

5/18/14

~~THIRD~~ FOURTH AMENDED AND RESTATED BYLAWS

OF

DOLLAR POINT ASSOCIATION INC.

A California Nonprofit Mutual Benefit Corporation

1. NAME

The name of the ~~association~~ Association is the Dollar Point Association, Inc. (the "Association"). The Association is a non-profit corporation that provides ownership, management, administration, maintenance, preservation, repair and operations of the recreation amenities and certain grounds at Dollar Point in Tahoe City, California and provides information of interest to ~~members~~ Members.

2. PRINCIPAL OFFICE

The principal office of the Association is located at Post Office Box 1490, Tahoe City, Placer County, California, or at such other place as may be designated by the Association.

3. DEFINITIONS

3.1 "Association" shall mean and refer to Dollar Point Association, Inc., its successors and assigns.

3.2 "Board" shall mean and refer to the Board of Directors of Dollar Point Association, Inc.

3.3 ~~"Recreational Areas"~~ "Association Property" shall mean ~~all~~ that real property owned or controlled by the Association, including, but not limited to, the beach area, buoys, buoy field, ~~piers~~ pier, tennis courts and swimming pool areas.

3.4 "Lot" shall mean and refer to any plot of land shown upon the recorded subdivision maps of Dollar Point Subdivision Unit Numbers 1 through 9, inclusive, as of the respective original recording dates for those maps, with the exception of ~~the Recreation Areas~~ Association Property.

3.5 "Owner" shall mean and refer to the record ~~owner~~ Owner of a Lot.

3.6 "Member" shall mean and refer to those persons entitled to membership in the

Association and who have fulfilled all requirements for membership as listed in ~~Section 4~~ Section 4.1 of these Bylaws and the Association Membership Rules and Regulations.

4. MEMBERSHIP AND VOTING RIGHTS

~~Every person of the age of 18 years or over who is the owner of one or more lots, is in compliance with the deed restrictions of record to which his or her lot is subject, agrees to abide and be bound by the Articles of Incorporation, Bylaws, and Rules and Regulations of the Association, shall be a Member of the Association upon payment of the appropriate initiation fee, annual assessments and/or dues, and acceptance of an application for such membership upon a form of application prescribed by the Board of Directors from time to time. In the event that there is more than one Owner of a lot, only one of such owners shall be entitled to one voting Membership among them.~~

4.1 Membership

Every person of the age of 18 years or over who is the Owner of one or more Lots and agrees to abide and be bound by the Articles of Incorporation, Bylaws, and Rules and Regulations of the Association, shall be a Member of the Association upon payment of the appropriate initiation fee, transfer fee, and/or dues, and acceptance of an application for such membership upon a form of application prescribed by the Board of Directors.

4.2 Voting Rights

In the event that there is more than one Owner of a Lot, only one of such Owners shall be entitled to vote on behalf of the Lot's membership for any given vote or election. In the event more than one ballot is received from a Lot, the first ballot received, as determined by the Association, shall be the ballot that is counted.

4.3 Membership Mailings

In the event that there is more than one Owner of a Lot, the Association shall send only one copy of each mailing by U. S. Postal Service for each such Lot. In those cases where the Association has multiple addresses for the Owners of a Lot, the Association shall use the address selected by the Owners, unless the Owners have not made such a selection, in which case the Association shall select the address for mailings. An additional copy of any mailing shall be sent upon request to an Owner using a different address. For the purposes of this section, mailings shall mean any communication between the Association and its Members required by these Bylaws, including but not limited to distributions of information, notifications, and written ballots.

Members may choose to receive specific mailings from the Association by electronic transmission or not at all, unless the mailing by U. S. Postal Service is required by California law.

5. MEETINGS OF MEMBERS

5.1 Place of Meetings

All meetings of the Members, annual and special, shall be held at a place within the Dollar Point Subdivision as designated by the Board, provided that if there is not an available or appropriate place within the subdivision, the Board shall designate a meeting place as close as possible to the subdivision.

5.2 Annual Meetings

The annual meeting of the Members of the Association shall be held on the last Saturday of July of each year, or at such other date or time as may be fixed by the Board, but in no event shall an annual meeting be held less than once each calendar year.

5.3 Special Meetings

Special meetings of the Members may be called for any lawful purpose by a majority of the Board, the president of the Association, or by written request signed by Members representing at least five percent of the total voting power of the Association. A special meeting called by any person (other than the Board) entitled to call a meeting shall be made by submitting a written request specifying the general nature of the business to be transacted to the president, the vice president, or secretary of the Association. The officer receiving the notice shall promptly cause notice to be given the Members in the manner required by Section 5.4 that a meeting will be held at a date, time, and place fixed by the Board, which meeting shall be held not less than 35 days nor more than 90 days after receipt of the request. If the notice is not given within 20 days after the receipt of the request, the person or persons requesting the meeting may give the notice.

5.4 Notice of Meetings

Notice of all Members' meetings, annual or special, shall be given not less than 10 nor more than 90 days before the date of the meeting to each Member. The notice shall be given personally, or by first-class, registered, or certified mail addressed to the Member at the address of such Member appearing on the books of the Association or given by the Member to the Association for purpose of notice. If no address appears or is given for any Member, notice may be given at the Association's principal office or by publication at least once in a newspaper of general circulation in the Tahoe City area of Placer County. In the case of a Lot with more than one Owner, the notice shall be provided as specified above to the Member selected pursuant to Section 4.3 of these Bylaws.

The notice shall state the place, date, and time of the meeting. If directors are to be elected at the Meeting, the Notice shall include the names of all those who are nominees at the time notice is given. In the case of a special meeting, the notice shall state the general nature of the business to be transacted and no other business may be transacted. In the case of the annual meeting, the notice shall state those matters that the Board intends, at the time the notice is given, to present to the Members for action, but any proper matter may be presented at the meeting for action subject to the special notice requirements described in Section 5.5 of these Bylaws.

5.5 Special Notice Requirements

Approval by the Members of any of the following proposals, other than by unanimous approval of those Members eligible to vote, shall not be valid unless the general nature of the proposal was stated in the notice or in any written waiver of the notice:

- (~~i~~) a. removing a director without cause;
- (~~ii~~) b. filling vacancies on the Board;
- (~~iii~~) c. Amending the Bylaws or Articles of Incorporation of the Association;
- (~~iv~~) d. The sale, lease, conveyance, exchange, transfer, or other disposal of all or substantially all of the Association's assets;
- (~~v~~) e. approving a contract or transaction between the Association and one or more directors, or between the Association and any entity in which a director has a material financial interest;
- (~~vi~~) f. electing to wind up and dissolve the Association; or
- (~~vii~~) g. approving a plan of distribution of assets, other than money.

5.6 Waiver of Notice or Consent

The transactions of any meeting of Members, however called or noticed, and wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (1) a quorum is present either in person or by proxy, and (2) either before or after the meeting, each Member entitled to vote, not present in person or by proxy, signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice, consent, or approval need not specify either the business to be transacted or the purpose of any meeting of Members, except that if action is taken or proposed to be taken for approval of any of those matters specified in Section 5.5 of these Bylaws, the waiver of notice, consent, or approval shall state the general nature of the proposal. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance of a Member at a meeting shall also constitute a waiver of notice of and presence at that meeting, unless the Member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice of the meeting but not so included, if that objection is expressly made at the meeting.

5.7 Proof of Membership and Record Date

No person shall exercise the rights of membership in the Association until satisfactory proof of membership has been furnished to the Association. Such proof may consist of either a duly-executed and acknowledged grant deed or title insurance policy showing that the person has an ownership interest in a Lot sufficient to entitle the person to membership in the Association. Such deed or policy shall be deemed conclusive proof of the person's membership in the absence of a conflicting claim based on a later deed or policy, or a failure to satisfy other requirements of membership.

For the purpose of determining the Members entitled to notice of any meeting, to vote, or to exercise any other rights in respect of any lawful action, the Board may fix, in advance, a ~~record date as follows~~ appropriate record dates subject to the following: (a) the record date for notices shall be not more than 90 nor less than 10 days before the date of the meeting, (b) the record date for voting shall not be more than 60 days before the date of the meeting or before the date on which the first written ballot is mailed or solicited and (c) the record date for any other action shall not be more than 60 days before the date of such action. If no record date is fixed by the Board, the record date shall be determined in accordance with California Corporations Code Section 7611. A person holding a membership as of the close of business on the record date shall be a Member of record.

5.8 Quorum

The presence at any meeting in person or by proxy of Members entitled to cast at least One-Fifth (1/5) of the total votes of all Members shall constitute a quorum. Any Members' meeting, whether or not a quorum is present, may be adjourned from time to time for any reason by a vote of the Members representing a majority of the voting power of the Members present at the meeting, either in person or by proxy, to another time not less than five days nor more than 30 days from the date of the original meeting. If the time and place of the adjourned meeting is announced prior to the adjournment of the original meeting, no notice of the adjourned meeting is required, provided that if a new date is fixed for the adjourned meeting after the adjournment of the original meeting, notice of the date, time and place of the adjourned meeting shall be given to Members in the manner prescribed in Section 5.4 of these Bylaws. Any business that might have been transacted at the original meeting may be transacted at the adjourned meeting. In the absence of a quorum no business may be transacted at the meeting other than to adjourn the meeting to another time.

The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the departure of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

5.9 Proxies

Each person entitled to vote shall have the right to do so either in person or by an agent authorized by written proxy, signed by the person and filed with the secretary of the Association. A proxy shall be deemed signed if the Member's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by a Member or the Member's attorney in fact. Any form of proxy or written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted on or, in the case of elections, the person(s) standing for election known at the time the proxy is prepared and sent. The proxy or written ballot shall provide that, when the Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person ~~who is authorized to execute the proxy~~ to whom the proxy is delegated and the length of time it will be valid. Proxies may be delegated to Members only.

A validly executed proxy shall continue in full force and effect until ~~(i)~~ 1) written notice is received by the Association of the death or incapacity of the Member executing the proxy, ~~(ii)~~ 2) the Member executing the proxy revokes it before the vote is cast under that proxy by ~~(a)~~ delivering a written revocation to the Association, ~~(b)~~ executing a subsequent proxy that is presented to the meeting, or ~~(c)~~ attending and voting in person at the meeting. The proxy shall expire upon the adjournment of the meeting for which the proxy was issued. Notwithstanding any of the foregoing all proxies shall be revocable and shall automatically terminate when the Member's membership in the Association terminates. The suspension of any Member's voting rights by the Association shall automatically suspend any proxy executed by that Member.

No proxy shall be valid with respect to a vote on the following proposals to be approved by the Members unless the general nature of the matter to be voted on ~~was~~ is set forth in the proxy:

- ~~(i)~~ a. removing a director without cause;
- ~~(ii)~~ b. filling vacancies on the Board;
- ~~(iii)~~ c. amending the Bylaws or Articles of Incorporation of the Association;
- ~~(iv)~~ d. the sale, lease, conveyance, exchange, transfer, or other disposal of all or substantially all of the Association's assets;
- ~~(v)~~ e. approving a contract or transaction between the Association and one or more

directors, or between the Association and any entity in which a director has a material financial interest;

~~(vi)~~ f. electing to wind up and dissolve the Association; or

~~(vii)~~ g. approving a plan of distribution of assets, other than money.

5.10 Order of Business

The order of business of all meetings of the Members shall be determined by the Board and shall be included with the notice given pursuant to Section 5.4 of the Bylaws of the Association.

5.11 Parliamentary Procedures

~~All~~ Except for procedures called for in these Bylaws to the contrary, all questions of parliamentary procedure shall be decided in accordance with the most recent published edition of Robert's Rules of Order.

5.12 Action by Written Ballot

Any action that may be taken at any meeting of the Members, except the election of directors, may be taken by written ballot if the following requirements are satisfied:

- ~~(i)~~ a. The Association distributes a written ballot to each Member entitled to vote on the matter. The ballot shall be given personally, or by ~~first-class, registered, or certified~~ U.S. mail addressed to the Member at the address of such Member appearing on the books of the Association or given by the Member to the Association for purpose of notice. In the case of a Lot with more than one Owner, the ballot shall be provided as specified above to the Member selected pursuant to Section 4.3 of these Bylaws. The ballot shall provide a reasonable time within which to be returned;
- ~~(ii)~~ b. Each ballot shall set forth: (a) the proposed action, (b) an opportunity to specify approval or disapproval of any proposal, (c) confirmation that, if the Member specifies a choice, the vote shall be cast in accordance with that Member's choice, (d) the time by which the ballot must be received by the Association in order to be counted, (e) the number of responses needed to meet the quorum requirement, and (f) the percentage of approvals necessary to approve the proposed action;
- ~~(iii)~~ c. The proposed action shall be considered approved by written ballot if (a) within the time period specified the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the

action, and (b) the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot;

(iv) d. A written ballot may not be revoked.

6. ELECTION AND TERM OF OFFICE OF MEMBERS OF THE BOARD OF DIRECTORS

6.1 Number

The Board shall consist of seven directors.

6.2 Nomination

Nomination for election to the Board shall be made by a nominating committee consisting of three persons. The nominating committee shall consist of a chairperson, who shall be a director and two other members of the committee who shall be Association ~~members~~ Members, at least one of whom shall not be a member of the then current Board of Directors. The chairperson of the nominating committee shall be appointed by the Board ~~at the first meeting of the Board following the annual meeting~~ no later than November 15, and shall serve for a period of one year. The other two members are chosen by the ~~chairman~~ chairperson of the committee ~~with~~ subject to the approval of the Board. Vacancies thereon shall be filled by the Board. The nominating committee may make as many ~~nominations~~ nomination recommendations to the Board as it desires but not less than the number of positions to be filled. Nominations may be made from among Members only. The Board shall make the final determination of nominees to appear on the ballot.

Notwithstanding the foregoing, any Member present in person or by proxy at a meeting in which a director or directors are to be elected may place a name in nomination at the meeting prior to the vote. The Board shall ~~adopt procedures that~~ provide for a reasonable opportunity for nominees to communicate their qualifications and reasons for candidacy to the Members and to solicit votes, and for a reasonable opportunity for all Members present to choose among the nominees.

6.3 Election of Directors

Directors must be Members of the Association. No more than one Member from any Lot may serve as a director at any given time. ~~Unless the office is vacated sooner as provided in Section 6.6 of these Bylaws, each director shall hold office until his or her term expires and a successor has been elected and qualified. The term shall be for two years.~~ The Board shall have staggered two-year terms with three directors elected in one year and four in the next year. Successor directors shall be elected at the annual meeting corresponding with the expiration of the terms. The election of directors shall be by secret written ballot if the number of nominees exceeds

the number of vacancies, and, subject to the provision regarding specially elected directors in Section 6.6 of these Bylaws, the persons receiving the highest number of votes shall be elected.

Any director may resign effective on giving written notice to the president, the secretary, or the Board, unless the notice specifies a later time for the effectiveness of such resignation.

6.4 Term of Office of Directors

The term of office shall run from the end of the annual meeting at which the director is elected ~~to~~ until the end of the annual meeting two years later provided a qualified successor is elected. No individual shall serve as a Director of the Board for more than 3 consecutive terms ~~(6 consecutive years).~~

6.5 Cumulative Voting

Cumulative voting is not permitted.

6.6 Vacancies

A vacancy or vacancies on the Board shall exist on the occurrence of any of the following: ~~(i)~~ 1) the death of any director, (ii) 2) the effective date of any director's resignation, (iii) 3) the removal of a director by vote of the Members, (iv) 4) the declaration by resolution of the Board of a vacancy in the office of a director who has been declared of unsound mind by an order of court or convicted of a felony, (v) 5) the increase in the authorized number of directors, or (vi) 6) the failure of the Members, at any meeting of the Members at which any director or directors are to be elected, to elect the number of directors required to be elected at that meeting. In the event of a tie vote between candidates running for the Board, there shall be a ten (10) day waiting period to allow any of the candidates to withdraw. A withdrawal shall be communicated in writing to the Board. If no candidate withdraws during the time allowed, the Board shall select the method to determine which candidate involved in the tie vote will become a director. Methods may include a coin flip or appointment by the Board. However, any director who is also a candidate involved in the tie vote shall recuse himself or herself from any discussion and any vote by the Board related to the tie vote.

Any vacancy on the Board may be filled by a majority vote of the directors then in office, except for a vacancy created by a removal of a director by vote of the Members or a vacancy of a specially elected director position, which vacancies shall be filled by vote of the Members. In addition, the Members may fill any vacancy not filled by the directors. ~~Any director elected to fill a vacancy shall hold office until the expiration of the term of his or her predecessor and until a successor has been elected and qualified.~~

If the Board intends to fill one or more vacancies, Members of the Association shall be notified of the vacancy and the Board's intent to fill the vacancy. The notification to the

Members shall provide a manner for Members to suggest themselves or others for consideration as candidates. Whenever the number of candidates exceeds the number of vacancies the Board intends to fill, the Board shall adopt procedures that provide for a reasonable opportunity for candidates to communicate their qualifications and reasons for candidacy to the remaining directors and to solicit votes.

Notwithstanding the above, if the number of vacancies prevents a quorum from being established pursuant to Section 7.5 of these Bylaws, the remaining directors shall appoint new directors to establish a quorum as soon as possible, with or without the notification and procedures specified above. Until such new directors are appointed, the remaining directors shall be deemed to be a quorum at any properly noticed regular or special meeting if all such remaining directors are in attendance.

Any director appointed to fill a vacancy shall hold office until the expiration of the term of his or her predecessor and until a qualified successor has been elected.

6.7 Compensation

A director shall not receive any compensation for any services rendered to the Association as a director; provided that directors may be reimbursed for actual out-of-pocket expenses incurred in the performance of his or her duties.

7. MEETINGS OF DIRECTORS

7.1 Place of Meetings

Meetings of the Board shall be held at any place within the subdivision designated by the Board or at such other place described in the notice of the meeting. In the absence of any designation or notice, meetings shall be held at the principal office of the Association.

7.2 Organizational and Regular Meetings

An organizational meeting of the Board shall be held within 30 days following the annual meeting. Regular meetings of the Board shall be held at least quarterly at such time and place as may be fixed from time to time by resolution of the Board. Notice of the time and place of any regular meeting shall be posted at a prominent place or places within the subdivision and/or at the principal office of the Association, and shall be given to each director not less than four days prior to the meeting; provided, however, that notice need not be given to any director who signs a waiver of notice or written consent to the holding of the meeting.

7.3 Special Meetings

Special meetings of the Board may be called by written notice signed by the

president of the Association, or by any two directors other than the president. The notice shall specify the time and place of the meeting and the nature of any special business to be considered, shall be posted in a manner prescribed for the notice of regular meetings, and shall be sent to all directors not less than 72 hours prior to the scheduled time of the meeting, provided that notice need not be given to any director who signs a waiver of notice or a written consent to the holding of the meeting.

7.4 Open Meetings

Regular and special meetings shall be open to all Members, provided that Members who are not directors may not participate in any deliberation unless expressly authorized to do so by the vote of a majority of a quorum of the Board. The Board may, with the approval of a majority of a quorum of the Board, adjourn a meeting and reconvene in executive session to discuss and vote on personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar or otherwise sensitive nature. The nature of any and all business to be considered in executive session shall first be announced in open session. In addition, on request of any Member being disciplined by the Association, the Board shall meet in executive session to discuss the disciplinary matter, and the Member shall be entitled to attend this executive session.

7.5 Quorum Requirements

A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn, and except as provided in Section 6.6 of these Bylaws. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, subject to the requirements of California Corporations Code Section 7211(a)(8), including, without limitation, the requirements relating to ~~(i)~~ 1) approval of contracts or transactions between the Association and one or more directors or between the Association and any entity in which a director has a material financial interest, ~~(ii)~~ 2) creation of and appointments to committees of the Board, and ~~(iii)~~ 3) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the departure of directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

7.6 Adjourned Meetings

A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of the time and place of reconvening an adjourned meeting need not be given unless the original meeting is adjourned for more than 24 hours. If the original meeting is adjourned for more than 24 hours, notice of the date, time and place of the reconvening of the adjourned meeting shall be given as soon as possible to the directors who were not present at the time of the adjournment.

7.7 Action Taken Without a Meeting

Any action that the Board is required or permitted to take may be taken without a meeting, if a majority of the Members of the Board consent in writing or via e-mail to that action. Such action may be initiated only by the president or vice-president of the Board, unless otherwise authorized by the Board. If the president and vice-president of the Board are unavailable or otherwise not able to initiate votes in writing or via e-mail for more than 24 hours, votes pursuant to this section may be initiated by another officer of the Board. Such action by written consent shall have the same force and effect as any other validly approved action of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. The action voted on by e-mail ~~must~~ shall be ratified confirmed, if so decided, at the next meeting of the Board and so noted in the minutes by date and vote. These actions, having been included in the minutes, will be available to ~~member~~ Members pursuant to section 7.10 ~~below of~~ these Bylaws.

7.8 Telephone Meetings

~~Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at such meeting. An explanation of the action taken shall be posted at a prominent place within the within three (3) days after the meeting.~~

Directors may participate in any meeting, regular or special, by conference telephone or similar communication equipment. So long as all directors participating in the meeting can hear one another, all such directors shall be deemed to be present in person at such meeting, provided, however, that at least one director must participate from a location noticed pursuant to Sections 7.2 and 7.3 and available to ~~members~~ Members of the Association pursuant to Section 7.4 of these Bylaws. An explanation of the action taken shall be included in the minutes.

7.9 Waiver of Notice

Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents and approvals shall be filed with the Association's records or made a part of the minutes of the meeting. Notice of a meeting need not be given to any director who attends the meeting and does not protest, before or at the commencement of the meeting, the lack of notice to him or her.

7.10 Minutes of Meeting Minutes of Meetings

~~The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes of any meeting of the Board, other than an executive session, shall be available to Members within 30 days of the meeting. The minutes, proposed minutes, or~~

~~summary minutes shall be distributed to any Member on request and on reimbursement of the Association's costs in making that distribution. The Members shall be notified in writing at the time that the pro forma budget is distributed or at the time of any general mailing to the entire membership of the Association of their right to have copies of the minutes of meetings of the Board, how and where those minutes may be obtained, and the cost of obtaining them.~~

The minutes of any meeting of the Board, other than an executive session, shall be approved by the Board within 30 days and made available to Members immediately following the Board's approval. The minutes shall be distributed to any Member on written request.

8. POWERS AND DUTIES OF THE BOARD

8.1 Powers

The Board shall have power to:

~~(a)~~ a. Adopt and publish rules and regulations governing the use of the Recreational Areas Association Property, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

~~(b)~~ b. Fix the amount of any annual dues for the maintenance, rehabilitation and improvement of the Association Property, for the use of the Association Property, and for other Association expenses and obligations.

c. Suspend or revoke the membership of a Member when such Member is in default in the payment of any dues levied by the Association, or when any such Member is in violation of the Articles of Incorporation, Bylaws, or Rules and Regulations of the Association. Such membership may be suspended only after notice and hearing before the Board;

~~(c)~~ d. Exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws or the Articles of Incorporation;

~~(d)~~ e. Have the ~~Secretary~~ secretary or a person appointed by the presiding officer record minutes at Board meetings and at the Annual meeting.

8.2 Duties

It shall be the duty of the Board to:

~~(a) a.~~ Cause to be kept a complete record of all its acts and corporate affairs; ~~and to present a statement thereof to the Members at the annual meeting for the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;~~

~~(b) b.~~ Supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed;

~~(c) c.~~ Assure that any major expense item such as management contracts, construction contracts, service contracts, etc. is awarded to the lowest qualified bidder of at least two qualified bidders. The monetary limit for expense items subject to this requirement shall be set annually from time to time by the Board. If the Board makes a determination that a competitive bid is not possible or not in the best interest of the Association, or that the lowest bid is not in the best interest of the Association, the Board may waive the need for a competitive bid and the requirement to award a bid to the lowest bidder. However, the Board may not waive these requirements if a director has a financial interest in any contract subject to this provision. In addition, if a director has a financial interest in any contract subject to this provision, the director shall recuse himself or herself from any discussion and any vote related to the contract and any associated bids;

~~(d) d.~~ Fix the amount of any annual dues for the maintenance, rehabilitation and improvement of the recreational facilities Association Property and for the use of thereof, and for other Association expenses and obligations;

~~(e) e.~~ Send written notice of each obligation to pay dues to every Member at least thirty (30) days in advance of the due date;

~~(f) f.~~ Procure and maintain adequate liability and hazard insurance on property owned by and activities of the Association;

~~(g) g.~~ Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

~~(h) h.~~ Cause the ~~recreational areas~~ Association Property to be maintained;

~~(i) i.~~ Prepare and distribute to Owners and Members financial ~~statements~~ information as follows (in the case of a Lot with more than one Owner, the distribution shall be provided to the Member selected pursuant to Section 4.3 of these Bylaws):

(1) ~~A pro-forma~~ An annual operating budget shall be adopted by the board and distributed not less than forty-five (45) days nor more than sixty (60) days 30 days prior to the beginning of the Association's fiscal year, which

budget shall include all of the following:

- (a) ~~The estimated revenue and expenses on an accrual basis;~~
 - (b) The identification of the total cash reserves currently set aside and the cash amounts for each reserve estimated for the beginning and end of the budget's fiscal year;
 - (c) The Reference to the Board's current plan for identification of the estimated remaining life of Association assets, and the methods of funding used to defray the future repair, replacement, or additions to, those major components which the Association is obligated to maintain. The reference shall state how Members may review the current plan or obtain a copy;
 - (d) ~~A general statement addressing the procedures used~~ Reference to the Board's current plan for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the Association is obligated to maintain. The reference shall state how Members may review the current plan or obtain a copy;
- (2) A report including a copy of a review of the financial statement of the Association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy for any each fiscal year in which the gross income to the Association exceeds \$75,000.00, which review of the financial statement shall be distributed within 120 days after the close of each fiscal year included with the notice of the annual meeting held each calendar year pursuant to Section 5.2 of these Bylaws. Members shall be notified annually of the availability of the report as required by Section 8321 of the California Corporations Code. The report shall include a statement of the place where the names and addresses of the current Members are located. Notification shall be subject to the provisions of Section 4.3 of these Bylaws.
 - (3) ~~A statement describing the Association's policies and practices in enforcing lien rights, if any, or other legal remedies for default in payment of its assessments against its Members which shall annually be delivered to the Members during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year.~~

Any information required by California Corporations Code Section 8322.

8.3 Standard of Care

Each director shall perform his or her duties as a director, including the duties as a Member of any committee of the Board on which the director serves, in good faith, in a manner such director believes to be in the best interests of the Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

8.4 Executive Committees of the Board

The Board, by resolution adopted by a majority of the directors then in office, provided a quorum is present, may create one or more executive committees, each consisting of two or more directors and no persons who are not directors, to serve at the pleasure of the Board. Appointments to executive committees of the Board shall be by majority vote of the directors then in office. The Board may appoint one or more directors as alternate Members of any such committee, who may replace any absent Member at any meeting. Any such committee, to the extent provided in the resolution of the Board, shall have all of the authority of the Board, except that no committee, regardless of Board resolution, may:

- (~~i~~) a. take any final action on any matter which, under the California Nonprofit Mutual Benefit Corporation Law, also requires approval of the Members or approval of a majority of all Members;
- (~~ii~~) b. fill vacancies on the Board or on any committee which has the authority of the Board;
- c. fix compensation of the directors for serving on the Board or any committee;
- (~~iii~~) d. amend or repeal these Bylaws or adopt new ~~bylaws~~ Bylaws;
- (~~iv~~) e. amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;
- (~~v~~) f. appoint any other committees of the Board or the members of those committees; or
- (~~vi~~) g. expend corporate funds to support a nominee for director.

Meetings and actions of executive committees of the Board shall be governed by, held, and taken in accordance with, the provisions of these Bylaws concerning meetings and other actions of the Board, except the time for regular meetings of such committees and calling of special meetings of such committees may be determined either by resolution of the Board or, in the absence of a Board resolution, by resolution of the committee. Minutes of each meeting of

any executive committee of the Board shall be kept and shall be filed with the corporate records. The Board may adopt rules for the government of any executive committee not inconsistent with the provisions of these Bylaws, or in the absence of rules adopted by the Board, the committee may adopt such rules.

8.5 Advisory Committees of the Board

The Board, by resolution adopted by a majority of the directors then in office, provided a quorum is present, may create one or more advisory committees, consisting of one or more directors and Members of the Association who are not directors to serve at the pleasure of the Board. Any such advisory committee shall not have the authority of the Board.

8.6 Financial Review Requirements

The Board shall review on at least a quarterly basis a report by the treasurer, or a person designated by the treasurer, concerning the current reconciliation of the Association's operating and reserve accounts, the current year's actual reserve revenues and expenses compared to the current year's budget, and income and expense statements from the Association's operating and reserve accounts. In addition, the treasurer's report to the Board shall review the most recent account statements prepared by the financial institutions where the Association has its operating and reserve accounts. All documents referred to in this section shall be made available for review by any director. The person designated by the treasurer need not be a director.

9. OFFICERS AND THEIR DUTIES

9.1 Officers of the Association

The principal officers of the Association shall be a president, a vice president, a secretary, and a treasurer. The Association also may have, at the discretion of the Board, such other officers as may be appointed in accordance with the provisions of Section 9.3 of these Bylaws. Any number of offices may be held by the same person, except that the offices of president, vice president and treasurer must be held by different directors.

9.2 Election of Officers

The officers, except those appointed under Section 9.3 of these Bylaws, shall be elected annually by the Board and shall serve at the pleasure of the Board except that the office of the president may not be held by the same director for more than three full consecutive years. The election of the officers shall take place at the first meeting of the Board following each annual meeting of the Members. The principal officers must be directors.

9.3 Other Officers

The Board may appoint any other officers that the Association may require. Each

officer so appointed shall have the title, hold office for the period, have the authority, and perform the duties specified in these Bylaws or determined from time to time by the Board.

9.4 Removal or Resignation of Officers

Any officer may be removed with or without cause by the Board. Any officer may resign at any time by giving written notice to the Association. Any such resignation shall take effect as of the date the notice is received or at any later time specified in the notice and, unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective.

9.5 Vacancies in Office

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office; provided, however, that vacancies need not be filled on an annual basis.

9.6 Duties

The duties of the officers shall be as follows:

~~(i)~~ a. President

The president shall be the general manager and chief executive officer of the Association and generally supervise, direct, and control the Association's activities, affairs, and officers. The president shall preside at all meetings of Members and at all meetings of the Board. The president may be an ex-officio member of any committee of the Board except the nominating committee. The president shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

~~(ii)~~ b. Vice President

In the absence or disability of the president, the vice president shall perform all of the duties of the president. When so acting, the vice president shall have all of the powers of and be subject to all of the restrictions on the president. The vice president shall have such other powers and perform such other duties as prescribed by the Board or these Bylaws.

~~(iii)~~ c. Secretary

The secretary shall keep or cause to be kept, at the Association's principal office, the following:

- ~~(a)~~ (1) A book of minutes of all meetings, proceedings, and actions of the Board, of executive committees of the Board, and of Members. The minutes of

meetings shall include the time and place of holding; whether annual, regular, or special, and, if special, how authorized; the notice given; the names of those present at Board and committee meetings; and the number of Members present or represented at Members' meetings.

~~(b)~~ (2) A copy of the Bylaws, as amended to date.

~~(c)~~ (3) A record of the Members, showing the names of all Members and their addresses.

~~(d)~~

Except as otherwise provided in these Bylaws, the secretary shall give, or cause to be given, the notices required by these Bylaws for meetings of Members, of the Board and of committees of the Board. The secretary shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

In the absence or disability of the vice president and the treasurer, the secretary shall perform all of the duties of the vice president.

~~(iv)~~ d. Treasurer

The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the properties and transactions of the Association, and shall send or cause to be sent to the Members and directors such financial statements and reports as are required by law, these Bylaws, or the Board. The books of account shall be open to inspection by any director at all reasonable times.

The treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board, shall disburse the funds of the Association as may be ordered by the Board, shall render to the president and the Board, when requested, an account of all transactions made on behalf of the Association and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

In the absence or disability of the vice president, the treasurer shall perform all of the duties of the vice president.

e. In the absence or disability of the president, vice president, secretary, and treasurer, the remaining director having the amount of longest cumulative service as a director of the Association shall perform all of the duties of the vice president until no longer necessary due to the return of an absent or disabled officer or the Board's

election of one or more new officers. If more than one remaining director has the same amount of longest cumulative service, the director deemed to have the longest shall be chosen by lot.

9.7 Expenditure Authority and Control

Every expenditure by credit card, check or other negotiable instrument issued by the Association or on its behalf from any financial account of the Association shall be subject to review by the treasurer and, at its discretion, the Board. Expenditures made on behalf of the Association for the day-to-day operations of the Association by an employee, a contractor hired to provide office and/or property management services shall be limited to an amount determined by the Board from time to time, except that the limit shall not apply to expenditures authorized separately by the Board.

Any check or other negotiable instrument issued by the Association shall be signed by a director authorized by the Board. However, when the Association has hired a non-Member contractor to provide day-to-day management services, the contractor may be authorized, at the Board's discretion, to sign checks to be drawn on an Association account subject to a limit specified by the Board from time to time, except, at the Board's discretion, the limit shall not apply to expenditures which (a) were authorized separately by vote of the Board, or (b) are regular payments for an annual or seasonal service contract previously approved by the Board for services such as landscaping, security, or pest control, but not including the management contract for day-to-day operations. In the first regular meeting of each calendar year, the Board shall review and set the maximum dollar authority for which a manager contractor as specified above may be the sole signatory. All checks exceeding the limit and all checks payable to the non-Member contractor to provide day-to-day management services, if one has been hired, shall be signed by a director authorized by the Board.

All transactions of funds into or out of a reserve account of the Association shall be made only with specific authorization of the Board by vote. For all purposes herein, "reserve accounts" shall mean money that the Association's Board has identified from its annual budget for use to defray the future repair of, replacement of, or additions to those major components that the Association is obligated to maintain.

9.8 Compensation

Officers shall not receive any compensation for any service rendered to the Association as an officer, provided that any officer may be reimbursed for actual out-of-pocket expenses incurred in the performance of his or her duties.

10. INDEMNIFICATION AND INSURANCE

10.1 Insurance

The Association shall purchase and maintain insurance on behalf of its directors and agents against any liability asserted against or incurred by any director or agent in such capacity or arising out of the director's or agent's status as such whether or not the Association would have the power to indemnify the agent against such liability under Section 10.2-10.5 of these Bylaws.

10.2 Indemnification Right and Power

The Association shall indemnify any director, former director, officer, or former officer of the Association who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that the person is or was an agent of the Association against expenses actually and reasonably incurred in any proceeding to the extent that such agent was successful on the merits in defense of the proceeding or in defense of any claims, issue, or matter therein. Expenses shall include any attorneys' fees and any other expenses of establishing a right to indemnification.

The Association may indemnify any other agent of the Association who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an agent of the Association, against expenses actually and reasonably incurred in connection with such proceeding provided the approval requirements described in Section ~~10.2~~ 10.3 of these Bylaws have been satisfied. Upon written request to the Board in each specific case by such agent, the Board shall promptly authorize the advancement of attorneys' fees and other expenses incurred by such agent prior to the final disposition of a proceeding in which the agent is involved by reason of the fact that the agent is or was a director or officer of the Association, but only if the Board obtains an undertaking as called for in Section 10.5 of these Bylaws and the written agreement of such agent, in a form satisfactory to the Board, to repay the advances if and to the extent that it is ultimately determined that such agent is not entitled to be indemnified by the Association for the attorneys' fees and other expenses so advanced.

For purposes of Sections 10.1-10.5 of these Bylaws, the term "agent" means any present or former director, officer, employee, or other agent of the Association, the term "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, and the term "expenses" includes judgments, fines or settlements occurring in any proceeding other than a proceeding brought by or on behalf of the Association.

~~10.2~~ 10.3 Indemnification Approval

Unless indemnification is provided in Section ~~10.1~~ 10.2 of these Bylaws, indemnification shall be made only if authorized in the specific case on a determination that indemnification is proper in the circumstances because the agent satisfied the appropriate standard of care described in Section ~~10.3~~ 10.4 of these Bylaws. The determination must be made by one of

the following methods:

- (i) a. A majority vote of a quorum of the Board consisting of directors who are not parties to the proceeding;
- (ii) b. The affirmative vote of a majority of the voting power of all of the Members entitled to vote at a duly held Members' meeting in which a quorum was present, or the approval by written ballot under the procedures described in Paragraph 5.12 of these Bylaws, provided that if the agent to be indemnified is a Member, the agent shall not be entitled to vote;
- (iii) c. The court in which such proceeding is or was pending on application made by the Association or the agent or the attorney or other person rendering services in connection with the defense, whether or not the application is opposed by the Association.

Notwithstanding the foregoing, any indemnification in any proceeding brought by or on behalf of the Association shall be subject to the restrictions contained in California Corporation Code Section 7237(c).

~~10.3~~ 10.4 Standard of Care

In any proceeding brought by or on behalf of the Association, the applicable standard of care shall require that the agent acted in good faith, in a manner the agent believed to be in the best interests of the Association and with the care, including reasonable inquiry, that an ordinarily prudent person in like position would use under similar circumstances. In all other proceedings, the agent must have acted in good faith, in a manner the agent believed to be in the best interests of the Association and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

~~10.4~~ 10.5 Advancement of Expenses

On approval by the Board, expenses incurred in defending any proceeding ~~may~~ shall be advanced by the Association prior to the final disposition of the proceeding, provided the Association receives an undertaking by or on behalf of the agent that the advances will be repaid if it is ultimately determined that the agent was not entitled to indemnification as required or authorized by these Bylaws.

~~10.5~~ Insurance

~~The Association shall have the power to purchase and maintain insurance on behalf of its agents against any liability asserted against or incurred by any agent in such capacity or arising out of the agent's status as such whether or not the Association would have the power to indemnify the agent against such liability under Section 10.1-10.4 of these Bylaws.~~

11. INITIATION FEE AND ANNUAL DUES

11.1 Initiation Fee

The Board of Directors shall fix the initiation ~~fee~~ and transfer fees from time to time. The ~~fee~~ fees shall be due and payable with any application for membership.

11.2 Dues

The Board of Directors shall fix the amount of membership annual dues. Annual dues shall be payable February 15 annually and shall be delinquent on March 31 annually.

11.3 Forfeiture of Initial Fees and Dues

In the event of suspension or revocation of the membership of any Member, any dues or initiation fee or transfer fee paid to date shall not be refundable and shall be forfeited.

12. AMENDMENTS

12.1 Amending the Bylaws

These Bylaws may be amended, at an annual or special meeting of the Members, by vote of majority of the Members present in person or by proxy pursuant to Section 5.8. Written notice of the context of the proposed amendment must be mailed to each Member at least fourteen (14) days prior to the meeting at which the proposed change will appear on the agenda.

13. GENERAL PROVISIONS

13.1 Fiscal Year

Unless the Board determines otherwise, the fiscal year of the Association shall be the calendar year.

~~13.2~~ Records

~~The Association shall maintain the following records:~~

- ~~(i) adequate and correct books and records of account;~~
- ~~(ii) written minutes of the proceedings of its Members, Board and executive committees of the Board; and~~

(iii) ~~a record of its Members, giving their names and addresses.~~

~~The Association shall keep at its principal office the original or a copy of these Bylaws, as amended to date, which shall be open to inspection by the Members at all reasonable times during office hours.~~