

**Bylaws (Required Civil Code Sec. 4525)**  
**Leisure Town Home Association**

Order: 6NQFHLWD8  
Address: 111 Glacier Cir  
Order Date: 11-20-2023  
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# AMENDED AND RESTATED BYLAWS OF LEISURE TOWN HOME ASSOCIATION

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AMENDED AND RESTATED  
BYLAWS

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LEISURE TOWN HOME ASSOCIATION**

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## AMENDED AND RESTATED BYLAWS OF LEISURE TOWN HOME ASSOCIATION

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### ARTICLE 1            ORGANIZATION

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- 1.1 Name and Location. The name of the corporation is Leisure Town Home Association, which is hereinafter referred to as the "Association." The principal office of the Association shall be located in the City of Vacaville, County of Solano, State of California, or at such other place reasonably convenient to the Development as the Board of Directors may from time to time establish.
- 1.2 Purpose. The purpose of the Association shall be as set forth in its Articles of Incorporation.
- 1.3 Successor Entity. In the event the Association as a corporate entity is dissolved, a non-profit unincorporated association shall forthwith and without further action or notice be formed to succeed to all the rights and duties of the Association. The affairs of such unincorporated association will be governed by the laws of the State of California, and to the extent consistent therewith, by the Declaration, the Articles, and these Bylaws as if they were created for the purpose of governing the affairs of an unincorporated association.

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### ARTICLE 2            DEFINITIONS

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- 2.1 Definitions. Any capitalized terms that are not defined below shall have the meaning set forth in Article 1 of the Declaration ("Definitions").
- 2.2 Annual Budget Report. "Annual Budget Report" shall mean the annual financial disclosures made to the Members pursuant to *Civil Code* section 5300(a) and described in Section 7.5.
- 2.3 Annual Policy Statement. "Annual Policy Statement" shall mean the annual disclosures made to the Members pursuant to *Civil Code* section 5310(a) and described in Section 7.7.
- 2.4 Declaration. "Declaration" shall mean the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Leisure Town recorded in the Office of the County Recorder of Solano County, California, and any duly recorded amendments thereof.

- 2.5 Delivery, When Effective. As provided for in *Civil Code* section 4050: (i) if notice is sent by United States mail, such notice shall be deemed delivered upon deposit in the United States mail, postage prepaid; (ii) if such notice is sent by electronic means, delivery is complete at the time of the transmission.
- 2.6 Garden Homes Unit One Board. "Garden Homes Unit One Board" shall mean a board that is advisory to the Board of Directors about Garden Homes Unit One issues and that is comprised of not more than five (5) and not less than three (3) persons who are elected by and from Owners of Lots within Garden Homes Unit One.
- 2.7 Garden Homes Unit Two Board. "Garden Homes Unit Two Board" shall mean a board that is advisory to the Board of Directors about Garden Homes Unit Two issues and that is comprised of not more than five (5) and not less than three (3) persons who are elected by and from Owners of Lots within Garden Homes Unit Two.
- 2.8 General Delivery / General Notice. "General Delivery" or "General Notice" shall mean delivery to a Member or Members by one or more of the following methods, as provided in *Civil Code* section 4045:
- (a) by any method provided for delivery of an Individual Notice pursuant to *Civil Code* section 4040 which includes but is not limited to first class mail or Express Mail or by overnight delivery by an express service carrier, or
  - (b) by inclusion in a billing statement, newsletter, or other document that is delivered by General Delivery, or
  - (c) by posting a printed document in a prominent location that is accessible to all Members, if the location has been designated for the posting of General Notices by the Association in the annual policy statement, prepared pursuant to *Civil Code* section 5310.
- Notwithstanding the foregoing, if a Member has requested to receive General Notices by Individual Delivery, then all "General Notices" to that Member shall be delivered by "Individual Delivery" pursuant to *Civil Code* section 4040.
- 2.9 Governing Documents. "Governing Documents" shall mean the Articles, Bylaws, Declaration, and Rules.
- 2.10 Individual Delivery / Individual Notice. "Individual Delivery" or "Individual Notice" shall mean delivery to a Member or Members by one of the following methods, as provided in *Civil Code* section 4040:

- (a) by first class mail with postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier, addressed to the recipient at such recipient's address last shown on the books of the Association, or
  - (b) by email, facsimile, or other electronic means if the recipient has consented in writing to that method of delivery. The consent may be revoked, in writing, by the recipient. Delivery by electronic transmission must also comply with *Corporations Code* sections 20 and 21. Among other things, section 20 of the *Corporations Code* requires the Association to obtain consent from the person to whom the document is transmitted to receive it by means of electronic transmission as well as other technical requirements.
- 2.11 Majority of a Quorum. "Majority of a Quorum" shall mean a majority of the votes cast in any lawful vote or election by the Members in which the number of ballots cast equals or exceeds the number required to establish a quorum as provided in Section 4.8 ("Quorum Requirements").
- 2.12 Total Voting Power. "Total Voting Power" shall mean the total number of votes of all Members entitled to vote at a particular time, calculated on the basis of one vote for each Lot.

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### ARTICLE 3 MEMBERSHIP AND VOTING RIGHTS

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- 3.1 Membership Appurtenant to Lot Ownership. Membership in the Association shall include, and shall be limited to, all Owners of any Lot located within the Development. Ownership of a Lot is the sole qualification to be a Member. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Upon becoming the Owner of a Lot, each Owner shall automatically be a Member of the Association and shall remain a Member until such time as his or her or its Lot ownership ceases for any reason. Membership in the Association shall not be transferred, encumbered, pledged, alienated, or hypothecated in any way, except upon the transfer or encumbrance of the Lot to which it is appurtenant and then only to the transferee or mortgagee, as the case may be, of such Lot. Any attempt to make a prohibited transfer is void. Upon any transfer of title to a Lot, including a transfer upon the death of an Owner, membership in the Association shall pass automatically to the transferee.
- 3.2 Owner's Address for Notice. It shall be each Owner's responsibility to notify the Association in writing of any change in the Owner's address for the purpose of receiving notices from the Association. The fact that a different address appears on correspondence to the Association from an Owner shall not constitute such written notice, unless it is expressly stated in writing that

such address is a change of address for the purpose of receiving notice from the Association.

- 3.3 Notice of Transfer of Title. Upon transfer of title to a Lot, the transferee shall be responsible for notifying the Association of such transfer. The notification shall set forth the address of the Lot, the names of the transferee and the transferor, and the date of sale or other transfer. Prior to receipt of such notification, any and all communications required or permitted to be given by the Association or the Board to the Lot Owner shall be deemed to be duly made and given to the transferee if duly and timely made and given to the person shown as the Owner of the Lot and at the address in the Association's records.
- 3.4 Proof of Membership. No person shall exercise the rights of a Member until satisfactory proof of membership has been furnished to the Association. Such proof may consist of either a copy of a duly-executed and acknowledged grant deed or a copy of a title insurance policy showing that the person is an Owner. Such deed or policy shall be deemed conclusive proof of ownership in the absence of a conflicting claim based on a later deed or policy.
- 3.5 Voting Rights; Joint Owners.
- 3.5.1 One Vote Per Lot. All members shall be entitled to cast one vote for each Lot owned.
- 3.5.2 Joint Owners. In the event more than one person owns a given Lot, the vote for such Lot shall be exercised as the Owners among themselves shall determine, but in no event shall more than one vote be cast with respect to any Lot. If the joint Owners of a Lot are unable to agree among themselves as to how their vote is to be cast, they shall lose their right to vote on the matter in question. If any joint Owner of a Lot casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that such Owner was acting with the authority and consent of the other Owners of that Lot.
- 3.5.3 Trusts, Corporations, Other Entities. In the case of an Owner that is a trustee or is not a natural person (such as a corporation or other entity), the vote of such Owner may be cast by any authorized representative of the Owner designated by notice in writing to the Association.
- 3.5.4 Conservator, Guardian, Parent of Minor, Executor. The power to cast a particular Member's vote may be exercised by (i) the Member's conservator, (ii) the guardian of the Member's estate, (iii) the parent(s) entitled to custody of a Member if the Member is a minor, or (iv) the executor or administrator of a deceased Member's estate if the

Member's interest in the Lot is subject to administration in his or her estate.

- 3.6 Record Date for Voting. Consistent with *Corporations Code* section 7611(b), the Board may fix a date not more than sixty (60) days before the date of any mailing or delivery of ballots as the record date for determining Members entitled to vote and only Members as shown in the records of the Association as of the record date for voting shall be entitled to vote in such vote or election. If no record date for voting is set by the Board, Members on the day of the mailing or delivery of ballots shall be entitled to vote in such vote or election.

#### ARTICLE 4 VOTING BY MEMBERS

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- 4.1 Voting by Members; Member Request for Vote. All membership votes, including any vote taken pursuant to a written request of Members as described in *Corporations Code* section 7510(e) and Section 4.2 ("Member-Requested Votes"), shall be by "secret ballot" pursuant to *Civil Code* sections 5100 through 5145; *provided, however*, that in the case of a membership vote on any matter not specified in *Civil Code* section 5100(a), the deadline for returning a secret ballot may be a reasonable time that is not less than thirty (30) days and may be extended. Voting by the "written ballot" method described in *Corporations Code* section 7513 shall be permitted, if the membership vote relates to any matter not specified in *Civil Code* section 5100(a).
- 4.2 Member-Requested Votes. Member votes for a lawful purpose may be requested in writing by five percent (5%) or more of the Members entitled to vote on the subject. Upon receipt and verification of a petition for a membership vote for a lawful purpose, the Board of Directors shall within twenty (20) days thereafter, by Individual Delivery, send the Members entitled to vote on the subject a notice that a petition has been received and verified, the subject of the petition, and when the Board has determined that a membership vote will be taken. Ballots shall be sent to all Members entitled to vote on the subject on a date fixed by the Board, which date shall be not less than thirty-five (35) days and not more than ninety (90) days after receipt and verification of the petition. The vote shall be conducted by secret ballot in accordance with Section 4.1 ("Voting by Members; Member Request for Vote") and the Voting and Election Rules specified in Section 4.5.
- 4.3 Proxies. A proxy covering any of the following matters shall not be valid unless it sets forth the general nature of the matter to be voted on:

- (a) removal of any or all directors pursuant to Corporations Code section 7222;
- (b) filling a vacancy on the Board created by the removal of a director or to fill a vacancy not filled by the directors pursuant to Corporations Code section 7224;
- (c) voting on a transaction involving an interested director pursuant to Corporations Code section 7233;
- (d) amending the Articles or the Bylaws to repeal, restrict, create, or expand proxy rights pursuant to Corporations Code section 7613(f)(1);
- (e) amending the Articles pursuant to Corporations Code section 7812;
- (f) voting on the sale or exchange of all or substantially all of the Association assets pursuant to Corporations Code section 7911(a)(2);
- (g) voting on a merger pursuant to Corporations Code section 8012;
- (h) voting on amendments to principal terms of a merger agreement pursuant to Corporations Code section 8015(a);
- (i) voting to wind up or dissolve the Association as a corporation pursuant to Corporations Code section 8610; or
- (j) voting on a plan of distribution of Association assets in the event of dissolution pursuant to Corporations Code section 8719.

Any form of proxy distributed to ten (10) or more Members shall afford an opportunity on the proxy to specify a choice between approval and disapproval of each matter or group of matters intended, at the time the proxy is distributed, to be acted upon at the meeting for which the proxy is solicited and shall provide, subject to reasonable specified conditions, that where a choice is specified the vote shall be cast in accordance with that choice.

- 4.4 Inspector(s) of Election. To the extent required pursuant to *Civil Code* section 5110, prior to any election or vote by the Members, the Board shall appoint one or three inspectors of election, whose powers and duties shall be as set forth in such statute.
- 4.5 Voting and Election Rules. The Board shall adopt Rules governing membership voting and elections of Directors in conformity with *Civil Code* section 5101(a), which are referred to herein as Rules or election rules.

- 4.6 Annual Meeting. The annual meeting of the Members shall be conducted in November in conjunction with the annual election of Directors. Notice of the annual meeting of the Members shall be given by Individual Delivery to the Members not less than ten (10) days nor more than ninety (90) days prior to the date set for the annual meeting. No business shall be conducted by the Members at the annual meeting, and there shall be no quorum requirement therefor.

The annual meeting shall be for the purpose of hearing reports on the state of the Association, introduction of new Directors elected by secret ballot or acclamation prior to the annual meeting, and to discuss any subject that could be or is then being voted on by the Members by secret ballot pursuant to Section 4.1 ("Voting by Members; Member Request for Vote"). A reasonable time limit for all Members to speak at the annual meeting of the Members shall be established by the Board.

- 4.7 Open Forums/Town Halls. The Board may call informal meetings of the Members, to be known as Open Forums or Town Halls, for the purpose of discussing problems common to Members residing in one particular area within the Development or problems common to all Members. An Open Forum shall be called on written notice delivered to all interested Members at least five (5) days before the date of the Open Forum. The notice shall set forth the date, time, and place of the Open Forum and the general nature of each item to be discussed. The Members may discuss at an Open Forum any topic that has been noticed, but no formal action of the Members may be taken, such action being reserved to Member votes conducted pursuant to Section 4.1; however, reports and other informational presentations may be made.

- 4.8 Quorum Requirements. The number of ballots or percentage of Total Voting Power that must be cast in order to establish a quorum shall be as follows:

- 4.8.1 Election of Directors. In any election of one or more Directors, the number of valid ballots received shall constitute a quorum.

- 4.8.2 Removal of Directors. In any Member vote to remove one, some or all Directors, a quorum shall mean twenty-five percent (25%) of the Total Voting Power of the Association.

- 4.8.3 Assessment Votes. To the extent required by *Civil Code* section 5605, notwithstanding any other provision in the Governing Documents, for purposes of voting on a Special Assessment or an increase in the Regular Assessment that by law must be approved by the Members, a quorum shall mean more than fifty percent (50%) of the Members obligated to pay the Assessment in question (as distinguished from all Members), or such other quorum requirement as may be specified by law.



- 4.8.4 All Other Member Votes. For any other vote or election by the Members, a quorum shall mean fifteen percent (15%) of the Members entitled to vote on the subject of the vote or election. When all Members are entitled to vote, the quorum shall mean fifteen percent (15%) of the Total Voting Power of the Association.
- 4.9 Act of Members Requires Majority of a Quorum. Except where the Governing Documents specify a higher percentage of a quorum or require a specified percentage of the Total Voting Power of the Members for any action that may be taken by the Members, the affirmative vote of a Majority of a Quorum of the Members shall constitute the action of the Members.
- 4.10 Results of Membership Votes. To the extent required by *Civil Code* section 5120(b), the Board shall within fifteen (15) days following a membership vote give General Notice of the tabulated results to all the Members pursuant to *Civil Code* section 4045. To the extent required by *Corporations Code* section 8325, for a period of sixty (60) days following the conclusion of any membership vote, a Member shall, upon written request, be informed forthwith of the result of any particular vote of the Members, including the number of memberships voting for, the number of memberships voting against, and the number of memberships abstaining or withheld from voting. If the matter voted on was the election of Directors, the Association shall report the number of votes cast for each nominee for Director.
- 4.11 Meetings of Members. To the extent any membership vote is in future required by law to be conducted at a meeting of the Members, provisions of the *Corporations Code* (including *Corporations Code* sections 7510 and 7511) shall apply. Any such meeting of Members shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. To the extent required in *Civil Code* sections 4925(b) and 5000(b), a reasonable time limit for all Members to speak at such meetings of the Members shall be established by the Board.
- 4.12 Place of Annual Meetings, Open Forums/Town Halls and Member Meetings. The annual meeting of Members as set forth in Section 4.6 ("Annual Meeting"), Open Forums/Town Halls as set forth in Section 4.7 ("Open Forums/Town Halls") and any meetings of the Members in future required by law as set forth in Section 4.11 ("Meetings of Members") shall be held at a location within the Development, or the Board may designate by resolution a convenient place located as close as reasonably practicable to the Development.

**ARTICLE 5****BOARD OF DIRECTORS, NOMINATION, SELECTION, TERM OF OFFICE, REMOVAL**

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- 5.1 Number of Directors. The affairs of this Association shall be managed by or under the direction of, and the corporate powers shall be exercised by, a Board of Directors comprised of five (5) Members who qualify to serve as a Director as provided for in the election rules.
- 5.2 Annual Election of Directors. Directors shall be elected annually in the month of November in conjunction with the annual meeting of the Members.
- 5.3 Qualification of Directors. Only a person who satisfies the qualifications, as provided for in the election rules shall be eligible to be elected to or serve on the Board.
- Pursuant to Section 5.11 ("Vacancies, Resignation, Disqualification of Directors"), the Board may declare vacant the seat of any Director who ceases to meet any required qualification during the Director's term of office.
- 5.4 Nomination Procedures. Nomination of candidates for election to the Board of Directors shall be as provided for in the election rules.
- 5.5 Election by Acclamation. If, as of the published deadline for nominations, the number of people nominated is not more than the number of Directors to be elected, then the persons nominated and qualified to be elected shall, unless election by acclamation is prohibited by law, be declared elected and shall be seated at the conclusion of the annual membership meeting. Written notice of the election by acclamation shall be given to the Members.
- 5.6 Voting for Directors; No Cumulative Voting Permitted; No Write-Ins. In all elections of Directors, Members may cast, in respect to each position on the Board to be filled, one vote for each Lot owned, as set forth in Section 3.5.1 ("One Vote Per Lot"). The persons receiving the largest number of votes shall be elected. Cumulative voting (i.e., giving more than one vote to any candidate) shall not be permitted. Voting for write-in candidates (that is, voting for any person not nominated or self-nominated prior to the deadline for nominations) is not permitted.
- 5.7 Tie Votes. In the case of a tie vote for one or more positions on the Board, the candidates shall draw lots to determine the winner or winners.
- 5.8 Election and Term of Office. In the annual election of Directors, the Members shall, in even years, elect two (2) Directors and shall, in odd years, elect three (3) Directors, for terms of two (2) years each. Each Director shall serve until the expiration of his or her term and thereafter until a successor is elected and seated, or until the earlier disqualification, death, resignation, or removal of such Director.

- 5.9 Removal of Directors by the Members. Consistent with *Corporations Code* section 7222, any Director may be removed from the Board, with or without cause, by the vote of a Majority of a Quorum of the Members. Either a majority of the Board or Members constituting at least five percent (5%) of the Members may request a Member vote to remove one, some or all Directors, pursuant to Section 4.1 ("Voting by Members; Member Request for Vote"). If Members request such a vote, the vote shall be conducted in accordance with the procedures set forth in Section 4.2 ("Member-Requested Votes"). A Director shall not be removed except with the approval of a Majority of a Quorum (25%) of the Members. If a removal vote fails, the Director(s) named in the removal effort shall not be subject to another request for a removal vote until at least six (6) months have elapsed.
- 5.10 Reduction of Number of Directors. Any reduction of the authorized number of Directors shall be subject to the provisions of *Corporations Code* section 7222(c).
- 5.11 Vacancies, Resignation, Disqualification of Directors. A vacancy shall exist on the Board: (i) in the event of the death, resignation, or removal (by the Members) of any Director, (ii) in the event of a declaration of a vacancy by the Board as provided below in this Section 5.11, (iii) if the authorized number of Directors is increased, or (iv) if the Members fail to elect the full authorized number of Directors.
- 5.11.2 Resignation. Any director may resign by giving written notice to the Board. The resignation shall be effective on the date specified in the notice. Unless otherwise provided in the notice, the acceptance of a resignation shall not be necessary to make it effective.
- 5.11.3 Disqualification of a Director. As provided in *Corporations Code* section 7221(b), the Board of Directors, by a majority vote of the Directors who meet all of the qualifications for Directors as set forth in the election rules, may declare vacant the office of any Director who fails or ceases to meet any required qualification that was in effect at the beginning of that Director's current term of office. A declaration of a vacancy on the Board by such vote of Directors is not a removal.
- 5.12 Filling Vacancies. Except when Directors are removed by a vote of the Members, in which case the Members shall elect replacement Directors, a vacancy occurring on the Board of Directors may be filled at an open meeting of the Board: (i) by approval of a quorum of Directors, (ii), if the number of Directors then in office is less than a quorum, by the vote of a majority of the Directors then in office or (iii), by a sole remaining Director. The Members may elect a Director at any time to fill any vacancy not filled by the Directors. If the Board accepts the resignation of a Director tendered to take effect at a future time, the Board, including the resigning Director,

may choose a successor to take office when the resignation becomes effective. A Director chosen by the Board in accordance with this Section 5.12 to fill a vacancy shall serve the remainder of the term of office of the Director whom he or she replaces.

- 5.13 Removal of Entire Board; Replacement Directors. In the case of a vote by the Members to remove the entire Board of Directors, the incumbent Directors shall not be removed from office unless and until one or more replacement Directors have been elected by the Members. If, in such election, the Members fail to elect the full number of replacement Directors, the vacancies then existing on the Board may be filled by the elected replacement Directors pursuant to clause (i), (ii) or (iii) of Section 5.12 ("Filling Vacancies").
- 5.14 Director Conflict of Interest. As provided in *Civil Code* section 5350, no Director shall be permitted to vote on matters of: (i) discipline of the Director, (ii) a Reimbursement Assessment against the Director for damage to the Common Area, (iii) a request by the Director for a payment plan for unpaid Assessments or Additional Charges, (iv) a decision whether to foreclose a lien on a Lot owned by the Director, (v) review of a proposed physical change to a Lot owned by the Director, and (vi) a grant of exclusive use of Common Area to the Director.

The procedural provisions of *Corporations Code* sections 7233 and 7234 shall apply to any contract or other transaction involving a Director who has a financial interest in such contract or other transaction that is authorized, approved, or ratified by the Board.

- 5.15 No Compensation of Directors. No Director shall receive compensation for any service he or she may render to the Association as a Director; however, upon approval by the Board, any Director may be reimbursed for his or her expenses actually incurred in the performance of his or her duties. Requests for reimbursement shall be supported by applicable receipts and invoices.
- 5.16 Directors' Standard of Care. As provided in *Corporations Code* section 7231, a Director shall perform the duties of a director, including duties as a member of any Committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.
- 5.17 Limitation of Liability of Directors and Officers. No Director, officer, member of any Committee of the Board, employee, or other agent of the Association shall be liable to any Owner or any other person or entity, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of any such person if such

person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Association.

## **ARTICLE 6                      MEETINGS OF DIRECTORS**

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- 6.1 Definition of Meeting of the Board. As defined in *Civil Code* section 4090, a "meeting" of the Board shall mean either: (a) a congregation, at the same time and place, of a sufficient number of Directors to establish a quorum of the Board, to hear, discuss, or deliberate upon any item of business that is within the authority of the Board or (b) a teleconference, where a sufficient number of Directors to establish a quorum of the Board, in different locations, are connected by electronic means, through audio or video or both. The foregoing includes executive session meetings of the Board.
- 6.2 Teleconference Meetings. A teleconference meeting shall be conducted in a manner that protects the rights of Members of the Association and otherwise complies with the requirements of the Common Interest Development Open Meeting Act (*Civil Code* section 4900 and following). Except for a meeting that will be held solely in executive session, the notice of the teleconference meeting shall identify at least one physical location so that Members of the Association may attend, and at least one Director or a person designated by the Board shall be present at the location. Participation by Directors in a teleconference meeting constitutes presence at that meeting as long as all Directors participating are able to hear one another, as well as Members of the Association speaking on matters before the Board.
- 6.3 Organizational Meeting. As soon as possible, including immediately following the conclusion of the annual membership meeting, but in any event within ten (10) days after each annual election of Directors, the Board of Directors shall hold an open, noticed, agendized meeting for the purpose of organization, appointment of officers, and transaction of other business, as appropriate. Notice and agenda for the organizational meeting can be provided with notice of the annual membership meeting or as otherwise specified in Section 6.7 ("Notice to Directors") and Section 6.8 ("Notice to Members; Agenda").
- 6.4 Regular Meetings of the Board. Regular meetings of the Board shall be held monthly upon proper notice which conforms to the provisions of Section 6.7 ("Notice to Directors") and Section 6.8 ("Notice to Members; Agenda"), at the place, day, and time set forth in such notice. In the event the Board should determine that the business to be transacted by the Board does not reasonably justify monthly meetings, then regular meetings of the Board shall be held at such intervals as the Board may determine, but not less frequently than once every three months.

- 6.5 Special Meetings of the Board. Special meetings of the Board shall be held when called by the President of the Association or by any two (2) Directors.
- 6.6 Emergency Meetings of the Board. Emergency meetings of the Board are a form of special meetings. The Board may hold an emergency meeting if there are circumstances that could not have been reasonably foreseen, that require immediate attention and possible action by the Board, and for which notice as set forth in Section 6.8 ("Notice to Members; Agenda") is not practicable. Both authorized methods of meeting (*i.e.*, in person or by conference call) are available to the Board in an emergency situation, as well as by electronic means (including e-mail) pursuant to Section 6.11 ("Board Action by Electronic Transmission") with the unanimous approval of all Directors then in office.
- 6.7 Notice to Directors. Regular meetings of the Board may be held, without further notice to the Board, at a place within the Development and on a day and time fixed by resolution by the Board. If not fixed by resolution of the Board, notice of each meeting of the Board shall be communicated to the Directors not less than four (4) days prior to the meeting if given by first-class mail, and not less than forty-eight (48) hours prior to the meeting if given by personal delivery, telephone (including a voice messaging system), facsimile, or other consented-to means of electronic transmission specified in *Corporations Code* section 20; *provided, however*, that shorter notice may be given in the case of a bona fide emergency, and *provided, further*, that notice of a meeting need not be given to any Director who signed a waiver of notice or a written consent to holding the meeting, whether before or after the meeting.
- 6.8 Notice to Members; Agenda. To the extent required pursuant to *Civil Code* section 4920, except for bona fide emergency meetings (whether open meeting or executive session), prior written notice of the day, time, and place of each meeting of the Board of Directors shall be given to all Members. The notice shall contain the agenda for the meeting, subject to the provisions of *Civil Code* section 4930.
- 6.8.1 Timing of Notice to Members. Notice of open Board meetings shall be given at least four (4) days before the meeting. Advisory notice of a Board meeting that is held exclusively in executive session shall be given at least two (2) days before the meeting.
- 6.8.2 Delivery of Notice to Members. The notice to the Members shall be given by General Delivery in accordance with *Civil Code* section 4045.
- 6.9 Open Meeting. To the extent required pursuant to *Civil Code* section 4925(a), regular and special meetings of the Board of Directors shall be open to all Members of the Association, except when the Board meets in executive session. Pursuant to *Civil Code* section 4925(b), a reasonable

time limit for all Members to speak to the Board shall be established by the Board; *provided, however*, that such right to speak to the Board shall not entitle any Member to participate in the Board's deliberations or decisions on any matters unless requested to do so by the Board.

- 6.10 Executive Session. To the fullest extent permitted by law, including *Civil Code* section 4935, the Board may meet in executive session to confer with legal counsel or to discuss and/or vote upon personnel matters, Member discipline, litigation in which the Association is or may become involved, matters that relate to the formation of contracts between the Association and others, and for the purpose of meeting with a Member, upon such Member's request, regarding the Member's payment of Assessments. In any matter relating to the discipline of a Member, the Board shall meet in executive session if requested to do so by that Member, and that Member and any other person(s) whose participation is, in the judgment of the Board, necessary or appropriate shall be entitled to attend the executive session; *provided, however*, that: (i) to the extent required by *Civil Code* section 5673, a decision by the Board to record a lien for delinquent Assessments shall be made at an open meeting of the Board, and (ii) to the extent required by *Civil Code* section 5705(c), a vote of the Board to initiate foreclosure of a lien for delinquent Assessments shall be taken in executive session but shall be recorded in the minutes of the next following open meeting of the Board.

There shall be no requirement that the Board convene an open meeting in order to meet in executive session.

- 6.11 Board Action by Electronic Transmission. To the extent provided in *Civil Code* section 4910, the Board may neither discuss the business of the Association nor take action by electronic transmission, including by exchange of e-mail as provided in *Civil Code* section 4910(b)(2), except in the case of an emergency and only then if any action taken with respect to such an emergency is approved in writing by all Directors, then in office. The Directors' unanimous written consents to any such action shall be filed with the minutes of the proceedings of the Board.
- 6.12 Quorum for Board Action. A majority of the number of Directors then in office (but not less than two) shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by a majority of the required quorum for that meeting.
- 6.13 Voting by Directors. Pursuant to *Corporations Code* section 7211(c), each Director shall be entitled to one vote; *provided, however*, that a Director may

not vote by proxy or otherwise delegate his or her right to vote on any matter before the Board.

- 6.14 Minutes of Meetings of Directors. To the extent required by *Civil Code* section 4950(a), within thirty (30) days after the date of any meeting of the Board, the Board shall make available to the Members either: (i) the minutes of that meeting as adopted by the Board, (ii) if the minutes have not yet been adopted by the Board, the minutes as proposed for adoption which shall be marked to indicate draft status, or (iii) a summary of the minutes. To the extent required by *Civil Code* section 4935(e), any matter discussed in an executive session shall be generally noted in the minutes of the Board and minutes of executive sessions shall not otherwise be required. Copies of the minutes, proposed minutes, or summary of minutes, other than minutes of executive session, shall be provided to any Member of the Association upon request and upon reimbursement of the Association's costs in providing such copies.

## **ARTICLE 7                    DUTIES OF THE BOARD OF DIRECTORS**

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The Board shall be ultimately responsible for the management and conduct of the affairs of the Association. Without limiting the generality of the foregoing, the specific duties of the Board shall include the following:

- 7.1 Supervision. The Board shall supervise all officers, agents, and employees of the Association, if any, and see that their duties are properly performed.
- 7.2 Records and Minutes. The Board shall cause to be kept a complete record of all its acts and the corporate affairs, including an accurate and current record of the Members setting forth their names and addresses, adequate and correct books and records of account, and minutes of the proceedings of the Members, the Board, Committees of the Board, and any other committee appointed by the Board having decision-making authority.
- 7.3 Maintain Insurance. The Board shall procure and maintain adequate casualty, liability and other insurance, as the Board shall determine consistent with the provisions of Article 9 ("Insurance"), below.
- 7.4 Enforcement of Governing Documents. The Board shall enforce the Governing Documents in accordance with the procedures set forth in Article 10 ("Enforcement; Notice; Hearings"), below.
- 7.5 Annual Budget Report. In accordance with *Civil Code* section 5300(a), the Association shall distribute an Annual Budget Report, not less than thirty (30) days and not more than ninety (90) days prior to the end of the Association's fiscal year. The Annual Budget Report shall conform to the



requirements of *Civil Code* section 5300(b) and (e) and section 5570 concerning the following and any other matters as may be required by law:

- 7.5.1 Operating Budget. An operating budget showing the Association's estimated revenue and expenses on an accrual basis;
- 7.5.2 Summary of Reserves. A summary of the Association's reserves, prepared in accordance with *Civil Code* section 5565;
- 7.5.3 Reserve Funding Plan. A summary of the reserve funding plan adopted by the Board in accordance with *Civil Code* section 5550(b)(5). The summary shall include notice to Members that the full reserve study is available on request, and the Association shall provide the full reserve funding plan to any Member upon request;
- 7.5.4 Statement of Deferred Repairs. A statement as to whether the Board has determined to defer repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for decision not to make repairs or replacement;
- 7.5.5 Statement of Anticipated Special Assessments. A statement, consistent with the reserve funding plan, as to whether the Board has determined that one or more Special Assessments will be required to repair, replace or restore any major component or to provide for adequate reserves for such repair, replacement or restoration. The statement shall set out the estimated amount, commencement date and duration of the Assessment, if anticipated;
- 7.5.6 Statement of Reserve Calculations. A general statement addressing the procedures used for the calculation and establishment of reserves to defray the future repair, replacement, or additions to major components that the Association is obligated to maintain. The statement shall include, but need not be limited to, reserve calculations made using the formula specifically described in paragraph (4) of *Civil Code* section 5570(b) and may not assume a rate of return on cash reserves in excess of two percent (2%) above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.
- 7.5.7 Statement of Outstanding Loans. A statement as to whether the Association has any outstanding loans with an original term of more than one (1) year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired;
- 7.5.8 Summary of Association's Insurance Policies. A summary of the Association's property, general liability, earthquake, flood, and fidelity insurance policies. For each such policy, the summary shall include the name of the insurer, the type of insurance, the policy limit, and the

amount of the deductible, if any. To the extent that any of the required information is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it with the Annual Budget Report.

The insurance summary distributed pursuant to this Section 7.5.8 and state law shall contain, in at least 10-point boldface type, the following statement:

"This summary of the Association's policies of insurance provides only certain information, as required by *Civil Code* section 5300, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association Member may, upon request and provision of reasonable notice, review the Association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Association maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property, including personal property or real property improvements to or around your Dwelling, or personal injuries or other losses that occur within or around your Dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association Members should consult with their individual insurance broker or agent for appropriate additional coverage."

- 7.6 Notice of Certain Changes in Insurance. In accordance with *Civil Code* section 5810, as soon as reasonably practicable, the Association shall provide Individual Notice to all Members if any of the policies described in Section 7.5.8 ("Summary of Association's Insurance Policies") have lapsed or been canceled and are not immediately renewed, restored, or replaced or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible for any of those policies. If the Association receives any notice of non-renewal of a policy described in Section 7.5.8 and replacement coverage will not be in effect by the date the existing coverage will lapse, the Association shall immediately provide Individual Notice thereof to the Members.
- 7.7 Annual Policy Statement; Notifications to Members. In accordance with *Civil Code* section 5310(a)(1) through (12), not less than thirty (30) days and not more than ninety (90) days before the end of the fiscal year, the Board shall distribute to the Members an Annual Policy Statement which shall include all of the following:

- 7.7.1 Official Communications to Association. A statement notifying the Members of the name and address of the person designated to receive official communications to the association, in the manner prescribed by *Civil Code* section 4035;
- 7.7.2 Secondary Address for Certain Notices. A statement notifying the Members of an Owner's right to submit to the Association, in accordance with *Civil Code* section 5260(b), a request to have notices sent to up to two different addresses (concerning annual reports, enforcement of delinquent Assessments, sale by trustee);
- 7.7.3 Location Designated for Posting General Notices. A statement notifying the Members of the location, if any, designated for posting General Notice;
- 7.7.4 Option to Receive General Notice by Individual Delivery. A statement notifying the Members of their option to receive General Notices by Individual Delivery;
- 7.7.5 Notice of Members Right to Receive Meeting Minutes. A statement notifying the Members of their right to receive meeting minutes in accordance with *Civil Code* section 4950(b);
- 7.7.6 Notice of Assessment Collection Policy. A statement describing the Regular Assessment and any Special Assessment levied against a Lot for that fiscal year and the Association's collection policies, as required by *Civil Code* section 5730;
- 7.7.7 Notice Regarding Liens and Foreclosure. The statutory statement regarding Assessments, liens and foreclosure required by *Civil Code* section 5730(a), printed in at least 12-point type.
- 7.7.8 Notice of Discipline Policy. A statement describing the Association's discipline policy, if any, including any schedule of penalties for violations of the Governing Documents, pursuant to *Civil Code* section 5850;
- 7.7.9 Notice of Dispute Resolution Procedures. A summary of the statutory provisions relating to employing internal dispute resolution procedures ("meet and confer") and alternative dispute resolution procedures (ADR) in certain matters related to enforcement of the Governing Documents, which summary specifically references *Civil Code* sections 5920 and 5965;
- 7.7.10 Notice of Required Architectural Approval. A notice of the requirement for Association approval of physical changes to property, which notice is required by *Civil Code* section 4765, describing the types of changes that require Association approval and including a copy of the procedure

for review and approval or disapproval. The notice may consist of a copy of Article 8 of the Declaration ("Architectural Approval") and a copy of the Architectural Rules, if any;

- 7.7.11 Mailing Address for Overnight Payment of Assessments. A statement notifying the Members of the mailing address for overnight payment of Assessments, in accordance with *Civil Code* section 5655(c); and
- 7.7.12 Other Required Information. A statement notifying the Members of other information required by law or by the Governing Documents or that the Board determines in its sole judgment to be appropriate for inclusion in the Annual Policy Statement.
- 7.8 Items Specified in *Civil Code* Section 4525(a). To the extent required by *Civil Code* section 4530(a) with respect to transfer of title disclosures, the Board shall provide or cause to be provided to a requesting Owner, within ten (10) days of a written request therefor, the items specified in *Civil Code* section 4525(a), or any of them.
- 7.9 Review of Annual Financial Statement. To the extent required pursuant to *Civil Code* section 5305, for any fiscal year in which the gross income to the Association exceeds Seventy-five Thousand Dollars (\$75,000.00), the Board shall obtain a review of the financial statements of the Association. Such review shall be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy and shall be distributed by Individual Delivery to all Members of the Association within one hundred twenty (120) days after the close of the fiscal year.
- 7.10 Monthly Review of Accounts. The Board shall review the Association's operating and reserve accounts at least in accordance with the minimum requirements set forth in *Civil Code* section 5500, as follows:
- (a) Review, on a monthly basis, a current reconciliation of the Association's operating accounts.
  - (b) Review, on a monthly basis, a current reconciliation of the Association's reserve accounts.
  - (c) Review, on a monthly basis, the current year's actual operating revenues and expenses compared to the current year's budget.
  - (d) Review, on a monthly basis, the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts.

- (e) Review, on a monthly basis, an income and expense statement for the Association's operating and reserve accounts.
- (f) Review, on a monthly basis, the check register, monthly general ledger, and delinquent assessment receivable reports.

As used in this Section 7.10, the term "reserve accounts" shall have the meaning set forth in *Civil Code* section 4177.

7.11 Biennial Notice to Secretary of State. The Board shall file with the Secretary of State the biennial (every two years) statement reporting the names of the Association's officers and of its agent for service of process, as required pursuant to *Corporations Code* section 8210 and the statement required by *Civil Code* section 5405(a).

7.12 Three-Year Reserve Study and Annual Review. In accordance with *Civil Code* section 5550, at least once every three (3) years, the Board shall cause a study of the reserve account requirements of the Development to be conducted, which study shall include the minimum requirements specified in *Civil Code* section 5550(b) or successor statute. The Board shall review the reserve study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.

7.13 Prudent Management of Reserve Funds. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account and, to the extent restricted by *Civil Code* section 5510(b), shall not expend funds designated as reserve funds for any purpose other than the maintenance, restoration, repair, or replacement of, or litigation involving the maintenance, restoration, repair, or replacement of, major components for which the Association is responsible and for which the reserve fund was established; *provided, however*, that the Board may authorize a temporary transfer of money from a reserve fund to the Association's general operating fund for the purposes and subject to the procedural requirements specified in *Civil Code* section 5520.

## ARTICLE 8 POWERS OF THE BOARD OF DIRECTORS

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The Board of Directors shall have such powers as may be provided by law or expressly set forth in the Governing Documents. Without limiting the generality of the foregoing, the Board shall have the powers specified in this Article 8, subject to any limitations or conditions as may be set forth in the Articles, the Bylaws, or the Declaration.

- 8.1 Make Contracts. The Board shall have the power to authorize any officer or officers to enter into any contract in the name of, or on behalf of, the Association. No contract with a third party to supply or furnish the Association with goods or services shall be for a term in excess of three year except upon the prior affirmative vote of a majority of the Total Voting Power of the Association; *provided, however*, that the foregoing shall not apply to:
- (a) a contract with a public utility company, if the rates charged for the materials or services to be furnished are regulated by the California Public Utilities Commission, the term of which contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;
  - (b) prepaid casualty and/or liability insurance policies not to exceed three (3) years' duration, which policy or policies shall permit short rate cancellation by the Association;
  - (c) lease agreements for equipment not to exceed five (5) years' duration;
  - (d) agreements for cable television, satellite, or similar service and equipment not to exceed five (5) years' duration; and
  - (e) agreements for burglar alarm and/or fire alarm service and equipment for the Common Area not to exceed five (5) years' duration.
- 8.2 Consult Professional Advisors. The Board shall have the power to consult with, seek the advice of, and reasonably rely on the advice of attorneys, accountants, and other professionals in carrying out the Board's authority and responsibility under the Governing Documents and the law, and to pay for such professional services.
- 8.3 Hire Manager and Others. The Board shall have the power to engage the services of a manager or management company as either an employee or an independent contractor, and engage such other employees or independent contractors as the Board may deem appropriate and to prescribe their duties. Any management contract shall provide that the agreement may be terminated by either party without payment of a termination fee upon not more than ninety (90) days' written notice, with or without cause. Neither the Association's manager or management company

shall engage in providing property manager services or services as a real estate agent or broker for any properties within the Development.

- 8.4 Adopt and Enforce Rules. Subject to applicable law, including *Civil Code* sections 4340 through 4370 (regarding procedures for adopting or changing operating rules), the Board shall have the power to adopt, publish, amend, repeal, and enforce Rules.
- 8.5 Collect Assessments by Foreclosure and/or Legal Action. As addressed in the Declaration, the Board shall have the power to collect Assessments levied by the Association by foreclosing the lien against any property for which Assessments are not paid as required by the Declaration and/or by bringing an action at law against the Owner personally obligated to pay the same.
- 8.6 Impose Sanctions. Upon an explicit finding and for reasons specified by the Board following a meeting conducted in accordance with the Governing Documents and California law, the Board shall have the power to impose sanctions on a Member who is in default in the payment of any Assessment or other charge levied by the Board or is found to be in violation of any provision of the Governing Documents. Sanctions may include loss of good standing, suspension of membership and other rights and privileges, and Compliance Assessments (fines).
- 8.7 Pay Property Taxes. The Board shall have the power to pay all real property taxes and assessments levied upon any property within the Development to the extent not separately assessed to the Owners. So long as any such taxes are paid or a bond insuring the payment is posted, such taxes and assessments may be contested or compromised by the Association prior to the sale or other disposition of such property to satisfy the payment of such taxes.
- 8.8 Deal with Association Property; Certain Limitations. The Board shall have the power to acquire and deal with real and personal property of the Association.
- 8.9 Open Bank Accounts, Borrow. The Board shall have the power to open bank accounts, designate signatories upon such bank accounts. With the approval of a Majority of a Quorum of Members (15%), borrow money on behalf of the Association; *provided, however*, that approval of the Members shall only be required to borrow money that, in total, exceeds twenty-five percent (25%) of the aggregate Regular Assessments of the Association for the fiscal year.
- 8.10 Pledge Assessments as Security. The Board shall have the power to assign or pledge Assessments of the Association as security for a loan, provided that such assignment or pledge is made to a financial institution or lender

chartered or licensed under federal or state law to the extent required by *Civil Code* section 5735. The approval of the Members shall be required if such assignment or pledge is in conjunction with an increase in Regular Assessments or the imposition of a Special Assessment in an amount that by law requires approval of the Members.

- 8.11 Invest Reserve Funds. The Board shall have the power to manage and invest Association reserve funds in prudent investments, provided it does so in a prudent manner designed to achieve the primary objective of preserving principal while realizing a reasonable return and to assure the availability of funds as they are needed based upon the Board's most recent review of the reserve study and annual reserve funding study obtained by the Board as required in Section 7.12 ("Three-Year Reserve Study and Annual Review") and applicable law.
- 8.12 Indemnify Agents. To the extent provided in *Corporations Code* section 7237, the Board on behalf of the Association shall have the power to and shall indemnify and hold harmless, to the maximum extent permitted by California law, each person who is or at any time was a Director, officer, employee, or agent of the Association, or member of any committee appointed by the Board from and against any and all claims, liabilities, expenses, judgments, fines, settlements, and other amounts, as those terms are defined by California law, actually and reasonably incurred by any such person, and to which any such person shall become subject by reason of his or her being a Director, officer, employee, or agent of the Association, or member of any committee appointed by the Board.
- 8.13 Mergers, Consolidations, and Annexations. The Association shall have the power to participate in mergers and consolidations as provided for in Section 3.4 of the Declaration.
- 8.14 Appoint Committees. The Board may appoint such committees as it deems appropriate in carrying out the powers and purposes of the Association pursuant to Article 12.
- 8.15 Trailer or Boat Storage or Use of Garden Plots. The Board may not increase the rent or total charges for use of trailer or boat storage, or for the use of the garden plots without approval of a majority of the trailer, boat and garden space renters, respectively.

Rates or total charges to renters shall be fixed at the rates or total charges in effect during the year 2006 until changed in accordance with provisions of this section. This section as it affects the use of trailer or boat storage or garden plots can be amended only by a majority vote of members of the Association (Per 1972 Court Order on File).



- 8.16 Other Powers and Duties. The Board shall have the power to exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the Members by other provisions of the Governing Documents, and undertake any action on behalf of the Association as the Board shall deem necessary or proper in furtherance of the purposes and powers of the Association and/or the interests of the Association and its Members.

## **ARTICLE 9                    INSURANCE**

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- 9.1 Insurance Coverage to be Maintained by Association. The Association shall procure and maintain, as a common expense of all Owners, the types of insurance described in Section 9.2 ("Common Area Casualty Insurance to be Maintained by Association"), Section 9.3 ("Liability Insurance to be Maintained by Association"), and Section 9.4 ("Other Insurance to be Maintained by Association"), if and to the extent such insurance, with the coverages described below, is available at a reasonable premium cost.
- 9.2 Common Area Casualty Insurance to be Maintained by Association. The Association shall maintain a policy of fire and extended coverage insurance covering all of the Common Area and all furnishings, equipment, and personal property owned by the Association, with limits equal to one hundred percent (100%) of the full insurable replacement costs of the Common Area improvements exclusive of land, foundation, excavations, and other items normally excluded from coverage. The policy may contain a reasonable deductible and the amount of the deductible shall be added to the face amount of the policy in determining whether the insurance equals the replacement cost.
- 9.2.1 Policy Endorsements. The policy may include such endorsements as the Board, in its discretion, shall determine based on the character and replacement cost of the Common Area improvements from time to time, such as:
- (i) an agreed amount endorsement or its equivalent,
  - (ii) an increased cost of construction endorsement or a contingent liability from operation of building laws endorsement or their equivalent,
  - (iii) an extended coverage endorsement,
  - (iv) coverage for costs of demolition,
  - (v) glass coverage,

- (vi) coverage for loss or damage as a result of theft, vandalism, malicious mischief; coverage for equipment breakdown of any equipment required to run and operate the Development,
- (vii) a determinable cash adjustment clause or a similar clause to permit cash settlement covering full value of the improvements in case of partial destruction and a decision not to rebuild, and
- (viii) coverage for demolition in the event of total or partial destruction and a decision not to rebuild.

9.3 Liability Insurance to be Maintained by Association. The Association shall maintain commercial general liability insurance insuring the Association, its officers and directors, and the Owners against any liability incident to ownership, maintenance, and repair of the Common Area, but excluding the liability of an Owner incident to personal bodily injury and property damage occurring within that Owner's Lot or in any other Lot or upon the Common Area resulting from the negligence of that Owner. Limits of liability shall be set by the Board but shall in no event be less than Three Million Dollars (\$3,000,000).

9.3.1 Scope of Coverage. Such liability insurance policy shall insure against bodily injury, death, or property damage occurring in, on or about any portion of the Common Area and if available and at a reasonable cost as determined by the Board shall include:

- (i) water damage liability,
- (ii) hired and non-owned vehicle coverage, theft and collision coverage,
- (iii) liability for property of others,
- (iv) off-premises employee coverage, and
- (v) such other risks as are customarily covered in developments similar to Leisure Town.

9.3.2 Other Provisions. If available and at a reasonable cost as determined by the Board, such liability insurance policy:

- (i) shall contain a waiver of subrogation as to claims against the Association, Board members, and Owners,
- (ii) shall contain a waiver of the defense of invalidity on account of the conduct of any Owner over which the Board has "no control,"
- (iii) shall require that at least thirty (30) days' prior written notice be given to the Association by the insurer before cancellation except

that in the case of cancellation for nonpayment of premiums or for fraud the notice shall be given no less than ten (10) days prior to the effective date of the cancellation,

- (iv) shall provide that in no event shall the insurance be brought into contribution with insurance purchased individually by Owners or their Mortgagees,
- (v) shall exclude policies obtained by the individual Owners from consideration under any "other insurance" clause, and
- (vi) shall contain a provision requiring the insurer to defend lawsuits for which there is coverage under the policy even if the allegations are fraudulent.

#### 9.4 Other Insurance to be Maintained by Association.

9.4.1 Directors' and Officers' Insurance. The Association shall maintain directors' and officers' liability insurance with limits to be set by the Board but in no event less than One Million Dollars (\$1,000,000) or any higher applicable limit set forth in *Civil Code* section 5800, and containing a cross-liability endorsement and waiver of subrogation as to the Association and its officers, directors, agents and employees. Coverage for prior acts, to the extent obtainable, shall be included.

9.4.2 Workers' Compensation Insurance. The Association shall maintain workers' compensation insurance to the extent necessary to comply with any applicable laws and may carry such insurance at any time as determined by the Board.

9.4.3 Fidelity Bond or Fidelity Insurance The Association shall maintain fidelity bond coverage for its Directors, Officers, and employees in an amount that it equal to or more than the combined amount of the reserves of the Association and total assessments for three (3) months. The Association's fidelity bond shall also include computer fraud and funds transfer fraud. If the Association uses a managing agent or management company, the Association's fidelity bond coverage shall additionally include dishonest acts by that person or entity and its employees.

9.4.4 Other Insurance. The Association may maintain at any time and from time to time any other insurance and bonds as the Board may from time to time deem necessary or desirable.

9.5 Insurance to be Maintained by Owner. The insurance policies to be carried by the Association pursuant to Section 9.1 ("Insurance Coverage to be Maintained by the Association") are not intended to cover Lots or Dwellings, the liability of an Owner incident to ownership or use of his or her Lot or Dwelling, or the

liability incident to an Owner's negligence upon the Common Area. Each Owner shall be responsible for procuring and maintaining hazard insurance on the Owner's Lot and Dwelling, insurance against Owner liability incident to ownership or use of the Owner's Lot or Dwelling, liability incident to an Owner's negligence upon the Common Area, insurance on the contents of the Dwelling, and such other insurance as the Owner shall determine is adequate to cover such other risks as the Owner shall determine, including but not limited to loss of use, additional living expenses, loss of rental income, and loss assessment coverage.

- 9.5.1 No Overlapping Coverage. No Owner shall obtain or maintain any policy of insurance that reduces the amount of coverage under any policy obtained or maintained by the Association pursuant to this Section. If any Owner violates the provisions of this Section 9.5.1, any diminution in insurance proceeds otherwise payable to the Association that results from the existence of such other insurance will be chargeable to the Owner who acquired such other insurance, and each Owner hereby assigns to the Association the proceeds of any such policy to the extent any such decrease in proceeds in fact occurs (such proceeds to be applied pursuant to the Declaration as if produced by the Association's coverage). Such Owner will be liable to the Association to the extent of any diminution, and the Association shall levy a Reimbursement Assessment against such Owner in the amount of such diminution.
- 9.6 Insurance Proceeds. Proceeds of all insurance policies owned by the Association shall be received by and distributed to the Association.
- 9.7 Responsibility for Payment of Deductible. Subject to the provisions of Section 10.9 of the Declaration, the amount of the deductible under any insurance obtained by the Association shall be borne solely by the Association. If an Owner is responsible for the payment of such deductible, the failure or refusal of the Owner's insurance carrier to pay or reimburse the deductible shall not relieve the Owner of his or her responsibility for the deductible.
- 9.8 Insurance Carriers. All insurance policies carried by the Association shall be written by companies that are not prohibited from doing business in the State of California.
- 9.9 Annual Review of Policies. The limits and coverage of all insurance policies carried by the Association shall be reviewed at least annually by the Board and increased or decreased in its discretion.
- 9.10 Coverage Not Available. In the event any insurance policy listed in Section 9.3 ("Liability Insurance to be Maintained by Association") and Section 9.4 ("Other Insurance to be Maintained by Association") is for any reason not available, then the Association shall obtain such other or substitute policy as may be available which provides, as nearly as possible, the coverage described above.

The Association and its directors and officers shall have no liability to any Lot Owner or Mortgagee if, after good faith effort, it is unable to obtain or maintain the insurance required pursuant to this Article 9 because the insurance is no longer available or, if available, can be obtained or maintained only at a cost that the Board in its sole discretion determines is unreasonable under the circumstances, or the Members fail to approve any Special Assessment or increase in the Regular Assessment needed to fund the insurance premiums.

- 9.11 Adjustment of Losses. The Board is appointed attorney-in-fact by each Owner to file all claims and to negotiate and agree on the value and extent of any loss under any policy carried by the Association. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.
- 9.12 Premiums. The premiums for any insurance obtained by the Association shall be a common expense of the Association and shall be paid for out of the operating fund of the Association.

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## **ARTICLE 10                    ENFORCEMENT; NOTICE; HEARINGS**

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- 10.1 Violations as Nuisance. Every act or omission constituting or resulting in a violation of any of the provisions of the Governing Documents shall be deemed to constitute a nuisance and, in addition to any other remedies which may be available, such nuisance may be abated or enjoined by the Association or by any Owner; *provided, however,* that the Board shall not be obligated to take action to abate or enjoin a particular violation if, in the exercise of its discretion, the Board determines that acting to abate or enjoin such violation is not likely to foster or protect the interests of the Association and its Members as a whole.
- 10.2 Violation of Law is a Violation of the Declaration. Any violation of a state, municipal, or local law, ordinance or regulation pertaining to the ownership, occupancy, or use of any property within the Development is hereby declared to be a violation of this Declaration and subject to any and all of the enforcement procedures set forth herein.
- 10.3 Owner Responsibility for Conduct and Damages. Each Owner shall be fully responsible for informing members of his or her household, tenants, invitees, and guests of the provisions of the Governing Documents, and shall be fully responsible for the conduct, activities, and any Governing Document violation of any of them, and for any damage to the Development or the Association resulting from the negligent or intentional conduct of any of them or the conduct of any pet belonging to any of them.
- 10.4 No Avoidance. No Owner may avoid the burdens or obligations imposed by the Governing Documents through non-use of any Common Area facilities or by abandonment of his or her Lot.

- 10.5 Enforcement Rights Are Cumulative. As permitted by law and subject to limitations in this Declaration, the Association and any Owner shall have the right to enforce the Declaration by any proceeding at law or in equity. Each remedy provided is cumulative and not exclusive.
- 10.6 Imposing Sanctions. The Board shall have the power to impose sanctions on a Member who is in default in the payment of any Assessment or Additional Charge or is found to be in violation of the Governing Documents. Sanctions may include the following:
- 10.6.1 Loss of Good Standing The Board may suspend a Member's Good Standing for as long as the Member remains in default of payment of Assessments or Additional Charges or until the violation is remedied.
- 10.6.2 Suspension of Member in Good Standing Rights. The Board may suspend a Member's right to use Common Area recreational facilities for as long as the Member remains in default of payment of Assessments or Additional Charges, or for a period specified by the Board.
- 10.6.3 Monetary Penalties (Fines). The Board may levy monetary penalties, also known as fines, against a Member and his or her Lot. Before the Board may levy fines, it must first adopt a schedule of monetary penalties or fines (which shall constitute Compliance Assessments) pursuant to *Civil Code* section 5850, which requires a minimum 28-day period for Members to comment. Such a schedule, if adopted, shall be distributed to the Members within 15 days after it is adopted and annually thereafter in the Annual Policy Statement. Multiple fines may be imposed for multiple violations. The schedule of fines may be changed by the Board by a Rule change pursuant to *Civil Code* section 4360 and following.
- 10.6.4 Monthly Sanctions for Continuing Violations. In the case of a continuing violation, such as an uncorrected architectural violation, where a Member fails to remedy the violation after notice from the Board to do so, the Board may impose sanctions, including monetary penalties, such sanctions to remain in effect for a period of 30 days or until the continuing violation is remedied, whichever occurs sooner. If the continuing violation has not been remedied within the 30-day period, the Board may impose separate and successive sanctions for the continuing violation, provided the Board gives the Owner notice and meets before imposing each successive sanction. The Board may limit the scope of such subsequent meetings to facts and circumstances occurring subsequent to the previous meeting(s) at which the Board heard and deliberated on the matter.

- 10.6.5 Reimbursement Assessment Not a Sanction. The imposition of a Reimbursement Assessment pursuant to the Declaration does not constitute and shall not be deemed to be a sanction.
- 10.7 Written Notice of Violation. When the Board is to meet to consider or impose sanctions upon a Member, the Board shall notify the Member in writing, by either personal delivery or Individual Notice, at least 10 days prior to the meeting. The notice shall identify the alleged violation, the applicable provisions of the Governing Documents, and the range of potential sanctions and shall advise the Member of his or her right to attend the meeting and to address the Board.
- 10.8 Meeting Held in Executive Session. Whenever a meeting concerns Member discipline or the imposition of sanctions, the Board may meet in executive session; *provided, however,* that it shall meet in executive session if requested by the Member. In the Board's discretion, other interested person(s) may attend the meeting and may present information relevant to the subject matter of the alleged violation. If the Member fails to attend the meeting, the Board may nevertheless conduct its deliberations and make a determination based on its own investigation and any other information supplied to it that the Board deems reasonably reliable.
- 10.9 Written Notice of Board Determination. If the Board determines that a violation of the Governing Documents exists or has occurred, it shall notify the Member in writing, by either personal delivery or Individual Notice, within fifteen (15) days after the Board's determination and advise the Member of its decision and of any sanctions imposed and their effective date.
- 10.10 Enforcement by Association in Emergency Situations.
- 10.10.1 Definition of Emergency Situation. For purposes of this Section 10.10, the following shall constitute emergency situations:
- (i) An immediate and unreasonable infringement of or threat to the safety or peaceful enjoyment of Residents of the Development,
  - (ii) A traffic or fire hazard,
  - (iii) A threat of material damage to or destruction of the Development or any portion thereof, or
  - (iv) The existence of an emergency is declared when, and if, the Board determines that there are circumstances that could not have been reasonably foreseen, that require immediate attention and possible action by the Board.

10.10.2 Immediate Corrective Action. Notwithstanding any other provisions of the Governing Documents, under circumstances that constitute an emergency, the Board may undertake immediate corrective action. The Board shall thereafter promptly send written notice of the corrective action to the affected Member. The notice may include notice of a Board meeting at which sanctions may be imposed and/or a Reimbursement Assessment assessed to the Member for costs incurred by the Association in connection therewith.

#### 10.11 Alternative Dispute Resolution.

10.11.1 ADR. In accordance with *Civil Code* sections 5925 through 5965, neither the Association nor a Member may file an "enforcement action" as defined in the statute unless the parties have first endeavored to submit their dispute to "alternative dispute resolution" (ADR) as the term is defined in *Civil Code* section 5925(a) and as the process is specified in *Civil Code* sections 5935, 5940, and 5945.

10.11.2 When ADR Applies. The requirements of this Section 10.11.2 apply to enforcement actions where the remedy sought is solely for declaratory, injunctive, or writ relief or for the foregoing relief in conjunction with monetary damages that could otherwise be obtained in small claims court, all as provided in *Civil Code* section 5930(b). The ADR requirements of this Section 10.11.2 do not apply to Assessment disputes or to small claims actions.

10.11.3 Types of Disputes for Formal ADR. The ADR requirements in *Civil Code* sections 5925 through 5965 apply to disputes *between Members* as well as to disputes between the Association and a Member. The statute advises:

"Failure of a member of the association to comply with the alternative dispute resolution requirements of section 5930 of the Civil Code may result in the loss of the member's right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law."

10.11.4 Annual Summary. As provided in *Civil Code* section 5965, the Association shall annually provide to its Members a summary of the ADR provisions contained in *Civil Code* sections 5925 through 5965 as part of the Annual Policy Statement.

#### 10.12 Internal Dispute Resolution / Meet-and-Confer.

10.12.1 IDR / Meet-and-Confer. In addition to the ADR provisions of *Civil Code* sections 5925 et seq., the Association shall provide a fair, reasonable and expeditious process by which either the Association or any Member



may ask to meet and confer with the other in any dispute regarding the Davis-Stirling Common Interest Development Act (*Civil Code* §§ 4000 et seq.), the Nonprofit Mutual Benefit Corporation Law (*Corporations Code* §§7110 et seq.), or the Governing Documents. The procedure may be invoked by either party.

- 10.12.2 Annual Summary. The Association shall annually provide the Members with a description of its internal dispute resolution process as part of the Annual Policy Statement.
- 10.13 Non-Waiver. Failure of the Association to enforce any provision of the Governing Documents shall not be deemed a waiver of the Association's right to do so thereafter with respect to the same or any other violation of the Governing Documents.
- 10.14 Costs and Attorneys' Fees. In the event the Association shall take any action to enforce any of the provisions of the Governing Documents or shall determine that any Owner or member of his or her household, tenant, invitee, guest, or pet has violated any provision of the Governing Documents, and whether or not legal or judicial proceedings are initiated, the Association shall, to the fullest extent permitted by law, be entitled to recover the full amount of all costs including attorneys' fees incurred by the Association in responding to such violation and/or in enforcing any Governing Document provision. In awarding attorneys' fees, the court shall not be bound by any court fee schedule, but shall, if it is in the interest of justice to do so, award the full amount of costs, expenses, and attorneys' fees paid or incurred in good faith. The remedies of the Association to recover the amount of such costs, expenses, and attorneys' fees shall include, but shall not necessarily be limited to, the imposition of a Reimbursement Assessment.

## **ARTICLE 11                    OFFICERS AND THEIR DUTIES**

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- 11.1 Enumeration of Principal Officers. The principal officers of this Association shall be a President, who shall at all times be a member of the Board of Directors. The Board shall at its discretion, shall also include as officers, a First Vice-President, a Second Vice-President. The Board shall also appoint as officers, a Secretary, and a Treasurer, who, at the Board's discretion may or may not be Directors. The Board may, from time to time, by resolution appoint other officers as the Board may determine, as provided in Section 11.4 ("Special Appointments").
- 11.2 Appointment of Principal Officers. The appointment of the principal officers shall take place at the first meeting of the Board following each annual election of Directors.

- 11.3 Term. The principal officers of this Association shall be appointed annually by the Board, and each shall hold office for one (1) year, unless he or she shall sooner resign, be removed by the Board, or otherwise be disqualified to serve.
- 11.4 Special Appointments. The Board may appoint such other officers as the affairs of the Association may require (for example, one or more assistant secretaries or assistant treasurers), each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine. Officers appointed pursuant to this Section 11.4 need not be members of the Board or Members of the Association.
- 11.5 Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- 11.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces, subject to the Board's right to remove an officer.
- 11.7 Multiple Offices. One person may hold two (2) or more offices except that neither the Secretary nor the Treasurer may serve concurrently as President. This provision is intended to prohibit a single individual from having apparent authority to bind the Association by virtue of holding both offices, pursuant to *Corporations Code* section 7214.
- 11.8 Authority to Bind Association; Delegation. Unless expressly authorized by resolution of the Board, no officer shall have any power or authority to bind the Association or to render the Association liable for any purpose or on any account. The duties of specific officers as stated in Sections 11.10 through 11.14 can be delegated to assistant officers or to other authorized persons who are not officers; *provided, however*, that no such persons may be delegated the authority to sign checks or otherwise disburse Association funds or to execute contracts, promissory notes, leases or other written instruments on behalf of the Association.
- 11.9 No Compensation of Officers. No officer shall receive compensation for any service he or she may render to the Association as an officer. However, upon approval by the Board, any officer may be reimbursed for his or her expenses actually incurred in the performance of his or her duties.
- 11.10 President. The President shall be the chief executive officer of the Association and shall, subject to control of the Board of Directors, have

general supervision, direction, and control of the affairs of the Association and of the other officers and the employees and agents of the Association. The President shall preside at all meetings of the Members and at all meetings of the Board, shall have the general powers and duties of management usually vested in the office of the president of an association, and shall have such other powers and duties as may be prescribed by the Board of Directors and the Bylaws, subject, however, to any limitations contained in the Declaration.

- 11.11 First Vice-President. In the absence or disability of the President, the First Vice-President shall perform all the duties of the President, and when so acting, shall have all of the powers of, and be subject to all of the restrictions upon, the President including the restriction on holding multiple offices as set forth in Section 11.7 ("Multiple Offices"). The First Vice-President shall have such other powers and perform such other duties as, from time to time, may be prescribed by the Board of Directors.
- 11.12 Second Vice-President. In the absence or disability of the President and the First Vice-President, the Second Vice-President shall perform all the duties of the President, and when so acting, shall have all of the powers of, and be subject to all of the restrictions upon, the President including the restriction on holding multiple offices as set forth in Section 11.7 ("Multiple Offices"). The Second Vice-President shall have such other powers and perform such other duties as, from time to time, may be prescribed by the Board of Directors. In the absence or disability of the President and both the First Vice-President and the Second Vice-President, or if there are no Vice-Presidents, the Board shall designate another Director to preside at a meeting of the Board.
- 11.13 Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may prescribe, a book of minutes of all meetings of Directors and Committees of the Board, all meetings of committees appointed by the Board that have decision making authority, and all meetings and votes of Members. The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board of Directors required by the Bylaws or by law to be given and shall maintain a proper record of the giving of such notice, shall keep or cause to be kept in safe custody the books, records, and documents of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.
- 11.14 Treasurer. The Treasurer shall be responsible for the receipt and deposit in appropriate accounts of all monies of the Association and shall cause disbursement of such funds as directed by resolution of the Board of Directors, may sign all checks and promissory notes of the Association, shall keep or cause to be kept proper books of account, shall cause an audit

at least every five years and/or an annual review of the Association's books and financial statements to be made at the completion of any fiscal year for which such review is required by law or as determined by the Board, shall assist the Board in preparation of an annual budget to be presented to the Members of the Association as provided by law, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

## **ARTICLE 12 COMMITTEES**

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- 12.1 Committees. The Board may appoint committees to assist it in performing its duties under the Governing Documents. Only the Board may appoint committee members, and all committee members shall serve at the pleasure of the Board.
- 12.2 Committees of the Board. Any Committee of the Board (that is, a committee consisting *only* of Directors, as referred to in *Corporations Code* section 7212) shall consist of at least two (2) Directors and shall have such powers and duties as the Board shall determine, subject to the limitations of *Corporations Code* section 7212. As provided in *Corporations Code* section 7212(b), a committee exercising the authority of the Board shall not include as members any persons who are not Directors.
- 12.3 Authority of Committees. Committees shall have the authority granted to them by the Board; *provided, however*, that other than a Committee of the Board as specifically defined in Section 12.2, all committees shall only be advisory to the Board.
- 12.4 Committee Meetings; Minutes of Committee Meetings. As determined by the Board, committee meetings, including those of Committees of the Board as defined in Section 12.2, shall be governed by and held in accordance with the provisions of these Bylaws concerning Board meetings. Notice of committee meetings shall be given to all committee members. Minutes of each committee meeting shall be kept and filed with the records of the Association.
- 12.5 Rules Governing Committees. The Board may adopt Rules not inconsistent with the provisions of these Bylaws for the governance of any committee.

## **ARTICLE 13 MINUTES; BOOKS AND RECORDS; FUNDS**

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- 13.1 Minutes of Meetings. To the extent required by *Corporations Code* section 8320(a)(2), the Association shall keep minutes of meetings and proceedings of the Members (including membership votes), meetings of the

Board and Committees of the Board, and meetings of committees that have decision making authority. As provided in Section 6.14 ("Minutes of Meetings of Directors"), any matter discussed in executive session shall be generally noted in the minutes of the next following open meeting of the Board, and minutes of executive sessions shall not otherwise be required.

- 13.2 Member Access to Minutes, Books, and Records. To the extent required by *Civil Code* section 5205 and 5210, and subject to a requesting Member's compliance with all applicable prerequisites and any applicable limitations (including but not limited to *Corporations Code* section 8332 concerning protection of constitutional rights of other Members, *Corporations Code* section 8338 concerning use of memberships lists, and *Civil Code* section 5215 concerning withholding or redacting certain records), the Association shall make available for inspection and copying by any Member "Association records" and "enhanced Association records" (as defined in *Civil Code* section 5200) maintained by the Association. This provision does not require the Association to create or maintain any records not otherwise required by law to be maintained.

The Board may adopt and publish reasonable Rules and regulations establishing procedures relating to a Member's inspection and obtaining copies of Association records, consistent with the provisions of *Civil Code* section 5205.

- 13.3 Directors' Inspection Rights. As provided in *Corporations Code* section 8334, every Director shall have the right at any reasonable time to inspect and copy all books, records, and documents and to inspect the physical properties of the Association.
- 13.4 Checks, Drafts, and Evidences of Indebtedness. All checks, drafts, or other orders for payment of money, or notes or other evidences of indebtedness issued in the name of the Association for operational expenditures shall be approved by an Director or officer of the Association or in the manner specified by resolution of the Board of Directors. In accordance with *Civil Code* section 5510(a), the withdrawal of funds from the Association's reserve account shall require the signatures of at least two (2) persons who shall be members of the Board of Directors or one member of the Board of Directors and one officer who is not a member of the Board of Directors.
- 13.5 Funds and Deposits. Any funds of the Association shall be deposited to the credit of the Association in such banks or other depositories as the Board of Directors shall, from time to time, determine.
- 13.6 Fiscal Year. The fiscal year of the Association shall be July 1 to June 30.

**ARTICLE 14      GARDEN HOMES ADVISORY BOARDS**

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14.1 Scope.

- (a) Garden Homes. Garden Homes are homes on lots where the buildings are connected. Considering age, design and location of Garden Homes, each Garden Home Board may group separate buildings with regard to time in which repair or maintenance must be performed.
- (b) Garden Home Owners Units. Garden Homes are organized into two Units:
  - (i) Garden Home Owners Unit 1 shall consist of all Garden Homes built prior to December 31, 1977.
  - (ii) Garden Home Owners Unit 2 shall consist of all Garden Homes built after January 1, 1978.

14.2 Procedures. Each Garden Home Owners Unit shall be governed by the provisions of these Bylaws including, but not limited to, the terms, qualification, and election of Directors, powers and duties of Directors, appointment of officers, officers' duties, Members and Member voting, except that each Garden Home Owners Unit's Board's power is advisory only to the Association's Board.

14.3 Member Meetings.

- (a) Member Meetings. Each Garden Home Owners Unit shall hold a Member meeting no less than annually on a day in the first half of January, as selected by the Board of that Garden Home Owners Unit. A Special Meeting of Members of Garden Home Owners Units shall be called and conducted in accordance with meeting procedures set forth in these Bylaws.
- (b) Member Meeting Quorums. A quorum of Garden Home Owners Units are as set forth in these Bylaws for Association Members.

14.4 Advisory Board of Directors. Each Garden Home Owners Unit shall be managed by an advisory board consisting of five (5) Directors who are, and are elected by, Owners within that Garden Home Owners Unit. Board Members shall be elected in a manner as set forth for election of the Association Board as provided in these Bylaws.

14.5 Responsibilities.

(a) Minor maintenance on Lots by Garden Home Owners Units. Each Garden Home Owners Unit's Board acts as an advisory body to the Association's Board on matters pertaining to that Garden Home Owners Unit, shall establish budgets, prepare reports and minutes, and recommend levy of assessments against each Garden Home Owners Unit's Lot for the minor repair and maintenance of the exteriors of Garden Homes including preparation and painting of exterior wood and stucco siding, wood and metal trim, and garage doors. Cost of maintenance covered in this section shall be the responsibility of each Garden Home Owners Unit, respectively. Any requests for such services shall be made to the supervisor of building maintenance of each Garden Home Owners Unit. The Garden Home Owners Units are not responsible for major repair and replacement of the following items on Garden Homes: exterior siding, stucco, and trim; roofs; gutters and downspouts; windows and doors; structural and other damages by wood destroying pests and organisms, including dry rot; atrium components; damage by wind and/or lightning; fences, and concrete improvements and flatwork.

(b) Major maintenance on Lots by Garden Home Owners Units. Each Garden Home Owners Unit shall do the following on the grounds on each Garden Home Lot not enclosed by fencing: replacement of dead shrubs (excluding Garden Home Owners Unit 2); fertilizer and weed control applications; irrigation, maintenance, and mowing, of grass; and trimming of shrubs and trees twelve (12) feet in height or shorter. Any requests for such services shall be made to the supervisor of ground maintenance. The Garden Home Owners Units shall not be responsible for tree replacement.

Garden Home Owners Units' Boards shall report any unsafe, unsanitary, and/or unsightly condition of a Garden Home to the Association's Board, which has the right but not the duty to replace, correct or repair glass, windows, doors, exterior screens, fences, water lines, sewers, electrical wiring or equipment or any utility lines within a Garden Home Lot when necessary to preserve the appearance of any building or maintain the health, welfare, and/or safety of any residents of a Garden Home. The Association shall have the right to recover from an Owner of a Garden Home any and all sums expended to correct such condition, and the sum so charged shall constitute an assessment against the Lot.

(c) Reports by Garden Home Owners Units. Each Garden Home Owners Units' Board shall prepare budgets and financial reports as set required by the Association in these Bylaws to the extent that

Garden Home Owners Units funds are collected and expended. The reports shall be delivered to the Association's Board to enable distribution to the Members as set forth in these Bylaws.

- 14.6 Assessments. Garden Home Owners Units' Owners are responsible for payment of a semi-yearly Garden Home Maintenance Assessment ("Garden Home Assessment") necessary for the specified repair and maintenance of the Garden Home buildings and Lots, plus any general or administrative expenses such as bookkeeping, mailing, printing, contractors, professional advisors, consultants, or taxes on unrelated income.

Each Garden Home Owner's Units' Board shall propose an amount of the Garden Home Assessment as provided in the Declarations. An increase in the Garden Home Assessment may be made as stated in the CC&Rs filed with the county recorder on July 19, 1993.

After the Association ratifies the Garden Home Assessment, the Association shall promptly send notices to the Garden Home Owners Units' Owners.

Garden Home funds held by the Association must be segregated from Association funds.

The Garden Home Assessment is subject to the lien provisions of the Declarations.

- 14.7 Expenditures. Vouchers for expenditures or checks from each Garden Home Owners Unit account shall be signed by at least two (2) Garden Home Owners Unit Board Members and two (2) Association Board Members. Garden Home Owners Units' funds must be segregated from the Association's funds.

## **ARTICLE 15 CLUBS AND ORGANIZATIONS**

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Leisure Town's residents are enriched by clubs and organizations that reflect the varied interests of seniors. The following provisions govern the establishment and operation of clubs and organizations at Leisure Town.

- 15.1 Board Approval. Any club or organization that levies dues or raises money must be approved by the Board of Directors.
- 15.2 Club Officers. Club officers must be residents of the Development and shall be elected from among the club's membership by majority vote. A current list of club officers shall be timely submitted to and kept on file with the Association at all times.



- 15.3 Club Events; Liquor License. Clubs and organizations that charge admission for or sell drink tickets at events held within the Development may not serve liquor at such events without first complying with the permitting requirements of the California Alcoholic Beverage Control Act and providing evidence of compliance satisfactory to the Association in advance of such events.
- 15.4 Club Bank Accounts. Any club or organization that opens a bank account shall require the signatures of two (2) officers of the club or organization on all disbursements.
- 15.5 Annual Financial Statements for Clubs. Any club or organization that has funds, collects dues, or has income of any kind must prepare and submit a fiscal year-end financial statement to the Board.

## **ARTICLE 16            AMENDMENTS**

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- 16.1 Amendments Generally. These Bylaws may be amended by approval of the Board and the affirmative vote of a Majority of a Quorum (25%) of the Members; *provided, however,* that, upon advice of legal counsel licensed to practice law in the state of California, including the drafting by legal counsel of appropriate amendatory provisions, the Board shall have the authority without the requirement of Member approval to amend any provision of the Bylaws: (i) to resolve any conflict between the Bylaws and applicable law that may arise due to the enactment or amendment of a statute or due to a development in applicable case law, or (ii) to conform the provisions of the Bylaws to changes in applicable statutory law that impose requirements that are non-discretionary.
- 16.2 Record of Amendments. When an amendment or a new Bylaw provision is adopted, it shall be placed in the appropriate place in the minutes book of the Association together with a certificate signed by the Secretary stating the date on which it was approved by the Board and the date on which it was approved by the Members.

## **ARTICLE 17            MISCELLANEOUS**

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- 17.1 Conflict in Governing Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.
- 17.2 Statutory References; Time for Performance. References in the Bylaws to particular statutes, including sections of the *Civil Code* or the *Corporations*

*Code*, shall be deemed to include any successor statutes and any amendments to existing or successor statutes. Whenever these Bylaws state a time for the performance of any act by the Association that by law (as it may exist from time to time) must be performed at or within a specified time, the time for the performance of such act shall be deemed to be the widest timeframe permitted under then-applicable law.

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CERTIFICATE OF AMENDMENT OF  
BYLAWS OF  
LEISURE TOWN HOME ASSOCIATION

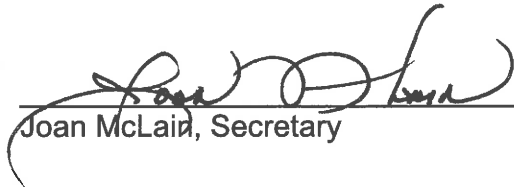
I, the undersigned, hereby certify that:

I am the Secretary of Leisure Town Home Association.

The foregoing Amended and Restated Bylaws of Leisure Town Home Association were duly approved by the requisite vote of the Members of the Association on December 16, 2021.

Executed on January 18, 2022.

By:

  
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Joan McLain, Secretary

