

**BYLAWS OF
RANCHO SANTA MARGARITA PROPERTY OWNERS ASSOCIATION
(As Revised in 2023)**

If this document contains any restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code by submitting a "Restrictive Covenant Modification" form, together with a copy of the attached document with the unlawful provision redacted to the county recorder's office. The "Restrictive Covenant Modification" form can be obtained from the county recorder's office and may be available on its internet website. The form may also be available from the party that provided you with this document. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

dlr: 1/1/2022, AB 1466

It has been and continues to be the Association's policy not to discriminate on the basis of any of the above categories.

TABLE OF CONTENTS

ARTICLE I

ASSOCIATION GENERALLY **1**
Section 1.1. Name and Location 1
Section 1.2. Purpose 1
Section 1.3. Powers of Association 1

ARTICLE II

MEMBERSHIP **1**

ARTICLE III

MEMBER VOTING AND MEETINGS **2**
Section 3.1. Member Voting Rights 2
 3.1(a) One Vote / Parcel. 2
 3.1(b) Contract Purchasers. 2
Section 3.2. Voting Policy 2
 3.2(a) Voting and Election Procedures 2
 3.2(b) Inspector(s) of Election 3
 3.2(b)(1) One or Three. 3
 3.2(b)(2) Independent Third Party. 3
 3.2(b)(3) Duties. 3
 3.2(c) Election of Directors 4
 3.2(c)(1) Nominations 4
 3.2(c)(2) No Write-In Voting 4
 3.2(c)(3) No Cumulative Voting 4
 3.2(c)(4) Option for Uncontested Election / Acclamation. 4
 3.2(d) No Proxies 4
 3.2(e) Quorum Requirements 4
 3.2(e)(1) Election of Directors 4
 3.2(e)(2) Assessment Decisions 5
 3.2(e)(3) IRS Resolution 5
 3.2(e)(4) Member Rule Reversal 5
 3.2(e)(5) Other Member Votes 5
Section 3.3. Member Meetings 5
 3.3(a) Types of Member Meetings 5
 3.3(a)(1) Annual Report and Informational Meeting 5
 3.3(a)(2) Special Meeting of the Members 6
 3.3(a)(3) Other Member Meeting 6
 3.3(b) Electronic Member Meetings 6
 3.3(c) Minutes of Member Meetings 6

ARTICLE IV

BOARD OF DIRECTORS **7**
Section 4.1. General Association Powers 7
Section 4.2. Directors 7
 4.2(a) Number 7
 4.2(b) Term of Office 7
 4.2(c) Co-Owners 7

4.2(d) Compensation 7

4.2(e) Determination of Election Results and Succession to Office 7

4.2(f) Vacancies Generally 7

4.2(g) Resignation 8

4.2(h) Removal / Recall 8

 4.2(h)(1) Removal By Board 8

 4.2(h)(2) Recall By Members 8

4.2(i) Filling Vacancies 8

 4.2(i)(1) By the Board 9

 4.2(i)(2) By the Members 9

4.2(j) Director Standards. 9

Section 4.3. Officers 9

 4.3(a) Election 9

 4.3(b) Term of Office 9

 4.3(c) Resignation 9

 4.3(d) Removal 9

 4.3(e) Vacancies 9

 4.3(f) Multiple Offices 9

 4.3(g) Duties of Officers 9

 4.3(g)(1) President 10

 4.3(g)(2) Vice President 10

 4.3(g)(3) Secretary 10

 4.3(g)(4) Treasurer 10

Section 4.4. Non-Officer/Director(s) at Large 10

ARTICLE V

BOARD MEETINGS 11

Section 5.1. Board Meetings 11

 5.1(a) Meeting Defined 11

 5.1(b) Regular Meetings. 11

 5.1(c) Annual Report to Members Meeting 11

 5.1(d) Special Meetings 11

 5.1(e) Emergency Meetings 11

 5.1(e)(1) Who Initiates 11

 5.1(e)(2) Circumstances 11

 5.1(e)(3) Format 11

 5.1(f) Executive Session 11

 5.1(g) Electronic Board Meetings 12

Section 5.2. Notice to Directors 12

Section 5.3. Quorum Requirements 12

 5.3(a) Quorum Generally. 12

 5.3(b) Quorum If Vacancies. 12

Section 5.4. Participation by Members 13

Section 5.5. Recording 13

ARTICLE VI

OWNER AND ASSOCIATION COMMUNICATIONS 13

Section 6.1. Types of Communications. 13

 6.1(a) Individual Notice 13

 6.1(a)(1) Notices from the Association to a Member. 13

6.1(a)(2) Notices from a Member to the Association. 13

6.1(b) General Notice 13

Section 6.2. Notice of MEMBER Meetings. 14

Section 6.3. Notice of BOARD Meetings 14

6.3(a) Open Board Meetings. 14

6.3(b) Notice of Executive Session. 14

6.3(c) Disciplinary Hearings. 14

6.3(c)(1) Notice of Hearing 14

6.3(c)(2) Notice of Hearing Results / Statement of Decision 15

Section 6.4. Assessment-Related Notices 15

6.4(a) Levy or Increase in Assessments 15

6.4(b) Delinquent Notices. 15

Section 6.5. Voting and Election-Related Notices 15

6.5(a) Election of Directors: Nominations - Balloted Election 15

6.5(b) Election of Directors: Nominations - Acclamation Option 15

6.5(b)(1) Initial Notice 15

6.5(b)(2) Reminder Notice 15

6.5(b)(3) Candidate Confirmations 16

6.5(c) Election of Directors: Pre-Balloting Information. 16

6.5(d) Voter List 16

6.5(e) Balloting Packages 16

6.5(f) Election Results 16

6.5(g) Other Types of Member Votes 16

Section 6.6. Notices re Rules and/or Policies 17

Section 6.7 Annual Solicitation of Member Information 17

Section 6.8. Annual Budget Report and Annual Policy Statement 17

Section 6.9. Documents and Information Related to Sale 17

Section 6.10. Documents in Response to Member Inspection Request 17

ARTICLE VII

AUTHORITY OF THE BOARD 18

Section 7.1. Generally 18

Section 7.2. Board Discretion 20

Section 7.3. Association Finances 20

Section 7.4. Limitations on Power of Board 20

Section 7.5 Inspection of Books and Records 21

7.5(a) Member Access to Records 21

7.5(b) Adoption of Reasonable Inspection Rules 21

7.5(c) Documents Available for Inspection 21

7.5(c)(1) Accounting Books and Records 21

7.5(c)(2) Membership and Voter Lists 22

7.5(d) Timing of Association Response 22

7.5(e) Director Inspection Rights 22

Section 7.6. Rules 22

Section 7.7. Committees 22

ARTICLE VIII

DEFENSE AND INDEMNIFICATION 23

Section 8.1. Member Responsibility 23

Section 8.2. Indemnification by Association of Directors and Officers 23

Section 8.3. Advancement of Expenses 23
Section 8.4. Insurance 24
Section 8.5. Limitations on Personal Liability of Individual Directors/Officers 24

ARTICLE IX
TAX-EXEMPT STATUS 24
Section 9.1. Tax-Exempt Status 24
Section 9.2. Filing 24

ARTICLE X
MISCELLANEOUS 24
Section 10.1. Amendment of Bylaws 24
Section 10.2. Document Hierarchy 24
Section 10.3. Fiscal Year 24
Section 10.4. Residents May Not Confront Association Employees, Agents or Vendors 25
Section 10.5. Legal Entities 25
 10.5(a) Re: Voting 25
 10.5(b) Re: Board Member Eligibility 25
 10.5(c) Trusts 25
Section 10.5. Corrections and Legal Updates 25
 10.5(a) Updating of Preempted Content or Other Statutory Reference in Bylaws .. 25
 10.5(b) Errata and Scrivener’s Error. 25
 10.5(c) CC&R Contingency 26
Section 10.6. Defined Terms 26
 10.6(a) “Election Materials” 26
 10.6(b) “General Notice” 26
 10.6(c) “Non-Member Owner” 26
 10.6(d) “Preferred Method of Delivery” 26
 10.6(e) "Remotely" 26
 10.6(f) “Unit” 26
 10.6(g) “Voter List” 26
 10.6(h) “Voting Power of the Members” 26
 10.6(i) “Voting Power of the Unit 1 Members” 27
 10.6(j) “Voting Power of the Unit 2 Members” 27

SECRETARY’S CERTIFICATION 27

**BYLAWS OF
RANCHO SANTA MARGARITA PROPERTY OWNERS ASSOCIATION
(As Revised in 2023)**

These revised **Bylaws** of the Rancho Santa Margarita Property Owners Association ("**Bylaws**") supersede and replace any and all earlier **Bylaws** and amendments thereto ("**Former Bylaws**"). These **Bylaws** are a companion document to the **Declaration** and defined terms (in bold) in these **Bylaws** have the same meaning as in the **Declaration**.

**ARTICLE I
ASSOCIATION GENERALLY**

Section 1.1. Name and Location. The name of this unincorporated Nonprofit Mutual Benefit Association is "Rancho Santa Margarita Property Owners Association" (hereinafter referred to as the "**Association**"). The principal location of the **Association** is in the unincorporated area of Marin County known as Nicasio, State of California.

Section 1.2. Purpose. The purposes of the **Association** are:

1.2(a) to control, own, repair, maintain, manage, protect and/or enhance the **Common Roadways** and related components accepted by the Association;

1.2(b) to generally enforce and implement the **Governing Documents** of the Rancho Santa Margarita Property Owners Association, including the **Declaration** and the rules;

1.2(c) to provide for, where needed and as desired, fire protection, security, garbage disposal and other municipal-like services which generally enhance and protect the quality of life of the residents.

Section 1.3. Powers of Association. The **Association** may exercise the powers granted to it by the **Davis-Stirling Common Interest Development Act** (Civil Code §4000 et seq) and the Nonprofit Mutual Benefit Association provisions, as enumerated in Corporations Code §7140. (See also Civil Code §§4800 and 4805.)

**ARTICLE II
MEMBERSHIP**

There are 54 separate parcels within the **Rancho Santa Margarita Subdivision**. Most, but not all, **Owners** of parcels have agreed (or a predecessor Owner has agreed) to be bound by the **Declaration**, and those bound Owners are **Members** of the **Association**. (There are still several **Non-Member Owners** of parcels within the **Subdivision**.) Membership in the **Association** is linked to, and may not be separated from, ownership of such bound parcel. Upon the sale, conveyance or other transfer of a **Member's** interest in such parcel, the membership shall automatically transfer to the new Owner(s)/**Member(s)**.

ARTICLE III
MEMBER VOTING AND MEETINGS

Section 3.1. Member Voting Rights.

3.1(a) One Vote / Parcel. On each matter submitted to a vote of the **Members**, each **Member** shall be entitled to cast one vote for each parcel subject to the **Declaration** and owned by such **Member**. When more than one (1) **Person** owns an interest in a single parcel, any vote cast by a single **Member** shall be deemed the authorized vote for that parcel. If more than one ballot is received for a parcel, the first ballot received shall be counted and no subsequently received ballot shall be recognized.

3.1(b) Contract Purchasers. A **Member** who uses an installment contract to sell or convey his or her parcel to a purchaser ("Contract Purchaser") must delegate his or her membership rights in the **Association**. Any such delegation shall be in writing and shall be delivered to the **Board** before such Contract Purchaser may vote. However, the seller shall remain jointly and severally liable for all charges and **Assessments** until fee title to the parcel is transferred.

Section 3.2. Voting Policy. **Member** decision-making shall be accomplished in accordance with the law as supplemented by these **Bylaws** and the **Association's** voting policy. Voting by **Members** is by ballot, which may be cast by mail (or otherwise delivered) and/or cast at a **Member** meeting. **Member** voting shall be conducted by secret ballot, as required by law. While return mail may be the most commonly used, hand-delivery, or such other method of return specified by the **Board** can be used at the discretion of the **Board**.

3.2(a) Voting and Election Procedures.

3.2(a)(1) When any issues are put to a vote of the **Members**, if required by law (Civil Code §5100), direct ballots by mail will be used. The four subjects that require double envelope, 30-day mail in balloting are: Election/Recall of Directors, **Assessment** decisions, **Governing Document** amendments, and grant of exclusive use of **Common Area**. The specific procedures to accomplish this type of secret ballot vote shall be set forth in a policy adopted by the **Board**. Even if there is no policy, the provisions of Civil Code §5100-§5145 still apply. The ballots and instructions will be delivered to **Members** at least 30 days before the close of voting. The ballots can be returned by mail or otherwise as provided by the Voting Policy and/or the ballot material. Prior to opening the received ballots, the **Board** may reasonably extend the voting period to achieve greater **Member** participation. (Use of this process for other subject balloting is optional.)

3.2(a)(2) Generally ballots are cast by mail. If, however, the **Board** opts to permit casting of ballots at a meeting, the Voting Policy or voting instructions delivered with the ballot shall describe the process.

3.2(a)(3) Depending on the subject at hand, some matters which are submitted to the **Members** for their approval may be subject to **Voting Power** calculations, such as, for example, **Assessment** approvals for work affecting only a portion of the road or election of Directors by **Unit**.

3.2(a)(4) The counting of the ballots will be conducted by one or three Inspector(s) of Election at the scheduled **Board** meeting or general membership meeting referenced in the balloting material. If the tally meeting is conducted **Remotely**, the Inspector(s) of Election shall count and tabulate the ballots in view of the camera.

3.2(b) Inspector(s) of Election.

3.2(b)(1) One or Three. The **Board** shall appoint one or three individuals to be “Inspectors of Election.”

3.2(b)(2) Independent Third Party. An Inspector of Election must be an independent third party. An independent third party may be a **Member**, but may not be a Director or a candidate for Director or be related to a Director or to a candidate for Director. An independent third party may not be a person, business entity, or subdivision of a business entity who is currently employed or under contract to the **Association** for any compensable services other than serving as an inspector of elections. Often the independent third party is a **Member** volunteer, but can also be a non-**Member** or someone independent and hired specifically to be an Inspector.

3.2(b)(3) Duties. The job of the Inspector(s) is to assure confidentiality in the voting, to process and count ballots as well as to make judgment calls if there is a problem in the paperwork. The Inspectors of Election have authority including:

3.2(b)(3)(i) Arrange for counting and tabulation of ballots at a physical location where **Members** can observe. See **Section 5.1(g)(2)** and generally Civil Code §4926.

3.2(b)(3)(ii) Appoint, direct and supervise assistant(s) to help with the balloting and tally process. Any assistant must also be an independent third party.

3.2(b)(3)(iii) Where ownership changes during the voting cycle, determine if the seller voted or, if not, whether or not the buyer's ballot will be accepted.

3.2(b)(3)(iv) When an unsigned ballot envelope is received, utilize discretion as to if and how the **Member** may be given an opportunity to sign the envelope prior to the start of opening envelopes and counting.

3.2(b)(3)(v) Count and tabulate ballots.

3.2(b)(3)(vi) Determine the authenticity and validity, of Powers of Attorney or entity representative authority, if any.

3.2(b)(3)(vii) Disqualify subsequent ballots received from a **Member** after receipt of the first ballot from that **Member** or co-**Owner**.

3.2(b)(3)(viii) Disqualify any ballot that is not an Official Ballot prepared by the **Association**.

3.2(b)(3)(ix) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote.

3.2(b)(3)(x) If the **Board** opts to preserve the acclamation option under **Section 3.3(a)(4)**, then the Inspector(s) may confirm to the **Board** that the number of qualified candidates is not more than the number of vacancies to be elected (see Civil Code §5103(e) for **Board** installation of qualified candidates under acclamation).

3.2(b)(3)(xi) Control custody of the ballots for a period of 12 months following the publication of the tallied election results.

3.2(b)(3)(xii) May coordinate voting for both the **Non-Member Owners** (under the **845 Action**) as well as **Members**.

The Inspector(s) of Election may also take other actions to assure fairness in the election process and compliance with the voting policy.

3.2(c) Election of Directors.

3.2(c)(1) Nominations. At least 30 days before any deadline for submitting a nomination, the **Association** shall provide **General Notice** of the upcoming election (**Preferred Method of Delivery** to those **Members** who have so requested), the nomination deadline, and the procedure for nominating candidates to run for the **Board**. Any **Member** may put his or her own name into nomination or be nominated by another **Member**. The **Board** may appoint a Committee to solicit **Members** to run for the **Board**. The close of nominations may be anytime specified by the **Board**, typically no less than 30 days prior to the printing/distribution of ballots. If, at the close of nominations, the number of qualified nominees is equal to or less than the number of Directors to be elected, the **Board** may extend the nominations period to encourage greater participation in the electoral process.

3.2(c)(2) No Write-In Voting. Write-in” candidates are not permitted.

3.2(c)(3) No Cumulative Voting. There shall be no cumulative voting.

3.2(c)(4) Option for Uncontested Election / Acclamation. If the **Association** has strictly complied with the notice and timing requirements set forth in Civil Code §5103, and at the close of the 90 day nominations period the Inspector(s) of Election confirm that the number of qualified candidates equals or is less than the number of Directors to be elected, the **Board** may vote to seat the candidates without **Member** balloting. The **Board** shall have the option, however, but not the obligation, to extend the time to declare candidacy and increase the number of candidates.

3.2(d) No Proxies. Proxies are not permitted.

3.2(e) Quorum Requirements. The following threshold approval requirements for **Member** balloting shall apply for those subjects not otherwise addressed by statute or the **Governing Documents**. In all instances, the **Board** may extend the time for voting so that at least a quorum or greater number of **Members** participate in the vote.

3.2(e)(1) Election of Directors. For purposes of election of **Unit 1** Directors, a quorum equals the number of ballots received from **Unit 1 Members**. For purposes of

election of **Unit 2** Directors, a quorum equals the number of ballots received from **Unit 2 Members**. (see also **Section 4.2(e)**). Recall of Director(s) is addressed under **Section 4.2(i)(2)**.

3.2(e)(2) Assessment Decisions. A **Member** vote regarding approval of an **Assessment** decision requires the approval of a majority of a quorum of the **Voting Power**, with a quorum defined by statute as more than 50% of the applicable **Voting Power**. If the **Assessment** decision affects all **Members**, the vote shall be subject to the **Voting Power of the Member**; if it solely affects **Unit 1** or **Unit 2**, it shall be subject to the **Voting Power of the Unit 1 Members** or **Voting Power of the Unit 2 Members**, respectively, respectively. (See Civil Code §5605 & **Section 4.2(b)** of the **CC&Rs**.) For **Non-Member Owners**, see **845 Judgment**.

3.2(e)(3) IRS Resolution. **Members** can approve the rollover of any excess operating funds for the upcoming Fiscal Year End (*IRS Revenue Ruling 70-604*) by majority approval of ballots or votes received. Neither secret ballot nor quorum is required.

3.2(e)(4) Member Rule Reversal. In the event that the **Board** adopts, amends or changes a rule or policy and the **Members** seek to reverse the rule or policy pursuant to the provisions in the **Davis-Stirling Act**, reversal shall require the approval of a majority of the **Voting Power of the Members**.

3.2(e)(5) Other Member Votes. A decision requiring “approval of the **Members**” (not otherwise addressed by statute or the **Governing Documents**) shall be subject to approval of a majority of a quorum of **Voting Power of the Members**, with a quorum defined as fifty percent (50%) of the **Voting Power of the Members**.

Section 3.3. Member Meetings. This section addresses both the Annual Informational Meeting (which need not be **Member** quorum-qualified) and a process to address voting at a quorum-qualified meeting, should the situation arise. Notice of meetings is addressed in **Article VI**. Any **Member** meeting may be at a physical location, conducted **Remotely** (see **Section 3.3(b)**), or a combination of the two.

3.3(a) Types of Member Meetings.

3.3(a)(1) Annual Report and Informational Meeting. The **Board** shall have discretion to schedule and conduct an Annual Report to **Members** Meeting to be held in the second quarter of each calendar year. Any such meeting shall be held on the premises or at a location within a reasonable distance. There shall be no **Member** quorum requirements to convene and conduct this as an informational meeting. The meeting may be simultaneously conducted as a **Board** meeting so the **Board** can make decisions relevant to the subject matter. Secret balloting conducted by mail may be coordinated with or independent of the Annual Report and Informational Meeting (“Annual Meeting”). If the **Board** opts to convene a meeting of **Members** at which “live” voting occurs, any ballots received by mail (or otherwise) shall be counted toward any applicable quorum. Voting for Directors (and any related **Member** approvals) may be conducted before, during or after and may be independent of the Annual Report Meeting. At the time of the mailing of the

ballots and/or other voting material, the instructions shall explain how the voting will be conducted and what the deadlines are.

3.3(a)(2) Special Meeting of the Members.

3.4(a)(2)(i) A Special Meeting of the **Members** may be called at any time by the President or by two Directors. Additionally, a Special Meeting of the **Members** shall be promptly called by the **Board** upon receipt of a written request signed by **Members** representing not less than five percent (5%) of the total **Voting Power of the Members**. (See **Section 6.2(b)** regarding timing of notice.) Only those matters specifically described in the special meeting notice may be addressed at the special meeting.

3.4(a)(2)(ii) A meeting called pursuant to petition of the **Members** shall be set at least 35 but not more than 150 days after receipt by the **Board** of the request, or as otherwise required by law (see Corporations Code §7511(c)). (For recall, see **Section 4.2(i)(2).**)

3.3(a)(2)(iii) So long as Corporations Code §7511 provides that **Members** can petition the **Board** to conduct a Special Meeting of the **Members**, and if the purpose of the Special Meeting is to conduct a **Member** vote (such as recall one or more Directors), then the **Board** shall have the discretion to reconcile any inconsistencies between the old process of meeting-based voting with the Civil Code §5115 process of balloting by mail. If a petition to recall one or more Directors is received within the 90 day period prior to an annual election at which any one of the recalled Director seats are up for election and the outside timeline to conduct the recall overlaps with the regular annual election of designated Directors, the **Board** may deny the request for the recall.

3.3(a)(3) Other Member Meeting. Nothing in these **Bylaws** shall preclude the holding of a quorum-qualified meeting of the **Members** pursuant to Corporations Code §7510(b). Any such meeting shall be conducted in accordance with parliamentary procedures adopted by the **Board** at that time.

3.3(b) Electronic Member Meetings. Any **Member** meeting may be conducted **Remotely** so long as (1) the notice includes specific instructions (see **Section 6.2(c)**), (2) every **Member** has the same ability to participate in the meeting that would exist if the meeting were held in person, (3) **Members** are also given the option of participating by telephone (see generally Civil Code §4926).

3.3(c) Minutes of Member Meetings. At any quorum-qualified **Member** meeting, whether regular or special, minutes shall be taken. The minutes may be approved either by a vote of the **Members** or approval of the **Board**. Approval by the **Members** shall be by majority of a quorum, with a quorum defined for this purpose as the number of votes received by ballot or otherwise. As a third option, the **Board** may appoint a committee of non-Director **Members** who are present at the meeting, to review the draft minutes, review any suggested edits and formally adopt the final minutes. Approval may be at any subsequent **Board** or **Member** meeting. The **Board** shall decide the methodology.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.1. General Association Powers. The **Board of Directors** shall have the power and authority to conduct the business of the **Association**, except as may be limited by the **Governing Documents** or the law generally. Reference in the **Governing Documents** to action by the **Association** shall mean action by the **Board**, unless the authority for the action is expressly assigned to the **Members** by the **Governing Documents** and/or applicable statutory law.

Section 4.2. Directors. All Directors must be **Members** of the **Association**. A Director must be a natural person (see also **Section 10.5** re Legal Entities).

4.2(a) Number. The business of the **Association** shall be conducted by a **Board** of six (6) Directors - three (3) Directors from **Unit 1** (elected by the **Unit 1 Members**) and three (3) Directors from **Unit 2** (elected by the **Unit 2 Members**).

4.2(b) Term of Office. The term for all Directors shall be three (3) years. Each Director, including a Director who fills a vacancy (either by election or appointment), shall hold office until the later of the expiration of the term for which elected or appointed or until a successor has been elected (or appointed) and qualified.

4.2(c) Co-Owners. Nothing in these **Bylaws** shall prohibit more than one co-Owner of a **Member** parcel from being elected by ballot to serve on the **Board**. However, a co-Owner shall not be put on the **Board** by acclamation. Also, the **Board** shall not appoint a second co-Owner to fill a vacancy.

4.2(d) Compensation. No Director shall receive compensation for any services rendered to the **Association** as a Director. If approved by the **Board**, a Director may, however, be reimbursed for his or her reasonable expenses actually incurred in the performance of his or her duties as a Director. Expenses for which reimbursement is sought shall be supported by a proper receipt or invoice signed and dated by the Director claiming the expense.

4.2(e) Determination of Election Results and Succession to Office. Election to the **Board** shall be by secret written ballot (see generally **Section 3.2**) or as otherwise provided herein. The vacancies shall be filled by the **Persons** receiving the largest number of votes, up to the number of Directors to be elected. In the case of a tied vote for one or more positions on the **Board**, the candidates shall, as specified by the Inspector(s) of Election, draw lots or flip a coin to determine the winner(s). Each newly elected Director, if present, shall take office upon presentation to the **Board** of the tabulated election results. Such presentation may be a scheduled item on the agenda.

4.2(f) Vacancies Generally. A vacancy on the **Board** exists on the occurrence of any of the following:

4.2(f)(1) the disqualification, death, resignation, or removal of a Director under **Section 4.2 (h)** below; or

4.2(f)(2) the Director no longer has an ownership interest in a parcel in the **Subdivision**;
or

4.2(f)(3) a declaration of vacancy by the **Board** for any reason permitted by law.

4.2(g) Resignation. Any Director may resign by giving written or oral notice. Written resignation shall be effective on presentation to the President or Secretary, unless the notice specifies a later time. Oral notice shall be effective immediately when accepted by the **Board** and when noted in the minutes.

4.2(h) Removal / Recall. Notwithstanding provisions in **Section 4.2(b)** above, the term of any Director who is removed or recalled from office pursuant to this Section, shall end at the time of the **Board**, or **Member** decision described below.

4.2(h)(1) Removal By Board. The **Board** shall have the power, authority and discretion to remove a Director and declare his or her office vacant if he or she:

4.2(h)(1)(i) has been declared of unsound mind by a final order of court;

4.2(h)(1)(ii) has ever been convicted of or pled *nolo contendere* or guilty to a felony (regardless of expungement);

4.2(h)(1)(iii) fails to attend and/or participate in three (3) consecutive regular meetings of the **Board of Directors** that have been duly noticed or regularly scheduled;

4.2(h)(1)(iv) becomes more than sixty (60) days delinquent in the payment of any **Assessment**;

4.2(h)(1)(v) maintains an adversarial proceeding, such as arbitration or litigation, against the **Association** or any other Director, and in which dollar damages are sought;

4.2(h)(1)(vi) maintains a continuing Governing Document violation for which a hearing has been held, a determination of violation made and where the Director has failed to timely remedy the matter as directed by the **Board**;

4.2(h)(1)(vii) is subject to a Court restraining order or injunction in any way related to the **Association**, the **Subdivision**, any **Owner(s)**, or any resident; or

4.2(h)(1)(viii) has a past criminal conviction that interferes with the **Association's** ability to procure fidelity bond coverage as required under Civil Code §5806.

4.2(h)(2) Recall By Members. Any or all Directors from the respective **Units** may be recalled by the approval of at least a majority of **Members** of that **Unit**. (Quorums do not apply.)

4.2(i) Filling Vacancies. The **Board** has the general power to fill vacancies so long as any appointed Director(s) is from the same **Unit** as the vacancy. The exception is when the

vacancy is created through recall of the Director by the **Members**, who shall then be re-elected by the **Members** of the applicable **Unit**.

4.2(i)(1) By the Board. Subject to the **Unit** restrictions, the **Board** can fill the vacancy by a majority vote of the remaining Directors (even if vacancies make a quorum not possible) or by the sole remaining Director. Alternately, the **Board** may permit the **Members** of the applicable **Unit** to fill a vacancy.

4.2(i)(2) By the Members. If recalled by the **Members**, the vacancy shall be filled by election by the **Members** of the applicable **Unit**.

4.2(j) Director Standards. A Director shall perform the duties of a Director in good faith, in a manner that Director believes to be in the best interests of the **Association** and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. A Director shall also act consistent with the authority to release information (such as related to delinquencies, **Member** disciplinary matters, and executive session matters) being held by the **Board** as a whole.

Section 4.3. Officers. The Officers of the **Association** shall be a President, Vice President, Secretary and Treasurer. The **Board** may, by resolution, appoint such other Officers as the **Board** deems appropriate. The **Board** has the authority to appoint non-Directors to positions as Officers. Any such non-Director Officer has no voting authority.

4.3(a) Election. The election of Officers shall take place at the first meeting of the newly elected **Board** following each election of the Director(s).

4.3(b) Term of Office. The Officers of this **Association** shall be elected annually by the **Board**. Each Officer shall hold office for one (1) year unless he or she resigns, is removed or is disqualified.

4.3(c) Resignation. Any Officer may resign by giving written or oral notice. Written resignation shall be effective on presentation to the President or Secretary, unless the notice specifies a later time. Oral notice shall be effective when accepted by the **Board** and noted contemporaneously in the minutes.

4.3(d) Removal. Any Officer may be removed and/or reassigned by the **Board** with or without cause, at any regular or special meeting of the **Board**.

4.3(e) Vacancies. A vacancy in any office may be filled by appointment by the remaining **Director(s)**. The Officer appointed to such vacancy shall serve the remainder of the term of the Officer he or she replaces.

4.3(f) Multiple Offices. One Director may hold two or more Officer positions, except that neither the Secretary nor the Treasurer may serve concurrently as President.

4.3(g) Duties of Officers. Each year the **Board** may assign one Officer the responsibility for reviewing the provisions of the **Davis-Stirling Act** and making recommendations to the **Board** of any changes in financial procedures and reporting that may be required by new or

revised sections which involve financial matters. The responsible Officer may consult with the **Association's** attorney, certified public accountant, reserve study consultant, and/or manager on these matters and the **Board** may delegate to the manager the day-to-day financial business of the **Association**. Subject to appropriate delegation, the duties of the Officers are as follows:

4.3(g)(1) President. 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 business and Officers of the **Association**. He or she shall (i) preside at meetings of the **Board**; (ii) see that orders and resolutions of the **Board** are carried out; (iii) sign contracts and other written instruments; and (iv) have the power to co-sign all checks and promissory notes. He or she shall have such other powers and duties as may be prescribed by the **Board** or the **Bylaws**.

4.3(g)(2) Vice President. In the unavailability, absence or disability of the President, the Vice President shall perform all the duties of the President and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. He or she shall have such other powers and perform such other duties, including co-signatory powers on accounts, as from time to time may be prescribed by the **Board** or the **Bylaws**.

4.3(g)(3) Secretary. The Secretary is responsible to oversee the **Association** records, minutes of all **Board** meetings and **Member** meetings, as well as **Member** rosters. The Secretary is also responsible for giving or overseeing notice of all **Board** meetings and **Member** meetings. He or she shall have such other powers and perform such other duties, including co-signatory powers on accounts, as may be prescribed by the **Board** or by the **Bylaws**.

4.3(g)(4) Treasurer. The Treasurer is responsible for overseeing or maintaining adequate and correct accounts of business transactions of the **Association**. This includes accounts of the **Association's** assets, liabilities, receipts, disbursements, reserves, and other matters customarily included in homeowner association financial statements. The Treasurer is responsible for monthly review of the **Association's** operating and reserve activities. (See **Section 7.1(y)** for **Board** responsibility.) The financial records shall at all times be open to inspection by any Director. The Treasurer is responsible for overseeing the deposit of all monies and other valuables in the name of and to the credit of the **Association** with such depositories as may be designated by the **Board**. The Treasurer is responsible for overseeing the disbursement of the funds of the **Association** as may be directed by the **Board**. . The **Board** may also authorize other duties, such as co-signatory powers on accounts.

Section 4.4. Non-Officer/Director(s) at Large. Any Director who is not an Officer shall be called "Director-at-Large" and shall be responsible for attending meetings, reviewing meeting packets and information provided to Directors for review; voting on matters before the **Board** unless abstaining, and participating in the leadership, management, and administration of the **Association**. Directors-at-Large may also co-sign checks.

ARTICLE V

BOARD MEETINGS

Section 5.1. Board Meetings.

5.1(a) Meeting Defined. The term “meeting” means any congregation, at the same time and place, of a sufficient number of Directors to establish a quorum, to hear, discuss and/or deliberate on any item of business that is within the authority of the **Board**. All Directors must be able to hear and talk with each other. The meeting may be at a physical location, conducted **Remotely** (see **Section 5.1(g)**), or a combination of the two.

5.1(b) Regular Meetings. Regular meetings of the **Board** shall be held at least quarterly. Regular meetings shall be held on the premises or within a reasonable distance and on the date and time and at a location fixed by the **Board**.

5.1(c) Annual Report to Members Meeting. The **Board** may convene a **Board** meeting to occur simultaneously with an Annual Report to **Members** Meeting.

5.1(d) Special Meetings. Special meetings of the **Board** shall be held when called by the President of the **Association**, or by any two Directors.

5.1(e) Emergency Meetings.

5.1(e)(1) Who Initiates. An emergency meeting of the **Board** may be called by the President or by any two Directors other than the President.

5.1(e)(2) Circumstances. The emergency meeting can only be called when there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the **Board**, and which of necessity make it impracticable to provide notice as required by **Article VI**.

5.1(e)(3) Format. An emergency meeting may be conducted in the same manner as any other **Board** meeting, including **Remotely**. Electronic transmissions, such as a series of emails, may be used only if all Directors consent in writing to that action and the consents are filed with the minutes of the meeting.

5.1(f) Executive Session.

5.1(f)(1) The **Board** may meet in executive session to address personnel matters, formation of contracts with third parties, **Assessment** delinquencies, **Governing Document** violations, or actual or possible litigation.

5.1(f)(2) As to **Member** discipline, the **Board** has general discretion as to whether or not it will meet in executive session. Any disciplinary hearing must, however, be conducted in executive session if requested by the **Member** charged.

5.1(f)(3) The general or special meeting notice may include an executive session notice and general reference to the subject category of the executive session. Additionally, the

Board may adjourn any regular or special meeting and reconvene in executive session to discuss matters described in above, provided the open meeting notice and agenda included notice that the subject would be addressed.

5.1(f)(4) The Board may also conduct an executive session meeting independent of an open **Board** meeting.

5.1(f)(5) See also **Section 6.3(b)** regarding notice timing requirements.

5.1(g) Electronic Board Meetings. (see generally Civil Code §4926).

5.1(g)(1) Generally. A **Board** meeting may be conducted entirely **Remotely** so long as (1) the notice includes the specific instructions outlined in **Section 6.2(c)**, (2) every Director and **Member** has the same ability to participate in the meeting that would exist if the meeting were held in person, (3) **Members** are also given the option of participating by telephone.

5.1(g)(2) Tally Meeting Exception.

5.1(g)(2)(i) A **Board** meeting at which ballots will be tallied may not be held entirely **remotely**. If a quorum of Directors will participate electronically, the notice of the tally meeting must identify one physical location where **Members** can attend and observe the meeting in person. At least one Director, or the **Board's** designee shall be present at that location and shall provide electronic access.

5.1(g)(2)(ii) However, if there is a Declared Emergency and it is unsafe or not possible to conduct a meeting with a physical location or to provide an access location for **Members** to use, then the provisions of Civil Code §5450 shall apply.

Section 5.2. Notice to Directors. Notice to a Director shall be given at least four (4) days prior to the meeting and may be delivered by mail, personally, by telephone (including a voice message system), facsimile, or electronic mail or other similar means. The notice shall contain the agenda for the meeting.

Section 5.3. Quorum Requirements.

5.3(a) Quorum Generally. A majority of sitting Directors, but no less than two (2), shall constitute a quorum for the transaction of business. Every act done or decision made by the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the **Board**. In the event one or more Directors leaves the meeting, the remaining Directors may continue to transact business, provided that any action taken is approved by the same number of Directors as required at the outset of the meeting.

5.3(b) Quorum If Vacancies. If a quorum cannot be obtained because of vacancies on the **Board**, the remaining Director(s) must promptly undertake to appoint additional Directors and/or conduct an election of Director(s) by the **Members**, from the applicable **Unit**. If there are three or more vacancies, the authority of the remaining Director(s) to pay obligations is affirmed but limited to budgeted expenses previously approved (including an adopted budget)

by a duly constituted **Board** and to pay for costs incurred in collection of delinquent **Assessments**.

Section 5.4. Participation by Members. With the exception of executive sessions , emergency meetings and meetings conducted in a judicial proceeding or mediation, all scheduled **Board** meetings shall be open to **Member** attendance. **Members** shall be provided an opportunity to address the **Board** in a **Member** forum format. The **Board** has discretion as to (1) when the **Member** forum is scheduled and (2) the duration of a **Member's** time to speak to the **Board**. The **Board** may, at its discretion, exclude from the **Board** meeting any person not a **Member**.

Section 5.5. Recording. No meeting of the **Board** or any Committee may be electronically recorded without the prior consent of the **Person** presiding over the meeting. If to be used, the recording shall be announced.

ARTICLE VI

OWNER AND ASSOCIATION COMMUNICATIONS

Section 6.1. Types of Communications.

6.1(a) Individual Notice means those communications that are between the **Association** and an individual **Member**.

6.1(a)(1) Notices from the Association to a Member. Except for certain limited notices which are required to be delivered by first class mail and/or personal delivery, all notices from the **Association** to individual **Members** shall be by **Preferred Method of Delivery**. The term "**Preferred Method of Delivery**" is so often referred to, it is defined here to facilitate understanding the notification protocols. **Preferred Method of Delivery** means a **Member's** preference as relayed to the **Association** (see **Section 6.1(a)(2)** below) and may include a mailing address and/or valid email address. It may also include secondary mail and/or email addresses. It may include such contact information for the **Member's** legal representative.

6.1(a)(2) Notices from a Member to the Association. Civil Code §4041 requires **Members** to annually update their contact information for the **Association's** records as well as indicate their **Preferred Method of Delivery**. Additional information, such as legal representative (if applicable), status of the separate interest and the privacy preferences (see **Section 7.5(c)(2)**) are also included in this communication. The **Association** will annually distribute a form to each **Member**, via the **Preferred Method of Delivery**, soliciting all the required information and **Member** preferences.

6.1(b) General Notice describes delivery of those communications from the **Association** to the membership as a group. **General Notice** includes methods such as posting the printed document on the **Association's** website (if any) and/or in a prominent place at the **Property** designated for such notices. It can also be by inclusion in a billing statement or newsletter. Alternatively, **General Notice** may be by the **Preferred Method of Delivery**, if specifically requested by the **Member**, or if not, at the **Association's** option.

Section 6.2. Notice of MEMBER Meetings.

6.2(a) Notice for a regular meeting of the **Members** shall be given by **Preferred Method of Delivery** not less than ten (10) nor more than ninety (90) days before the date of the meeting. Notice of a special **Member** meeting, called pursuant to **Section 3.3(a)(2)**, shall be given by **Preferred Method of Delivery** within 20 days of receipt of the request, must state the purpose of the special meeting and no other business can be conducted.

6.2(b) Notice of a meeting shall specify the place, day and hour of the meeting. It shall also specify those matters which, at the time the notice is given, are to be presented for action by the **Members** (if any).

6.2(c) If the meeting is to be conducted entirely **Remotely**, the notice shall also include (1) clear instructions on how to participate electronically, including log in/dial in details, (2) the telephone number and email address of a person who can provide technical assistance with the teleconference process, both before and during the meeting, and (3) a reminder that a **Member** may request individual delivery of meeting notices, with instructions on how to do so.

6.2(d) Attendance at a meeting shall constitute a waiver of any defect in the notice, other than content.

Section 6.3. Notice of BOARD Meetings.

6.3(a) Open Board Meetings. General Notice of the time and place of meetings of the **Board** (except emergency meetings) shall be given to **Members** at least four (4) days prior to the meeting. The notice shall contain the time and place of the meeting and shall include the agenda for the meeting. If the meeting is to be conducted entirely **Remotely**, the notice shall also include the information listed in **Section 6.2(c)** above. For **Board** meetings at which ballots will be tallied, see **Section 5.1(g)(2)** (Tally Meeting Exception). (Also see generally Civil Code §4926). Any attendance by a **Member** at a meeting shall constitute a waiver of any defect in the notice.

6.3(b) Notice of Executive Session. Except for an emergency meeting, **Members** shall be given **General Notice** of the time and place of a meeting that will be held solely in executive session at least two (2) days prior to the meeting.

6.3(c) Disciplinary Hearings.

6.3(c)(1) Notice of Hearing. Prior to taking disciplinary action against a **Member**, the **Association** must provide the **Member** with due process as set forth in Civil Code §5855. The **Association** shall notify a **Member** at least ten (10) days prior to any meeting at which the **Board** is considering or imposing discipline upon the **Member** (including the levying of fines). The notice of a hearing on a **Governing Document** violation must be in writing and delivered to the **Member** by personal delivery or **Preferred Method of Delivery**, and shall include at a minimum, the date and time for the meeting at which the **Board** will consider disciplinary action, a brief description of the action or inaction constituting the alleged violation, and a statement that the **Member** has a right to attend the meeting, may address the **Board**, and may request that the meeting be conducted in Executive Session.

6.3(c)(2) Notice of Hearing Results / Statement of Decision. If the **Board** imposes discipline on a **Member**, the **Association** will provide notice of the outcome of the disciplinary action to the **Member** within fifteen (15) days following the action. Such written notice shall be delivered to the **Member** by **Preferred Method of Delivery** or, at the option of the **Association**, by personal delivery.

Section 6.4. Assessment-Related Notices.

6.4(a) Levy or Increase in Assessments. **Members** shall be notified of a Special **Assessment** or an increase in Regular **Assessments** not less than 30 nor more than 60 days prior to the increased **Assessment** becoming due. Such written notice shall be delivered to **Members** by **Preferred Method of Delivery**. Notices need not be delivered to all **Members** if the **Assessment** vote relates solely to a particular group (such as **Unit 1 or Unit 2.**)

6.4(b) Delinquent Notices. For those **Members** who are delinquent in payment of their **Assessments**, notices required under Civil Code §5660 and §5675 shall be delivered by both first-class and certified mail. Additionally, certain notices are required by statute to be personally served (see Civil Code §2924, §5705(d)). Courtesy reminder notices regarding delinquencies may be delivered by **Preferred Method of Delivery** and/or first class mail, at the **Association's** option.

Section 6.5. Voting and Election-Related Notices.

6.5(a) Election of Directors: Nominations - Balloted Election. In the event the **Association** will conduct a balloted election, and does not wish to preserve the acclamation option, at least 30 days before any deadline for submitting a nomination, the **Association** shall provide **General Notice** of the upcoming election, the nomination deadline, and the procedure for nominating candidates to run for the **Board**. **Preferred Method of Delivery** shall be used for any **Member** who has requested individual notice.

6.5(b) Election of Directors: Nominations - Acclamation Option. If **Board** opts to preserve the acclamation option, the following notice and timing requirements apply:

6.5(b)(1) Initial Notice. At least 90 days before the close of nominations, the **Association** shall notify the **Members** by **Preferred Delivery Method** of the number of positions to be filled and the procedure for nominating candidates to run for the **Board**. This notice shall also include a statement that if, by close of nominations, the number of candidates is equal to or less than the number of positions to be filled, the **Board** may vote to seat the candidates by acclamation.

6.5(b)(2) Reminder Notice. Between seven (7) and thirty (30) days prior to the close of nominations, the **Association** shall notify the **Members** by **Preferred Delivery Method** a reiteration of each item of information in **Section 6.5(b)(1)** above, as well as a list of the

candidate names received to date. If the number of candidates exceeds the number of positions to be elected, the statement of acclamation is not required.

6.5(b)(3) Candidate Confirmations. Within seven (7) business days of receipt of a nomination, the **Association** shall provide notice to the **Member** who submitted the nomination, acknowledging receipt, by their **Preferred Method of Delivery**. The **Association** shall also, by **Preferred Method of Delivery**, provide notice to the nominee confirming candidate eligibility, as well as the procedure for appeal if disqualified.

6.5(c) Election of Directors: Pre-Balloting Information. At least 30 days before ballots are delivered for election of Directors or recall, the **Association** shall provide **General Notice** of the following:

- The date and time by which ballots are to be returned (by mail or hand delivery) to the Inspectors of Election;
- The address where ballots are to be returned; and
- The list of all candidate names that will appear on the ballot.

Preferred Method of Delivery shall be used for any **Member** who has requested individual notice. Inspectors of Election may coordinate with the **Board** regarding these details.

6.5(d) Voter List. At least 30 days before ballots are distributed, the **Association** shall provide an opportunity for **Members** to verify the accuracy of their individual information on the **Voter List**. The **Association** or **Member** shall report any errors or omissions on the list to the Inspector of Election (unless otherwise specified, in care of the management company) who shall make the corrections within two business days. If there are any Powers of Attorney or Entity/**Owner** Representatives who will be casting ballots, these must be identified on the **Voter List** and appropriate documentation provided to the **Association** in this time frame.

6.5(e) Balloting Packages. Balloting packages (including instructions, secret ballots and inner and outer return envelopes) for election or recall of Directors, amendments to **Governing Documents**, **Assessment** decisions or grant of exclusive use of **Common Area** shall be delivered to **Members**, either by personal delivery or first class mail, at least 30 days prior to the meeting at which the votes will be tallied. A copy of the Voting Policy shall be included with the mailing of the ballots, or if the **Association** has a website, the following phrase will be included on the ballot, in at least 12-point font: "The rules governing this election may be found here: [*web address*]". For an election of Directors (unless the acclamation procedures set forth in **Section 6.5(b)** above have been followed), ballots must be distributed even if the number of candidates is equal to or less than the number of open positions.

6.5(f) Election Results. Within 15 days of the meeting at which the votes were tallied, the tabulated results of the election shall be delivered to **Members** by **General Notice**. If the election results are by acclamation, those results shall be noted in the meeting minutes and notices shall be similarly delivered.

6.5(g) Other Types of Member Votes. Voting materials on subject matters other than those listed in Civil Code §5100(a)(1) are not subject to the same notice and delivery requirements. For those "exempt" subjects, the **Association** may distribute voting information,

including ballots, to **Members** by personal delivery, first class mail, or email, and may indicate a reasonable time and method to be returned for tallying, as determined by the **Board**.

Section 6.6. Notices re Rules and/or Policies. The following notices may be distributed to **Members** by **General Notice**.

6.6(a) Written notice of a proposed rule change shall be provided to **Members** at least 28 days before making the rule change. The notice shall include the text of the proposed rule change and a description of the purpose and effect of the proposed rule change.

6.6(b) Notice of adoption of a rule change shall be delivered to the **Members** within 15 days following formal adoption.

Section 6.7 Annual Solicitation of Member Information.

6.7(a) The **Association** shall annually solicit the **Members**, by **Preferred Method of Delivery**, to update their contact information as well as other information related to the separate interest, pursuant to Civil Code §4041. This annual solicitation is to be delivered so that the **Association** can update its records at least 30 days prior to delivery of the Annual Budget Report and Policy Statement.

6.7(b) **Members** shall return the completed form to the **Association** by the requested deadline each year. If no form is timely received, the **Association** will use the last address provided in writing by the **Member** or, if none, the **Member's Lot** address.

Section 6.8. Annual Budget Report and Annual Policy Statement. Both the Annual Budget Report and Annual Policy Statement include a number of required summaries and disclosures (see Civil Code §5300 and §5310, respectively). The Annual Budget Report and Annual Policy Statement shall be distributed to **Members** not less than 30 nor more than 90 days prior to the start of the fiscal year.

Section 6.9. Documents and Information Related to Sale. The **Association** shall provide, by **Preferred Method of Delivery**, a requesting **Member** with copy of the **Governing Documents** and such other documents and information as are required by California Civil Code §4525 within 10 days of receipt of the written request. These documents may include alleged or actual **Governing Document** violations as provided for by Civil Code §4525(a)(5).

Section 6.10. Documents in Response to Member Inspection Request. If a **Member** submits a written request to the **Association** for copies of specifically identified records pursuant to Civil Code §5200, which request must state the reason, the **Association** may satisfy the requirement to make the records available for inspection and copying by mailing copies of the records to the **Member** by first-class mail. The requesting **Member** also has the option to receive records electronically. The **Member** is responsible for the costs of copying and delivery. Different documents have different response times, see specifically Civil Code §5210.

ARTICLE VII
AUTHORITY OF THE BOARD

Section 7.1. Generally. Board authority shall include:

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

7.1(b) Appoint, remove and/or reassign the manager of the **Association**, if any, and **Association** employees; prescribe any powers and duties for such persons that are consistent with law and the **Governing Documents**; and fix their compensation.

7.1(c) Directly or in conjunction with the management company, appoint agents, hire independent contractors and other employees, and utilize the services of attorneys, accountants, and other professionals as it sees fit to assist in the operation of the **Association**, and to fix their duties and to establish their compensation.

7.1(d) Enforce applicable provisions of the **Governing Documents** relating to the control, management, and use of the **Common Roadways** and other portions of **Rancho Santa Margarita Subdivision** which the **Association** is obligated to maintain.

7.1(e) Contract for and pay premiums for liability, director and officer error and omissions, and other insurance and bonds (including indemnity bonds) that may be required or advisable from time to time by the **Association**.

7.1(f) Contract and pay for maintenance, vegetation management, utilities, materials, supplies, labor, and services that may be required from time to time in relation to the **Common Roadways** and other portions or components of the **Rancho Santa Margarita Subdivision** which the **Association** is obligated to maintain, repair and/or replace.

7.1(g) Pay all taxes, special assessments and other assessments, and charges that are or would become a lien on any portion of **Association** property, if any.

7.1(h) Contract and pay for construction or reconstruction of any portion or portions of the **Common Roadways** that have been damaged or destroyed and that are to be rebuilt by the **Association**.

7.1(i) Delegate its duties and powers to the Officers of the **Association** or to one or more Directors or to committees established by the **Board**, subject to the limitations expressed in **Section 7.7.**

7.1(j) Levy and collect **Assessments** from the **Members** and **Non-Member Owners**, and allocation of costs among **Non-Member Owners** and **Members** and between **Unit 1 Members** and **Unit 2 Members** (based on **DTR charges**).

7.1(k) Perform all acts required of the **Board** and/or appropriate under the **Governing Documents**.

7.1(l) Prepare budgets and maintain a full set of books and records showing the financial condition of the **Association** in a manner consistent with the **Davis-Stirling Act** and generally accepted accounting principles, and prepare an annual financial report for the **Members**. (See also attached **Exhibit A**.) The **Board** has discretion to conform reserve study funding and expenditures to reflect the way **Assessments** are calculated and levied.

7.1(m) Appoint one or three Inspectors of Election pursuant to the **Association's Bylaws** and Voting and Election Procedures Policy;

7.1(n) Appoint such committees as it deems appropriate from time to time in connection with the business of the **Association**.

7.1(o) Fill vacancies on the **Board** or in any committee, except a vacancy created by the removal of a Director by the **Members**.

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

7.1(q) Bring and defend actions in the best interests of the **Members** and/or the **Association**.

7.1(r) Negotiate, settle and/or otherwise dispose of disputes and litigation.

7.1(s) Delegate limited or shared control of an operating account to a management company so long as the **Board** is satisfied that sufficient safeguards are in place.

7.1(t) Borrow money, including granting a security interest in the **Association's** personal property, including Reserve and Operating funds and **Assessment** stream, (without encumbering any **Common Roadways**).

7.1(u) Adopt, revise and update rules and policies regarding voting, **Member** access to records, **Assessment** collection and any other matter as may be required by law or otherwise related to the operation of the **Association**.

7.1(v) Recommend and/or facilitate the use of Alternative Dispute Resolution between individual **Owners** when there is a dispute arising out of or related to the **Governing Documents** or neighbor relations generally. The **Board** may also utilize or facilitate the use of Small Claims Court where appropriate.

7.1(w) In the event of a natural disaster or declared public health-related emergency, the **Association** may, in conjunction with its **Assessment** powers as provided in the **Declaration**

at **Article IV**, seek governmental assistance (such as from the Federal Emergency Management Agency or the Small Business Administration).

7.1(x) Act as spokesperson representing **Members** on matters related to local government on quality of life matters for residents.

7.1(y) Perform regular review of **Association** finances, both operating and reserve, including revenues and expenses compared to budget, bank statements, check registers, general ledger and delinquent **Assessment** receivable reports. Such reviews shall be conducted on a monthly basis. The full **Board**, or a subcommittee consisting of the Treasurer and one other Director may perform such monthly financials reviews outside of a meeting, so long as the review is ratified at the next **Board** meeting and so reflected in the minutes.

7.1(z) Grant easements on, over, under, across and through **Common Area** for public utility and other purposes consistent with the provisions of the **Declaration** and the use of the **Property** as a Planned Development so long as the grant, in whole or in part, benefits the **Members** and/or does not significantly interfere with the **Members'** use of the **Common Area**.

Section 7.2. Board Discretion. The **Association** acts by and through the **Board of Directors** unless the decisions on a particular subject have been assigned to the **Members** by the **Governing Documents** or by statute. The **Board** may conduct "straw votes" to determine **Member** preferences or support. In other instances, the **Board** may structure a decision as a funding question to be voted on by **Members**.

Section 7.3. Association Finances. In addition to the terms of the **Bylaws** and the **Declaration**, the **Association** is governed by the **Davis-Stirling Act** including provisions related to financial documents, operating and reserve accounts and **Assessments**. Because the legislature periodically amends and may restate the **Davis-Stirling Act**, the Directors may annually consult with the professionals servicing the **Association** as to any changes in financial procedures and reporting that may be required by new or revised sections and shall conform the **Association's** practices accordingly.

Section 7.4. Limitations on Power of Board. In addition to approval of the **Board**, certain actions must also have the affirmative vote of a majority of a quorum of the **Voting Power of the Members** as defined in the **Declaration** and as applicable to the voting subject matter. These include:

7.4(a) Enter into a contract with a third party for the furnishing of goods or services to the **Common Roadways** or the **Association** for a term longer than one (1) year. This restriction shall not apply to:

7.4(a)(1) 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;

7.4(a)(2) liability insurance policies not to exceed three years' duration, provided that the policies provide for short-rate cancellation by the insured;

7.4(a)(3) agreements for communication easements, licenses, services, equipment and/or access (such as television, internet, voice over internet, cable, voice over internet or satellite dish, including basic access agreements) not to exceed five (5) years in duration;

7.4(a)(4) agreements for purchase or lease or service for security, fire safety, solar, and/or other similar or related fixtures, systems or equipment, of not more than three (3) years in duration;

7.4(a)(5) management contracts which may be terminated without cause on sixty (60) days or less notice; or

7.4(a)(6) reconstruction project contracts that may span more than two construction seasons; or

7.4(a)(7) agreements that may be terminated without cause upon sixty (60) or fewer days' notice.

Section 7.5 Inspection of Books and Records.

7.5(a) Member Access to Records. Members may review many of the **Association's** records by submitting a written request, delivered by first class mail, which must include the reason for reviewing the records. The **Board** may adopt and require the use of a written request form. The **Member** is responsible for all costs incurred related to the request and production; a deposit may be required in advance.

7.5(b) Adoption of Reasonable Inspection Rules. The **Board** may establish reasonable rules which may include provisions regarding notice of inspection, hours and days of the week when inspection may be made, location of the documents to be inspected, and payment of the costs incurred including reproducing and/or redacting copies of documents requested by the **Member**.

7.5(c) Documents Available for Inspection.

7.5(c)(1) Accounting Books and Records. The following **Association** records shall be available for inspection and copying by any **Member**, or his or her duly appointed representative, during reasonable business hours: any financial document required to be provided to a **Member** in Civil Code §5300; any financial document or statement required to be provided in Civil Code §4525; interim unaudited financial statements, periodic or as compiled containing any of the following: balance sheet, income and expense statement, budget comparison, general ledger; executed contracts not otherwise privileged under law; written **Board** approval of vendor or contractor proposals or invoices; state and federal tax returns; reserve account balances and records of payments made from reserve accounts;

agendas and minutes of meetings of the **Members**, the **Board** and any committees appointed by the **Board**, excluding, however, agendas, minutes, and other information from executive sessions of the **Board** as described in Civil Code §5200; check registers; Election Materials; enhanced **Association** records (meaning invoices, receipts and canceled checks for payments made by the **Association**, purchase orders approved by the **Association**, statements for services rendered, and reimbursement requests submitted to the **Association**, provided that the person submitting the reimbursement request shall be solely responsible for removing all personal identification information from the request). The **Association** is not required to sort through content, extract or summarize documents or information as part of a response to a **Member's** records request.

7.5(c)(2) Membership and Voter Lists. Membership lists, including name, property address, mailing address and email address, shall also be made available for inspection by any **Member**, or his or her duly appointed representative. The **Voter List** shall include each **Member's** name and voting power, the physical address of the voter's separate interest, the mailing address for the ballot if different from the physical address, and identification of Powers of Attorney or Entity/**Owner** Representatives (if any). Note that the **Members** may request that their information not be shared. The **Association** may require statement of a proper purpose before providing any information.

7.5(d) Timing of Association Response. Access to or copies of **Association** records shall be provided in accordance with the time frames designated by the **Davis-Stirling Act** (see Civil Code §5210).

7.5(e) Director Inspection Rights. Every Director shall have a right at any reasonable time to inspect all books, records, documents, and minutes of the **Association** and the physical properties owned or controlled by the **Association**. The right of inspection by a Director includes the right to make extracts and copies of documents. This right does not include all records of disciplinary or adversarial actions involving the requesting Director. The **Board** may adopt reasonable restrictions on review of ballots or other records in order to preserve **Member** expectations of confidentiality or if a Director maintains a legal action adverse to the **Association**.

Section 7.6. Rules. The **Board** shall have the power, pursuant to the provisions in the **Davis-Stirling Act**, to adopt and establish rules and policies consistent with the **Declaration**, governing the use of the **Common Roadways**. In the event of an omission, ambiguity or conflict in the provisions of the **Bylaws** and/or **CC&Rs**, the **Board** may adopt a policy to address any such irregularity.

Section 7.7. Committees.

7.1(a) Generally. The **Board** may appoint committees as deemed appropriate in carrying out its purposes. If a committee has independent decision-making authority it shall keep written minutes of proceedings, report proceedings to the **Board** and file minutes with the Secretary. No committee shall have the power to:

7.7(a)(1) take any final action on any matter that requires the approval of the **Board** and/or **Members**,

7.7(a)(2) fill vacancies on the **Board** or any committee,

7.7(a)(3) amend or repeal **Bylaws** or adopt new **Bylaws**,

7.7(a)(4) amend or repeal any resolution of the **Board**, or

7.7(a)(5) appoint committees of the **Board** or **Members**.

7.7(b) Board Sub-Committee. The **Board** may appoint a subcommittee consisting of the Treasurer and at least one additional **Board** member to perform monthly reviews of the check register, monthly general ledger and delinquent **Assessment** receivable reports. The Subcommittee shall make its report to the full **Board** at the subsequent duly noticed **Board** meeting and the action shall be ratified and reflected in the minutes.

ARTICLE VIII **DEFENSE AND INDEMNIFICATION**

Section 8.1. Member Responsibility. Each **Member** shall be liable to the **Association** for any costs incurred generally arising out of a **Governing Document** violation and/or damage to the **Common Area** or damage to areas which the **Association** must maintain, repair or replace caused, directly or indirectly, by the **Member** or his or her family, pets, guests, invitees, tenants, the guests or invitees of any **Occupant** (including but not limited to inadvertence, failure to act, active or passive negligence, or willful misconduct, or otherwise). Such responsibility shall include related costs and fees generally that are incurred by the **Association**. Each **Member** shall protect, defend, hold harmless and indemnify the **Association** and Directors from any third party and/or other **Member** or resident claim related to **Member** or **Member's Lot** and arising out of the **Governing Documents** or law.

Section 8.2. Indemnification by Association of Directors and Officers. The **Association** shall, to the fullest extent permitted by law, protect, defend and indemnify its past or present Directors, Officers and Committee members from potential liability for their activity while acting in good faith and engaged in **Association** business. Such protection may include that provided for in the **Association's** insurance, including the liability insurance in the case of damage to person or property. In the event that any claim of indemnification is made to the **Association** by such individual, the **Association** shall, in a timely way, tender the claim to its broker and/or insurance carriers. To the extent that the individual seeking indemnification has exposure to any uninsured loss, the **Association** shall also submit the matter to its counsel for a legal opinion as to **Association** obligations.

Section 8.3. Advancement of Expenses. To the fullest extent permitted by law, the **Association** shall advance all costs of defense of an Officer, Director or Committee Member, if such costs of defense are not being provided by insurance.

Section 8.4. Insurance. The **Association** shall acquire and maintain Directors and Officers Liability Insurance. It should be noted that this is separate and distinct from general liability insurance which covers damage to persons and property.

Section 8.5. Limitations on Personal Liability of Individual Directors/Officers.

8.5(a) No action shall be brought against an individual Director or Officer unless expressly permitted by the provisions of Civil Code §5800.

8.5(b) No suit or action against a Director or Officer or other volunteer of the **Association** personally shall be sustainable in any court unless commenced within the earliest of twelve (12) months of the date claimant knew or should have known of alleged misconduct and/or the inception of damage or injury.

**ARTICLE IX
TAX-EXEMPT STATUS**

Section 9.1. Tax-Exempt Status. The **Board** shall take all steps reasonably possible to lawfully minimize the **Association's** tax obligations, which may include using tax-exempt status.

Section 9.2. Filing. The **Board** shall cause to be timely filed an annual designation for tax-exempt status as may be required under federal or state law. It shall cause the **Association** to comply with the statutes, rules and regulations adopted by federal and state agencies pertaining to such exemptions.

**ARTICLE X
MISCELLANEOUS**

Section 10.1. Amendment of Bylaws. These **Bylaws** may be revised or superseded by approval of the **Board** and by the affirmative vote of a majority of a quorum of the **Voting Power of the Members**. A quorum is fifty percent (50%) of the **Voting Power of the Members**.) The Inspector(s) of Election shall confirm the voting results to the **Board**. A copy of the signed changes or restatement shall be included in the **Association's** corporate records. Notice shall be sent to the **Members** within 15 days of the vote tally. See also **Section 10.7**.

Section 10.2. Document Hierarchy. To the extent of any conflict between the **Governing Documents** and the law, the law shall prevail. To the extent of any conflict between the **Articles** (if any) and the **Declaration**, the **Declaration** shall prevail. To the extent of any conflict between the **Bylaws** and the **Articles** or **Declaration**, the **Articles** or **Declaration** shall prevail. To the extent of any conflict between the operating rules and the **Bylaws**, **Articles** or **Declaration**, the **Bylaws**, **Articles** or **Declaration** shall prevail.

Section 10.3. Fiscal Year. The fiscal year of the **Association** shall be July 1 through June 30, unless otherwise determined by the **Board**.

Section 10.4. Residents May Not Confront Association Employees, Agents or Vendors.

The **Board's** authority with respect to the **Common Area Roadway** is exclusive. No **Person** shall confront, criticize, intimidate, order, or act in a hostile manner toward any employee, agent or vendor of the **Association**. Communications on such subjects shall be in writing to the **Board** or manager. If there is a pattern of inappropriate communications to the **Board**, employees, agents or vendors, the **Board** may limit the type and timing of communications and/or take other appropriate measures.

Section 10.5. Legal Entities. Upon acquisition of title by a legal entity, the entity is obligated to provide information about the designated entity representative including contact information. The legal entity shall keep this information updated.

10.5(a) Re: Voting: If a legal entity holds title, the entity shall appoint a natural person to be the designated voting representative for the entity with authority to cast ballots and otherwise bind the legal entity on **Association** matters. The entity shall provide documentation satisfactory to the **Association** which may include a copy of the applicable minutes or entity resolution.

10.5(b) Re: Board Member Eligibility: If a legal entity holds title, the entity may appoint a natural person to be a candidate and, if elected (by ballot or acclamation), serve as a Director. Any such representative may also be appointed to fill a vacancy. The entity shall provide original documentation satisfactory to the **Association**, not later than the close of nominations or prior to appointment to fill a vacancy. Any such designee must acknowledge serving as a Director without compensation and that the fiduciary duty to the **Association** is primary over any duty to the legal entity/**Owner**.

10.5(c) Trusts: A trust is not a "legal entity." Where title identifies a trust, each Trustee named in the chain of title shall be the **Member** for all purposes stated in (a) - (b) above.

Section 10.5. Corrections and Legal Updates.

10.5(a) Updating of Preempted Content or Other Statutory Reference in Bylaws. The **Board** shall have authority to update these **Bylaws** if or when (i) changes in any statutory law, (ii) **CC&R** revisions, and/or (iii) development in applicable case law preempt or supplement the content set forth in these **Bylaws**. Before the **Board** can approve such an update, the **Board** must have confirmation from counsel of the nature of the statutory preemption or development in applicable case law and must provide **Members** with at least 28 day **General Notice** of the proposed change. The **Board** may then approve revision of these **Bylaws** to conform to change(s) in the law.

10.5(b) Errata and Scrivener's Error. If the **Board** determines any **Governing Document** contains errata or a scrivener's error, the **Board** may make findings and a resolution using the notice of proposed change procedure (similar to Civil Code §4360 - Rule Adoption) and then, by **Board** approval, cause correction.

10.5(c) CC&R Contingency. In the event the restated **CC&Rs** are not enacted within a reasonable time of these **Bylaws**, the **Board** shall have the authority to minimize any cross-references and add definitions in order to make these **Bylaws** independent of the **CC&Rs**. The **Board** must provide **Members** with at least thirty (30) day notice of the proposed changes, including deletion of this subparagraph 10.5(c). The **Board** may then approve revision of these **Bylaws** to de-link them from or conform them to the **CC&Rs** .

Section 10.6. Defined Terms. In addition to those terms defined in the **CC&Rs**, the following terms used in the **Governing Documents** shall have the following meanings:

10.6(a) "Election Materials" means and includes returned ballots, signed voter envelopes, the **Voter List** of names, parcel numbers, and voters to whom ballots were to be sent, proxies (if any), Inspector of Election Worksheet, and the candidate registration list.

10.6(b) "General Notice" describes the delivery of communications from the **Association** to the membership as a group, pursuant to Civil Code §4045 and **Article VI** of these **Bylaws**.

10.6(c) "Non-Member Owner" means an **Owner** who is not subject to the **Governing Documents**, but is subject to the **845 Judgment**.

10.6(d) "Preferred Method of Delivery" describes the transmittal of notices, documents or other communications from the **Association** to a **Member** pursuant to Civil Code §§4040 and 4041 and **Article VI** of these **Bylaws**.

10.6(e) "Remotely" refers to video and/or audio technology that has the capability for a person to speak and be heard, and may include, for example, telephone conference calls or internet video meetings.

10.6(f) "Unit" refers to groups of parcels located in the **Subdivision**, which may also be referred to as phases.

10.6(f)(1) Unit 1 refers to those parcels listed on **Exhibit A** of the **CC&Rs** as **Unit 1**.

10.6(f)(2) Unit 2 refers to those parcels listed on **Exhibit A** of the **CC&Rs** as **Unit 2**.

10.6(g) "Voter List" means the list of membership information generated by the **Association**, and verified by the **Members** prior to each election, which includes the following information: **Member's** name and voting power, physical address of the voter's separate interest, the mailing address for the ballot if different from the physical address, and identification of Powers of Attorney or Entity/**Owner** Representatives (if any).

10.6(h) "Voting Power of the Members" means the ballots that can be cast by all **Members** of the **Association**.

10.6(i) “Voting Power of the Unit 1 Members” means the ballots that can be cast by all **Unit 1 Members**.

10.6(j) “Voting Power of the Unit 2 Members” means the ballots that can be cast by all **Unit 2 Members**.

Section 10.8. Successor Entity. In the event the **Association** as a corporate entity is dissolved, a non-profit unincorporated association shall, without further action or notice, be formed to succeed to all the rights and duties of the **Association**. The affairs of such unincorporated association will be governed by the laws of the State of California, and to the extent consistent therewith, by the **Declaration**, the **Articles**, and these **Bylaws** as if they were created for the purpose of governing the affairs of an unincorporated association.

SECRETARY'S CERTIFICATION

As Secretary of the unincorporated association known as the Rancho Santa Margarita Property Owners Association, I hereby certify that the foregoing revised **Bylaws** consisting of 27 pages (excluding the Table of Contents), were duly adopted by the **Members** of said **Association** on the _____ day of _____, 20____ and that they are now the official **Bylaws**.

By: Secretary of Rancho Santa Margarita Property Owners Association

2023 RSM Bylaws v5.wpd
dlr: 9/20/23

EXHIBIT A TO BYLAWS
of Rancho Santa Margarita Property Owners Association
(Note: This Exhibit may be updated by the Board to reflect changes in the law)

This exhibit to the Bylaws of the Rancho Santa Margarita Property Owners Association, is hereby incorporated by cross-reference into the Bylaws (as authorized by **Section 7.1(I)**). The following is a summary of the Budget and Reserve provisions of 2023 Davis-Stirling Common Interest Development Act. If questions arise as to specific details, the actual statutory text should be consulted and shall take precedent.

Description	Civil Code §
<p>Annual Budget Report to be distributed 30-90 days before end of fiscal year. Must include:</p> <ul style="list-style-type: none"> • Pro forma operating budget • Summary of Reserves • Summary of Reserve Funding Plan • Statement of Deferred Maintenance • Anticipation of Special Assessment(s) • Mechanism(s) to fund Reserves • Procedures for calculation of Reserves • Loan statement • Summary of Insurance • FHA/VHA certification (Condominiums only) • Charges for Documents form • Assessment and Reserve Funding Disclosure Summary 	5300
<p>Review of Financial Statement to be distributed within 120 days after close of fiscal year</p>	5305
<ul style="list-style-type: none"> • Annual Policy Statement, to be distributed within 30 to 90 days before the end of its fiscal year. Must include: <ul style="list-style-type: none"> • Designated recipient for communications to association • Statement re Member notification options • Location for posting General Notices (if any) • Notice of Member option for Individual Notice • Notice of Member's right to receive meeting minutes • Copy of Collection Policy • Copy of Discipline Policy & Schedule of Fines (if any) • Summary of ADR / IDR procedures • Architectural Alteration Policy 	5310
<p>Distribution of Annual Budget Report and Annual Policy Statement (or a summary, including instructions on how to receive a complete copy) by Individual Notice.</p>	5320
<p>Monthly Board Review of Accountings, including:</p> <ul style="list-style-type: none"> • a current reconciliation of the association's operating and reserve accounts • budget to actual comparison of current year's reserve income and expenses • current bank statements for operating and reserve accounts. • an income and expense statement for the association's operating and reserve accounts 	5500






Exhibit A to Bylaws


<ul style="list-style-type: none">• the check register, monthly general ledger, and delinquent assessment receivable reports.	
Review Outside of a Meeting by full Board or subcommittee	5501
Board Approval for Transfers of \$10K or 5% of total deposits (whichever is lower)	5502
Reserve Restrictions <ul style="list-style-type: none">• Two signatures required (two directors or an Officer and a director)• Limitations on expenditure categories	5510
Temporary Transfer of Reserve Funds <ul style="list-style-type: none">• to meet short term cash flow requirements• written findings• funds repaid within one year	5515
Visual Inspection of Major Components and Reserve Study <ul style="list-style-type: none">• Every three years, with interim annual reviews, and must include:<ul style="list-style-type: none">• major components with a remaining useful life of less than 30 years• Identification of the probable remaining useful life• Estimate of the cost of repair, replacement, restoration, or maintenance• Estimate of the total annual contribution necessary during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.• A reserve funding plan	5550
Reserve Funding Plan (as required under CC 5550)	5560
Summary of Association Reserves including: <ul style="list-style-type: none">• Current estimated replacement cost, estimated remaining life, and estimated useful life of each major component.• Current estimate of the amount of cash reserves necessary• Current amount of accumulated cash reserves actually set aside.• Current deficiency in reserve funding expressed on a per unit basis.	5565
Individual Notice of Change of Insurance Coverage from that described in the Annual Budget Report	5810

Civil Code §5570 (Text & Form) Assessment and Reserve Funding Disclosure Summary.

Assessment and Reserve Funding Disclosure Summary		
<p>(1) The current regular assessment per ownership interest is \$ _____ per _____. <i>Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page _____ of the attached summary.</i></p> <p>(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:</p>		
Date Assessment will be Due	Amount per ownership interest per month or year (If assessments are variable, see note immediately below):	Purpose of the assessment:
	Total:	
<p><i>Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page _____ of the attached report.</i></p> <p>(3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years Yes _____ No _____</p> <p>(4) If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members</p>		
Approximate date assessment will be due:	Amount per ownership interest per month or year:	
	Total:	
<p>(5) All major components are included in the reserve study and are included in its calculations.</p> <p>(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$_____, based in whole or in part on the last reserve study or update prepared by _____ as of _____ (month), _____ (year). The projected reserve fund cash balance at the end of the current fiscal year is \$_____, resulting in reserves being _____ percent funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$_____. (See attached explanation)</p> <p>(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is \$_____, and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$_____, leaving the reserve at _____ percent funding. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be \$_____, leaving the reserve at _____ percent funding. <i>Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was _____ percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was _____ percent per year.</i></p>		

Quick Reference For Member Voting Requirements
(Not Formally Part of the Bylaws)

Number of Members	47 (as of 1/1/2023)	
ANNUALLY:		
Election of Directors 	First ballot received qualifies the vote. Thereafter, Candidates receiving highest # of votes are elected.	Bylaws, Section 3.3(b)(1)
IRS Resolution Approval	First Vote/Ballot received qualifies the Vote. Thereafter, approval by majority of Votes/Ballots received.	Bylaws, Section 3.3(b)(3)
Minutes of Member Meeting	First Vote/Ballot received qualifies the Vote. Thereafter, approval by majority of Votes/Ballots received (or by Board or Committee)	Bylaws, Section 3.4(b)
AMENDMENTS:		
Amendment of CC&Rs 	Majority of the Voting Power of the Members	CC&Rs, Section 9.4
Amendment of Bylaws 	Requires participation of 50% of the Voting Power of the Members to qualify the vote. Thereafter, approval is by a majority of ballots received.	Bylaws, Section 10.1
OTHER:		
Assessment Approval 	Requires participation of more than 50% of the Voting Power of the Members. Thereafter, approval is by a majority of ballots received.	CC&Rs, Section 4.2(b) & Civil Code §5605
Limitations on Powers of the Board	Requires participation of more than 50% of the Voting Power of the Members. Thereafter, approval is by a majority of ballots received.	Bylaws, Section 7.4
Member Reversal of Rule Change	Majority of Voting Power of the Members	Bylaws, Section 3.3(b)(4)
Recall of Board of Directors 	Majority of applicable Voting Power	Bylaws, Section 4.2(h)(3)

 = Requires Double Secret Envelope Voting.