

Revised
July 15,
2020

Second Amended and Restated Bylaws of the Summerset at Brentwood III Association

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RECITALS

The name of this California nonprofit mutual benefit corporation is SUMMERSET AT BRENTWOOD III ASSOCIATION, hereinafter referred to as the "Association." The principal office of the corporation shall be located at such place in the County of Contra Costa, State of California as the Board of Directors may from time to time establish and the meetings of Members and Directors may be held at such place or at a place designated by the Board of Directors.

ARTICLE 1 DEFINITIONS

The Definitions set forth in Article 1 of the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Summerset at Brentwood III ("Declaration") recorded in the Official Records of the Contra Costa County Recorder and any amendments or supplements recorded or to be recorded pursuant thereto, shall have the same meaning when used herein unless the context clearly indicates a contrary intention, and are hereby incorporated by reference.

ARTICLE 2 MEMBERSHIP

2.1 Requirement for Membership

Every Owner of a Lot within the Development shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of the Lot. Membership shall be held in accordance with the Articles, Declaration and Bylaws of the Association. The Owner shall remain a Member thereof until such time as his or her ownership ceases for any reason.

2.2 Transfer of Membership

Membership shall terminate automatically when the Owner no longer holds any ownership interest in any **Summerset at Brentwood III Association** Lot. Membership may not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except on a transfer in accordance with Civil Code §4635 or comparable superseding statute. The attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall transfer automatically the appurtenant Membership to the transferee. Any party such as a mortgage lender who holds an interest in a Lot merely as security for performance of an obligation shall not be a Member of the Association.

2.3 Multiple Ownership

When more than one person holds an interest in any Lot, all such persons shall be Members of the Association; subject, however, to the voting rights provisions contained in Section 4.4 (Multiple Ownership) below.

2.4 Evidence of Ownership

An Owner shall not be entitled to exercise the rights of a Member until he or she has provided satisfactory proof of Membership to the Association. Such proof may consist of either a copy of a duly executed, acknowledged, and recorded grant deed or a title insurance policy showing said person to be the Owner of an interest in a Lot entitling him or her to Membership. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

ARTICLE 3 MEMBERSHIP MEETINGS

Membership Meetings are Regular Annual Meetings or Special Meetings of the Members where the Members are required or permitted to take action at that meeting. The notice and Quorum requirements for such Membership Meetings are governed by Sections 3.4 and 3.8 of these Bylaws.

3.1 Place of Meetings

Meetings of the Members shall be held within the Development or at such other reasonable place within the County and at such date and place as may be designated by the Board in the notice of the meeting.

3.2 Regular Annual Meetings

Regular Annual Meetings of the Members shall be held in June at a specific date and time determined by the Board in the Association's clubhouse or as otherwise established by the Board. The exact date and location of the meeting shall be established by the Board and set forth in the notice of meeting sent to the Members in accordance with Section 3.4 below.

3.3 Special Meetings

Special Meetings of the Members may be called at any time by the President, by the Board or by Members constituting at least five percent (5%) of the Voting Power of the Association. A Special Meeting of the Members of the Association shall be promptly called by the President, or if the President refuses, by any two members of the Board upon:

- (a) The vote for such a Special Meeting by a majority of the Board; or
- (b) Receipt by the Board of a written request for such a Special Meeting signed by Members representing not less than five percent (5%) of the Voting Power of the Association. The request for a Special Meeting shall specify the general nature of the business to be transacted, and shall be delivered personally or sent by first-class, certified, or registered mail or by electronic or other facsimile transmission to the President, any Vice President, or the Secretary of the Association. The written request shall bear the signatures of all requesting Members and the Member(s) circulating the request shall append a written, signed, certification to the request attesting to the validity of the signatures. The officer receiving the request shall cause notice to be given to all Members of the Association within twenty (20) days of the Association's receipt of the request, in accordance with the provisions of Section 3.4 below, that a meeting will be held, and the date, time and purpose of such meeting, which date shall not be less than

ten (10) nor more than ninety (90) days following receipt of the request, or at the earliest amount of time as is needed for the purpose of the Special Meeting to be lawfully conducted. If notice of the meeting is not given within twenty (20) days after receipt of the request, the Members requesting the meeting may give the notice.

(c) If the Members request a Special Meeting to take a proposed action that must be determined by secret written ballot (see Section 4.5 (a)(Voting by Secret Ballot Conducted by an Election Inspector at a Meeting or by Mail)), the Members may request the Board to send out secret written ballots at the expense of the Members requesting the ballot. Such ballots will be counted at the Special Meeting of the Members. If the matter to be voted on is for the removal of a Director or Directors, the vote count for the possible replacement Director(s) will occur on the same date as the removal. Nominations for the Board must follow the nomination process as described in Article 6 (Nomination and Election of Directors) of these Bylaws.

3.4 Notice of Annual Meetings, Special Membership Meetings and Delivery of Documents

(a) Written notice of each meeting shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, first-class postage prepaid, at least ten (10) and not more than ninety (90) days before such meeting to each Member entitled to vote. The notice shall set forth the place, date and hour of the meeting and contain an agenda which specifies the matters the Board intends to present for action by the Members. The notice of any meeting at which Directors are to be elected shall include the names of all nominees whose names are known at the time notice is given to the Members.

(b) A document shall be delivered by one of the following methods:

(1) Personal delivery.

(2) First-class mail, postage pre-paid, addressed to a Member at the address last shown on the books of the Association or otherwise provided by the Member. Delivery is deemed to be complete on deposit into the United States mail.

(3) E-mail, facsimile, or other electronic means, if the recipient has agreed to that method of delivery. The agreement obtained by the Association shall be consistent with the conditions for obtaining consumer consent described in Corporations Code §20, or any comparable superseding statute. If a document is delivered by electronic means, delivery is complete at the time of transmission.

(4) By publication in a periodical that is circulated primarily to Members.

(5) If the Association broadcasts television programming for the purpose of distributing information on Association business to its Members, by inclusion in the programming.

(6) A method of delivery provided in a recorded provision of the Governing Documents.

(7) Any other method of delivery, provided that the recipient has agreed to that method of delivery.

(c) A document may be included in or delivered with a billing statement, newsletter, or other document that is delivered by one of the methods provided in Section 3.4(b).

(d) For the purposes of this Section 3.4(d), an unrecorded provision of the Governing Documents providing for a particular method of delivery does not constitute agreement by a Member to that method of delivery.

3.5 Specification of Certain Significant Actions

If certain action is proposed to be taken at any Membership Meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice or consent states the general nature of the proposal(s).

(a) Removing a Director without cause;

(b) Filling vacancies on the Board of Directors under those circumstances where a vote of the Members is required pursuant to Section 5.7 of these Bylaws;

(c) Amending the Articles of Incorporation of the Association, these Bylaws or the Declaration in any manner requiring approval of the Members;

(d) Approving any change in the Association's Assessments in a manner requiring Membership approval under the Declaration; or

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

3.6 Affidavit of Mailing

An affidavit of the mailing or other means of giving any notice of any Members' meeting shall be executed by the Secretary of the Association or designee, and, if so executed, shall be filed and maintained in the minute book of the Association. Such affidavit shall constitute prima facie evidence of proper notice.

3.7 Parliamentary Procedures

All Member meetings shall be conducted in accordance with a recognized system of parliamentary procedure or such other parliamentary procedures as the Association may choose to adopt. If the Association has not adopted parliamentary procedures and a dispute arises that cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to Robert's Rules of Order.

3.8 Quorum; Adjournment

(a) Quorum for Actions Other than Election of Directors, Approval of Certain Assessments, and Actions Taken Pursuant to Section 8.2 (Limitation of Powers). Except

as otherwise provided herein and Section 8.2 (Limitation of Powers), the presence at Membership Meetings of at least one-third (1/3) of the total number of votes (that is 155 votes out of 464 votes) which may be cast by the Members shall constitute a Quorum. If, however, such Quorum shall not be present or represented at any meeting, or upon approval by the Inspector of Election or upon approval by a majority of the Members physically present at the meeting shall both have the power to adjourn the meeting to a time not less than five (5) or more than thirty (30) days, without notice other than announcement at the meeting. If a time and place for the adjourned meeting is not fixed by the Inspector of Election or those in attendance at the meeting, or if a new date is fixed for the adjourned meeting after the adjournment of the meeting, notice of the time and Summerset at Brentwood III place of the adjourned meeting shall be given to Members in the manner prescribed for Annual Meetings. At any such adjourned meeting, the Quorum requirement shall be twenty-five percent (25%) of the Voting Power of the Association. The only matters upon which action may validly be taken at the adjourned meeting are those matters which were described in the notice of the meeting, unless a higher Quorum requirement is necessary to take valid action under these Bylaws, the Declaration, or the law. The Members present at a duly called meeting at which a Quorum is present shall continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a Quorum.

(b) Quorum Required for Election of Directors. Notwithstanding the provisions of Section 3.8(a) above, when the Members are voting to elect Directors, there shall be no quorum for such meeting and the candidates receiving the most votes shall be deemed elected.

(c) Quorum Required for Approval of Certain Assessments. Notwithstanding the provisions of Section 3.8(a) above and as required by Civil Code §5605(b), or comparable superseding statute, the Board may not impose a Regular Assessment increase of more than twenty percent (20%) greater than the Regular Assessment for the Association's preceding fiscal year or impose Special Assessments which, in the aggregate, exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the approval of Owners casting a majority (more than fifty percent (50%)) at a meeting where a Quorum is present, unless an "Emergency Situation" exists as defined by Civil Code §5610. A Quorum, for purposes of this subsection and as required by California Civil Code §5605(a) means more than fifty percent (50%) of the Lots.

3.9 Waiver of Notice or Consent by Absent Members

(a) Waivers and Consents, Generally. If decisions are made or action is otherwise taken by the Members at a meeting where a Quorum is present, but for which proper notice was not given to all Members for whatever reason, the decisions or actions made at that meeting will be valid if, either before or after the meeting, each person entitled to vote who was not present at the meeting (in person or by ballot) consents to the meeting by signing:

- (1) a written waiver of notice;

- (2) a consent to holding the meeting; or
- (3) an approval of the minutes.

The waiver of notice or consent need not specify the purpose or general nature of business to be transacted at such meeting unless action was taken or is proposed to be taken at the meeting with respect to any matters specified in 3.5 above, in which case, the waiver of notice or consent must state the general nature of such matter(s). All such waivers, consents, or approvals shall be filed with the Association records or be made part of the minutes of the meeting.

(b) Effect of a Member's Attendance at a Meeting. Attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting which are required to be described therein, pursuant to 3.5 above, if that objection is expressly made at the meeting.

3.10 Record Dates for Notice, Voting, and Written Consent

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

- (1) Record Date for Notice of Meetings. In the case of determining those Members entitled to notice of a meeting, the record date shall not be more than ninety (90) nor less than ten (10) days before the date of the meeting;
- (2) Record Date for Voting. In the case of determining those Members entitled to vote at a meeting, the record date shall not be more than sixty (60) days before the date of the meeting;
- (3) Record Date for Action by Written Ballot Without Meeting. In the case of determining Members entitled to cast Written Ballots, the record date shall not be more than sixty (60) days before the day on which the first Written Ballot is mailed or solicited; and
- (4) Record Date for Other Lawful Action. In the case of determining Members entitled to exercise any rights in respect to other lawful action requiring Member approval, the record date shall not be more than sixty (60) days prior to the date of such other action.

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

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

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

(3) Record Date for Action by Written Ballot Without Meeting. The record date for determining those Members entitled to vote by Written Ballot on proposed Association actions without a meeting shall be the day on which the first Written Ballot is mailed or solicited.

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

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

ARTICLE 4 VOTING

4.1 Required Vote of Members

Except as provided in Sections 3.8(b) and 3.8(c) above, Section 8.2 (Limitation of Powers) and Article 14 (Amendments), all matters to be decided by the Members shall be determined by the vote of Members representing a majority of the votes cast, in person or by ballot, at which a Quorum is present. In the case of Directors' elections, the candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be elected to the available Director positions. The election of Board officers shall be determined by a majority vote of the Board members and not by the Association Members.

4.2 Voting Rights

The Association shall have one class of voting Membership. On each matter submitted to a vote of Members, whether at a meeting of the Membership called and held pursuant to the provisions of these Bylaws or otherwise, each Member shall be entitled to cast one vote for each Lot owned by such Member subject to the provisions of Section 4.4 below.

4.3 Eligibility to Vote

All Members shall be entitled to vote on any issue or matter presented to the Members for approval. In addition, a Member's validly designated power-of-attorney shall be permitted to submit a ballot for them.

4.4 Multiple Ownership

When more than one person holds an interest in any Lot, the vote or votes for such Lot shall be cast as a whole (a) as a majority of the co-Owners of such Lot agree (in the absence of which agreement no vote shall be cast for such Lot on the particular matter upon which they cannot agree); or (b) by one of the Owners of such Lot designated by the Record Owners of the Lot by written notice to the Board as the voting Member for such Lot. The designation of a voting Member shall be revocable at any time by actual notice to the Board given by any of the Lot Owners of Record or by the death or judicially declared incompetency of any Record Lot Owner. The power to designate a voting Member or to revoke such designation may be exercised by a Lot Owner's conservator, by the guardian of such Owner's estate, by the parent(s) or legal guardian of such Owner in the case of an Owner who is a minor, by the Trustee of any Trust which owns a Lot, or, during the administration of an Owner's estate, by the executor or administrator of a deceased record Owner where such deceased Owner's interest in the Lot is subject to estate administration.

4.5 Methods of Voting

(a) Voting by Secret Ballot Conducted by an Election Inspector at a Meeting or by Mail. The Association shall establish Rules for the selection and use of election inspectors to conduct Secret Balloting for voting on the following issues as required by Civil Code §5100(a):

- (1) assessments that cannot be enacted without a vote of the Members as provided in Civil Code §5605(b);
- (2) election and removal of Board members;
- (3) amendments to the Governing Documents; and/or
- (4) the grant of exclusive use of Common Area to a Member pursuant to Civil Code §4600. The Election Inspector(s) shall gather and tabulate the votes and report results to the Association. The Inspector shall retain ballots for 12 months following the voting. If Secret Ballots are mailed to the Election Inspector(s), Membership approval shall only be valid if: (1) the number of votes cast within the time established for return of the ballots equals or exceeds the Quorum that would have been required to be present at a Membership Meeting if such a meeting had been convened to vote on the proposal; and (2) the number of affirmative votes equals or exceeds the number of affirmative votes that would have been required to approve the action at such a meeting.

(b) Vote by Voice or Written Ballot at a Meeting. A vote by acclamation shall be permitted in an election for Directors where the number of Directors on the ballot does not exceed the number of available seats, and only then if a vote by acclamation is permitted by law.

(c) Written Mail-in Ballot. Any matter or issue requiring the vote of the Members (other than the four issues requiring Secret Ballots as provided in Section 4.5(a) above) may be submitted for vote by Written Ballot without the necessity of calling a meeting of the Members, so long as the requirements for action by Written Ballot set forth in this Section are met. The determination to seek Member approval for Association actions in this fashion shall be made by a majority vote of the Board. Any Written Ballot distributed to the Members to vote on any issue shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal. Membership approval by Written Ballot shall only be valid if:

(1) the number of votes cast within the time established for return of the ballots equals or exceeds the Quorum that would have been required to be present at a Membership Meeting if such a meeting had been convened to vote on the proposal; and

(2) the number of affirmative votes equals or exceeds the number of affirmative votes that would have been required to approve the action at such a meeting.

(d) Balloting Time Requirements. Ballots, whether Secret Ballots or Written Ballots, shall be distributed to all eligible Members at least thirty (30) days prior to the final date the Ballots must be received by the Association in order to be counted. All Ballots shall provide a reasonable time within which to return the Ballot to the Association and shall state on the face of the ballot or in an accompanying notice, the date by which the Ballot must be returned in order to be counted. The Board or election inspector(s) may reserve the right to extend the time to return Ballots if such an extension is necessary in order to obtain a Quorum.

(e) Solicitation Rules. All solicitations of Ballots (whether Written Mail-in Ballots or Secret Ballots) shall indicate:

(1) the number of responses needed to meet the Quorum requirement for valid action;

(2) the time by which the Ballot must be received by the Association in order to be counted; and

(3) the percentage of affirmative votes necessary to approve the measure.

(f) Notification of Results of Balloting Process. Upon tabulation of the Ballots, the Board shall notify the Members of the outcome of the vote within fifteen (15) days following the close of the balloting process and tabulation of the ballots. If the number of Ballots cast with respect to any matter is insufficient to satisfy the minimum Quorum requirements, the Board shall so notify the Members.

(g) Conduct of Informational Meetings. Use of the Ballot procedures set forth herein shall not preclude the Association from also conducting informal informational meetings of the Members so long as all views are accorded equal access to Association meeting places or publications in order to voice differing views.

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

ARTICLE 5 BOARD OF DIRECTORS

5.1 Number

The affairs of the Association shall be managed by a Board of five (5) Directors who must be Members who qualify with the requirements set forth in Article 6 herein. If any Director ceases to be an Owner, membership on the Board shall terminate immediately. In the event the Owner is a corporation or trust, the president of the corporation or the trustee of the trust may designate the person who will be eligible to serve as Director. No more than one (1) member of the same household shall serve on the Board of Directors at the same time.

5.2 Term of Office

Members shall elect directors to terms of two (2) years. Voting shall be pursuant to procedures provided in Section 4.1. Directors so elected shall serve until a successor Director has been elected and qualified. A Director who is elected or appointed to fill a vacant position shall serve the remainder of the term of the Director he or she replaces. There shall be term limits where a Member cannot serve more than two consecutive terms on the Board of Directors unless there are no volunteers for an open position, at which time the Board of Directors could appoint that individual. There would be a one-year period before the individual would be eligible to run for the Board again. It is the intent of this Section to provide for staggered terms of Directors, with three directors being replaced at one annual meeting and two Directors being replaced at the next annual meeting.

5.3 Removal of Director by Board

The Board of Directors shall have the power and authority to remove a Director and declare his or her office vacant if he or she

- (1) has been declared of unsound mind by a final order of court;
- (2) has been convicted of a felony;
- (3) has been found by a final order or judgment of any court to have breached any duty under California Corporations Code Sections §§7230 to 7238, or any comparable superseding statute (relating to the standards of conduct of Directors);
- (4) fails to attend three (3) regular meetings of the Board of Directors in any calendar year that have been duly noticed; and/or

(5) fails to maintain the Director's required qualifications outlined in Article 6 of these Bylaws and as otherwise required by law for a period of sixty (60) days or longer.

5.4 Removal of Director by Members

Except as otherwise provided in Section 5.3 hereof, a Director may only be removed from office prior to expiration of his or her term by the affirmative vote of a majority of the Members. Any Membership action to recall or remove a Director shall be conducted in accordance with the following procedures:

(a) A petition must be presented in person to the President, Vice President or Secretary of the Association that carries the signatures of Members in good standing who represent at least five percent (5%) percent of the Voting Power of the Association. Such petition must set forth the reason(s) the petitioners are seeking the Director's removal; the signature and address of each petitioner in his or her own handwriting; the name(s) of the sponsor(s) of the petition; and fulfill all other conditions required by law.

(b) Within twenty (20) days after receipt of such petition, the Board shall either call a Special Meeting or announce the procedures for conducting a Written Ballot of the Members to vote upon the requested recall. Such meeting or Written Ballot shall be conducted not less than ten (10) nor more than ninety (90) days after the petition is presented. If the Board fails to set a date for, and give the Members notice of, such meeting or Written Ballot within twenty (20) days, the Members initiating the petition may call such meeting on their own initiative without Board approval or sanction.

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

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

5.5 Compensation

No Director shall receive compensation for any service he or she may render to the Association in his or her capacity as Director. A Director may not be paid or contract with the Association. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties as Director if prior approval has been granted.

5.6 Resignation

A Director may resign at any time, effective upon giving written notice to the President or to the Secretary or to the Board, unless the notice specifies a later time for the resignation of a Director to be effective. If the resignation of a Director is effective at a future time, the Board may elect a successor to take office when the resignation becomes effective.

5.7 Vacancies

A vacancy on the Board shall be deemed to exist in any of the following events:

- (1) death, resignation, or removal of a Director;
- (2) the Board, by resolution, declares vacant the office of a Director who has been judicially declared insane or incompetent or who has been convicted of a felony;
- (3) the Board, by resolution, declares vacant the office of a Director who was absent from three (3) meetings in any calendar year (including organizational meetings) of the Board that have been duly noticed;
- (4) a Director has ceased to be an Owner;
- (5) the authorized number of Directors is increased; or
- (5) the Members fail, in connection with the Annual Meeting, to elect the number of Directors to fill all vacant positions.

No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires. Vacancies on the Board may be filled by a majority of the remaining Directors, though less than a Quorum, except that a vacancy created by the removal of a Director by the Members or by court order may be filled only by the Members. The Members, by the vote or written consent of a majority (51% or more) of the Voting Power of the Association, may elect a Director or Directors at any time to fill any vacancy or vacancies which the Directors are unable or unauthorized to fill.

ARTICLE 6 NOMINATION AND ELECTION OF DIRECTORS

6.1 Election Rules

The Board shall adopt Election Rules, which shall become part of the Association Rules, incorporating the procedures set forth in this Section and such other procedures and requirements not inconsistent with this Section or California law that the Board considers appropriate for the conduct of a fair election.

6.2 No Cumulative Voting

Cumulative voting for elections of Directors is not permitted.

6.3 No Proxies

Use of proxies in any Association election is not permitted.

6.4 Content of Ballots

All solicitations of written ballots shall indicate (1) the number of responses needed to meet the quorum or approval requirement for valid action, or if the number of responses needed to meet the quorum or approval requirement may be affected by a change in the number of Members after the written ballots are mailed to the Members for any given matter; the quorum or approval requirement; (2) the time by which the written ballot must be received by the Association in order to be counted; and (3) in the case of any written ballot distributed to vote on matters other than the election of Directors, the percentage of affirmative votes necessary to approve the measure submitted for membership approval.

6.5 Inspectors of Election

The Board shall appoint one (1) or three (3) independent third parties to act as “Inspector of Election” for all elections regarding selection or removal of Directors, assessments requiring Member approval, amendments to the Governing Documents or the grant of exclusive use of Common Area property to a Member. An Inspector of Election may be appointed for other elections at the discretion of the Board. Inspectors may be Members of the Association but shall not be a member of the Board, or a candidate for the Board, or related to a Director or candidate for the Board. Unless otherwise permitted by law and the Election Rules, an Inspector of Election may not be a person, business entity, or subdivision of a business entity who is currently employed or under contract to the Association for any compensable services other than serving as Inspector of Election. The duties of the Inspector of Election shall be to receive ballots and determine their validity, count, and tabulate all votes, determine when voting shall be concluded, determine the results of the election, and perform any other acts necessary to assure the fairness of the election. The Election Rules may clarify and expand upon the duties of Inspectors so long as such Rules are consistent with California law. Any Inspector of Election appointed under this Section may appoint and oversee additional persons to count and tabulate votes, so long as such additional persons meet the qualification for Inspectors of Election set forth in this Section and in the Election Rules.

6.6 Notification of Results of Balloting Process

For all elections regarding election or removal of Directors, assessments requiring Member approval, amendments to the Governing Documents or the grant of exclusive use of Common Area property to a Member, the ballots shall be counted and tabulated by the Inspector of Election at a properly noticed open meeting of the Board or of the Members. The Board shall provide General Notice to the Members of the outcome of the vote within fifteen (15) days following the close of the balloting process and tabulation of the ballots. If the number of written ballots cast with respect to any matter is insufficient to satisfy the minimum quorum requirements for valid action, the Board shall so notify the Members.

6.7 Tabulation of Ballots Prior to Completion of Balloting

The Board may, at its discretion, at a regular or special meeting open to the Members, request the Inspector of Election to count the unopened ballot envelopes received to date on a matter for which a ballot has been distributed to the Members even though the deadline for return of the ballots has not yet passed. The Inspector of Election shall count the valid ballot envelopes received and announce the results at the meeting of the Board. The Board, based upon the ballot envelopes received to date, may extend the deadline for return of the ballots by a reasonable time.

6.8 Prohibition of Revocation

Once a ballot is cast (i.e., it is sent to or received by the Inspector of Election) a ballot cannot be revoked.

6.9 Conducting Informational Meetings

Use of the written ballot procedures provided herein shall not preclude the Association from also conducting informational meetings of the Members or from scheduling a membership meeting to coincide with the culmination of the balloting period.

6.10 Persons Entitled to Cast Written Ballots

Those persons identified in the records of the Association as Members of the Association on the day the first written ballot in a vote or election is mailed out, are entitled to receive, and cast a written ballot in the vote or election. In addition to the foregoing, the Association shall not prohibit or otherwise deny a secret ballot to a Member who has provided the Association with a valid general power of attorney.

ARTICLE 7 MEETINGS OF DIRECTORS

7.1 Annual Meeting

Immediately following each Annual Meeting of Members, the Board of Directors shall hold its first Executive Session Meeting for the purpose of organization, election of officers, and the transaction of other business or personnel matters. Notice of this meeting shall not be required.

7.2 Regular Meetings

Regular Meetings of the Board of Directors shall be held at least once a quarter, or more frequently at the Board's sole discretion, at such place and time as may be fixed from time to time by resolution of the Board. Such notice shall contain an agenda and specify the time, place, and subject matter of the meeting. If the date of any Regular Meeting is changed from the date provided to the Members at the beginning of the year, the Members shall be given at least four (4) days' notice of the changed date, in the manner provided in Civil Code §4900, or any comparable superseding statute.

7.3 Special Meetings

Special Meetings of the Board of Directors shall be held when called by the President of the Association or by any two (2) Directors upon not less than four (4) days prior written notice to each Director by first-class mail or forty-eight (48) hours' notice given personally or by telephone, email, or facsimile transmission; provided, however, the Association must receive a written consent form from the recipient before sending notice by email. Such notice shall contain an agenda and specify the time, place, and subject matter of the meeting. No matters other than those specified in the notice may be discussed at such Special Meeting. Notice of Special Meetings shall be provided to the Members at least four (4) days prior to any such meeting date in accordance with Section 7.2 above, except for Special Meetings of the Board to discuss an emergency that could not have been reasonably foreseen.

7.4 Executive Session

The Board of Directors may convene in executive session to discuss and vote upon personnel matters, pending litigation, Member disciplinary hearings, matters related to a payment plan for delinquent Assessments, or matters relating to the formation of contracts with third parties pursuant to Civil Code §4935 or any comparable superseding statute. Any matter discussed in

executive session shall be generally noted in the minutes of the immediately following meeting that is open to the entire Membership.

7.5 Emergency Meetings

An emergency meeting of the Board may be called by the President of the Association or by any two Board members 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 California Civil Code §4923 or any comparable superseding statute. The Directors shall have the right to take any action in the absence of a meeting which they could take at an emergency meeting by obtaining the written approval (email is acceptable) of all the Directors. Said written approvals shall be filed with the minutes of the proceedings of the Board. Any action so approved shall have the same effect as though taken at a Regular Meeting of the Directors.

7.6 Quorum

A majority of the number of Directors shall constitute a Quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a Quorum is present shall be regarded as the act of the Board.

7.7 Participation by Members

Regular Meetings and Special Meetings such as workshops of the Board, except for that portion of the meetings of the Board held in executive session for the reasons specified in Section 7.4 above, shall be open to all Members of the Association. The Members may speak to the Board on any subject pertaining to Association business, subject to the right of the Board of Directors to impose such conditions and time limits so as to enable the Board to conduct its meeting in an orderly and timely fashion.

7.8 Participation in Meetings by Conference Telephone

Members of the Board may participate in any Regular Meeting or Special Meeting of the Board through use of a conference telephone, digital or online meeting platform, or other technology, so long as all Directors participating in the meeting can hear one another and all Directors so participating shall be deemed to be present in person at the meeting.

7.9 Waiver of Notice

Notice of a Regular Meeting or Special Meeting of the Board need not be given to any Director who, whether before or after the meeting, signs a waiver of notice, or a written consent to holding the meeting. All such waivers and consents shall be filed with the corporate records or made a part of the minutes of the meeting; provided that in no case shall a meeting be valid unless the notice of the meeting has been posted as required.

7.10 Action Without A Meeting

The Directors shall have the right to take any action that may be required for the efficient and expeditious operation and conduct of the Association's business without a meeting if:

- (i) the Board would have the power and authority to act at a meeting and

(ii) the written consent of all Directors to such action is first obtained. Unless mailed, written notice of the action taken without a meeting must be posted in a conspicuous place within the Common Area within three (3) days after the consent of all Directors is obtained. Any action taken by written consent shall have the same effect as if it were taken at a duly noticed meeting of the Board.

7.10.1 Action Without a Meeting. The Directors are not allowed to take any actions without a meeting except for emergencies. (Civ Code §4910(a), or any comparable superseding statute). See 7.5 for Emergency Meetings.

7.10.2 Delegated Authority. Certain administrative and oversight tasks can be handled via individual phone calls and/or email if delegated to a person or persons such as the president and/or manager or a committee by a majority of the Board at a noticed Board meeting. The delegate can make decisions and retains the right of consultation with Directors.

7.10.3 Executive Committee. In accordance with Corporations Code §7212, Executive Committees consisting of two (2) or more directors may be appointed by Board resolution to act on behalf of the Board and with the authority of the full board with regard to the matters described in the Board resolution. Persons who are not Directors may not serve on Executive Committees. Actions and decisions of an Executive Committee which are within the authority of the Committee under the Board resolution shall be deemed to be the action or decision of the full Board.

7.11 Adjournment

A majority of the Directors present, whether or not constituting a Quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the Directors who are not present at the time of the adjournment. Except as hereinabove provided, notice of adjournment need not be given.

ARTICLE 8 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1 Powers and Duties

The Board of Directors shall have the following powers and duties:

(a) To perform all acts and to exercise all powers, duties and authority vested in or delegated to this Association under the Governing Documents and under the laws of the State of California and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(b) To adopt and establish Association Rules, subject to the provisions of the Declaration, governing the use of the Common Area and the personal conduct of the Members, their family members, lessees, tenants, contract purchasers and guests thereon, and to take such steps as it deems necessary for the enforcement of such Association Rules, including the establishment of a schedule of fines as provided in Civil Code §5250, or any comparable superseding statute, and the imposition of monetary

penalties and/or the suspension of voting rights; provided notice and a hearing are provided as particularly set forth in the Declaration;

(c) To elect officers and fill vacancies on the Board of Directors or on any committee, except a vacancy created by the Members' removal of a Board member;

(d) To bring and defend actions on behalf of the Association or its Members to protect the interests of the Members or the Association, as long as the action is pertinent to the operations of the Association;

(e) To provide, contract for, and pay for maintenance, landscaping, utilities, materials, supplies, labor, and services that may be required from time to time in relation to the Common Area and any other portions of the Development which the Association is obligated to maintain;

(f) To appoint such agents and retain such other persons or entities, including attorneys and accountants, as it sees fit to assist in the operation of the Association, to fix their duties consistent with the law, and to establish their compensation;

(g) To delegate the management of the activities of the Association to any person or persons, management company or committee, provided that notwithstanding any such delegation, the activities and affairs of the Association shall continue to be managed and all Association powers shall continue to be exercised under the ultimate direction of the Board;

(h) To pay taxes and special assessments which are or would become a lien on any portion of the entire Development and to discharge any lien or encumbrance levied against the entire Development;

(i) To pay for the reconstruction of any portion of the Development damaged or destroyed in accordance with the Declaration;

(j) To supervise all officers, agents and employees of the Association and see that their duties are properly performed;

(k) To cause all officers or employees having fiscal responsibilities to be bonded, in accordance with the Declaration;

(l) To prepare budgets and financial statements for the Association;

(m) To maintain liability, workers' compensation, and other insurance on behalf of the Association;

(n) To cause to be kept a complete record of all of its acts and corporate affairs, including minutes of the meetings of the Association and financial records of the Association; distribute all but executive session minutes to any Member upon written request and upon reimbursement of the Association's costs to copy and distribute the same; and distribute to the Members financial information as provided in Article 13 of these Bylaws;

(o) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property as security for money borrowed or debts incurred subject to the approval of fifty-one percent (51%) of the Voting Power of the Association;

(p) To borrow money, and only with the assent (by vote or written consent) of a majority (51% or more) of the Voting Power of the Association, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(q) To dedicate, sell or transfer all or any part of the Development to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument has been signed by a simple majority (fifty percent (50%) plus one) of the Members, agreeing to such dedication, sale, or transfer;

(r) To participate in mergers and consolidations with other nonprofit corporations organized for the same purpose or to annex additional residential property, provided that, except as provided in the Declaration, any merger, consolidation, or annexation shall have the assent by vote of a simple majority (fifty percent (50%) plus one) of the Members or by the written consent of all of the Members;

(s) To levy and collect Assessments from the Members of the Association in accordance with the Declaration;

(t) To fix and enforce reasonable penalties for non-payment of Association Assessments, and to foreclose the lien against any Lot for delinquent Assessments in accordance with the Declaration;

(u) To enforce all applicable provisions of the Governing Documents relating to the control, management and use of the Development, including enforcement of liens and penalties for nonpayment of Assessments;

(v) To issue, or cause an appropriate office to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an Assessment has been paid, such certificate shall be conclusive of such payment;

(w) To establish committees of the Board and to delegate such powers to such committees and to such officers and employees of the Association as the Board may authorize; and

(x) To open bank accounts on behalf of the Association and designate the signatories to such bank accounts.

8.2 Limitation of Powers

Without the vote or written consent of a majority of the Voting Power of the Association, the Board shall not take any of the following actions:

- (a) Sell, during any fiscal year, property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; provided, however, that this limitation shall not apply to the sale or other disposition of Lots acquired by the Association in foreclosure proceedings;
- (b) Pay compensation to Directors or officers of the Association; provided, however, that the Board may cause a Director or officer to be reimbursed for expenses incurred, if reasonable, in carrying on the business of the Association;
- (c) Fill any vacancy on the Board of Directors created by the removal of a Director by action of the Members;
- (d) Enter into a contract with a third party for the furnishing of goods or services to the Association for a term longer than three (3) years. This restriction shall not apply to: (1) public utility contracts where the rates charged for materials or services are regulated by the Public Utilities Commission provided that the term of the contract may not exceed the shortest term for which the supplier will contract at the regulated rate; or (2) pre-paid casualty or liability insurance policies not to exceed three (3) years duration provided the policies allow short rate cancellation by the insured; or
- (e) Incur aggregate expenditures for capital Improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year provided, however, that this limitation shall not apply to the expenditure of any funds accumulated in a reserve fund for capital replacement or new capital Improvements so long as the expenditure fulfills the purpose for which the fund was established.

8.3 Limitations on Assessments

- (a) Except as provided in this Section, the Association shall levy Regular and Special Assessments sufficient to perform its obligations under the Governing Documents and in accordance with Civil Code §5600. However, annual increases in Regular Assessments for any fiscal year shall not be imposed unless the Board has complied with Article 13 with respect to that fiscal year or has obtained the approval of Owners constituting a Quorum casting a majority of the votes at a meeting or election of the Association. For the purposes of this Section, "Quorum" means more than fifty percent (50%) of the total Voting Power of the Association.
- (b) The Board may not impose a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the Association's preceding fiscal year or impose Special Assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the approval of

Owners constituting a Quorum casting a majority of the votes at a meeting or election of the Association, except in the case of an “emergency situation,” as defined in Civil Code §5605(b). For the purposes of this Section, “Quorum” means more than fifty percent (50%) of the total Voting Power of the Association. This Section does not limit Assessment increases necessary for an emergency situation, as defined in Civil Code §5605(b).

8.4 Operating Rules

As used in this Article:

(a) “Operating Rule” means a regulation adopted by the Board of Directors of the Association that applies generally to the management and operation of the common interest development or the conduct of the business and affairs of the Association.

(b) “Rule Change” means the adoption, amendment, or repeal of an Operating Rule by the Board of Directors of the Association.

(c) An Operating Rule is valid and enforceable only if all of the following requirements are satisfied:

(1) The rule is in writing.

(2) The rule is within the authority of the Board of Directors of the Association conferred by law or by the Declaration, Articles of Incorporation or Bylaws of the Association.

(3) The rule is not inconsistent with governing law and the Declaration, Articles of Incorporation and Bylaws of the Association.

(4) The rule is adopted, amended, or repealed in good faith and in substantial compliance with the requirements of this article.

(5) The rule is reasonable.

(d) This article applies to an Operating Rule relating to any of the following subjects:

(1) Use of the Common Area.

(2) Use of a Lot, including any aesthetic or architectural standards that govern alteration of a Lot.

(3) Member discipline, including any schedule of monetary penalties for violation of the Governing Documents and any procedure for the imposition of penalties.

(4) Any standards for delinquent Assessment payment plans.

(5) Any procedures adopted by the Association for resolution of Assessment disputes.

(e) This article does not apply to the following actions by the Board of Directors of the Association:

- (1) A decision regarding maintenance of the Common Area.
- (2) A decision on a specific matter that is not intended to apply generally.
- (3) A decision setting the amount of a Regular or Special Assessment.
- (4) A rule change that is required by law, if the Board of Directors has no discretion as to the substantive effect of the rule change.
- (5) Issuance of a document that merely repeats existing law or the Governing Documents.

(f) Proposed Operating Rule Change. The Board of Directors shall provide written notice of a proposed Operating Rule Change to the Members at least twenty-eight (28) days before making the Rule Change. The notice shall include the text of the proposed Operating Rule Change and a description of the purpose and effect of the proposed Operating Rule Change. Notice is not required under this subsection if the Board of Directors determines that an immediate Operating Rule Change is necessary to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Association. Such Operating Rule Changes shall be known as Emergency Rule Changes.

- (1) A decision on a proposed Operating Rule Change shall be made at a meeting of the Board of Directors, after consideration of any comments made by Association Members.
- (2) If the Operating Rule Change was an Emergency Rule Change made under Section 8.4(f), the notice shall include the text of the Operating Rule Change, a description of the purpose and effect of the Operating Rule Change, and the date that the Operating Rule Change expires.
- (3) If the Board of Directors determines that an immediate Operating Rule Change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Association, it may make an Emergency Rule Change; and no notice is required, as specified in this Article. An Emergency Rule Change is effective for one hundred twenty (120) days, unless such an Emergency Rule Change provides for a shorter effective period. An Operating Rule Change made under this subsection may not be readopted under this subsection.
- (4) A notice required by this Section is subject to Section 3.4 of these Bylaws.

(g) Reverse an Operating Rule Change. Members of the Association owning five percent (5%) or more of the Lots may call a Special Meeting to reverse an Operating Rule Change.

(1) A Special Meeting may be called by delivering a written request to the President or Secretary of the Board of Directors, after which the Board shall deliver notice of the meeting to the Association's Members and hold the meeting in conformity with Corporations Code §7511, or any comparable superseding statute. The written request may not be delivered more than thirty (30) days after the Members of the Association are notified of the Operating Rule Change. Members are deemed to have been notified of an Operating Rule Change on delivery of notice of the Operating Rule Change, or on enforcement of the resulting Operating Rule, whichever is sooner. For the purposes of Corporations Code §8330 or any comparable superseding statute, collection of signatures to call a Special Meeting under this Section is a purpose reasonably related to the interests of the Members of the Association. A Member's request to copy or inspect the Membership list solely for that purpose may not be denied on the grounds that the purpose is not reasonably related to the Member's interest as a Member.

(2) The Operating Rule Change may be reversed by the affirmative vote of a majority of the votes represented and voting at a duly held meeting at which a Quorum is present or by Written Ballot in conformity with Corporations Code §7513, or any comparable superseding statute.

(3) When a Lot is co-owned, Section 4.4 shall apply.

(4) An Operating Rule Change reversed under this Section may not be readopted for one year after the date of the meeting reversing the Operating Rule Change. Nothing in this Section precludes the Board of Directors from adopting a different Operating Rule on the same subject as the Operating Rule Change that has been reversed.

(5) As soon as possible after the close of voting, but not more than fifteen (15) days after the close of voting, the Board of Directors shall provide notice of the results of a Member vote held pursuant to this Section to every Association Member. Delivery of notice under this subsection is subject to Section 3.4.

ARTICLE 9 OFFICERS AND THEIR DUTIES

9.1 Enumeration of Officers

The officers of the Association shall be a President, a Vice President, a Secretary, and a Chief Financial Officer and such other officers as the Board may from time to time by resolution create. Any person may hold two or more offices, except that neither the Secretary nor the Chief Financial Officer may serve concurrently as President.

9.2 Election of Officers

The election of officers shall take place at the first executive session meeting of the Board following each Annual Meeting of the Members.

9.3 Term

The officers of this Association shall be elected annually by and from the Board. All officers shall hold office for one (1) year unless such officer shall sooner resign, or shall be removed, or shall otherwise be or become disqualified to serve. Each Director shall serve until the election and qualification of his or her successor.

9.4 Special Appointments

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

9.5 Resignation and Removal

Any officer may be removed from office, with or without cause, by the Board. An officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.6 Vacancies

A vacancy in any office may be filled by appointment of the Board. The officer appointed to fill such vacancy shall serve for the remainder of the term of the officer he or she replaces.

9.7 Duties

The duties of the officers shall be as follows:

(a) President. The President shall be the Association's Chief Executive Officer and, subject to supervision by the Board, shall have general management and control of the business and affairs of the Association. The President shall preside at all meetings of the Members and of the Board and see that orders and resolutions of the Board are carried out. The President shall perform such other duties as the Board may prescribe.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of the President's absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required by the Board or the President.

(c) Secretary. The Secretary or the Board's designee shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notices of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; have custody of the Association's minute books and other non-financial corporate records; perform such other duties as may be required by the Board; and cause the Association to comply with the requirements of Article 12 below.

(d) Chief Financial Officer. The Chief Financial Officer or the Board's designee shall be the Treasurer of the Association and shall receive and deposit in appropriate bank accounts all monies of the Association; disburse such funds as directed by resolution of the Board; keep

proper books of account; and cause the Association to comply with the requirements of Article 13 below.

ARTICLE 10 COMMITTEES

10.1 Committees

In addition to the Nominating Committee, Architectural Committee, Finance Advisory Committee, and the Resident Advisory Committee (as defined in Section 13.2 of the Declaration) appointed and constituted pursuant to these Bylaws and the Declaration, the Board may, by resolution adopted by a majority of the Directors then in office, designate one (1) or more committees to serve at the pleasure of the Board.

10.2 Meetings and Actions of Committees

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article 7 of these Bylaws, concerning meetings of Directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its Members for the Board of Directors and its members, except that the time for Regular Meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special Meetings of committees may also be called by resolution of the Board of Directors of the committee or by the Committee Chair or any two (2) committee members. Notice of Regular and Special Meetings of committees shall also be given to Association Members, pursuant to Article 7 of these Bylaws. Association Members shall have the right to attend all meetings of the committee. The Board of Directors may adopt additional rules, not inconsistent with the provisions of these Bylaws, for the governance of any committee.

ARTICLE 11 INDEMNIFICATION OF OFFICERS, DIRECTORS AND AGENTS

11.1 Rights of Indemnity

The Association shall indemnify each Director, officer, committee member, Member who volunteers as an Election Inspector, employee or other agent of the Association who is a party to or is threatened to be made a party to any proceedings, including a proceeding by or in the right of the Association, by reason of the fact that such person is or was a Director, officer, committee member, Member who volunteers as an Election Inspector, employee or agent of the Association, against all expenses and liabilities actually and reasonably paid or incurred in connection with such proceedings to the maximum extent permitted by law.

11.2 Approval of Indemnity

Upon written request to the Board by any person seeking indemnification hereunder, the Board shall promptly determine whether the applicable standard of conduct set forth in Civil Code §5800 and Corporations Code §7231 has been met and, if so, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of Directors who are parties to such proceeding with respect to which indemnification is sought prevents formation of a Quorum of Directors who are not parties to such proceedings, the Board shall promptly call a Special Meeting of Members. At such meeting, the Members shall determine whether the applicable standard of conduct set forth in the applicable laws has been met and, if

so, the Members shall authorize indemnification. Members or other persons seeking to be indemnified shall not be entitled to vote on the question of indemnification.

11.3 Advancement of Expenses

To the full extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a Director, officer, committee member, Member who volunteers as an Election Inspector, employee or agent seeking indemnification under these Bylaws in defending any proceedings covered by these Bylaws shall be advanced by the Association prior to the final disposition of such proceedings upon receipt of an undertaking by or on behalf of the Director, officer or committee member, Member who volunteers as an Election Inspector, employee, or the agent to repay such amount unless it is ultimately determined that such person is entitled to be indemnified by the Association with respect to such expenses.

11.4 Insurance

The Association shall have the power to purchase and maintain insurance on behalf of its Directors and officers, and other such parties who are entitled to indemnification as outlined in these Bylaws, against other liability asserted against or incurred by any Director or officer in such capacity or arising out of the Director's, officer's, or person's service to the Association.

ARTICLE 12 BOOKS AND RECORDS

12.1 Availability to Members

Association Records and Enhanced Association Records shall be available for inspection and copying by any Member or his/her duly appointed representative at the Association Office so long as the Member seeking the Records states in writing the purpose for the request. Records so obtained may not be used for any commercial purpose. Current year Records shall be available within ten (10) business days of the written request and the previous two years of Records shall be available within thirty (30) calendar days of the written request. The Board shall establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of records by any Member desiring to make the inspection.
- (b) Payments of the cost of reproducing and redacting copies of documents requested by a Member; and
- (c) Removal of a Member from the Membership list, which is part of the Association Records, upon receipt of that Member's written request for such removal. Unless the Association's policy states otherwise, informally obtained email addresses (such as in communications to and from management and the Member or inclusion on an external or third-party platform such as Building Link or Dwelling Live for informal communications) from Members shall not automatically be placed on the Association's membership list.

12.2 Availability to Directors

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical Development owned or controlled by the Association, except where such right has been limited by applicable law. The right of inspection by a Director includes the right to make extracts and copies of documents at the Director's sole cost.

ARTICLE 13 FINANCIAL INFORMATION; REQUIRED NOTICES

13.1 Operating Account

There shall be established and maintained a cash deposit account to be known as the "Operating Account" with an insured financial institution into which shall be deposited the operating portion of all Regular and Special Assessments as fixed and determined for all Members. Disbursements from such account shall be for the general need of the Association operations, including but not limited to, wages, repairs, betterment, maintenance, and other operating expenses of the Association.

13.2 Reserve Account

All Regular and Special Assessments not deposited into the Operating Account shall be deposited into a deposit account known as "Reserve Account". This account shall be used exclusively for replacement and deferred maintenance of major reserve components which the Association is obligated to repair, restore, replace, or maintain.

13.3 Other Accounts

The Board shall maintain any other accounts it shall deem necessary to carry out its purposes, including additional operating or reserve accounts for funding activities or future repairs, betterments, replacements, and additions to Common Areas as set forth in the Declaration. All Association books of accounts shall be maintained in accordance with generally accepted accounting principles.

13.4 Reserves

Assessments collected by the Association shall be deposited into at least two (2) separate accounts with a responsible financial institution, which accounts shall be clearly designated as (i) the Current Operation Account and (ii) the Reserve Account. The Board shall deposit those portions of the assessments collected for current maintenance and operation into the Current Operation Account and shall deposit those portions of the assessments collected as reserves for replacement and deferred maintenance of major components which the Association, is obligated to repair, restore, replace, or maintain into the Reserve Account.

13.5 Accounting Principles

All Association books of accounts shall be maintained in accordance with Generally Accepted Accounting Principles (GAAP) maintained by the Financial Accounting Standards Board (FASB).

13.6 Investment Guidance

The Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds, treasury bills, or similar investments consistent with the

investment standards normally observed by trustees, and which investments do not create a risk of loss of principal. The Board and such officers or agents of the Association as the Board shall designate shall have exclusive control of said account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof.

13.7 Execution of Corporate Contracts and Instruments

Except as otherwise specifically authorized by the Board, all contracts, leases, mortgages, deeds, and other written instruments entered into in the name of the Association shall require the signatures of two (2) officers, namely, the President or, in his or her absence, inability or refusal to act, the Vice President and any other officer of the Association.

13.8 Checks, Drafts, Notes, Evidence of Indebtedness

All checks, drafts, notes, or other evidence of indebtedness issued in the name of or payable by the Association shall be signed or endorsed by any two (2) officers of the Association, except as otherwise specifically authorized by the Board. All checks written on the reserve account must be signed or endorsed by any two (2) officers of the Association.

13.9 Fiscal Year

The fiscal year of the Association shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December.

13.10 Budgets and Financial Statements

(a) The Association shall distribute an Annual Budget Report 30 to 90 days before the end of its fiscal year which shall include a pro forma operating budget, a summary of the Association's reserves, a summary of the reserve funding plan, a summary of the Association's property, general liability, earthquake and fidelity insurance policies and all other information required by Civil Code §5300 or comparable superseding statute.

(b) Review of Financial Statements: As required by Civil Code §5305, a review of the financial statement of the Association shall be prepared by a licensee of the California Board of Accountancy for any fiscal year in which the gross income to the Association exceeds seventy-five thousand dollars (\$75,000). A copy of the review shall be delivered to the Members within 120 days after the close of each fiscal year as required by Civil Code §4040 or comparable superseding statute.

13.11 Annual Statement Regarding Delinquency / Foreclosure Policy

In addition to financial statements, the Board shall annually distribute anywhere between thirty (30) to ninety (90) days prior to the beginning of the fiscal year, a statement describing the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Regular and Special Assessments, including the recording and foreclosing of liens against Members' Lots.

13.12 Review of Accounts

On no less than a monthly basis, the Board shall:

(a) Review a current reconciliation of the Association's Operating Account;

- (b) Review a current reconciliation of the Association's Reserve Account;
- (c) Review the current year's actual reserve revenues and expenses compared to the current year's budget;
- (d) Review the Association's latest account statements prepared by the financial institution(s) with whom the Operating and Reserve Accounts are lodged; and
- (e) Review the Association's income and expense statement for the Operating and Reserve Accounts. To the extent one document provides the information required in more than one of the above listed items, any such requirements listed above may be satisfied by reviewing the same documents.
- (f) The Board's review of the above shall not require a meeting, except on at least a quarterly basis, so long as each member of the Association's Board reviews said documents independently and then ratifies their review at a subsequent Board meeting or the Board has appointed a subcommittee consisting of the Treasurer and at least one other Director who reviews the above listed documents and ratifies their review at a subsequent Board meeting.

13.13 Reserve Study

At least once every three (3) years, the Board shall cause a study of the Reserve Account Requirements of the Association to be conducted if the current replacement value of the major components which the Association is obligated to repair, replace, restore, or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year. In connection with this reserve study, the Board is required to see that the Association gets a competent inspection of the Common Area of the Development. The Board shall review the reserve study annually and shall consider and implement necessary adjustments to the Board's analysis of the Reserve Account Requirements as a result of that review. The study required by this subsection shall at a minimum include:

- (a) Identification of the major components which the Association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years;
- (b) Identification of the probable remaining useful life of the components identified in subparagraph (a), above, as of the date of the study;
- (c) An estimate of the cost of repair, replacement, restoration, or maintenance of each major component identified in subparagraph (a), above, during and at the end of its useful life; and
- (d) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain each major component during and at the end of its useful life. The total reserve funds as of the date of the study should be taken into account in determining the required total annual contribution.

As used in this Section, Reserve Accounts means monies that the Board has identified for use to defray the future repair or replacement of additions to, or betterment of those major components which the Association is obligated to maintain, repair, or replace. Reserve Account Requirements means the estimated funds which the Board has determined are required to be available at a specified point in time to repair, replace, restore, or maintain those major components which the Association is obligated to maintain, repair, or replace.

13.14 Copies of Minutes

At the time of distribution of the pro forma operating budget as provided in Section 13.10, the Board shall advise the Members of their right to have copies of the minutes of the Board and how and where those minutes may be obtained.

13.15 Notice of Assessment Increase

The Board shall provide by first-class mail to each Owner, at the street address of the Owner's Lot, or at such other address as the Owner may from time to time designate, in writing, notice of any increase in Regular or Special Assessments of the Association, not less than thirty (30) days nor more than sixty (60) days prior to the increased Assessment becoming due.

13.16 Notice of Monetary Penalties

The Board shall implement and distribute annually to each Member, by personal delivery or first-class mail, a schedule of the monetary penalties that may be assessed for violation of the Governing Documents or the Rules of the Association, which shall be in accordance with authorization for Member discipline contained in the Governing Documents. The Board shall distribute changes to the schedule as they are adopted.

13.17 Notice of Alternative Dispute Resolution

The Board shall annually provide to Members of the Association a summary of the Association's dispute resolution procedures pursuant to Civil Code §5920 and §5965, or comparable superseding statutes. The summary shall include the following language:

"Failure by any Member of the Association to comply with the prefiling requirements of California Civil Code §5930 may result in the loss of your rights to sue the Association or another Member of the Association regarding enforcement of the Governing Documents or rights and obligations under the Davis-Stirling Common Interest Development Act."

This summary shall be provided either at the time of distribution of the pro forma budget or by mail or by delivery as part of a newsletter, magazine or other publication of the Association regularly sent to Members at the addresses appearing on the books of the Association.

13.18 Accounting of Reserve Fund Expenditures for Litigation

If the Board makes the decision to use reserve funds or to temporarily transfer money from the Reserve Account to pay for litigation as provided in California Civil Code §5515(a) or any comparable superseding statute, the Association shall make an accounting of litigation related expenses on at least a quarterly basis. The accounting shall be made available for inspection by Members at the Association's office, or, if the Association does not maintain an office, at the office of the Association's manager. (CC&R's 5.19(f)).

13.19 Notice Regarding Transfer or Use of Reserve Funds for Litigation

If the Board makes the decision to use reserve funds or temporarily transfer money from the Reserve Account to pay for litigation, the Association shall, in accordance with California Civil Code §5515(c) or any comparable superseding statute, notify the Members in the next available mailing to all Members of that decision and of the availability of an accounting of those expenses.(CC&R's 5.19(d)).

13.20 Notice of Insurance Coverage

The Board shall give notice of the Association's insurance coverage in accordance with California Civil Code §5300 or any comparable superseding statute.

ARTICLE 14 AMENDMENTS

14.1 Amendment by Board of Directors

The Board of Directors may, by a vote of a two-thirds (2/3) majority of all Directors, adopt amendments to these Bylaws when an amendment is needed to conform a particular provision or provisions of these Bylaws to changes in applicable California State law when said changes in applicable California State law are mandatory and nondiscretionary in nature. Before entertaining a motion to approve any such amendment(s), the Board shall receive a written opinion from the Association's legal counsel confirming that (1) a change or changes in California law necessitates a corresponding amendment to the Association's Bylaws to make the affected Bylaw provision(s) an accurate statement of current underlying California law and (2) the Association is bound by law to observe said change or changes in California law.

14.2 Amendment by the Members

Except as provided in Subsection (a), above, these Bylaws may be adopted, amended, or repealed only by the affirmative vote of the majority all Members of the Association.

ARTICLE 15 MISCELLANEOUS

15.1 Interpretation

In the case of any conflict between the Declaration or Articles and these Bylaws, the Declaration shall control. In the case of any conflict with the provisions of any California statute, the provisions of said statute shall control.

15.2 Manner and Time of Notice

Notice of any kind required to be given to any Member shall be conclusively deemed to have been given and made when the same has been deposited in the United States mail, in a sealed envelope, postage pre-paid, addressed as follows: If to the Association or the Board of Directors, at the current Secretary of the Association's mailing address or to the Post Office Box address of the Association; if to a Director, at the address from time to time given by such Director to the Secretary for the purpose of service of such notice; if to a Member, at the address from time to time given by such Member to the Secretary for the purpose of service of such notice, or, if no such address has been so given, to the address of any Lot within the Development owned by such Member.

15.3 Severability

Invalidation of any one of these Bylaws by judgment or court order shall not impair or affect in any manner, the validity, enforceability, or effect of the rest of these Bylaws and all of the terms hereof are hereby declared severable.

15.4 Construction and Definitions

Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation Law (Corporations Code §§7110, et seq.) and the Davis-Stirling Common Interest Development Act (Civil Code §§4000, et seq.) shall govern the construction of these Bylaws. All provisions of these Bylaws shall be liberally construed together to promote and effectuate the fundamental concepts of the Association.

15.5 Filing of Tax-Exempt Status

The Board shall cause to be timely filed any annual election for tax-exempt status as may be required under federal or state law and shall undertake to cause the Association to comply with the statutes, rules and regulations which have been or shall be adopted by federal and state agencies pertaining to such exemptions.

15.6 No Waiver

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

15.7 Captions and Titles

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

CERTIFICATE OF SECRETARY

The undersigned duly elected and acting Secretary of the mutual benefit nonprofit corporation, known as Summerset at Brentwood III Association, does hereby certify that the above and foregoing Bylaws were duly adopted by at least a majority of all Members of the Association as required by Article 14 of the prior Bylaws on July 15, 2020, and that the same does now constitute the Bylaws of Summerset at Brentwood III Association.

Dated: July 15, 2020

SUMMERSET AT BRENTWOOD III ASSOCIATION

By: ___SIGNED EUGENIA BENNETT _____

EUGENIA BENNETT, SECRETARY