

DRAFT 1/11/2021

**AMENDED AND RESTATED BYLAWS OF
LEISURE TOWN HOME ASSOCIATION**

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AMENDED AND RESTATED BYLAWS OF
LEISURE TOWN HOME ASSOCIATION**

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AMENDED AND RESTATED BYLAWS OF LEISURE TOWN HOME ASSOCIATION

ARTICLE 1 ORGANIZATION

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.

ARTICLE 2 DEFINITIONS

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.

1 2.5 Delivery, When Effective. As provided for in *Civil Code* section 4050: (i) if
2 notice is sent by United States mail, such notice shall be deemed delivered
3 upon deposit in the United States mail, postage prepaid; (ii) if such notice
4 is sent by electronic means, delivery is complete at the time of the
5 transmission.

6 2.6 General Delivery / General Notice. "General Delivery" or "General Notice"
7 shall mean delivery to a Member or Members by one or more of the
8 following methods, as provided in *Civil Code* section 4045:

9 (a) by any method provided for delivery of an Individual Notice pursuant to *Civil*
10 *Code* section 4040 which includes but is not limited to first class mail or
11 Express Mail or by overnight delivery by an express service carrier, or

12 (b) by inclusion in a billing statement, newsletter, or other document that is
13 delivered by General Delivery, or

14 (c) by posting a printed document in a prominent location that is accessible to
15 all Members, if the location has been designated for the posting of General
16 Notices by the Association in the annual policy statement, prepared
17 pursuant to *Civil Code* section 5310.

18 Notwithstanding the foregoing, if a Member has requested to receive
19 General Notices by Individual Delivery, then all "General Notices" to that
20 Member shall be delivered by "Individual Delivery" pursuant to *Civil Code*
21 section 4040.

22 2.7 Governing Documents. "Governing Documents" shall mean the Articles,
23 Bylaws, Declaration, and Rules.

24 2.8 Individual Delivery / Individual Notice. "Individual Delivery" or "Individual
25 Notice" shall mean delivery to a Member or Members by one of the following
26 methods, as provided in *Civil Code* section 4040:

27 (a) by first class mail with postage prepaid, registered or certified mail, express
28 mail, or overnight delivery by an express service carrier, addressed to the
29 recipient at such recipient's address last shown on the books of the
30 Association, or

31 (b) by email, facsimile, or other electronic means if the recipient has consented
32 in writing to that method of delivery. The consent may be revoked, in writing,
33 by the recipient. Delivery by electronic transmission must also comply with
34 *Corporations Code* sections 20 and 21. Among other things, section 20 of
35 the *Corporations Code* requires the Association to obtain consent from the
36 person to whom the document is transmitted to receive it by means of
37 electronic transmission as well as other technical requirements.

1 2.9 Majority of a Quorum. "Majority of a Quorum" shall mean a majority of the
2 votes cast in any lawful vote or election by the Members in which the
3 number of ballots cast equals or exceeds the number required to establish
4 a quorum as provided in Section 4.8 ("Quorum Requirements").

5 2.10 Total Voting Power. "Total Voting Power" shall mean the total number of
6 votes of all Members entitled to vote at a particular time, calculated on the
7 basis of one vote for each Lot.
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10 **ARTICLE 3 MEMBERSHIP AND VOTING RIGHTS**

11 3.1 Membership Appurtenant to Lot Ownership. Membership in the Association
12 shall include, and shall be limited to, all Owners of any Lot located within
13 the Development. Ownership of a Lot is the sole qualification to be a
14 Member. Membership shall be appurtenant to and may not be separated
15 from ownership of a Lot. Upon becoming the Owner of a Lot, each Owner
16 shall automatically be a Member of the Association and shall remain a
17 Member until such time as his or her or its Lot ownership ceases for any
18 reason. Membership in the Association shall not be transferred,
19 encumbered, pledged, alienated, or hypothecated in any way, except upon
20 the transfer or encumbrance of the Lot to which it is appurtenant and then
21 only to the transferee or mortgagee, as the case may be, of such Lot. Any
22 attempt to make a prohibited transfer is void. Upon any transfer of title to a
23 Lot, including a transfer upon the death of an Owner, membership in the
24 Association shall pass automatically to the transferee.

25 3.2 Owner's Address for Notice. It shall be each Owner's responsibility to notify
26 the Association in writing of any change in the Owner's address for the
27 purpose of receiving notices from the Association. The fact that a different
28 address appears on correspondence to the Association from an Owner shall
29 not constitute such written notice, unless it is expressly stated in writing that
30 such address is a change of address for the purpose of receiving notice
31 from the Association.

32 3.3 Notice of Transfer of Title. Upon transfer of title to a Lot, the transferee shall
33 be responsible for notifying the Association of such transfer. The notification
34 shall set forth the address of the Lot, the names of the transferee and the
35 transferor, and the date of sale or other transfer. Prior to receipt of such
36 notification, any and all communications required or permitted to be given
37 by the Association or the Board to the Lot Owner shall be deemed to be
38 duly made and given to the transferee if duly and timely made and given to
39 the person shown as the Owner of the Lot and at the address in the
40 Association's records.

1 3.4 Proof of Membership. No person shall exercise the rights of a Member until
2 satisfactory proof of membership has been furnished to the Association.
3 Such proof may consist of either a copy of a duly-executed and
4 acknowledged grant deed or a copy of a title insurance policy showing that
5 the person is an Owner. Such deed or policy shall be deemed conclusive
6 proof of ownership in the absence of a conflicting claim based on a later
7 deed or policy.

8 3.5 Voting Rights; Joint Owners.

9 3.5.1 One Vote Per Lot. All members shall be entitled to cast one vote for
10 each Lot owned.

11 3.5.2 Joint Owners. In the event more than one person owns a given Lot, the
12 vote for such Lot shall be exercised as the Owners among themselves
13 shall determine, but in no event shall more than one vote be cast with
14 respect to any Lot. If the joint Owners of a Lot are unable to agree among
15 themselves as to how their vote is to be cast, they shall lose their right
16 to vote on the matter in question. If any joint Owner of a Lot casts a vote
17 representing a certain Lot, it will thereafter be conclusively presumed for
18 all purposes that such Owner was acting with the authority and consent
19 of the other Owners of that Lot.

20 3.5.3 Trusts, Corporations, Other Entities. In the case of an Owner that is a
21 trustee or is not a natural person (such as a corporation or other entity),
22 the vote of such Owner may be cast by any authorized representative of
23 the Owner designated by notice in writing to the Association.

24 3.5.4 Conservator, Guardian, Parent of Minor, Executor. The power to cast a
25 particular Member's vote may be exercised by (i) the Member's
26 conservator, (ii) the guardian of the Member's estate, (iii) the parent(s)
27 entitled to custody of a Member if the Member is a minor, or (iv) the
28 executor or administrator of a deceased Member's estate if the
29 Member's interest in the Lot is subject to administration in his or her
30 estate.

31 3.6 Record Date for Voting. Consistent with *Corporations Code* section
32 7611(b), the Board may fix a date not more than sixty (60) days before the
33 date of any mailing or delivery of ballots as the record date for determining
34 Members entitled to vote and only Members as shown in the records of the
35 Association as of the record date for voting shall be entitled to vote in such
36 vote or election. If no record date for voting is set by the Board, Members
37 on the day of the mailing or delivery of ballots shall be entitled to vote in
38 such vote or election.

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ARTICLE 4 VOTING BY MEMBERS

- 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;

- 1 (f) voting on the sale or exchange of all or substantially all of the Association
2 assets pursuant to Corporations Code section 7911(a)(2); voting on a
3 merger pursuant to Corporations Code section 8012; (h) voting on
4 amendments to principal terms of a merger agreement pursuant to
5 Corporations Code section 8015(a);
- 6 (i) voting to wind up or dissolve the Association as a corporation pursuant to
7 Corporations Code section 8610; or
- 8 (j) voting on a plan of distribution of Association assets in the event of
9 dissolution pursuant to Corporations Code section 8719.

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

16 4.4 Inspector(s) of Election. To the extent required pursuant to *Civil Code*
17 section 5110, prior to any election or vote by the Members, the Board shall
18 appoint one or three inspectors of election, whose powers and duties shall
19 be as set forth in such statute.

20 4.5 Voting and Election Rules. The Board shall adopt Rules governing
21 membership voting and elections of Directors in conformity with *Civil Code*
22 section 5101(a), which are referred to herein as Rules or election rules.

23 4.6 Annual Meeting. The annual meeting of the Members shall be conducted
24 in November in conjunction with the annual election of Directors. Notice of
25 the annual meeting of the Members shall be given by Individual Delivery to
26 the Members not less than ten (10) days nor more than ninety (90) days
27 prior to the date set for the annual meeting. No business shall be conducted
28 by the Members at the annual meeting, and there shall be no quorum
29 requirement therefor.

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

36 4.7 Open Forums/Town Halls. The Board may call informal meetings of the
37 Members, to be known as Open Forums or Town Halls, for the purpose of
38 discussing problems common to Members residing in one particular area
39 within the Development or problems common to all Members. An Open

1 Forum shall be called on written notice delivered to all interested Members
2 at least five (5) days before the date of the Open Forum. The notice shall
3 set forth the date, time, and place of the Open Forum and the general nature
4 of each item to be discussed. The Members may discuss at an Open Forum
5 any topic that has been noticed, but no formal action of the Members may
6 be taken, such action being reserved to Member votes conducted pursuant
7 to Section 4.1; however, reports and other informational presentations may
8 be made.

9 4.8 Quorum Requirements. The number of ballots or percentage of Total Voting
10 Power that must be cast in order to establish a quorum shall be as follows:

11 4.8.1 Election of Directors. In any election of one or more Directors, the
12 number of valid ballots received shall constitute a quorum.

13 4.8.2 Removal of Directors. In any Member vote to remove one, some or all
14 Directors, a quorum shall mean twenty-five percent (25%) of the Total
15 Voting Power of the Association.

16 4.8.3 Assessment Votes. To the extent required by *Civil Code* section 5605,
17 notwithstanding any other provision in the Governing Documents, for
18 purposes of voting on a Special Assessment or an increase in the
19 Regular Assessment that by law must be approved by the Members, a
20 quorum shall mean more than fifty percent (50%) of the Members
21 obligated to pay the Assessment in question (as distinguished from all
22 Members), or such other quorum requirement as may be specified by
23 law.

24 4.8.4 All Other Member Votes. For any other vote or election by the Members,
25 a quorum shall mean fifteen percent (15%) of the Members entitled to
26 vote on the subject of the vote or election. When all Members are entitled
27 to vote, the quorum shall mean fifteen percent (15%) of the Total Voting
28 Power of the Association.

29 4.9 Act of Members Requires Majority of a Quorum. Except where the
30 Governing Documents specify a higher percentage of a quorum or require
31 a specified percentage of the Total Voting Power of the Members for any
32 action that may be taken by the Members, the affirmative vote of a Majority
33 of a Quorum of the Members shall constitute the action of the Members.

34 4.10 Results of Membership Votes. To the extent required by *Civil Code* section
35 5120(b), the Board shall within fifteen (15) days following a membership
36 vote give General Notice of the tabulated results to all the Members
37 pursuant to *Civil Code* section 4045. To the extent required by *Corporations*
38 *Code* section 8325, for a period of sixty (60) days following the conclusion
39 of any membership vote, a Member shall, upon written request, be informed
40 forthwith of the result of any particular vote of the Members, including the

1 number of memberships voting for, the number of memberships voting
2 against, and the number of memberships abstaining or withheld from voting.
3 If the matter voted on was the election of Directors, the Association shall
4 report the number of votes cast for each nominee for Director.

5 4.11 Meetings of Members. To the extent any membership vote is in future
6 required by law to be conducted *at* a meeting of the Members, provisions of
7 the *Corporations Code* (including *Corporations Code* sections 7510 and
8 7511) shall apply. Any such meeting of Members shall be conducted in
9 accordance with a recognized system of parliamentary procedure or such
10 parliamentary procedures as the Association may adopt. To the extent
11 required in *Civil Code* sections 4925(b) and 5000(b), a reasonable time limit
12 for all Members to speak at such meetings of the Members shall be
13 established by the Board.

14 4.12 Place of Annual Meetings, Open Forums/Town Halls and Member
15 Meetings. The annual meeting of Members as set forth in Section 4.6
16 ("Annual Meeting"), Open Forums/Town Halls as set forth in Section 4.7
17 ("Open Forums/Town Halls") and any meetings of the Members in future
18 required by law as set forth in Section 4.11 ("Meetings of Members") shall
19 be held at a location within the Development, or the Board may designate
20 by resolution a convenient place located as close as reasonably practicable
21 to the Development.
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24 **ARTICLE 5 BOARD OF DIRECTORS, NOMINATION, SELECTION, TERM OF**
25 **OFFICE, REMOVAL**

26 5.1 Number of Directors. The affairs of this Association shall be managed by or
27 under the direction of, and the corporate powers shall be exercised by, a
28 Board of Directors comprised of five (5) Members who qualify to serve as a
29 Director as provided for in the election rules.

30 5.2 Annual Election of Directors. Directors shall be elected annually in the
31 month of November in conjunction with the annual meeting of the Members.

32 5.3 Qualification of Directors. Only a person who satisfies the qualifications, as
33 provided for in the election rules shall be eligible to be elected to or serve
34 on the Board.

35 Pursuant to Section 5.11 ("Vacancies, Resignation, Disqualification of
36 Directors"), the Board may declare vacant the seat of any Director who
37 ceases to meet any required qualification during the Director's term of office.

38 5.4 Nomination Procedures. Nomination of candidates for election to the Board
39 of Directors shall be as provided for in the election rules.

- 1 5.5 Election by Acclamation. If, as of the published deadline for nominations,
2 the number of people nominated is not more than the number of Directors
3 to be elected, then the persons nominated and qualified to be elected shall,
4 unless election by acclamation is prohibited by law, be declared elected and
5 shall be seated at the conclusion of the annual membership meeting.
6 Written notice of the election by acclamation shall be given to the Members.
- 7 5.6 Voting for Directors; No Cumulative Voting Permitted; No Write-Ins. In all
8 elections of Directors, Members may cast, in respect to each position on the
9 Board to be filled, one vote for each Lot owned, as set forth in Section 3.5.1
10 ("One Vote Per Lot"). The persons receiving the largest number of votes
11 shall be elected. Cumulative voting (i.e., giving more than one vote to any
12 candidate) shall not be permitted. Voting for write-in candidates (that is,
13 voting for any person not nominated or self-nominated prior to the deadline
14 for nominations) is not permitted.
- 15 5.7 Tie Votes. In the case of a tie vote for one or more positions on the Board,
16 the candidates shall draw lots to determine the winner or winners.
- 17 5.8 Election and Term of Office. In the annual election of Directors, the
18 Members shall, in even years, elect two (2) Directors and shall, in odd years,
19 elect three (3) Directors, for terms of two (2) years each. Each Director shall
20 serve until the expiration of his or her term and thereafter until a successor
21 is elected and seated, or until the earlier disqualification, death, resignation,
22 or removal of such Director.
- 23 5.9 Removal of Directors by the Members. Consistent with *Corporations Code*
24 section 7222, any Director may be removed from the Board, with or without
25 cause, by the vote of a Majority of a Quorum of the Members. Either a
26 majority of the Board or Members constituting at least five percent (5%) of
27 the Members may request a Member vote to remove one, some or all
28 Directors, pursuant to Section 4.1 ("Voting by Members; Member Request
29 for Vote"). If Members request such a vote, the vote shall be conducted in
30 accordance with the procedures set forth in Section 4.2 ("Member-
31 Requested Votes"). A Director shall not be removed except with the
32 approval of a Majority of a Quorum (25%) of the Members. If a removal
33 vote fails, the Director(s) named in the removal effort shall not be subject to
34 another request for a removal vote until at least six (6) months have
35 elapsed.
- 36 5.10 Reduction of Number of Directors. Any reduction of the authorized number
37 of Directors shall be subject to the provisions of *Corporations Code* section
38 7222(c).
- 39 5.11 Vacancies, Resignation, Disqualification of Directors. A vacancy shall exist
40 on the Board: (i) in the event of the death, resignation, or removal (by the
41 Members) of any Director, (ii) in the event of a declaration of a vacancy by

1 the Board as provided below in this Section 5.11, (iii) if the authorized
2 number of Directors is increased, or (iv) if the Members fail to elect the full
3 authorized number of Directors.

4 5.11.2 Resignation. Any director may resign by giving written notice to the
5 Board. The resignation shall be effective on the date specified in the
6 notice. Unless otherwise provided in the notice, the acceptance of a
7 resignation shall not be necessary to make it effective.

8 5.11.3 Disqualification of a Director. As provided in *Corporations Code* section
9 7221(b), the Board of Directors, by a majority vote of the Directors who
10 meet all of the qualifications for Directors as set forth in the election
11 rules, may declare vacant the office of any Director who fails or ceases
12 to meet any required qualification that was in effect at the beginning of
13 that Director's current term of office. A declaration of a vacancy on the
14 Board by such vote of Directors is not a removal.

15 5.12 Filling Vacancies. Except when Directors are removed by a vote of the
16 Members, in which case the Members shall elect replacement Directors, a
17 vacancy occurring on the Board of Directors may be filled at an open
18 meeting of the Board: (i) by approval of a quorum of Directors, (ii), if the
19 number of Directors then in office is less than a quorum, by the vote of a
20 majority of the Directors then in office or (iii), by a sole remaining Director.
21 The Members may elect a Director at any time to fill any vacancy not filled
22 by the Directors. If the Board accepts the resignation of a Director tendered
23 to take effect at a future time, the Board, including the resigning Director,
24 may choose a successor to take office when the resignation becomes
25 effective. A Director chosen by the Board in accordance with this Section
26 5.12 to fill a vacancy shall serve the remainder of the term of office of the
27 Director whom he or she replaces.

28 5.13 Removal of Entire Board; Replacement Directors. In the case of a vote by
29 the Members to remove the entire Board of Directors, the incumbent
30 Directors shall not be removed from office unless and until one or more
31 replacement Directors have been elected by the Members. If, in such
32 election, the Members fail to elect the full number of replacement Directors,
33 the vacancies then existing on the Board may be filled by the elected
34 replacement Directors pursuant to clause (i), (ii) or (iii) of Section 5.12
35 ("Filling Vacancies").

36 5.14 Director Conflict of Interest. As provided in *Civil Code* section 5350, no
37 Director shall be permitted to vote on matters of: (i) discipline of the Director,
38 (ii) a Reimbursement Assessment against the Director for damage to the
39 Common Area, (iii) a request by the Director for a payment plan for unpaid
40 Assessments or Additional Charges, (iv) a decision whether to foreclose a
41 lien on a Lot owned by the Director, (v) review of a proposed physical

1 change to a Lot owned by the Director, and (vi) a grant of exclusive use of
2 Common Area to the Director.

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

7 5.15 No Compensation of Directors. No Director shall receive compensation for
8 any service he or she may render to the Association as a Director; however,
9 upon approval by the Board, any Director may be reimbursed for his or her
10 expenses actually incurred in the performance of his or her duties. Requests
11 for reimbursement shall be supported by applicable receipts and invoices.

12 5.16 Directors' Standard of Care. As provided in *Corporations Code* section
13 7231, a Director shall perform the duties of a director, including duties as a
14 member of any Committee of the Board upon which the Director may serve,
15 in good faith, in a manner such Director believes to be in the best interests
16 of the Association and with such care, including reasonable inquiry, as an
17 ordinarily prudent person in a like position would use under similar
18 circumstances.

19 5.17 Limitation of Liability of Directors and Officers. No Director, officer, member
20 of any Committee of the Board, employee, or other agent of the Association
21 shall be liable to any Owner or any other person or entity, including the
22 Association, for any damage, loss, or prejudice suffered or claimed on
23 account of any act, omission, error, or negligence of any such person if such
24 person acted in good faith and in a manner such person reasonably
25 believed to be in the best interests of the Association.
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28 **ARTICLE 6 MEETINGS OF DIRECTORS**

29 6.1 Definition of Meeting of the Board. As defined in *Civil Code* section 4090, a
30 "meeting" of the Board shall mean either: (a) a congregation, at the same
31 time and place, of a sufficient number of Directors to establish a quorum of
32 the Board, to hear, discuss, or deliberate upon any item of business that is
33 within the authority of the Board or (b) a teleconference, where a sufficient
34 number of Directors to establish a quorum of the Board, in different
35 locations, are connected by electronic means, through audio or video or
36 both. The foregoing includes executive session meetings of the Board.

37 6.2 Teleconference Meetings. A teleconference meeting shall be conducted in
38 a manner that protects the rights of Members of the Association and
39 otherwise complies with the requirements of the Common Interest
40 Development Open Meeting Act (*Civil Code* section 4900 and following).
41 Except for a meeting that will be held solely in executive session, the notice

1 of the teleconference meeting shall identify at least one physical location so
2 that Members of the Association may attend, and at least one Director or a
3 person designated by the Board shall be present at the location.
4 Participation by Directors in a teleconference meeting constitutes presence
5 at that meeting as long as all Directors participating are able to hear one
6 another, as well as Members of the Association speaking on matters before
7 the Board.

8 6.3 Organizational Meeting. As soon as possible, including immediately
9 following the conclusion of the annual membership meeting, but in any
10 event within ten (10) days after each annual election of Directors, the Board
11 of Directors shall hold an open, noticed, agendized meeting for the purpose
12 of organization, appointment of officers, and transaction of other business,
13 as appropriate. Notice and agenda for the organizational meeting can be
14 provided with notice of the annual membership meeting or as otherwise
15 specified in Section 6.7 ("Notice to Directors") and Section 6.8 ("Notice to
16 Members; Agenda").

17 6.4 Regular Meetings of the Board. Regular meetings of the Board shall be
18 held monthly upon proper notice which conforms to the provisions of
19 Section 6.7 ("Notice to Directors") and Section 6.8 ("Notice to Members;
20 Agenda"), at the place, day, and time set forth in such notice. In the event
21 the Board should determine that the business to be transacted by the Board
22 does not reasonably justify monthly meetings, then regular meetings of the
23 Board shall be held at such intervals as the Board may determine, but not
24 less frequently than once every three months.

25 6.5 Special Meetings of the Board. Special meetings of the Board shall be held
26 when called by the President of the Association or by any two (2) Directors.

27 6.6 Emergency Meetings of the Board. Emergency meetings of the Board are
28 a form of special meetings. The Board may hold an emergency meeting if
29 there are circumstances that could not have been reasonably foreseen, that
30 require immediate attention and possible action by the Board, and for which
31 notice as set forth in Section 6.8 ("Notice to Members; Agenda") is not
32 practicable. Both authorized methods of meeting (*i.e.*, in person or by
33 conference call) are available to the Board in an emergency situation, as
34 well as by electronic means (including e-mail) pursuant to Section 6.11
35 ("Board Action by Electronic Transmission") with the unanimous approval
36 of all Directors then in office.

37 6.7 Notice to Directors. Regular meetings of the Board may be held, without
38 further notice to the Board, at a place within the Development and on a day
39 and time fixed by resolution by the Board. If not fixed by resolution of the
40 Board, notice of each meeting of the Board shall be communicated to the
41 Directors not less than four (4) days prior to the meeting if given by first-
42 class mail, and not less than forty-eight (48) hours prior to the meeting if

1 given by personal delivery, telephone (including a voice messaging
2 system), facsimile, or other consented-to means of electronic transmission
3 specified in *Corporations Code* section 20; *provided, however*, that shorter
4 notice may be given in the case of a bona fide emergency, and *provided,*
5 *further*, that notice of a meeting need not be given to any Director who
6 signed a waiver of notice or a written consent to holding the meeting,
7 whether before or after the meeting.

8 6.8 Notice to Members; Agenda. To the extent required pursuant to *Civil Code*
9 section 4920, except for bona fide emergency meetings (whether open
10 meeting or executive session), prior written notice of the day, time, and
11 place of each meeting of the Board of Directors shall be given to all
12 Members. The notice shall contain the agenda for the meeting, subject to
13 the provisions of *Civil Code* section 4930.

14 6.8.1 Timing of Notice to Members. Notice of open Board meetings shall be
15 given at least four (4) days before the meeting. Advisory notice of a
16 Board meeting that is held exclusively in executive session shall be
17 given at least two (2) days before the meeting.

18 6.8.2 Delivery of Notice to Members. The notice to the Members shall be
19 given by General Delivery in accordance with *Civil Code* section 4045.

20 6.9 Open Meeting. To the extent required pursuant to *Civil Code* section
21 4925(a), regular and special meetings of the Board of Directors shall be
22 open to all Members of the Association, except when the Board meets in
23 executive session. Pursuant to *Civil Code* section 4925(b), a reasonable
24 time limit for all Members to speak to the Board shall be established by the
25 Board; *provided, however*, that such right to speak to the Board shall not
26 entitle any Member to participate in the Board's deliberations or decisions
27 on any matters unless requested to do so by the Board.

28 6.10 Executive Session. To the fullest extent permitted by law, including *Civil*
29 *Code* section 4935, the Board may meet in executive session to confer with
30 legal counsel or to discuss and/or vote upon personnel matters, Member
31 discipline, litigation in which the Association is or may become involved,
32 matters that relate to the formation of contracts between the Association
33 and others, and for the purpose of meeting with a Member, upon such
34 Member's request, regarding the Member's payment of Assessments. In
35 any matter relating to the discipline of a Member, the Board shall meet in
36 executive session if requested to do so by that Member, and that Member
37 and any other person(s) whose participation is, in the judgment of the
38 Board, necessary or appropriate shall be entitled to attend the executive
39 session; *provided, however*, that: (i) to the extent required by *Civil Code*
40 section 5673, a decision by the Board to record a lien for delinquent
41 Assessments shall be made at an open meeting of the Board, and (ii) to the
42 extent required by *Civil Code* section 5705(c), a vote of the Board to initiate

1 foreclosure of a lien for delinquent Assessments shall be taken in executive
2 session but shall be recorded in the minutes of the next following open
3 meeting of the Board.

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

6 6.11 Board Action by Electronic Transmission. To the extent provided in *Civil*
7 *Code* section 4910, the Board may neither discuss the business of the
8 Association nor take action by electronic transmission, including by
9 exchange of e-mail as provided in *Civil Code* section 4910(b)(2), except in
10 the case of an emergency and only then if any action taken with respect to
11 such an emergency is approved in writing by all Directors then in office. The
12 Directors' unanimous written consents to any such action shall be filed with
13 the minutes of the proceedings of the Board.

14 6.12 Quorum for Board Action. A majority of the number of Directors then in
15 office (but not less than two) shall constitute a quorum for the transaction of
16 business. Every act or decision done or made by a majority of the Directors
17 present at a duly-held meeting at which a quorum is present shall be
18 regarded as the act of the Board. A meeting at which a quorum is initially
19 present may continue to transact business, notwithstanding the withdrawal
20 of Directors, if any action taken is approved by a majority of the required
21 quorum for that meeting.

22 6.13 Voting by Directors. Pursuant to *Corporations Code* section 7211(c), each
23 Director shall be entitled to one vote; *provided, however*, that a Director may
24 not vote by proxy or otherwise delegate his or her right to vote on any matter
25 before the Board.

26 6.14 Minutes of Meetings of Directors. To the extent required by *Civil Code*
27 section 4950(a), within thirty (30) days after the date of any meeting of the
28 Board, the Board shall make available to the Members either: (i) the minutes
29 of that meeting as adopted by the Board, (ii) if the minutes have not yet
30 been adopted by the Board, the minutes as proposed for adoption which
31 shall be marked to indicate draft status, or (iii) a summary of the minutes.
32 To the extent required by *Civil Code* section 4935(e), any matter discussed
33 in an executive session shall be generally noted in the minutes of the Board
34 and minutes of executive sessions shall not otherwise be required. Copies
35 of the minutes, proposed minutes, or summary of minutes, other than
36 minutes of executive session, shall be provided to any Member of the
37 Association upon request and upon reimbursement of the Association's
38 costs in providing such copies.

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

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

4 7.1 Supervision. The Board shall supervise all officers, agents, and employees
5 of the Association, if any, and see that their duties are properly performed.

6 7.2 Records and Minutes. The Board shall cause to be kept a complete record
7 of all its acts and the corporate affairs, including an accurate and current
8 record of the Members setting forth their names and addresses, adequate
9 and correct books and records of account, and minutes of the proceedings
10 of the Members, the Board, Committees of the Board, and any other
11 committee appointed by the Board having decision-making authority.

12 7.3 Maintain Insurance. The Board shall procure and maintain adequate
13 casualty, liability and other insurance, as the Board shall determine
14 consistent with the provisions of Article 9 ("Insurance"), below.

15 7.4 Enforcement of Governing Documents. The Board shall enforce the
16 Governing Documents in accordance with the procedures set forth in Article
17 10 ("Enforcement; Notice; Hearings"), below.

18 7.5 Annual Budget Report. In accordance with *Civil Code* section 5300(a), the
19 Association shall distribute an Annual Budget Report, not less than thirty
20 (30) days and not more than ninety (90) days prior to the end of the
21 Association's fiscal year. The Annual Budget Report shall conform to the
22 requirements of *Civil Code* section 5300(b) and (e) and section 5570
23 concerning the following and any other matters as may be required by law:

24 7.5.1 Operating Budget. An operating budget showing the Association's
25 estimated revenue and expenses on an accrual basis;

26 7.5.2 Summary of Reserves. A summary of the Association's reserves,
27 prepared in accordance with *Civil Code* section 5565;

28 7.5.3 Reserve Funding Plan. A summary of the reserve funding plan adopted
29 by the Board in accordance with *Civil Code* section 5550(b)(5). The
30 summary shall include notice to Members that the full reserve study is
31 available on request, and the Association shall provide the full reserve
32 funding plan to any Member upon request;

33 7.5.4 Statement of Deferred Repairs. A statement as to whether the Board
34 has determined to defer repairs or replacement of any major component
35 with a remaining life of 30 years or less, including a justification for
36 decision not to make repairs or replacement;

1 Association's policies of insurance may not cover your property,
2 including personal property or real property improvements to or
3 around your Dwelling, or personal injuries or other losses that occur
4 within or around your Dwelling. Even if a loss is covered, you may
5 nevertheless be responsible for paying all or a portion of any
6 deductible that applies. Association Members should consult with
7 their individual insurance broker or agent for appropriate additional
8 coverage."

9 7.6 Notice of Certain Changes in Insurance. In accordance with *Civil Code*
10 section 5810, as soon as reasonably practicable, the Association shall
11 provide Individual Notice to all Members if any of the policies described in
12 Section 7.5.8 ("Summary of Association's Insurance Policies") have lapsed
13 or been canceled and are not immediately renewed, restored, or replaced
14 or if there is a significant change, such as a reduction in coverage or limits
15 or an increase in the deductible for any of those policies. If the Association
16 receives any notice of non-renewal of a policy described in Section 7.5.8
17 and replacement coverage will not be in effect by the date the existing
18 coverage will lapse, the Association shall immediately provide Individual
19 Notice thereof to the Members.

20 7.7 Annual Policy Statement; Notifications to Members. In accordance with
21 *Civil Code* section 5310(a)(1) through (12), not less than thirty (30) days
22 and not more than ninety (90) days before the end of the fiscal year, the
23 Board shall distribute to the Members an Annual Policy Statement which
24 shall include all of the following:

25 7.7.1 Official Communications to Association. A statement notifying the
26 Members of the name and address of the person designated to receive
27 official communications to the association, in the manner prescribed by
28 *Civil Code* section 4035;

29 7.7.2 Secondary Address for Certain Notices. A statement notifying the
30 Members of an Owner's right to submit to the Association, in accordance
31 with *Civil Code* section 5260(b), a request to have notices sent to up to
32 two different addresses (concerning annual reports, enforcement of
33 delinquent Assessments, sale by trustee);

34 7.7.3 Location Designated for Posting General Notices. A statement notifying
35 the Members of the location, if any, designated for posting General
36 Notice;

37 7.7.4 Option to Receive General Notice by Individual Delivery. A statement
38 notifying the Members of their option to receive General Notices by
39 Individual Delivery;

- 1 7.7.5 Notice of Members Right to Receive Meeting Minutes. A statement
2 notifying the Members of their right to receive meeting minutes in
3 accordance with *Civil Code* section 4950(b);
- 4 7.7.6 Notice of Assessment Collection Policy. A statement describing the
5 Regular Assessment and any Special Assessment levied against a Lot
6 for that fiscal year and the Association's collection policies, as required
7 by *Civil Code* section 5730;
- 8 7.7.7 Notice Regarding Liens and Foreclosure. The statutory statement
9 regarding Assessments, liens and foreclosure required by *Civil Code*
10 section 5730(a), printed in at least 12-point type.
- 11 7.7.8 Notice of Discipline Policy. A statement describing the Association's
12 discipline policy, if any, including any schedule of penalties for violations
13 of the Governing Documents, pursuant to *Civil Code* section 5850;
- 14 7.7.9 Notice of Dispute Resolution Procedures. A summary of the statutory
15 provisions relating to employing internal dispute resolution procedures
16 ("meet and confer") and alternative dispute resolution procedures (ADR)
17 in certain matters related to enforcement of the Governing Documents,
18 which summary specifically references *Civil Code* sections 5920 and
19 5965;
- 20 7.7.10 Notice of Required Architectural Approval. A notice of the requirement
21 for Association approval of physical changes to property, which notice is
22 required by *Civil Code* section 4765, describing the types of changes
23 that require Association approval and including a copy of the procedure
24 for review and approval or disapproval. The notice may consist of a
25 copy of Article 8 of the Declaration ("Architectural Approval") and a copy
26 of the Architectural Rules, if any;
- 27 7.7.11 Mailing Address for Overnight Payment of Assessments. A statement
28 notifying the Members of the mailing address for overnight payment of
29 Assessments, in accordance with *Civil Code* section 5655(c); and
- 30 7.7.12 Other Required Information. A statement notifying the Members of other
31 information required by law or by the Governing Documents or that the
32 Board determines in its sole judgment to be appropriate for inclusion in
33 the Annual Policy Statement.
- 34 7.8 Items Specified in *Civil Code* Section 4525(a). To the extent required by
35 *Civil Code* section 4530(a) with respect to transfer of title disclosures, the
36 Board shall provide or cause to be provided to a requesting Owner, within
37 ten (10) days of a written request therefor, the items specified in *Civil Code*
38 section 4525(a), or any of them.

1 7.9 Review of Annual Financial Statement. To the extent required pursuant to
2 *Civil Code* section 5305, for any fiscal year in which the gross income to the
3 Association exceeds Seventy-five Thousand Dollars (\$75,000.00), the
4 Board shall obtain a review of the financial statements of the Association.
5 Such review shall be prepared in accordance with generally accepted
6 accounting principles by a licensee of the California State Board of
7 Accountancy and shall be distributed by Individual Delivery to all Members
8 of the Association within one hundred twenty (120) days after the close of
9 the fiscal year.

10 7.10 Monthly Review of Accounts. The Board shall review the Association's
11 operating and reserve accounts at least in accordance with the minimum
12 requirements set forth in *Civil Code* section 5500, as follows:

13 (a) Review, on a monthly basis, a current reconciliation of the Association's
14 operating accounts.

15 (b) Review, on a monthly basis, a current reconciliation of the Association's
16 reserve accounts.

17 (c) Review, on a monthly basis, the current year's actual operating revenues
18 and expenses compared to the current year's budget.

19 (d) Review, on a monthly basis, the latest account statements prepared by the
20 financial institutions where the Association has its operating and reserve
21 accounts.

22 (e) Review, on a monthly basis, an income and expense statement for the
23 Association's operating and reserve accounts.

24 (f) Review, on a monthly basis, the check register, monthly general ledger, and
25 delinquent assessment receivable reports.

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

28 7.11 Biennial Notice to Secretary of State. The Board shall file with the Secretary
29 of State the biennial (every two years) statement reporting the names of the
30 Association's officers and of its agent for service of process, as required
31 pursuant to *Corporations Code* section 8210 and the statement required by
32 *Civil Code* section 5405(a).

33 7.12 Three-Year Reserve Study and Annual Review. In accordance with *Civil*
34 *Code* section 5550, at least once every three (3) years, the Board shall
35 cause a study of the reserve account requirements of the Development to
36 be conducted, which study shall include the minimum requirements
37 specified in *Civil Code* section 5550(b) or successor statute. The Board

1 shall review the reserve study annually and shall consider and implement
2 necessary adjustments to the Board's analysis of the reserve account
3 requirements as a result of that review.

4 7.13 Prudent Management of Reserve Funds. The Board shall exercise prudent
5 fiscal management in maintaining the integrity of the reserve account and,
6 to the extent restricted by *Civil Code* section 5510(b), shall not expend funds
7 designated as reserve funds for any purpose other than the maintenance,
8 restoration, repair, or replacement of, or litigation involving the
9 maintenance, restoration, repair, or replacement of, major components for
10 which the Association is responsible and for which the reserve fund was
11 established; *provided, however*, that the Board may authorize a temporary
12 transfer of money from a reserve fund to the Association's general operating
13 fund for the purposes and subject to the procedural requirements specified
14 in *Civil Code* section 5520.
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17 **ARTICLE 8 POWERS OF THE BOARD OF DIRECTORS**

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

22 8.1 Make Contracts. The Board shall have the power to authorize any officer or
23 officers to enter into any contract in the name of, or on behalf of, the
24 Association. No contract with a third party to supply or furnish the
25 Association with goods or services shall be for a term in excess of three
26 year except upon the prior affirmative vote of a majority of the Total Voting
27 Power of the Association; *provided, however*, that the foregoing shall not
28 apply to:

29 (a) a contract with a public utility company, if the rates charged for the materials
30 or services to be furnished are regulated by the California Public Utilities
31 Commission, the term of which contract shall not exceed the shortest term
32 for which the supplier will contract at the regulated rate;

33 (b) prepaid casualty and/or liability insurance policies not to exceed three (3)
34 years' duration, which policy or policies shall permit short rate cancellation
35 by the Association;

36 (c) lease agreements for equipment not to exceed five (5) years' duration;

37 (d) agreements for cable television, satellite, or similar service and equipment
38 not to exceed five (5) years' duration; and

1 (e) agreements for burglar alarm and/or fire alarm service and equipment for
2 the Common Area not to exceed five (5) years' duration.

3 8.2 Consult Professional Advisors. The Board shall have the power to consult
4 with, seek the advice of, and reasonably rely on the advice of attorneys,
5 accountants, and other professionals in carrying out the Board's authority
6 and responsibility under the Governing Documents and the law, and to pay
7 for such professional services.

8 8.3 Hire Manager and Others. The Board shall have the power to engage the
9 services of a manager or management company as either an employee or
10 an independent contractor, and engage such other employees or
11 independent contractors as the Board may deem appropriate and to
12 prescribe their duties. Any management contract shall provide that the
13 agreement may be terminated by either party without payment of a
14 termination fee upon not more than ninety (90) days' written notice, with or
15 without cause. Neither the Association's manager or management company
16 shall engage in providing property manager services or services as a real
17 estate agent or broker for any properties within the Development.

18 8.4 Adopt and Enforce Rules. Subject to applicable law, including *Civil Code*
19 sections 4340 through 4370 (regarding procedures for adopting or changing
20 operating rules), the Board shall have the power to adopt, publish, amend,
21 repeal, and enforce Rules.

22 8.5 Collect Assessments by Foreclosure and/or Legal Action. As addressed in
23 the Declaration, the Board shall have the power to collect Assessments
24 levied by the Association by foreclosing the lien against any property for
25 which Assessments are not paid as required by the Declaration and/or by
26 bringing an action at law against the Owner personally obligated to pay the
27 same.

28 8.6 Impose Sanctions. Upon an explicit finding and for reasons specified by the
29 Board following a meeting conducted in accordance with the Governing
30 Documents and California law, the Board shall have the power to impose
31 sanctions on a Member who is in default in the payment of any Assessment
32 or other charge levied by the Board or is found to be in violation of any
33 provision of the Governing Documents. Sanctions may include loss of good
34 standing, suspension of membership and other rights and privileges, and
35 Compliance Assessments (fines).

36 8.7 Pay Property Taxes. The Board shall have the power to pay all real property
37 taxes and assessments levied upon any property within the Development
38 to the extent not separately assessed to the Owners. So long as any such
39 taxes are paid or a bond insuring the payment is posted, such taxes and
40 assessments may be contested or compromised by the Association prior to

1 the sale or other disposition of such property to satisfy the payment of such
2 taxes.

3 8.8 Deal with Association Property; Certain Limitations. The Board shall have
4 the power to acquire and deal with real and personal property of the
5 Association.

6 8.9 Open Bank Accounts, Borrow. The Board shall have the power to open
7 bank accounts, designate signatories upon such bank accounts. With the
8 approval of a Majority of a Quorum of Members (15%), borrow money on
9 behalf of the Association; *provided, however*, that approval of the Members
10 shall only be required to borrow money that, in total, exceeds twenty-five
11 percent (25%) of the aggregate Regular Assessments of the Association for
12 the fiscal year.

13 8.10 Pledge Assessments as Security. The Board shall have the power to assign
14 or pledge Assessments of the Association as security for a loan, provided
15 that such assignment or pledge is made to a financial institution or lender
16 chartered or licensed under federal or state law to the extent required by
17 *Civil Code* section 5735. The approval of the Members shall be required if
18 such assignment or pledge is in conjunction with an increase in Regular
19 Assessments or the imposition of a Special Assessment in an amount that
20 by law requires approval of the Members.

21 8.11 Invest Reserve Funds. The Board shall have the power to manage and
22 invest Association reserve funds in prudent investments, provided it does
23 so in a prudent manner designed to achieve the primary objective of
24 preserving principal while realizing a reasonable return and to assure the
25 availability of funds as they are needed based upon the Board's most recent
26 review of the reserve study and annual reserve funding study obtained by
27 the Board as required in Section 7.12 ("Three-Year Reserve Study and
28 Annual Review") and applicable law.

29 8.12 Indemnify Agents. To the extent provided in *Corporations Code* section
30 7237, the Board on behalf of the Association shall have the power to and
31 shall indemnify and hold harmless, to the maximum extent permitted by
32 California law, each person who is or at any time was a Director, officer,
33 employee, or agent of the Association, or member of any committee
34 appointed by the Board from and against any and all claims, liabilities,
35 expenses, judgments, fines, settlements, and other amounts, as those
36 terms are defined by California law, actually and reasonably incurred by any
37 such person, and to which any such person shall become subject by reason
38 of his or her being a Director, officer, employee, or agent of the Association,
39 or member of any committee appointed by the Board.

1 8.13 Mergers, Consolidations, and Annexations. The Association shall have the
2 power to participate in mergers and consolidations as provided for in
3 Section 3.4 of the Declaration.

4 8.14 Appoint Committees. The Board may appoint such committees as it deems
5 appropriate in carrying out the powers and purposes of the Association
6 pursuant to Article 12.

7 8.15 Other Powers and Duties. The Board shall have the power to exercise for
8 the Association all powers, duties, and authority vested in or delegated to
9 the Association and not reserved to the Members by other provisions of the
10 Governing Documents, and undertake any action on behalf of the
11 Association as the Board shall deem necessary or proper in furtherance of
12 the purposes and powers of the Association and/or the interests of the
13 Association and its Members.

14
15
16 **ARTICLE 9 INSURANCE**

17 9.1 Insurance Coverage to be Maintained by Association. The Association shall
18 procure and maintain, as a common expense of all Owners, the types of
19 insurance described in Section 9.2 ("Common Area Casualty Insurance to be
20 Maintained by Association"), Section 9.3 ("Liability Insurance to be Maintained
21 by Association"), and Section 9.4 ("Other Insurance to be Maintained by
22 Association"), if and to the extent such insurance, with the coverages described
23 below, is available at a reasonable premium cost.

24 9.2 Common Area Casualty Insurance to be Maintained by Association. The
25 Association shall maintain a policy of fire and extended coverage insurance
26 covering all of the Common Area and all furnishings, equipment, and personal
27 property owned by the Association, with limits equal to one hundred percent
28 (100%) of the full insurable replacement costs of the Common Area
29 improvements exclusive of land, foundation, excavations, and other items
30 normally excluded from coverage. The policy may contain a reasonable
31 deductible and the amount of the deductible shall be added to the face amount
32 of the policy in determining whether the insurance equals the replacement cost.

33 9.2.1 Policy Endorsements. The policy may include such endorsements as
34 the Board, in its discretion, shall determine based on the character and
35 replacement cost of the Common Area improvements from time to time,
36 such as:

37 (i) an agreed amount endorsement or its equivalent,

38 (ii) an increased cost of construction endorsement or a contingent
39 liability from operation of building laws endorsement or their
40 equivalent,

- 1 (iii) an extended coverage endorsement,
- 2 (iv) coverage for costs of demolition,
- 3 (v) glass coverage,
- 4 (vi) coverage for loss or damage as a result of theft, vandalism,
- 5 malicious mischief; coverage for equipment breakdown of any
- 6 equipment required to run and operate the Development,
- 7 (vii) a determinable cash adjustment clause or a similar clause to
- 8 permit cash settlement covering full value of the improvements in
- 9 case of partial destruction and a decision not to rebuild, and
- 10 (viii) coverage for demolition in the event of total or partial destruction
- 11 and a decision not to rebuild.

12 9.3 Liability Insurance to be Maintained by Association. The Association shall
13 maintain commercial general liability insurance insuring the Association, its
14 officers and directors, and the Owners against any liability incident to
15 ownership, maintenance, and repair of the Common Area, but excluding the
16 liability of an Owner incident to personal bodily injury and property damage
17 occurring within that Owner's Lot or in any other Lot or upon the Common Area
18 resulting from the negligence of that Owner. Limits of liability shall be set by
19 the Board but shall in no event be less than Three Million Dollars (\$3,000,000).

20 9.3.1 Scope of Coverage. Such liability insurance policy shall insure against
21 bodily injury, death, or property damage occurring in, on or about any
22 portion of the Common Area and if available and at a reasonable cost
23 as determined by the Board shall include:

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

31 9.3.2 Other Provisions. If available and at a reasonable cost as determined
32 by the Board, such liability insurance policy:

- 33 (i) shall contain a waiver of subrogation as to claims against the
- 34 Association, Board members, and Owners,

- 1 (ii) shall contain a waiver of the defense of invalidity on account of
2 the conduct of any Owner over which the Board has "no control,"
- 3 (iii) shall require that at least thirty (30) days' prior written notice be
4 given to the Association by the insurer before cancellation except
5 that in the case of cancellation for nonpayment of premiums or
6 for fraud the notice shall be given no less than ten (10) days prior
7 to the effective date of the cancellation,
- 8 (iv) shall provide that in no event shall the insurance be brought into
9 contribution with insurance purchased individually by Owners or
10 their Mortgagees,
- 11 (v) shall exclude policies obtained by the individual Owners from
12 consideration under any "other insurance" clause, and
- 13 (vi) shall contain a provision requiring the insurer to defend lawsuits
14 for which there is coverage under the policy even if the allegations
15 are fraudulent.

16 9.4 Other Insurance to be Maintained by Association.

17 9.4.1 Directors' and Officers' Insurance. The Association shall maintain
18 directors' and officers' liability insurance with limits to be set by the Board
19 but in no event less than One Million Dollars (\$1,000,000) or any higher
20 applicable limit set forth in *Civil Code* section 5800, and containing a
21 cross-liability endorsement and waiver of subrogation as to the
22 Association and its officers, directors, agents and employees. Coverage
23 for prior acts, to the extent obtainable, shall be included.

24 9.4.2 Workers' Compensation Insurance. The Association shall maintain
25 workers' compensation insurance to the extent necessary to comply with
26 any applicable laws and may carry such insurance at any time as
27 determined by the Board.

28 9.4.3 Fidelity Bond or Fidelity Insurance The Association shall maintain fidelity
29 bond coverage for its Directors, Officers, and employees in an amount
30 that it equal to or more than the combined amount of the reserves of the
31 Association and total assessments for three (3) months. The
32 Association's fidelity bond shall also include computer fraud and funds
33 transfer fraud. If the Association uses a managing agent or management
34 company, the Association's fidelity bond coverage shall additionally
35 include dishonest acts by that person or entity and its employees.

36 9.4.4 Other Insurance. The Association may maintain at any time and from
37 time to time any other insurance and bonds as the Board may from time
38 to time deem necessary or desirable.

1 9.5 Insurance to be Maintained by Owner. The insurance policies to be carried by
2 the Association pursuant to Section 9.1 ("Insurance Coverage to be Maintained
3 by the Association") are not intended to cover Lots or Dwellings, the liability of
4 an Owner incident to ownership or use of his or her Lot or Dwelling, or the
5 liability incident to an Owner's negligence upon the Common Area. Each
6 Owner shall be responsible for procuring and maintaining hazard insurance on
7 the Owner's Lot and Dwelling, insurance against Owner liability incident to
8 ownership or use of the Owner's Lot or Dwelling, liability incident to an Owner's
9 negligence upon the Common Area, insurance on the contents of the Dwelling,
10 and such other insurance as the Owner shall determine is adequate to cover
11 such other risks as the Owner shall determine, including but not limited to loss
12 of use, additional living expenses, loss of rental income, and loss assessment
13 coverage.

14 9.5.1 No Overlapping Coverage. No Owner shall obtain or maintain any policy
15 of insurance that reduces the amount of coverage under any policy
16 obtained or maintained by the Association pursuant to this Section. If
17 any Owner violates the provisions of this Section 9.5.1, any diminution
18 in insurance proceeds otherwise payable to the Association that results
19 from the existence of such other insurance will be chargeable to the
20 Owner who acquired such other insurance, and each Owner hereby
21 assigns to the Association the proceeds of any such policy to the extent
22 any such decrease in proceeds in fact occurs (such proceeds to be
23 applied pursuant to the Declaration as if produced by the Association's
24 coverage). Such Owner will be liable to the Association to the extent of
25 any diminution, and the Association shall levy a Reimbursement
26 Assessment against such Owner in the amount of such diminution.

27 9.6 Insurance Proceeds. Proceeds of all insurance policies owned by the
28 Association shall be received by and distributed to the Association.

29 9.7 Responsibility for Payment of Deductible. Subject to the provisions of
30 Section 10.9 of the Declaration, the amount of the deductible under any
31 insurance obtained by the Association shall be borne solely by the Association.
32 If an Owner is responsible for the payment of such deductible, the failure or
33 refusal of the Owner's insurance carrier to pay or reimburse the deductible shall
34 not relieve the Owner of his or her responsibility for the deductible.

35 9.8 Insurance Carriers. All insurance policies carried by the Association shall be
36 written by companies that are not prohibited from doing business in the State
37 of California.

38 9.9 Annual Review of Policies. The limits and coverage of all insurance policies
39 carried by the Association shall be reviewed at least annually by the Board and
40 increased or decreased in its discretion.

1 9.10 Coverage Not Available. In the event any insurance policy listed in Section 9.3
2 ("Liability Insurance to be Maintained by Association") and Section 9.4 ("Other
3 Insurance to be Maintained by Association") is for any reason not available,
4 then the Association shall obtain such other or substitute policy as may be
5 available which provides, as nearly as possible, the coverage described above.
6 The Association and its directors and officers shall have no liability to any Lot
7 Owner or Mortgagee if, after good faith effort, it is unable to obtain or maintain
8 the insurance required pursuant to this Article 9 because the insurance is no
9 longer available or, if available, can be obtained or maintained only at a cost
10 that the Board in its sole discretion determines is unreasonable under the
11 circumstances, or the Members fail to approve any Special Assessment or
12 increase in the Regular Assessment needed to fund the insurance premiums.

13 9.11 Adjustment of Losses. The Board is appointed attorney-in-fact by each Owner
14 to file all claims and to negotiate and agree on the value and extent of any loss
15 under any policy carried by the Association. The Board is granted full right and
16 authority to compromise and settle any claims or enforce any claim by legal
17 action or otherwise and to execute releases in favor of any insured.

18 9.12 Premiums. The premiums for any insurance obtained by the Association shall
19 be a common expense of the Association and shall be paid for out of the
20 operating fund of the Association.
21
22

23 **ARTICLE 10 ENFORCEMENT; NOTICE; HEARINGS**

24 10.1 Violations as Nuisance. Every act or omission constituting or resulting in a
25 violation of any of the provisions of the Governing Documents shall be deemed
26 to constitute a nuisance and, in addition to any other remedies which may be
27 available, such nuisance may be abated or enjoined by the Association or by
28 any Owner; *provided, however*, that the Board shall not be obligated to take
29 action to abate or enjoin a particular violation if, in the exercise of its discretion,
30 the Board determines that acting to abate or enjoin such violation is not likely
31 to foster or protect the interests of the Association and its Members as a whole.

32 10.2 Violation of Law is a Violation of the Declaration. Any violation of a state,
33 municipal, or local law, ordinance or regulation pertaining to the ownership,
34 occupancy, or use of any property within the Development is hereby declared
35 to be a violation of this Declaration and subject to any and all of the enforcement
36 procedures set forth herein.

37 10.3 Owner Responsibility for Conduct and Damages. Each Owner shall be fully
38 responsible for informing members of his or her household, tenants, invitees,
39 and guests of the provisions of the Governing Documents, and shall be fully
40 responsible for the conduct, activities, and any Governing Document violation
41 of any of them, and for any damage to the Development or the Association

- 1 resulting from the negligent or intentional conduct of any of them or the conduct
2 of any pet belonging to any of them.
- 3 10.4 No Avoidance. No Owner may avoid the burdens or obligations imposed by
4 the Governing Documents through non-use of any Common Area facilities or
5 by abandonment of his or her Lot.
- 6 10.5 Enforcement Rights Are Cumulative. As permitted by law and subject to
7 limitations in this Declaration, the Association and any Owner shall have the
8 right to enforce the Declaration by any proceeding at law or in equity. Each
9 remedy provided is cumulative and not exclusive.
- 10 10.6 Imposing Sanctions. The Board shall have the power to impose sanctions on
11 a Member who is in default in the payment of any Assessment or Additional
12 Charge or is found to be in violation of the Governing Documents. Sanctions
13 may include the following:
- 14 10.6.1 Loss of Good Standing The Board may suspend a Member's Good
15 Standing for as long as the Member remains in default of payment of
16 Assessments or Additional Charges or until the violation is remedied.
- 17 10.6.2 Suspension of Member in Good Standing Rights. The Board may
18 suspend a Member's right to use Common Area recreational facilities for
19 as long as the Member remains in default of payment of Assessments
20 or Additional Charges, or for a period specified by the Board.
- 21 10.6.3 Monetary Penalties (Fines). The Board may levy monetary penalties,
22 also known as fines, against a Member and his or her Lot. Before the
23 Board may levy fines, it must first adopt a schedule of monetary
24 penalties or fines (which shall constitute Compliance Assessments)
25 pursuant to *Civil Code* section 5850, which requires a minimum 30-day
26 period for Members to comment. Such a schedule, if adopted, shall be
27 distributed to the Members within 15 days after it is adopted and
28 annually thereafter in the Annual Policy Statement. Multiple fines may
29 be imposed for multiple violations. The schedule of fines may be
30 changed by the Board by a Rule change pursuant to *Civil Code* section
31 4360 and following.
- 32 10.6.4 Monthly Sanctions for Continuing Violations. In the case of a continuing
33 violation, such as an uncorrected architectural violation, where a
34 Member fails to remedy the violation after notice from the Board to do
35 so, the Board may impose sanctions, including monetary penalties, such
36 sanctions to remain in effect for a period of 30 days or until the continuing
37 violation is remedied, whichever occurs sooner. If the continuing
38 violation has not been remedied within the 30-day period, the Board may
39 impose separate and successive sanctions for the continuing violation,
40 provided the Board gives the Owner notice and meets before imposing

1 each successive sanction. The Board may limit the scope of such
2 subsequent meetings to facts and circumstances occurring subsequent
3 to the previous meeting(s) at which the Board heard and deliberated on
4 the matter.

5 10.6.5 Reimbursement Assessment Not a Sanction. The imposition of a
6 Reimbursement Assessment pursuant to the Declaration does not
7 constitute and shall not be deemed to be a sanction.

8 10.7 Written Notice of Violation. When the Board is to meet to consider or impose
9 sanctions upon a Member, the Board shall notify the Member in writing, by
10 either personal delivery or Individual Notice, at least 10 days prior to the
11 meeting. The notice shall identify the alleged violation, the applicable
12 provisions of the Governing Documents, and the range of potential sanctions
13 and shall advise the Member of his or her right to attend the meeting and to
14 address the Board.

15 10.8 Meeting Held in Executive Session. Whenever a meeting concerns Member
16 discipline or the imposition of sanctions, the Board may meet in executive
17 session; *provided, however,* that it shall meet in executive session if requested
18 by the Member. In the Board's discretion, other interested person(s) may attend
19 the meeting and may present information relevant to the subject matter of the
20 alleged violation. If the Member fails to attend the meeting, the Board may
21 nevertheless conduct its deliberations and make a determination based on its
22 own investigation and any other information supplied to it that the Board deems
23 reasonably reliable.

24 10.9 Written Notice of Board Determination. If the Board determines that a violation
25 of the Governing Documents exists or has occurred, it shall notify the Member
26 in writing, by either personal delivery or Individual Notice, within fifteen (15)
27 days after the Board's determination and advise the Member of its decision and
28 of any sanctions imposed and their effective date.

29 10.10 Enforcement by Association in Emergency Situations.

30 10.10.1 Definition of Emergency Situation. For purposes of this Section 10.10,
31 the following shall constitute emergency situations:

32 (i) An immediate and unreasonable infringement of or threat to the
33 safety or peaceful enjoyment of Residents of the Development,

34 (ii) A traffic or fire hazard,

35 (iii) A threat of material damage to or destruction of the Development
36 or any portion thereof, or

1 (iv) The existence of an emergency is declared when, and if, the
2 Board determines that there are circumstances that could not
3 have been reasonably foreseen, that require immediate attention
4 and possible action by the Board.

5 10.10.2 Immediate Corrective Action. Notwithstanding any other provisions of
6 the Governing Documents, under circumstances that constitute an
7 emergency, the Board may undertake immediate corrective action. The
8 Board shall thereafter promptly send written notice of the corrective
9 action to the affected Member. The notice may include notice of a Board
10 meeting at which sanctions may be imposed and/or a Reimbursement
11 Assessment assessed to the Member for costs incurred by the
12 Association in connection therewith.

13 10.11 Alternative Dispute Resolution.

14 10.11.1 ADR. In accordance with *Civil Code* sections 5925 through 5965,
15 neither the Association nor a Member may file an "enforcement action"
16 as defined in the statute unless the parties have first endeavored to
17 submit their dispute to "alternative dispute resolution" (ADR) as the term
18 is defined in *Civil Code* section 5925(a) and as the process is specified
19 in *Civil Code* sections 5935, 5940, and 5945.

20 10.11.2 When ADR Applies. The requirements of this Section 10.11.2 apply to
21 enforcement actions where the remedy sought is solely for declaratory,
22 injunctive, or writ relief or for the foregoing relief in conjunction with
23 monetary damages that could otherwise be obtained in small claims
24 court, all as provided in *Civil Code* section 5930(b). The ADR
25 requirements of this Section 10.11.2 do not apply to Assessment
26 disputes or to small claims actions.

27 10.11.3 Types of Disputes for Formal ADR. The ADR requirements in *Civil Code*
28 sections 5925 through 5965 apply to disputes *between Members* as well
29 as to disputes between the Association and a Member. The statute
30 advises:

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

36 10.11.4 Annual Summary. As provided in *Civil Code* section 5965, the
37 Association shall annually provide to its Members a summary of the ADR
38 provisions contained in *Civil Code* sections 5925 through 5965 as part
39 of the Annual Policy Statement.

1 10.12 Internal Dispute Resolution / Meet-and-Confer.

2 10.12.1 IDR / Meet-and-Confer. In addition to the ADR provisions of *Civil Code*
3 sections 5925 et seq., the Association shall provide a fair, reasonable
4 and expeditious process by which either the Association or any Member
5 may ask to meet and confer with the other in any dispute regarding the
6 Davis-Stirling Common Interest Development Act (*Civil Code* §§ 4000
7 et seq.), the Nonprofit Mutual Benefit Corporation Law (*Corporations*
8 *Code* §§7110 et seq.), or the Governing Documents. The procedure
9 may be invoked by either party.

10 10.12.2 Annual Summary. The Association shall annually provide the Members
11 with a description of its internal dispute resolution process as part of the
12 Annual Policy Statement.

13 10.13 Non-Waiver. Failure of the Association to enforce any provision of the
14 Governing Documents shall not be deemed a waiver of the Association's right
15 to do so thereafter with respect to the same or any other violation of the
16 Governing Documents.

17 10.14 Costs and Attorneys' Fees. In the event the Association shall take any action
18 to enforce any of the provisions of the Governing Documents or shall determine
19 that any Owner or member of his or her household, tenant, invitee, guest, or
20 pet has violated any provision of the Governing Documents, and whether or not
21 legal or judicial proceedings are initiated, the Association shall, to the fullest
22 extent permitted by law, be entitled to recover the full amount of all costs
23 including attorneys' fees incurred by the Association in responding to such
24 violation and/or in enforcing any Governing Document provision. In awarding
25 attorneys' fees, the court shall not be bound by any court fee schedule, but
26 shall, if it is in the interest of justice to do so, award the full amount of costs,
27 expenses, and attorneys' fees paid or incurred in good faith. The remedies of
28 the Association to recover the amount of such costs, expenses, and attorneys'
29 fees shall include, but shall not necessarily be limited to, the imposition of a
30 Reimbursement Assessment.

31
32
33 **ARTICLE 11 OFFICERS AND THEIR DUTIES**

34 11.1 Enumeration of Principal Officers. The principal officers of this Association
35 shall be a President, who shall at all times be a member of the Board of
36 Directors. The Board shall at its discretion, shall also include as officers, a
37 First Vice-President, a Second Vice-President. The Board shall also appoint
38 as officers, a Secretary, and a Treasurer, who, at the Board's discretion
39 may or may not be Directors. The Board may, from time to time, by
40 resolution appoint other officers as the Board may determine, as provided
41 in Section 11.4 ("Special Appointments").

- 1 11.2 Appointment of Principal Officers. The appointment of the principal officers
2 shall take place at the first meeting of the Board following each annual
3 election of Directors.
- 4 11.3 Term. The principal officers of this Association shall be appointed annually
5 by the Board, and each shall hold office for one (1) year, unless he or she
6 shall sooner resign, be removed by the Board, or otherwise be disqualified
7 to serve.
- 8 11.4 Special Appointments. The Board may appoint such other officers as the
9 affairs of the Association may require (for example, one or more assistant
10 secretaries or assistant treasurers), each of whom shall hold office for such
11 period, have such authority, and perform such duties as the Board may,
12 from time to time, determine. Officers appointed pursuant to this Section
13 11.4 need not be members of the Board or Members of the Association.
- 14 11.5 Resignation and Removal. Any officer may be removed from office, with or
15 without cause, by the Board. Any officer may resign at any time by giving
16 written notice to the Board, the President, or the Secretary. Such
17 resignation shall take effect on the date of receipt of such notice or at any
18 later time specified therein and, unless otherwise specified therein, the
19 acceptance of such resignation shall not be necessary to make it effective.
- 20 11.6 Vacancies. A vacancy in any office may be filled by appointment by the
21 Board. The officer appointed to such vacancy shall serve for the remainder
22 of the term of the officer he or she replaces, subject to the Board's right to
23 remove an officer.
- 24 11.7 Multiple Offices. One person may hold two (2) or more offices except that
25 neither the Secretary nor the Treasurer may serve concurrently as
26 President. This provision is intended to prohibit a single individual from
27 having apparent authority to bind the Association by virtue of holding both
28 offices, pursuant to *Corporations Code* section 7214.
- 29 11.8 Authority to Bind Association; Delegation. Unless expressly authorized by
30 resolution of the Board, no officer shall have any power or authority to bind
31 the Association or to render the Association liable for any purpose or on any
32 account. The duties of specific officers as stated in Sections 11.10 through
33 11.14 can be delegated to assistant officers or to other authorized persons
34 who are not officers; *provided, however,* that no such persons may be
35 delegated the authority to sign checks or otherwise disburse Association
36 funds or to execute contracts, promissory notes, leases or other written
37 instruments on behalf of the Association.
- 38 11.9 No Compensation of Officers. No officer shall receive compensation for any
39 service he or she may render to the Association as an officer. However,

1 upon approval by the Board, any officer may be reimbursed for his or her
2 expenses actually incurred in the performance of his or her duties.

3 11.10 President. The President shall be the chief executive officer of the
4 Association and shall, subject to control of the Board of Directors, have
5 general supervision, direction, and control of the affairs of the Association
6 and of the other officers and the employees and agents of the Association.
7 The President shall preside at all meetings of the Members and at all
8 meetings of the Board, shall have the general powers and duties of
9 management usually vested in the office of the president of an association,
10 and shall have such other powers and duties as may be prescribed by the
11 Board of Directors and the Bylaws, subject, however, to any limitations
12 contained in the Declaration.

13 11.11 First Vice-President. In the absence or disability of the President, the First
14 Vice-President shall perform all the duties of the President, and when so
15 acting, shall have all of the powers of, and be subject to all of the restrictions
16 upon, the President including the restriction on holding multiple offices as
17 set forth in Section 11.7 ("Multiple Offices"). The First Vice-President shall
18 have such other powers and perform such other duties as, from time to time,
19 may be prescribed by the Board of Directors.

20 11.12 Second Vice-President. In the absence or disability of the President and
21 the First Vice-President, the Second Vice-President shall perform all the
22 duties of the President, and when so acting, shall have all of the powers of,
23 and be subject to all of the restrictions upon, the President including the
24 restriction on holding multiple offices as set forth in Section 11.7 ("Multiple
25 Offices"). The Second Vice-President shall have such other powers and
26 perform such other duties as, from time to time, may be prescribed by the
27 Board of Directors. In the absence or disability of the President and both
28 the First Vice-President and the Second Vice-President, or if there are no
29 Vice-Presidents, the Board shall designate another Director to preside at a
30 meeting of the Board.

31 11.13 Secretary. The Secretary shall keep or cause to be kept, at the principal
32 office or such other place as the Board of Directors may prescribe, a book
33 of minutes of all meetings of Directors and Committees of the Board, all
34 meetings of committees appointed by the Board that have decision making
35 authority, and all meetings and votes of Members. The Secretary shall give,
36 or cause to be given, notice of all meetings of the Members and of the Board
37 of Directors required by the Bylaws or by law to be given and shall maintain
38 a proper record of the giving of such notice, shall keep or cause to be kept
39 in safe custody the books, records, and documents of the Association, and
40 shall have such other powers and perform such other duties as may be
41 prescribed by the Board of Directors or the Bylaws.

1 11.14 Treasurer. The Treasurer shall be responsible for the receipt and deposit
2 in appropriate accounts of all monies of the Association and shall cause
3 disbursement of such funds as directed by resolution of the Board of
4 Directors, may sign all checks and promissory notes of the Association,
5 shall keep or cause to be kept proper books of account, shall cause an audit
6 at least every five years and/or an annual review of the Association's books
7 and financial statements to be made at the completion of any fiscal year for
8 which such review is required by law or as determined by the Board, shall
9 assist the Board in preparation of an annual budget to be presented to the
10 Members of the Association as provided by law, and shall have such other
11 powers and perform such other duties as may be prescribed by the Board
12 of Directors.
13

14 **ARTICLE 12 COMMITTEES**

16 12.1 Committees. The Board may appoint committees to assist it in performing
17 its duties under the Governing Documents. Only the Board may appoint
18 committee members, and all committee members shall serve at the
19 pleasure of the Board.

20 12.2 Committees of the Board. Any Committee of the Board (that is, a committee
21 consisting *only* of Directors, as referred to in *Corporations Code* section
22 7212) shall consist of at least two (2) Directors and shall have such powers
23 and duties as the Board shall determine, subject to the limitations of
24 *Corporations Code* section 7212. As provided in *Corporations Code* section
25 7212(b), a committee exercising the authority of the Board shall not include
26 as members any persons who are not Directors.

27 12.3 Authority of Committees. Committees shall have the authority granted to
28 them by the Board; *provided, however*, that other than a Committee of the
29 Board as specifically defined in Section 12.2, all committees shall only be
30 advisory to the Board.

31 12.4 Committee Meetings; Minutes of Committee Meetings. As determined by
32 the Board, committee meetings, including those of Committees of the Board
33 as defined in Section 12.2, shall be governed by and held in accordance
34 with the provisions of these Bylaws concerning Board meetings. Notice of
35 committee meetings shall be given to all committee members. Minutes of
36 each committee meeting shall be kept and filed with the records of the
37 Association.

38 12.5 Rules Governing Committees. The Board may adopt Rules not inconsistent
39 with the provisions of these Bylaws for the governance of any committee.
40
41

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

2 13.1 Minutes of Meetings. To the extent required by *Corporations Code* section
3 8320(a)(2), the Association shall keep minutes of meetings and
4 proceedings of the Members (including membership votes), meetings of the
5 Board and Committees of the Board, and meetings of committees that have
6 decision making authority. As provided in Section 6.14 ("Minutes of
7 Meetings of Directors"), any matter discussed in executive session shall be
8 generally noted in the minutes of the next following open meeting of the
9 Board, and minutes of executive sessions shall not otherwise be required.

10 13.2 Member Access to Minutes, Books, and Records. To the extent required
11 by *Civil Code* section 5205 and 5210, and subject to a requesting Member's
12 compliance with all applicable prerequisites and any applicable limitations
13 (including but not limited to *Corporations Code* section 8332 concerning
14 protection of constitutional rights of other Members, *Corporations Code*
15 section 8338 concerning use of memberships lists, and *Civil Code* section
16 5215 concerning withholding or redacting certain records), the Association
17 shall make available for inspection and copying by any Member
18 "Association records" and "enhanced Association records" (as defined in
19 *Civil Code* section 5200) maintained by the Association. This provision
20 does not require the Association to create or maintain any records not
21 otherwise required by law to be maintained.

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

25 13.3 Directors' Inspection Rights. As provided in *Corporations Code* section
26 8334, every Director shall have the right at any reasonable time to inspect
27 and copy all books, records, and documents and to inspect the physical
28 properties of the Association.

29 13.4 Checks, Drafts, and Evidences of Indebtedness. All checks, drafts, or other
30 orders for payment of money, or notes or other evidences of indebtedness
31 issued in the name of the Association for operational expenditures shall be
32 approved by an Director or officer of the Association or in the manner
33 specified by resolution of the Board of Directors. In accordance with *Civil*
34 *Code* section 5510(a), the withdrawal of funds from the Association's
35 reserve account shall require the signatures of at least two (2) persons who
36 shall be members of the Board of Directors or one member of the Board of
37 Directors and one officer who is not a member of the Board of Directors.

38 13.5 Funds and Deposits. Any funds of the Association shall be deposited to the
39 credit of the Association in such banks or other depositories as the Board
40 of Directors shall, from time to time, determine.

1 13.6 Fiscal Year. The fiscal year of the Association shall be July 1 to June 30.
2
3

4 **ARTICLE 14 GARDEN HOMES ADVISORY BOARDS**

5 14.1 Garden Homes Advisory Boards. Notwithstanding any provision in the
6 Governing Documents, upon approval of these Bylaws, the advisory boards
7 defined in section 1.21 ("Garden Homes Unit One Board") and section 1.23
8 ("Garden Homes Unit Two Board") of the Declaration are terminated.
9

10
11 **ARTICLE 15 CLUBS AND ORGANIZATIONS**

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

15 15.1 Board Approval. Any club or organization that levies dues or raises money
16 must be approved by the Board of Directors.

17 15.2 Club Officers. Club officers must be residents of the Development and shall
18 be elected from among the club's membership by majority vote. A current
19 list of club officers shall be timely submitted to and kept on file with the
20 Association at all times.

21 15.3 Club Events; Liquor License. Clubs and organizations that charge
22 admission for or sell drink tickets at events held within the Development
23 may not serve liquor at such events without first complying with the
24 permitting requirements of the California Alcoholic Beverage Control Act
25 and providing evidence of compliance satisfactory to the Association in
26 advance of such events.

27 15.4 Club Bank Accounts. Any club or organization that opens a bank account
28 shall require the signatures of two (2) officers of the club or organization on
29 all disbursements.

30 15.5 Annual Financial Statements for Clubs. Any club or organization that has
31 funds, collects dues, or has income of any kind must prepare and submit a
32 fiscal year-end financial statement to the Board.
33

34
35 **ARTICLE 16 AMENDMENTS**

36 16.1 Amendments Generally. These Bylaws may be amended by approval of
37 the Board and the affirmative vote of a Majority of a Quorum (25%) of the
38 Members; *provided, however*, that, upon advice of legal counsel licensed
39 to practice law in the state of California, including the drafting by legal

1 counsel of appropriate amendatory provisions, the Board shall have the
2 authority without the requirement of Member approval to amend any
3 provision of the Bylaws: (i) to resolve any conflict between the Bylaws and
4 applicable law that may arise due to the enactment or amendment of a
5 statute or due to a development in applicable case law, or (ii) to conform the
6 provisions of the Bylaws to changes in applicable statutory law that impose
7 requirements that are non-discretionary.

8 16.2 Record of Amendments. When an amendment or a new Bylaw provision is
9 adopted, it shall be placed in the appropriate place in the minutes book of
10 the Association together with a certificate signed by the Secretary stating
11 the date on which it was approved by the Board and the date on which it
12 was approved by the Members.
13

14
15 **ARTICLE 17 MISCELLANEOUS**

16 17.1 Conflict in Governing Documents. In the case of any conflict between the
17 Articles of Incorporation and these Bylaws, the Articles shall control. In the
18 case of any conflict between the Declaration and these Bylaws, the
19 Declaration shall control.

20 17.2 Statutory References; Time for Performance. References in the Bylaws to
21 particular statutes, including sections of the *Civil Code* or the *Corporations*
22 *Code*, shall be deemed to include any successor statutes and any
23 amendments to existing or successor statutes. Whenever these Bylaws
24 state a time for the performance of any act by the Association that by law
25 (as it may exist from time to time) must be performed at or within a specified
26 time, the time for the performance of such act shall be deemed to be the
27 widest timeframe permitted under then-applicable law.
28

1
2 **SEND ONLY AFTER MEMBERS APPROVE**
3

4 CERTIFICATE OF AMENDMENT OF
5 BYLAWS OF
6 LEISURE TOWN HOME ASSOCIATION
7

8
9 I, the undersigned, hereby certify that:

10 I am the Secretary of [HOA].

11 **[if current bylaws require board approval to amend]** The
12 foregoing Amended and Restated Bylaws of [name] were duly
13 approved by the Board of Directors on the _____ day of
14 _____, 20__.

15 The foregoing Amended and Restated Bylaws of [name] were duly
16 approved by the requisite vote of the Members of the Association on
17 the _____ day of _____, 20__.

18 Executed this ____ day of _____, 20__.

19
20
21 _____
22 Secretary