable with respect to the Owner's Separate Interest following the Recording of the Lien. Said Lien shall continue until all amounts secured thereby are fully paid or otherwise satisfied.

Unless otherwise permitted by Law, the Lien may not be Recorded until after the Association has mailed, via certified mail, a written demand for payment to the delinquent Owner. The written demand shall include the information and notices required by Civil Code Section 1367.1(a) (as of January 1, 2014, *see* Civil Code Section 5660), be sent as specified in that statute and in compliance with, and include such other information, as may otherwise be required by law. If the delinquent Assessment or installment and related charges are paid or otherwise satisfied in accordance with the demand for payment, the Association shall not Record the Lien.

If not paid in full within thirty (30) days after Recording the Lien, any Lien described herein may be enforced in any manner permitted by Law, including judicial foreclosure or non-judicial foreclosure. Any non-judicial foreclosure shall be conducted by the trustee named in the Lien or by a trustee substituted pursuant to California Civil Code Section 2934a, in accordance with the provisions of California Civil Code Sections 2924, 2924b, and 2924c. The Lien shall be deemed to include subsequent delinquencies and amounts due on account thereof.

If the sums secured by the Lien are paid before the completion of any judicial or non-judicial foreclosure, the Association shall (i) Record a notice of satisfaction and release of Lien, and (ii) upon receipt of a written request by the Owner, shall also Record a notice of rescission of any Recorded declaration of default and demand for sale.

The Lien is not required to be amended to reflect any partial payments after its Recording, and any such partial payments shall not be construed to invalidate the Lien, and said Lien may be foreclosed upon as set forth herein even though the delinquent Owner has made one or more partial payments.

Notwithstanding any other provision herein, unless a monetary charge has been levied to recover for damage to the Common Area or for damage to other areas the Association is responsible for maintaining, a monetary penalty or fine may not become a Lien on a Separate Interest enforceable by the sale of the Separate Interest through non-judicial foreclosure.

ARTICLE 16-MISCELLANEOUS

16.1 Fiscal Year. The fiscal year of the Association shall be set by the Board. The Board shall have the authority to change the fiscal year for any proper business purpose.

16.2 Parliamentary Authority. [Civil Code §1363(d); as of January 1, 2014, Section 1363(d) will be renumbered Civil Code Section 5000(a).] All meetings of the membership of this Association shall be conducted in accordance with a recognized system of parliamentary procedure or such special parliamentary procedures as the Board may adopt.

16.3. Order of Business. The order of business at all meetings of the Members shall be as follows:

- 16.3.1 Filing of Notice of Meeting or Waiver of Notice
- 16.3.2 Reading (or Waiver of Reading) Minutes of Preceding Meeting
- 16.3.3 Reports of Officers
- 16.3.4 Unfinished Business
- 16.3.5 New Business

As provided in Section 8.7, there shall be a reasonable time for Members to speak to the Board at any meeting of the Members at a time to be set by the Board.

Voting on all matters requiring a vote of the Members shall not be conducted at meetings, but rather as provided in Article 5.

16.4 Resale of Separate Interests; Documents To Be Provided To Prospective Purchasers; Penalties. [Civil Code §1368(a); as of January 1, 2014, *see* Civil Code Section 4525.] The Owner of a Separate Interest shall provide to a prospective purchaser such information as may be required by Civil Code Section 1368 (as of January 1, 2014, *see* Civil Code Section 4525), as amended from time to time hereafter.

[Civil Code §1368(b); as of January 1, 2014, Section 1368(b) will be renumbered Civil Code Section 4530.] Upon written request, the Association shall, within ten (10) days after the mailing or delivery of the request, provide the Owner, who made the request, or any other recipient authorized by the Owner, with a copy of the requested items specified by Civil Code Section 1368 (as of January 1, 2014, *see* Civil Code Section 4530), as amended from time to time. The Association may charge fees for this service in accordance with Civil Code Section 1368(b) (as of January 1, 2014, *see* Civil Code Sections 4528 and 4530) and the Association shall provide an estimate of such fees as specified by Civil Code Section 1368.2 (as of January 1, 2014, *see* Civil Code Sections 4528 and 4530).

[Civil Code §1368(c); as of January 1, 2014, Section 1368(c) will be renumbered Civil Code Sections 4575 and 4580.] The Association shall not impose or collect any Assessment, penalty, or fee in connection with a transfer of title or any other interest except the Association's actual costs to change its records and the costs authorized in providing the documents requested under the provisions set forth in the preceding paragraph.

[Civil Code §1368(d); as of January 1, 2014, Section 1368(d) will be renumbered Civil Code Section 4540.] Any Person or entity who willfully violates the provisions set forth in this section shall be liable to the purchaser of a Separate Interest for actual damages occasioned thereby and, in addition, shall be required to pay a civil penalty in an amount not to exceed five hundred dollars (\$500). In an action to enforce this liability; the prevailing party is entitled to be awarded reasonable attorney's fees.

[Civil Code §1368(e); as of January 1, 2014, Section 1368(e) will be renumbered Civil Code Section 4545.] Nothing in this section affects the validity of title to real property transferred in violation of this section.

ARTICLE 17 - AMENDMENTS

17.1 Amendment By Member Vote. These Bylaws may be amended by the Members after following the procedures set forth below.

17.1.1 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 or more of the Members in Good Standing.

17.1.2 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 Bylaws, Civil Code Section 1363.03 (as of January 1, 2014, *see* Civil Code Sections 5100, et seq.) and the voting rules adopted pursuant thereto.

17.1.3 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 twenty-five percent (25%) of the Members in Good Standing. The number of votes cast shall include absentee ballots, but shall exclude any blank, spoiled or otherwise voided ballots.

17.2 Amendment by Board Vote. The Board shall have the power to amend the Bylaws, 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 Bylaws.

17.3 Effect of Contrary Law. If any provision of these Bylaws shall, at any time, be contrary to the mandate of applicable Law, the Law shall prevail.

17.4 Amendment by Other Methods. These Bylaws may also be amended in any manner now or hereafter permitted by Law.

17.5 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.

17.6 Official Record of Bylaw Amendment. Whenever a Bylaw amendment or new Bylaw is adopted, it shall be placed in an appropriate location with the official copy of the Bylaws and shall recite the date on which the vote was conducted or the Written Balloting ended. If any Bylaw is repealed, the fact of repeal, with the date on which the repeal was approved, shall be filed with said Bylaws.

CERTIFICATE OF SECRETARY

The undersigned, as the duly appointed Secretary of the Sun City Civic Association, a California nonprofit mutual benefit corporation, hereby certifies that the foregoing Amended and Restated Bylaws and Exhibit A, attached, were duly and properly adopted via ballots cast by Association members tabulated on August 29, 2013, in accordance with Civil Code Section 1363.03, the same having been approved by affirmative vote of the requisite majority of a quorum of the votes duly cast.

Dated: 08/29/2013

LORRI SULLIVAN (SIGNATURE ON FILE)

Secretary, Sun City Civic Association

EXHIBIT A - DEFINITIONS

1. "Act" means the Davis-Stirling Common Interest Development Act, California Civil Code Section 1350, et seq. (as of January 1, 2014, Section 1350, et seq., will be renumbered Civil Code Section 4000, et seq.), as it may be amended from time to time.

2. "Articles" means the Articles of Incorporation of Sun City Civic Association that were filed in the Office of the Secretary of State of the State of California on August 21, 1963, and any amendments thereto now existing or hereafter adopted.

3. "Assessment" means any charge against a particular Owner and the Owner's Separate Interest, representing a portion of the Common Expenses or other charges that are to be paid by each Owner to the Association.

4. "Building" means a residential structure on a Residential Lot.

5. "Bylaws" means these Bylaws of the Association and any duly adopted amendments thereto, which are incorporated herein by reference.

6. "Capital Expenditure" or "Capital Improvement" means the use of Association funds to construct or build an addition to the Development, where such use of funds is optional under the Governing Documents, rather than mandatory, and is not otherwise required by Law. For purposes of the Governing Documents, the maintenance, repair or replacement of Improvements within the Development which the Association is obligated to maintain, using materials of similar kind, or using materials which are needed due to changes in building or fire codes or due to discontinued manufacture or unavailability, or using material that have substantially similar cost over the useful life of the material shall not be considered a Capital Expenditure or Capital Improvement, notwithstanding that such expenditure or Improvement may be considered a capital expenditure or capital improvement for tax purposes.

7. "Common Expenses" [Civil Code §1365(a)(1); as of January 1, 2014, *see* Civil Code Section 5300] means and includes the actual and estimated

expenses of operating the Development, and any reasonable reserve for such purposes as found and determined by the Board and all sums designated Common Expenses by or pursuant to the Governing Documents.

8. "Common Interest Development" shall have the meaning set forth in Civil Code Section 1351(c) (as of January 1, 2014, Section 1351(c) will be renumbered Civil Code Section 4100) as the same may be amended from time to time.

9. "County" means Riverside County, California.

10. "Declaration" means the First Amended and Consolidated Declaration of Restrictions ("Declaration") Recorded in the Official Records of the County Recorder of Riverside County, on March 11, 1997, as Document No. 080348, as amended from time to time.

11. "Director" means a member of the Board.

12. "Good Standing" means that a Member's Assessments are paid in full and that the Member's Membership rights and privileges have not been suspended in the manner set forth in the Bylaws.

13. "Improvement" means any structure or appurtenances thereto of every type and kind, including, but not limited to, Buildings, walkways, sprinkler pipes, carports, swimming pools, roads, driveways, parking areas, fences, screening walls, block walls, retaining walls, awnings, stairs, decks, landscaping, hedges, windbreaks, exterior surfaces of any visible structure and the paint or finish on such surfaces, planted trees and shrubs, poles, signs, and water-softener fixtures or equipment.

14. "Law" means any federal, state or local statute, law, ordinance, rule or regulation, or a decision by a court or administrative panel that has the force of law.

15. "Member" means every Person or entity entitled to Membership in the Association as provided in the Declaration or these Bylaws.

16. "Membership" means the property, voting and other rights and privileges of Members as provided herein, together with the correlative duties and obligations contained in the Governing Documents.

17. "Notice and Hearing" means notice to an Owner and an opportunity for the Owner to be heard, prior to the imposition of any fine, penalty or other disciplinary measure, in the manner set forth in these Bylaws.

18. "Officer" means a duly appointed officer of the Association.

19. "Owner" means the Record owner or holder of fee title to a Separate Interest, and any contract sellers under Recorded contracts of sale. "Owner" shall not include any Persons or entities who. Hold an interest in a Separate Interest merely as security for performance of an obligation. For purposes of exercising Membership rights and privileges and incurring Membership obligations, if an Owner is a corporation, any Director, Officer, employee or agent designated by corporate resolution may exercise the Membership rights and privileges attributable to the corporation. If an Owner is a trust, the trustee may exercise the Membership rights and privileges attributable to the trust unless otherwise designated by the trustee.

20. "Person" means a natural individual, a corporation, or any other entity with the legal right to hold title to real property.

21. "Project" or "Development" or "Property" means the Common Interest Development which is a Planned Development as defined in Civil Code §1351(k) (as of January 1, 2014, Section 1351(k) will be renumbered Civil Code Section 4175). The Development is legally described in Exhibit A to the First Amended and Consolidated Declaration of Restrictions for Sun City Civic Association that was Recorded on March 11, 1997, as Document No. 080348, as most recently amended by the Third Declaration of Annexation to First Amended and Consolidated Declaration of Restrictions for Sun City Civic Association that was Recorded on February 22, 1999, as Document No. 067407.

22. "Record" or "File" or "Recording" means, with respect to any document, the recording or filing of such document in the Office of the County Recorder of Riverside County, California.

23 "Regular Assessment" means any charge against a particular Owner and the Owner's Separate Interest, representing a portion of the annual Common Expenses that are to be paid by each Owner to the Association annually or at some other regular interval.

24. "Reserves" or "Reserve Account" [Civil Code Section 1365.5(c); as of January 1, 2014, *see* Civil Code Sections 4177 and 5510] means funds that the Board has identified from the Association's annual budget for use to defray the future repair or replacement of or additions to, those major components which the Association, under the Governing Documents, is obligated to maintain.

25. "Resident" means any Person who resides, temporarily or permanently, on any Residential Lot.

26. "Resident Activity Card " means a card or other document issued as an incident of. Membership or in exchange for payment of a fee to show that the holder of the card is a Resident and a Person who is entitled to use the Association's facilities and equipment.

27. "Rules and Regulations" or "Rules" means any Rules and Regulations for the Association regulating the use of the Separate Interests, Exclusive Use Common Areas, Common Area, the 'Development and any facilities located thereon adopted by the Board pursuant to Subsection 5.6 herein.

28. "Separate Interest" or "Residential Lot" means a separate interest in space as defined in California Civil Code Section 1351 (as of January 1, 2014, Section 1351 will be renumbered Civil Code Section 4185), and means all the Residential Lots within the Development, including all Improvements now or hereafter built or installed thereon, with the exception of the Common Area.

29. "Special Assessment" means any charge against a particular Owner and the Owner's Separate Interest that is to be paid by each Owner to the Association other than the Regular Assessment that is due annually or at some other regular interval.

30. "Voting Power" means the total number of votes eligible to be cast in the Association based on one vote per Separate Interest, less the votes of any Separate Interest whose voting rights have been suspended.

31. "Written" or "In Writing" [Corp. Code §5079] includes facsimile, telegraphic and other electronic communication authorized by the Corporations Code.

This completes the text of the amendments. It is intended that the terms of these amendments shall control to the extent any other provisions of the Amended and Restated Bylaws may conflict with it. If there is any error or omission in this document that is discovered after that date it is adopted, the Association, through the Board, reserves the right to amend the Bylaws accordingly to correct such error. Except as expressly modified by these amendments, all remaining provisions of the Amended and Restated Bylaws shall remain in full force and effect. These amendments shall take effect immediately upon approval by the Membership.