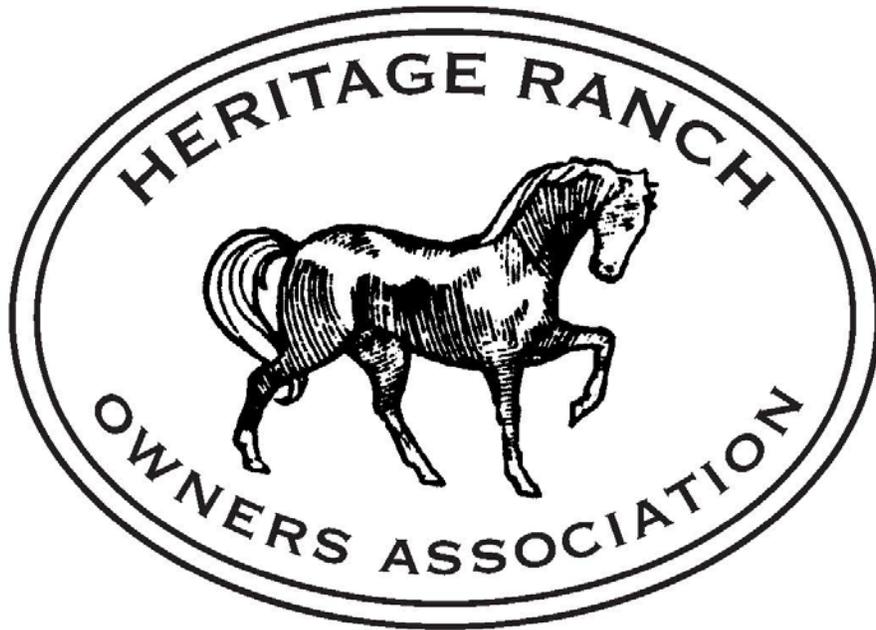


# Heritage Ranch Owners Association



## **ARTICLES OF INCORPORATION AND RESTATED BYLAWS**

In accordance with California Senate Bill 222, effective January 1, 2020, if this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

644345

**FILED**  
In the office of the Secretary of State  
of the State of California

**JAN 28 1972**

EDWARD G. BROWN Jr., Secretary of State  
By [Signature]

Deputy

ARTICLES OF INCORPORATION

OF

HERITAGE RANCH OWNERS ASSOCIATION

FIRST: The name of the corporation is: HERITAGE RANCH OWNERS ASSOCIATION.

SECOND: The purposes for which this corporation are formed are:

- (a) The specific and primary purpose is to own or lease and to provide management, maintenance, preservation, and control of the contiguous or noncontiguous lots, parcels, or areas owned in common by the owners of the separately owned lots, parcels, or areas in the area known as Heritage Ranch in San Luis Obispo County, California; and to own, operate and maintain on said common areas, or any part thereof, facilities for the exclusive pleasure and recreation of its members.
- (b) The general purposes and powers are:
  - (i) To provide for the improvement and maintenance of the gateways, public easements, drainage facilities, courts, parkways, grass plots, parking areas, and other facilities of any kind dedicated to community use and other open spaces and ornamental features within Heritage Ranch, which now exist or which may hereafter be installed, erected, or constructed therein.
  - (ii) To make and perform contracts of every kind for any lawful purpose without limit as to amount, with any person, firm, association, corporation, municipality, state, government, or municipal or political subdivision.
  - (iii) To receive property by gift, devise, or bequest, subject to the laws regulating the transfer of property by will, and to otherwise acquire and hold all property, real or personal, and to transfer, convey, lease, or otherwise dispose of such real and personal property, and to distribute gifts of property of all kinds.

7

Restraint of right  
to amend articles  
Yes  
 No

- (iv) To cooperate with the owners of all vacant and unimproved lots and plots now existing, or which hereafter shall exist, in said Heritage Ranch in keeping them in good order and in a slightly condition, and in preventing their becoming a nuisance and a detriment to the beauty of the area and to the value of the improved property therein; and to take any action with reference to such vacant and unimproved lots and plots as may be necessary or desirable to keep them from becoming such nuisance and detriment.
- (v) To aid, and cooperate with, the members of this corporation and all property owners in said subdivision in the enforcement of such conditions, covenants, and restrictions on and appurtenant to their property as shall hereafter be approved by a majority vote of the members of the corporation, and to counsel with the Planning Commission and the Supervisors of the County having jurisdiction in relation to any zoning which may affect any portion of the subject property.
- (vi) To arrange social and recreational functions for its members.
- (vii) To erect, construct, purchase, lease or otherwise acquire, own, hold, use, improve, maintain, repair, operate, encumber, sell, lease, or otherwise dispose of, club, sports, and game facilities, equipment, rooms, buildings, and areas of every kind, nature, and description, including, without limitation, swimming and wading pools; tennis courts; basketball courts; handball and volleyball courts; sauna baths; athletic rooms; solariums, and libraries and reading rooms, for the sole and exclusive benefit of its members and their bona fide guests.
- (viii) To have and exercise all the rights and powers conferred on nonprofit corporations under the General Nonprofit Corporation Law of California, as such law is now in effect or may at any time hereafter be amended.

The foregoing statement of purposes shall be construed as a statement of both purposes and powers, and the purposes and powers stated in each clause shall, except where otherwise expressed, be

in no way limited or restricted by any reference to or inference from the terms or provisions of any other clause, but shall be regarded as independent purposes and powers.

- (c) Notwithstanding any of the foregoing statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purpose of this corporation as set forth in Paragraph (a) of this Article SECOND.

THIRD: This corporation is organized pursuant to the General Nonprofit Corporation Law of the State of California.

FOURTH: The county in this State where the principal office for the transaction of the business of the corporation is located is San Luis Obispo County.

FIFTH: (a) The number of Directors of this corporation shall be five (5).

(b) The names and addresses of the persons who are to act in the capacity of Directors until the selection of their successors are:

<u>Name</u>	<u>Address</u>
Burton H. Fohrman	2398 Deerhorn Riverside, California 92506
Gordon Heath	1566 Heather Lane Riverside, California 92504
Ernest Bowlus	1110 Country Club Drive Riverside, California 92506
Robert Tavenner	10911 Endicott Drive Riverside, California 92505
Richard Rieker	13050 South Lane Redlands, California 92373

- (c) The Directors shall serve without compensation and no Director shall receive any pecuniary benefit from the corporation (except reimbursement for his actual expenses incurred in connection with the business of the corporation).
- (d) The powers of this corporation shall be exercised, its property controlled, and its affairs conducted by the Board of Directors.
- (d) Any action required or permitted to be taken by the Board of Directors under any provision of law may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as the unanimous vote of such Directors. Any certificate or other document filed under any provision of law which relates to action so taken shall state that the action was taken by the unanimous written consent of the Board of Directors without a meeting and that the Articles of Incorporation authorize the Directors to so act, and such statement shall be prima facie evidence of such authority.

SIXTH: The authorized number, if any, and qualifications of members of the corporation, the different classes of membership, if any, the property, voting, and other rights and privileges of members, and their liability to dues and assessments and the method of collection, shall be as set forth in the By-laws.

SEVENTH: Neither the Directors nor the members of the corporation shall be personally liable for the debts, liabilities, or obligations of the corporation.

EIGHTH: This corporation is not organized, nor shall it be operated, for pecuniary gain or profit, and it does not contemplate the distribution of gains, profits, or dividends to the members thereof and is organized solely for nonprofit purposes.

NINTH: On the dissolution and winding up of this corporation, its assets remaining after payment of, or provision for payment of, all debts and liabilities of this corporation, shall be distributed to a nonprofit organization having the same purposes as this corporation, or, in the absence of such nonprofit organization, to the County of San Luis Obispo to be held in trust for use in connection with the development and improvement of the public areas in, and the area of, Heritage Ranch.

TENTH: None of the activities of this corporation shall consist of the carrying on of propaganda, or otherwise attempting, to influence legislation, nor shall this corporation participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

ELEVENTH: These articles may, except as herein provided and except as otherwise provided by law imposing more stringent requirements, be amended as follows:

- (a) Before any members, other than the incorporators, have been admitted to the corporation, by a writing signed by two-thirds (2/3) of the incorporators.
- (b) After members, other than the incorporators, have been admitted to the corporation, by resolution of the Board of Directors and by two-thirds (2/3) or more of a quorum of the members given either before or after the adoption of the resolution by the Board, provided, however, that if the voting power shall be unequal, any amendment shall be approved by the vote or written consent of members holding not less than a majority of the voting power.



STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF RIVERSIDE )

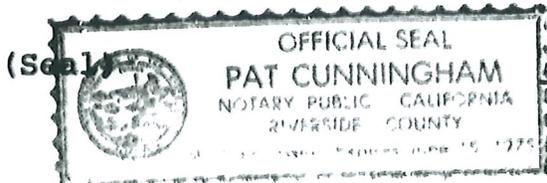
On this 28th day of December, 1971, before me, the undersigned, personally appeared ERNEST BOWLUS known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.



*Pat Cunningham*  
Notary Public in and for  
said County and State

STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF RIVERSIDE )

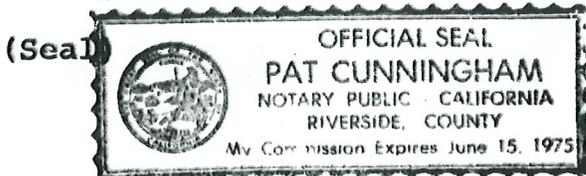
On this 28th day of December, 1971, before me, the undersigned, personally appeared ROBERT TAVENNER known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.



*Pat Cunningham*  
Notary Public in and for  
said County and State

STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF RIVERSIDE )

On this 28th day of December, 1971, before me, the undersigned, personally appeared RICHARD RIEKER known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.



*Pat Cunningham*  
Notary Public in and for  
said County and State

STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF RIVERSIDE )

On this 28th day of December, 1971, before me, the undersigned, personally appeared GORDON HEATH, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.



*Pat Cunningham*  
Notary Public in and for  
said County and State



**RESTATED BYLAWS  
OF  
HERITAGE RANCH OWNERS ASSOCIATION**

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**RESTATED BYLAWS  
OF  
HERITAGE RANCH OWNERS ASSOCIATION**

**ARTICLE I  
Recitals and Definitions**

Section 1. Name of Association. The name of this corporation is Heritage Ranch Owners Association and shall be-referred to herein as the "Association."

Section 2. Association Is Nonprofit. The Association has been formed pursuant to the California Nonprofit Mutual Benefit Corporation Law (Cal. Corp. Code, § 7110 et seq.) as a nonprofit mutual benefit corporation.

Section 3. Specific Purpose. The specific and primary purpose of this Association shall be to own, repair, maintain and manage the Common Area and Common Facilities within that certain real estate common interest development located in the County of San Luis Obispo, State of California and commonly referred to as Heritage Ranch, to enforce the Rules and Regulations adopted by the Board of Directors, from time to time, and the terms and conditions of the Declaration, and to otherwise enhance and promote the use and enjoyment of the Common Areas and Common Facilities by the owners in common.

Section 4. Definitions:

(a) County. "County" means the County of San Luis Obispo, State of California.

(b) Declaration. "Declaration" means all limitations, restrictions, covenants, terms and conditions set forth in the Declaration of Covenants, Conditions and Restrictions recorded in the Office of the San Luis Obispo County Recorder with respect to the Heritage Ranch, as such Declaration may from time to time be supplemented, amended or modified by a subsequent Declaration, or amendment thereto, duly recorded in said Recorder's Office. (Amended February 15, 2001 & May 17, 2001)

(c) Majority of a Quorum. "Majority of a Quorum" means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the membership meeting or the number of ballots cast equals or exceeds the quorum requirement specified in article V, section 5. Any Member may be represented at a membership meeting by proxy for purposes of establishing a quorum.

(d) Person. "Person" means and includes any individual, corporation, partnership, association or other entity recognized by the laws of the State of California.

(e) Voting Power. "Voting Power" means those Members who are eligible to vote for the election of directors or with respect to any other matter, issue or proposal properly presented to the Members for approval at the time any determination of voting power is made.

(f) Other Definitions Incorporated by Reference. The terms defined in the Declaration shall have the same meaning when used herein unless the context clearly indicates a contrary intention.

## **ARTICLE II**

### **Location of Principal Office**

The principal office of the Association will be located at such place within the Properties as the Board may from time to time designate by resolution.

## **ARTICLE III**

### **Membership**

Section 1. Members of the Association. Only one Membership in the Association shall be appurtenant to, and inseparable from, each lot. Multiple record ownership of a Lot (persons named on the deed) shall give rise to one person, or two persons if residing together, being designated the Principal Owner(s) by the majority of the record owners of said Lot. The designation shall be submitted, in writing, to the Secretary of the Association.

Ownership of a Lot by an entity (eg. Trust or Corporation) rather than an individual(s), shall give rise to one person, or two persons if residing together, being designated the Principal Owner(s) of the Lot. These persons must be officers of the entity. (Amended August 16, 2003)

Section 2. Term of Membership. The Principal Owner(s) shall remain a Member until the Member no longer qualifies as such under section 1 above. Upon the sale, conveyance or other transfer of the Principal Owner's interest in the Lot, the Membership interest appurtenant to the Lot shall be transferred to a new Principal Owner(s) of the Lot, or in the case of multiple record owners of a Lot, the record owners may change the designated Principal Owner(s) by submitting to the Secretary of the Association, in writing, the designation of a new Principal Owner(s) for that Lot. This change in designation shall be signed by a majority of all record owners of the Lot. (Amended May 17, 2001, June 14, 2001 & August 16, 2003)

Section 3. Multiple Ownership of Lots. The Principal Owner shall be the recipient of all Association official notices, assessments and voting materials.

Ownership of a Lot shall give rise to a single Membership vote in the Association. Only the Principal Owner(s), as designated by the majority of record owners of the Lot, shall have the right of casting the vote for said Lot.

The obligations and liabilities of the multiple record owners under the Association's governing documents shall be joint and several. Without limiting the foregoing, this shall apply to all obligations, duties and responsibilities of record owners as set forth in the Declaration of CC&Rs, including, without limitation, the payment of all Assessments. (Amended August 17, 2002 & August 16, 2003)

Section 4. Furnishing Evidence of Membership. A person shall not be entitled to exercise the rights of a Member until such person has provided the Association with evidence of such qualification in the form of a certified copy of a recorded grant deed or a currently effective policy of title insurance. Exercise of membership rights shall be further subject to the rules regarding record dates for notice, voting and actions by written ballot and eligibility for voting set forth in article V, section 8, hereof.

Section 5. Co-Owner Members. In the event that a Lot is owned by two (2) or more persons not residing together (see Section 1), in addition to the Association Membership, which is appurtenant to that Lot, any other record owner may have, the privilege of obtaining a (Co-Owner Membership in the Association subject to the following rules:

(a) No more than one (1) Co-Owner Membership may be issued to each Lot. The Co-Ownership may be issued to one person, or two persons if residing together. (Amended August 16, 2003)

(b) Co-Owner Memberships are not appurtenant to Lots in the Heritage Ranch Planned Community; such Memberships are personal to the Co-Owner Member, and may not be transferred by such Co-Owner Member. Such Co-Owner Membership shall be terminate upon the Co-Owner's transfer of all of the Co-Owner's interest in the Lot. (Amended August 16, 2003)

(c) Rights and privileges of Co-Owner Membership status is delineated in Article VI. Each Co-Owner Member shall be charged the regular monthly membership fee as determined by the Board of Directors pursuant to article IV of the Declaration. (Amended August 16, 2003).

(d) Notwithstanding anything in the Governing Documents to the contrary, Co-Owner Members shall not have any voting rights.

## **ARTICLE IV**

### **Membership Voting**

Section 1. Single Class of Membership. The Association shall have one class of voting membership.

Section 2. Member Voting Rights. On each matter submitted to a vote of the 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.

Section 3. Eligibility to Vote. Only Members in good standing shall be entitled to vote at any membership meeting. In order to be in good standing, a Member must be current in the payment of all Assessments, fees and fines levied against the Member and/or the Member's Lot(s) and not be subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with Article VI of the Declaration. A Member's good standing shall be determined as of the record date established in accordance with Article V, Section 8 hereof. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of the nonpayment of assessments, although a delinquent Member shall be entitled to request such a hearing. (Amended February 15, 2001)

Section 4. Manner of Casting Votes.

(a) Voting at Membership Meetings. Voting at any membership meeting may be by voice or by ballot; provided that any election of directors shall be conducted by written ballot in accordance with Section 6 of this article, in addition to any other method of voting allowed under paragraph 4(e) below. The vote on any other issue properly before a meeting of the Members shall be conducted by secret ballot when determined by the sole discretion of the chairperson of the meeting or when requested by 10 percent of the Members present at the meeting. (Amended September 23, 2000, February 15, 2001 & May 17, 2001)

(b) Voting by Written Ballot. In addition to voting in person at a meeting, Members' votes may be solicited by written ballot with respect to any issue. (Amended May 17, 2001)

(c) Proxy Voting. Proxy voting shall not be permitted on any matter put to a vote by the Members, although proxies may be solicited for the sole and limited purpose of establishing a quorum at a membership meeting.

(d) Cumulative Voting. Cumulative voting shall not be permitted.

(e) Optional Method of Voting. The Board may allow members the option to vote on any issue, including the election of directors, by ballot in person at the meeting, even where voting by written ballot has been approved (under paragraph 6(b) below) if the Board, by majority vote, has approved a motion to that effect prior to the mailing of the written ballot for that issue. (Amended September 23, 2000)

Section 5. Proxies. A Member shall be entitled to designate another person to act as the Member's proxy at a meeting for the sole and limited purpose of establishing a quorum.

Section 6. Action by Written Ballot.

(a) Definition of Written Ballot. A "written ballot" is a ballot which is mailed or otherwise distributed to every Member entitled to vote on the matter and which complies with the requirements of this section. The term "written ballot" does not include a ballot distributed to Members at a meeting for purposes of conducting a vote of the Members at such meeting.

(b) Written Ballots, Generally. Any matter or issue requiring the vote of the Members, including the election of directors, may be submitted to the Members for approval 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 satisfied. All director elections shall be held by written ballot. The determination to seek Member approval for Association action by written ballot shall be made by a majority vote of the Board or by Members possessing 5 percent of the Voting Power of the Association signing a written request and delivering this request to the president, vice president or secretary of the Association. Once the determination is made to seek Member approval by written ballot, the Board shall establish a record date (see article V, section (8) (a) (iii), hereof) for purposes of determining those Members eligible to cast written ballots. The written ballots must be returned by mail or personal delivery to the address set forth in the solicitation materials for return of ballots. In the case where the majority of the Board of Directors allows voting by ballot in person at the meeting, (under paragraph 4(e), above) a Member entitled to vote who intends to vote at the meeting shall be required to register and shall be issued a different color ballot from the written ballot(s) mailed to Members. (Amended September 23, 2000)

(c) Balloting Time Requirements.

(i) Director Elections. In the case of written ballots used in the election of directors, the ballots shall be mailed to all Members who are eligible to vote not more than 45 days prior to the date set for the election, but not less than 30 days prior to such date. Written ballots that are returned by mail or personal delivery to the address set forth in the solicitation materials must be received no later than the close of business on the second business day prior to the scheduled meeting date. (Amended September 23, 2000 & Amended August 17, 2013)

(ii) Other Matters. In the case of any other matter or issue submitted to the Members for approval by written ballot, the Board shall distribute the written ballot to every Member entitled to vote on the matter at least 30 days prior to the final date the written ballots are to be received to be counted. (Amended September 23, 2000 & Amended August 17, 2013)

(iii) Extension of the Balloting Period. The time fixed for the return of written ballots may only be extended if the Board so notifies the Members on the face of the ballot or in the balloting materials originally sent to Members and then for not more than two successive periods of thirty days each. Notwithstanding the foregoing, if a meeting which is scheduled to coincide with culmination of a director election is adjourned without concluding the election process, the time fixed for the return of written ballots in the director election shall be extended to the date the adjourned meeting is reconvened.

(d) Content of Written Ballots.

(i) Written Ballots Used for Voting in Director Elections. Written ballots used in any election of directors shall set forth the names of the candidates whose names have been

placed in nomination at the time the ballot is issued (see article VII, section 4). The ballot form shall also provide a space where the Member can designate a vote for another (write-in) candidate.

(ii) Written Ballots Used for Voting on Other Matters. Any written ballot distributed to the Members to vote on any issue other than the election of directors shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal.

(iii) Specification of Time for Return of Written Ballot. All written ballots shall state the time by which the ballot must be received in order to be counted (see subparagraph (c), above).

(e) Requirements for Valid Member Action by Written Ballot. Membership approval by written ballot shall only be valid if:

(i) the number of votes cast by ballot within the time established for return of the ballots equals or exceeds the quorum (as specified in article V, section 5) that would have been required to be present at a membership meeting if a meeting had been convened to vote on the proposal; and

(ii) 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.

(f) Solicitation Rules.

(i) Solicitation Rules, Generally. Written ballots shall be solicited in a manner consistent with the requirements of article V, section 4, pertaining to the issuance of notices of Members' meetings. All solicitations of written ballots shall indicate: (A) the number of responses needed to meet the quorum requirement for valid action; (B) the time by which the written ballot must be received by the Association in order to be counted; and (c) 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.

(ii) Director Elections. In addition to the requirements of subparagraph (i), above, solicitation materials accompanying written ballots distributed in director elections shall advise the Members that their ballots may be returned by mail or personal delivery to the Association's principal office or, if an accounting firm is selected to supervise the election and balloting process pursuant to subparagraph (g), below, then to those accountants at their office address. The solicitation materials shall also set forth the address where written ballots can be returned by mail or personal delivery in advance of the meeting at which the election will be held.

(g) Additional Balloting Procedures. If deemed necessary by the Board, the balloting shall be conducted in accordance with such additional procedures, not inconsistent with the provisions of this section, as may be prescribed by a firm of public accountants of good repute who may also be retained to supervise the secrecy and conduct of the balloting process.

(h) Notification of Results of Balloting Process. Upon tabulation of the written ballots, the Board shall notify the Members of the outcome of the vote within 30 days following the close of the balloting process and tabulation of the ballots. In the case of an election of directors, the Board shall also notify those Members present at the meeting of the results of the election immediately upon conclusion of the balloting process. 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.

(i) Prohibition of Revocation. Once cast, a written ballot may not be revoked.

(j) Conduct of Informational Meetings. Use of the written ballot procedures set forth 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. In the case of director elections, the balloting period shall culminate with the annual meeting, or any special meeting at which the election is scheduled to be held (see paragraph (c)(i), above). (Amended February 15, 2001)

Section 7. Majority Vote of Members Represented at Meeting Required for Valid Action. At a meeting, the affirmative vote of a Majority of a Quorum of the Members who are entitled to vote and voting on any matter (other than the election of directors) shall be the act of the Members, unless the vote of a greater number is required by the California Nonprofit Mutual Benefit Corporation Law or by the Governing Documents. In the case of director elections, the candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected to the vacant director positions. See Article VII, Section 5 for election of directors. (Amended May 17, 2001)

## **ARTICLE V**

### **Membership Meetings**

Section 1. Place of Meeting. Meetings of the Members shall be held at the offices of the Association within the Properties or at such other reasonable place within the Properties and at such time as may be designated by the Board in the notice of the meeting.

Section 2. Annual Meeting. There shall be an annual meeting of the Members on the third Saturday in August of each year. The date, time and location of the meeting shall be established by the Board and set forth in the notice of meeting sent to the Members in accordance with section 4, below.

### Section 3. Special Meetings.

(a) Persons Entitled to call Special Meetings. A majority of the Board, the president or 5 percent or more of the Members may call special meetings of the Members at anytime to consider any lawful business of the Association.

(b) Procedures for Calling Special Meetings Requested by Members. If a special meeting is called by Members other than the Board of Directors or the president, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by first-class, certified or registered mail or by telegraphic or other facsimile transmission to the president, any vice president, or the secretary of the Association. The officer receiving the request shall cause notice to be promptly given to the Members entitled to vote, in accordance with the provisions of section 4 of this article, that a meeting will be held, and the date, time and purpose for such meeting, which date shall be not less than 35 nor more than 90 days following the receipt of the request.

If notice of the meeting is not given within the 20 days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this subsection shall be construed as limiting, fixing, or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board of Directors or the president.

### Section 4. Notice of Members' Meetings.

(a) Requirement That Notice Be Given. Notice of all regular and special meetings of the Members shall be sent or otherwise given in writing to each Member who is eligible to vote at the meeting as of the record date for notice established in accordance with section 8 of this article.

(b) Time Requirements for Notice. The notice of membership meetings shall be given in the manner specified in subparagraph (e) of this section, not less than 10 nor more than 90 days before the date of the meeting. If notice is given by mail and the notice is not given by first-class, registered or certified mail, the notice shall be given not less than 20 days (nor more than 90 days) before the meeting.

(c) Minimum Requirements Regarding Content of Notice. The notice of any membership meeting shall specify the place, date, and hour of the meeting and:

(i) in the case of a special meeting, the general nature of the business, to be transacted, and no other business may in that case be transacted; or

(ii) in the case of a regular meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the Members; but any proper matter may be presented at the meeting for such action so long as a quorum is present. The notice of any meeting at which directors are to be elected shall include the names of all those individuals who

are nominees at the time the notice is given to the Members. If it is anticipated that less than one third of the Members are likely to attend the meeting in person or by proxy, additional notice requirements apply. See section 5 of this article.

(d) Specification of Certain Significant Actions. If 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):

(i) Removing a director without cause (see Article VII, Section 6(d)); (Amended February 15, 2001)

(ii) Filling vacancies on the Board of Directors under those circumstances where a vote of the Members is required pursuant to Article VII, Section 6(f) of these Bylaws; (Amended February 15, 2001)

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

(iv) Approving a contract or transaction between the Association and one or more of its directors, or between the Association and any corporation, firm or association in which one or more of its directors has a material financial interest;

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

(vi) voting upon any election to voluntarily terminate and dissolve the Association.

(e) Manner of Service. Notice of any meeting of Members shall be given either personally or by first-class mail, telegraphic or other written communication, charges prepaid, addressed to each Member either at the address of that Member appearing on the books of the Association or the address given by the Member to the Association for the purpose of notice. If no address appears on the Association's books and no other has been given, notice shall be deemed to have been given if either:

(i) notice is sent to that Member by first-class mail or telegraphic or other written communication to the Association's principal office; or

(ii) notice is published at least once in a newspaper of general circulation in the County. Notice shall be deemed to have been given at the time the notice is delivered to the Member personally or deposited in the mail (postage prepaid) or sent by telegram or other means of written or electronic communication to the Member as specified above.

(f) 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 or the assistant secretary of the Association, and shall be filed and maintained in the minute book of the Association. Such affidavit shall constitute prima facie evidence that proper notice was given.

#### Section 5. Quorum Requirements.

(a) Quorum Requirements Generally. The following quorum requirements must be satisfied in order to take valid action at any meeting of the Members or by written ballot in accordance with article IV, section 6 of these Bylaws:

(i) Quorum for Votes on Assessment Increases. In the case of any membership meeting or written ballot called or conducted for the purpose of voting on assessment increases requiring membership approval (see Article V of the Declaration), the quorum requirement for valid action on the proposal shall be the percentage specified in Section 1366 of the Civil Code or comparable successor statute. That quorum percentage is currently a majority of the Members. (Amended February 15, 2001).

(ii) Quorum for Valid Action on Other Matters. In the case of a membership meeting or written ballot called or conducted for any other purpose, the quorum shall be 25 percent of the Members eligible to vote and represented in person or by proxy at the meeting or casting a written ballot provided, however, that if any regular membership meeting is actually attended, in person or by proxy, by less than one-third of the Voting Power of the Association (but a quorum is present), the only matters upon which action may validly be taken are those matters the general nature of which were described in the notice of the meeting.

(b) Members Represented By Proxy. Members present at a membership meeting in person or by proxy shall be counted towards satisfaction of the quorum requirements specified herein.

(c) Effect of Departure of Members From Meeting. The Members present in person or by proxy at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, so long as any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum. If a quorum is never established for the meeting, a majority of those Members who are present may vote to adjourn the meeting for lack of a quorum, but no other action may be taken or business transacted.

#### Section 6. Adjourned Meeting.

(a) Adjournment, Generally. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to another time and/or place (but not for more than 45 days) by the vote of the majority of Members present at the meeting, either in person or by

proxy. Unless there is an absence of a quorum (in which case no business other than adjournment may be transacted), the reconvened meeting may take any action which might have been transacted at the original meeting.

(b) Notice Requirements for Adjourned Meetings. When a Members' meeting is adjourned to another time or place, notice need not be given of the new meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. Notwithstanding the foregoing, if after adjournment a new record date is fixed for notice or voting, a notice of the rescheduled meeting must be given to each Member who on the record date for notice of the meeting is entitled to vote thereat.

#### Section 7. 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 proxy) consents to the meeting by signing:

(i) a written waiver of notice;

(ii) a consent to holding the meeting; or

(iii) 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 section 4.(d) of this article, 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 by a Member or his or her proxy holder at a meeting shall also constitute a waiver of any objections such person may have with respect to notice of that meeting, except when the Member or proxy holder attends the meeting for the sole purpose of objecting at the beginning of the meeting to the transaction of any business due to the inadequacy or illegality of the notice. 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 section 4(d) of this article, if that objection is expressly made at the meeting.

#### Section 8. Record Dates for Member Notice, Voting and Giving Consents.

(a) Record Dates Established By the Board of Directors. For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting or exercise any rights in respect to any other lawful action, the Board of Directors may

fix, in advance, a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the California Nonprofit Mutual Benefit Corporation Law. The record dates established by the Board pursuant to this section must be in accordance with the following requirements:

(i) 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 90 days nor less than 10 days before the date of the meeting;

(ii) Record Date for Voting. In the case of determining those Members entitled to vote at a meeting, the record date shall not be less than 15 days or more than 60 days before the date of the meeting;

(iii) 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 60 days before the day on which the first written ballot is mailed or solicited; and

(iv) 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 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:

(i) 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.

(ii) 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.

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

(iv) Record Date for Other Lawful Action. The record date for determining those Members entitled to exercise any rights in respect to any other lawful action shall be Members at

the close of business on the day on which the Board adopts the resolution relating thereto, or the 60th day prior to the date of such other action, whichever is later.

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

## **ARTICLE VI**

### **Membership Rights**

Subject to the provisions hereof and the provisions of the Declaration, the Members shall have the following rights:

Section 1. Right of Use Privileges and Enjoyment of Common Areas by Members and Co-Owner Members and Each Respective Family. Each Member and Co-Owner Member and the Members of each respective Family who reside in the Member's or Co-Owner Member's Residence shall be entitled to use privileges and enjoyment of all Common areas, roads and Common Facilities within the Properties as long as they remain in good Membership standing.

The Member and Co-Owner Member (if any) shall be: issued a form of identification; issued vehicle identification for vehicles registered in the name of the Member or Co-Owner Member; issued boat identification for watercraft and their trailers registered in the name of the Member or Co-Owner Member; permitted to have guests at Heritage Ranch by giving notice to the Owners' Association prior to the guest's arrival. (Amended August 16, 2003)

Section 2. Guests. The guests of a Member shall have the right to use and enjoy the roads, Common Areas and Common Facilities within the Properties. Any such guest shall be subject to the same obligations imposed on the Owner to observe the rules, restrictions and regulations of the Association as set forth in the Governing Documents. (Amended August 16, 2003)

#### Section 3. Tenants and Lessees.

(a) Assignment of Rights, Generally. Each Member shall have the right to assign all of that Member's rights as a Member (other than voting rights) to a tenant residing within the Member's Residence. Such assignment shall only be effective so long as said tenant is residing in said Residence and is, in compliance with the Declaration and the Association Rules as the same may exist from time to time. At all times the owner shall remain responsible for compliance by Owner's lessee or tenant with the provisions of the Governing Documents. (Amended February 15, 2001, May 17, 2001 & August, 16, 2003)

(b) Effectiveness of Assignment. Assignment of an Owner's right to use the Common Facilities (other than roads) to a tenant or lessee shall not be effective until such time as the owner-Member has given the secretary written notice thereof setting forth the name of the assignee and the members of that person's family who will be entitled to the use and enjoyment

of the Common Areas, common Facilities and roads within the Properties by virtue of said assignment. (Amended May 17, 2001)

(c) Restriction on Lessor's Use of Certain Common Areas and Facilities. During the period of any lease or rental of a Lot, any owner not residing within the Properties shall not be entitled to use the recreational Common Areas or Common Facilities (other than roads), except to the extent reasonably necessary to perform the usual responsibilities of a landlord or to ensure or gain compliance by the tenant with the requirements of these Bylaws and the Declaration, unless the Lessor-Owner is contemporaneously residing on another Lot within the Properties.

Section 4. Association Rules and Regulations. The right of any person to use and enjoy the Common Areas and Common Facilities shall at all times be subject to the rules, limitations and restrictions set forth herein, in the Declaration and in the Association's published rules and regulations as promulgated by the Board from time to time. With the exception of the right of use of any roads, the Board shall have the right to impose monetary penalties or to temporarily suspend the use and enjoyment of any Common Area and Common Facilities for the failure of a Member to pay any Assessments, fee or fines when due under Declaration, or to comply with any other rule or regulation imposed upon such Member, his or her tenants or guests, pursuant to the Governing Documents; provided, however, that any such suspension shall only be imposed after such person has been afforded notice and hearing rights. (Amended February 15, 2001)

## **ARTICLE VII**

### **Board of Directors**

Section 1. General Association Powers. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, the Davis-Stirling Common Interest Development Act (Cal. Civ. Code, § 1350 et seq.) and any limitations contained in any of the Governing Documents relating to action required to be approved by the Members, the business and affairs of the Association shall be vested in and exercised by, the Association's Board of Directors. Subject to the limitations expressed in article X, section 1, the Board may delegate the management of the activities of the Association to any person or persons, management company or committee, provided that notwithstanding any such delegation the activities and affairs of the Association shall continue to be managed and all Association powers shall continue to be exercised under the ultimate direction of the Board.

Section 2. Number and Qualification of Directors. The Board of Directors shall consist of 5 persons who shall be Owners of Lots who are also Members and are in good standing with all Assessments current and are not subject to any suspension of membership rights. Only one Owner per Lot shall be eligible to serve on the Board at any time.

In the event that a Director fails to maintain their good standing qualifications, that Director cannot participate in Board activities until their good standing is reinstated

If a Director continues to fail to maintain their good standing qualifications, after a hearing is conducted which includes the suspension of their Membership privileges, their Director status shall be sent to the full Board for appropriate action which shall be held in an open meeting. (Amended August 15, 2009)

Section 3. Term of Office. The directors of this Association shall serve for a term of 2 years with 2 directors elected in odd-numbered years and 3 directors elected in even-numbered years. No person shall serve as director for more than 2 consecutive terms. Each director, including a director appointed to fill a vacancy or elected at a special meeting of Members, shall hold office until the expiration of the term for which elected or appointed and until a successor has been elected and qualified.

Section 4. Nomination of Directors. Individuals can become candidates for election to the Board of Directors in any of the following ways:

(a) Petition Procedure. A Member, but not a Co-Owner Member, can become a candidate for election to the Board by filing with the secretary a petition in support of that Member's candidacy signed by at least 5 Members of the Voting Power of the Association who are, themselves, in good standing. The Member circulating the petition shall append their written certification to the petition attesting to the validity of the signatures. Candidate petitions must be filed with the secretary no later than 60 calendar days and no earlier than 90 calendar days prior to the annual election. (Amended May 17, 2001, August 16, 2003 and August 17, 2013)

(b) Good Standing Requirement for Candidacy. In order to be eligible for nomination and election to the Board of Directors, the Association Secretary must certify that the candidate-Member is in good standing with the Association on the record date up to and including the day of certification of the election. To be in good standing, the candidate (Member) must be fully current in the payment of his/her assessments, fees or fines levied against the candidate (Member) and/or the candidate's (Member's) lot(s) and not be subject to any suspension of voting as a result of any disciplinary proceeding conducted in accordance with Article VI of the Declaration. (Amended August 15, 2009).

Section 5. Election of Directors.

(a) Directors Elected by Written Ballot: The annual election of Directors shall be conducted by written ballot in accordance with article IV, section 6 hereof. Directors shall be elected in accordance with the written ballot procedures of that section to fill the number of positions on the Board then expiring.

(b) Determination of Election Results/Succession to Office. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected to the vacant director positions; and shall take office immediately following their election. In the event there is a tie vote between those candidates who receive the lowest number of votes for election,

the tie shall be broken by a special election between those candidates with identical votes. (Amended August 21, 2001)

(c) Supervision of Election Process. In order to insure secrecy of ballots and fairness in the conduct of director elections, the Board may, but shall not be obligated to, utilize the services of the Association's legal counsel or a Certified Public Accountant to receive and tabulate all written ballots. Any attorney or accountant retained to perform such services shall have the full powers of an inspector of elections appointed by the Board pursuant to section 7614 of the California Corporations Code.

Section 6. Vacancies on Board of Directors.

(a) Vacancies, Generally. A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following:

- (i) the death, resignation or removal of a director pursuant to subparagraphs (c) and (d) hereof;
- (ii) an increase of the authorized number of directors; or
- (iii) the failure of the Members, at any meeting of Members at which any director or directors are to be elected, to elect the number of directors to be elected at such meeting.

(b) Resignation of Directors. Except as provided in this subparagraph, any director may resign, which resignation shall be effective on giving written notice to the president, the secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

(c) Authority of Board to Remove Directors. The Board of Directors shall have the power and authority to remove a director and declare that office vacant if that director: (Amended May 17, 2001)

- (i) has been declared of unsound mind by a final order of court;
- (ii) has been convicted of a felony; or
- (iii) fails to attend three consecutive regular meetings of the Board of Directors which have been duly noticed in accordance with California Law.

(d) Authority of Members to Remove Directors. Except as otherwise provided in subparagraph (c) 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 a Quorum of the Members.

(e) Removal by Court Action. The County Superior Court may, in response to a suit filed by any director or the lesser of 20 Members or 5 percent of the Members, remove any director determined to be guilty of fraudulent or dishonest acts or gross abuse of authority or discretion with reference to the Association. The Association shall be made a party to any such action.

(f) Filling of Vacancies. Vacancies on the Board of Directors shall be filled by a majority vote of the remaining directors though less than a quorum, or by a sole remaining director unless the vacancy is created through removal of a director by action of the Members in which case the vacancy shall be filled by a vote of the Members. Furthermore, the Members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors by an election at a duly held meeting of the Members or written ballot.

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

## **ARTICLE VIII Board Meetings**

Section 1. Place of Meetings. Regular and special meetings of the Board of Directors may be held at any place within the Properties that has been designated from time to time by resolution of the Board and stated in the notice of the meeting. In the absence of such designation, regular meetings shall be held at the principal office of the Association.

Section 2. Annual Organizational Meeting of Directors. Following the meeting of Members, where the results of the election of Directors are announced, the Board of Directors shall hold a meeting for the purpose of organization, election of officers, and election of Committee Chairpersons and Vice Chairpersons. Notice of this meeting shall be determined following the announcement of the results of the election of Directors, or given to all Directors following the meeting notification requirements of this Article VIII.

Generally, no other business shall be conducted by the Board of Directors at, or prior to this organizational meeting unless an emergency situation arises requiring immediate action by the Board. If an emergency situation does arise, the organization and election of officers shall be the first order of business. (Amended September 23, 2000)

Section 3. Regular Meetings. In addition to the Annual Meeting of the Members (see Article V, Section 2), the Directors shall convene meetings, called Quarterly Meetings of the Directors, on the Friday following the second Tuesday of October, January, April and July. Other regular meetings of the Board of Directors may be held at their option at such time and place as the Board may fix from time to time. Notice of the time and place of regular meetings of the Board of Directors shall be noted in the Association's newsletter or posted in a prominent place within the Common Area. If the Board has not fixed the time and location for regular meetings,

notice shall be communicated to the Board members not less than 72 hours prior to the meeting; provided, however, that notice need not be given to any Board member who has signed a written waiver of notice or consent to holding the meeting as more particularly provided in section 7 of this article. (Amended September 23, 2000)

Section 4. Special Meetings of the Board.

(a) Who May Call a Special Meeting. Special meetings of the Board of Directors for any purpose may be called at any time by the president or any two directors.

(b) Notice of Special Meetings.

(i) Manner of Giving. Notice of the time and place of special meetings of the Board shall be given to each director by one of the following methods:

(A) by personal delivery of written notice;

(B) by first-class mail, postage prepaid;

(C) by telephone communication, either directly to the director or to a person at the director's home or office who would reasonably be expected to communicate such notice promptly to the director; or

(D) by telegram, charges prepaid. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Association. Notwithstanding the foregoing, notice of a meeting need not be given to any director who has signed a written waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof as more particularly provided in section 7 of this article.

(ii) Time Requirements. Notices sent by first-class mail shall be deposited into a United States mailbox at least four days before the time set, for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least 48 hours before the time set for the meeting.

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

Section 5. Attendance by Members: Common Interest Development Open Meeting Act Provisions. The following provisions reflect the California Common Interest Development Open Meeting Act (Cal. Civ. Code, §1363.05):

(a) Meetings Generally Open to Members. With the exception of executive sessions of the Board (see subparagraph (b), below), and any meetings conducted by conference telephone, any member of the Association may attend meetings of the Board of Directors; provided, however, that non-director Members may only participate in deliberations or discussions of the

Board when expressly authorized by a vote of a majority of the directors present at the meeting at which a quorum has been established or by the Board member chairing the meeting. For purposes of the Open Meeting Act, the term "meeting" includes any congregation of a majority of the members of the Board at the same time and place to hear, discuss, or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session.

(b) Executive Sessions. The Board, on the affirmative vote of a majority of the directors present at a meeting at which a quorum has been established, shall be entitled to adjourn at any time for purposes of reconvening in executive session to discuss:

- (i) litigation in which the Association is or may become a party;
- (ii) matters relating to the formation of contracts with third parties;
- (iii) Member discipline; or
- (iv) personnel matters.

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

(c) Board Meeting Minutes. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of Directors, other than minutes of an executive session, shall be available to the Members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member upon request and upon reimbursement of the Association's costs in making that distribution. Members shall be notified in writing at the time that the pro forma budget required by Section 5 of Article XII is distributed or at the time of any general mailing to the entire membership of the Members' right to have copies of any Board meeting and how and where those minutes may be obtained. (Amended February 15, 2001)

(d) Members' Right to Notice of Meetings. Unless the time and place of meeting is fixed by the Bylaws, or unless the Bylaws provide for a longer period of notice, Members shall be given notice of the time and place of Board meeting (as defined in subparagraph (a), above), except for "emergency meetings", at least four days prior to the date of the meeting. This notice may be given by posting the notice in a prominent place or places within the Common Area, by mail or delivery of the notice to each Lot within Heritage Ranch, or by newsletter or similar means of communication. For purposes of this subparagraph (d), an "emergency meeting" of the Board means a meeting called by the president or by any two members of the Board under

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 prior notice to the members as required by the Open Meeting Act.

Section 6. Quorum Requirements. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in section 8 of this article. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, especially those provisions relating to:

(a) approval of contracts or transactions in which a director has a direct or indirect material financial interest;

(b) appointment of committees; and

(c) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors below a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting, or such greater number as is required by these Bylaws, the Articles or by law.

Section 7. Waiver of Notice. The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if:

(a) a quorum is present; and

(b) either before or after the meeting, each of the directors not present, individually or collectively, signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the Association records or made a part of the minutes of the meeting and shall have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting shall also be deemed to have been waived by any director who attends the meeting without protesting the lack of proper notice either before or at the inception of the meeting.

Section 8. 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 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 herein above provided, notice of adjournment need not be given.

Section 9. Action without a Meeting. Any action required or permitted to be taken by the

Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as a unanimous vote of the Board. If prompt or immediate action of the Board is necessary and there is insufficient time to comply with the notice requirements set forth herein, reasonable efforts shall nevertheless be made to contact all Board members regarding the proposed action in advance thereof, rather than relying upon notification after the fact.

Section 10. Compensation. Directors, officers and members of committees shall not be entitled to compensation for their services as such, although they may be reimbursed for such actual expenses as may be determined by resolution of the Board of Directors to be just and reasonable. Expenses for which reimbursement is sought shall be supported by a proper receipt or invoice.

## **ARTICLE IX**

### **Duties and Powers of the Board**

Section 1. Specific Powers. Without prejudice to the general powers of the Board of Directors set forth in article VII, section 1, the directors shall have the power to:

(a) Exercise all powers vested in the Board under the Governing Documents and under the laws of the State Of California.

(b) Appoint and remove all officers of the Association, the Association's manager, if any (subject to any contractual commitments which may exist), and other Association employees; prescribe any powers and duties for such persons that are consistent with law, the Articles of Incorporation and these Bylaws; and fix their compensation.

(c) Appoint such agents and employ such other employees, including attorneys and accountants, as it sees fit to assist in the operation of the Association, and to fix their duties and to establish their compensation.

(d) Adopt and establish rules and regulations subject to and consistent with the provisions of the Declaration, governing the use of the Common Areas, the Common Facilities and roads within the Properties, and the personal conduct of the Members and their guests thereon, and take such steps as it deems necessary for the enforcement of such rules and regulations, including the imposition of monetary penalties and/or the suspension of voting rights and the right to use any Common Areas or Common Facilities; provided notice and a hearing are provided. Rules and regulations adopted by the Board may contain variations and distinctions as between owners, tenants and guests. (Amended February 15, 2001 & August 21, 2001)

(e) Enforce all applicable provisions of the Governing Documents relating to the control, management, and use of the Lots, Common Areas and Common Facilities and the roads within the Properties.

(f) Contract for and pay premiums for fire, casualty, liability and other insurance and bonds (including indemnity bonds) which may be required from time to time by the Association.

(g) Contract for and pay for maintenance, landscaping, utilities, materials, supplies, labor and services that may be required from time to time in relation to the Properties.

(h) Pay all taxes, special assessments and other assessments and charges which are or would become a lien on any portion of the Common Areas.

(i) Contract for and pay for construction or reconstruction of any portion or portions of the Properties which have been damaged or destroyed and which are to be rebuilt.

(j) Delegate its duties and powers hereunder to the officers of the Association or to committees established by the Board, subject to the limitations expressed in section 1 of article X hereof.

(k) Levy and collect Assessments from the Members of the Association in accordance with the Declaration, and establish and collect reasonable use charges from Members, Tenants and Guests for any or all of the Common Facilities as the Board may deem necessary or desirable from time to time for the purpose of equitably allocating among the users the cost of maintenance and operation thereof. (Amended August 21, 2001)

(l) Perform all acts required of the Board under the Declaration.

(m) Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals prepare an annual financial report, a copy of which shall be delivered to each Member as provided in article XII, section 5 hereof.

(n) Appoint such committees as it deems necessary from time to time in connection with the affairs of the Association in accordance with article X hereof.

(o) Fill vacancies on the Board of Directors or in any committee, except for a vacancy created by the removal of a Board member by action of the Members.

(p) Open bank accounts and borrow money on behalf of the Association and designate the signatories to such bank accounts.

(q) Bring and defend actions on behalf of the Members in common or the Association to protect the interests of the Members or the Association, as such, so long as the action is pertinent to the operations of the Association, and assess the Members for the cost of such litigation.

(r) Enter Lots as necessary, subject to the notice requirements of the Declaration, in connection with construction, maintenance or emergency repairs for the benefit of the Common Areas, Common Facilities or the owners in common.

(s) Prepare long range plans complete with funding data and finance plans for the improvement of existing amenities and for the construction of new amenities. All proposed improvements to existing amenities or construction of new amenities require the approval of a Majority of a Quorum of the Members unless within the limits specified in Section 2(a) following. (Amended September 23, 2000)

Section 2. Limitations on Powers. Without the vote or written assent of a majority of the Voting Power of the Association, the Board of Directors shall not take any of the following actions:

(a) Incur aggregate expenditures for capital improvements to the Common Areas in any fiscal year in excess of 5 percent of the budgeted gross expenses of the Association for that fiscal year. This limitation shall not apply to the expenditure of any funds accumulated in a reserve fund for the repair or replacement of an existing amenity. (Amended September 23, 2000)

(b) Sell during any fiscal year property of the Association having an aggregate fair market value greater than 5 percent of the budgeted gross expenses of the Association for that year; provided however, that this limitation shall not apply to the sale or other disposition of Lots acquired by the Association in foreclosure proceedings.

(c) Pay compensation to members of the Board of Directors or officers of the Association; provided that directors and officers can be reimbursed for reasonable out-of-pocket expenses, verified in writing, incurred in the discharge of their duties.

(d) Fill any vacancy on the Board of Directors created by the removal of a director by action of the Members.

## **ARTICLE X Committees**

Section 1. Committees of Directors. In addition to the Finance Committee appointed and constituted pursuant to article X, section 3 below, of these Bylaws and the Architectural Committee appointed and constituted pursuant to the Declaration, the Board may, by resolution adopted by a majority of the directors then in office, designate one or more committees, each consisting of at least two directors, to serve at the pleasure of the Board.

Section 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 IX of these Bylaws, concerning meetings of directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its

members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board of Directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Unless otherwise provided in the Board resolution establishing the committee, minutes shall be kept of each meeting of any committee and shall be filed with the Association records. The Board of Directors may adopt additional rules, not inconsistent with the provisions of these Bylaws, for the governance of any committee.

Section 3. Finance and Credit Committee. The Board of Directors shall appoint annually, from the Board; two (2) persons, one (1) of whom shall serve as Chairperson and one (1) of whom shall serve as Co-chairperson; and from the membership-at-large in good standing, three (3) additional persons to act as a Finance Committee. The Treasurer and Association Manager shall be ex-officio members of the Finance Committee. The Finance Committee shall have the general supervision of the Association finances and shall make reports and recommendations thereon from time to time, either on its own initiative or at the request of the Board. It shall receive a duplicate copy of all annual budgets submitted by the various committees and prepare a budget of the Association operations, including the actual receipts and expenditures, under appropriate headings, for the past two (2) years for the purpose of comparison by the Board, which budget shall be submitted to the Board prior to the 4th Tuesday in March of each year, and the Finance Committee shall assist the Board in adopting a final budget for the forthcoming year.

The Finance Committee shall approve, through its chairperson or acting chairperson, payment of all bills and accounts of the Association in excess of One Thousand Dollars (\$1,000.00) for any particular bill, and refer and report to the Board on all expenditures requested or incurred in excess of the adopted budget. The Finance Committee shall have the power to institute and modify methods of accounting and handling of the Association's finances, subject to approval of the Board. It shall cause an annual, independent audit to be made of the books and accounts of the Association by a certified public accountant, which shall be completed before the annual meeting of each year, or such other time as designated by the Board. The Finance Committee shall cause to be prepared, subject to the approval of the Board, the form of monthly, quarterly, semi-annual and annual financial reports to be submitted to the Board or the Members by the various officers and committees.

The Finance Committee shall meet on or before the fifteenth (15th) day of each month for the performance of its duties. It shall select its own Secretary and shall keep permanent records of the Finance Committee's proceedings and reports. The Chairperson shall make a summary report of business transactions to the Secretary of the Board of Directors at least ten (10) days prior to each Quarterly Board Meeting.

## **ARTICLE XI**

### **Officers**

Section 1. Officers. The officers of the Association shall be a president, a vice president, a secretary and a chief financial officer. The Association may also have, at the discretion of the Board, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of section 3 following. Any person may hold two or more offices, except that neither the secretary nor the chief financial officer may serve concurrently as president.

Section 2. Election of Officers. The officers of the Association, except such officers as may be appointed in accordance with the provisions of sections 3 and 6 following, shall be chosen annually by majority vote of the Board at its organizational meeting following the annual meeting of the Members or the election of directors, and each shall hold office until the officer shall resign or shall be removed or otherwise disqualified to serve, or a successor shall be elected. (Amended May 17, 2001)

Section 3. Subordinate Officers. The Board may appoint, and may empower the president to appoint, 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 are provided in the Bylaws and as the Board may from time to time determine.

Section 4. Removal of Officers. Any officer may be removed, either, with or without cause, by the Board at any regular or special meeting.

Section 5. Resignation of Officers. Any officer may resign at any time by giving written notice to the Board or to the president or to the secretary. Any such resignation shall take effect at the date of the 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. Any resignation is without prejudice to the rights, if any, of the Association under any contract to which the officer is a party.

Section 6. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 7. President. The president shall be elected by the Board from among the directors. The president shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the affairs and officers of the Association. The president shall preside at all meetings of the Board, and shall have the general power and duties of management usually vested in the office of president of a corporation, together with such other powers and duties as may be prescribed by the Board or the Bylaws. (Amended May 17, 2001)

Section 8. Vice President. The vice president shall be elected by the Board from among the directors. In the absence or disability of the president, the vice president shall perform all the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice president shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws. (Amended May 17,2001)

Section 9. Secretary. The secretary shall be elected by the Board from among the membership of the Association in good standing. The secretary shall keep or cause to be kept at the principal office or such other place as the Board may order, a book of minutes of all meetings of directors and Members, with the time and place of holding same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of Members present in person or by proxy at Members' meetings, and the proceedings thereof. The secretary shall keep, or cause to be kept, appropriate current records showing the Members of the Association, together with their addresses. The secretary shall give, or cause to be given, notice of all meetings of the Board required by the Bylaws or by law to be given, shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws. (Amended May 17, 2001 & August 21, 2001)

Section 10. Chief Financial Officer. The chief financial officer shall be elected by the Board from among the membership of the Association in good standing. The chief financial officer, who shall be known as the treasurer, shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and other matters customarily included in financial statements. The books and records shall at all reasonable times be open to inspection by any director or Member. The treasurer shall cause the deposit of all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The treasurer shall cause the disbursement of the funds of the Association as may be ordered by the Board, shall render to the president and directors whenever they request it, an account of all transactions as treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws. If required by the Board, the treasurer shall give the Association a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of that office and for restoration to the Association of all its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the treasurer in the event of death, resignation, retirement, or removal from office. (Amended May 17, 2001 & August 21, 2001)

**ARTICLE XII**  
**Member Assessment Obligations and Association Finances**

Section 1. Description of Assessments to Which Owners Are Subject. Owners of Lots within the Properties are subject to Regular, Special and Special Individual Assessments as more particularly described in article V of the Declaration. (Amended February 15, 2001)

Section 2. Checks. All checks or demands for money and notes of the Association shall be signed by the president and treasurer, or by such other officer or officers or such other person or persons as the Board of Directors may from time to time designate. Notwithstanding the foregoing, any withdrawal of funds from Association reserve accounts shall require a resolution of the Board of Directors and the signature of two directors.

Section 3. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all income. Disbursements from such account shall be for the general need of the operation including, but not limited to, wages, repairs, betterment, maintenance, and other operating expenses of the Properties.

Section 4. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes, including reserve accounts for replacement of capital improvements as more particularly set forth in Article V of the Declaration. All Association books of account shall be maintained in accordance with generally accepted accounting principles. (Amended February 15, 2001)

Section 5. Budgets and Financial Statements. The following financial statements and related information for the Association shall be regularly prepared and copies thereof shall be distributed to each Member of the Association:

(a) Budget. A pro forma operating budget meeting the requirements of this subparagraph (a) shall be distributed to Members not less than 45 days nor more than 60 days prior to the beginning of the fiscal year (which shall be July 1 through June 30). The budget shall include at least the following information:

(i) The Association's estimated revenue and expenses on an accrual basis;

(ii) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to Section 6, below, and Civil Code Section 1365.5, which shall be printed in bold type and include all of the following: (Amended February 15, 2001)

(A) The current estimated replacement cost, estimated remaining life and estimated useful life of each major component of the Properties which the Association is obligated to repair, replace, restore or maintain (collectively "Association Capital Projects");

(B) As of the end of the fiscal year for which the reserve study is prepared, the current estimate of the amount of cash reserves necessary for Association Capital Projects and the current amount of accumulated cash reserves actually set aside for Association Capital Projects.

(C) The percentage that the amount of accumulated cash reserves is of the estimated amount of necessary cash reserves calculated under subparagraph (B), above.

(iii) A statement as to whether the Board of Directors 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; and

(iv) A general statement setting forth the procedures used by the Board of Directors in calculating and establishing reserves to defray the future costs of repair, replacement or additions to major components of the Properties which the Association is obligated to maintain.

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

(b) Year-End Report. Within 120 days after the close of the fiscal year, a copy of the Association's year-end report consisting of at least the following shall be distributed to Members:

(i) A balance sheet as of the end of the fiscal year;

(ii) An operating (income) statement for the fiscal year;

(iii) A statement of changes in financial position for the fiscal year;

(iv) A statement advising Members of the place where the names and addresses of the current Members are located; and

(v) Any information required to be reported under section 8322 of the Corporations Code requiring the disclosure of certain transactions in excess of \$50,000 per year between the Association and any director or officer of the Association and indemnifications and advances to officers or directors in excess of \$10,000 per year.

The annual report shall be prepared in accordance with generally accepted accounting principles by a licensee of the State Board of Accountancy for any fiscal year in which the gross income of the Association exceeds \$75,000.

(c) Annual Statement Regarding Delinquency/Foreclosure Policy. In addition to financial statements, the Board of Directors shall annually distribute, within 60 days prior to the beginning of the fiscal year, a statement describing the Association's policies and practices in enforcing its remedies against members for defaults in the payment of Regular and Special Assessments including the recording and foreclosing of liens against Members' Lots.

(d) Review of Accounts. On no less than a quarterly basis, the Board of Directors shall

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

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

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

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

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

Section 6. Required Reserve Studies. At least once every three years, the Board shall cause a study of the reserve account requirements of the Properties to be conducted. The Board shall also review any reserve study required hereunder on an annual basis and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The reserve study required hereunder shall include the minimum requirements specified in Civil Code section 1365.5 or comparable successor statute.

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

### **ARTICLE XIII**

#### **Other Required Disclosure to Members**

As required by law, the following reports and/or disclosures shall be made or provided to the Members in compliance with the deadlines set forth below:

Section 1. Annual Statement of Association's Collection Policy. In addition to the budgets and financial statements described in article XII, section 5, above, the Board of Directors shall annually distribute within 60 days prior to the beginning of the fiscal year, a statement describing the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Regular and Special Assessments including the recording and foreclosing of liens against Members' Lots. (Amended June 28, 2002)

Section 2. Notification to Members Regarding Insurance Coverage Maintained by the Association.

(a) Scope of Required Summary Disclosures. In accordance with Civil Code section 1365 and at the times specified in subparagraph (c) below, the Association shall prepare and distribute to its members a summary of the general liability insurance and director's and officers' liability insurance maintained by the Association. In addition, if the Association also maintains a policy of earthquake or flood insurance, a summary of that insurance shall also be provided to the Members. As to all three types of insurance coverage, the disclosure shall include the name of the insurer and the policy limits of the insurance. In addition, in the case of the Association's general liability insurance, the summary shall also disclose:

i) whether the Association consulted with an insurance agent or broker regarding the coverage provided by the policy and, if so, whether the recommendations of the broker or agent were followed;

(ii) the insurance deductible and the person or entity responsible for paying the deductible in the event of a loss; and

(iii) whether the policy covers real property improvements of the Association.

If the Association maintains earthquake or flood insurance, the summary pertaining to that insurance shall also include information concerning insurance deductibles and the person or entity responsible for paying the deductible in the event of a loss.

(b) Use of Policy Declaration Page to Comply With Summary Disclosure Requirements. In the case of all three types of insurance, the Association's disclosure obligations may be satisfied by distributing to the Members a copy of the policy declaration page, so long as that page presents the information specified above.

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

(i) With the first newsletter, annual budget or financial disclosures (article XII, section 5, above) or other general mailing to all Members by the Association next following the adoption of these Bylaws; and (Amended June 28, 2002)

(ii) With the newsletter, annual budget or financial disclosure or other general mailing to all Members by the Association next following any renewal or replacement of one or more of the insurance policies listed in subparagraph (a), where there is no lapse of coverage in connection with the renewal or replacement.

(d) Notification of Cancellation. In addition to distributing the insurance summaries described in subparagraph (a), above, as soon as reasonably practicable following any cancellation of a policy listed in subparagraph (a), the Association shall notify its Members of that event, unless the canceled policy is replaced immediately,

(e) Manner of Deliver of Insurance Summaries and Cancellation Notices. Any insurance summary or summaries provided in response to the events described in subparagraphs (c)(i) and (c)(ii), above, may be mailed or personally delivered to each Member. If the summaries are mailed, the class of postage used shall be the same as is customarily used to mail the newsletter or other general communication in which the summaries are included. Any notice sent to the Members to advise them of the cancellation and non-renewal of an insurance policy must be sent by first class mail to each Member. All mailings shall be to the Members at their respective addresses as shown in the books and records of the Association.

Section 3. Disclosure of Right to Receive Board Minutes. Members shall be notified in writing at the time that the pro forma budget required by article XII, Section 5, above, is distributed or at the time of any general mailing to the entire membership of the Members right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained (see Article XIV, Section 1(d), below). (Amended February 15, 2001 and June 28, 2002)

Section 4. Alternative Dispute Resolution (ADR) Disclosure. On an annual basis, the Board shall provide each member a summary of the provisions of Civil Code section 1354, which specifically references section 1354 and which includes the language required by section 1354(i). The summary shall be provided to the Members either as part of the budget materials sent to the members pursuant to article XII, section 5, or in the manner specified in Corporations Code section 5016. (Amended June 28, 2002)

Section 5. Statement of Outstanding Charges. Within ten days following receipt of a written request by an Owner, the Association shall provide the Owner with a written statement setting forth the following information as of the date of the statement:

(a) the amount of the Association's current regular and special assessments and fees, as well as any assessments levied upon the Owner's Lot which are unpaid;

(b) true information on the amounts of any delinquent assessments, penalties, attorneys' fees, and other charges against the requesting Owner's Lot which may be made a lien upon that Lot in accordance with Civil Code § 1367; and

(c) any change in the Association's current regular and special assessments and fees which have been approved by the Association's Board of Directors, but have not become due and payable as of the date of the statement.

Section 6. Disclosure of Schedule of Fines or Other Monetary Penalties. If the Association adopts a schedule of fines for commonly recurring infractions of the Governing Documents or any other policy imposing a monetary penalty or a fee on any Member for violation of any Governing Document or the Association Rules, including any monetary penalty relating to the activities of a guest or invitee of a Member, the Board shall distribute, the schedule or policy to the Members by either personal or by first-class mail. This distribution obligation shall arise whenever such a schedule or policy is adopted or subsequently amended.

Section 7. Avoidance of Duplication in Reporting obligations. To the extent one document distributed to the Members pursuant to article XII or this article XIII provides the information required in more than one of the foregoing sections of this article and the time deadlines for proper distribution can otherwise be satisfied, any such requirements listed above may be satisfied by sending the Members the same document. (Amended June 28, 2002)

## **ARTICLE XIV**

### **Miscellaneous**

#### Section 1. Inspection of Books and Records.

(a) Member Inspection Rights. All accounting books and records, minutes of proceedings of the Members, the Board and committees of the Board and the membership list of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Member or his or her duly appointed representative at the offices of the Association for any purpose reasonably related to the Member's interest as such. Member's rights of inspection hereunder shall be exercisable on 10 days prior written demand on the Association, which demand shall state the purpose for which the inspection rights are requested. Inspection rights with respect to the membership list shall be subject to the Association's right to offer a reasonable alternative to inspection within 10 days after receiving the Member's written demand (as more particularly set forth in section 8330 and following of the California Corporations Code).

(b) Director Inspection Rights. Every director shall have an absolute right at any reasonable time to inspect all books, records, documents and minutes of the Association and the physical properties owned by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

(c) Adoption of Reasonable Inspection Rules. The Board of Directors may establish reasonable rules with respect to:

- (i) notice of inspection;
- (ii) hours and days of the week when inspection may be made; and

(iii) payment of the cost of reproducing copies of documents requested by the Member.

(d) Board Meeting Minutes. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of Directors, other than an executive session, shall be available to the Members within 30 days of the meeting. The minutes, proposed minutes, or summary of minutes shall be distributed to any Member upon request and upon reimbursement of the Association's costs in making that distribution. Members shall be notified in writing at the time that the pro forma budget required by section 5 of article XII is distributed or at the time of any general mailing to the entire membership of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

Section 2. Manager. The Board may, from time to time, employ the services of a manager to manage the affairs of the Association and, to the extent not inconsistent with the laws of the State of California, and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the manager any of its day-to-day management and maintenance duties and powers under these Bylaws and the Declaration, provided that the manager shall at all times remain subject to the general control of the Board.

Section 3. Robert's Rules of Order. In the event of a question or dispute concerning the procedural aspects of any meetings which cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to Robert's Rules of Order.

Section 4. Amendment or Repeal of Bylaws. Except as otherwise expressly provided herein, these Bylaws may only be amended or repealed, and new Bylaws adopted by the affirmative vote or assent by written ballot of a Majority of a Quorum of the Members; provided that if any provision of these Bylaws requires the vote of a larger proportion or all of the Members, such provisions may not be altered, amended or repealed except by such greater vote, unless otherwise specifically provided herein. Any amendment to these Bylaws shall become effective immediately upon approval by the Members. The secretary of the Association shall certify adoption of any duly approved amendment to the Bylaws and a copy of said certificate and the amendment shall be included in the Association's corporate records.

Section 5. Notice Requirements. Any notice or other document permitted or required to be delivered as provided herein may be delivered, either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered 72 hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows: If to the Association or the Board of Directors at the principal office of the Association as designated from time to time by written notice to the Members; 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 Properties owned by such Member.

#### Section 6. Indemnification.

(a) Indemnification by Association of Directors and Officers. To the fullest extent permitted by law, the Association shall indemnify its directors and officers, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in that section and including an action by or in the right of the Association, by reason of the fact that such person is or was a director or officer. The term "Expenses" as used in this section, shall have the same meaning as in section 7237(a) of the California Corporations Code.

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

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

(d) Insurance. The Association shall purchase and maintain insurance on behalf of its directors and officers against other liability asserted against or incurred by any director or officer in such capacity or arising out of the director's or officer's status as such.

Section 7. 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 shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, and singular number includes the plural and the plural number includes the singular.

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

## **CERTIFICATE OF SECRETARY**

**KNOW ALL PERSONS BY THESE PRESENTS:**

The undersigned, secretary of the corporation known as Heritage Ranch Owners Association, hereby certifies that the above and foregoing Restated Bylaws, consisting of 37 pages, were duly adopted by written ballot of the Members of the Association on October 15, 1996, and that they now constitute the Bylaws of the Association. (Amended June 28, 2002)

**HERITAGE RANCH OWNERS  
ASSOCIATION, a California nonprofit  
mutual benefit corporation**

By /s/ Leon Mountain  
(Secretary)