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RESTATED BYLAWS
COSTA BRAVA AT RANCHO NIGUEL
ASSOCIATION
a California nonprofit mutual benefit corporation

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RESTATED BYLAWS
COSTA BRAVA AT RANCHO NIGUEL ASSOCIATION
a California nonprofit mutual benefit corporation

These Restated Bylaws (“Bylaws”) revoke all previous bylaws, as well as all amendments to those bylaws, and substitute in their place these Bylaws.

ARTICLE 1: ADMINISTRATION

1.1 Name. The name of this corporation is the Costa Brava at Rancho Niguel Association (“Association”), a California nonprofit mutual benefit corporation.

1.2 Definitions. All terms used in these Bylaws shall, unless otherwise stated, be defined as set forth in the Association’s Restated Declaration of Covenants, Conditions and Restrictions (“CC&Rs”).

ARTICLE 2: MEMBERSHIP

2.1 Membership. Each person or entity shall automatically become a Member of the Association upon obtaining a publicly-recorded fee title ownership interest in a Separate Interest and shall remain a Member until he or she ceases to have such recorded fee ownership of a Separate Interest in the Development. Members shall be subject to the terms and provisions of the Articles of Incorporation, the CC&Rs, these Bylaws, and the Rules & Regulations (“Rules”).

2.2 Proof of Ownership. If the Board should request proof of recorded fee ownership of a Separate Interest, such proof shall be in the form of a recorded deed.

2.3 Suspension of Membership Privileges. Membership rights and privileges, except voting rights, may be suspended as provided for in these Bylaws.

ARTICLE 3: MEETINGS OF MEMBERS

3.1 Place of Membership Meetings. Annual and special meetings of the membership shall be held at a suitable location in or reasonably close to the Development.

3.2 Annual Meetings. There shall be an annual meeting each year for the purpose of electing or announcing the outcome of the election of Directors and conducting any other business of the Association.

- a. *Date of Annual Meeting*. The Board shall fix the date, time, and location of the annual meeting. The meeting shall be held in the same month as the preceding annual meeting if it is reasonably practicable to do so, but not more than fifteen (15) months from the date of the preceding annual meeting.
- b. *Notice of Annual Meeting*. Notice of the annual meeting shall be given by the Board not less than thirty (30) days prior to the date of the meeting to allow for the mailing of secret ballots as provided for in these Bylaws.

3.3 Special Meetings. Special meetings of the Members may be called for any lawful purpose by any of the following: (i) President of the Board; (ii) majority of the Board; or (iii) Members constituting at least five percent (5%) of the Voting Power of the Association. If a special meeting is called by Members of the Association, the request shall be submitted to the Board in writing and shall specify the nature of the business to be transacted. The Director or Officer receiving the request shall promptly deliver the request to the remaining Directors.

- a. *Notice of Special Meetings Called by the Board*. Except where one or more different periods are required by superseding provisions of the Davis-Stirling Act, all the following requirements apply: Notice of special meetings called by the Board must be given not less than ten (10) days nor more than ninety (90) days before the date of the meeting. If action is to be taken at the meeting, secret ballots must be mailed to every member not less than thirty (30) days prior to the deadline for voting as provided for in these Bylaws.
- b. *Notice of Special Meetings Called by Petition of the Members*. Except where one or more different periods are required by superseding provisions of the Davis-Stirling Act, all the following requirements apply: Notice of special meetings called by the Members must be given by the Board within twenty (20) days after the Board's receipt of such request. If the Board fails to give notice, the persons calling the special meeting may give notice consistent with these Bylaws. The special meeting must be held not less than thirty-five (35) days nor more than ninety (90) days following the Board's receipt of the request. If action is to be taken at the meeting, secret ballots must be mailed to every member not less than thirty (30) days prior to the deadline for voting as provided for in these Bylaws.

3.4 Notice Contents. Notice of any membership meeting shall specify the place, date, and hour of the meeting. If applicable, the notice shall also specify those matters which will be presented for action by the Members.

3.5 Those Entitled to Notice. Only those persons or entities that are on title and have provided such evidence to the Association prior to the date meeting notice is sent are entitled to receive such notice.

3.6 Manner of Giving Notice. A declaration of the mailing or other means of giving any notice of any membership meeting may be executed by the Secretary, President, or any other party giving notice, and shall be prima facie evidence of the effective transmittal of the notice. Notice of any membership meeting shall be given either personally or by first-class mail, charges prepaid, and addressed to each Member: (i) at the address appearing on the books of the Association; (ii) at the address given by the Member for the purpose of notice; or (iii) at the address of the Member's Separate Interest, if no address appears on the Association's books and no other address has been given. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail. Unless ballots must be mailed, notice may also be given by Email, facsimile, or other electronic means, if the Member has consented, in writing, to that method of delivery. Such consent may be revoked, in writing, by the Member. Notice may also be given by any other method provided for by law.

3.7 Voting Rights. In all matters submitted for a membership vote, Members are entitled to one (1) vote per Separate Interest (regardless of the number of Members having an interest in the Separate Interest). The Association may not suspend the voting rights of Members.

- a. *Co-Owners*. Where there is more than one owner of a Separate Interest subject to the Association's CC&Rs, all such co-Owners are Members and may attend any meeting of the Association, but only one co-Owner is entitled to exercise the vote to which the Separate Interest is entitled. Fractional votes are not permitted. In the event more than one ballot is cast for a particular Separate Interest, only the first ballot received will be opened and counted.
- b. *Record Date*. For Membership elections where a secret ballot is required under the law, and any other Membership election where the Board has not set a Record Date for the election, the Record Date will be the date ballots are distributed to the Membership. Only Owners on title on the Record Date are entitled to vote. Persons acquiring title after the Record Date may attend the election meeting but are not entitled to vote. For any Membership election where a secret ballot is not required under the law, the Board is permitted to set a Record Date for an election no more than sixty (60) days before the date of the election meeting.

3.8 Proxies. Proxy voting is not allowed.

3.9 Chair and Secretary of Meetings. The President of the Board or, in the President's absence, the Vice President or any other person designated by the Board shall call the membership meeting to order and shall chair the meeting. The Secretary of the Board shall act as Secretary. In the absence of the Secretary, the presiding Officer shall appoint someone to serve as acting Secretary for the meeting.

3.10 Recording of Meetings. Audio and video recording of meetings are prohibited by anyone other than a person authorized by the Board to record the meetings for the sole purpose of preparing official Association minutes.

3.11 Quorum Requirements. Quorum means more than fifty percent (50%) of the Voting Power of the Association. A Quorum of Members is required for all Membership votes or elections, except as otherwise provided in the Governing Documents. Under the Davis-Stirling Act, the quorum for an election to approve an assessment increase is more than fifty percent (50%) of the members.

3.12 Approval Requirements. The approval requirement for all matters decided by the Membership is an affirmative vote of a majority of the votes represented and voting in a duly held election in which a Quorum is represented, which affirmative votes also constitute a majority of the required Quorum, unless otherwise specified in these Bylaws or the CC&Rs.

3.13 Loss of Quorum. The Members present at a duly called meeting at which a Quorum is present may continue to transact business until adjournment, notwithstanding the loss of a Quorum, so long as the business is approved by enough Members to constitute at least a majority of a Quorum, had a Quorum been present.

3.14 Adjourned Meetings or Elections. Any Membership meeting or election conducted at a Membership meeting, whether or not a Quorum is present, may be adjourned from time to time by the vote of the majority of the Members represented at the meeting; provided, however, an adjournment for lack of a Quorum must be to a date not less than five (5) days nor more than thirty (30) days from the date the original meeting was called. In the absence of a Quorum of Members, no business may be transacted, except to adjourn the meeting to another date and time. If a new date for the adjourned meeting is announced prior to adjournment, no further notice need be given to the membership. If, however, a new date is not announced prior to adjournment, the Board President (or the remaining Directors, in the President's absence or failure to act) may set the date for a subsequent meeting and shall cause written notice of the date, time, and place of such meeting to be given to the Members at least four (4) days in advance of the meeting.

ARTICLE 4: ACTION BY BALLOT WITHOUT A MEETING

4.1 Secret Ballot. All ballots mailed to the membership shall include a double-envelope system for returning the ballots as provided for in the Davis-Stirling Act and as set forth in the Election Rules. Any action which may be taken at any meeting of Members may be taken without a meeting if the Association distributes a secret written ballot to every Member entitled to vote on the matter.

4.2 Approval Requirement. Approval by written ballot is valid only when: (i) the number of votes cast by ballot by the specified deadline equals or exceeds the Quorum required to be present at a meeting authorizing the action; and (ii) the number of votes cast equals or exceeds the number of votes that would be required to approve the action at a meeting. There shall be no Quorum requirement for the election of Directors.

4.3 Form of Ballot. Ballots and two (2) preaddressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered to every Member not less than thirty (30) days prior to the deadline for voting. To preserve voter confidentiality, a voter may not be identified by name, address, or unit or parcel on the ballot. Ballots shall: (i) set forth the proposed action; (ii) provide an opportunity to approve or disapprove each item submitted for a vote; (iii) set forth the number of ballots needed to satisfy the Quorum requirement; (iv) specify the percentage of votes required to pass the proposal; and (v) state a deadline by which the ballot must be returned to be counted.

4.4 Return of Ballot. The ballots may be mailed or delivered by hand to the location or locations specified by the inspectors of election. Once a secret ballot has been received by the inspectors of election, it shall be irrevocable.

4.5 Inspectors of Election. Prior to the date ballots are sent to the membership, the Board shall, at an open meeting of the Board, select either one (1) or three (3) independent inspectors of election to: (i) oversee all ballot measures and elections, including the election of Directors; (ii) hear and determine all challenges and questions regarding any aspect of the election; (iii) collect and maintain custody of all ballots; (iv) supervise the opening and counting of ballots; (v) certify the election results; and (vi) do such other acts as may be proper to conduct the election.

4.6 Counting Ballots. Inspectors of election shall oversee the opening and tabulating of all ballots before the membership at a properly noticed open meeting of the Board or membership as provided for in the Election Rules. No person shall open or otherwise review any ballot prior to the time and place at which the ballots are opened and counted.

4.7 Announcement of Results. The results of the election shall be announced immediately after all the ballots have been counted. Within fifteen (15) days of the election, the Board shall publicize the results of the election in a communication to all Members.

4.8 Storing Election Materials. All election materials shall be stored in a secure place for no less than one (1) year after the date of the election.

ARTICLE 5: ELECTION OF DIRECTORS

5.1 Number and Term. The Board shall consist of five (5) Directors. Each Director shall serve for a term of two (2) years or until a qualified successor is elected to fill his/her seat. Three (3) Directors shall be elected in even-numbered years and two (2) Directors shall be elected in odd-numbered years.

5.2 Candidate and Director Qualifications. Members must meet the qualifications in the subsections hereafter to be eligible for nomination as a candidate for or to serve as a Director on the Board. The determination of whether any these qualifications are met and, if not, whether a nominee or Director must be disqualified from running for office or serving on the board, must be made at a properly noticed disciplinary hearing conducted at an executive session Board meeting.

- a. *Candidates Must be Members.* The Association must disqualify the nomination of a candidate who is not a member of the Association at the time of nomination.
- b. *Prior Ownership for One Year.* To be eligible for nomination and/or to serve on the Board, a candidate for the Board or serving Director must be the record Owner of a Separate Interest for a period of at least one year, proof of which must be a recorded deed. Persons holding a fee simple interest in a Separate Interest merely as security for the performance of an obligation are not eligible to either be a candidate for or to serve on the Board.
- c. *Member in Good Standing.* To be eligible for nomination and/or to serve on the Board, the person or impersonal entity must not be delinquent by more than sixty (60) days in the payment of any regular or special Assessment (following proper notice, hearing, and a finding by the Board), except:
 - i. A person may not be disqualified from nomination for nonpayment of fines, fines characterized as assessments, collection charges, late charges or costs levied by a third party.
 - ii. A person may not be disqualified from nomination because the person has paid the regular or special assessment under protest.

- iii. A person may not be disqualified from nomination due to delinquent assessments if the person has entered into a payment plan with the Association pursuant to Civil Code §5665 and is fulfilling the terms of the payment plan.
- d. *Co-Owners Eligible for Only One Position.* To be eligible for nomination and/or to serve on the Board, the person or impersonal entity must not have a record fee simple ownership interest in a Separate Interest which is part of the Development with another person or impersonal entity concurrently serving as a Director. Where two or more co-Owners concurrently seek election to the Board, only the first nomination will be effective.
- e. *Criminal Conviction.* A person who has disclosed, or concerning whom the Board has become aware, of a past criminal conviction that would, if the person is elected, either prevent the Association from purchasing the fidelity bond coverage required by Civil Code Section 5806, or any successor statute, or which conviction would cause such coverage to be terminated, is ineligible for nomination to the Board. Each nominee, at the time of nomination, shall disclose the existence of any past criminal conviction and the details thereof, with sufficient details in order to allow the Association to determine whether the criminal conviction will prevent the Association from purchasing the required fidelity bond coverage.
- f. *Internal Dispute Resolution.* Before any candidate for nomination or serving Director may be disqualified, the person or impersonal entity must be provided the opportunity to engage in internal dispute resolution as provided in the Davis-Stirling Act.

5.3 Impersonal Entities. If title to a Separate Interest is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to be a Member for the purpose of candidacy or serving on the Board. The designation by the impersonal legal entity must be in writing with documentation confirming both the designation and its authority to do so.

5.4 Trusts. If title is held in the name of one or more trustees, subject to a trust, a sole trustee or one of several trustees are permitted to be a candidate for a position on the Board or to serve on the Board subject to all qualifications and/or requirements of the Association's governing documents and/or the law. The designation of one of several trustees must be in writing with documentation confirming both the designation and the authority of the designator to do so.

5.5 Nominations. Prior to the election of Directors, the Board must, by written notice to all Members, solicit nominees. The solicitation must include the "Candidate and Director Qualifications" described above and provide general notice of the procedure and deadline for submitting a nomination. The deadline must be at least thirty (30) days after giving notice. Delivery of the solicitation must be given by individual notice, pursuant to Civil Code §4040, if individual notice is requested by a Member before the solicitation is given. Nominees must be

listed as candidates on the ballot provided (i) they meet candidate and Director qualifications and (ii) their nomination is made prior to the date and time set for the close of nominations.

5.6 Voting for Directors. Members are entitled to one vote per open seat. Members may give one candidate the total number of votes they are entitled to cast or distribute them among the candidates in any manner.

5.7 Director Elections. The election of Directors may occur entirely through the mail with the cutoff for balloting preceding the meeting at which the ballots are counted. There are no Quorum requirements to elect Directors or for the counting of ballots in an election of Directors. Qualified candidates receiving the highest number of votes shall be elected.

5.8 Counting of Ballots. Ballots cast for the election of directors shall be counted either at an open meeting of the Board or at any membership meeting duly called for that purpose. Candidates and members may witness, but not interfere with, the counting and tabulation of the votes from at least two (2) feet away from the inspector and his/her assistants.

5.9 Uncontested Elections. In any election where the number of candidates nominated exceeds the number of vacancies, voting for directors shall be by secret written ballot. When, at the close of nominations, the number of qualified candidates nominated does not exceed the number of vacancies, the candidates may be declared elected without need for balloting and shall take their seats on the date set for the membership meeting.

5.10 Breaking a Tie. In the event of a tie, all other newly elected Directors shall immediately begin serving their terms. An incumbent Director whose seat was tied shall continue in office until a runoff election determines the winner for his/her seat. Only those candidates who tied for the seat shall be in the runoff. In lieu of a runoff and if the tied candidates agree, the winner may be decided by a coin toss or the drawing of names by the Inspector of Elections.

ARTICLE 6: REMOVAL OF DIRECTORS

6.1 Removal of Director by the Board. By vote at a duly noticed meeting of the Board, a majority of the Board may declare vacant the office of any Director for any of the reasons listed below. However, before any such removal may occur, the Board must, at its next open meeting or a special open meeting called for this purpose, review evidence and make a finding of whether the Director should be removed and, if the Board makes such finding, the Board may remove the Director from the Board and, if so, must record its findings and action in the minutes of the meeting.

- a. The Director ceases to meet the qualifications of a Director.
- b. The Director has been declared of unsound mind by a final order of court.
- c. The Director has been absent from more than three (3) consecutive regular meetings of the Board or more than four (4) regular meetings within any twelve (12) month period.

- d. The Director has allowed a proposed contract or other transaction to be put to a vote by the Board or membership without disclosing that he or she will receive a financial benefit from the transaction.
- e. The Director has violated any provision of the Ethics Policy attached to these Bylaws as Exhibit "A."

6.2 Removal of Directors by Membership. The entire Board, or any individual Director, may be removed from office by the affirmative vote of a majority of the votes represented and voting at a duly held meeting at which a quorum is present, which affirmative votes also constitute a majority of the required quorum. In the event any or all Directors are so removed, new Directors shall be elected by the Membership at the same special meeting at which the Directors are removed. However, unless the entire Board is removed, an individual Director shall not be removed when the votes cast against removal of the Director would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the Director's most recent election were then being elected.

6.3 Resignation. Any Director may resign by giving written notice to the President, the Secretary, or the Board. The resignation shall take effect upon the giving of the notice, unless a later time is specified in the notice. If the resignation is effective at a future time, the resigning Director may participate in the selection of a successor to fill the vacated seat.

6.4 Vacancies. Vacancies created other than by removal by the Members may be filled by the designation of a majority of the remaining Directors, except, if there are less than three (3) Directors, vacancies may be filled by the unanimous designation of the remaining Directors. If the remaining Directors are unable to so designate a qualified Member to fill the vacancy, the Board may notice a special election for Members to elect replacement Directors. Each Director so appointed or elected shall hold office until the end of his/her predecessor's term.

ARTICLE 7: ROLE OF BOARD OF DIRECTORS

7.1 Powers. The business and affairs of the Association shall be controlled by the Board. In addition to the powers and duties set forth in the Association's Governing Documents, the Board shall have the power to perform any and all other acts that a nonprofit mutual benefit corporation is empowered to do in the administration of the Association's affairs and to protect and advance the general welfare of the Association.

7.2 Enactment of Rules. The Board may adopt, amend, and repeal Rules and Regulations and establish a system of fines and penalties regarding any matter set forth in the Governing Documents, including, without limitation, (i) the use, occupancy, and maintenance of the Development, (ii) the general health, welfare, comfort, and safety of residents in the Development, (iii) the conduct of persons within the Development, (iv) the use of Common Areas, and (v) the interpretation and implementation of the Governing Documents. The Board shall use the following procedure for adopting Rules and Regulations:

- a. *Distribution to Members.* The proposed Rules shall be distributed to the membership at least twenty-eight (28) days before an open Board meeting at which the Board will vote on adopting the policy. The distribution shall include a notice of the meeting and a description of the purpose and effect of the proposed Rules.
- b. *Vote on Rules.* At the scheduled Board meeting, the Board shall vote on adoption, amendment, or repeal of the Rules after considering any comments received from Members on this issue.
- c. *Approved Rules.* Within fifteen (15) days of approving the Rules, the Association shall distribute notice of the Rules change to the membership.
- d. *Applicability.* This section shall apply to Rules that relate to: (i) use of the Common Area, Exclusive Use Common Areas, or Separate Interests; (ii) architectural modifications by the Members, including procedures for architectural approval; (iii) Member discipline, including fine schedules and procedures for imposing discipline; (iv) standards for payment plans for Members' delinquent assessments; (v) dispute resolution procedures; and (vi) election procedures. This section does not apply to: (i) Common Area maintenance; (ii) decisions on specific situations that are not intended to apply generally; (iii) assessment rates; or (iv) Rules changes or the issuance of other documents that are required by law or that repeal existing law or the Governing Documents, if the Board has no discretion as to the substantive effect of the change.
- e. *Member Vote to Reverse Rule Change.* A rule change may be reversed by the affirmative vote of a majority of the votes represented and voting at a duly held meeting at which a Quorum is present. A Rule which is reversed pursuant to this section may not be re-adopted for one (1) year after the date of the membership vote reversing the rule change. However, the Board may at any time adopt a different Rule on the same subject as the Rule change that had been reversed.

7.3 No Compensation. No Officer or Director shall receive compensation for services rendered to the Association. However, Officers and Directors may be reimbursed for actual expenses incurred in the performance of their duties. Any Officer or Director requesting reimbursement for expenses shall provide appropriate documentation, such as a receipt, to the Board before being reimbursed by the Association.

7.4 Conflicts of Interest. The Association shall not enter into any contract with any party in which any Officer or Director of the Association, the Manager, management company, or any employee of the Association has a direct or indirect economic interest in the contract without: (i) full disclosure of the interest to the Board; (ii) full disclosure of the interest in the minutes of the Board meeting where the discussion occurred; and (iii) recusal by the interested part from deliberations and voting on the issue.

7.5 Duty to Defend. The Association shall indemnify and defend and shall advance reasonable attorneys' fees and costs and all expenses and liabilities its Officers, Directors, Committee members, and employees reasonably incur in connection with any proceeding to which they may be a party by reason of having been an Officer, Director, Committee member, or employee of the Association. However, the Association may recover its attorneys' fees and costs from those persons who are adjudged to have acted in bad faith or in gross negligence in the performance of their duties or to be liable to the Association (unless the Court determines that the person is fairly and reasonably entitled to indemnity for expenses).

ARTICLE 8: MEETINGS OF THE BOARD

8.1 Member Notice of Board Meetings. Members shall be given an agenda and notice of the time and place of open session Board meetings at least four (4) calendar days prior to the meeting and of executive session Board meetings at least two (2) calendar days prior to the meeting. The notice and agenda may be given by posting the notice in a prominent place or places accessible to all Members and which have been designated for the posting of notices by the Association in the annual policy statement, by mail or delivery of the notice to each Separate Interest, by newsletter, inclusion in a billing statement or other properly delivered document, or by broadcast television programming, as provided for in the Davis-Stirling Act. An emergency meeting of the Board may be called if there are circumstances that could not have been reasonably foreseen which require immediate attention by the Board. In such instances, the Board shall give notice, as may be reasonable and practical.

8.2 Director Notice of Board Meetings. Notice of Board meetings shall be given to each Director, at least four (4) calendar days prior to an open meeting or at least two (2) calendar days before an executive session meeting, to the address, phone number, fax number, or e-mail address listed on the Association's records for the Director.

8.3 Waiver of Notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by that Director of the time and place thereof. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. Whether present at or absent from a meeting, any Director may provide a written waiver of notice or written consent to holding any meeting.

8.4 Place of Meetings. All meetings of the Board shall be held at a place in or near the Development designated by the Board or at a suitable location in or reasonably close to the Development.

8.5 Regular Meetings. Meetings of the Board shall be held at least once per month although the Board may, for good reason, waive a monthly meeting. Such "good reason" shall be set forth in the minutes of the next Board meeting.

8.6 Special Meetings. Special meetings of the Board may be called by the President or by a majority of the Board. Such meetings may be held upon four (4) days' notice for open session meetings and upon two (2) days' notice for executive session meetings. In the event of an emergency, the Board may meet with less notice, but must post such notice to the membership and must note in the minutes of the meeting the reason why more notice could not be given.

8.7 Executive Sessions. Executive session meetings of the Board may be held as authorized by statute. Such purposes include but are not limited to: (i) litigation; (ii) the formation of contracts with third parties; (iii) Member discipline; (iv) personnel matters; (v) meeting with a Member to consider a payment plan for delinquent assessments; and (vi) to vote on the foreclosure of a delinquent assessment lien. Any matters considered in executive session shall be generally noted in the minutes of the next meeting that is open to the membership.

8.8 Quorum of Directors. A majority of the number of Directors authorized in the Bylaws constitutes a quorum of the Board for the transaction of business. Directors may not attend Board meetings by proxy and may not vote by proxy.

8.9 No Action Outside Meetings. The Board shall not take action on any “item of business” (as defined in the Davis-Stirling Act) outside of a Board meeting.

8.10 Adjournment of Board Meetings. A majority of the Directors present at a meeting, whether or not a quorum is present, may adjourn any Board meeting to a stated day and hour. If the meeting is adjourned for more than twenty-four (24) hours, before the adjourned meeting is held, notice of the adjournment shall be given to Directors who were not present at the time of the adjournment.

8.11 Attendance by Members. Members are entitled to attend regular and special (non-executive session) meetings of the Board. A reasonable amount of time shall be set aside during the meeting for Members to address the Board, as provided for in the Davis-Stirling Act.

8.12 Conduct of Board Meetings. The Board may establish Rules for the orderly conduct of its meetings. Board meetings shall be conducted by the Association’s President or, in the President’s absence, an Officer or Director designated by the Board. All questions of parliamentary procedure shall be decided in accordance with Robert’s Rules of Order.

8.13 Teleconference. Members of the Board may participate in a meeting through use of a conference telephone, electronic video screen, or similar communications equipment, so long as all Directors and Members participating in such meeting can hear one another and the notice of the teleconference meeting identifies at least one (1) physical location so that Members of the Association may attend, and at least one (1) Director or a person designated by the Board is present at that location. Participation in a meeting pursuant to this subdivision constitutes presence in person at such meeting.

8.14 Minutes of Meetings. The minutes, minutes proposed for adoption that are marked as draft, or a summary of the minutes of Board meetings, other than executive session meetings, shall be available to Members within thirty (30) days of the meeting and shall be distributed to any Member upon request and upon reimbursement of the Association’s cost.

8.15 Recording of Meetings. Audio and video recording of meetings are prohibited by anyone other than a person authorized by the Board to record the meetings for the sole purpose of preparing official Association minutes.

ARTICLE 9: OFFICERS

9.1 Number. The Officers shall be President, Vice President, Secretary, Treasurer, who shall be Members of the Board, and such other Officers as the Board may designate. The President may not hold more than one (1) office; however, any two (2) of the remaining offices may be held by a single person.

9.2 Election of Officers. The Board shall meet to select the Officers of the Association immediately after or as soon as practicable after the results of the election of Directors are announced. If the meeting of the Board for selection of Officers occurs at a separate meeting from the one where the Directors were elected, the Board shall give notice to all Members, consistent with notice requirements. Notice of the organizational meeting shall be given at the same time as the annual meeting. If the meeting is held immediately following the annual meeting, notice to the newly elected Directors is not necessary to legally constitute the meeting, provided that a majority of the Board is present.

9.3 Term of Office. Officers shall hold office at the pleasure of the Board. Officers shall be appointed by the Board and shall hold office until the annual election of Directors or such time as they resign, are removed, or are otherwise disqualified to serve. Within thirty (30) days of the election of Directors each year, the Board shall reappoint Officers. The same persons may be appointed to the same offices.

9.4 Removal and Resignation. Any Officer may be removed at any time by the vote of a majority of all the Directors then in office, at any regular or special meeting of the Board at which a quorum is present. Any Officer may resign at any time by giving written or verbal notice to the Board. Any such resignation shall take effect on the date the notice is given, unless a later date is specified in the notice.

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

9.6 President. The President shall be the principal executive Officer of the Association and shall, subject to the control of the Board, supervise, direct, and control all of the business and affairs of the Association. The President shall preside at all meetings of the Board, shall have the general powers and duties of management usually vested in the office of the President of a corporation, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws. The President shall act as the spokesperson (or liaison) between the Manager and the Board, unless the Board directs otherwise.

9.7 Vice President. In the absence or disability of the President, the Vice President shall perform all duties of the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or these Bylaws.

9.8 Secretary. The Secretary shall keep or cause to be kept in the management office: (i) minutes of all meetings of the Board and the membership; (ii) the names of all Members of the Association and their addresses; and (iii) such other records of the Association's affairs as may be necessary and proper. The Secretary shall give or cause to be given notice of all meetings

of the Members and of the Board that are required by the Bylaws or by law and shall have such other powers and perform such other duties as may be prescribed by the Board or by these Bylaws.

9.9 Treasurer. The Treasurer shall keep or cause to be kept accounts of the monies, properties, and business transactions of the Association. The Treasurer shall cause to be deposited all monies and other valuables, in the name and to the credit of the Association, with such depositories, as may be designated by the Board. The Treasurer shall cause to be disbursed the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of the Association's transactions and the financial condition of the Association, which shall be made a part of the minutes of Board meetings, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

9.10 Assistant Treasurer and Assistant Secretary. The Board may appoint one (1) or more Assistant Treasurers and/or Assistant Secretaries, who need not be Members of the Association, to assist the Officers in their duties.

9.11 Parliamentarian. The Board may also appoint a Parliamentarian to advise it on matters of parliamentary procedure.

ARTICLE 10: COMMITTEES

10.1 Establishment of Committees. The Board may establish Committees as it deems appropriate and necessary to advise and/or assist the Board in carrying out its duties. The Board shall specify the task of each Committee, may limit the number of members of any Committee, may appoint non-Members to Committees, may limit the term of the Committee, and may appoint Committee chairpersons, who need not be Board members. Committee chairpersons may be appointed by the Board and, if not appointed, may be elected by members of the Committee.

10.2 Term of Office. Committees shall dissolve automatically at each annual meeting to be reappointed by the new Board at the Board's discretion. Individual Committee members and Committee chairs may be added or removed at any time by the Board, with or without cause.

10.3 Committee Authority. Except as may be otherwise provided in the Governing Documents, Committees are advisory only and have no authority to spend Association monies, enter into contracts, or direct Association personnel or vendors.

10.4 Member Comments. Each Committee shall receive comments and complaints from Members on any matter within its field of responsibility. Committees shall handle or dispose of such comments or complaints as they deem appropriate or refer them to any other Committee, Director, or Officer of the Association also involved in that matter or to the Board.

10.5 No Compensation. Committee membership is voluntary and members shall not be compensated for their services. However, Committee members may be reimbursed for reasonable expenses incurred in the performance of their duties.

10.6 Meetings. Committees shall meet from time to time as may be necessary to perform their duties. Committees shall make interim reports to the Board during the course of their task and shall make a final report to the Board upon completion of their tasks.

10.7 Conflicts of Interest. No Committee member may participate in or make recommendations on any matter which involves a Committee member or a member of his/her own family or in which a Committee member or a member of his/her family has a direct or indirect financial interest.

10.8 Executive Committee. The Board may appoint Executive Committees as provided for by law.

ARTICLE 11: BUDGETS, RESERVES, AND FINANCIAL STATEMENTS

11.1 Review of Accounts. The Board must do the following not less frequently than monthly, in accordance with the Davis-Stirling Act:

- a. *Operating Accounts*. Cause a current reconciliation of the Association's operating accounts to be made and to review the same.
- b. *Reserve Accounts*. Cause a current reconciliation of the Association's Reserve Accounts to be made and to review the same.
- c. *Actual to Budget*. Review the current year's actual revenues and expenses compared to the current year's budget for the Association's Operating and Reserve Accounts.
- d. *Bank Statements*. Review and cause to be reconciled the most current account statements prepared by the financial institution where the Association has its Operating and Reserve Accounts.
- e. *Income and Expense Statements*. Review an income and expense statement for the Association's Operating and Reserve Accounts.
- f. *Register, Ledger, and Delinquencies*. Review the check register, monthly general ledger and delinquent assessment receivable reports.

11.2 Operating Budget. The Board shall annually prepare an estimated operating budget for the next fiscal year. The budget shall include the following, in accordance with the Davis-Stirling Act:

- a. *Revenue and Expenses*. The estimated revenue and expenses on an accrual basis;
- b. *Reserves*. A summary of the Association's Reserves, based upon the most recent review or study, which shall be printed in bold type and include: (i) the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component; (ii) the current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components; and (iii)

the current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components, as of the end of the fiscal year for which the study is prepared;

- c. *Special Assessments.* A statement as to whether the Board has determined or anticipates that the levy of one or more Special Assessments will be required in order to repair, replace, or restore any major component or to provide adequate Reserves therefore;
- d. *Reserve Procedure.* A general statement addressing the procedures used for the calculation and establishment of Reserves to defray the costs of future repair, replacement, or additions to those major components that the Association is obligated to maintain;
- e. *Summary in Lieu of.* In lieu of the distribution of the budget, the Board may elect to distribute a summary of the budget to all Members, with a written notice, in at least 10-point boldface type on the front page of the summary, that the budget is available at the business office of the Association or at another suitable location and that copies will be provided upon request, at the Association's expense;
- f. *Revised Budget.* If the Board, in its reasonable discretion, deems it necessary at any time during the course of its fiscal year to adjust or modify the budget, it may do so and copies of the revised budget shall be sent to all Members within thirty (30) days of its adoption by the Board.

11.3 Annual Review. An annual review of the financial statement of the Association shall be prepared in accordance with Generally Accepted Accounting Principles by a licensee of the California State Board of Accountancy. A copy of the review of the financial statement shall be distributed to all Members within one hundred twenty (120) days after the close of each fiscal year.

11.4 Reserve Study. The Reserve study shall be reviewed annually and at least once every three (3) years, the Board shall cause a site-review study of the Reserve account to be performed. The study shall, at a minimum, include:

- a. *Major Components.* Identification of those major components of the Common Areas which the Association is obligated to repair, replace, restore, or maintain;
- b. *Remaining Life.* Identification of the probable remaining useful life of the components, as of the date of the study;
- c. *Cost to Repair or Replace.* An estimate of the cost of repair, replacement, restoration, or maintenance of the components during and at the end of their useful life;
- d. *Annual Contribution.* An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components during and

at the end of their useful life, after subtracting total Reserve funds as of the date of the study;

- e. *Reserve Funding Plan.* A reserve funding plan that indicates how the Association plans to fund the annual contribution to meet the Association's obligations for the repair and replacement of all major components with an expected remaining life of thirty (30) years or less, not including those components that the Board has determined will not be replaced or repaired. The plan shall include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan. The plan shall be adopted by the Board of Directors at an open meeting before the membership of the Association. If the Board of Directors determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the Board.

11.5 Approval of IRS Resolution. The Membership may approve an IRS Resolution that any excess income for the current year shall be applied to the next fiscal year, as provided by IRS Revenue Ruling 70-604. Neither secret balloting nor a Quorum is required for this approval.

ARTICLE 12: INSPECTION OF RECORDS

12.1 Maintenance of Records. The Association shall keep or cause to be kept records of the Association as follows:

- a. A membership register, setting forth all names, mailing addresses, and telephone numbers of the Members (as may be changed from time to time by written notice from the Member to the Board of Directors);
- b. The Association's books and records, membership lists, governing documents, minutes of meetings, and any other documents relevant to the Association shall be kept in written form or any other form capable of being converted into clearly legible paper form, and shall be retained pursuant to the Association's document retention policy and applicable law;
- c. Financial records and books of account of the Association, including a chronological listing of all receipts and expenditures of funds and a separate account for each Assessment levied or charged against each Separate Interest or Member, the dates when so assessed and when due, the amounts paid thereon, and the balance, if any, of any Assessment remaining unpaid; and
- d. All other documents required to be made available to Members under this Article. Such additional documents shall be kept for at least the time frame during which Members are entitled to inspect them, as stated below.

12.2 Records Subject to Inspection. The Association shall make the following documents available for inspection and copying by any Member or a representative designated in writing by the Member:

- a. Any financial document or statement required to be distributed annually to Members;
- b. Interim unaudited financial statements, periodic or as compiled, containing any of the following, which shall be prepared in accordance with Generally Accepted Accounting Principles: (i) balance sheet; (ii) income and expense statement; (iii) budget comparison; and (iv) general ledger, showing all transactions that occurred in Association's account over a specified period of time;
- c. Executed contracts, not otherwise privileged under law;
- d. Written board approval of vendor or contractor proposals or invoices;
- e. State and federal tax returns;
- f. Reserve account balances and records of payments made from Reserve Accounts;
- g. Agendas and minutes of meetings of the Members, the Board, and any Committees appointed by the Board; excluding, however, minutes, and other information from executive sessions of the Board;
- h. Check registers;
- i. The Association's Governing Documents;
- j. An accounting prepared pursuant to Civil Code §5220(b), or any successor statute.
- k. "Enhanced Association records," which are defined as invoices, receipts, and canceled checks for payments made by the Association, purchase orders approved by the Association, credit card statements for credit cards issued in the name of the Association, statements for services rendered, and reimbursement requests submitted to the Association, provided that the person submitting the reimbursement request shall be solely responsible for removing all personal identification information from the request;
- l. The Association's membership list, including each Member's name, property address, mailing address and email address, but not including information for members who have opted out under the Davis-Stirling Act. The Member requesting the list shall state the purpose for which the list is requested which purpose shall be reasonably related to the requester's interest as a Member. If the Association reasonably believes that the information in the list will be used for another purpose, it may deny the Member access to the list; and
- m. "Association Election Materials" which means returned ballots, signed voter envelopes, the voter list of names, parcel numbers, and voters to whom ballots were to be sent, proxies, and the candidate registration list. Signed voter envelopes may be inspected but may not be copied.

12.3 Records Not Subject to Inspection. The following records are not subject to inspection:

- a. Executive session minutes of the Board;
- b. Personnel records (other than payroll records);
- c. Litigation files or records protected by the attorney-client privilege;
- d. Pending contracts;
- e. Legal invoices (however, Members do have the right to know how much money is being spent on legal matters);
- f. Records likely to lead to identity theft;
- g. Records likely to lead to fraud;
- h. Records reasonably likely to compromise the privacy of an individual Member (such as owner records, including goods or services provided to Members for which the Association received monetary consideration other than assessments);
- i. Disciplinary actions, collection activities, or payment plans of other owners;
- j. Personal information, including a social security number, tax id number, driver's license number, credit card account numbers, bank account number, or bank routing number; and
- k. Interior architectural plans for individual homes.

12.4 Limitation on Availability of Records. As provided for in the Davis-Stirling Act, Association records for the current fiscal year and for each of the previous two (2) fiscal years shall be made available for inspection and copying. However, minutes of Member meetings, Board meetings, and meetings of Committees with decision-making authority shall be permanently available for inspection and copying. All records are subject to redacting, as provided for by law.

12.5 Deadlines for Producing Records. Associations must produce records within the following time frames pursuant to the Davis-Stirling Act:

- a. Minutes of Member and Board meetings: within thirty (30) calendar days of the meeting;
- b. Minutes of Committees with decision making authority: within fifteen (15) calendar days following approval of the minutes;
- c. Records for the current fiscal year: within ten (10) business days from receipt of the request;

- d. Records for the previous two (2) fiscal years: within thirty (30) calendar days from receipt of the request;
- e. Any record or statement available pursuant to Civil Code §5300 (budget, reserves, lien policies, insurance, financial statement, etc.) or Civil Code §4525 (governing documents, assessments, violations, construction defects, etc.), or any successor statutes within the timeframes specified by statute;
- f. Membership list: within five (5) business days of the Association's receipt of a Member's written request.

12.6 Inspection and Copying Procedure. The Association shall make the above Association records available for inspection and copying in the Association's business office within the Development. If the Association does not have a business office within the Development, the Association shall make the specified Association records available for inspection and copying at a place agreed upon by the Member and the Association. If the Association and the Member cannot agree upon a place for inspection and copying, or if the Member requests, in writing, copies of specifically-identified records, the Association may mail copies of the requested records to the Member by first-class mail.

12.7 Redacting Information. The Association may withhold or redact information from the Association records, as provided for by law.

12.8 Members' Use of Records. Members may not sell Association records, use them for commercial purposes, or use them for any purpose not reasonably related to their interest as a Member of the Association.

12.9 Production Fees. The Association may bill the requesting Member for copying, redacting, and mailing the requested records as permitted by the Davis-Stirling Act.

ARTICLE 13: DISCLOSURES

13.1 Distribution of Disclosures. The Board may distribute documents and disclosures electronically to those members who have given written consent. Otherwise, all documents must be distributed by "first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier." The annual budget report and annual policy statement shall be made available to the members as a full report or a summary of the report as provided for in Civil Code §5320.

13.2 Annual Budget Report. The Board shall distribute an annual budget report thirty (30) to ninety (90) days before the end of its fiscal year including all of the following information:

- a. A pro forma operating budget, showing the estimated revenue and expenses on an accrual basis.
- b. A summary of the Association's reserves, prepared pursuant to Civil Code §5565.

- c. A summary of the reserve funding plan adopted by the Board, as specified in paragraph 5 of subdivision (b) of Civil Code §5550. The summary shall include notice to members that the full reserve study plan is available upon request, and the Association shall provide the full reserve plan to any member upon request.
- d. A statement as to whether the Board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of thirty (30) years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.
- e. A statement as to whether the Board, consistent with the reserve funding plan adopted pursuant to Civil Code §5560, has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the assessment.
- f. A statement as to the mechanism or mechanisms by which the Board will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacements or repairs, or alternative mechanisms.
- g. A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the Association is obligated to maintain. The statement shall include, but need not be limited to, reserve calculations made using the formula described in paragraph (4) of subdivision (b) of Civil Code §5570 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.
- h. A statement as to whether the Association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.
- i. A summary of the Association's property, general liability, earthquake, flood, and fidelity insurance policies. For each 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 summary distributed pursuant to this paragraph 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 section 5300 of the Civil Code, 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.

- j. A statement describing the status of the common interest development as a Federal Housing Administration (FHA)-approved condominium project pursuant to FHA guidelines, including whether the common interest development is an FHA-approved condominium project, as required by Civil Code §5300(b)(10).
- k. A statement describing the status of the common interest development as a federal Department of Veteran Affairs (VA)-approved condominium project pursuant to VA guidelines, including whether the common interest development is an VA-approved condominium project, as required by Civil Code §5300(b)(11).
- l. A copy of the completed "Charges For Documents Provided" disclosure identified in Section 4528. For purposes of this section, "completed" means that the "Fee for Document" section of the form individually identifies the costs associated with providing each document listed on the form.

13.3 Assessment and Reserve Funding Disclosure Summary Form. The Assessment and Reserve Funding Disclosure Summary form, prepared pursuant to Civil Code §5570, shall accompany each annual budget report or summary of the annual budget report.

13.4 Annual Policy Statement. Within thirty (30) to ninety (90) days before the end of its fiscal year, the Board shall distribute an annual policy statement that provides the members with information about Association policies. The annual policy statement shall include all of the following information:

- a. The name and address of the person designated to receive official communications to the Association, pursuant to Civil Code §4035.
- b. A statement explaining that a member may submit a request to have notices sent to up to two (2) different specified addresses, pursuant to Civil Code §4040(b).
- c. The location, if any, designated for posting of a general notice, pursuant to Civil Code §4045(a)(3).

- d. Notice of a member's option to receive general notices by individual delivery, pursuant Civil Code §4045(b).
- e. Notice of a member's right to receive copies of meeting minutes, pursuant to Civil Code §4950(b).
- f. The statement of assessment collection policies required by Civil Code §5730.
- g. A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments.
- h. 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 §5850.
- i. A summary of dispute resolution procedures, pursuant to Civil Code §§5920 and 5965.
- j. A summary of any requirements for the Association approval of a physical change to property, pursuant to Civil Code §4765.
- k. The mailing address for overnight payment of assessments, pursuant to Civil Code §5655.
- l. Any other information that is required by law or the governing documents or that the Board determines to be appropriate for inclusion.

13.5 Minutes. The Board shall notify Members of their right to receive minutes and how and where those minutes may be obtained at the time the budget is distributed or at the time of any general mailing to the entire membership of the Association.

13.6 Financial Statement. The Board shall annually distribute to the Members a review of the Association's financial statement for any fiscal year in which the gross income of the Association exceeds \$75,000 within one hundred twenty (120) days of the close of the fiscal year all pursuant to Civil Code §5305.

13.7 Reserve Transfers for Litigation. The Board shall notify Members, in its next available mailing, of any transfers from Reserves to pay for litigation pursuant to Civil Code §5520.

13.8 Other Disclosures as Required by Law. The Board shall make such other applicable disclosures as are required by law.

ARTICLE 14: RULES ENFORCEMENT AND DISPUTE RESOLUTION

14.1 Rules Enforcement Procedures. Voting rights may not be suspended. Other Membership privileges may not be suspended or fines imposed, except as follows:

- a. *Notice of Hearing.* The Board shall set a hearing date and notify the Member in writing at least ten (10) days in advance, either personally or by prepaid first-class or registered mail to the most recent address of the Member as shown on the Association's records. The notice shall set forth the date and nature of the violation, the proposed penalty, and the Member's right to present evidence in his or her defense, either in writing or in person, at the hearing.
- b. *Hearing.* The hearing shall be held in executive session, unless the Member requests otherwise.
- c. *Notice of Decision.* Within fifteen (15) days after the Board makes a decision on imposition of any penalty or fine, notice of the decision shall be given to the Member, which shall specify the violation and the penalty imposed. In the event the Association suspends Membership privileges, the suspension does not take effect until five (5) days after the notice of decision is given to the Member.

14.2 Internal Dispute Resolution. If the Association and a Member are involved in a dispute involving their rights, duties, or liabilities under California law or the Governing Documents, either the Association or the Member may request internal dispute resolution, as provided for in the Association's Rules and Regulations, pursuant to the Davis-Stirling Act.

14.3 Pre-Litigation Dispute Resolution. Before filing suit for actions for declaratory, injunctive, or writ relief, either alone or in conjunction with a money claim in an amount within the jurisdiction of the small claims court, the party seeking to litigate the matter shall offer alternative dispute resolution, pursuant to the procedures described in the Civil Code §5930.

ARTICLE 15: MISCELLANEOUS

15.1 Fiscal Year. The fiscal year of the Association shall be a calendar year, unless a different fiscal year is adopted by the Board.

15.2 Singular Includes Plural. Wherever the context of these Bylaws requires, the singular shall include the plural and the masculine shall include both feminine and the neuter.

15.3 Conflicts. In the case of any conflict, the CC&Rs shall prevail over the Articles of Incorporation, which shall prevail over the Bylaws and the Bylaws shall prevail over the Rules.

15.4 Amendments. These Bylaws may be modified, amended, or replaced with new Bylaws as follows:

- a. *Amendment by Members.* These Bylaws may be modified, amended, or replaced with new Bylaws by the affirmative vote of a majority of a Quorum of the membership.
- b. *Amendment to Conform to Statute.* If at any time a provision in these Bylaws contradicts current law, according to a written opinion of the Association's legal counsel, the Board of Directors will have the authority, on the unanimous approval of the Directors and without approval of the Members, to amend that

provision, but only to the extent necessary to render the provision compliant ,with applicable law.

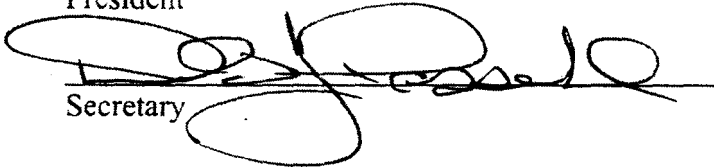
CERTIFICATION

WE CERTIFY this 1st day of June, 2021 that these Restated Bylaws have been duly approved and adopted by the membership of Costa Brava at Rancho Niguel Association.

COSTA BRAVA AT RANCHO NIGUEL ASSOCIATION



President



Secretary

EXHIBIT “A” ETHICS POLICY

1. Board Responsibilities. The general duties for Directors are to enforce the Association’s governing documents, collect and preserve the Association’s financial resources, insure the Association’s assets against loss, and keep the Common Areas in a state of good repair. To fulfill that responsibility, Directors must:

- a. Review material provided in preparation for Board meetings;
- b. Review the Association’s financial reports;
- c. Make reasonable inquiries before making decisions, and;
- d. Act, at all times, in the best interests of the Association.

2. Professional Conduct. Directors must conduct themselves as follows:

a. *Self-Dealing*. Self-dealing occurs when a Director makes decisions or takes actions that materially benefit the Director or the Director’s Relatives at the expense of the Association. “Relatives” include a person’s spouse, parents, siblings, children, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone who shares the Director’s residence. “Benefits” include, without limitation, a Director who receives money, privileges, special benefits, gifts or other items of value. Self-dealing by a Director is prohibited under these Bylaws. Accordingly, no Director may engage in any of the following activities while serving on the Board: (i) solicit or receive any compensation from the Association, (ii) make promises, enter into agreements on the Association’s behalf without prior Board approval, or engage in other activities with vendors in exchange for goods, services, preferential treatment, kickbacks or other benefits, (iii) solicit or receive any gift, gratuity, favor, entertainment, loan, waiver of penalties, receipt of special privileges or preferential treatment, or any other benefit or thing of value (monetary, non-monetary, or otherwise) for themselves or their Relatives from a person or company seeking or having an existing business or financial relationship with the Association, (iv) seek preferential treatment for themselves or their Relatives, (v) use their position to obtain benefits, any type of favored treatment for themselves or their Relatives in personal and/or business dealings or to obtain a competitive edge in personal or business dealings, (vi) use Association property, services, equipment or business for the gain or benefit of themselves or their Relatives; and (vii) list and/or sell Units and/or otherwise actively market their professional goods or services to the Association’s Members while serving as a Director.

b. *Confidential Information*. Directors are responsible for protecting the Association’s confidential information. As such they may not use confidential information for the benefit of themselves or their Relatives. Except when disclosure is duly authorized or legally mandated, no Director may disclose confidential information. Confidential information includes, without limitation: (i) private personal information of fellow directors, (ii) private personnel information of the Association’s employees, (iii) disciplinary actions against Members of the Association, (iv) assessment collection information against Members of the Association, (v)

legal disputes in which the Association may be involved, and (vi) any matter discussed in an Executive Session Board meeting.

c. *Misrepresentation.* Directors may not knowingly misrepresent facts.

d. *Proper Decorum.* Directors are obligated to act with proper decorum. Although they may disagree with the opinions of other Directors or Members, they must not engage in personal attacks against them.

3. When Ethics Issues Arise. Situations may arise that are not expressly covered by this policy or where the proper course of action is unclear. Directors should immediately raise such situations with the Board. If appropriate, the Board will seek guidance from the Association's legal counsel.

a. *Disclosure and Recusal.* Directors must immediately disclose the existence of any conflict of interest they may have as it relates to any issue that comes before the Board.

b. *Violations of Policy.* Directors, Officers, and Committee Members who violate the Association's ethics policy are deemed to be acting outside the course and scope of their authority. Anyone in violation of this policy may be subject to disciplinary action, following proper notice and a hearing, which can include, but is not limited to: (i) private or public censure, (ii) removal from committees, (iii) removal as an Officer of the Board, (iv) removal as a Director from the Board, and (v) legal proceedings.