

Please be advised that by approving this document, in addition to all provisions below, the name of the Corporation would be changed from Third Laguna Hills Mutual to Third Laguna Woods Mutual. The Corporation would file a name change amendment with the California Secretary of State to effectuate this change in name of the Corporation. The below document has been drafted with the new name of the Corporation in place.

**AMENDED AND RESTATED
BYLAWS
OF
THIRD LAGUNA WOODS MUTUAL**

In the event of any conflicts or inconsistencies between these Bylaws and any election and/or voting rules adopted by Third Laguna Woods Mutual, the terms set forth in such election and/or voting rules shall be controlling to the extent such terms are applicable with and/or required under the California Civil Code.

Amended and Restated Bylaws of
Third Laguna Woods Mutual
September 30, 2020

© September 30, 2020 by SwedelsonGottlieb. Reproduction or use of this document, its content, or its format in connection with any project other than Third Laguna Woods Mutual is prohibited.

**AMENDED AND RESTATED
BYLAWS
OF
THIRD LAGUNA WOODS MUTUAL**

TABLE OF CONTENTS

DESCRIPTION	PAGE NO.
ARTICLE I.....	1
DEFINITIONS AND ORGANIZATIONAL INFORMATION.....	1
Section 1.1. Definitions and Interpretation.	1
Section 1.2. Name and Location.....	1
Section 1.3. Formation and Purpose.....	1
Section 1.4. Reference to Statute.....	2
Section 1.5. Amendment and Restatement of Prior Bylaws.	2
ARTICLE II	2
DELIVERY OF DOCUMENTS AND INFORMATION	2
Section 2.1. Delivery to the Corporation.....	2
Section 2.2. Individual Delivery / Individual Notice.	3
Section 2.3. General Delivery / General Notice.....	3
Section 2.4. Completion of Delivery.....	4
Section 2.5. Electronic Delivery.....	4
Section 2.6. Delivery Requirements for Certain Member Requests.	4

ARTICLE III.....5

MEMBERSHIP, VOTING RIGHTS AND MEMBER DISCIPLINE5

Section 3.1. Membership; Voting Rights.5

Section 3.2. Furnishing Evidence of Membership.6

Section 3.3. Eligibility to Vote.7

Section 3.4. Member Discipline.7

Section 3.5. Voting at Membership Meetings.8

Section 3.6. No Cumulative Voting.8

Section 3.7. Proxies Not Allowed.8

Section 3.8. Record Dates.8

ARTICLE IV9

ELECTIONS AND VOTING PROCEDURES.....9

Section 4.1. Election and Voting Rules.....9

Section 4.2. Inspector of Elections.11

Section 4.3. Procedure for Elections by Secret Ballot.12

Section 4.4. No Use of Corporation Funds for Campaign Purposes.....15

Section 4.5. Electronic Balloting, Election by Acclamation, and Other Alternative Voting Procedures.15

Section 4.6. Tie Votes; Breaking a Tie Vote.....16

ARTICLE V.....16

MEETINGS OF MEMBERS AND16

MEMBER APPROVAL REQUIREMENTS.....16

Section 5.1. Place of Meetings of Members.....16

Section 5.2. Annual Meetings of Members.....16

Section 5.3. Special Meetings of Members.....17

Section 5.4. Notice.....	17
Section 5.5. Affidavit of Delivery of Notice.....	18
Section 5.6. Quorum.....	18
Section 5.7. Adjourned Meetings.....	18
Section 5.8. Effect of a Member’s Attendance at a Meeting.....	19
Section 5.9. Action Without Meeting.....	20
Section 5.10. Approval Requirements under the Davis-Stirling Act.....	20
Section 5.11. Order of Business; Right of Members to Speak.....	21
ARTICLE VI.....	21
SELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS	21
Section 6.1. Nomination.....	21
Section 6.2. Number and Qualifications.....	21
Section 6.3. Election and Term of Office.....	23
Section 6.4. Vacancies.....	24
Section 6.5. Removal of Directors.....	24
Section 6.6. Filling Vacancies.....	24
Section 6.7. Compensation of Directors.....	24
ARTICLE VII	25
MEETINGS OF THE BOARD OF DIRECTORS.....	25
Section 7.1. General Board Meeting Requirements.....	25
Section 7.2. Regular Meetings of Board.....	27
Section 7.3. Special Meetings of Board.....	27
Section 7.4. Executive Session Meetings of Board.....	28
Section 7.5. Emergency Meetings of Board.....	28
Section 7.6. Waiver of Notice.....	29

Section 7.7. Quorum and Adjournment.....	29
Section 7.8. Board Meeting Minutes.....	29
Section 7.9. Conflicts of Interest.	30
ARTICLE VIII.....	31
POWERS AND DUTIES OF THE BOARD OF DIRECTORS.....	31
Section 8.1. Powers and Duties.	31
Section 8.2. Selected Financial Review Duties.....	35
Section 8.3. Annual Budget Report.....	36
Section 8.4. Annual Policy Statement.	38
Section 8.5. Prohibited Acts.	40
ARTICLE IX.....	41
OFFICERS	41
Section 9.1. Designation.....	41
Section 9.2. Election of Officers.	42
Section 9.3. Removal of Officers.	42
Section 9.4. Filling of Vacancies.....	42
Section 9.5. Compensation of Officers.	42
Section 9.6. President.	43
Section 9.7. Vice Presidents.	43
Section 9.8. Secretary.	43
Section 9.9. Treasurer.....	44
ARTICLE X.....	44
COMMITTEES.....	44
Section 10.1. Committees of the Board.....	44
Section 10.2. Advisory Committees.....	46

ARTICLE XI.....	47
CORPORATION RECORDS.....	47
Section 11.1. Records Inspection.	47
Section 11.2. Membership Lists.	50
Section 11.3. Use of Corporation Records.	50
ARTICLE XII	51
MISCELLANEOUS.....	51
Section 12.1. Rules of Order.	51
Section 12.2. Checks, Drafts and Documents.	51
Section 12.3. Execution of Documents.	52
Section 12.4. Operating Account.....	52
Section 12.5. Reserve Funds.	52
Section 12.6. Gifts.	53
Section 12.7. Fiscal Year.....	53
Section 12.8. Headings, Number and Gender.	53
ARTICLE XIII.....	53
AMENDMENTS TO BYLAWS.....	53
ARTICLE XIV	54
CONFLICTING PROVISIONS.....	54
CERTIFICATE OF SECRETARY	55

**AMENDED AND RESTATED
BYLAWS
OF
THIRD LAGUNA WOODS MUTUAL**

**ARTICLE I
DEFINITIONS AND ORGANIZATIONAL INFORMATION**

Section 1.1. Definitions and Interpretation.

Unless otherwise provided in these Amended and Restated Bylaws of Third Laguna Woods Mutual (these “*Bylaws*”), the capitalized terms used herein have the same meanings as in the Declaration. The “*Declaration*” shall mean and refer to the *Declaration of Covenants, Conditions and Restrictions for Third Laguna Woods Mutual* recorded on _____, 20__ as Document/Instrument No. _____ in the official records of Orange County, California (the “*County*”), and any amendments thereto. For purposes of these Bylaws, “*Separate Interest*” shall mean and refer to a “separate interest” as defined in the Davis-Stirling Act.

Section 1.2. Name and Location.

The name of the corporation is Third Laguna Woods Mutual. The principal office of the Corporation shall be located in the County of Orange and may, pursuant to a resolution of the Board of Directors, be changed from time to time; provided, however, that the principal office at the time of adoption of these Bylaws shall be 24351 El Toro Road, Laguna Woods, California 92637.

Section 1.3. Formation and Purpose.

The Corporation is a nonprofit corporation organized under the Nonprofit Corporation Law. The specific and primary purpose of the Corporation shall be as set forth in the Articles. Unless the Governing Documents provide otherwise, the Corporation may exercise the powers granted to a nonprofit mutual benefit corporation, as enumerated in Section 7140 of the Corporations Code. The

Corporation may further exercise the powers granted to a “Corporation” under the Davis-Stirling Act.

Section 1.4. Reference to Statute.

Wherever reference is made in these Bylaws to a statute or law, such reference shall mean and refer to a State of California statute or law, unless the context clearly indicates otherwise.

Section 1.5. Amendment and Restatement of Prior Bylaws.

These Bylaws are intended to amend, restate, and replace, in their entirety, any and all bylaws of the Corporation in existence prior to the effective date of these Bylaws.

**ARTICLE II
DELIVERY OF DOCUMENTS AND INFORMATION**

Section 2.1. Delivery to the Corporation.

If a provision of the Davis-Stirling Act requires that a document be delivered to the Corporation, the document shall be delivered to the person designated in the Annual Policy Statement to receive documents on behalf of the Corporation. If no person has been designated in the Annual Policy Statement to receive documents on behalf of the Corporation, the document shall be delivered to the President or Secretary of the Corporation.

A document delivered pursuant to this Section 2.1 may be delivered by any of the following methods: (1) email, facsimile, or other electronic means, if the Corporation has assented to that method of delivery; (2) personal delivery, if the Corporation has assented to that method of delivery; or (3) first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service center. If the Corporation accepts a document by personal delivery, it shall provide a written receipt acknowledging delivery of the document.

Section 2.2. Individual Delivery / Individual Notice.

If a provision of the Davis-Stirling Act requires that the Corporation deliver a document by “individual delivery” or “individual notice,” the document shall be delivered by one of the following methods: (1) first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier, and the document shall be addressed to the recipient at the address last shown on the books of the Corporation; or (2) email, facsimile, or other electronic means, if the recipient has consented, in writing, to that method of delivery.

Upon receipt of a request by a Member identifying a secondary address for delivery of notices of the following types, the Corporation shall deliver an additional copy of those notices to the secondary address identified in the request: (1) the Annual Budget Report and Annual Policy Statement; and (2) other documents required under the Davis-Stirling Act to be delivered to the Member’s secondary address, including but not limited to certain documents regarding Assessment payment and delinquency and documents relating to the serving of a notice of default.

Section 2.3. General Delivery / General Notice.

If a provision of the Davis-Stirling Act requires that the Corporation deliver a document by “general delivery” or “general notice,” the document shall be provided by one or more of the following methods: (1) any method provided for delivery of an Individual Notice pursuant to Section 2.2 of these Bylaws; (2) inclusion in a billing statement, newsletter, or other document that is delivered by one of the methods provided in this Section 2.3; (3) posting the printed document in a prominent location that is accessible to all Members, if the location has been designated for the posting of general notices by the Corporation in the Annual Policy Statement; or (4) if the Corporation broadcasts television programming for the purpose of distributing information on Corporation business to its Members, by inclusion in the programming.

Notwithstanding the foregoing, if a Member requests to receive General Notices by Individual Delivery, all General Notices to that Member given under this Section 2.3 shall be delivered pursuant to Section 2.2 of these Bylaws. The option

of a Member to request to receive General Notices by Individual Delivery shall be described in the Annual Policy Statement.

Section 2.4. Completion of Delivery.

If a document is delivered by mail, delivery is deemed to be complete on deposit into the United States mail. If a document is delivered by electronic means, delivery is complete at the time of transmission.

Section 2.5. Electronic Delivery.

If the Corporation or a Member has consented to receive information by electronic delivery, and a provision of the Davis-Stirling Act requires that the information be in writing, that requirement is satisfied if the information is provided in an electronic record capable of retention by the recipient at the time of receipt; an electronic record is not capable of retention by the recipient if the sender or its information processing system inhibits the ability of the recipient to print or store the electronic record. The consent to receive information by electronic delivery may be revoked, in writing, by the recipient.

Section 2.6. Delivery Requirements for Certain Member Requests.

To be effective, any of the following Member requests shall be delivered in writing to the Corporation in accordance with Section 2.1 of these Bylaws:

- (a) A request to change the Member's information in the Corporation's membership list.
- (b) A request to add or remove a second address for delivery of Individual Notices to the Member.
- (c) A request for Individual Delivery of General Notices to the Member, or a request to cancel a prior request for Individual Delivery of General Notices.
- (d) A request to opt out of the Corporation's membership list, as described in Section 11.2 of these Bylaws, or a request to cancel a prior request to opt out of the membership list.

(e) A request to receive a full copy of a specified Annual Budget Report or Annual Policy Statement.

(f) A request to receive Corporation reports in full, pursuant to the Davis-Stirling Act, or a request to cancel a prior request to receive those reports in full.

ARTICLE III MEMBERSHIP, VOTING RIGHTS AND MEMBER DISCIPLINE

Section 3.1. Membership; Voting Rights.

(a) The Corporation shall have one (1) class of voting membership. All Owners shall be Members and shall be entitled to one (1) vote for each Separate Interest owned. When more than one (1) Person holds an interest in any Separate Interest, all such Persons shall be Members; the vote for such Separate Interest shall be exercised as those Persons among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Separate Interest. If any Owner casts a vote on behalf of the Owner's Separate Interest, it will be conclusively presumed for all purposes that such Owner was acting with the authority and consent of all other Owners of such Owner's Separate Interest. Once a vote is cast, it shall be irrevocable.

(b) Notwithstanding the foregoing, if a Separate Interest is owned by a Person other than a natural person, voting rights for such Owner (and Member designation for purposes of serving on the Board pursuant to Section 6.2 of these Bylaws) shall be designated to the natural person who is authorized by the governing authority of the applicable legal authority; if no such designation has been made, the following shall be applicable: (1) if a corporation is the Owner of the Separate Interest, the president of the corporation shall hold the voting rights and be the designated Member with respect to the Separate Interest; (2) if a limited liability company is the Owner of the Separate Interest, the managing member of the limited liability company shall hold the voting rights and be the designated Member with respect to the Separate Interest; (3) if a partnership is the Owner of the Separate Interest, the managing partner of the partnership shall hold the voting rights and be

the designated Member with respect to the Separate Interest; and (4) if a trust is the Owner of the Separate Interest, the trustee(s) of the trust on record title for the Separate Interest shall hold the voting rights with respect to the Separate Interest. Evidence of the right of a person to vote on behalf of such Owner or serve as the designated Member shall be provided to the Corporation upon such Owner's assumption of ownership interest in the Separate Interest, upon a change in the person entitled to vote on behalf of such Owner and/or serve as the designated Member, and upon request of the Corporation. The Corporation shall perpetually require proof of the foregoing voting rights and authority from an Owner that is not a natural person.

(c) To the fullest extent permitted by law, the Corporation may, in addition to the requirement of ownership of a Separate Interest, impose such other limitations and/or qualifications for membership in the Corporation as required by the Board pursuant to any Governing Document of the Corporation (including, but not limited to the Declaration, Rules or policies of the Corporation).

(d) Membership in the Corporation shall automatically entitle a Member to a GRF membership. Such GRF membership shall be appurtenant to membership in the Corporation and shall not be severable from membership in the Corporation or subject to transfer independent of the membership in the Corporation. If a Member's membership in the Corporation is transferred, the appurtenant GRF membership shall be transferred concurrently to the applicable transferee; the foregoing shall be applicable to all transfers of a Separate Interest/membership including, but not limited, to transfers arising out of a Mortgagee's or the Corporation's foreclosure of a Separate Interest, as further described in the Declaration.

Section 3.2. Furnishing Evidence of Membership.

To establish a Person's status as a Member, the Board may require such Person to provide the Corporation with evidence of membership qualification in the form of a copy of a recorded grant deed, a certified statement with supporting documentation, a currently effective policy of title insurance, and/or such other document(s) that the Board may reasonably require.

Section 3.3. Eligibility to Vote.

Notwithstanding any other law or Governing Document, any Member at the time when ballots are distributed (or person with a valid, general power of attorney for a Member) may vote in all Corporation matters.

Section 3.4. Member Discipline.

The Corporation, through the Board, has the power to impose disciplinary measures against a Member for a violation of the Governing Documents by the Member, a Resident of the Member's Separate Interest, or an Invitee of either, through the imposition of monetary penalties and/or the suspension of membership privileges (such as the suspension to use a Common Area recreational facility or amenity use privileges). The Corporation, through the Board, also has the power to impose a Reimbursement Assessment against a Member as a means of reimbursing the Corporation for costs incurred by the Corporation in the repair of damage to the Common Area caused by the Member, a Resident of the Member's Separate Interest, or an Invitee of either. When imposing disciplinary measures against a Member, the Corporation shall adhere to the following procedure:

(a) The Corporation shall notify the Member in writing of the Board's intent to meet to consider or impose discipline upon the Member, by either personal delivery or Individual Delivery at least ten (10) days prior to the meeting. The notification shall contain, at a minimum, the date, time and place of the meeting, the nature of the alleged violation for which the Member may be disciplined or the nature of the damage to the Common Area for which a Reimbursement Assessment may be imposed, and a statement that the Member has a right to attend and may address the Board at the meeting. The Board shall meet in executive session, unless the Member requests that the Board meet in open session.

(b) If the Board imposes discipline on the Member or imposes a monetary charge on the Member for damage to the Common Area, the Board shall provide the Member a written notification of the decision, by either personal delivery or Individual Delivery, within fifteen (15) days following the action. The decision of the Board shall be final and binding on the Member.

(c) The Board may, in its discretion, form an Executive Committee as described in Section 10.1 of these Bylaws, for the purpose of exercising the Corporation's power to hold disciplinary hearings and to impose disciplinary measures against Members for a violation of the Governing Documents by a Member, a Resident of the Member's Separate Interest, or an Invitee of either.

Section 3.5. Voting at Membership Meetings.

Voting at any membership meeting may be in person and, as applicable, by Secret Ballot. Elections regarding Assessments legally requiring a vote, election of Directors, removal of Directors, amendments to Governing Documents, or the grant of Exclusive Use Common Area, as well as an election on any topic that is expressly identified in the Governing Documents or the Davis-Stirling Act as required to be held by Secret Ballot, shall be held by Secret Ballot in accordance with the procedures set forth in these Bylaws and the Davis-Stirling Act. Said procedures shall apply to votes cast directly by the Members.

Section 3.6. No Cumulative Voting.

Cumulative voting shall not be allowed in any election. For reference purposes, cumulative voting permits voters in an election in which more than one Director seat is open to cast more than one vote for a preferred candidate, up to the total number of votes held by the voter.

Section 3.7. Proxies Not Allowed.

Voting by proxy shall not be allowed.

Section 3.8. Record Dates.

The Board may fix, in advance, a date as the record date for the purpose of determining the Members entitled to notice of meeting of Members and to vote, as follows:

(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 Members. Such record date shall not be more than ninety (90) days 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 are entitled to notice

of a meeting of Members. A determination of Members entitled to notice of a meeting of Members shall apply to any adjournment of the meeting, unless the Board fixes a new record date for the adjourned meeting.

(b) As set forth in Section 3.3 of these Bylaws, any Member at the time ballots are distributed (or person with a valid, general power of attorney for a Member) may vote in all Corporation matters for which Member votes are allowed or required.

ARTICLE IV ELECTIONS AND VOTING PROCEDURES

Section 4.1. Election and Voting Rules.

The Corporation shall adopt Rules in accordance with the procedures prescribed by the Davis-Stirling Act, that are separate and apart from these Bylaws and do all of the following:

(a) Ensure that if any candidate or Member advocating a point of view is provided access to Corporation media, newsletters, or Internet websites during a campaign, for purposes that are reasonably related to that election, equal access shall be provided to all candidates and Members advocating a point of view, including those not endorsed by the Board, for purposes that are reasonably related to the election. The Corporation shall not edit or redact any content from these communications, but may include a statement specifying that the candidate or Member, and not the Corporation, is responsible for that content.

(b) Ensure access to Common Area meeting space, if any exists, during a campaign, at no cost, to all candidates, including those who are not incumbents, and to all Members advocating a point of view, including those not endorsed by the Board, for purposes reasonably related to the election. The foregoing right is subject to such Common Area meeting spaces being open at the time such access is requested and/or not being in use for an already-reserved event of the Corporation or another Member.

(c) Specify the qualifications for candidates for the Board and any other elected position, and procedures for the nomination of candidates, consistent with the provisions of these Bylaws. A nomination or election procedure shall not be deemed reasonable if it disallows any Member of the Corporation from nominating himself or herself for election to the Board.

(d) Specify the qualifications for voting, the voting power of each Member, and the voting period for elections, including the times at which polls will open and close, consistent with the provisions of these Bylaws.

(e) Specify a method of selecting one (1) or three (3) independent third parties as inspector or inspectors of elections (the “*Inspector*” or “*Inspectors*”) utilizing one of the following methods:

(1) Appointment of the Inspector or Inspectors by the Board.

(2) Election of the Inspector or Inspectors by the Members of the Corporation.

(3) Any other method for selecting the Inspector or Inspectors.

(f) Allow the Inspector or Inspectors to appoint and oversee additional persons to verify signatures and to count and tabulate votes as the Inspector or Inspectors deem appropriate, provided that such persons are independent third parties.

(g) The Rules adopted pursuant to this Section shall not be amended less than ninety (90) days prior to an election or vote.

To the fullest extent permitted by law, the use of write-in candidates on Secret Ballots and nominations from the floor of a meeting shall be expressly prohibited and shall not be permitted even if set forth under the Rules adopted pursuant to this Section 4.1.

Section 4.2. Inspector of Elections.

The Corporation shall select an independent third party or parties as an Inspector or Inspectors for any election by Secret Ballot; the number of Inspectors shall be one (1) or three (3). For purposes of this Section 4.2, an independent third party includes, but is not limited to, a volunteer poll worker with the County registrar of voters, a licensee of the California Board of Accountancy, or a notary public, but may not be a manager, managing agent or management company under contract with the Corporation (unless allowed under applicable law). An independent third party may be a Member, but may not be a Director, a candidate for Director, or be related to a Director or to a candidate for Director by blood, marriage, adoption, or domestic partnership. An independent third party may not be a person, business entity, or subdivision of a business entity who is currently employed or under contract to the Corporation for any compensable services, other than serving as the Inspector.

The Inspector or Inspectors shall do all of the following: (1) determine the number of memberships entitled to vote and the voting power of each; (2) receive Secret Ballots; (3) hear and determine all challenges and questions in any way arising out of or in connection with the right to vote; (4) count and tabulate all votes; (5) determine when the polls shall close, consistent with the Governing Documents; (6) determine the tabulated results of the election; (7) perform any acts as may be proper to conduct the election with fairness to all Members in accordance with the Davis-Stirling Act, the Corporations Code, and all applicable Rules of the Corporation regarding the conduct of the election that are not in conflict with the Davis-Stirling Act; and (8) deliver, or caused to be delivered, at least thirty (30) days before an election both of the following documents to each Member: (a) the ballot or ballots, and (b) a copy of the Rules adopted pursuant to Section 4.1; delivery of such Rules pursuant to this requirement may be accomplished by Individual Delivery or posting of such Rules to an internet website and including the corresponding internet website address on the ballot together with the phrase, in at least twelve (12) point font: “The rules governing this election may be found here.”

An Inspector shall perform all duties impartially, in good faith, to the best of the Inspector’s ability, as expeditiously as is practical, and in a manner that protects the interest of all Members of the Corporation. If there are three (3) Inspectors, the decision or act of a majority of the Inspectors shall be effective in all respects as the

decision or act of all. Any report made by the Inspector or Inspectors is *prima facie* evidence of the facts stated in the report.

Section 4.3. Procedure for Elections by Secret Ballot.

(a) The Corporation shall provide General Notice of the procedure and deadline for submitting a nomination at least thirty (30) days before any deadline for submitting a nomination. Individual Notice shall be delivered if requested by a Member.

(b) The Corporation shall provide General Notice of all of the following at least thirty (30) days before Secret Ballots are distributed:

(1) The date and time by which, and the physical address where, Secret Ballots are to be returned by mail or handed to the Inspector(s).

(2) The date, time, and location of the meeting at which Secret Ballots will be counted.

(3) The list of all Candidates' names that will appear on the Secret Ballot.

(c) Secret Ballots and two (2) pre-addressed envelopes with instructions on how to return the Secret Ballots shall be mailed by first-class mail or delivered by the Corporation to every Member not less than thirty (30) days prior to the deadline for voting. In order to preserve confidentiality, a voter may not be identified by name, address, or Separate Interest number on the Secret Ballot. The Corporation shall use as a model those procedures used by California counties for ensuring confidentiality of vote by Secret Ballots, including all of the following:

(1) The Secret Ballot itself is not signed by the voter, but is inserted into an envelope that is sealed. This envelope is inserted into a second envelope that is sealed. In the upper left hand corner of the second envelope, the voter shall sign the voter's name, indicate the voter's name, and indicate the address of the Separate Interest that entitles the voter to vote.

(2) The second envelope is addressed to the Inspector or Inspectors, who will be tallying the votes. The envelope may be mailed or delivered by hand to a location specified by the Inspector or Inspectors. The Member may request a receipt for delivery.

(d) A quorum shall be required in accordance with these Bylaws and applicable provisions of law, and each Secret Ballot received by the Inspector shall be treated as a Member present at a meeting for purposes of establishing a quorum.

(e) Except for the meeting to count the votes required in subsection (g) of this Section 4.3, an election may be conducted entirely by mail.

(f) In an election to approve an amendment of the Governing Documents, the text of the proposed amendment shall be delivered to the Members with the Secret Ballot.

(g) All votes shall be counted and tabulated by the Inspector or Inspectors, or the designee of the Inspector or Inspectors, in public at a properly noticed open meeting of the Board or Members. Any candidate or other Member of the Corporation may witness the counting and tabulation of the votes. No person, including a Member of the Corporation or an employee of the Corporation's management company, shall open or otherwise review any Secret Ballot prior to the time and place at which the Secret Ballots are counted and tabulated; provided, however, the Inspector, or the designee of the Inspector, may verify the Member's information and signature on the outer envelope prior to the meeting at which Secret Ballots are tabulated. Once a Secret Ballot is received by the Inspector, it shall be irrevocable.

(h) The tabulated results of the election shall be promptly reported to the Board, shall be recorded in the minutes of the next meeting of the Board, and shall be available for review by Members of the Corporation. Within fifteen (15) days of the election, the Board shall give General Notice of the tabulated results of the election.

(i) The sealed Secret Ballots, signed voter envelopes, voter list, and candidate registration list shall at all times be in the custody of the Inspector or Inspectors or at a location designated by the Inspector or Inspectors until after the tabulation of the vote, and until the time allowed by the Davis-Stirling Act for challenging the election has expired, at which time custody shall be transferred to the Corporation. If there is a recount or other challenge to the election process, the Inspector or Inspectors shall, upon written request, make the Secret Ballots, signed voter envelopes, the voter list of names, Separate Interest or parcel numbers, voters to whom Secret Ballots were sent, and the candidate registration list available for inspection and review by a Corporation Member or the Member's authorized representative; provided, however, that the signed voter envelopes may be inspected but may not be copied. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.

(j) The Corporation shall retain, as Corporation election materials, both a candidate registration list and a voter list. The voter list shall include the name, voting power, and either the physical address of the voter's Separate Interest, the parcel number, or both. The mailing address for the Secret Ballot shall be listed on the voter list if it differs from the physical address of the voter's Separate Interest or if only the parcel number is used. The Corporation shall permit members to verify the accuracy of their individual information on both lists at least thirty (30) days before the Secret Ballots are distributed. The Corporation or Member shall report any errors or omissions to either list to the Inspector(s) who shall make the corrections within two (2) business days.

(k) Notwithstanding the secret balloting requirements in this Section 4.3 and because the Corporation is comprised of more than six thousand (6,000) Separate Interests, when, as of the close of nominations for Directors on the Board, the number of Director nominees is not more than the number of vacancies to be elected, as determined by the Inspector or Inspectors of the elections, the Director nominees shall be considered elected by acclamation if the following are true:

(1) The Corporation provided Individual Notice of the election and the procedure for nominating candidates at least thirty (30) days before the close of nominations; and

(2) The Corporation permits all candidates to run if nominated, except as set forth pursuant to Section 6.2 of these Bylaws.

Section 4.4. No Use of Corporation Funds for Campaign Purposes.

Corporation funds shall not be used for campaign purposes in connection with any Corporation Board election. Further, funds of the Corporation shall not be used for campaign purposes in connection with any other Corporation election, except to the extent necessary to comply with duties of the Corporation imposed by law. For the purposes of this Section 4.4, “campaign purposes” includes, but is not limited to, the following: (1) expressly advocating the election or defeat of any candidate that is on the Corporation election ballot; and (2) including the photograph or prominently featuring the name of any candidate on a communication from the Corporation or the Board, excepting the ballot, ballot materials, or a communication that is legally required, within thirty (30) days of an election (provided, however, this is not a campaign purpose if the communication is one for which Rules adopted pursuant to Section 4.1 of these Bylaws or the Davis-Stirling Act require that equal access be provided to another candidate or advocate). Unless otherwise provided by the Davis-Stirling Act, the foregoing restrictions on the use of Corporation funds for campaign purposes shall apply only to the election and removal of Directors.

Section 4.5. Electronic Balloting, Election by Acclamation, and Other Alternative Voting Procedures.

Notwithstanding anything to the contrary contained in these Bylaws, should the Davis-Stirling Act or any other law permit the Corporation to adopt other alternate procedures for voting, including but not limited to: (i) the use of written ballots instead of Secret Ballots for the election of Directors (or any other matters); (ii) the use of electronic balloting and voting for any of those Corporation elections required to be held by Secret Ballot pursuant to Section 3.5 of these Bylaws, or any other Corporation elections; (iii) the conducting of elections not requiring the use of an Inspector for certain votes, or (iv) any procedure which allows for the amendment of the Bylaws without the procedures required by the Davis-Stirling Act, the Corporation may adopt and use such statutory alternate procedures in lieu of any conflicting procedures in these Bylaws.

Section 4.6. Tie Votes; Breaking a Tie Vote.

In the event of a tie vote in an election of Directors, all newly elected Directors shall immediately begin serving their terms. Notwithstanding Section 6.3 of these Bylaws; an incumbent Director whose seat was tied shall not continue to serve on the Board until there is a determination of the winner(s) for the tied seat(s); nor shall a candidate not already on the Board be deemed elected to the Board until a winner is determined. To the fullest extent permitted under applicable law, the tied candidates shall draw lots, flip a coin, or be subject to another type of determination based on lottery or chance, to determine the winner(s), and such determination shall be conducted/made at the meeting at which the tabulation of Secret Ballots takes place. Without limiting the foregoing, a runoff election shall be conducted in the event of a tie vote only if a runoff election is required by law or pursuant to a valid petition of the membership in accordance with applicable law.

**ARTICLE V
MEETINGS OF MEMBERS AND
MEMBER APPROVAL REQUIREMENTS**

Section 5.1. Place of Meetings of Members.

Meetings of the Members shall be held on the Property or such other suitable place within the County as is practicable and convenient to the Members, as may be designated by the Board of Directors; notwithstanding the foregoing, meetings of the Members may also be conducted virtually via videoconference, teleconference, or such other similar technology that permits members to attend virtually.

Section 5.2. Annual Meetings of Members.

The annual meeting of Members shall be held in October or November of each year on a day and at a time to be determined by the Board; provided, however, the annual meeting shall not be held on a federal holiday. At each annual meeting, there shall be elected by Secret Ballot of the Members a Board of Directors of the Corporation, in accordance with the requirements of these Bylaws. The Members may also transact such other business of the Corporation as may properly come before them. Without limiting the foregoing, the Corporation shall hold an election for a seat or seats on the Board, in accordance with the Rules adopted pursuant to

Section 4.1 of these Bylaws, at the expiration of the corresponding Director(s)' term(s) and at least once every four (4) years.

Section 5.3. Special Meetings of Members.

Special meetings of the Members for any lawful purpose may be called by the Board or the President of the Corporation. In addition, special meetings of the Members for any lawful purpose may be called by five percent (5%) or more of the Members, by a request in writing to the Corporation addressed to the President, any Vice President, or the Secretary of the Corporation, subject to the following: (1) within twenty (20) days after receipt of such request signed by Members representing at least five percent (5%) of the total voting power of the Corporation, the Board shall cause notice to be given, by Individual Delivery to the Members entitled to vote, that a special meeting of the Members will be held; and (2) the meeting shall be held at a time fixed by the Board, but not less than thirty-five (35) days nor more than ninety (90) days after the receipt of the request. No business shall be transacted at a special meeting of the Members, except as stated in the notice for such meeting.

Section 5.4. Notice.

It shall be the duty of the Secretary of the Corporation, or the designee of the Secretary, to send a notice of each annual or special meeting of the Members to each Member of record. Except as provided in Section 5.3 of these Bylaws, the notice shall be sent by Individual Delivery at least ten (10) days but not more than ninety (90) days prior to such meeting, stating the place, date, and time of the meeting and the business to be transacted at the meeting, subject to the requirements of Section 7511 of the Corporations Code. The notice may set forth time limits for speakers and nominating procedures for the meeting. The notice of any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to the Members. Notwithstanding the foregoing, any approval of the Members of a proposal described under subdivision (f) of Section 7511 of the Corporations Code, other than unanimous approval by those Members entitled to vote, shall be valid only if the general nature of the proposal so approved was stated in the notice of the meeting or in any written waiver of notice.

Section 5.5. Affidavit of Delivery of Notice.

An affidavit of giving of any notice or report in accordance with these Bylaws, executed by the Secretary of the Corporation or any transfer agent, shall be *prima facie* evidence of the giving of the notice or report.

Section 5.6. Quorum.

Except as otherwise provided in these Bylaws, the presence in person, or by Secret Ballot of at least fifteen percent (15%) of the voting power of the Corporation shall constitute a quorum of the Members. If a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting, entitled to vote, and voting on any matter shall be the act of the Members, unless the vote of a greater number of the Members is required by law or by the Governing Documents. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum, or, if required by law or the Governing Documents, the vote of a greater number of the Members. In the absence of a quorum, any meeting of Members may be adjourned from time to time by a vote of a majority of the Members represented in person, but no other business may be transacted. Notwithstanding the foregoing, if a meeting of Members is actually attended by Members having less than one-third (1/3) of the voting power of the Corporation, then the only matters that may be voted on at such meeting are those matters of which the general nature was given in the notice pursuant to Section 5.4 of these Bylaws.

Section 5.7. Adjourned Meetings.

(a) If any meeting of Members cannot be organized because a quorum is not present, a majority of the Members who are present may adjourn the meeting to a time neither less than five (5) days nor more than forty-five (45) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence, in person or by Secret Ballot, of at least ten percent (10%) of the voting power of the Corporation. Adjournment of a meeting of Members due to absence of quorum shall not be required, and shall be subject to the foregoing approval of Members. An adjourned meeting may be held without notice thereof as

provided under Section 5.4 of these Bylaws, so long as that notice is given by announcement at the meeting at which such adjournment is taken; however, if after adjournment, a new date, time, or place is fixed for the adjourned meeting, Individual Notice of the date, time, and place of such adjourned meeting shall be given to the Members.

(c) If an adjourned meeting of Members cannot be organized due to a lack of required member approval to adjourn the meeting, the Corporation shall not be required to hold an adjourned meeting, irrespective of the subject matter of the original meeting. Should a lack of quorum prevent new Directors from being elected, the Directors in office at the time of the original meeting shall hold office until his/her/their successor is elected at the next annual meeting of Members or at a special meeting of Members called for such purpose, in accordance with Section 6.3 of these Bylaws.

(d) At an adjourned meeting, the Members may transact any business which might have been transacted at the original meeting. No action by the Members on any such matter shall be effective if the votes cast in favor are fewer than the minimum number of votes required by law or by the Governing Documents to approve such an action. If an adjourned meeting is attended, in person by Members having less than one-third (1/3) of the voting power of the Corporation, then the only matters that may be voted on at such meeting are those matters of which the general nature was given in the notice pursuant to Section 5.4 of these Bylaws.

Section 5.8. Effect of a Member's Attendance at a Meeting.

Attendance of a Member at a meeting shall constitute a waiver of notice of and presence at the meeting, except when the Member objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Notwithstanding the foregoing, attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice of the meeting but not so included, if the objection is expressly made at the meeting.

Section 5.9. Action Without Meeting.

Any action which may be taken, other than the election or removal of Directors, at any regular or special meeting of Members may be taken without a meeting if the Corporation distributes a written ballot (including, as may be applicable, a Secret Ballot) to every member entitled to vote on the matter, in accordance with Section 7513 of the Corporations Code, so long as such action complies with the requirements of these Bylaws and the Davis-Stirling Act. The written ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the written ballot to the Corporation. Approval by written ballot pursuant to this Section 5.9 shall be valid only when the number of votes cast by written ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by written ballot.

All solicitations by written ballot shall indicate the number of responses needed to meet the quorum requirement and, with respect to written ballots other than for the election or removal of Directors, shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the written ballot must be received in order to be counted. A written ballot submitted pursuant to this Section 5.9 may not be revoked.

Section 5.10. Approval Requirements under the Davis-Stirling Act.

If a provision of the Davis-Stirling Act requires that an action be approved by a majority of all Members, the action shall be approved or ratified by an affirmative vote of a majority of the votes entitled to be cast. If a provision of the Davis-Stirling Act requires that an action be approved by a majority of a quorum of the Members, the action shall be approved or ratified by an affirmative vote of a majority of the votes represented and voting in a duly held election in which a quorum is represented, which affirmative votes also constitute a majority of the required quorum.

Section 5.11. Order of Business; Right of Members to Speak.

Meetings of Members shall be conducted in accordance with Section 12.1 of these Bylaws. The Board shall permit any Member to speak at any meeting of the Members of the Corporation; a reasonable time limit for all Members to speak at a meeting of the Corporation shall be established by the Board.

**ARTICLE VI
SELECTION, QUALIFICATION AND
TERM OF OFFICE OF DIRECTORS**

Section 6.1. Nomination.

Members may nominate themselves for election to the Board. Nominations shall be made at a time so as to permit the inclusion of a list of such nominations in the notice to Members of the meeting at which such election will be held. In the event multiple Director seats with differing term lengths are to be filled in the same election, and no election will be held due to an election by acclamation in accordance with Section 4.1(k) of these Bylaws, the candidate or candidates who submit the latest and/or last nomination(s) in time shall be elected to the shorter/shortest available term(s), as applicable, except as set forth in Section 6.3 of these Bylaws or as mutually agreed upon between the Association and applicable candidate(s). The foregoing is not intended to apply to an election actually conducted by Secret Ballot.

Section 6.2. Number and Qualifications.

(a) The property, business and affairs of the Corporation shall be governed and managed by a Board of Directors composed of eleven (11) persons.

(b) An individual shall not qualify as a candidate for the Board if the individual is not a Member at the time of nomination. If title to a Separate Interest parcel is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to be a Member.

(c) In addition to being a Member, in order to qualify as a candidate (or serve as a Director as applicable), the following qualifications or requirements shall be applicable:

(1) A candidate or Director must be current in the payment of Regular and Special Assessments, which are consumer debts subject to validation. This requirement shall not apply to the nonpayment of fines, fines renamed as Assessments, collection charges, late charges, or costs levied by a third party. Further, the Person shall not be disqualified for failure to be current in payment of Regular and Special Assessments if either of the following circumstances is true:

(A) The Person has paid the Regular or Special Assessment under protest pursuant to the Davis-Stirling Act.

(B) The Person has entered into a written payment plan pursuant to the Davis-Stirling Act.

(2) A candidate or Director may not serve on the Board if the Person, if elected, would be serving on the Board at the same time as another Person who holds a joint ownership interest in the same Separate Interest parcel as the Person and the other Person is either properly nominated for the current election or an incumbent Director.

(3) A candidate or Director may not serve on the Board unless that Person has been a Member for at least one (1) year prior to the nomination date.

(4) A Candidate or Director may not serve on the Board if that person discloses, or if the Corporation is aware of or becomes aware of, a past criminal conviction that would, if the person was elected, either prevent the Corporation from purchasing the fidelity bond coverage required by the Davis Stirling Act or terminate the Corporation's existing fidelity bond coverage.

(5) To the fullest extent permitted by law, a Director may have his/her/their or its, seat declared vacant, and the Director's seat removed, if the

Director has been convicted of a felony or declared of unsound mind by a final order of a court in accordance with the Corporations Code.

(d) No person may be a candidate for election to the Board, or serve on the Board, unless he or she (or, in the case of a Member who is not a natural person, the Member whom such person represents) meets the foregoing qualifications. Any Director who ceases to meet the qualifications for a Director set forth in this Section 6.2 shall be deemed to have resigned from the Board upon the occurrence of the non-qualifying event, and the Director's seat shall be deemed vacant in accordance with Section 6.4 of these Bylaws.

(e) The Board may adopt, in the Rules pursuant to Section 4.1 of these Bylaws, any other qualifications or requirements to serve on the Board as may be allowed and/or to the fullest extent not prohibited under applicable law.

Section 6.3. Election and Term of Office.

Directors shall serve on the Board in staggered terms. The Board shall be elected by Secret Ballot by the Members at an annual meeting of Members called for that purpose, and when elected shall serve for three (3) year terms. Upon the adoption of these Bylaws, the following shall apply: (i) three (3) Directors shall be elected in the first election after such adoption, (ii) four (4) Directors shall be elected in the second year after such adoption, and (iii) four (4) Directors shall be elected in the third year after such adoption. Notwithstanding this term of office, each Director shall hold office until (1) the expiration of the term for which the Director has been elected and (2) a successor to the Director has been elected, subject to the Director vacancy, resignation and removal provisions of Sections 6.4 and 6.5 of these Bylaws; the foregoing provisions shall automatically apply to each Director. Any person serving as a Director may be reelected, and there shall be no limitation on the number of terms which a Director may serve. In the event multiple Director seats with differing term lengths are to be filled in the same election, the candidate(s) receiving the higher number of votes in such election shall be given the longer available terms, except as set forth in Section 6.1 of these Bylaws or as mutually agreed upon between the Association and applicable candidate(s).

Section 6.4. Vacancies.

A Director may resign at any time by giving written notice to the President or the Secretary of the Corporation, or the Board, and that Director's position will be deemed vacant as of the effective resignation date contained in such notice. Any Director who ceases to meet the qualifications for a Director set forth in Section 6.2 of these Bylaws, or qualifications that were otherwise in effect at the beginning of the Director's then current term of office, shall be deemed to have resigned from the Board upon the occurrence of the non-qualifying event. A vacancy in a Director's office shall also be deemed to exist in the event of a Director's death or removal, or in the event the Members fail to elect the full number of authorized Directors to fill open seats at any meeting at which such election is to take place.

Section 6.5. Removal of Directors.

At a meeting of the Members, any one (1) individual Director or the entire Board may be removed prior to the expiration of their terms of office with or without cause by the affirmative vote of Members representing a majority of the voting power of the Corporation.

Section 6.6. Filling Vacancies.

Vacancies on the Board caused by any reason other than the removal of a Director by a vote of the Members of the Corporation shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Any vacancy on the Board not filled by the Directors may be filled by vote of the Members at the next annual meeting of the Members, or at a special meeting of the Members called for such purpose. A vacancy caused by the removal of a Director by the Members shall be filled by the vote of the Members. The term of office of each Director elected or appointed to fill a vacancy created by the resignation, death, or removal of the Director's predecessor shall be the balance of the unserved term of such Director's predecessor.

Section 6.7. Compensation of Directors.

Directors shall not receive any salary or compensation for their services as Directors; provided, however: (1) nothing contained in these Bylaws shall be construed to preclude any Director from serving the Corporation in some other capacity and receiving compensation for same; and (2) any Director may be

reimbursed for actual expenses incurred in the performance of such Director's duties.

ARTICLE VII MEETINGS OF THE BOARD OF DIRECTORS

Section 7.1. General Board Meeting Requirements.

(a) The Board shall not take action on any item of business outside of a Board meeting. The term "item of business" when used in these Bylaws shall mean any action within the authority of the Board, except those actions that the Board has validly delegated to any other Person or Persons, managing agent, officer of the Corporation, or committee of the Board comprising less than a quorum of the Board, unless the context clearly indicates otherwise. A Board "meeting" means either of the following: (1) a congregation, at the same time and place, of a sufficient number of Directors to establish a quorum of the Board, to hear, discuss, or deliberate upon any item of business that is within the authority of the Board; or (2) a teleconference or videoconference, where a sufficient number of Directors to establish a quorum of the Board, in different locations, are connected by electronic means, through audio or video, or both.

(b) A teleconference or videoconference meeting of the Board shall be conducted in a manner that protects the rights of Members of the Corporation and otherwise complies with the requirements of the Davis-Stirling Act. Except for a Board meeting that will be held solely in executive session, the notice of the teleconference or videoconference meeting shall identify at least one (1) physical location so that Members may attend, and at least one (1) Director or another person designated by the Board shall be present at that location. Participation by Directors in a teleconference or videoconference meeting constitutes presence at that meeting as long as all Directors participating are able to hear one another, as well as Members of the Corporation speaking on matters before the Board.

(c) Any Member may attend Board meetings, except when the Board adjourns to, or meets solely in, executive session. As specified in this Section 7.1, a

Member of the Corporation shall be entitled to attend a teleconference and/or videoconference meeting with audio or the portion of a teleconference and/or videoconference meeting with audio that is open to Members, and that meeting or portion of the meeting shall be audible to the Members in a location specified in the notice of the meeting. The Board shall permit any Member to speak at any meeting of the Corporation or the Board, except for meetings of the Board held in executive session; a reasonable time limit for all Members of the Corporation to speak to the Board at a Board meeting, or before a meeting of the Corporation, shall be established by the Board.

(d) Notwithstanding Section 7211 of the Corporations Code, the Board shall not conduct a meeting via a series of electronic transmissions, including, but not limited to, electronic mail, with the exception that electronic transmissions may be used as a method of conducting an emergency Board meeting if all Directors, individually or collectively, consent in writing to that action, and if the written consent or consents are filed with the minutes of the meeting. These written consents may be transmitted electronically.

(e) Except as allowed by the Davis-Stirling Act, the Board may not discuss or take action on any item at a nonemergency meeting unless the item was placed on the agenda included in the notice that was distributed for the meeting. As provided under the Davis-Stirling Act, the Board may take action on any item of business not appearing on a meeting agenda under any of the following conditions, if the Board openly identifies the item to the Members in attendance at the meeting:

(1) Upon a determination made by a majority of the Board present at the meeting that an emergency situation exists. An emergency situation exists if there are circumstances that could not have been reasonably foreseen by the Board, that require immediate attention and possible action by the Board, and that, of necessity, make it impracticable to provide notice.

(2) Upon a determination made by the Board by a vote of two-thirds (2/3) of the Directors present at the meeting, or, if less than two-thirds (2/3) of total membership of the Board is present at the meeting, by a unanimous vote of the

Directors present, that there is a need to take immediate action and that the need for action came to the attention of the Board after the meeting agenda was distributed.

(3) The item appeared on an agenda that was distributed for a prior meeting of the Board that occurred not more than thirty (30) calendar days before the date that action is taken on the item and, at the prior meeting, action on the item was continued to the meeting at which the action is taken.

(f) Notwithstanding anything to the contrary contained in these Bylaws, should the Davis-Stirling Act permit the Board to hear, discuss, or deliberate upon any item of business outside of a meeting, the Board shall be empowered to take such action without a meeting pursuant to the applicable provisions of the Davis-Stirling Act.

Section 7.2. Regular Meetings of Board.

Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a resolution adopted by a majority of a quorum of the Directors; provided, however, that such meetings shall be held no less than once every calendar month. At the time of adoption of these Bylaws, regular meetings of the Board are held on the third Tuesday of each month, which is subject to change at the Board's discretion. General Notice of the time and place of regular meetings of the Board shall be given to the Members at least four (4) days prior to the date set for such meeting, and the notice shall contain the agenda for the meeting.

Section 7.3. Special Meetings of Board.

Special meetings of the Board may be called by the President of the Corporation, or by any two (2) Directors other than the President, upon four (4) days notice to each Director by first-class mail or forty-eight (48) hour notice delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile transmission, electronic mail, or other electronic means, to the extent a Director has provided authority to the Corporation's Board to utilize electronic means for notice purposes. General Notice of the time and place of special meetings of the Board shall be given to the Members at least four (4) days prior to the date set for such meeting, and the notice shall contain the agenda for the meeting.

Section 7.4. Executive Session Meetings of Board.

(a) The Board may adjourn to, or meet solely in, executive session to consider: (1) litigation in which the Corporation is or may become involved; (2) matters relating to the formation of contracts with third parties; (3) Member discipline; (4) personnel matters; and (5) to meet with a Member, upon the Member's written request, regarding the Member's payment of Assessments (as specified in the Davis-Stirling Act).

(b) The Board shall adjourn to, or meet solely in, executive session to: (1) discuss Member discipline, if requested by the Member who is the subject of the discussion, and that Member shall be entitled to attend the executive session; (2) discuss a payment plan pursuant to the Davis-Stirling Act; or (3) decide whether to foreclose on a lien pursuant to the Davis-Stirling Act.

(c) If a nonemergency Board meeting is held solely in executive session, the Corporation shall give General Notice of the time and place of the meeting at least two (2) days prior to the meeting, and the notice shall contain an agenda that generally notes the matters to be discussed in executive session.

(d) Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting that is open to the Members.

(e) Any matter discussed in executive session is confidential in nature and cannot be disclosed by a Director to any Members or other persons who are not Directors; provided, however, executive session matters can be discussed by an individual Director with outside attorneys, accountants, contractors, and other professional consultants and experts advising the Board, if approved in advance by the Board.

Section 7.5. Emergency Meetings of Board.

An emergency Board meeting may be called by the President of the Corporation, or by any two (2) Directors other than the President, if there are circumstances that could not have been reasonably foreseen which require

immediate attention and possible action by the Board, and which of necessity make it impracticable to provide notice as required by these Bylaws and the Davis-Stirling Act. If a Board meeting is an emergency meeting, the Corporation is not required to give notice of the time and place of the meeting.

Section 7.6. Waiver of Notice.

Notice of a meeting need not be given to a Director who provided a waiver of notice or consent to holding the meeting or an approval of the minutes thereof in writing, whether before or after the meeting, or who attends the meeting without protesting, prior to the meeting or at its commencement, the lack of notice to that Director. Such waivers, consents, and approvals shall be filed with the corporate records of the Corporation or made a part of the minutes of the meetings.

Section 7.7. Quorum and Adjournment.

Except as otherwise expressly provided herein, at all meetings of the Board, a majority of the authorized number of Directors, or six (6) Directors, shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. However, if there is a vacancy on the Board, the greater of two (2) Directors or a majority of the authorized number of Directors less the number of vacant positions on the Board shall constitute a quorum for the transaction of business. If there is less than a quorum present at any meeting of the Board, the majority of those Directors present may adjourn the meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of an adjournment to another time and place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment. Each Director present and voting at a meeting of the Board shall have one (1) vote on each matter presented to the Board for action at that meeting. No Director may vote at any meeting of the Board by proxy.

Section 7.8. Board Meeting Minutes.

The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any Board meeting, other than an executive session, shall be available to Members within thirty (30) days of the meeting. The

Annual Policy Statement shall inform the Members of their right to obtain copies of Board meeting minutes and of how and where to do so.

Section 7.9. Conflicts of Interest.

(a) Notwithstanding any other law, the provisions of Sections 7233 and 7234 of the Corporations Code shall apply to any contract or other transaction authorized, approved, or ratified by the Board or a committee of the Board.

(b) A Director shall not be entitled to vote, and shall not vote, on any of the following matters:

(1) Discipline of the Director.

(2) An Assessment against the Director for damage to the Common Area.

(3) A request, by the Director, for a payment plan for delinquent Assessments.

(4) A decision whether to foreclose on a lien on a Separate Interest owned by the Director.

(5) Review of a proposed physical change to: (A) a Separate Interest owned by the Director, or to the Common Area by the Director; or (B) a Separate Interest owned by another Person, or to the Common Area by another Person, that would have a direct impact, visual or otherwise, on a Separate Interest owned by the Director and/or any Exclusive Use Common Area designated for the use of the Director.

(6) A grant of Exclusive Use Common Area to the Director.

(c) In the case of a Director, who is a licensed real estate agent and/or broker, such Director shall not be entitled to review matters and documentation/Board packet materials relating to membership applications, resale

packages, or lease requests, nor shall such a Director be entitled to vote on membership application, resale package, and lease request decisions.

(d) In the case of a Director who serves on the Board on behalf of a Member that is a Person other than a natural person, the foregoing restrictions on voting by the Director shall also apply with regard to the Member whom such Director represents.

(e) Nothing in this Section 7.9 limits any other provision of law or the Governing Documents that governs a decision in which a Director may have an interest.

ARTICLE VIII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 8.1. Powers and Duties.

The Board of Directors has the powers and duties necessary for the administration of the business and affairs of the Corporation, and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done exclusively by the Members. The powers and duties of the Board shall include, but not be limited to, the following:

(a) The power and duty to select, appoint, supervise, and remove all officers, agents, and employees, if any, of the Corporation, to prescribe such powers and duties for them as may be consistent with law, the Governing Documents, and/or any contractual agreement, and to fix their compensation.

(b) The power and duty to conduct, manage and control the affairs and business of the Corporation, and to make such Rules and Regulations for same consistent with law and as the Board may deem necessary or advisable.

(c) The power but not the duty to change the principal office for the transaction of the business of the Corporation from one location to another within the County, and to designate any place within the County for the holding of any

annual or special meeting or meetings of Members consistent with the provisions of these Bylaws.

(d) The power but not the duty to borrow money as may be needed in connection with the discharge by the Corporation of its powers and duties, and the power but not the duty to cause to be executed and delivered, in the Corporation's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities for same, subject to any restrictions set forth in the Articles or the Declaration.

(e) The power and duty to fix and levy Assessments sufficient for the Corporation to perform its obligations under the Governing Documents and the Davis-Stirling Act, and to enforce collection thereof in accordance with the Governing Documents and the Davis-Stirling Act.

(f) The power and duty to enforce the provisions of the Declaration, these Bylaws, the Rules and Regulations, any other Governing Documents, as well as any agreements and contracts of the Corporation.

(g) The power and duty to contract for and pay for insurance for the Corporation in accordance with the provisions of the Declaration, and review, not less frequently than annually, all insurance policies and bonds obtained by the Board on behalf of the Corporation.

(h) The power and duty to contract and pay for: (i) maintenance, repair, and replacement of Improvements in the Common Area in accordance with the Corporation's responsibility for same as set forth in the Declaration, including but not limited to Common Area building components, landscaping, and utility facilities; (ii) materials, supplies, and services relating to the Common Area, including but not limited to utility services for Common Area facilities; (iii) materials, supplies, and services relating to the Separate Interests, as may be applicable and subject to any limitations set forth in the Governing Documents; and (iv) employment of personnel as necessary to provide for proper operation of the Property.

(i) The power but not the duty to delegate its powers according to law, and, subject to the approval of the Members, to adopt bylaws.

(j) The power but not the duty to grant or quitclaim easements, licenses, or rights of way in, on, or over the Common Area for purposes not inconsistent with the intended use of the Property as a common interest development, in accordance with the Declaration.

(k) The power but not the duty to employ a manager, managing agent, or management company, and/or contract with independent contractors and other persons, to perform all or any part of the duties and responsibilities of the Board under the Governing Documents and at law, except for the responsibility to hold hearings, cause legal actions to be filed and perform other duties of the Board that are not delegable under law or the Governing Documents. Notwithstanding the foregoing, and subject to the provisions of Section 8.5 of these Bylaws, the Board shall endeavor to negotiate the following provisions in any contract entered into by the Corporation: (1) the contract shall not exceed a one (1) year term; (2) the Corporation shall have the right to terminate the contract without cause upon ninety (90) days advance notice, without being required to pay any cancellation penalty; and (3) the Corporation shall have the right to terminate the contract for cause on thirty (30) days written notice or less, without being required to pay any cancellation penalty.

(l) The power but not the duty to designate such executive, advisory and other committees as the Board shall desire, and to establish the purposes and powers of each such committee created, consistent with the provisions of Article X of these Bylaws.

(m) The power but not the duty to authorize the Corporation to pay a judgment or fine levied against the Corporation or any present or former Director, officer, employee, or agent of the Corporation, to the extent and under the circumstances provided in the Declaration.

(n) The power and duty to authorize the Corporation to pay expenses and obligations incurred by the Corporation in the conduct of its business, including

without limitation all licenses, taxes, and governmental charges levied or imposed against the Property.

(o) The power and duty to cause to be kept: (1) a complete record of all Board acts and Corporation business; (2) adequate and correct books and records of Corporation accounts and Assessments; (3) minutes of the proceedings of committees (to the extent such committees prepare minutes, and as required by state statute); (4) a record of Member names, Separate Interest addresses, mailing addresses, and emails addresses, as applicable; and (5) a record of all leased or rented Separate Interests and the tenants/lessees under such lease or rental agreement.

(p) The power and duty to discharge by payment, if necessary, any lien against the Common Area and assess the cost of such lien to the Member or Members responsible for the existence of the lien (after notice and hearing as required by the Governing Documents and the Davis-Stirling Act).

(q) The power but not the duty to employ and engage consultants and experts, including without limitation legal and accounting service providers, to advise the Board regarding its powers and duties described in the Governing Documents and other Corporation matters as the Board may determine to be necessary.

(r) The power and duty to file any statements and forms required by the Secretary of State and/or the Franchise Tax Board of the State of California with respect to the Corporation and its business activities.

(s) The power and duty, at least once every three (3) years or as may be required by law, to cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components that the Corporation is obligated to repair, replace, restore, or maintain as part of a study of the Reserve Account Requirements of the Development, if the current replacement value of the major components is equal to or greater than one-half (1/2) of the gross budget of the Corporation, excluding the Corporation's Reserve Account for that period. The reserve study and resulting reserve funding plan shall include, at a minimum, that information required by the Davis-Stirling Act, be prepared on such form(s) as may

be required by the Davis-Stirling Act, and be adopted by the Board in accordance with the requirements of the Davis-Stirling Act.

Section 8.2. Selected Financial Review Duties.

In addition to those powers and duties set forth in Section 8.1 of these Bylaws, and any other powers and duties of the Board provided by law or the Governing Documents, the Board of Directors has the specific following powers and duties related to the review of the Corporation's financial records:

(a) The power and duty to review, on at least a monthly basis: (1) a current reconciliation of the Corporation's operating accounts; a (2) current reconciliation of the Corporation's Reserve Accounts; (3) the current year's actual reserve revenues and expenses compared to the current year's budget; (4) the latest account statements prepared by the financial institutions where the Corporation has its operating and Reserve Accounts; (5) an income and expense statement for the Corporation's operating accounts and Reserve Accounts; and (6) the check register, monthly general ledger, and delinquent assessment receivable report. The review requirements of this subsection (a) may be met when every individual Member of the Board, or a subcommittee of the Board consisting of the Treasurer and at least one other Board Member, reviews the documents and statements described in this subsection (a) independent of a Board meeting, so long as the review is ratified at the Board meeting subsequent to the review and that ratification is reflected in the minutes of that meeting.

(b) The power and duty to review the study of the Reserve Account Requirements of the Development, or cause it to be reviewed, annually, and consider and implement necessary adjustments to the Board's analysis of the Reserve Account Requirements as a result of that review.

(c) The power and duty to cause a review of the financial statement of the Corporation to be prepared in accordance with generally accepted accounting principles by a licensee of the California Board of Accountancy for any fiscal year in which the gross income to the Corporation exceeds seventy-five thousand dollars (\$75,000), a copy of which shall be distributed to the Members by Individual Delivery within one hundred twenty (120) days after the close of such fiscal year.

Section 8.3. Annual Budget Report.

The Corporation, through the Board, shall distribute to all Members an Annual Budget Report thirty (30) to ninety (90) days before the end of each fiscal year, as follows:

(a) The Annual Budget Report shall include, at a minimum, the following information, as well as any other information required by the Davis-Stirling Act:

(1) A pro forma operating budget, showing the estimated revenue and expenses on an accrual basis.

(2) A summary of the Corporation's reserves, prepared pursuant to the Davis-Stirling Act.

(3) A summary of the reserve funding plan adopted by the Board, as specified in the Davis-Stirling Act. The summary shall include notice to the Members that the full reserve study plan is available upon request, and the Corporation shall provide the full reserve plan to any Member upon request.

(4) A statement as to whether the Board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of thirty (30) years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.

(5) A statement as to whether the Board, consistent with the reserve funding plan adopted pursuant to the Davis-Stirling Act, has determined or anticipates that the levy of one or more Special Assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the Special Assessment.

(6) A statement as to the mechanism or mechanisms by which the Board will fund reserves to repair or replace major components, including

Assessments, borrowing, use of other Corporation assets, deferral of selected replacements or repairs, or alternative mechanisms.

(7) A general statement addressing the procedures used for the calculation and establishment of the reserves to defray the future repair, replacement, or additions to those major components that the Corporation is obligated to maintain. The statement shall include, but need not be limited to, reserve calculations made using the formula described in the Davis-Stirling Act, and may not assume a rate of return on cash reserves in excess of two percent (2%) above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.

(8) A statement as to whether the Corporation has any outstanding loans with an original term of more than one (1) year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.

(9) A summary of the Corporation's property, general liability, earthquake, flood and fidelity insurance policies, as applicable. For each policy, the summary shall include: (i) the name of the insurer; (ii) the type of insurance; (iii) the policy limit; and (iv) the amount of the deductible, if any. To the extent that any of the required information is specified in the insurance policy declaration page, the Corporation may meet its obligation to disclose that information by making copies of that page and distributing it with the Annual Budget Report. The summary distributed pursuant to this paragraph shall contain, in at least 10-point boldface type, the insurance policy summary statement required under the Davis-Stirling Act.

(10) A statement describing the status of the Development as a Federal Housing Administration (FHA)-approved condominium project pursuant to FHA guidelines, including whether the Development is an FHA-approved condominium project. The statement shall be made in such format as specified by the Davis-Stirling Act.

(11) A statement describing the status of the Development as a federal Department of Veterans Affairs (VA)-approved condominium project pursuant to

VA guidelines, including whether the Development is a VA-approved condominium project. The statement shall be made in such format as specified by the Davis-Stirling Act.

(12) A copy of the completed “Charges For Documents Provided” disclosure identified in the Davis-Stirling Act. For purposes of this section, “completed” means that the “Fee for Documents” section of the form individually identifies the costs associated with providing each document listed on the form.

(b) The Annual Budget Report shall be made available to the Members by Individual Delivery.

(c) The Corporation shall deliver either: (1) the full Annual Budget Report; or (2) a summary of the Annual Budget Report. If a summary of the Annual Budget Report is provided by the Corporation, that summary shall include a general description of the content of the Annual Budget Report, and instructions on how to request a complete copy of the Annual Budget Report at no cost to the Member shall be printed in at least 10-point boldface type on the first page of the summary. Notwithstanding the foregoing, if a Member has requested to receive the Annual Budget Report in full, the Corporation shall deliver the full report to the Member, rather than a summary of the Annual Budget Report.

(d) The “Assessment and Reserve Funding Disclosure Summary” form, prepared pursuant to the Davis-Stirling Act, shall accompany each Annual Budget Report or summary of the Annual Budget Report that is delivered pursuant to this Section 8.3.

Section 8.4. Annual Policy Statement.

Within thirty (30) to ninety (90) days before the end of each fiscal year, the Board shall distribute an Annual Policy Statement that provides the Members with information about Corporation policies, as follows:

(a) The Annual Policy Statement shall include all of the following information:

- (1) The name and address of the person designated to receive official communications to the Corporation.
- (2) A statement explaining that a Member may submit a request to have notices sent to up to two (2) different specified addresses.
- (3) The location, if any, designated for posting of a General Notice.
- (4) Notice of a Member's option to receive General Notices by Individual Delivery.
- (5) Notice of a Member's right to receive copies of Board meeting minutes and of how and where to do so.
- (6) The statement of Assessment collection policies required by the Davis-Stirling Act.
- (7) A statement describing the Corporation's policies and practices in enforcing lien rights or other legal remedies for default in the payment of Assessments.
- (8) A statement describing the Corporation's discipline policy, if any, including any schedule of penalties for violations of the Governing Documents, pursuant to the Davis-Stirling Act.
- (9) A summary of dispute resolution procedures, pursuant to the Davis-Stirling Act.
- (10) A summary of any requirements for Corporation approval of a physical change to the Property, pursuant to the Davis-Stirling Act.
- (11) The mailing address for overnight payment of Assessments, pursuant to the Davis-Stirling Act.

(12) Any other information that is required by law or the Governing Documents or that the Board determines to be appropriate for inclusion.

(b) The Annual Policy Statement shall be made available to the Members by Individual Delivery.

(c) The Corporation shall deliver either: (1) the full Annual Policy Statement; or (2) a summary of the Annual Policy Statement. If a summary of the Annual Policy Statement is provided by the Corporation, that summary shall include a general description of the content of the Annual Policy Statement, and instructions on how to request a complete copy of the Annual Policy Statement at no cost to the Member shall be printed in at least 10-point boldface type on the first page of the summary. Notwithstanding the foregoing, if a Member has requested to receive the Annual Policy Statement in full, the Corporation shall deliver the full report to the Member, rather than a summary of the Annual Policy Statement.

Section 8.5. Prohibited Acts.

The Board of Directors shall not take any of the following actions, except with the vote or written consent of a majority of the total voting power of the Corporation:

(a) Entering into a contract with a third party wherein the third party will furnish goods or services for the Common Area or the Corporation for a term longer than one (1) year, subject to the provisions of subsection (k) of Section 8.1 of these Bylaws, with the following exceptions:

(1) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

(2) Prepaid casualty and/or liability insurance policies not to exceed three (3) years' duration, provided that the policy permits short rate cancellation by the insured.

(3) Lease agreements for laundry room fixtures and equipment not to exceed five (5) years' duration.

(4) Agreements for cable television, satellite television, and Internet services and equipment, on a "bulk" or "non-bulk" basis, not to exceed five (5) years' duration.

(5) A contract for repairs of major damage or destruction to the Common Area which can reasonably be completed within two (2) years from commencement, subject to any Member approval requirements for the cost of the repairs under the Governing Documents.

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

(c) 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 Corporation for that fiscal year; provided, however, that this limitation shall not apply to the expenditure of any funds accumulated in a reserve fund for capital improvements, so long as the expenditure is for the purpose for which the fund was established. For purposes of this provision, "capital improvements" shall mean and refer to the construction of new Improvements, additions to or expansions of existing Improvements, or the repurposing of existing Improvements, not the repair or replacement of existing Improvements.

ARTICLE IX OFFICERS

Section 9.1. Designation.

The principal officers of the Corporation shall be a President, a First Vice President, a Second Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors, and all of whom must be Directors. The Board of Directors may appoint additional vice presidents, an assistant treasurer, an

assistant secretary, and such other officers as in their judgment may be necessary, who must also be Directors. Except for the President, any Director may hold more than one office. Any Director who does not hold an officer position shall be deemed to be a “member at large” of the Board.

Section 9.2. Election of Officers.

The officers of the Corporation shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors, which shall be held immediately after each annual meeting or as soon thereafter as may be reasonably practical. Each officer shall hold office at the pleasure of the Board of Directors until such officer shall resign, be removed or otherwise be disqualified to serve.

Section 9.3. Removal of Officers.

Upon an affirmative vote of a majority of the entire Board of Directors, any officer may be removed, either with or without cause. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; unless otherwise specified in the resignation notice, acceptance of such resignation by the Board shall not be necessary to make the resignation effective.

Section 9.4. Filling of Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled by the Board at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. The period of time for any office filled in this manner shall be for the unexpired term of the officer replaced.

Section 9.5. Compensation of Officers.

No officer shall receive any compensation for services performed in the conduct of the Corporation's business, provided that: (1) nothing herein contained shall be construed to preclude any officer from serving the Corporation in some other capacity and receiving compensation for same; and (2) any officer may be

reimbursed for the officer's actual expenses incurred in the performance of such officer's duties.

Section 9.6. President.

The President shall be the chief executive officer of the Corporation. The President shall preside at all meetings of the Corporation and of the Board of Directors. The President shall have all of the general powers and duties which are usually vested in the office of the President of a California corporation. The President shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the day-to-day business of the Corporation. The President shall be an *ex officio* member of all standing committees, and shall have such other powers and duties as may be prescribed by the Board or the Governing Documents.

Section 9.7. Vice Presidents.

In the absence or incapability of the President or the refusal or omission to act, the Vice Presidents shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Governing Documents.

Section 9.8. Secretary.

The Secretary, or the Secretary's designee, shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Members, at the principal office of the Corporation or at such other place as the Board may order. The Secretary, or the Secretary's designee, shall have charge of such books and papers as the Board may direct, and the Secretary shall, in general, perform all of the duties incident to the office of Secretary of a California corporation. The Secretary, or the Secretary's designee, shall give, or cause to be given, notices of meetings of the Members of the Corporation and of the Board, as required by these Bylaws and the Davis-Stirling Act. The Secretary, or the Secretary's designee, shall maintain a record book of current Members, listing the names, mailing addresses, telephone numbers, e-mail addresses and other contact information of Members, as furnished to the Corporation. The Secretary, or the Secretary's designee, shall also maintain a

record book of all leased or rented Separate Interests and the tenants/lessees under such lease or rental agreement. The Secretary shall have such other powers and duties as from time to time may be prescribed by the Board or the Governing Documents. For purposes of this Section 9.8, the Secretary's designee may include, without limitation, the Corporation's managing agent.

Section 9.9. Treasurer.

The Treasurer shall be the chief financial officer of the Corporation, and shall have responsibility for Corporation funds and securities and for keeping, or causing to be kept, full and accurate accounts, tax records, and business transactions of the Corporation, including accounts of all assets, liabilities, receipts, and disbursements, in books belonging to the Corporation. The Treasurer, or the Treasurer's designee, shall be responsible for the deposit of all and other valuable effects in the name, and to the credit, of the Corporation moneys in such depositories as may from time to time be designated by the Board. The Treasurer, or the Treasurer's designee, shall disburse the funds of the Corporation as directed by the Board of Directors, in accordance with the Governing Documents and the law, and render to the President and Directors, upon request, an account of all of such Treasurer's transactions as Treasurer and of the financial conditions of the Corporation. The Treasurer shall have such other powers and perform such other duties as may be prescribed by the Board or the Governing Documents. For purposes of this Section 9.9, the Treasurer's designee may include, without limitation, the Corporation's managing agent.

**ARTICLE X
COMMITTEES**

Section 10.1. Committees of the Board.

(a) The Board may, by resolution adopted by a majority of the number of Directors then in office, provided that a quorum is present, create one or more committees of the Board (each, an "*Executive Committee*"), each consisting of two (2) or more Directors, to serve at the pleasure of the Board. Appointments to Executive Committees shall be by a majority vote of the Directors then in office. The Board may appoint one (1) or more Directors as alternate members of such committee, who may replace any absent member at any meeting of the committee.

(b) An Executive Committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except with respect to:

(1) The approval of any action which also requires approval of the Members or approval of a majority of all Members.

(2) The filling of vacancies on the Board or in any committee which has the authority of the Board.

(3) The amendment or repeal of these Bylaws or the adoption of new Bylaws.

(4) The amendment or repeal of any resolution of the Board which by its express terms is not amendable or subject to repeal.

(5) The appointment of committees of the Board or the members thereof.

(6) Any other matters described in Section 7212 of the Corporations Code as not being within the authority of an Executive Committee.

(c) An Executive Committee shall not include as members persons who are not Directors.

(d) Each Executive Committee shall have a chairperson. Meetings and actions of Executive Committees consisting of a quorum of the Board shall be governed by, and held and taken in accordance with, the provisions of Article VII of these Bylaws, with such changes in context as are necessary to substitute the Executive Committee and its members for the Board and its members. The time for regular meetings of an Executive Committee may be determined either by resolution of the Board or by resolution of the committee, and special meetings of an Executive Committee may be called by resolution of the Board or by the chairperson of the Executive Committee. Minutes shall be kept of each meeting of any Executive Committee, and shall be filed with the Corporation's records.

(e) Unless otherwise expressly provided in the Board resolution authorizing and empowering an Executive Committee, all corporate powers exercised by an Executive Committee shall be exercised under the ultimate direction of the Board.

(f) The Board may adopt Rules not inconsistent with the provisions of these Bylaws for the governance of any Executive Committee.

Section 10.2. Advisory Committees.

(a) The Board may, by resolution adopted by a majority of the number of Directors then in office, provided that a quorum is present, create one or more committees that do not exercise the authority of the Board (each, an “*Advisory Committee*”), each consisting of Members of the Corporation or Directors, or both, to serve at the pleasure of the Board. Appointments to Advisory Committees shall be made by a majority vote of the Directors then in office. The Board may appoint one (1) or more persons as alternate members of such committee, who may replace any absent member at any meeting of the committee.

(b) Subject to the Governing Documents, Advisory Committees shall not have any authority of the Board, but shall serve in an advisory capacity to the Board on such matters as shall be delegated to the committee by the Board; provided, however, the Architectural Review Committee formed pursuant to the Declaration shall have the powers given to it under the Declaration.

(c) Each Advisory Committee shall have a chairperson to preside over the committee meetings. Regular meetings of Advisory Committees may be determined either by resolution of the Board or by resolution of the committee; special meetings of Advisory Committees may also be called by resolution of the Board or by the chairperson of the committee. The Architectural Review Committee shall keep meeting minutes and file those minutes in the Corporation’s records.

(d) The Board of Directors may adopt Rules not inconsistent with the provisions of these Bylaws for the governance of any Advisory Committee.

ARTICLE XI CORPORATION RECORDS

Section 11.1. Records Inspection.

The Corporation shall make available Corporation records for inspection and copying by a Member of the Corporation, or the Member's designated representative, as follows:

(a) Those records described as "Corporation records" in the Davis-Stirling Act (the "*Corporation Records*") shall be made available for the time periods and within the timeframes provided in the Davis-Stirling Act. A Member of the Corporation may designate another person to inspect and copy the specified Corporation Records on the Member's behalf. The Member shall be required to make any such designation in writing to the Corporation.

(b) The Corporation shall make Corporation Records available for inspection and copying in the Corporation's business office within the Development. If the Corporation does not have a business office within the Development, the Corporation shall make the Corporation Records available for inspection and copying at a place agreed to by the requesting Member and the Corporation. If the Corporation and the requesting Member cannot agree upon a place for inspection and copying, or if the requesting Member submits a written request directly to the Corporation for copies of specifically identified Corporation Records, the Corporation may satisfy the requirement to make the Corporation Records available for inspection and copying by delivering copies of the specifically identified records to the Member by Individual Delivery within the timeframes set forth in the Davis-Stirling Act.

(c) Except as may be otherwise provided under the Davis-Stirling Act, the Corporation may withhold or redact information from the Corporation Records if any of the following are true:

(1) The release of the information is reasonably likely to lead to identity theft. For the purposes of this Article XI, "identity theft" means the

unauthorized use of another person's personal identifying information to obtain credit, goods, services, money, or property. Examples of information that may be withheld or redacted include, without limitation, bank account numbers of Members or vendors, social security or tax identification numbers, and check, stock, and credit card numbers.

(2) The release of the information is reasonably likely to lead to fraud in connection with the Corporation.

(3) The information is privileged under law. Examples include documents subject to attorney-client privilege or relating to litigation in which the Corporation is or may become involved, and confidential settlement agreements.

(4) The release of the information is reasonably likely to compromise the privacy of an individual Member of the Corporation.

(5) The information contains any of the following:

(A) Records of goods or services provided a la carte to individual Members of the Corporation for which the Corporation received monetary consideration other than Assessments.

(B) Records of disciplinary actions, collection activities, or payment plans of Members other than the Member requesting the records.

(C) Any person's personal identification information, including, without limitation, social security number, tax identification number, driver's license number, credit card account numbers, bank account number, and bank routing number.

(D) Minutes and other information from executive session meetings of the Board, except for executed contracts not otherwise privileged.

(E) Personnel records. Notwithstanding the foregoing, except as provided by the attorney-client privilege, the Corporation may not withhold or

redact information concerning the compensation paid to employees, vendors, or contractors; provided, however, information for individual employees of the Corporation, as may be applicable, shall be set forth by job classification or title, not by the employee's name, social security number, or other personal information.

(F) Interior architectural plans, including security features, for individual Separate Interests.

(d) The Corporation may bill the requesting Member for the direct and actual cost of copying and mailing requested documents. The Corporation shall inform the Member of the amount of the copying and mailing costs, and the Member shall agree to pay those costs, before copying and sending the requested documents.

(e) Certain Corporation Records are described as "enhanced Corporation records" under the Davis-Stirling Act (the "*Enhanced Corporation Records*"). Enhanced Corporation Records include, without limitation, invoices, receipts and canceled checks for payments made by the Corporation, purchase orders approved by the Corporation, credit card statements for credit cards issued in the name of the Corporation, statements for services rendered, and reimbursement requests submitted to the Corporation. In addition to the direct and actual costs of copying and mailing Enhanced Corporation Records, the Corporation may bill the requesting Member for the time actually and reasonably involved in redacting an Enhanced Corporation Record, consistent with the amounts provided in the Davis-Stirling Act. The Corporation shall inform the Member of the estimated costs, and the Member shall agree to pay those costs, before retrieving the requested documents. If the Enhanced Corporation Record includes a reimbursement request, the person submitting the reimbursement request shall be solely responsible for removing all personal identification information from the request.

(f) If the Corporation denies or redacts records, upon request by the requesting Member, the Corporation shall provide a written explanation specifying the legal basis for withholding or redacting the requested records.

(g) Requesting parties shall have the option of receiving specifically identified records by electronic transmission or machine-readable storage media as

long as those records can be transmitted in a redacted format that does not allow the records to be altered. The cost of duplication shall be limited to the direct cost of producing the copy of a record in that electronic format. The Corporation may deliver specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that prevents the records from being altered.

(h) Neither the Corporation nor any officer, director, employee, agent, or volunteer of the Corporation shall be liable for damages to a Member of the Corporation or any third party as the result of identity theft or other breach of privacy because of the failure to withhold or redact that Member's information, unless the failure to withhold or redact the information was intentional, willful, or grossly negligent.

Section 11.2. Membership Lists.

(a) A Member of the Corporation may opt out of the sharing of that Member's name, Separate Interest address, mailing address, and email address with other Members by notifying the Corporation in writing that the Member prefers to be contacted via the alternative process described in subdivision (c) of Section 8330 of the Corporations Code. This opt out shall remain in effect until changed by the Member.

(b) A Member requesting the Corporation's membership list shall state the purpose for which the list is requested, which purpose shall be reasonably related to the requester's interest as a Member. If the Corporation reasonably believes that the information in the list will be used for another purpose, it may deny the Member access to the list.

Section 11.3. Use of Corporation Records.

(a) The Corporation Records, and any information from them, may not be sold, used for a commercial purpose, or used for any other purpose not reasonably related to a Member's interest as a Member. The Corporation may bring an action against any Person who violates this provision for injunctive relief and for actual damages to the Corporation caused by the violation.

(b) Nothing contained in this Article XI is to be construed to limit the right of the Corporation to damages for misuse of information obtained from the Corporation Records, or to limit the right of the Corporation to injunctive relief to stop the misuse of this information.

(c) The Corporation shall be entitled to recover reasonable costs and expenses, including reasonable attorney's fees, in a successful action to enforce its rights under this Section 11.3.

ARTICLE XII MISCELLANEOUS

Section 12.1. Rules of Order.

The rules contained in the most current edition of Robert's Rules of Order shall govern all meetings of the Members of the Corporation, except as may be otherwise required by law or the Governing Documents. In the event of any conflict of authority, the order of precedence shall be as follows: (1) applicable federal or state law, including without limitation the Davis-Stirling Act and applicable provisions of the Corporations Code; (2) the Articles of Incorporation; (3) the Declaration; (4) these Bylaws; (5) Robert's Rules of Order.

Section 12.2. Checks, Drafts and Documents.

All checks, drafts, orders for payment of money, notes, and other evidences of indebtedness issued in the name of or payable to the Corporation shall be signed or endorsed in the manner and by any such person or persons as the Board shall determine by resolution, subject to the provisions of the Governing Documents and the Davis-Stirling Act.

Section 12.3. Execution of Documents.

The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, Director, agent, committee member, or employee of the Corporation shall have any power or authority to bind the Corporation by any contract or engagement, or to pledge the Corporation's credit or to render it liable for any purpose or in any amount.

Section 12.4. Operating Account.

There shall be established and maintained one (1) or more cash deposit accounts, each to be known as an "operating account," into which shall be deposited the operating portion of all Assessments, as fixed and determined for all Members in accordance with the Declaration. Disbursements from the operating account shall be for the general need of the operation of the Corporation and the Development, including, but not limited to, wages, repairs, payment of vendors, betterments, maintenance, utilities, and other operating expenses of the Development, as may be applicable.

Section 12.5. Reserve Funds.

The Board shall 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 that the Corporation is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. Notwithstanding the foregoing, the Board may authorize the temporary transfer of moneys from a reserve fund to the Corporation's general operating fund to meet short-term cashflow requirements or other expenses, pursuant to the provisions of the Davis-Stirling Act. The signatures of at least two (2) Directors shall be required for the withdrawal of moneys from the Corporation's Reserve Accounts and in no event shall an Agent be allowed to authorize the withdrawal of money from the Reserve Accounts without the required two (2) Directors signature requirement.

Section 12.6. Gifts.

Subject to applicable laws, the Board, in its sole discretion, may accept on behalf of the Corporation any contribution, gift, bequest, or devise for any general or special purpose of the Corporation.

Section 12.7. Fiscal Year.

The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December of every calendar year, but is subject to change from time to time as the Board of Directors shall determine by Board resolution.

Section 12.8. Headings, Number and Gender.

The subject headings of the articles, sections, and subsections of these Bylaws are included for purposes of convenience and reference only, and shall not affect the construction or interpretation of any of the provisions of these Bylaws. In these Bylaws, where applicable, references to the singular shall include the plural and references to the plural shall include the singular. References to the male, female, or neuter gender in these Bylaws shall include reference to all other such genders where the context so requires.

**ARTICLE XIII
AMENDMENTS TO BYLAWS**

These Bylaws may be amended by the Secret Ballot vote of Members representing at least a majority of the voting power of the Corporation; provided, however, that the specified percentage of Members necessary to amend a specific provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that provision. Notwithstanding the foregoing, the Board shall have the power to amend these Bylaws without Member approval, upon adoption of a Board resolution authorizing such amendment, if such amendment is: (1) permitted by the law to be adopted by the Board without Member approval; (2) required under any law; (3) to correct a typographical/technical error, or scrivener's error, in these Bylaws; and/or (4) to correct a cross-reference in these Bylaws to the Davis-Stirling Act or another law that was repealed and continued in a new provision. General Notice of any amendment to these Bylaws shall be given

to all Members upon certification by the Secretary of the Corporation of such amendment; provided, however, Individual Notice shall be provided if required by law or within the Board's discretion.

ARTICLE XIV CONFLICTING PROVISIONS

To the extent of any conflict between these Bylaws and the law, the law shall prevail. To the extent of any conflict between these Bylaws and the Articles or Declaration, the Articles or Declaration shall prevail. To the extent of any conflict between these Bylaws and a Rule, these Bylaws shall prevail unless the Rule was adopted in compliance with the law.

[End of Document]

**CERTIFICATE OF SECRETARY
OF
THIRD LAGUNA WOODS MUTUAL**

I, the undersigned, do hereby certify that:

1. I am the duly appointed and acting Secretary of Third Laguna Woods Mutual (the “*Corporation*”), a California nonprofit corporation.

2. The foregoing *Amended and Restated Bylaws of Third Laguna Woods Mutual* (the “*Bylaws*”), comprising _____ pages, not including the cover page and table of contents thereto, were duly adopted by at least a majority of the total voting power of the Corporation by Secret Ballot on _____, 20__, in accordance with applicable statutory requirements.

3. Capitalized terms used in this Certificate of Secretary that are not defined herein shall have the meanings given to them in the “Declaration” defined in Section 1.1 of the Bylaws.

IN WITNESS WHEREOF, I have hereunto subscribed my hand this ____ day of _____, 20__.

Third Laguna Woods Mutual

By: _____

Name: _____

Title: Secretary