

# **DRAFT FOR BOARD REVIEW – JANUARY 2023**

## **FOURTH RESTATED BYLAWS**

### **OF THE**

### **LAKE FOREST GLEN UNIT NO.1 HOMEOWNERS ASSOCIATION**

#### **ARTICLE I**

##### **Background and Definitions**

Section 1.1. *Name of Association.* The name of this corporation is the Lake Forest Glen Unit No. 1 Homeowners Association, which shall be referred to herein as the “Association.”

Section 1.2. *Association Is Nonprofit.* The Association is a California nonprofit mutual benefit corporation (Corporations Code §§7110–8910) and an “association” as defined by Civil Code §4080.

Section 1.3. *General and Specific Purposes.* The general, specific and primary purposes of this Association shall be all those purposes as described in the Articles, including, without limitation, to own, repair, maintain, manage, improve, regulate and, as necessary, replace the Common Area and Common Facilities ~~within~~with the ~~Lake Forest Glen subdivision (the “Subdivision”) located in Tahoe City, County of Placer, State of California;~~ to provide for architectural control within the Subdivision; to enforce the Association Rules and Regulations adopted by the Board of Directors from time to time, as well as the terms and covenants, conditions, and restrictions set forth in the Declaration and other Governing Documents; to fix, levy, collect and enforce payment by any lawful means, of all charges or ~~assessments~~Assessments pursuant to the Declaration; and to otherwise regulate, enhance and promote the use and enjoyment of the Subdivision, including the Lots, Residences, Common Area and Common Facilities, by the Members of the Association.

Section 1.4. *Definitions.*

(a) *Articles.* “Articles” means the Amended and Restated Articles of Incorporation of Lake Forest Glen Unit No. 1 Homeowners Association (the “Articles”), filed April 20, 1989 with the California Secretary of State, as may be further amended.

(b) *Association.* “Association” means the Lake Forest Glen Unit No. 1 Homeowners Association.

(c) *Board or Board of Directors.* “Board” or “Board of Directors” means the governing body of the Association.

(d) *Bylaws.* “Bylaws” means these Fourth Restated Bylaws of the Lake Forest Glen Unit No. 1 Homeowners Association, as may be further amended. These Bylaws entirely amend, restate,

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replace and supersede any and all prior versions of the Bylaws, and contain the entire Bylaws of the Association as existing as of the date of the Certificate of Secretary set forth below.

(e) *Common Area*. “Common Area” means the real property owned by the Association for the common use and enjoyment of the Owners, including all the Common Facilities located on the Common Area. [The Common Area includes the Exclusive Use Common Area.](#)

(c) *County*. “County” means the County of Placer in the State of California.

(d) *Davis-Stirling Act*. “Davis-Stirling Act” or “Act” means the Davis-Stirling Common Interest Subdivision Act, found at Civil Code §§4000–6150, as may be further amended. [Any references to the Davis-Stirling Act or the Act shall refer to the most current version of the Act then in effect.](#)

(e) *Declaration*. “Declaration” means the Fourth Restated Declaration of Covenants, Conditions, and Restrictions of Lake Forest Glen Unit No. 1 Homeowners Association, recorded in the Official Records of Placer County, as such Declaration may from time to time be supplemented, amended, modified or restated by a duly recorded subsequent declaration or amendment thereto.

(f) *General Notice and General Delivery*. “General Notice” and “General Delivery” are used in these Bylaws when notice can be provided by any of the following methods:

(1) Any method of delivery that constitutes “Individual Notice” (if a particular Member requests to receive General Notices in that manner, then Individual Notice must be used);

(2) Inclusion of the notice in a newsletter or similar Association document;

(3) Posting a copy of the printed document in a prominent location that is accessible to all Members, so long as the location has been designated for the posting of General Notices by the Association in its Annual Policy Statement; or

(4) Such method of notice as allowed in Davis-Stirling to provide “General Notice” or similar type of notice.

(g) *Good Standing*. “Good Standing” is a term used to identify those Members who constitute part of the Voting Power of the Association and are therefore eligible to vote with respect to any matter or action that requires the consent or approval of the Members other than the election of directors. (No Member can be denied the right to vote in director elections for reasons other than not being a Member at the time election ballots are distributed, under Civil Code §5105(g).) To be in Good Standing, a Member must be (1) current in the payment of all assessments levied against the Member’s Unit and (2) not be subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the due process and disciplinary hearing procedures of the Declaration and applicable law.

(h) *Individual Notice or Individual Delivery*. If a provision of these Bylaws or Davis-Stirling requires “Individual Notice” or “Individual Delivery,” then the notice can be provided by any of the following methods:

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(1) First-class mail; postage prepaid, registered, or certified mail; express mail; or overnight delivery by an express service carrier (addressed to the Member at his or her address appearing on the Association’s records);

(2) E-mail, facsimile, or other electronic means if the recipient has consented to receiving notice in that fashion. That consent may be revoked in a writing delivered to an officer of the Association or to the Association’s manager or management company;

(3) If a Member has identified a secondary address for delivery of documents included in the Annual Budget Report or notices pertaining to Assessments or Assessment collections, the Association must deliver an additional copy of those notices to the secondary address that is identified (as well as to the primary address provided by the Member); or

(4) Such method of notice as allowed in Davis-Stirling to provide “Individual Notice” or similar type of notice.

(5) Hand delivered to a Member by an Association employee if the Member signs an acknowledgement of receipt of the document(s).

(i) *Inspector(s) of Elections.* “Inspector(s) of Elections” means the person or persons appointed by the Board of Directors to tabulate ballots and report on the outcome of any election that is subject to the secret ballot voting rules set forth in Civil Code §§5100-5135 and to discharge the other duties and responsibilities stated in Civil Code §5110(c) and the Governing Documents.

(j) *Lot.* “Lot” refers to each numbered residential Lot as shown on the Subdivision Map for the Subdivision, or any combination, grouping, or resubdivision of any such Lot or Lots or portion or portions of such Lots permitted by applicable law and not prohibited by the Declaration.

(k) *Majority of a Quorum.* “Majority of a Quorum” means the vote of a majority of the votes cast at a meeting of the Members (or cast by secret or written ballot) when the number of Members who are in Good Standing and attending the meeting (or the number of ballots cast by Members in Good Standing during the time prescribed for the return of ballots) equals or exceeds the Quorum requirement specified in these Bylaws for valid Member action for that type of matter.

(l) *Owner.* “Owner” means the record holder or holders of title to a Lot. If the Owner of a Lot is a legal entity (e.g., limited liability company, living trust, etc.), then the Association may adopt Rules as to the individuals that are eligible to exercise the rights of the Owner as the “Member,” such as voting or eligibility to be on the Board of Directors. If the Owner is an individual or more than one individual, then the Member shall be that individual or individuals. By way of example, and not limitation, the Member(s) representing the Owner of a Lot that is owned by a living trust shall be the Trustee(s) of the living trust and the Member(s) of a Lot that is owned by a limited liability company may be individual(s) that own all or a portion of the entity and have decision-making authority for the limited liability company (e.g., as a manager or managing member).

(m) *Subdivision.* “Subdivision” means Lake Forest Glen Unit No. 1, including all Lots, Common Area and Common Facilities, as described on the Map.

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(n) *Voting Power.* “Voting Power” means the number of those Members who are eligible to vote for the election of directors or with respect to any other matter, issue, or proposal properly presented to the Members for approval at the time any determination of the Voting Power of the Members is made.

(o) *Other Definitions Incorporated by Reference.* Any capitalized terms used in these Bylaws that are not defined herein shall have the same meaning given to those terms in the Declaration, unless the context clearly indicates a contrary intention. In the event of a conflict between the Declaration and these Bylaws, the Declaration shall control.

## **ARTICLE II**

### **Location of Principal Office**

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

## **ARTICLE III**

### **Membership**

Section 3.1. *Members of the Association.* Every Owner of a Lot within the Subdivision is a Member of the Association, subject to Section 1.4(l) of these Bylaws for Owners that are legal entities. Membership in the Association is appurtenant to, and may not be separated from, ownership of any Lot in the Subdivision.

Section 3.2. *Term of Membership.* Each Owner shall remain a Member until the Owner no longer qualifies as such under Section 3.1 of the Bylaws. On the sale, conveyance, or other transfer of an Owner’s interest in a Lot, the Owner’s Membership interest appurtenant to the Lot shall automatically transfer to the Lot’s new Owner(s).

Section 3.3. *Multiple Owners of a Single Lot.* Ownership of a Lot in the Subdivision shall give rise to a single Membership in the Association and each Membership held by an Owner shall entitle the Member to one vote on matters requiring the consent or approval of the Members. Accordingly, if more than one person or entity owns a Lot, all of the co-Owners shall be deemed to be one Member for voting purposes, although all such Owners shall have equal rights as Members to use and enjoy the Common Areas and Common Facilities subject to the Rules. Any one of the multiple Owners shall be entitled to cast a vote for the Membership, unless the Secretary of the Association is notified in writing of the Owner designated by his or her co-Owners as having the sole right to vote the Membership on their behalf. If such notification does not occur and more than one of the multiple Owners of a Lot attempts to vote the Membership appurtenant to that Lot, the Inspector(s) of Elections appointed shall be empowered to determine which vote shall count (typically the first ballot cast but subject to the Inspector’s determination) or to otherwise disqualify the vote of that Membership if multiple votes or ballots are submitted. However, the Membership shall be considered for purposes of determining whether the quorum requirements applicable to the vote or meeting have been met.

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Section 3.4. *Furnishing Evidence of Membership.* A person shall not be entitled to exercise the rights of a Member until such person has advised the Secretary of the Association in writing that he or she is qualified to be a Member as the Owner of a Lot, and, if requested by the Secretary, has provided the secretary with evidence of such qualification in the form of a duly recorded grant deed to the Lot that gave rise to the Membership. Exercise of Membership rights shall be further subject to the Rules regarding record dates for notice, voting, and actions by written ballot and eligibility for voting.

## **ARTICLE IV**

### **Membership Voting**

Section 4.1. *Classes of Membership.* The Association shall have a single class of Membership comprised of those persons who are Owners of Lots in the Subdivision.

Section 4.2. *Member Voting Rights.* On each matter submitted to a vote of the Members, whether at a meeting of the Membership called and held under the provisions of these Bylaws, or in a vote conducted by written ballot or by secret ballot, each Member who is in Good Standing shall be entitled to have one vote. If a Lot is owned by a trust, corporation, partnership, limited liability company, or other legal entity, the Membership rights associated with the Lot, including voting attributable to that Lot, must be exercised by an individual authorized to act as the Member as set forth in Section 1.4(1) of these Bylaws and the Rules (e.g., for a living trust, the trustee of the trust).

Section 4.3. *Eligibility to Vote.* Only Members in Good Standing shall be entitled to vote with respect to any matter requiring the consent or approval of the Members (other than the election or removal of directors). A Member's Good Standing shall be determined as of the record date.

Section 4.4. *Manner of Casting Votes.*

(a) *Voting by Written Ballot.* Members' votes shall be solicited by written ballot with respect to any issue that requires the approval, consent, or other action by the Members by applicable Laws, Davis-Stirling or under the Governing Documents.

(b) *Proxy Voting.* Proxy voting shall not be permitted on any matter put to a vote by the Members because all matters put to a vote by the Members shall be by written ballot.

(c) *Cumulative Voting.* Cumulative voting shall not be allowed in the election of directors or in any other matter submitted to a vote of the Members.

Section 4.5. *Secret Ballot Voting Requirements* The following actions requiring the vote or approval of the Members of the Association must be conducted by use of a secret ballot, with the vote conducted in accordance with the requirements of Davis-Stirling: (1) any vote of the Members to approve an increase in the Regular Assessment or imposition of a Special Assessment when Member approval is required under Civil Code §5605; (2) any vote for the election or removal of directors; (3) any vote to approve amendments to the governing documents; or (4) any vote authorizing the granting of exclusive use of Common Area property under Civil Code §4600.

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### Section 4.6. *Action by Written Ballot Without a Meeting.*

(a) *Definition of Written Ballot.* A “written ballot” is a ballot that is mailed or otherwise distributed to every Member entitled to vote on the matter and that complies with the requirements of Corporations Code section 7513. The term “written ballot” does not include a ballot distributed to Members at a meeting for purposes of conducting a vote of the Members at such meeting.

(b) *Generally.* Any matter or issue requiring the vote of the Members shall be submitted for vote by written ballot without the necessity of calling a meeting of the Members, as long as the requirements for action by written ballot set forth in this Section are met. The determination to seek Member approval for Association actions in this fashion shall be made by a majority vote of the Board of Directors.

(c) *Content of Written Ballots.* Any written ballot distributed to the Members to vote on any issue other than the election of directors shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal. Written ballots distributed for the election of directors shall list all candidates for election to the Board as of the date when the written ballots are mailed or delivered to the Members, and the written ballots shall comply with the secret ballot voting requirements required by Davis-Stirling.

(d) *Balloting Time Requirements.* The Board shall establish a record date and distribute a written ballot to every Member entitled to vote on the matter, delivered either by first-class mail or by the Association to every Member not less than thirty (30) days before the deadline for voting. The deadline for the return of secret written ballots distributed to conduct an election of directors shall be established to coincide with the date of the annual Board or Membership meeting at which the Members’ ballots are to be tabulated (although the actual final deadline for the return of election ballots can be stated as being the close of business on the last business day preceding the date of that meeting in order to facilitate the tabulation of ballots, and the Board may in its discretion extend the deadline for the return of ballots).

Except in the case of written ballots distributed in the election of directors in accordance with this Section and California Civil Code §5100, the time fixed for the return of written ballots may only be extended if the Board so notifies the Members on the face of the ballot or in the balloting solicitation materials accompanying the ballot and then for no more than two successive periods of 30 days each. If the right to extend the balloting period has been properly reserved, the Board’s decision to extend the deadline for the return of ballots shall be agendaized and acted on at a meeting of the Board that is open to attendance by the Members.

(e) *Requirements for Valid Member Action by Written Ballot.* Membership approval by written ballot shall only be valid if (1) the number of votes cast by ballot within the time established by the Board for the return of ballots equals or exceeds the Quorum that would have been required to be present at a Membership meeting if such a meeting had been convened to vote on the proposal; and (2) the number of affirmative votes equals or exceeds the number of affirmative votes that would have been required to approve the action at a formal Membership meeting. In the case of the election of directors, those candidates who receive the highest number of votes, up



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to the total number of positions on the Board to be filled, shall be the successful, elected candidates.

(f) *Solicitation Rules.* Written ballots shall be solicited in a manner consistent with the requirements of Section 5.4 on issuance of notice of Members' meetings. All solicitations of written ballots shall indicate (1) the number of responses needed to meet the Quorum requirement for valid action; (2) the time by which the written ballots must be received by the Association in order to be counted; and (3) the percentage of affirmative votes necessary to approve the measure.

(g) *Additional Balloting Procedures.* If deemed appropriate by the Board of Directors, but excepting those matters requiring a secret ballot vote under Davis-Stirling, the Association may conduct a ballot entirely by electronic transmission to and from the Corporation, including email or other electronic means to conduct the vote.

(h) *Notification of Results of Balloting Process.* On tabulation of the written ballots, the Board shall notify the Members of the outcome of the vote within 30 days following the close of the balloting process and tabulation of the ballots. If the number of written ballots cast with respect to any matter before conclusion of the stated balloting period is insufficient to satisfy the minimum Quorum requirements for valid Member action, the Board shall so notify the Members and may, in the Board's discretion, extend the time period to receive ballots.

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

(j) *Conduct of Informational Meetings.* Use of the written ballot procedures set forth in this Section shall not preclude the Association from also conducting informational meetings of the Members to provide information or a forum during the prescribed voting period or from scheduling a Board or Membership meeting to coincide with the culmination of the prescribed balloting period.

Section 4.7. *Majority Vote of Members Represented at Meeting Required for Valid Action.* In any vote of the Members, whether conducted at a meeting or by a mailed or written ballot, the affirmative vote of a Majority of a Quorum of the Members who are entitled to vote and have voted on any matter (other than the election of directors) shall be the act of the Members, unless the vote of a greater number is required by law or the Governing Documents of the Association. In the case of director elections, the candidates receiving the largest number of votes, up to the number of directors to be elected, shall be elected to fill the vacancies. Any ties shall be broken by random drawing.

Section 4.8. *Action by Unanimous Written Consent.* Any action required or permitted to be taken by the Members at a meeting may be taken without a meeting (and without complying with the formalities of a written ballot) if all Members shall individually or collectively consent in writing to the action. If action is taken by written consent, the consent(s) shall be filed with the Association's minutes. Written consent of Members may be obtained by electronic transmission to the Corporation.

**ARTICLE V**

**Membership Meetings**

Section 5.1. *Place of Meeting.* Meetings of the Members shall be held at the offices of the Association or at such other reasonable place and at such time as may be designated in the notice of the meeting. Unless unusual conditions exist, the physical location of any meetings of the Members shall not be held outside of the County. Provided, however, at the discretion of the Board, Membership meetings may also be held by electronic video or phone conference.

Section 5.2. *Annual Meeting.* The annual meeting of the Members shall generally be held in October of each year at the time, date, and location specified in the notice of meeting, generally on a Saturday unless otherwise determined by the Board.

Section 5.3. *Special Meetings.*

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

(b) *Procedures for Calling Special Meetings Requested by Members.* If a special meeting is requested by 5 percent or more of the Members, rather than being called by the Board of Directors or the President, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by first-class, certified, or registered mail or by telegraphic or other facsimile transmission to the president, the vice president, or the secretary of the Association. On receipt of the Members' demand for a special meeting, the Board shall cause notice to be promptly given to the Members in Good Standing that a meeting will be held and the date, time, and purpose for such meeting. Nothing contained in this subparagraph shall be construed as limiting, fixing, or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board of Directors or the president.

Section 5.4. *Notice of Members' Meetings.*

(a) *Requirement That Notice Be Given.* Notice of all regular and special meetings of the Members shall be sent or otherwise given in writing to each Member who is eligible to vote at the meeting as of the record date.

(b) *Time Requirements for Notice.* Except in the case of Membership meetings called in response to a valid demand received from 5 percent or more of the Members, notice of Membership meetings shall be given not less than 10 nor more than 90 days before the date of the meeting. If notice is given by mail and the notice is not given by first-class, registered, or certified mail, the notice shall be given not less than 20 days (nor more than 90 days) before the meeting. When a special meeting of the Members is called in response to a valid Member demand, the Board shall be obligated to send the Members a notice of the special meeting of the Members within 20 days following receipt of the Members' demand, and the meeting must be held on a date that is not less than 35 nor more than 90 days following the receipt of the request.



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(c) *Minimum Requirements Regarding Content of Notice.* Notices of meetings of the Members shall specify the place, date, and hour of the meeting and (1) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (2) in the case of a regular meeting, those matters that the Board of Directors, at the time of giving the notice, intends to present for action by the Members, but any proper matter may be presented at the meeting for such action as long as a quorum is present. The notice of any meeting at which directors are to be elected shall include the names of all those individuals who are nominees for election to the Board at the time the notice is given to the Members. As stated in the following subparagraph (d), certain significant actions may be acted on by the Members only when the notice of the meeting has informed the Members that the matter or action is on the agenda for action.

(d) *Specification of Certain Significant Actions.* If action is proposed to be taken at any Membership meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice or consent states the general nature of the proposal(s):

- (1) Removing a director without cause;
- (2) Filling vacancies on the Board of Directors;
- (3) Amending the Articles of Incorporation of the Association, these Bylaws, or the Declaration in any manner requiring approval of the Members;
- (4) Approving a contract or transaction between the Association and one or more of its directors or between the Association and any corporation, firm, or association in which one or more of its directors has a material financial interest;
- (5) Approving any change in the Association's Assessments in a manner requiring Membership approval under the Declaration;
- (6) Voting on any election to voluntarily terminate and dissolve the Association; or
- (7) Voting on any proposal to reverse a Rule change when the special meeting is called in response to a valid Member petition.

(e) *Manner of Service.* Notice of any meeting of the Members shall be given personally, by electronic transmission by the Association, or by mail or other means of written communication, addressed to a Member at the address of the Member appearing on the books of the Association or given by the Member to the Association for the purpose of notice.

(f) *Affidavit of Mailing.* An affidavit of the mailing or other means of giving any notice of any Members' meeting may be executed by the secretary or the assistant secretary of the Association. If so executed, the affidavit shall be filed and maintained in the minute book of the Association, and such affidavit shall constitute prima facie evidence that proper notice was given.

Section 5.5. *Quorum Requirements.*

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(a) *Quorum Requirements Generally.* The following quorum requirements must be satisfied in order to take valid action at any meeting of the Members or by written:

(1) *Quorum for Votes on Assessment Increases; Special Assessments; Removal of Director; Certain Significant Board Actions.* In the case of any Membership meeting or written ballot called or conducted for the purpose of voting on Regular Assessment increases requiring Membership approval, removing a director or voting on those matters requiring Member consent under Section 9.2(b), the Quorum requirement for valid action on the proposal shall be 50 percent of the Members in Good Standing.

(2) *Quorum for Valid Action on Other Matters.* In the case of a Membership meeting or written ballot called or conducted for any other purpose other than as described in Section 5.5(a)(1) of the Bylaws, the Quorum shall be twenty percent (20%) of the Members in Good Standing eligible to vote and represented in person at the meeting or to cast a written ballot.

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

(c) *Application of Quorum Requirements to Votes Conducted by Secret Ballot.* In any vote or election required to be conducted by use of a secret ballot meeting the requirements of Civil Code §5100 and any other Membership vote conducted by use of the written balloting process described, each ballot received by the Inspector(s) of Elections from Members in Good Standing on or before the deadline established for the return of ballots (as such deadline may be extended by the Board) shall be treated as a Member present at a meeting for purposes of establishing a quorum.

### Section 5.6. *Adjourned Meeting.*

(a) *Adjournment Generally.* Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to another time and/or place (but not for more than 45 days) by the vote of the majority of Members present at the meeting. Unless there is an absence of a quorum (in which case no business other than adjournment may be transacted), at the reconvened meeting the Members may take any action that might have been transacted at the original meeting.

(b) *Time Limitations for Reconvening an Adjourned Meeting.* No meeting may be adjourned for more than 45 days. In addition, when adjournment is for lack of a quorum, the meeting shall be adjourned to a date that is not less than 5 or more than 30 days from the original meeting date.

(c) *Notice Requirements for Adjourned Meetings.* When a Members' meeting is adjourned to another time or place, notice need not be given of the new meeting if the new time and place are announced at the meeting at which the adjournment is taken.

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Section 5.7. *Waiver of Notice or Consent by Absent Members.* Attendance by a Member at a meeting shall also constitute a waiver of any objections such person may have with respect to notice of that meeting, except when the Member attends the meeting for the sole purpose of objecting at the beginning of the meeting to the transaction of any business due to the inadequacy or illegality of the notice. Attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting if that objection is expressly made at the meeting.

Section 5.8. *Record Dates for Member Notice, Voting, and Giving Consents.*

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

(1) *Record Date for Notice of Meetings.* In determining those Members entitled to notice of a meeting, the record date shall not be more than 90 days nor less than 10 days before the date of the meeting;

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

(3) *Record Date for Action by Written Ballot Without Meeting.* In determining those Members entitled to cast written ballots or a secret mailed ballot, the record date shall not be more than 60 days before the day on which the first written ballot is mailed or solicited; and

(4) *Record Date for Other Lawful Action.* In determining those Members entitled to exercise any rights in respect to other lawful action requiring Member approval, the record date shall not be more than 60 days before the date of such other action.

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

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

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

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of the Board has been taken, it shall be the day on which the Board adopts the resolution relating to that action.

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

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

## **ARTICLE VI**

### **Membership Rights**

Section 6.1. *Use and Enjoyment of Common Areas by Members and Family.* Subject to the provisions, restrictions and limitations contained in these Bylaws, the Declaration and the Association Rules, each Member in Good Standing shall be entitled to the use and enjoyment of the Common Area and Common Facilities within the Subdivision, and shall have the right to assign his or her rights as a Member (or than voting rights) subject to all provisions of the Governing Documents.

Section 6.2. *Association Rules.* The right of any person to use and enjoy the Common Area and Common Facilities within the Subdivision shall at all times be subject to the terms, conditions and restrictions set forth in these Bylaws, in the Declaration, and in the Association Rules as promulgated by the Board from time to time. The Board shall have the right to impose monetary penalties or to temporarily suspend the use and enjoyment of any Common Facilities for the failure of a Member to pay any Assessments when due under the Declaration or to comply with any other rule or regulation imposed on such Member or his or her tenants or guests under the Governing Documents, provided, however, that any such monetary penalty or suspension shall be imposed in accordance with applicable law and the procedures set forth in the Declaration. The Board shall also have the right to adopt Rules governing the use of Common Areas and Common Facilities by renters or guests, including Short-Term Renters, that imposes special restrictions or fees, and treats renters and guests differently than Members.

## **ARTICLE VII**

### **Board of Directors**

Section 7.1. *General Association Powers.* Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, Davis-Stirling and any limitations contained in any of the Governing Documents relating to action required to be approved by the Members, the business and affairs of the Association shall be vested in and exercised by, the Association's Board of Directors. The Board may delegate the management of the activities of the Association to any person or persons, management company or committee, provided that notwithstanding any such delegation the activities and affairs of the Association shall continue to be managed and all Association powers shall continue to be exercised under the ultimate direction of the Board. The

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Board shall have all the power and authority as set forth in the California Nonprofit Mutual Benefit Corporation Law, the Articles and the other Governing Documents, subject to any limitations set forth therein.

Section 7.2. *Number of Directors.* The Board of Directors shall consist of nine (9) persons, who shall be Members (either as Owners of Lots in the Subdivision or as an eligible individual of an Owner (e.g., the trustee of a living trust)) and whose Memberships are in Good Standing. Only one Member per Lot shall be eligible to serve on the Board of Directors at any time.

Section 7.3. *Term of Office.* The directors of this Association shall serve for a term of three (3) years, with staggering of elections so that certain directorships are up for election in different years (e.g., so there is continuity on the Board and not all directorships are up for election in the same year).

Each director, including a director elected to fill a vacancy or elected at a special meeting of Members, shall hold office for the term for which elected and until a successor has been elected and qualified. ~~Directors~~ There shall ~~serve~~ be no ~~more than two (2)~~ limitation upon the number of consecutive terms ~~(i. However, e., no term limits) to which~~ a director may ~~run again for election after being off of the Board for 1 year or longer~~ be reelected.

Section 7.4. *Nomination of Directors.* The Association shall comply with Davis-Stirling as it applies to the process for notices, nominations and elections of directors. If Davis-Stirling is further amended, the Association shall comply with Davis-Stirling as amended.

(a) *Deadline for Notifying Members of Nomination Procedures.* In accordance with Civil Code §5115(a), the Association shall provide General Notice of the procedures and the deadline for submitting a nomination for election to the Board at least 30 days before any deadline for submitting a nomination. If a Member requests that this notice be sent by some form of Individual Notice, that form of notice shall be used.

(b) *Right of Self-Nomination.* Any Member who meets the qualifications specified in Section 7.5 of these Bylaws shall have the right to place his or her name in nomination for election to the Board of Directors as long as the Member tenders written notice to the Board of Directors of his or her desire to run for election by the nomination deadline set by the Board. At least ninety (90) days before the date of the election, the Association shall give General Notice to the Members of this right of self-nomination.

Section 7.5. *Qualifications for Candidacy for Election to the Board.* In accordance with Civil Code §5105, Members who wish to be nominated for election to the Board of Directors or who intend to declare their candidacy by self-nomination must meet the following qualifications:

(a) *Requirement of Being Current in Payment of Assessments; Exceptions.* To be eligible for nomination and election to the Board, the Association Secretary must certify that the candidate is current in the payment of all duly levied Regular and Special Assessments. Remaining current in the payment of all Regular and Special Assessment obligations shall also be a continuing qualification for a sitting director's continued service on the Board.

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However, in accordance with Civil Code §5105(d), a nominee may not be disqualified for nonpayment of Regular or Special Assessments in any of the following circumstances:

(1) The candidate paid the Regular or Special Assessment under protest pursuant to Civil Code §5658;

(2) The candidate has entered into a payment plan with the Association to retire the delinquency under Civil Code §5665; or

(3) The candidate has not been offered the opportunity to engage in internal dispute resolution regarding the alleged delinquency under Civil Code §5660(e) and §5665.

Also in accordance with Civil Code §5105(d), a candidate may not be disqualified for nonpayment of fines, fines renamed as assessments, collection charges, late charges, or costs levied by a third party. The fact that outstanding fines or penalties duly levied against a Member and his or her Lot by the Association cannot be cited as a reason for rejecting the Member's candidacy for election to the Board does not preclude the Association from pursuing collection remedies with respect to those fines and/or penalties that are otherwise permitted by law.

(b) *Requirement of Membership in the Association.* To be eligible for election to the Board, a person must be a Member of the Association and a natural person, subject to the exception contained in Civil Code 5105(b)(2) that if title to a Lot is held in the name of a legal entity that is not a natural person, the governing authority of the entity-owner shall have the power to appoint a natural person as the Member-representative for the entity-owner subject to the Association Bylaws (Section 1.4(1)) and Rules, and that designee may be a candidate as long as no other grounds for disqualification exist under the Davis-Stirling Act.

(c) *Disqualification Based on Co-Owners Serving Concurrently.* The Association shall disqualify a person from nomination as a candidate if the person (if elected) would be serving on the Board at the same time as another person who holds a joint ownership interest in the same Lot, if the proposed candidate and the other co-owner of the Lot is either properly nominated for the current election or an incumbent director. For purposes of this ground for disqualification, "joint ownership" includes any tenancy in common, community property ownership, trust, or other entity ownership in which the potential candidates (and a sitting director) both have an equity interest or any other marital or civil relationship interest that is recognized by California law. The purpose of this disqualification criteria is to promote a diversity of views, opinions, and decisions on the Board so that individual director decisions are not adversely influenced by familial issues or the co-ownership of a Lot or Lots in the Subdivision.

(d) *Disqualification Based on Certain Criminal Convictions.* The Association shall disqualify any nominee who discloses, or if the Association is aware or becomes aware of, a past criminal conviction that would (if the person was elected) either prevent the Association from purchasing the fidelity bond coverage required by Civil Code §5806 or terminate the Association's existing fidelity bond coverage.

Section 7.6. *Election of Directors; Ballot Tabulation and Retention Requirements.* The following procedures shall be followed in the election of directors and in the conduct of other



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Member votes that must be conducted by use of a double-envelope mailed secret ballot. If at the close of nominations there are no more qualified candidates than positions on the Board to be filled in the election, the Board may affirm the candidates as the duly elected directors by acclamation without conducting a vote by secret mailed ballot.

(a) *Coordination of Director Elections to Coincide With Date of the Annual Meeting.* In accordance with Civil Code §5115, the annual election of directors must be conducted using a double-envelope balloting process described in subparagraph (b); however, the results of the balloting and thus the deadline for voting shall be scheduled to coincide with the annual meeting of the Members.

(b) *Use of Mailed Secret Ballots; Ballot Completion and Distribution Requirements.* In accordance with Civil Code §5115, the annual election of directors, as well as certain other matters requiring Member approval must be conducted using the double-envelope secret ballot voting process described in this Section 7.6.

The secret ballots, together with a copy of the Association's Election Rules and two pre-addressed envelopes with instructions on how to return ballots, shall be mailed by first-class mail or delivered by the Association to every Member not less than 30 days before the deadline for voting. The Election Rules may be provided to the Members by either of the following methods: (i) posting the Election Rules to an Internet website and including the corresponding Internet website address on the ballot together with the phrase, in at least 12-point type, "The rules governing this election may be found here:" or (ii) by Individual Delivery.

The Association shall provide General Notice of all of the following to the Members at least 30 days before the ballots are distributed (or by Individual Notice if so requested by a particular Member):

- (1) The date and time by which, and the physical address where, ballots are to be returned by mail or handed to the Inspector or Inspectors of Elections;
- (2) The date, time, and location of the meeting at which the ballots will be counted; and
- (3) In the case of director elections, a list of all candidates' names that will appear on the ballot.

To preserve the confidentiality of the voting Member, the voter may not be identified by name, address, or Residence or Lot number on the ballot. The unsigned ballot shall be inserted into an envelope that is sealed, and this sealed envelope is itself inserted into a second envelope that is sealed. In the upper left-hand corner of the second envelope, a space or lines shall be presented where the voter can print and sign his or her name, address, and Lot number. The second envelope shall be addressed to the Inspector(s) of Elections who shall tally the votes. The envelope containing the ballot may be mailed or delivered by hand to the location specified by the Inspector(s) of Elections (that location shall be stated in the balloting materials mailed to the Members). Any Member may request a receipt from the Inspector(s) of Elections to confirm delivery of his or her ballot. Once a secret ballot is received by the Inspector(s) of Elections, it shall be irrevocable. The Inspector(s) of Elections or his or her designee may verify the Member's

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information and signature on the outer envelope before the meeting at which ballots are tabulated.

(c) *Determination of Election Results; Succession to Office.* As long as the minimum quorum requirement for valid action has been met, the candidates receiving the highest number of votes, up to the number of vacancies to be filled in the election, shall be elected as directors and shall take office immediately following their election. If there is a tie vote between those candidates who receive the lowest number of votes necessary to qualify the candidate for election, the tie shall be broken by random drawing.

(d) *Supervision of Election Process; Appointment of Inspector(s) of Elections.* To insure secrecy of ballots and fairness in the conduct of director elections, the Board of Directors shall select an independent third party or parties to serve as the Inspector(s) of Elections. The number of Inspector(s) of Elections shall be one or three. The person or persons appointed to serve as Inspector(s) of Elections shall have the full powers of an Inspector of Elections appointed by the Board under Corporations Code §7614. Without limiting the foregoing, and in accordance with Civil Code §5110(c), the Inspector(s) of Elections shall do all of the following:

(1) Determine the number of Memberships that are in Good Standing and thus entitled to vote and the Voting Power of each;

(2) Determine the authenticity, validity, and effect of proxies, if any proxies are submitted and are allowed by the Governing Documents (note: proxies are not currently allowed under Section 4.4(b) above);

(3) Determine the existence of a quorum for conduct of the election (each ballot received by the inspector of elections from Members in Good Standing shall be treated as a Member present at a meeting for purposes of establishing a quorum). Even if a ballot is rejected by the Inspector(s) of Elections for voting purposes due to some irregularity or ambiguity relating to the manner in which the Member has marked the ballot to express his or her voting intentions, the ballot may be counted for quorum purposes if the Inspector(s), in their discretion, have determined that the ballot was received, completed, and cast by a Member in Good Standing;

(4) The Inspector(s) of Elections shall be the designated recipient of ballots. Sealed ballots shall at all times be in the custody of the Inspector(s) of Elections or at a location designated by the Inspector(s) until after the tabulation of the vote and expiration of the time for challenging the election under Corporations Code §7527, at which time custody of the ballots shall be transferred to the Association to be stored in a secure place for no less than 1 year after the date of the election;

(5) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote;

(6) Count and tabulate all votes;

(7) Determine when the polls close;

(8) Determine the tabulated results of the election; and

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(9) Perform any acts as may be proper to conduct the election with fairness to all Members and in accordance with the Association Rules pertaining to the conduct of elections and Civil Code §§5100–5135.

Inspector(s) of Elections shall perform their duties impartially, in good faith, to the best of their abilities, and as expeditiously as is practical. If there are three Inspectors of Elections, the decision or act of a majority of the Inspectors shall be effective in all respects as the decision or act of all. Any report made by the Inspector(s) of Elections is prima facie evidence of the facts stated in the report.

(e) *Limitations on Association Election Activities.* The Association shall be prohibited from using Association funds for campaign purposes, as defined in this Section, although this prohibition shall not apply to communications disseminated under an Association Rule that is intended to comply with the requirement imposed by Civil Code §5105(a)(1) that all candidates have equal access to Association media to communicate points of view that are reasonably related to the election. As used in this subparagraph, “campaign purposes” means the use of Association funds to advocate the election or defeat of any candidate or the inclusion of a candidate’s photograph or the prominent presentation of a candidate’s name in any communication from the Association or the Board within 30 days of the election (excepting the ballot and the balloting materials or communications that are made to comply with the equal access requirements for all candidates under Civil Code §5105(a)(1)).

(f) *Requirements for the Counting and Tabulation of Ballots.* In accordance with Civil Code §5120(a), the Inspector(s) of Elections or their designee must count and tabulate the votes in public at a properly noticed open meeting of the Board of Directors or the Members. This tabulation can take place at the annual Membership meeting or at a duly convened Board or Membership meeting conducted promptly thereafter that is open to attendance by the Members. This meeting may also be by electronic means, such as video conference, provided the members can observe the Inspector count the ballots on the video conference. Any candidate or other Member of the Association may witness the counting and tabulation of the votes. No person, including a Member of the Association or an employee of the Association’s management company, if any, shall open or otherwise review any ballot before the time and place at which the ballots are counted and tabulated by the Inspector(s) of Elections. Nevertheless, to facilitate the timely conduct of the election, the Inspector(s) of Elections or their designee may verify the Member’s information and signature on the outer envelope of the secret ballot before the meeting at which ballots are tabulated. Once a secret ballot is received by the Inspector(s) of Elections, it shall be irrevocable.

(g) *Announcement of the Results of the Election.* The tabulated results of the election shall be promptly reported by the Inspector(s) of Elections to the Board of Directors of the Association and shall be recorded in the minutes of the next meeting of the Board and shall be available for review by Members of the Association. Within 15 days of the election, the Board shall give General Notice to all Members of the tabulated results of the election (see Civil Code §5120(b)).

(h) *Retention of Ballots.* After tabulation, the ballots shall remain in the custody of the Inspector(s) of Elections until such time as the period for challenging the election under Corporations Code §7527 has expired, whereupon the Inspector(s) shall deliver the ballots to the Association to be stored in a secure place for no less than 1 year after the date of the election. In

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the event of a recount or other challenge to the election process, the Association shall, on written request, make the ballots available for inspection and review by Association Members or their authorized representatives. To ensure that ballots are not tampered with or removed, the Inspector(s) of Elections shall be entitled to be present at any such inspection. If a recount of the ballots is required, the recount shall be conducted in a manner that shall preserve the confidentiality of each Member's vote.

(i) *Election by Acclamation.* If in any election of directors the number of candidates nominated on the date set for the close of nominations for open seats on the Board equals the number of director seats then up for election and the Association has complied with any applicable laws (e.g., Civil Code section 5103, which has additional notice requirements, as may be amended), then the Board of Directors may declare that the nominees have been elected by acclamation and dispense with the requirement and expense of mailing, counting, and tabulating the ballots cast for the election.

### *Section 7.7. Vacancies on Board of Directors.*

(a) *Vacancies Generally.* A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following: (1) the death, resignation, or removal of a director under subparagraphs (c) and (d) of this Section; (2) an increase of the authorized number of directors; or (3) the failure of the Members, in any election of directors, to elect the number of directors required to fill all vacancies in that election.

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

(c) *Authority of Board to Remove Directors.* Subject to the qualifications set forth in this subparagraph, the Board of Directors shall have the power and authority to remove a director and declare his or her office vacant if he or she

- (1) Has been declared of unsound mind by a final order of court;
- (2) Has been convicted of a felony;
- (3) Fails to attend three consecutive regular meetings of the Board of Directors that have been duly noticed in accordance with California Law and these Bylaws; or
- (4) Fails to remain in Good Standing with the Association.

In exercising its discretion to remove a director for his or her failure to attend duly noticed meetings, the Board may consider in mitigation medical hardship, business travel, financial hardships, or other factors, being mindful, however, of the benefits that accrue to the Members, as a whole, from the active and regular participation of the full Board of Directors. If the basis for removal of an incumbent director is the director's failure to remain current in the payment of

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Assessment obligations to the Association, the Board shall take no action to declare the delinquent director's seat to be vacated unless and until (1) the director has received a pre-lien notice of delinquency and a period of at least 30 days has elapsed following delivery of that Notice to the Director without payment in full of all delinquent Assessments and other duly levied fees, interest, and reasonable costs of collection. An incumbent director who is a party to a Board-approved payment plan to retire delinquent assessments in accordance with Civil Code §5665 and who is in compliance with the terms of that plan shall be deemed to be in Good Standing for purposes of continued Board service unless the terms of the payment plan call for the director to resign from office.

(d) *Authority of Members to Remove Directors.* Except as otherwise provided in subparagraph (c) of this Section, a director may only be removed from office before expiration of his or her term by the affirmative vote of a Majority of a Quorum of the Members conducted in accordance with the secret ballot voting requirements set forth in Section 7.6(c) of the Bylaws.

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

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

Section 7.8. *Conflicts of Interest.* The provisions of Corporations Code §§7233 and 7234 (regarding the manner in which Association transactions in which a director has a material financial interest must be approved either by a disinterested vote of the Board or by a disinterested vote of the Members) shall apply to any contract or other transaction authorized, approved, or ratified by the Board of Directors or a committee of the Board. Moreover, a director or member of a committee shall not vote on any of the following matters:

- (a) Discipline of the director or committee member;
- (b) An assessment against the director or committee member for damage to the Common Area or Common Facilities;
- (c) A request, by the director or committee member, for a payment plan for overdue assessments;
- (d) A decision whether to foreclose on a lien on the Lot and Residence of the director or committee member;
- (e) Review of a proposed physical change to the Lot and Residence of the director or committee member under the architectural review process; and

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(f) A grant of exclusive use of any portion of the Common Area to the director or committee member.

Nothing in this Section 7.8 of these Bylaws limits any other provision of law or the governing documents that govern a decision in which a director may have an interest, and the Association Rules may include a Director's Conflict of Interest Code that supplements or expands on this statutory list of what constitutes a conflict of interest or interested director transaction. Each Board Member must read, agree to and sign and date the "Lake Forest Glen H.O.A. Board Code of Conduct and Expectations" as may be amended by the Board from time-to-time.

## **ARTICLE VIII**

### **Meetings of the Board of Directors**

Section 8.1. *Place of Meetings; Meetings by Conference Telephone.*

(a) *Permitted Locations for Board Meetings.* Except as otherwise provided in subparagraph (b), regular and special meetings of the Board of Directors may be held at any place within the Subdivision or the County that has been designated from time to time by resolution of the Board and stated in the notice of the meeting. In the absence of such designation, regular meetings shall be held at the principal office of the Association.

(b) *Requirements for Conducting Board Meetings by Conference Telephone or Other Electronic Means.* A regular or special meeting of the Board may be held by conference telephone, electronic video screen communications (e.g., Zoom, Microsoft Teams, etc.), or other communications equipment so long as the requirements of this subparagraph are satisfied. Participation in a meeting through the use of conference telephone under this Section constitutes presence in person at the meeting as long as all directors, Members, and other permitted meeting participants (if any) participating in the meeting are able to hear one another. Participation in a meeting through the use of electronic video screen communication or other communications equipment constitutes presence in person at the meeting as long as each director participating in the meeting can communicate with all of the other directors concurrently and each director is given the means of participating in all matters coming before the Board. In accordance with Civil Code §4090(b), a telephone conference or video conference meeting of the Board shall be conducted in a manner that protects the rights of Members to attend the meeting (or the portion of a meeting that is open to attendance by the Members); that meeting or portion of the meeting shall be audible to the Members in at least one physical location that is specified in the notice of the teleconference Board meeting; and at least one director or a person designated by the Board shall be present at that location.

Section 8.2. *Annual Meeting of Directors.* Immediately following each annual meeting of Members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Notice of this meeting shall not be required.

Section 8.3. *Other Regular Board Meetings.* Ordinarily, regular meetings of the Board of Directors shall be conducted at least monthly, provided, however, that regular meetings can be



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held as infrequently as every quarter if the Board's business does not justify more frequent meetings. Civil Code §5500 and Section 12.7 of these Bylaws require the Board to review Association financial accounts (including operating and reserve accounts, check registers, monthly general ledger, and delinquent Assessment receivable reports) on a monthly basis. However, Civil Code §5501 provides that the monthly review requirement can be satisfied when every individual member of the Board, or a subcommittee of the Board consisting of the treasurer and at least one other Board member, reviews the documents and statements described in §5500 independent of a Board meeting, as long as the review is ratified at the next Board meeting and that ratification is reflected in the minutes of that meeting. In no event shall the Board meet on less than a quarterly basis.

Section 8.4. *Special Meetings of the Board.* Special meetings of the Board of Directors for any purpose may be called at any time by the president or any two directors.

Section 8.5. *Notice of Board Meetings.*

(a) *Minimum Time Requirements for Giving Notice to Directors.* In the case of any special meeting of the Board, and if the Board has not fixed the time and location for regular meetings and provided each director with the schedule for regular meetings, notice shall be communicated to each Board member not less than 4 days before the date of the meeting, provided, however, that if the meeting qualifies as an Emergency Meeting (as defined in subparagraph (e)) or is a special meeting that can be called in executive session, the time for providing notice is 48 hours before the meeting, unless notice is given by first-class mail, in which case the 4-day notice requirement remains in effect. Notice of a meeting of the Board need not be given to any director who has signed a waiver of notice or a written consent to the conduct of the meeting or an approval of the minutes of the meeting (whether before or after the meeting) or who attends the meeting without protesting, before or at the commencement of the meeting, the lack of notice to that director.

(b) *Manner of Giving Notice to Directors.* Each director shall be entitled to receive notice of meetings by any one of the following means: first-class mail; personal delivery; telephone, including a voice messaging system or other system or technology designed to record and communicate messages; facsimile; electronic mail; or other electronic means (as long as the director has provided his or her consent to the receipt of notices by electronic transmission).

(c) *Notice Contents.* The notice of any meeting of the Board shall state the time, place, purpose, and agenda of the meeting.

(d) *Members' Right to Receive Notice of Board Meetings.*

(1) *Requirement for Delivery of Notice Generally.* All Members of the Association shall be given notice of the time and place of all Board meetings (except for Emergency Meetings) at least 4 days before the date of the meeting. Unless an executive session meeting of the Board is called as an Emergency Meeting, Members are entitled to receive notice of executive session meetings at least 2 days before the meeting, even though Members may be excluded from attending the executive session under most circumstances.

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(2) *Content of Notices to Members and Method of Delivery.* Notices of Board meetings shall include the agenda for the meeting and shall be given by any method of delivery constituting General Notice, unless a particular Member has notified the Association that he or she desires to have notices of Board meetings sent by some form of Individual Delivery. Notice may also be given by mail or delivery of the notice to each Lot in the Subdivision or by newsletter or similar means of communication or by electronic means if the recipient Member has consented to receiving such electronic notice, as provided in Civil Code §4040(a)(2).

(3) *Special Notice Requirements for Members Who Are Subject to Possible Disciplinary Action.* In addition to the foregoing General Notice requirements for Members, if one or more particular Members are scheduled for possible disciplinary action on the agenda for a Board meeting, the Board must notify each subject Member in writing, by either personal delivery or Individual Delivery, at least 10 days before the date of the meeting. Any such special notice of possible disciplinary action must contain, at a minimum, the date, time, and location of the meeting, the nature of the alleged violation for which the Member is being considered for disciplinary action, and a statement that the Member has a right to attend the meeting and address the Board concerning the disciplinary matter. The Board shall meet in executive session if requested by the Member who is the subject of the possible disciplinary action.

(e) *Definition of Emergency Meeting.* For purposes of the Member notification requirements set forth in subparagraph (d) above, an Emergency Meeting of the Board is defined in Civil Code §4923 to mean a meeting called by the president or by any two members of the Board (other than the president) under circumstances that could not have been reasonably foreseen, that require immediate attention and possible action by the Board, and that of necessity make it impracticable to provide prior notice to the Members as required by the Open Meeting Act. Notice of Emergency Meetings must still be provided to each director at least 4 days before the meeting if the notice is given by mail and at least 48 hours before the meeting when notice is delivered to a director by one of the other means stated in subparagraph (b) above.

Section 8.6. *Attendance by Members; Open Meeting Act Provisions.* The following provisions reflect the Open Meeting Act (Civil Code §§4900–4955):

(a) *Meetings Generally Open to Members; Definition of What Constitutes a Board Meeting.* With the exception of executive session meetings of the Board (see subparagraph (e)), any Member of the Association may attend meetings of the Board of Directors. For purposes of the Open Meeting Act, the term “meeting” includes (1) any congregation of a majority of the members of the Board at the same time and place to hear, discuss, or deliberate on any item of business that is within the authority of the Board, except those matters that may be discussed in executive session; and (2) a teleconference in which a majority of the members of the Board, in different locations, are connected by electronic means, whether audio or video or both (Civil Code §4090). The Board may not take action on any item of business outside of a meeting, as so defined, and using a series of electronic transmissions (including e-mails) to conduct a meeting is not permitted except as a means of conducting an Emergency Meeting, if all members of the Board individually or collectively consent in writing to that form of Emergency Meeting. Written consent to conduct an emergency meeting may be transmitted electronically by the directors. In other respects, the authority that is generally conferred on nonprofit boards by California Corporations Code §7211(b) to take action by unanimous written consent is not authorized under the Open Meeting Act.

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A Member of the Association shall be entitled to attend the portion of a teleconference meeting of the Board that is open to attendance by the Members. The open session portion of any teleconference meeting shall be audible to the Members at one physical location that is specified in the notice of the meeting. Alternatively, the Board may provide the information so that Members may participate in the meeting call or video conference remotely (i.e., by dialing in or attending via video conference).

The phrase “item of business,” as used in the Open Meeting Act and this Section, means any action within the authority of the Board, except those actions that the Board has validly delegated to any other person or persons, managing agent, officer of the association, or committee of the Board comprising less than a majority of the directors (Civil Code §4155). Accordingly, if any number of directors congregates for the purpose of generally discussing or receiving advice or instruction on matters of general interest to the Members and/or the Subdivision or matters related to laws or regulations governing common interest Subdivisions or nonprofit mutual benefit corporations, and if the topics of discussion are not pending or scheduled as intended or possible action items for the Association, the congregation is not a “meeting” subject to the open meeting requirements of this Section. In the event that the decision is made to delegate authority to take certain actions to persons who are not directors or to a committee of the Board comprised of less than a majority of directors, the resolution authorizing that delegation shall clearly state the purpose of the delegation and the scope of authority being delegated.

(b) *Right of Members to Speak at Board Meetings.* In accordance with Civil Code §4925(b), the Board of Directors shall permit any Member to speak at any meeting of the Members or of the Board of Directors, except for Board meetings held in executive session under subparagraph (e). The Board or the chairperson of the meeting may impose reasonable time limitations on presentations or statements by Members. In the case of Board meetings, the agenda for the meeting may designate a specific time for Member statements and comments.

(c) *Meeting Agendas; General Restriction of Action to Items on the Agenda.* As required by Civil Code §4920(d), any notice of a Board meeting that is required by law to be distributed or made available to the Members must include an agenda for the meeting. Except as provided in clauses (1) through (5) of this subparagraph or in subparagraph (d), the Board of Directors may not discuss or take action on any item at a non-Emergency Meeting of the Board unless the item was placed on the agenda that was included in the notice given to the Members. Members who are not on the Board may, however, speak on issues that are not on the agenda (Civil Code §4930(a)). Notwithstanding the general rule that Board actions must be restricted to items shown on the meeting agenda, a member of the Board of Directors, a managing agent or other agent of the Board, or a member of the staff of the Board of Directors may do any of the following (Civil Code §4930(b)):

(1) Briefly respond to statements made or question posed by a person speaking at an open Board meeting;

(2) Ask a question for clarification, make a brief announcement, or make a brief report on the director’s own activities, whether in response to a question posed by a Member or based on the director’s own initiative;

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(3) Provide reference or other resources for factual information to the Board’s managing agent or other agents or staff;

(4) Request the managing agent of the Association or other agents or staff to report back to the Board at a subsequent meeting concerning any matter, or take action to direct the managing agent, other agents, or staff to place a matter of business on a future agenda; and

(5) Direct the Association’s managing agent or other agents or staff to perform administrative tasks necessary to carry out the requirements of Civil Code §4930.

(d) *Authority to Take Action on Certain Items Not on the Published Agenda.* Notwithstanding the general rule that Board actions must be restricted to items shown on the Board meeting agenda, the Board of Directors may take action on any item of business not appearing on the posted meeting agenda under any of the following conditions (Civil Code §4930(d)):

(1) On a determination made by a majority of the Board of Directors present at the meeting that an emergency situation exists. An emergency situation exists if there are circumstances that could not have been reasonably foreseen by the Board, that require immediate attention and possible action by the Board, and that, of necessity, make it impracticable to provide notice.

(2) On a determination made by a vote of two-thirds of the members of the Board who are present at the meeting (or if less than two-thirds of total Membership of the Board is present at the meeting, by a unanimous vote of the Board Members present) that there is a need to take immediate action and that the need for action came to the attention of the Board after the agenda for the meeting was posted and distributed to the Members.

(3) An item was added to an agenda posted and distributed to the Members for a prior meeting of the Board of Directors, which occurred not more than 30 calendar days before the date that action is being taken on the item, and at that prior meeting action on the item was continued to the meeting at which the action is being taken.

Before discussing any item under this subparagraph (d), the Board shall openly identify the item to the Members in attendance at the meeting.

(e) *Executive Sessions.*

(1) *Definition of What Constitutes an Executive Session.* An executive session is a meeting that is conducted by the Board of Directors that is not open to attendance by all Members and that is convened only to consider and potentially to act on one or more of the following matters only (Civil Code §4935(a)): (A) litigation in which the Association is or may become a party; (B) matters relating to the formation of contracts with third parties; (C) Member discipline; (D) personnel matters; or (E) on a Member’s request, a meeting with that Member regarding the Member’s payment of Assessments under a payment plan, as specified in Civil Code §4935(c).

(2) *Executive Sessions to Protect Attorney-Client Privilege.* In addition to the five justifications for meeting in executive session enumerated in Civil Code §4935(a), in accordance with Evidence Code §§950–955, the Board shall be entitled to meet in executive session with the

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Association's legal counsel to discuss documents, transactions, potential litigation, or other matters that are intended to come within the protection of the attorney-client privilege. The attorney-client privilege exists to protect against disclosure to third persons of information that the Association's legal counsel recommends to be confined only to the members of the Board and other persons to whom disclosure of the information is reasonably necessary to accomplish the purposes for which the Association's legal counsel has been consulted.

(3) *Executive Sessions to Address Member Disciplinary Matters.* The Board must meet in executive session if requested by a Member who may be subject to a fine, penalty, or other form of discipline, and the Member who is the subject of the disciplinary proceeding shall be entitled to attend the executive session.

(4) *Executive Sessions Called to Meet With a Delinquent Member.* If a Member who has received a Notice of Delinquent Assessment from the Association under Civil Code §5660 requests a meeting before the Board in executive session to discuss a payment plan, the Board shall meet with the Member in executive session within 45 days after receipt of the Member's request.

(5) *Manner in Which Executive Session Meetings May Be Called.* The Board can adjourn for purposes of meeting in an executive session, on the affirmative vote of a majority of the directors present at a meeting that is open to attendance by the Members at which a quorum has been established or an executive session meeting can be called independent from any open meeting of the Board. Civil Code §4935(a).

(6) *Reporting of Executive Session Meetings in the Minutes.* Any matter discussed in executive session shall be generally noted in the minutes of the immediately following Board meeting that is open to the entire Membership (Civil Code §4935(e)). Any description of the actions or topics that are appropriately discussed or acted on in an executive session meeting should be described in a manner that is consistent with the purpose and intent of the executive session, namely to preserve the confidentiality of what was discussed and the opinions that were expressed during the meeting.

(f) *Board Meeting Minutes; Right of Members ~~of~~ Obtain Minutes.* The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes of any meeting of the Board of Directors, other than minutes of an executive session, shall be available to the Members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member on request and on reimbursement of the Association's costs in making that distribution. Members of the Association shall be notified in the Association's Annual Policy Statement (distributed to the Members under Civil Code §5310) of their right to have copies of the minutes of meetings of the Board of Directors, and how and where those minutes may be obtained.

Section 8.7. *Quorum Requirements.* A majority of the authorized number of directors (five directors for a nine person Board) shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 8.9. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, especially those provisions relating to (a) approval of contracts or



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transactions in which a director has a direct or indirect material financial interest; (b) appointment of committees; and (c) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors below a quorum if any action taken is approved by at least a majority of the required quorum for that meeting or such greater number as is required by these Bylaws, the Articles, or by law.

Section 8.8. *Waiver of Notice.* The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present and (b) either before or after the meeting, each of the directors not present, individually or collectively, signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the Association records or made a part of the minutes of the meeting and shall have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting shall also be deemed to have been waived by any director who attends the meeting without protesting the lack of proper notice either before or at the inception of the meeting.

Section 8.9. *Adjournment.* A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of adjournment to any other time or place shall be given before the time of the adjourned meeting to the directors who are not present at the time of the adjournment. Except as provided in the preceding sentence, notice of adjournment need not be given.

Section 8.10. *Compensation.* Directors, officers, and members of committees shall not be entitled to compensation for their services as such, although they may be reimbursed for such actual expenses as may be determined by resolution of the Board of Directors to be just and reasonable. Expenses for which reimbursement is sought shall be supported by a proper receipt or invoice.

### **ARTICLE IX**

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

Section 9.1. *Specific Powers.* Without prejudice to the general powers of the Board of Directors, the directors shall have the power to:

(a) Exercise all specific and general powers vested in the Board under the Articles, other Governing Documents and under the laws of the State of California.

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

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



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(d) Adopt and establish Association Rules subject to the provisions of the Declaration and Section 13.2 of these Bylaws, governing the use of the Common Area, the Common Facilities, the Subdivision and the personal conduct of the Members and their Short-Term Renters and guests, and take such steps as it deems necessary for the enforcement of such rules and regulations, including the imposition of monetary penalties and/or the suspension of voting rights and the right to use the Common Area or Common Facilities, provided notice and a hearing are provided. Rules and regulations adopted by the Board may contain reasonable variations and distinctions as between Owners and tenants.

(e) Enforce all applicable provisions of the Governing Documents relating to the control, management, and use of the Lots, Common Area, Common Facilities, and Subdivision.

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

(g) Contract for and pay for maintenance, landscaping, utilities, materials, supplies, labor, and services that may be required from time to time in relation to the Common Area, Common Facilities or other portions of the Subdivision, if any, that the Association is obligated to maintain, repair, or replace.

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

(i) Contract for and pay for construction or reconstruction of any portion or portions of the Subdivision that the Association is obligated to maintain, repair, and replace under Article IX of the Declaration or that have been damaged or destroyed and are to be rebuilt.

(j) Delegate its duties and powers hereunder to the officers of the Association or to committees established by the Board, subject to the limitations expressed in Section 9.2.

(k) Levy and collect Assessments from the Members of the Association in accordance with the Declaration.

(l) Perform all acts required of the Board under the Declaration, these Bylaws, and the other governing documents of the Association.

(m) Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles, and prepare an annual financial report at no greater than annual intervals.

(n) Appoint such other committees as the Board deems necessary from time to time in connection with the affairs of the Association.

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

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

(q) Contract for agreements for bulk Wi/Fi, internet, communications network and service agreement, cable television, services and equipment and/or satellite dish television services and equipment, or any combination thereof, for multiple Residences not to exceed five years in duration and subject to Member approval under Section 9.2(c) of the Bylaws below.

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

### Section 9.2. *Limitations on Powers of the Board.*

(a) *Prohibited Actions.* The Association is prohibited from taking any of the following actions:

(1) *Deny Access to Residences and Lots.* Except as otherwise provided in the law, order of the court or an order under a final and binding arbitration decision, or in the reasonable exercise of the Association's obligations under the Governing Documents and applicable law (e.g., maintaining the Common Area), the Association shall not deny an Owner or occupant physical access to his or her Residence or Lot by restricting access through the Common Areas to the Owner's Residence.

(2) *Assign or Pledge Future Assessment Obligations.* The Association may not voluntarily assign or pledge the Association's right to collect payments or Assessments or to enforce or foreclose a lien to a third party except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law when acting within the scope of that charter or license as security for a loan obtained by the Association. However, the foregoing provision may not restrict the right or ability of the Association to assign any unpaid obligations of a former Member to a third party for purposes of collection.

(3) *Adopt Rules Unreasonably Restricting Sales.* The Association shall not adopt a rule or regulation that arbitrarily or unreasonably restricts an Owner's ability to market the Owner's Residence and Lot.

(4) *Establish Exclusive Broker Relationships.* The Association shall not establish an exclusive relationship with a real estate broker through which the sale or marketing of Residences or Lots is required to occur.

(5) *Use Association Funds for Campaign Purposes.* The Association shall be prohibited from using any Association funds for campaign purposes in connection with the election of directors. Funds of the Association may be used for campaign purposes in connection with any other Association election to the extent necessary to comply with duties of the Association imposed by law. For purposes of these limitations, "campaign purposes" include, but are not limited to, (1) expressly advocating the election or defeat of any candidate on the election ballot and (2) including the photograph or prominently featuring the name of any candidate on a communication from the Association or its Board of Directors, excepting the ballot and ballot

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materials, within 30 days of an election. This restriction shall not apply to any communication made as part of an Association's efforts to ensure that all candidates are provided with access to Association media, newsletter, or Internet websites during a campaign for purposes that are reasonably related to that election.

(b) *Board Actions Requiring Member Approval – Majority of a Quorum.* The Board of Directors shall not take any of the following actions without the consent of a simple majority of the Members constituting a quorum of more than 50 percent of the Voting Power of the Members of the Association:

(1) Enter into a contract with a third party for the furnishing of goods or services to the Common Area or the Association for a term longer than one year. This restriction shall not apply to (i) FHA or VA approved management contracts; (ii) public utility contracts in which the rates charged for materials or services are regulated by the Public Utilities Commission, provided that the term of the contract may not exceed the shortest term for which the supplier will contract at the regulated rate; (iii) prepaid casualty or liability insurance policies not to exceed three years' duration, provided that the policies provide for short-rate cancellation by the insured; (iv) lease agreements for laundry room fixtures and equipment not to exceed five years' duration; ~~(v) agreements for cable television services and equipment or satellite dish television services and equipment not to exceed five years' duration; or (vi) or (v)~~ agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services not to exceed five years' duration.

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

(3) Grant exclusive use of any Common Area to any Member, except for the circumstances set forth in Civil Code section 4600(b) which shall not require Member approval.

(4) Pledge, deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

(5) Pay compensation to members of the Board of Directors or the officers of the Association, provided, however, that directors and officers can be reimbursed for reasonable out-of-pocket expenses, verified in writing, incurred in carrying on the business of the Association.

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

(7) Any action to impose a Regular Assessment or Special Assessment under the circumstances requiring Member approval under Davis-Stirling.

(c) Board Actions Requiring Member Approval – Majority of Voting Power. The Board of Directors shall not take any of the following actions without the consent of a majority of the Voting Power of the Members of the Association: agreements for the bulk provision of Wi-Fi.

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internet, communications network and service agreement, cable television, services and equipment or satellite dish television services and equipment for all or a large number of the Residences.

## **ARTICLE X**

### **Committees**

Section 10.1. *Committees of the Board.* The Board of Directors shall be authorized and empowered to appoint committees to assist the Board and management in the effective pursuit of the Association's business and affairs. Such committees, if appointed, shall be advisory to the Board, and the scope of their authority shall be as stated in the resolution creating the committee. Only members in Good Standing may serve on Association committees.

Section 10.2. *Powers of Committees.* Committees may be delegated all the authority of the Board with respect to matters within their area of assigned responsibility, except that no committee, regardless of Board resolution, may:

(a) Take any final action on any matter that also requires approval of the Members under the California Nonprofit Mutual Benefit Corporation Law.

(b) Fill vacancies on the Board of Directors or on any committee that has been delegated any authority of the Board.

(c) Amend or repeal Bylaws or adopt new Bylaws.

(d) Amend or repeal any resolution of the Board of Directors that, by its express terms, is not so amendable or repealable.

(e) Appoint any other committees of the Board of Directors or designate the members of those committees.

(f) Approve any transaction (1) to which the Association is a party and one or more directors have a material financial interest or (2) between the Association and one or more of its directors or between the Association or any person in which one or more of its directors have a material financial interest.

Section 10.3. *Meetings and Actions of Committees.* Duly appointed committees of the Association shall meet with such frequency as is considered necessary or appropriate to accomplish the tasks and to perform the duties that have been delegated to each committee. All members of a committee shall receive at least 48 hours' prior notice of meetings. Notices may be given in writing, electronically, in person, or by telephone (as long as the committee member responds to the call or voice mail message). Special meetings of committees may also be called by resolution of the Board of Directors. If a committee has alternate members, those persons shall also receive notice of committee meetings and shall have the right to attend meetings of the committee. Unless otherwise provided in the Board resolution establishing the committee, minutes shall be kept of each meeting of any committee and shall be filed with the Association records. The Board of Directors may adopt additional rules, not inconsistent with the provisions

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of these Bylaws, for the governance of any committee. Unless otherwise provided in the Board resolution appointing a committee, all actions of committees established under this Article X shall be recommendations to the Board, and no committee shall have authority to bind the Association.

## **ARTICLE XI**

### **Officers**

Section 11.1. *Officers.* The officers of the Association shall be a President, a Vice President, a Secretary, and a Chief Financial Officer/Treasurer. The Association may also have, at the discretion of the Board, one or more assistant secretaries, one or more assistant financial officers, and such other officers as may be appointed in accordance with the provisions of Section 11.3 of these Bylaws. Any person may hold two or more offices, except that neither the secretary nor the chief financial officer may serve concurrently as president.

Section 11.2. *Election of Officers.* The officers of the Association, except such officers as may be appointed in accordance with the provisions of Sections 11.3 and 11.6 of these Bylaws, shall be chosen annually by majority vote of the Board at its first regular meeting following the annual meeting of the Members or the election of directors, and each shall hold his or her office until he or she shall resign or shall be removed or otherwise disqualified to serve or until his or her successor shall be elected and qualified.

Section 11.3. *Subordinate Officers.* The Board may appoint, and may empower the president to appoint, such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in the Bylaws and as the Board may from time to time determine.

Section 11.4. *Removal of Officers.* Any officer may be removed, either with or without cause, by the Board at any regular or special meeting.

Section 11.5. *Resignation of Officers.* Any officer may resign at any time by giving written notice to the Board or to the President or to the Secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Association under any contract to which the officer is a party.

Section 11.6. *Vacancies.* A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 11.7. *President.* The President shall be elected by the Board from among the directors. The president shall be the Chief Executive Officer of the Association and shall, subject to the control of the Board, have general supervision, direction, and control of the affairs and officers of the Association. The President shall preside at all meetings of the Board and shall have the general power and duties of management usually vested in the office of President of a

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corporation, together with such other powers and duties as may be prescribed by the Board or the Bylaws.

Section 11.8. *Vice President.* The Vice President shall be elected by the Board from among the directors. In the absence or disability of the president, the Vice pPresident shall perform all the duties of the President and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

Section 11.9. *Secretary.* The Secretary shall be elected by the Board, and may or may not be a Board director. If the Secretary is not also a member of the Board, the Secretary shall not be entitled to vote at Board meetings. The Secretary shall keep or cause to be kept at the principal office, or such other place as the Board may order, a book of minutes of all meetings of directors and Members, with the time and place of holding same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of Members present in person or by proxy at Members' meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, appropriate current records showing the Members of the Association, together with their addresses. The Secretary shall give, or cause to be given, notice of all meetings of the Board required by the Bylaws or by law to be given, and the secretary shall keep the seal of the Association in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

Section 11.10. *Chief Financial Officer (Treasurer).* The Chief Financial Officer shall be elected by the Board, and may or may not be a Board director. If the Chief Financial Officers is not also a member of the Board, the Chief Financial Officers shall not be entitled to vote at Board meetings. The Chief Financial Officers (who shall be known as the treasurer) shall (a) keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and other matters customarily included in financial statements; (b) deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board; (c) disburse the funds of the Association as may be ordered by the Board; (d) render to the president and directors, whenever they request it, an account of all of the Chief Financial Officers's transactions as treasurer and of the financial condition of the Association; and (e) have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws. The books and records shall at all reasonable times be open to inspection by any director or Member. If required by the Board, the treasurer shall give the Association a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his or her office and for restoration to the Association of all its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from office.

### **ARTICLE XII**

#### **Member Assessment Obligations and Association Finances**



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Section 12.1. *Description of Assessments to Which Owners Are Subject.* Owners of Lots within the Subdivision are subject to Regular, Special, Special Individual, and Emergency Assessments as described in the Declaration.

Section 12.2. *Checks.* All checks or demands for money and notes of the Association shall be signed by the President and Chief Financial Officers or by such other officer(s) or person(s) as the Board of Directors may from time to time designate. Notwithstanding the foregoing, any withdrawal of funds from Association Reserve accounts shall require the signature of two directors or an officer (who is not also a director) and a director.

Section 12.3. *Operating Account.* There shall be established and maintained a cash deposit account to be known as the “Operating Account” into which shall be deposited the operating portion of all Regular and Special Assessments as fixed and determined for all Members. Disbursements from such account shall be for general operational needs, including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the Subdivision.

Section 12.4. *Other Accounts.* The Board shall maintain any other accounts it shall deem necessary to carry out its purposes, including reserve accounts for replacement capital items. All Association books of account shall be maintained in accordance with generally accepted accounting principles and in accordance with what a reasonably prudent trustee would do for any Reserve accounts (e.g., either in FDIC insured accounts or sufficiently safe and protected accounts for any risk/return in the judgment of the Board).

Section 12.5. *Budgets and Financial Statements.* The financial statements and related information for the Association shall be regularly prepared and copies thereof shall be distributed to each Member of the Association in accordance with Davis-Stirling. (See Civil Code §§ 5300-5320). On no less than a quarterly basis, the Board of Directors shall take the actions identified in Civil Code section 5500.

Section 12.6. *Required Reserve Studies.* The Board shall conduct such reserve studies as required under Davis-Stirling and the minimum requirements specified in Civil Code section 5550 et seq.

Section 12.7. *Statutory Assessment and Reserve Funding Disclosure Summary.* The disclosures required by the Association may be presented to the Members in summary form using the form that is set forth in Civil Code section 5570. The form required by the Civil Code may be supplemented so long as the minimum information set out in the statute is provided.

Section 12.8. *Review of Accounts.* On a monthly basis, the Board of Directors shall review

- (a) A current reconciliation of the Association’s operating accounts;
- (b) A current reconciliation of the Association’s Reserve Accounts;
- (c) The current year’s actual operating revenues and expenses compared to the current year’s budget;

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(d) The Association’s latest account statements prepared by the financial institution(s) with whom the operating and Reserve Accounts are lodged;

(e) The Association’s income and expense statement for the operating and Reserve Accounts; and

(f) The check register, monthly general ledger, and delinquent assessment receivable reports.

## **ARTICLE XIII**

### **Other Required Reports and Disclosures to Members**

In addition to the documents that the Association is required to distribute to the Members pursuant to Article XII, above, various statutes applicable to common interest Subdivisions and Owner associations require that the following disclosures and information be provided to the Members of the Association on an annual or other periodic basis or in response for a request for the information by a Member, including, without limitation, Civil Code sections 4765, 4950(b), 5300-5325, 5730, 5900-5925, and 5925-5965. The Association also must provide notice to its members of any “rule change” and follow the procedures set forth in Civil Code sections 4340-4370.

## **ARTICLE XIV**

### **MISCELLANEOUS**

#### *14.1. Inspection of Books and Records.*

##### *(a) Member Inspection Rights.*

*(1) Scope of Inspection Rights of Members.* All accounting books and records; minutes of proceedings of the Members, the Board, and committees of the Board; the Membership list of the Association; and other documents defined as “association records” or “enhanced association records” shall at all times, during reasonable business hours, be subject to the inspection of any Member in accordance with California law. The Member who desires to inspect those documents must submit a written request for inspection to the Association, and that request must state a reason for the requested inspection that reasonably relates to the Member’s interests in the Association. The accounting books and records, the minutes of proceedings of an Association, and any information contained in those records may not be used or sold for commercial purposes or used for any other purpose that is not reasonably related to a Member’s interests as a Member. The Association shall have the right to offer a Member who is seeking access to the Membership list an alternative method of achieving the Member’s stated purpose without providing access to or a copy of the list itself, as long as the Association presents its alternative method within 10 days following receipt of the Member’s request.

*(2) Association’s Right to Withhold Information.* The Association has the right to withhold or redact information from the accounting books and records and the minutes of proceedings for any of the following reasons: (1) the release of the information is reasonably likely to lead to identity theft (*i.e.*, the unauthorized use of another person’s personal identifying

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information to obtain credit, goods, services, money, or property); (2) the release of the information is reasonably likely to lead to fraud in connection with the Association; (3) the information is privileged by law; (4) the release of the information is reasonably likely to compromise the privacy of an individual Member of the Association; or (5) the information contains any of the items specified in Civil Code §5215(a)(5). Except as provided by the attorney-client privilege, the Association may not withhold or redact information concerning compensation paid to employees, vendors, or contractors. Compensation information for individual employees shall be presented only by job classification or title, and not by use of the employee's name, social security number, or other personal information.

(3) *Designation of Agent for Purposes of Inspection.* A Member may inspect and copy those records that are open to Member inspection either in person or through his or her duly appointed representative. If a Member designates another person to inspect and/or copy Association records that are open to Member inspection, that designation must be in writing.

(4) *Where Inspection Rights May Be Exercised.* The Association shall make the accounting books and records and the minutes of proceedings available for inspection and copying in the Association's business office or, if there is no such office, at a mutually agreeable location as established by the Association and the Member who requests the inspection. If the Association and the requesting Member cannot agree on a place for inspection and copying under this subparagraph, or if the requesting Member submits a written request directly to the Association for copies of specifically identified records, the Association may satisfy the requirement to make the Association records available for inspection and copying by delivering copies of the specifically identified records to the Member by Individual Delivery within the time periods specified by law.

(5) *Cost of Copies.* The Association may bill the requesting Member for its direct and actual cost of copying and mailing requested documents as long as the Association informs the Member of the amount of the copying and mailing costs before sending the requested documents. Except as otherwise provided in subparagraph (3) above or by law, nothing in this subparagraph shall be construed to obligate the Association to make copies of requested documents or to organize or compile specific information or categories of information sought by a requesting Member when the Association has made the information available for inspection and copying by the Member or his or her agent.

(6) *Electronic Delivery of Information.* Requesting parties shall have the option of receiving specifically identified records (and the Association may deliver specifically identified records) by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that does not allow the records to be altered. Under such circumstances, the cost of duplication for purposes of subparagraph (5) above shall be limited to the direct cost of producing the copy of a record in that electronic format.

(b) *Director's Inspection Rights.* Every director shall have an absolute right at any reasonable time to inspect all books, records, documents, and minutes of the Association and the physical properties owned by the Association. The right of inspection by a director includes the right to make extracts and copies of documents. All Directors should consider their fiduciary obligations to act in good faith and in a manner the director believes to be in the best interests of the

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Association in determining what use and/or dissemination is to be made of information obtained in the director's exercise of his or her inspection rights.

(c) *Adoption of Reasonable Inspection Rules.* The Board of Directors may establish reasonable rules with respect to (1) notice of inspection, (2) hours and days of the week when inspection may be made, and (iii) payment of the cost of reproducing copies of documents requested by the Member.

Section 14.2. *Property Manager.* The Board of Directors may, from time to time, employ the services of a manager or property management company to manage the affairs of the Association, and consistent with the laws of the State of California, on such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the manager or management company any of its day-to-day management and maintenance duties and powers under these Bylaws and the Declaration, provided that the manager or management company shall at all times remain subject to the general control of the Board.

Section 14.3. *Corporate Seal.* The Association may elect to have a seal in such form as approved by the Board.

Section 14.4. *Roberts Rules of Order.* If a question or dispute concerning the procedural aspects of any meeting cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to Robert's Rules of Order.

Section 14.5. *Amendment or Repeal of Bylaws.* These Bylaws may be amended or revoked in any respect by the affirmative vote of more than fifty percent (50%) of the Voting Power of the Members. Notwithstanding the foregoing, the percentage of the Voting Power necessary to amend a specific clause or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause. Any vote to amend these Bylaws shall be conducted in accordance with the secret ballot voting procedures under Davis-Stirling.

Section 14.6. *Notice Requirements.* Any notice or other document permitted or required to be delivered as provided in these Bylaws may be delivered in either the manner or form of delivery mandated by the Davis-Stirling Act or by Individual Delivery or General Delivery. If a document is delivered by mail, delivery is deemed to be complete on deposit into the United States mail. If a document is delivered by electronic means, delivery is complete at the time of transmission. If the Association or a Member has consented to receive information by electronic delivery, and a provision of the Davis-Stirling Act requires that the information be in writing, that requirement is satisfied if the information is provided in an electronic record capable of retention by the recipient at the time of receipt. An electronic record is not capable of retention by the recipient if the sender or its information processing system inhibits the ability of the recipient to print or store the electronic record.

Section 14.7. *Indemnification of Agents.*

(a) *Indemnification by Association of Directors, Officers, Employees, and Other Agents.* To the fullest extent permitted by law, the Association shall indemnify its directors, officers, employees,

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and other agents described in Corporations Code §7237, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any “proceeding” as that term is used in that statute and including an action by or in the right of the Association by reason of the fact that such person is or was a person described by that section. As used in this Section, the term “expenses” has the same meaning as in Corporations Code §7237(a).

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

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

(d) *Insurance.* The Association shall have the power to purchase and maintain insurance on behalf of its directors, officers, employees, and other agents against other liability asserted against or incurred by any director, officer, employee, or agent in such capacity or arising out of the director’s, officer’s, employee’s, or agent’s status as such.

Section 14.8. *Construction and Definitions.* Unless the context requires otherwise or a term is specifically defined herein or in the Declaration, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation Law and Davis-Stirling shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, a singular number includes the plural, and a plural number includes the singular. All captions and titles used in these Bylaws are intended solely for the reader’s convenience of reference and shall not affect the interpretation or application of any of the terms or provisions contained herein.

### **CERTIFICATE OF SECRETARY**

The undersigned Secretary of Lake Forest Glen Unit No. 1 Homeowners Association hereby certifies that the above Fourth Restated Bylaws of the Lake Forest Glen Unit No. 1 Homeowners Association, consisting of thirty-~~seven~~eight (~~37~~38) pages, were duly adopted and approved by a secret ballot vote of the Members of the Association on \_\_\_\_\_, ~~2022~~2023, and that they now constitute the current and complete Bylaws of the Association.

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LAKE FOREST GLEN UNIT NO. 1 HOMEOWNERS ASSOCIATION,  
a California nonprofit mutual benefit corporation

By: \_\_\_\_\_  
\_\_\_\_\_, Secretary



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