AMENDED AND RESTATED
BYLAWS
OF
CLEAR LAKE KEYS PROPERTY OWNERS ASSOCIATION

(A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION)

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AMENDED AND RESTATED
BYLAWS
OF
CLEAR LAKE KEYS PROPERTY OWNERS ASSOCIATION

(A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION)

ARTICLE I
RECITALS AND DEFINITIONS

Section 1.01. Name of Association. The corporation's name is Clear Lake Keys Property Owners Association, a California nonprofit mutual benefit corporation (the "**ASSOCIATION**").

Section 1.02. Nonprofit Association. The Association is a California nonprofit mutual benefit corporation and statutory "association.[1]"

Section 1.03. Specific Purpose. The Association's specific and primary purpose is to: (i) maintain, repair and replace the Common Areas for the benefit of the Members, and their Permitted Users; (ii) enforce the Governing Documents; and (iii) to levy and collect Assessments against its Members and their Lots.

Section 1.04. Definitions.[2]

(a) "**ACT**" and "**DAVIS-STIRLING ACT**" means and refers to the Davis-Stirling Common Interest Development Act[3], as amended from time to time.

(b) "**ANNUAL BUDGET REPORT**" means and refers to the compilation of documents that the Association must provide to its Members annually (between thirty (30) to ninety (90) days before the end of the fiscal year).[4]

(c) "**ANNUAL POLICY STATEMENT**" means and refers to the information, statements and notices that the Association must provide to its Members annually (between thirty (30) to ninety (90) days before the end of the fiscal year).[5]

(d) "**BOARD OF DIRECTORS**" or "**BOARD**" means the Association's Board of Directors,[6] of which each member thereof is a "**DIRECTOR**."

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[1] *See* Civil Code § 4080.

[2] If any capitalized term in these Bylaws is not listed in this Section 1.04, the capitalized term shall have the meaning assigned to it in the Declaration unless the context indicates a contrary intention.

[3] *See* Civil Code § 4000 et seq.

[4] *See* Civil Code § 5300.

[5] *See* Civil Code § 5310.

[6] *See* Civil Code § 4085.

(e) "**COMMON AREA**" means the mutual or reciprocal easements rights appurtenant to the Lots as shown on the Subdivision Map, including the non-exclusive right to use the Canals adjacent to and over the Lots in the Development.[7]

(f) "**COUNTY**" means Lake County, within the State of California, and its various departments, divisions, employees and representatives.

(g) "**DECLARATION**" means the "First Amended Declaration of Restrictions, Conditions, Covenants and Agreements Affecting Real Property Known as Clear Lake Keys, Units 1 through 7, Lake County, California", Recorded in the Official Records of Lake County, California on September 22, 2006, as Document No. 2006025394, as may be supplemented, amended or modified from time to time.

(h) "**DEVELOPMENT**" means and refers to the real Property and Improvements now or later constructed thereon comprising the Clear Lake Keys planned development.

(i) "**EMERGENCY MEETING**" means and refers to a Board of Directors meeting satisfying the criteria in Civil Code section 4923 and Section 8.05(e), below.[8]

(j) "**GENERAL NOTICE**" and "**GENERAL DELIVERY**" means and refers to an Association notice provided to the Members by any of the following methods[9]:

(i) Any method of delivery that constitutes "Individual Notice" or "Individual Delivery";

(ii) Inclusion of the notice in a billing statement, newsletter, or similar Association document;

(iii) Posting the printed document in a prominent location in the Development accessible to all Members, if the location has been designated for posting General Notices by the Association in its Annual Policy Statement;

(iv) If the Association has a broadcast television program site to distribute information on Association business, by inclusion in the programming; and

(v) Posting the notice on the Association's internet website, if the website is designated as a location for posting of General Notices in the Annual Policy Statement.

(k) "**GOOD STANDING**" means and refers to a Member: (i) in compliance with the Governing Documents; (ii) current in the payment of all Regular and Special Assessments

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[7] *See* Civil Code § 4095(b).

[8] *See* Corp. Code § 7140(m); Section 7.01(b) outlining circumstances constituting an "emergency" Board of Directors or Member Meeting.

[9] *See* Civil Code § 4045(a).

levied against the Member's Lot, including Additional Charges; and (iii) current in any fines, penalties, and other charges imposed upon the Member.

(l) "**GOVERNING DOCUMENTS**" is a collective term that means and refers to this Declaration, the Subdivision Map, the Association's Articles of Incorporation, the Association's Bylaws, and the Association Rules, each as may be amended from time to time.

(m) "**INDIVIDUAL NOTICE**" or "**INDIVIDUAL DELIVERY**" means and refers to an Association notice provided to the Members by any of the following methods[10]:

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

(ii) E-mail, facsimile, or other electronic means, if the Member has consented in writing or by email, to that method of delivery. The Member may revoke the consent in writing or by email.

If a Member has identified a secondary address for delivery of documents included in the Annual Budget Report, the Annual Policy Statement, or notices pertaining to Assessment or Assessment collections, the Association must deliver an additional copy of those notices to the secondary address that the Member identified.[11]

(n) "**INSPECTOR(S) OF ELECTIONS**" means and refers to one or three independent third party(ies)[12] selected by the Board of Directors to perform specified duties[13] in secret ballot elections regarding assessments legally requiring a vote, election and removal of directors, amendments to the Governing Documents, or the grant of exclusive use common area.[14]

(o) "**LOT**" means any real property designated by number on the Subdivision Map. When context requires, "Lot" includes any Residence, ADU and other Improvements constructed on a Lot.

(p) "**MAJOR COMPONENTS**" means and refers to any major component of the Development for which the Association has the maintenance, repair, and replacement responsibility under the Declaration including, without limitation, gas, water, and electrical utility service if the Association is responsible for repair and replacement under this Declaration.[15] Any Major Component with a useful life of thirty (30) years or less must be included in the Association's Reserve Study.

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[10] *See* Civil Code § 4040(a).

[11] *See* Civil Code § 4040(b).

[12] *See* Civil Code § 5110(b) providing examples of permissible and prohibited independent third parties.

[13] *See* Civil Code § 5110(c); Bylaws Section 7.06(f).

[14] *See* Civil Code § 5100(a).

[15] *See* Civil Code § 5550(c).

(q) "**MAJORITY OF A QUORUM**" means the affirmative vote of a majority of the votes represented and voting in a duly held election in which a quorum is represented, which affirmative votes also constitute a majority of the required quorum, unless otherwise provided in the Governing Documents.

(r) "**MEMBER**" means the Owner, whether one or more Persons, of a Lot within the Development as evidenced by a Recorded deed to the Lot and by virtue of such ownership obtains a membership in the Association but excluding any Person(s) having such an interest in the Lot merely as security for the performance of an obligation.

(s) "**OWNER**" means the owner, whether one or more Persons, of the Recorded fee title to any Lot within the Development but excluding any Person(s) having such an interest in the Lot merely as security for the performance of an obligation.

(t) "**RESERVES**" and "**RESERVE ACCOUNTS**" means and refers to both of the following[16]: (i) moneys that the Board has identified for use to defray the future repair or replacement of, or additions to, those Major Components the Association is obligated to maintain; (ii) funds described in Civil Code § 4177(b).

(u) "**RESIDENCE**" means a primary residential dwelling constructed on any Lot, including the garage serving the Residence. If the context requires, a Residence also includes any ADU or JADU if constructed on any Lot.

(v) "**VOTING POWER**" means the total vote of all Members entitled to vote with respect to any matter, issue or proposal properly presented to the Members for approval.

Section 1.05. Amendment and Restatement of Original Bylaws. On October 3, 2006, the Association adopted that certain "Bylaws of Clear Lake Keys Property Owners Association, a California Nonprofit Corporation ("**ORIGINAL BYLAWS**"). As certified under the Secretary's signature, below, the Association received the requisite approval of the Members[17] in a secret ballot election that concluded on October 17, 2026 and, therefore, the Association intends that these Bylaws amend, restate, and supersede the Original Bylaws in their entirety and serve as the Association's Bylaws.

ARTICLE II
PRINCIPAL OFFICE

The Association's principal office shall be located at such place within the County, or as the Board may from time to time designate by resolution.

ARTICLE III
MEMBERSHIP

[16] *See* Civil Code § 4177.

[17] *See* Original Bylaws Article XII, Section 2 (voting procedure superseded by Civil Code § 5100(a)(1)).

Section 3.01. Association Members. Each Owner of a Lot within the Development is a Member of the Association. Membership in the Association is appurtenant to, and may not be separated from, the ownership of any Lot.

Section 3.02. Term of Memberships. Each Owner shall remain a Member until they no longer qualify as an Owner under Section 3.01, above. Upon the sale, conveyance or other transfer of an Owner's interest in a Lot, the Owner's membership interest appurtenant to the Lot shall automatically transfer to the Lot's new Owner(s).

Section 3.03. Multiple Owners of a Lot. Owning an interest in a Lot gives rise to a single membership in the Association. If multiple Owners possess an interest in the Lot, each co-Owner is deemed one Member for voting purposes and shall designate one of the title Owners the sole right to vote the membership on the Lot's behalf, although all such Owners shall have equal rights as Members to use and enjoy the Common Areas. If a trust, partnership, limited partnership, corporation or limited liability company owns a Lot, the trustee, general partner, president or manager, respectively, shall possess the membership voting right. Unless the Inspector(s) of Election receive a written objection prior to the close of balloting from a co-Owner, it is conclusively presumed that a voting owner acted with the consent of their co-Owners.

Section 3.04. Furnishing Evidence of Membership. If the Board requests proof of Record fee ownership of a Lot, the Member must provide such proof in the form of a Recorded deed.

ARTICLE IV
MEMBERSHIP VOTING

Section 4.01. Single Class of Membership. The Association shall have a single class of voting membership comprised of each Owner of a Lot in the Development.

Section 4.02. Membership Voting Rights. Only Members may vote. Permitted Users (other than Members) occupying a Residence shall have no voting or membership rights in the Association. Each Member shall have one vote for each Lot the Member owns. A Member who has sold the Lot to a Contract Purchaser shall delegate to the contract purchaser their membership rights in the Association.

Section 4.03. Casting Votes.

(a) Voting at Membership Meetings. A Member may vote by voice or by ballot at any membership meeting; provided, however, that voting in any matter identified in subparagraph (d), below, shall be conducted by secret ballot.[18] The vote on any other issue at a

[18] *See* Civil Code §§ 5100-5135.

Members meeting may be conducted by secret ballot as the Board determines, in their discretion, or when requested by at least ten percent (10%) of the Members present at the meeting.[19]

(b) Voting by Written Ballot. Except as provided in subparagraph (d), below, Members' votes on any other issue may be solicited by written ballot using the procedures of Section 4.05, below.[20]

(c) Cumulative Voting. Cumulative voting is not permitted in any election or written or secret ballot vote.

(d) Secret Ballot Voting Requirements.[21] Unless the Members act by unanimous written consent[22], the following actions requiring the vote or approval of the Members must be conducted by a secret ballot, using at minimum the procedures of Section 7.06, below.[23]

(i) Elections regarding assessments legally requiring a vote[24];

(ii) Elections to elect or remove directors;

(iii) Elections regarding amendments to the Governing Documents[25];

(iv) Elections regarding granting of exclusive use of any portion of the Common Area[26]; and

(v) Any vote by the Members to reverse a Rule Change when enough Members have submitted a petition to vote on reversal of the Rule Change[27].

The Association shall adopt Election Operating Rules[28] meeting the minimum statutory requirements, and which may impose additional requirements governing conduct of written or secret ballot elections to the extent not inconsistent with the Act or these Bylaws. Election Operating Rules cannot be amended less than 90 days before an election.[29]

Section 4.04. Prohibition on Use of Proxy Voting. Proxy voting is not permitted.

Section 4.05. Action by Written Ballot Without a Meeting.

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[19] In this context only, the Civil Code § 5115 rules may be avoided.

[20] *See* Corporations Code § 7513 (prescribing rules similar to secret ballot elections, sans an Inspector of Elections).

[21] *See* Civil Code §§ 5100-5135.

[22] *See* Bylaws Section 4.07.

[23] *See* Civil Code § 5100(a).

[24] *See* Civil Code § 5605(b).

[25] Other than Civil Code § 4340 "Operating Rules".

[26] *See* Civil Code § 4600.

[27] *See* Civil Code § 4365.

[28] *See* Civil Code §§ 4365 and 5105(a); Declaration Section 3.06(c)(iii).

[29] *See* Civil Code § 5105(h).

(a) Written Ballots, Generally. Any matter or issue requiring Member vote, other than secret ballot elections,[30] may be submitted for vote by written ballot without calling a Members meeting, so long as the procedures of this Section 4.05 are complied with. A majority vote of the Board of Directors is required to seek member approval in this fashion. Following the Board's decision to proceed via written balloting, the Board shall establish a record date.[31]

(b) Content of Written Ballots. The written ballot shall contain a description of the proposed action and indicate a selection for approval or disapproval of the proposal.

(c) Balloting Time Requirements. The Board shall distribute the written ballots to all eligible Members at least thirty (30) days before the deadline for submitting ballots. The Association must receive the ballot on or before the deadline for the ballot to be counted. The Board may extend[32] the deadline for submitting the ballots (*e.g.* if quorum is not achieved) if the Board reserves the right to extend the balloting period on the face of the ballot or in the balloting solicitation materials. If the Board properly reserves its right to extend the deadline, any extension of the deadline shall be agendized and acted on during an open meeting of the Board.

(d) Requirements for Valid Member Action by Written Ballot. Membership approval by written ballot shall be valid only if: (i) the number of valid votes cast by ballot equals or exceeds the quorum[33] that would have had to be present at a membership meeting if such a meeting had been convened to vote on the proposal; and (ii) the number of affirmative votes equals or exceeds the number of affirmative votes required to approve the action at a formal membership meeting.

(e) Solicitation Rules. Written ballots shall be solicited in the same manner as noticing Members' meetings.[34] All solicitations shall indicate: (i) the number of responses needed to meet the quorum requirement for valid action; (ii) the deadline for the Association's receipt of the ballot; and (iii) the percentage of affirmative votes necessary to approve the measure. In this non-secret written ballot context, ballots shall be counted by one Member designated by the Board (who does not serve on the Board), who shall have full powers of an inspector of elections as required by law.[35]

(f) Results of Balloting Process. The Board shall Generally Notice the Members of the results within thirty (30) days following the close of the balloting process and tabulation of the ballots, including if quorum was not achieved.

(g) Prohibition of Revocation of Written Ballots. A Member may not revoke a written ballot once it has been cast.

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[30] *See* Civil Code § 5100(a).

[31] *See* Bylaws Section 5.07(a)(iii).

[32] No more than two (2) successive periods of thirty (30) days each.

[33] *See* Bylaws Section 5.05.

[34] *See* Bylaws Section 5.04.

[35] *See* Corporations Code § 7614.

(h) Informational "Town Hall" Meetings. The Board, with or without a quorum, may also conduct informational "town hall" style Members meetings during the prescribed balloting period to provide information or a forum, provided no Item of Business is acted upon during such meeting.

Section 4.06. Majority Vote of Quorum of Members Represented at Meeting Required for Valid Action. At a Members meeting, the affirmative vote of a Majority of a Quorum of the Members shall be the act of the Members, unless a greater percentage is required by the California Nonprofit Mutual Benefit Corporation Law,[36] the Act, or by the Governing Documents.

ARTICLE V
MEMBERSHIP MEETINGS

Section 5.01. Location of Membership Meetings. Except as provided in Section 8.01(c), below, membership meetings shall be held within the Development or within the County at such time the Board designates in its notice of the meeting. Members meetings may be held outside the County if unusual or exigent circumstances exist. The Board must permit any Member to speak at any Members meeting, although the Board may impose reasonable time limits on all Members to speak at the meeting.[37]

Section 5.02. Annual Membership Meeting. The Association must hold a minimum of one (1) membership meeting per year at a date and our to be set by the Board in notice of the meeting to (a) count ballots for any balloted election of Directors at the expiration of any Director's term, (b) announce the outcome of any balloted Director election, and (c) to conduct any other Association business, including ballot counting for other types of elections as well. The Board reserves the right to postpone the annual meeting if necessary to comply with statutory election procedures, setting forth the date, time and location stated in the notice of the annual meeting.

Section 5.03. Special Meetings.

(a) Persons Entitled to Call Special Meetings. A Majority of a Quorum of the Board, the President, or at least five percent (5%) of the Members in Good Standing may call special meetings of the Members to consider any lawful business of the Association.

(b) Procedures for Calling Special Meetings Requested by Members. If five percent (5%) or more of the Members in Good Standing request a special meeting, the Members shall submit the request in writing, specifying the general nature of the business proposed to be transacted, and deliver the request to the Board: (i) personally; (ii) by first-class, certified or registered mail; or (iii) by telegraphic or other facsimile transmission. When received, the Board shall notice[38] the membership that a meeting will be held, and the date, time and purpose for

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[36] *See* Corporations Code § 7110 et. seq.

[37] *See* Civil Code § 5000(b).

[38] *See* Bylaws Section 5.04(c).

such meeting. This subparagraph (b) does not limit, fix, or affect the time when a special meeting may be held when called by the Board of Directors or the President.

(c) Effect of Approval of Actions at a Special Membership Meeting for Which Voting by Secret Mailed Ballot is Required. If a Majority of a Quorum of the Members present at a validly called special meeting of the Members approve an action that otherwise requires secret balloting,[39] the action is merely a directive to the Board of Directors to conduct a secret ballot vote using the secret balloting procedures,[40] to allow all Members to vote on the proposal. The action is deemed effective only if the requisite number or percentage of affirmative Member votes is achieved following conclusion of the secret ballot vote. This two-step procedure does not apply when at least five percent (5%) or more of the Members call for a special vote to reverse a Rule Change,[41] in which case not less than thirty-five (35) days nor more than one hundred fifty (150) days following receipt of a proper request, the Association must conduct a secret ballot vote of the Members on whether to reverse a Rule Change. Any request received later than thirty (30) days after the Association provides General Notice of the Rule Change is void and ineffective.[42]

Section 5.04. Notice of Members' Meetings.

(a) Requirement That the Board Provide the Members Notice. The Board shall provide General Notice of any annual and special membership meetings to each Member by the record date for notice.

(b) Time Requirements for Notice. Except with Member meetings called in response to a valid request from at least five percent (5%) of the Members, the Board shall Generally Notice the Members not less than thirty (30)[43] nor more than ninety (90) days before the meeting. If notice is given by regular mail, the Board shall provide the notice to the Members not less than twenty (20) nor more than ninety (90) days before the meeting.

When a Member meeting is called in response to a valid Member demand, the Board shall provide the Members notice of the special meeting within twenty (20) days following receipt of the Members' demand, and the meeting shall be held on a date which is not less than thirty-five (35) nor more than one hundred fifty (150) days following the receipt of the demand.[44] If the Board does not meet this deadline, the Members calling the meeting may set the date and give notice.[45]

(c) Content of Notice. Notices of Member meetings shall specify the time, date and location of the meeting and: (i) for special meetings, the general nature of the business to be transacted (and no other business may be transacted); or (ii) for regular meetings, the

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[39] *See* Civil Code § 5100(a).

[40] *See* Civil Code §§ 5100-5135.

[41] *See* Civil Code § 4365.

[42] *See* Civil Code § 4365(b).

[43] *See* Civil Code § 5115 (modifying Corporations Code § 7511(a)).

[44] *See* Civil Code § 4365(b).

[45] *See* Corporations Code § 7511(c).

matters the Board intends to present for Member action, although the Board may present any proper matter if a quorum is present. If directors will be elected at any meeting, the notice shall include the names of all nominees for election to the Board at the time the Board provides the notice to the Members.

(d) Specification of Certain Significant Actions. Member action on these items is invalid unless the notice, waiver of notice, or consent states the general nature of the proposal(s):

(i) Removing a director without cause;

(ii) Filling vacancies on the Board of Directors where Member vote is required[46];

(iii) Amending the Governing Documents in any manner requiring Member approval;

(iv) Approving a contract or transaction between the Association and one or more of its directors, or between the Association and any entity in which one or more of its directors has a material financial interest;

(v) Approving any change in the Association's Assessments in a manner requiring membership approval; or

(vi) Any election to voluntarily terminate and dissolve the Association.

(e) Manner of Service. The Board shall provide Members notice of Members meetings personally or by General Notice addressed to a Member's address on file with the Association. To receive notice by electronic transmission, the Member-recipient must have provided the Association with an unrevoked consent to receiving notices by electronic transmission, and the method of transmission can create a copy in legible tangible form.[47] The Board shall use delivery methods other than electronic transmission if the electronic transmission is rejected consecutively twice, or if the person issuing the notice on behalf of the Association learns of the inability to transmit the notice electronically.

Section 5.05. Quorum Requirements.

(a) Quorum Requirements Generally. The following quorum requirements must be satisfied to take valid action at any Members meeting, whether by written or secret ballot.

(i) Quorum for Votes on Assessment Increases; Special Assessments; Certain Significant Board Actions. For any membership meeting or ballot called or conducted to

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[46] *See* Bylaws Section 7.07(d).

[47] *See* Corporations Code § 20.

vote on Assessment increases requiring Member approval[48], or for other matters requiring Member consent[49], the quorum requirement is more than fifty percent (50%) of the Members;

(ii) Quorum for Director Elections. For any membership meeting or ballot called or conducted to vote on the election of Directors, there shall be no minimum quorum requirement.

(iii) Quorum for Valid Action on Other Matters. For any membership meeting or ballot called or conducted for any other purpose, the quorum requirement is Members representing fifteen (15) Lots. With Member action taken by written ballot under Section 4.05, above, the quorum shall be established when written ballots have been received from fifty-one percent (51%) of the Members within the time prescribed for the return of written ballots.

(b) Reserved.

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

(d) Application of Quorum Requirements to Votes Conducted by Secret Ballot. In any secret ballot election, each ballot the Inspector(s) of Election receives from eligible Members before the balloting deadline shall be treated as a Member present at a meeting to establish a quorum. In director elections only, Members appearing under proxy, by delivery of a secret ballot, or in person at the meeting to conduct the director election shall be treated as a member present for quorum purposes.[50]

Section 5.06. Adjourned Meeting.

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

(b) Time Limitations for Reconvening an Adjourned Meeting. No meeting may be adjourned for more than forty-five (45) days.[51] In addition, when adjournment is for lack of a quorum, the meeting shall be adjourned to a date that is not less than five (5) or more than thirty (30) days from the original meeting date.

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[48] *See* Civil Code § 5605.

[49] *See* Bylaws Section 9.02(b).

[50] *See Takaguchi v. Venetian Condominiums Maintenance Corporation* (2023) 90 Cal.App.5th 880.

[51] *See* Corporations Code § 7511(d).

(c) Notice Requirements for Adjourned Meetings. When a Members' meeting is adjourned, notice of the new meeting need not be provided if the time and place are announced during the adjourned meeting. Notwithstanding the foregoing, if after adjournment a new record date is fixed or the new meeting date is established after adjournment, a notice of the time and place of the reconvened meeting must be given to each Member.

Section 5.07. Record Dates for Member Notice, Voting and Giving Consents.

(a) Record Dates Established By the Board of Directors. To determine which Members may receive notice of any meeting, vote, act by written ballot without a meeting, or exercise any rights regarding any other lawful action, the Board of Directors may fix, in advance, a "**RECORD DATE**". Only Members of record on the Record Date may receive notice, vote, or act by written ballot, except as otherwise provided in the Association's Articles of Incorporation, by agreement, or in the California Nonprofit Mutual Benefit Corporation Law.[52] The Record Date must adhere to these requirements:

(i) Record Date for Notice of Meetings. With determining those Members entitled to notice of a meeting, the Record Date shall not be over ninety (90) days nor less than ten (10) days before the meeting date;

(ii) Record Date for Voting. With determining those Members entitled to vote at a meeting, the Record Date shall not be over sixty (60) days before the meeting date;

(iii) Record Date for Action By Written Ballot or Mailed Secret Ballot Without Meeting. With determining Members entitled to cast written or secret ballots, the Record Date shall not be over sixty (60) days before the day on which the first written or secret ballot is mailed or solicited; and

(iv) Record Date for Other Lawful Action. With determining Members entitled to exercise any rights regarding other lawful action requiring Member approval, the Record Date shall not be over sixty (60) days before the date of such other action.

(b) Failure of Board to Fix a Record Date. If the Board fails to establish a Record Date, these rules shall apply:

(i) Record Date for Notice of Meetings. The Record Date for determining eligible Members entitled to receive meeting notice shall be the business day preceding the day on which notice is given; or, if notice is waived, the business day preceding the day on which the meeting is held.

(ii) Record Date for Voting. The Record Date for determining eligible Members able to vote at the meeting shall be the day of the meeting, or in the case of an adjourned meeting, the day of the adjourned meeting.

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[52] *See* Corporations Code § 7110 et. seq.

(iii) Record Date for Action by Written Ballot or Mailed Secret Ballot Without Meeting. The Record Date for determining eligible Members able to vote by written or secret ballot on proposed Association actions without a meeting, when no prior action by the Board has been taken, shall be the day on which the first written or secret ballot is mailed or solicited. When prior action of the Board has been taken, the Record Date shall be the day on which the Board adopts the resolution relating to that action.

(iv) Record Date for Other Lawful Action. The Record Date for determining eligible Members able to exercise any rights regarding any other lawful action shall be Members at the close of business on the day on which the Board adopts the resolution relating thereto, or the 60th day before the date of such other action, whichever is later.

(v) "Record Date" Means as of Close of Business. For this subparagraph (b) a person holding a membership as of the close of business on the record date shall be deemed the Member of record.

Section 5.08. Recording of Meetings. Audio and video recording of membership meetings are prohibited by anyone other than a person authorized by the Board to record the meetings for the sole purpose of preparing official Association minutes.

ARTICLE VI
RESERVED

ARTICLE VII
BOARD OF DIRECTORS

Section 7.01. Association Powers.

(a) Generally. Subject to the California Nonprofit Mutual Benefit Corporation Law[53], the Act and any limitations in the Governing Documents relating to actions requiring Member approval, the Association's business and affairs shall be vested in and exercised by the Board of Directors. The Board may delegate[54] the management of the Association's activities to any person or persons, management company or committee; provided, however, that notwithstanding any delegation, the Association's affairs, activities, and powers shall continue to be managed and exercised under the ultimate direction of the Board.[55]

(b) In Emergency Situations.

(i) "Emergency", Defined. For this subparagraph (b), an "**EMERGENCY**" means these events or circumstances because of which, and only if, a quorum of the Board cannot be readily convened to act:

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[53] *See* Corporations Code § 7110 et. seq.

[54] Subject to Bylaws Section 10.04.

[55] *See* Corporations Code § 7210.

(A) A natural catastrophe.[56]

(B) An attack on or within this state.[57]

(C) An act of terrorism.[58]

(D) A state of emergency.[59]

(ii) In Anticipation of or During an Emergency. In anticipation of or during an emergency, the Board of Directors may take any action it determines necessary or appropriate to respond to the emergency, mitigate the effects of the emergency, or comply with federal and California government orders, but shall not act if it requires Member vote, unless the required Member vote was achieved before the emergency. Without limiting the generality of the foregoing, the Board may take either or both of these additional actions in anticipation of or during an emergency necessary to conduct the Association's ordinary business operations and affairs:[60]

(A) Modify lines of succession to accommodate the incapacity of any director, officer, employee, or agent resulting from the emergency.

(B) Relocate the principal office, designate alternative principal offices or regional offices, or authorize the officers to do so.

Any Board actions taken in good faith in anticipation of or during an emergency under this subparagraph (b) bind the Association and shall not be used to impose liability on an Association director, officer, employee, or agent.[61]

(iii) During an Emergency. During an emergency, the Board may take either or both of these actions necessary to conduct the Association's ordinary business operations and affairs:[62]

(A) Give notice to a director or directors in any practicable manner under the circumstances, including, but not limited to, by publication and radio, when notice of a Board meeting cannot be given to that director(s) in the manner prescribed by these Bylaws or Corporations Code section 7211.

(B) Deem that one or more officers of the Association present at a Board meeting is a director, in order of rank and within the same rank in order of seniority, as necessary to achieve a quorum for that meeting.

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[56] *See* Corporations Code § 7140(m)(5)(A) (as illustrated).

[57] *See* Corporations Code § 7140(m)(5)(B) (as illustrated).

[58] *See* Corporations Code § 7140(m)(5)(C) (as illustrated).

[59] *See* Corporations Code § 7140(m)(5)(D) (as illustrated).

[60] *See* Corporations Code § 7140(m)(1).

[61] *See* Corporations Code § 7140(m)(4).

[62] *See* Corporations Code § 7140(m)(2).

Section 7.02. Number of Directors. The Board of Directors shall consist of seven (7) Directors.

Section 7.03. Term of Office. The term of each Director is two (2) years and until a qualified successor is elected to fill their seat. Four (4) Directors will be elected in odd-numbered years and three (3) Directors will be elected in even-numbered years. If a Director ceases being a Member during their term, the director shall be disqualified from continuing to serve as a Director.[63]

Section 7.04. Nomination of Directors. The following procedures shall apply in addition to any nomination procedures as may be set forth in the Association's Election Operating Rules:

(a) Deadlines for Notifying Members of Nomination Procedures. The Board shall provide General Notice of the procedures and the deadline for submitting a nomination for election to the Board at least thirty (30) days before any deadline for submitting a nomination. Alternatively, the Board shall provide Individual Notice to any Member who has requested Individual Notice.[64]

(b) Right of Self-Nomination. Any qualified[65] Member shall have the right to self-nominate themselves to the Board of Directors if the Member tenders written notice to the Board of their desire to run for election at least sixty (60) days before the election date.[66] The Board shall give General Notice of this self-nomination right to the Members at least ninety (90) days before the election date.

(c) Floor Nominations and Write-In Candidates. Once nominations have been closed, no write-in candidates are allowed on ballots and no floor nominations of candidates can be made at the ballot-counting meeting.

Section 7.05. Qualifications for Candidacy for Election to the Board. Nominated or self-nominated Members for candidacy must meet the following qualifications.[67] If a nominee is disqualified under this Section 7.05, the Election Operating Rules shall require a sitting director to comply with these same requirements.[68]

(a) Current in the Payment of Assessments; Exceptions. Nominees and sitting Directors must be current in the payment of Regular and Special Assessments. Notwithstanding, a nominee is not disqualified for that reason if the nominee:

(i) Has paid the Regular or Special Assessment under protest[69];

(ii) Has entered into a payment plan[70]; or

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[63] *See* Civil Code § 5105(b).

[64] *See* Civil Code § 5115(a).

[65] *See* Bylaws Section 7.05

[66] *See* Civil Code § 5105(a)(3).

[67] *See* Civil Code § 5105.

[68] *See* Civil Code § 5105(f).

[69] *See* Civil Code §§ 5105(d)(1); 5658.

(iii) Has not been provided the opportunity to engage in internal dispute resolution regarding the delinquency.[71]

Additionally, a nominee is not disqualified for nonpayment of fines, fines renamed as Assessments, collection charges, later charges, or costs levied by a third party,[72] although the Association may still pursue collection remedies regarding those unpaid fines and/or penalties otherwise permitted by law.

(b) Membership in the Association; Entity Exception. A nominee must be a Member, subject to this exception:[73] if title to a Lot is held in the name of a legal entity not a natural person, the governing authority of the entity-Owner has the power to appoint a natural person to be a Member-candidate for purposes of Article 4 of the Act.[74]

(c) "Termed-Out" Candidates. There are no term limits for Directors. As such, a nominee is not disqualified if that person was a Director for the Board's preceding term.[75]

(d) Co-Owners Serving Concurrently. The Association shall disqualify a nominee who, if elected, would be serving on the Board at the same time as another person who holds a joint ownership interest[76] in the same Lot as the nominee and the other person is either properly nominated for the current election or an incumbent Director.[77]

(e) Member Less Than One Year. A nominee is disqualified if the nominee has been a Member for less than one year.[78]

(f) Criminal Convictions. A nominee is disqualified if the nominee discloses, or if the Association is aware or learns of, a past criminal conviction that would, if the person was elected, either prevent the Association from purchasing the fidelity bond coverage required by Civil Code section 5806 or terminate the Association's existing fidelity bond coverage.[79]

Section 7.06. Election of Directors; Ballot Tabulation and Retention Requirements. For any election in Section 4.03(d), above, including director elections, the Association shall conduct the election using the following secret balloting voting procedures (to the extent applicable[80]):

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[70] *See* Civil Code §§ 5105(d)(2); 5655.

[71] *See* Civil Code § 5105(e).

[72] *See* Civil Code § 5105(d).

[73] *See* Civil Code § 5105(b).

[74] *See* Civil Code § 5105(b)(2).

[75] *See* Civil Code § 5105(b).

[76] *E.g.*, any tenancy in common, community property ownership, trust, or other entity ownership in which the potential candidate (and a sitting director) both have an equity interest or any other marital or civil relationship interest recognized by California law.

[77] *See* Civil Code § 5105(c)(2).

[78] *See* Civil Code § 5105(c)(3).

[79] *See* Civil Code § 5105(c)(4).

[80] For example, in noticing an election to amend the Governing Documents, the Civil Code § 5115(b)(3) requirement to list candidates' names is inapplicable to the election.

(a) Frequency of Director Elections. The Association shall hold an election for a seat on the Board of Directors at the expiration of the corresponding director's term and at least once every four (4) years.[81]

(b) Coordination of Director Elections and Date of the Annual Meeting. Unless otherwise provided in the General Notice, the deadline for the Association's receipt of Member ballots shall occur the day before the annual meeting. During the convened Board or Member meeting open to attendance by all Members, the Inspector of Elections will count and tabulate the ballots. The Board may, by General Notice to all Members, adjourn or extend the initially stated conclusion of the balloting period if the Board continues to comply with the statutory secret balloting deadlines.[82]

(c) Secret Ballot Distribution and Procedure.

(i) Items Distributed. The Association shall deliver, by first class mail or personal delivery to every Member, the secret ballots and two pre-addressed envelopes with instructions on how to return ballots, not less than thirty (30) days before the deadline for voting.[83] The Inspector(s) of Election shall deliver to all Members within the same timeframe the Election Operating Rules by either of these methods:[84] (i) posting the Election Rules to an internet website and including the corresponding internet website address on the ballot together with the phrase, in at least 12-point font: "The rules governing this election may be found here:"; or (ii) by Individual Delivery. In elections to approve an amendment of the Governing Documents *only*, the text of the proposed amendment shall be delivered to the Members with the ballot.[85]

(ii) Confidentiality and Procedure. To preserve the voting Member's confidentiality, the Association shall not identify the voter by name, address, Lot, or Residence number on the ballot.[86] The voter does not sign the ballot itself, but instead inserts the ballot into an envelope that is sealed. The sealed envelope containing the ballot is then inserted into a second envelope that is sealed. In the upper left hand corner of the second envelope, the voter shall sign the voter's name, print the voter's name, and indicate the Member's address or Lot number.[87] The second envelope shall be addressed to the Inspector(s) of Elections who will be tallying the votes. The Member may mail or deliver the double envelope by hand to the location specified by the Inspector(s) of Elections in the ballot and/or General Notice. Any Member may request a delivery receipt from the Inspector of Elections to confirm the ballot's receipt.[88]

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[81] *See* Civil Code § 5100(a)(2).

[82] *See* Civil Code §§ 5100-5135.

[83] *See* Civil Code § 5115(c).

[84] *See* Civil Code § 5105(g)(4)(B).

[85] *See* Civil Code § 5115(g).

[86] *See* Civil Code § 5115(c).

[87] *See* Civil Code § 5115(c)(1).

[88] *See* Civil Code § 5115(c)(2).

(d) Content of Pre-Ballot General Notice in Secret Ballot Elections. The Association shall provide General Notice containing the following information to all Members at least thirty (30) days before the ballots are distributed:[89]

(i) The date and time by which, and the physical address where, ballots are to be returned by mail or handed to the Inspector(s) of Elections;

(ii) The date, time and location of the meeting at which the ballots will be counted;

(iii) In director elections *only*, the list of all candidates' names that will appear on the ballot;

(iv) If a Member requests delivery by Individual Notice rather than General Notice, the Association shall provide the requesting Member the same content within an Individual Notice; and

(v) In director elections *only*, a statement that the Board may call a subsequent meeting at least twenty (20) days after a scheduled election if the required quorum is not satisfied, in which case the quorum will be reduced to twenty percent (20%) of the Members appearing in person, by proxy, or by secret ballot.

(e) Results of Director Elections/Succession to Office. If the minimum quorum requirements have been satisfied (if any), the candidates receiving the highest number of votes, up to the number of vacancies to be filled in the election, shall be elected as directors and shall take office immediately following their election. If there is a tie vote leaving the outcome of the election unresolved, the following will apply:

(i) The Inspector(s) of Election, and any designees, will immediately conduct a recount of the ballots. If there is a charge, the Association will bear the expense. Members may observe the recount under the same conditions as the original ballot counting.

(ii) Following the immediate recount, if the tie remains, all other newly elected Directors will immediately begin serving their terms. An incumbent Director whose seat was tied will continue in office until a runoff election determines the winner for his/her seat. Only candidates who tied for the seat will be in the runoff.

(iii) In lieu of a runoff and if the tied candidates agree, the winner may be decided by a coin toss or the drawing of names by the Inspector(s) of Election.

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[89] *See* Civil Code § 5115(b).

(f) Supervision of Elections Process; Appointment of Inspector(s) of Elections. Prior to the General Notice specified in Section 7.06(d), above, the Board of Directors shall select an independent third part(ies) as Inspector(s) of Elections. The number of Inspectors shall be one or three.[90] The Inspector(s) of Election have statutory powers[91] and shall do all of the following:[92]

(i) Determine the number of memberships entitled to vote and the voting power of each.

(ii) Determine the authenticity, validity, and effect of proxies, if any.

(iii) Receive ballots.

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

(v) Count and tabulate all votes.

(vi) Determine when the polls shall close, consistent with the Governing Documents.

(vii) Determine the tabulated results of the election

(viii) Perform any acts as may be proper to conduct the election with fairness to all Members in accordance with these procedures[93], the Corporations Code, and all applicable Association Rules not in conflict with these procedures.

(ix) Deliver Election Operating Rules to the Members in the manner described in Section 7.06(c)(i), above.[94]

The Inspector(s) of Election shall perform their duties impartially, in good faith, to the best of their abilities, and as expeditiously as is practical, and in a manner that protects the interests of all Association Members. If there are three Inspectors, the decision or act of a majority shall be effective as the decision of all the Inspectors. Any report made by the Inspector(s) of Elections is prima facie evidence of the facts stated in the report.[95]

(g) Requirements for the Counting and Tabulation of Ballots.[96] The Inspector(s) of Election or their designee must count and tabulate the votes in public at a properly noticed open Board or Members meeting. Any candidate or other Association Member

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[90] *See* Civil Code § 5110(a).

[91] *See* Corporations Code § 7614.

[92] *See* Civil Code § 5110(c).

[93] *See* Civil Code §§ 5100-5135.

[94] *See* Civil Code § 5105(g)(4).

[95] *See* Civil Code § 5110(d).

[96] *See* Civil Code § 5120(a).

may witness the counting and tabulation of the votes. No person, including an Association Member or an employee of the Association's management company (if any), shall open or otherwise review any ballot before the Inspector(s) of Election count and tabulate the ballots. Once the Inspector(s) of Elections receives the secret ballot, the ballot becomes irrevocable. The Inspector(s) of Election or their designee may verify the Member's information and signature on the outer envelope before the ballot tabulation date.

(h) Announcement of the Results of the Elections.[97] The Inspector(s) of Election shall promptly report to the Board the tabulated election results and shall record them in the next Board meeting minutes. The Members may review the tabulated results. The Board shall give General Notice to all Members of the tabulated election results within fifteen (15) days of the election.

(i) Retention of Ballots.[98] After tabulation, the Inspector(s) of Election must retain the sealed ballots, signed voter envelopes, voter list, proxies, and candidate registration list in their custody until the time for challenging the election has expired.[99] Once expired, the Inspector(s) of Election must transfer custody of those items to the Association. If there is a recount or challenge to the election process, the Inspector(s) of Election shall, upon written request, make the election materials available to the requesting Member or their authorized representatives for review and inspection. The Inspector(s) of Election shall conduct the recount or challenge in a manner that preserves the confidentiality of the vote.

(j) Election by Acclamation.[100] If, as of the deadline for nominations,[101] the number of qualified candidates is not more than the number of vacancies to be elected (as the Inspector(s) of Election determine), the Association may, but is not required to, consider the qualified candidates elected by acclamation if all of the following conditions are satisfied:

(i) The Association has held a regular director election in the last three (3) years, calculated from the date the ballots were due in the previous election to start of voting in the proposed election.

(ii) The Association provided the Members two notices—an Individual Notice[102] and a "reminder" Individual Notice[103].

(iii) The Association provides to each nominee and/or Member that submitted a nomination, as applicable, certain communications.[104]

(iv) The Association permits all qualified candidates to run if nominated. If a candidate is disqualified, the Election Rules shall

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[97] *See* Civil Code § 5120(b).

[98] *See* Civil Code § 5125.

[99] *See* Civil Code § 5145.

[100] *See* Civil Code § 5103 (permitting the Association to dispense with the secret balloting process in director elections, only).

[101] *See* Civil Code § 5115(a).

[102] *See* Civil Code § 5103(b)(1) (listing timeframe and contents).

[103] *See* Civil Code § 5103(b)(2) (listing timeframe and contents).

[104] *See* Civil Code § 5103(c)(1)-(3) (listing timeframe, contents, and manner of communication).

require a seated director to comply with the same qualification requirements.[105]

(v) The Board at a Board meeting, votes to consider the qualified candidates elected by acclamation, for which the agenda item reflects the name of each qualified candidate that will be seated by acclamation if the item is approved.

Section 7.07. Conflict of Interest. Directors are prohibited from engaging in unauthorized conflict of interest transactions.[106] Furthermore, a Director or Committee member shall not vote on any of the following matters:

(a) Discipline of the director or committee member;

(b) An Assessment against the director or committee member for damage to the Common Area;

(c) A request, by the director or committee member, for a payment plan for overdue Assessments;

(d) A decision whether to foreclose on a lien on the Residence and Lot of the director or committee member;

(e) Review of a proposed physical change to the Residence or Lot of the director or committee member[107]; or

(f) A grant of exclusive use common area to the director or committee member.

Nothing in this Section 7.07 limits any other provision of law or the Governing Documents that govern a decision in which a director may have an interest, and the Association's Rules may include a Directors' Conflict of Interest Code that supplements this statutory conflict of interest or interested director transactions.

Section 7.08. Vacancies on Board of Directors.

(a) Vacancies, Generally. A vacancy or vacancies in the Board of Directors exist on the occurrence of any of the following: (i) the death, resignation[108] or removal[109] of a director; (ii) an increase of the authorized number of directors; (iii) the Members' failure, in any director election, to elect the number of directors required to fill all vacancies in that election; or

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[105] *See* Civil Code § 5103(d).

[106] *See* Corporations Code §§ 7233; 7234.

[107] *See* Declaration Article V.

[108] *See* Bylaws Section 7.08(b).

[109] *See* Bylaws Section 7.08(c)-(d).

(iv) the Director's failure to meet any required qualification for service in effect at the beginning of a director's term of office.[110]

(b) Resignation. Any director may resign effective immediately by providing written notice to the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation date is to occur at a later time, the Board of Directors may elect a successor by majority vote to take office when the resignation becomes effective.

(c) Board Authority to Remove Directors. Subject to the qualifications in this subparagraph (c), the Board of Directors may remove a director and declare the office vacant if the director:

(i) has been declared of unsound mind by a final order of court; or

(ii) has been convicted of a felony[111]; or

(iii) fails to attend three (3) consecutive regular Board meetings or more than four (4) regular meetings within any twelve (12) month period; or

(iv) the Director's failure to meet any required qualification for service in effect at the beginning of a director's term of office.

If the basis for removal is subparagraph (iii), the Board may consider mitigating factors such as: medical hardship, business travel, financial hardships, or the benefits of active and regular participation of the full Board of Directors.

(d) Members Authority to Remove Directors. Members may remove a director from office before expiration of the director's term only by the affirmative vote of a Majority of a Quorum of the Members conducted using the secret ballot voting procedures.

(e) Removal by Court Action. If any director, or the lesser of twenty (20) Members or five percent (5%) of the Members, files suit, the County Superior Court may remove any director deemed guilty of fraudulent or dishonest acts, or gross abuse of authority or discretion over the Association. The Association shall be made a party to any such action.

(f) Filling of Vacancies. Vacancies shall be filled by a majority vote of the remaining directors though less than a quorum, or by a sole remaining director as applicable. If the vacancy is created by Member action or the directors fail to fill a vacancy, the vacancy shall be filled by a vote of the Members using the secret ballot voting procedures.

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[110] *See* Corporations Code § 7221(b).

[111] Subject to Civil Code § 5105(c)(4).

(g) Reduction in the Number of Directors. No reduction of the authorized number of directors shall have the effect of removing any director from office before expiration of that director's stated term.

ARTICLE VIII
BOARD MEETINGS

Section 8.01. Meeting Location; Conference Telephone and Electronic Meetings.

(a) Permitted Locations for Board Meetings. Except as otherwise provided in subparagraph (b), below, regular and special Board meetings may be held at any place within the Development or the County designated occasionally by Board resolution and stated in the meeting notice. If the Board fails to designate a location, regular meetings shall be held at the Association's principal office. If gathering in person is unsafe or impossible[112], a Board or Member meeting may be conducted by teleconference without designating a physical location, as long as statutory procedures are followed.[113]

(b) Requirements for Conducting Board Meetings by Conference Telephone or Other Electronic Means. A regular or special Board meeting may, in cases consistent with this subparagraph (b), be held by conference telephone, electronic video screen communications, or other communications equipment. Participating in a conference telephone meeting constitutes presence in person at the meeting if all directors, Members and other permitted participants can hear one another. The Board shall conduct the teleconference meeting in a manner that protects Members rights to attend the meeting (or the open portion) and assure that meeting or open portion is audible to the Members in at least one physical location specified in the notice of the teleconference Board meeting. At least one director (or Board designee) shall be present at that location.[114]

Participating in a meeting using electronic video screen communication or other communications equipment (other than a conference telephone) constitutes presence in person at the meeting if each present director can communicate with the other directors concurrently and each director is given the means of participating in all matters on the agenda.

(c) Entirely Virtual Board Meetings. Notwithstanding anything in subparagraph (b), above, to the contrary, any Board or Member meeting that is not being held to conduct a secret ballot election may be held entirely by teleconference, without designating a physical location and placement of a director there, if:[115]

(i) The meeting notice includes, in addition to other notice requirements under these Bylaws: (A) instruction to Members on how to join the meeting; (B) lists a phone number and email of a person to provide technical assistance before and during the

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[112] *See* Civil Code § 5450(a) (outlining qualified conditions).

[113] *See* Civil Code § 5450(b).

[114] *See* Civil Code § 4090(b), subject to Civil Code § 5450.

[115] *See* Civil Code § 4926.

meeting; and (C) reminds the membership their right to request Individual Delivery of meeting notices; and

(ii) Directors and Members are afforded the same participation rights virtually as they would possess at a physically designated location; and

(iii) In Board meetings, director votes are conducted by roll call; and

(iv) Any person authorized to participate in the meeting is provided the option to participate by telephone (rather than by video).

Section 8.02. Annual Meeting of Directors. Immediately following each annual membership meeting, the Board of Directors shall hold a regular meeting for organization, electing officers, and transacting other business. Notice of this meeting is not required. If the Board is not able to elect officers immediately after the annual Members meeting, the Board shall notice a special meeting to elect officers as soon as reasonably possible thereafter.

Section 8.03. Regular Meetings. The Board shall conduct regular Board meetings at least once per quarter; provided, however, that the Board may hold additional meetings, as necessary. If the Board adopts an annual schedule[116] for conducting regular meetings, and all Members and Directors receive a copy of that schedule on the first of each year, no further notice of a regular Board meeting is required. If the date, time or location for a regular Board meeting is changed, the Board shall provide notice to all directors and Members.[117]

Section 8.04. Special Board Meetings. The President or a majority of the Board may call a special Board meeting for any purpose.

Section 8.05. Notice of Board Meetings.

(a) Timing of Notice. Except for "**EMERGENCY MEETINGS**"[118], the Board must provide all Members General Notice of the time, place, purpose and agenda of all other Board meetings at least four (4) days before the meeting date. Unless an executive session Board meeting is labeled an Emergency Meeting, Members shall receive notice of executive session meetings at least two (2) days before the meeting, although Members lack the right to attend executive session meetings. If the Board is meeting to consider discipline or certain monetary charges upon a Member, the Board must notify[119] the subject Member(s) in writing by personal delivery or Individual Delivery, at least ten (10) days before the meeting date.[120]

(b) Manner of Providing Notice. The Board shall provide Directors and Members General Notice of Board Meetings.

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[116] For example, a schedule that calls for regular Board meetings during a specific time and location on the third Thursday of each month.

[117] *See* Bylaws Section 8.03.

[118] *See* Civil Code § 4923 (defining emergency meetings, and how legally called).

[119] *See* Civil Code § 5855(b) (outlining contents of notice).

[120] *See* Civil Code § 5855(a).

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

Section 8.06. Common Interest Development Open Meeting Act . These provisions reflect the California Common Interest Development Open Meeting Act ("**OPEN MEETING ACT**"):[121]

(a) Meetings Generally Open to Members; "Board Meeting", Defined. Excepting executive session Board meetings, any Member may attend Board meetings. For the Open Meeting Act, "**BOARD MEETING**" means (i) any congregation of a majority of the Board simultaneously in the same place to hear, discuss, or deliberate upon any item of business within the authority of the Board; and (ii) a teleconference where a majority of the Board, in different locations, are connected by electronic means through audio, video or both.[122] A Board Meeting does not include directors communicating with each other by electronic transmissions (e.g. email) as long as they are not taking action on an Item of Business.[123] The Board must not act on any "**ITEM OF BUSINESS**"[124] outside a Board Meeting. The Board cannot use electronic transmissions (*e.g.* email) to conduct a Board Meeting, unless an Emergency Meeting and all Board members individually or collectively consent in writing to that method of Emergency Meeting.[125] The Open Meeting Act prohibits Board action by unanimous written consent.

(b) Right of Members to Speak at Meetings. The Board shall permit any Member to speak at any Member or Board meeting, except for executive session Board meetings. The Board, on the meeting agenda may impose reasonable time limitations upon Members to speak during a Board or Member meeting.[126] Members (not Directors) may speak on items not listed in the Board's agenda for the meeting.

(c) Meeting Agendas; General Restriction of Action to Items on the Agenda. The Board meeting notice shall include the agenda for the meeting. Except in limited circumstances[127], the Board of Directors may not discuss or act on any item at a non-Emergency Meeting of the Board not listed in the agenda in the notice to Members.

(d) Executive Session Board Meetings.

(i) Bases for Executive Session. An executive session Board meeting is not open to attendance by all Members, and is convened to consider and potentially act upon one or more of these matters:[128]

(A) litigation where the Association is or may become a party;

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[121] *See* Civil Code §§ 4900-4950.

[122] *See* Civil Code § 4090(b).

[123] *See LNSU #1, LLC v. Alta Del Mar Coastal Collection* (2023) 94 Cal.App.5th 1050.

[124] *See* Civil Code § 4155.

[125] *See* Civil Code § 4910.

[126] *See* Civil Code § 4925.

[127] *See* Civil Code § 4930(b)-(e), inclusive.

[128] *See* Civil Code § 4935.

(B) matters relating to contract formation with third parties;

(C) Member discipline[129];

(D) personnel matters;

(E) to decide whether to foreclose on a lien[130]; or

(F) to meet with a Member, upon the Member's request, regarding the Member's payment of Assessments under a payment plan.[131]

(ii) Executive Session Meetings to Protect the Attorney-Client Privilege.[132] In addition to the subparagraph (i) bases, the Board may meet in executive session with the Association's legal counsel to discuss documents, transactions, potential litigation or other matters intended to come within the protection of the attorney-client privilege. Attorney-client privilege protects against disclosure of information to third persons that the Association's legal counsel recommends to be confined only to Board members and others where disclosing the information is reasonably necessary to accomplish the purposes for which the Association's legal counsel has been consulted.

(iii) Manner of Calling Executive Session Meetings. The affirmative vote of a majority of the directors present at an open meeting where quorum is established may adjourn for executive session. The Board may also call an executive session meeting independent of an open meeting.

(iv) Reporting Executive Session Meeting Minutes; Availability to Members. The Board shall note generally (*i.e.* to preserve confidentiality) any matter discussed in executive session in the minutes of the immediately succeeding open meeting.[133] The Board shall make available to Members the minutes, draft minutes proposed for adoption, or a summary of the minutes, of any Board meeting other than executive session within thirty (30) days of the meeting. The Board shall distribute to any Member upon request the minutes, proposed minutes, or summary minutes if the Member reimburses the Association's costs in making that distribution. The Association's Annual Policy Statement must inform Members of these rights and how and where to do so.[134]

Section 8.07. Quorum Requirements for Board Meetings. A majority of the authorized number of directors shall constitute a quorum for transacting business, except to adjourn. Every Board decision where a quorum is present is regarded as a Board action, subject to the California

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[129] *See also* Civil Code § 4935(b) (The Board shall adjourn to, or meet solely in, executive session to discuss member discipline if requested by the Member subject of the discussion, and the Member is allowed to attend.)

[130] *See* Civil Code §§ 4935(d); 5705(b).

[131] *See* Civil Code §§ 4935(c); 5665 (The Board must meet with the requesting Member within forty-five (45) days of the postmark on the request, if the request is mailed within fifteen (15) days of the postmark on the Pre-Lien Notice.)

[132] *See* Evidence Code §§ 950-955.

[133] *See* Civil Code § 4935(e).

[134] *See* Civil Code § 4950.

Nonprofit Mutual Benefit Corporation Law, especially relating to: (i) approving contracts or transactions where a director has a direct or indirect material financial interest; (ii) appointing committees; and (iii) indemnifying directors. The Board may continue to transact business during a meeting where quorum is initially present, notwithstanding withdrawal of directors below a quorum, if any Board action is approved by at least a majority of the required quorum for the meeting, or such greater number if required by law or the Governing Documents.

Section 8.08. Adjournment. A majority of directors present may adjourn any meeting to another time and place whether or not quorum is achieved. If the meeting is adjourned for over twenty-four (24) hours, the Board shall provide notice of adjournment containing the new meeting date to all persons in attendance at the adjourned meeting. Otherwise, the Board need not provide notice of adjournment.

Section 8.09. Compensation of Directors, Officers, and Committee Members. Directors, officers, and committee members are not entitled to compensation for their services in their respective capacities, although any may be reimbursed for their reasonable, actual personal expenses incurred (evidenced by receipt/invoice) in performing their duties.

Section 8.10. Recording of Meetings. Audio and video recording of meetings are prohibited by anyone other than a person authorized by the Board to record the meetings for the sole purpose of preparing official Association minutes.

ARTICLE IX
BOARD POWERS AND DUTIES

Section 9.01. Specific Board Powers and Duties. Without prejudice to the Board's general powers,[135] the Board has the power to:

(a) Exercise all powers vested in the Board of Directors under the Governing Documents and California law.

(b) Appoint and remove: (i) Association officers; (ii) the Association's property manager or property management company (if any, and subject to any contractual obligations among them); and (iii) other Association employees. The Board can prescribe the powers and duties for such persons consistent with the Governing Documents and California law and fix their compensation.

(c) Appoint such agents and employ such other employees, including attorneys, accountants, a manager or management company, as the Board sees fit to help operate the Association. The Board can fix their duties and establish their compensation if they are employees of the Association.

(d) Adopt and establish Association Rules including but not limited to: (i) use of the Common Areas; and (ii) Member's and their Permitted User's personal conduct, including

[135] *See* Bylaws Section 7.01.

enforcement remedies such as imposing monetary penalties and/or the suspension of membership privileges.[136] Board adopted Association Rules may contain reasonable varying distinctions between Owners and tenants.

(e) Enforce the Governing Documents.

(f) Contract for and pay premiums for fire, casualty, liability and other insurance and bonds (*e.g.* indemnity bonds), as the Association may be required to maintain.[137]

(g) Contract for and pay for maintenance, landscaping, utilities, labor, services, equipment and materials for Common Areas and Major Components the Association is obligated to maintain, repair, or replace.

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

(i) Delegate its duties and powers hereunder to the officers of the Association or committees established by the Board, subject to the limitations expressed in Section 10.01, below.

(j) Levy and collect Assessments from Members.[138]

(k) Perform all acts required of the Board under the Governing Documents.

(l) Prepare budgets and maintain a full set of books and records showing the Association's financial conditions in a manner consistent with generally accepted accounting principles, including the Annual Budget Report.

(m) Fill vacancies on the Board of Directors or any committee, except for a Board vacancy created from Member action.

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

(o) Bring and defend actions on behalf of the Members in common or the Association to protect their respective interests, if the action is pertinent to the Association's operations and while assessing the litigation's costs. Without limiting the foregoing, the Association has standing to institute, defend, settle, or intervene in litigation, arbitration, mediation, or administrative proceedings in its own name as the real party in interest and without needing to join its individual Members in matters pertaining to: (i) enforcement of the Governing Documents; (ii) damage to any portion of the Common Area; (iii) damage to a Residence or Lot the Association is obligated to maintain or repair, if any; and (iv) damage to a Lot or Residence

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[136] *Subject to* Civil Code §§ 4340 et seq. and CC&Rs Sections 3.05 and 12.06

[137] *See* Declaration Article IX.

[138] *See* Declaration Article IV.

that arises out of, or is integrally related to, damage to the Common Area, a Residence or Lot the Association is obligated to maintain or repair.[139]

Section 9.02. Limitations on Board Powers.

(a) Prohibited Actions. The Association and its Board are prohibited from taking these actions:

(i) Denying Access to Residences and Lots. Except as otherwise provided by law or order of court/binding arbitration, the Association shall not deny a Member or occupant physical access to their Residence or Lot either by restricting access through the Common Areas to the Owner's Residence or by restricting access solely to the Member's Residence and Lot;[140]

(ii) Assigning or Pledging Future Assessment Obligations. The Association may not voluntarily assign or pledge the Association's right to collect payments or Assessments, or to enforce or foreclose a lien to a third party, unless the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or State law when acting within the scope of that charter or license as security for a loan the Association obtained. However, the foregoing sentence does not restrict the Association's right or ability to assign a former Member's unpaid obligations to a third party for collection purposes;[141]

(iii) Unreasonably Restricting Sales. The Association shall not adopt an Association Rule that arbitrarily or unreasonably restricts an Owner's ability to market the Owner's Residence and Lot;[142]

(iv) Establishing Exclusive Broker Relationships. The Association shall not adopt an Association Rule that establishes an exclusive relationship with a real estate broker through which the sale or marketing of Residences and Lots must occur, other than Common Area;[143] or

(v) Using Association Funds for Campaign Purposes. The Association cannot use Association funds for campaign purposes concerning director elections. The Association may use Association funds for campaign purposes concerning any other election only where necessary to comply with Association duties imposed by law.[144]

(b) Board Actions Requiring Member Approval. The Board of Directors shall take none of these actions without the consent of a simple majority of the Members constituting a quorum of over fifty percent (50%) of the Voting Power of the Members:

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[139] *See* Civil Code § 5980.

[140] *See* Civil Code § 4510.

[141] *See* Civil Code § 5735.

[142] *See* Civil Code §§ 4730(a); 4730(c) (defining "market".)

[143] *See* Civil Code §§ 4730(b); 4730(c) (defining "marketing".)

[144] *See* Civil Code §§ 5135(a); 5135(b) (defining "campaign purposes".)

(i) Contracting with third party(ies) to furnish goods or services to the Common Areas for a term longer than one year. This restriction does not apply to:

(A) FHA or VA approved management contracts;

(B) public utility contracts where the Public Utilities Commission regulates the rates charged for materials or services; provided, however, the contract term shall not exceed the shortest term for which the supplier will contract at the regulated rate;

(C) prepaid casualty or liability insurance policies not to exceed three years, provided the policies provide for short rate cancellation by the insured;

(D) agreements for cable television or satellite dish services and equipment not to exceed five (5) years duration; and

(E) any contract with a term not to exceed three (3) years if the Association may terminate the contract after no longer than one year without cause, penalty or other obligation, upon ninety (90) days prior written notice of termination to the other party.

(ii) Incur aggregate expenditures exceeding five percent (5%) of the Association's budgeted gross expenses for the fiscal year for capital improvements to the Common Areas (*e.g.* Association capital replacement projects for Major Components). This limitation does not apply to the expenditure of funds accumulated by the Association if the expenditure is for the purpose for which the funds were accumulated.

(iii) Sell during any fiscal year Association property with aggregate fair market value exceeding five percent (5%) of the Association's budgeted gross expenses for that fiscal year.

(iv) Pay compensation to the Board of Directors or Association's officers.

(v) Fill any Board vacancy created by Member election to remove a director.

(vi) Enter a Lot on a non-emergency basis unless the Association furnishes at least twenty-four (24) hours written notice to the Owner.[145]

ARTICLE X
COMMITTEES

Section 10.01. Establishment of Committees. The Board may establish committees as it deems appropriate and necessary to advise and/or assist the Board in carrying out its duties. The Board is empowered to specify the task of each committee, may limit the number of members of any committee, may appoint non-Members to committees, may limit the term of the committee, and may appoint committee chairpersons, who need not be Directors. Committee chairpersons may be appointed by the Board and, if not appointed, may be elected by members of the Committee.

Section 10.02. Committee Powers . Except as may be otherwise provided in the Governing Documents, Committees are advisory only and have no authority to spend Association monies, enter into contracts, or direct Association personnel or vendors.

Section 10.03. Committee Meetings and Actions. Duly appointed committees of the Association shall meet with such frequency as is considered necessary or appropriate to accomplish the tasks and to perform the duties that have been delegated to the committee. Unless otherwise provided in the Board resolution appointing a committee, all actions of the committee shall be recommendations to the Board and no committee shall have the authority to bind the Association. Committees must make interim reports to the Board during the course of their task and must make a final report to the Board upon completion of their tasks.

Section 10.04. Term of Office. Committees dissolve automatically at each annual meeting to be reappointed by the new Board at the Board's discretion. Individual committee members and committee chairs may be added or removed at any time by the Board, with or without cause.

Section 10.05. Member Comments. Each Committee must receive comments and complaints from Members on any matter within its field of responsibility. Committees must handle or dispose of such comments or complaints as they deem appropriate or refer them to any other committee, Director, or Officer of the Association also involved in that matter or to the Board.

Section 10.06. Conflicts of Interest. No Committee member may participate in or make recommendations on any matter which involves a Committee member or a member of his/her own family or in which a Committee member or a member of his/her family has a direct or indirect financial interest.

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[145] *See* Declaration Section 3.05(c).

Section 10.07. Executive Committee. The Board may appoint Executive Committees as provided for by law.

ARTICLE XI
OFFICERS

Section 11.01. Officers. The Association's officers shall be a: (i) President; (ii) Vice President; (iii) Secretary; and (iv) Treasurer. Any person may hold two (2) or more offices, except that the President shall hold only one (1) office.

Section 11.02. Electing Officers. At the first regular Board meeting immediately following the annual membership meeting, or as soon as reasonably possible thereafter, a majority vote of the Board shall elect the officers[146] annually. Each officer holds office for a term of one year or until the officer resigns, is removed, is disqualified to serve, or the officer's successor is elected and qualified.

Section 11.03. Assistant Treasurer; Assistant Secretary; Parliamentarian. The Board may appoint one (1) or more Assistant Treasurers and/or Assistant Secretaries, who need not be Members of the Association, to assist the Officers in their duties. The Board may also appoint a Parliamentarian to advise it on matters of parliamentary procedure.

Section 11.04. Removal. The Board may remove any officer with or without cause at any regular or special Board meeting. Members cannot remove officers.

Section 11.05. Resignation. Any officer may resign at any time by giving the Board, President or Secretary written notice. The resignation takes effect on receipt (not acceptance) of the notice, unless the timing is specified otherwise in the notice. Any resignation is without prejudice to the Association's rights under any contract to which the resigning officer is a party. The Board may appoint, rather than elect, an officer to fill the resigned officer's vacancy.

Section 11.06. Vacancies. The Board may fill a vacancy created from death, resignation, removal, disqualification or any other cause in the manner prescribed in the Bylaws for regular appointments to such office.

Section 11.07. President. The Board elects the President from among the directors. The President is the Association's chief executive and shall, subject to Board controls, have general supervision, direction and control of the Association's affairs and officers. The President shall preside over all Board meetings and has the general management power and duties usually vested in the office of a corporation's President, by the Board or these Bylaws.

Section 11.08. Vice President. The Board elects the Vice President from among the directors. In the President's absence or disability, the Vice President shall perform all the President's duties and in its place shall have all the powers of, and be subject to all the restrictions upon, the President as prescribed by the Board or these Bylaws.

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[146] Except officers appointed under Bylaws Sections 11.03, 11.05 or 11.06.

Section 11.09. Secretary. The Board elects the Secretary from among the directors. The Secretary shall keep or cause to be kept at the Association's principal office a book of all Board and Member meeting minutes with the time and place the meeting was held. For all meetings, the Secretary shall keep the notices given, the names of those present at directors' meetings, the number of Members present in person at Members' meetings, and the proceedings thereof. The Secretary shall have such other powers and duties as prescribed by the Board or these Bylaws.

Section 11.10. Treasurer. The Board elects the Treasurer from among the directors. The Treasurer has these duties and responsibilities: (a) keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the Association's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and other matters customarily included in financial statements; (b) deposit all monies and other valuables in the name and to the credit of the Association with such depositaries as the Board may designate; (c) upon Board order, disburse Association funds; (d) upon director or President request, render an accounting of all the Treasurer's transactions and Association's financial condition; and (e) other powers and duties as prescribed by the Board or these Bylaws. If the Board requires, the Chief Financial Officer shall give the Association a bond in the amount and with the surety or sureties for faithful performance of the Treasurer's duties and for restoring the Association's books, papers, vouchers, money, and other property of every kind in the Treasurer's possession, or under the Treasurer's control on its death, resignation, retirement, or removal from office.

ARTICLE XII
ASSOCIATION FINANCES

Section 12.01. Signing Checks. The President and Treasurer, or such other officer's the Board designates, shall sign all Association checks or demands for money and notes. Any withdrawal of funds from Association Reserve Accounts shall require the signature of two directors or an officer (who is not also a director) and a director.

Section 12.02. Association Accounts; How Maintained. The Association shall establish and maintain at a bank or savings institution at least two (2) separate accounts:

(a) Operating Account. A cash deposit account known as the "**OPERATING ACCOUNT**" to hold the operating portion of all Regular and Special Assessments. Disbursements from such account shall be for the general need to operate the Development's wages, repairs, betterments, maintenance, and other operating expenses.

(b) Reserve Accounts. One or more "**RESERVE ACCOUNTS**" as the repository of "**RESERVE FUNDS**" the Association has set aside for Major Components and for payment of deductible amounts under insurance policies the Association maintains.

(c) Other Accounts. The Association has the authority and discretion to maintain any other accounts it deems necessary to carry out its purposes under the Act and the Governing Documents.

(d) Generally Accepted Accounting Principles to Maintain Accounts. The Association shall maintain all established accounts using generally accepted accounting principles.

Section 12.03. Significant Transfers. Transfers greater than ten thousand dollars ($10,000.00) or five percent (5%) of the Association's total combined Reserve and Operating Account deposits, whichever is lower, shall not be authorized from the Association's Reserve or Operating Accounts without prior written Board approval.[147]

Section 12.04. Annual Budget Report. The Association shall distribute an Annual Budget Report to its Members not less than thirty (30) days nor over ninety (90) days before the end of the Association's fiscal year, including at minimum the following information:[148]

(a) Contents.

(i) Pro-Forma Operating Budget. A pro-forma operating budget showing the estimated revenue and expenses on an accrual basis.

(ii) Summary of the Association's Reserves. A summary of the Association's Reserves based on its most recent Reserve Study.[149]

(iii) A Summary of the Association's Reserve Funding Plan. The Board adopted Reserve Funding Plan.[150] The summary shall include notice to Members that the full Reserve Funding Plan is available upon request, and the Association shall provide the full Reserve Funding Plan to any Member upon request.

(iv) A Disclosure of Board Decision to Defer Major Repairs or Replacements of Major Components. If the Board has decided not to undertake needed repairs or replacements of Major Components, the Annual Budget Report shall contain a disclosure of that decision, including a justification for the deferral or decision not to undertake the repairs or replacement.

(v) A Disclosure of Any Special Assessment(s) that is/are Needed to Abide by the Reserve Funding Plan. A statement as to whether the Board, consistent with its Reserve Funding Plan,[151] has determined or anticipates that levying one or more Special Assessments will be required to repair, replace, or restore any Major Components or to provide adequate Reserves therefor. If so, the statement shall contain the Special Assessment's estimated amount, commencement date, and duration.

(vi) A Statement of Anticipated Funding Methods. A statement as to the mechanism(s) by which the Board will fund Reserves to repair or replace Major

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[147] *See* Civil Code § 5502.

[148] *See* Civil Code § 5300.

[149] *See* Civil Code §§ 5550; 5565.

[150] *See* Civil Code § 5550(b)(5).

[151] *See* Civil Code § 5560.

Components, including Assessments, borrowing, use of other assets, deferral of selected replacement or repair projects, or alternative mechanisms.

(vii) A Statement of How Reserve Funding Requirements Have Been Calculated. A general statement addressing the procedures used for calculating and establishing those Reserves to defray the future repair, replacement, or additions to Major Components. The statement shall include at minimum Reserve calculations,[152] and may not assume a rate of return on cash Reserves exceeding two percent (2%) above the discount rate the Federal Reserve Bank of San Francisco has published at the time of making the calculation.

(viii) Disclosures Regarding the Basic Terms of any Long-Term Loan Obligations. A statement whether the Association has any outstanding loans with an original term of more than one year, including the payee, interest rate, outstanding amount, annual payment, and when the loan is scheduled to be retired.

(ix) A Summary of Association-Maintained Insurance. A summary of the Insurance Policies that the Association is maintaining, including property, general liability, earthquake, flood, and fidelity insurance policies. For each policy, the summary shall include the insurer's name, type of insurance, policy limit, and deductible amount, if any. If the required information is specified in the insurance policy declaration page, the Association may meet its disclosure obligation by making copies of that page and distributing it with the Annual Budget Report. The summary distributed under this subparagraph (ix) shall contain, in at least 10-point boldface type, a statement required by statute.[153]

(b) Manner of Distribution. The Annual Budget Report shall be made available to the Members by Individual Delivery. If a Member requests full copies of the reports, the Association must provide the Member full copies.[154]

(c) Including the Civil Code Assessment and Reserve Disclosure Summary Forms. The Assessment and Reserve Funding Disclosure Summary form[155] must accompany each Annual Budget Report or summary of the Annual Budget Report delivered under this Section.

Section 12.05. Year-End Review of the Association's Financial Statement. The Association shall distribute via Individual Delivery to its Members within one hundred twenty (120) days after the fiscal year end a review of the Association's financial statement prepared using generally accepted accounting principles by a licensee of the California Board of Accountancy, for any fiscal year in which the Association's gross income exceeds seventy-five thousand dollars ($75,000).

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[152] *See* Civil Code § 5570(b)(4) (providing the calculation formula.)

[153] *See* Civil Code § 5300(b)(9).

[154] *See* Civil Code § 5300(c).

[155] *See* Civil Code § 5570 (how prepared.)

Section 12.06. Review of Accounts. The Board of Directors on no less than a monthly basis shall:[156]

(a) Review of the current reconciliation of the Association's Operating Accounts;

(b) Review of the current reconciliation of the Association's Reserve Accounts;

(c) Review the current year's actual revenues and expenses compared to the current year's budget;

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

(e) Review the Association's income and expense statement for the Operating and Reserve Accounts; and

(f) Review the check register, monthly general ledger, and delinquent Assessment receivable reports.

The Association satisfies its review requirements when every Board member, or Board subcommittee consisting of the Treasurer and at least one other Board member, reviews the subparagraph (a) through (f) documents and statements independent of a Board meeting, if the review is ratified at the Board meeting after the review and that ratification is reflected in the Board meeting minutes.[157]

Section 12.07. Required Reserve Studies. The Board shall cause to be conducted at least once every three (3) years a reasonably competent and diligent visual inspection of the accessible areas of the Major Components for which the Association is responsible (each a "**RESERVE STUDY**") of the Association's Reserve Account requirements if the Major Components' replacement value is equal to or greater than one-half of the Association's gross budget, excluding the Association's Reserve Accounts for that period. The Board shall review or cause to be reviewed annually this Reserve Study and shall consider and implement necessary adjustments to the Board's analysis of the Reserve Account requirements because of that review.[158] The Reserve Study shall include at minimum:[159]

(a) Identification of each Association-responsible Major Component with a remaining useful life of less than thirty (30) years as of the date of the Reserve Study;

(b) Identification of the probable remaining useful life of those subparagraph (a) Major Components as of the date of the Reserve Study;

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[156] *See* Civil Code § 5500.

[157] *See* Civil Code § 5501.

[158] *See* Civil Code § 5550(a).

[159] *See* Civil Code § 5550(b).

(c) An estimate of the cost to repair, replace, restore, or maintain those subparagraph (a) Major Components.

(d) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain those subparagraph (a) Major Components during and at the end of their useful life, after subtracting total Reserve Funds as of the date of the Reserve Study.

(e) A "**RESERVE FUNDING PLAN**" indicating how the Association plans to fund the contribution identified in subparagraph (d) to meet the Association's obligation for the repair and replacement of all Major Components with an expected remaining life of thirty (30) years or less, not including those Major Components the Board has determined will not be replaced or repaired. This Reserve Funding Plan shall also include a schedule of the date and amount of any change in the Regular or Special Assessments needed to sufficiently fund the Reserve Funding Plan.[160] The Board of Directors shall adopt the Reserve Funding Plan at an open meeting.[161] If the Board determines an Assessment increase is necessary to fund the Reserve Funding Plan, any increase shall be approved in a separate Board action consistent with statutory procedure.[162]

Section 12.08. Statutory Assessment and Reserve Funding Disclosure Summary. The Association shall provide Members these Article XII disclosures in summary form using the Assessment and Reserve Funding Disclosure Form.[163] Then Reserves for Major Components shall be computed as the current cost of replacement or repair multiplied by the number of years the component has operated, divided by the useful life of the Major Component. This disclosure is not construed to require the Board to fund Reserves using the calculation required to be statutorily disclosed.[164]

ARTICLE XIII
ANNUAL POLICY STATEMENT

The Board shall distribute to the Members via Individual Delivery within thirty (30) to ninety (90) days before fiscal year end an Annual Policy Statement describing information about Association policies. The Annual Policy Statement must contain all information required under statute.[165]

ARTICLE XIV
MISCELLANEOUS

Section 14.01. Inspecting Books and Records.

(a) Member Inspection Rights.

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[160] *See* Civil Code § 5560(a).

[161] *See* Civil Code § 5560(b).

[162] *See* Civil Code §§ 5560(c); 5605 (requiring member approval).

[163] *See* Civil Code § 5570.

[164] *See* Civil Code § 5565(d).

[165] *See* Civil Code §§ 5310(a); 5320.

(i) Scope of Inspection Rights of Members. All Association accounting books and records; Board, Member, and Committee meeting minutes; the membership list; and any "**ASSOCIATION RECORDS**"[166], "**ENHANCED ASSOCIATION RECORDS**"[167] and "**ASSOCIATION ELECTION MATERIALS**"[168] (collectively, the "**SUBPARAGRAPH (a)(i) RECORDS**") shall during reasonable business hours, be subject to Member inspection following the requirements and restrictions in Civil Code sections 5200 and 5240. Any Member that submits a written request to the Association to inspect the membership list must state the purpose for the inspection and the purpose must be reasonably related to the requester's interest as a Member.[169]

(ii) Prohibited Uses of Association Records and Documents. The subparagraph (a)(i) records and information may not be used or sold for commercial purposes, used in a prohibited manner[170], or used for any other purpose not reasonably related to a Member's interests as a Member.[171] Regarding a Member request to access the membership list, the Association can deny access if the Board reasonably believes the membership list will be used for a prohibited purpose. In this circumstance, the Association can propose an alternative method of achieving the Member's stated purpose without providing access to or a copy of the list itself if the Association presents its alternative method within ten (10) days following receipt of the Member's request.[172]

(iii) Association's Right to Withhold Information. The Association may withhold or redact information from the subparagraph (a)(i) records if any of the following are true: (A) releasing the information is reasonably likely to lead to identity theft[173]; (B) releasing the information is reasonably likely to lead to fraud in connection with the Association; (C) the information is privileged by law (*e.g.* the attorney-client privilege, work-product privilege, or confidential settlement agreements); (D) releasing the information is reasonably likely to compromise a Member's privacy; or (E) other information is at risk.[174] Excepting information covered under attorney-client privilege, the Association may not withhold or redact information about the compensation paid to employees, vendors or contractors.[175]

(iv) Members Right to "Opt-Out" of Sharing Personal Information. A Member may opt out[176] of sharing of that Member's name, property address, mailing address or email address by notifying the Association in writing that the Member prefers to be contacted via the alternative[177] means. This opt out shall remain in effect until changed by the Member. Within

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[166] *See* Civil Code § 5200(a).

[167] *See* Civil Code § 5200(b).

[168] *See* Civil Code § 5200(c).

[169] *See* Civil Code § 5225.

[170] *See* Corporations Code § 8338.

[171] *See* Civil Code § 5230(a).

[172] *See* Corporations Code § 8330(c).

[173] *See* Civil Code § 5215(a)(1) ("the unauthorized use of another person's personal identifying information to obtain credit, goods, services, money or property.")

[174] *See* Civil Code § 5215(a)(5).

[175] *See* Civil Code § 5215(b).

[176] *See* Civil Code § 5220.

[177] *See* Corporations Code §8330(c).

a reasonable time after the first annual Members meeting, the Board shall distribute to all Members an "opt-out" form with a reasonable deadline to return and retain all received "opt-out" forms in the Association's records.

(v) Designation of Agent for Purposes of Inspection. A Member may inspect and copy the subparagraph (a)(i) records either in person or through an appointed representative. A Member intending to designate a representative must do so in the Member's inspection request.

(vi) Protocols for Responding to Inspection Demands; Timing. The Association shall make the subparagraph (a)(i) records available for inspection and copying in the Association's business office or mutually agreed upon location.[178] If the Association and the requesting Member cannot agree upon a location or the Member has specifically identified records, the Association may satisfy its requirements by delivering to the Member via Individual Delivery copies of the specifically identified records. Respective subparagraph (a)(i) records are subject to Member inspection during statutorily mandated timeframes.[179]

(vii) Cost of Copies. The Association may bill the requesting Member for its actual, reasonable costs for copying and mailing if the Association informs the Member of those costs before sending the requested documents.[180]

(viii) Electronic Delivery. Requesting Members may receive specifically identified records by electronic transmission or machine-readable storage media if those records can be transmitted in a redacted format that does not allow the records to be altered. Duplication costs are limited to the direct cost of producing the copy of a record in that electronic format.[181]

(b) Director Inspection Rights. Directors at any reasonable time may inspect and copy all subparagraph (a)(i) records, subject to their fiduciary obligations to act in good faith and in a manner the director believes to be in the best interests of the Association before using or disseminating the information. Directors shall not disclose information received in executive session or received in a writing marked as "Confidential Communication/Attorney-Client Privilege" to any person not a director or other individual the Board determines need to know the information to facilitate director's obligations to make informed decisions in the Association's best interests.

(c) Adopting Reasonable Inspection Rules. The Board of Directors may adopt reasonable Association Rules relating to: (i) notice of inspection, (ii) hours and days of the week when an inspection may be made, and (iii) cost of reproducing copies of documents the Member has requested.

Section 14.02. Property Manager. The Board of Directors may occasionally employ a manager or property management company to manage the affairs of the Association, and

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[178] *See* Civil Code §§ 5205(c),(d).

[179] *See* Civil Code § 5210.

[180] *See* Civil Code § 5205(f).

[181] *See* Civil Code § 5205(h).

delegate any of the Board's day-to-day management and maintenance duties under the Governing Documents to the extent not inconsistent with California law. Regardless, the manager or management company is subject to the ultimate control of the Board.

Section 14.03. Conduct of Meetings. If a question or dispute regarding conduct or procedure of a meeting cannot be resolved by reference to the Governing Documents or California Law, the Association shall adhere to Robert's Rules of Order or such parliamentary procedures as the Association may adopt.

Section 14.04. Amendment or Repeal of Bylaws.

(a) By Members. Any amendment to these Bylaws shall be approved by the vote or assent by secret written ballot[182] of the holders of more than a Majority of a Quorum of the Members. Notwithstanding the foregoing, the percentage of the Voting Power necessary to amend a specific clause or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause. Any amendment of these Bylaws shall become effective immediately upon approval by the Members. The Secretary shall certify adoption of any duly approved amendment to the Bylaws and a copy of said certificate, and the amendment shall be included in the Association's corporate records.

(b) For Conformance to Statute. If at any time a provision in these Bylaws contradicts current law, according to a written opinion of the Association's legal counsel, the Board of Directors will have the authority, on the unanimous approval of the Directors and without approval of the Members, to amend that provision, but only to the extent necessary to render the provision compliant with applicable law.

Section 14.05. Notice Requirements. Any notice required by the Bylaws must be delivered according to these Bylaws, the Act, Individual Delivery, or General Delivery, as applicable. Delivery of electronic documents is complete at the time of transmission. Delivery of documents by mail is deemed complete on deposit into the United States mail. If the Association or a Member has consented to receive information by electronic delivery, and the Act requires the information be in writing, that requirement is satisfied if the information is provided in an electronic record capable of retention by the recipient at the time of receipt. An electronic record is not capable of retention by the recipient if the sender or its information processing system inhibits the ability of the recipient to print or store the electronic record.[183]

Section 14.06. Indemnification of Agents.

(a) Indemnification by Association of Directors, Officers, Employees and Other Agents. To the fullest extent permitted by law, the Association shall indemnify its directors, officers, employees, and other agents, including persons formerly occupying any such

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[182] *See* Civil Code §§ 5100-5135.

[183] *See* Civil Code § 4055.

positions, against all "expenses", judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding".[184]

(b) Approval of Indemnity by Association. On written request to the Board by any person seeking indemnification, the Board shall promptly determine[185] whether the applicable standard of conduct[186] has been met and, if it has, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of directors who are parties to the proceeding where indemnification is sought prevents forming a quorum of directors who are not parties to the proceeding, the Board shall promptly call a Members meeting. At the Member's meeting, the Members shall determine whether the applicable standard of conduct has been met and, if it has, the Members present at the meeting shall authorize indemnification.

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

Section 14.07. Construction and Definitions. Unless the context requires otherwise or a term is specifically defined, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neutral, and singular number includes the plural and the plural number includes the singular. All captions and titles used in these Bylaws are intended solely for the reader's convenience of reference and do not affect the interpretation or application of the terms or provisions contained herein.

[signature page to follow]

[184] *See* Corporations Code § 7237 (defining "expenses", "proceeding", and other circumstances.)

[185] *See* Corporations Code § 7237(e) (describing manner of determination.)

[186] *See* Corporations Code §§ 7237(b),(c).

CERTIFICATE OF THE SECRETARY

The undersigned Secretary of the Clear Lake Keys Property Owners Association certifies these Bylaws, consisting of forty-two (42) pages, were duly adopted by the requisite number of Members[187] that ended on October 17, 2026, which thereby amend, restate and supersede the Original Bylaws, and now constitute the Association's Bylaws.

CLEAR LAKE KEYS PROPERTY OWNERS ASSOCIATION,
a California nonprofit mutual benefit corporation

By: _____
Name: Brian Moore
Title: Secretary

[187] *See* Original Bylaws Article XII, Section 2.