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What's New to Keep

BYLAWS

FOR

ARBOR WOODS HOMEOWNERS ASSOCIATION

*(a California Non Profit
Mutual Benefit Corporation)*

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ARTICLE 1. - NAME AND OFFICE LOCATION

The name of the corporation shall be the ARBOR WOODS HOMEOWNERS ASSOCIATION, a California nonprofit mutual benefit corporation, herein referred to as the "Association." The office of this corporation shall be located in the County of San Diego, State of California.

ARTICLE 2. - DEFINITIONS

2.1. DECLARATION.

Declaration shall mean and refer to the DECLARATION FOR ARBOR WOODS recorded , as Document No. , all as shown in the Official records of the Office of the County Recorder of San Diego County, California, covering the ARBOR WOODS Condominium Project, including such amendments thereto as may from time to time be recorded.

2.2. OTHER DEFINITIONS.

Each definition set forth in the Declaration Article entitled "Definitions" shall have the same meaning within these Bylaws, and each such definition is by this reference incorporated herein.

ARTICLE 3. - MEMBERS

This Association shall have two (2) classes of voting membership as set forth in the Declaration and the Articles.

ARTICLE 4. - MEETINGS OF MEMBERS

4.1. PLACE OF MEETING.

All meetings of Members shall be held on the Project or at such other location in San Diego County, California, in reasonable proximity to the Project, as may be designated in the notice of meeting.

4.2. ANNUAL MEETINGS OF MEMBERS.

The first annual meeting of Members shall be held within six (6) months after the close of escrow for the sale of the first Condominium by Declarant, or within forty-five (45) days after close of escrow for the sale by Declarant of fifty-one percent (51%) of the Condominiums authorized for sale under the first public report for the Project, whichever shall first occur. Subsequent annual meetings of Members shall be held in each succeeding year within one week before or after the anniversary of the first annual meeting of Members on a day to be determined by the Board, which shall not be a legal holiday.

1 4.3. NOTICE OF ANNUAL MEETING.

2
3 Written notice of each such annual meeting shall be given to each
4 Member and, upon written request therefor, to all first Mortgagees. Such
5 notice shall be delivered either personally or by sending a copy of the notice
6 through the mail or by telegraph, charges prepaid, to the address appearing on
7 the books of the Association or supplied to the Association for the purpose of
8 notice. If no address is supplied, notice shall be deemed to have been given
9 if mailed to the address of the Condominium owned by such Member or encumbered
10 by the first Mortgagee, or published at least once in some newspaper of general
11 circulation in the county of said principal office. All such notices shall be
12 sent not less than ten (10) days (except in emergency situations in which case
13 as much advance notice shall be given as is reasonably possible) and not more
14 than ninety (90) days before each annual meeting, and shall specify the place,
15 day and hour of such meeting.

16
17 4.4. SPECIAL MEETINGS.

18
19 Special meetings of Members, for any purpose or purposes whatsoever,
20 may be called scheduled at any time by the Board in response to the vote of a
21 majority of the Board of Directors, or in response to a request by the Chairman
22 of the Board, the President, or upon written request of the Members represent-
23 ing five percent (5%) of the total voting power of the Association. Except
24 in special cases where other express provision is made by statute, notice of
25 such special meetings shall be given in the same manner as for annual meetings
26 of Members. Notices of any special meeting shall specify in addition to the
27 place, day and hour of such meeting, the general nature of the business to be
28 transacted.

29
30 4.5. MORTGAGEE REPRESENTATION.

31
32 First Mortgagees shall have the right to attend all membership
33 meetings through a representative designated in writing and delivered to the
34 Board.

35
36 4.6. MEMBERSHIP AND VOTING.

37
38 Membership shall be held as provided in the Declaration. Unless a
39 contrary voting requirement is called for specific matters elsewhere in these
40 Bylaws, the Declaration or Articles, any action by the Association which must
41 have the approval of the Members before being undertaken shall require the vote
42 or written assent of a majority of each class of membership. Where the vote or
43 written assent of each class of membership is required, any requirement that
44 the vote of Declarant be excluded is not applicable. After the conversion of
45 Class B membership to Class A membership, any provision herein requiring the
46 approval of Members other than Declarant shall mean the vote or written assent
47 of a majority of the total voting power of the Association (including Declar-
48 ant's votes) and the vote or written assent of a majority of the total voting
49 power of Members other than the Declarant. Voting rights attributable to
50 Condominiums shall not vest until assessments against those Condominiums have

1 been levied by the Association. Except as provided in the section entitled
2 "Election" herein, voting of the Members on all matters may be done viva voce
3 (vocally) or by ballot.
4

5 4.7. QUORUM; ADJOURNED MEETINGS AND NOTICE THEREOF.
6

7 Except as otherwise provided in the Articles of Incorporation or the
8 Declaration, the presence in person or by proxy at any meeting of the Owners of
9 a majority of the voting power of the Association shall constitute a quorum for
10 the transaction of business at such meeting. In the absence of a quorum at a
11 meeting, a majority of the Owners present in person or by proxy may adjourn the
12 meeting to another time, but may not transact any other business. An adjourn-
13 ment for lack of a quorum shall be to a date not less than five (5) days and
14 not more than thirty (30) days from the original meeting date, and the quorum
15 for such resumed meeting shall be the presence in person or by proxy of
16 twenty-five percent (25%) of the total voting power of the Association
17 (excluding the number of votes as to which voting rights are suspended at the
18 time of the subject meeting); provided, however, if after adjournment a new
19 date is fixed for the adjourned meeting, notice of the time and place of the
20 adjourned meeting shall be given to members in the manner described for regular
21 meetings; provided further, that in the event the quorum requirement becomes
22 twenty-five percent of the voting power of the membership, then the only
23 matters that may be voted upon at any meeting actually attended in person or by
24 proxy of one-third (1/3) or less of the voting power are matters notice of the
25 general nature of which was given in the notice of meeting.
26

27 When any membership meeting, either annual or special, is adjourned
28 for thirty (30) days or more, notice of the adjourned meeting shall be given as
29 in the case of an original meeting. Except as aforesaid, it shall not be neces-
30 sary to give any notice of an adjournment or of the business to be transacted
31 at an adjourned meeting other than by an announcement at the meeting at which
32 such adjournment is taken.
33

34 4.8. CONSENT OF ABSENTEES.
35

36 The transactions of any meeting of Members, either annual or special,
37 however called and noticed, shall be as valid as though they occurred at a
38 meeting duly held after regular call and notice if a quorum be present either
39 in person or by proxy and if, either before or after the meeting, each of the
40 Members entitled to vote, not present in person or by proxy, signs a written
41 waiver of notice or a consent to the holding of such meeting or an approval of
42 its correct minutes. All such waivers, consents or approvals shall be filed
43 with the corporate records or made a part of the minutes of the meeting.
44

45 4.9. ACTION WITHOUT MEETING.
46

47 Any action on a matter that may be taken by the vote of Members at a
48 regular or special meeting (except for the election of directors which must be
49 conducted in accordance with the provisions of the section entitled "Election"
50 herein) may be taken without a meeting if, in compliance with Section 7513 of
51 the California Corporations Code, including such amendments thereto as may from
52

1 time to time be made, a ballot is distributed to every Member entitled to vote
2 on the matter. Such ballot shall set forth the proposed action (including any
3 known contrary opinions) provide an opportunity to specify approval or
4 disapproval of any proposal, and provide a reasonable time frame within which
5 to return the ballot to the Association. Approval by written ballot shall be
6 valid only when the number of votes cast by ballot within the time period
7 specified equals or exceeds the quorum required to be present at a meeting
8 authorizing the action, and the number of approvals equals or exceeds the
9 number of votes that would be required to approve at a meeting at which the
10 total number of votes cast was the same as the number of votes cast by ballot.
11 All soliciting ballots shall indicate the number of responses needed to meet
12 the quorum requirement and shall state the percentage of approvals necessary to
13 pass the measure submitted.

14
15 4.10. PROXIES

16
17 At all meetings of Members, each Member may vote in person or by
18 proxy. All proxies shall be in writing and filed with the Secretary before the
19 appointed time of each meeting. Every proxy shall be revocable and shall auto-
20 matically cease upon conveyance by the Member of his Condominium, or upon re-
21 ceipt of notice by the Secretary or the Board of the death or judicially declar-
22 ed incompetence of a Member, or upon the expiration of eleven (11) months from
23 the date of the proxy. In addition, voting by proxy shall comply with any
24 other applicable requirements of California Corporations Code Sections 7514 and
25 7613.

26
27 4.11. PROXY AND WRITTEN BALLOT, FORM.

28
29 In addition to any other requirements, any form of proxy or written
30 ballot distributed by any person to the membership of the Association shall
31 afford the opportunity to specify a choice between approval and disapproval of
32 each matter or group of matters to be acted upon. It shall not be mandatory
33 that a candidate for election to the governing body be named in the proxy or
34 written ballot. The proxy or written ballot shall provide that, where the
35 member specifies a choice, the vote shall be cast in accordance with that
36 choice. The proxy shall also identify the person or persons authorized to
37 exercise the proxy and the length of time it will be valid.

38
39
40 ARTICLE 5. - BOARD OF DIRECTORS

41
42 5.1. NUMBER AND QUALIFICATIONS OF DIRECTORS.

43
44 The affairs of the Association shall be managed by a Board of three
45 (3) directors until changed by amendment to this Section of the Bylaws.
46 ^Directors need not be Members of the Association. ^The initial directors may
47 be appointed by the Declarant, and shall hold office until the first meeting of
48 the Members as described in the section entitled "Election" herein and until
49 their successors are elected.

50
51 5.2. TERM OF OFFICE.

1
2 At the first annual meeting of Members, one (1) director shall be
3 elected for a term of one year and two (2) directors for a term of two years.
4 Thereafter, directors shall be elected at each annual meeting of Members to
5 fill the vacancies of those directors whose term then expires and the term of
6 each such director so elected shall be two (2) years. Unless vacated sooner,
7 each director shall hold office until the director's term expires and a
8 successor is elected. If any annual meeting is not held or the directors are
9 not elected thereat, the directors may be elected at any special meeting of
10 Members held for that purpose.

11
12 5.3. REMOVAL; VACANCIES.

13
14 Unless the entire Board is removed from office by the vote of the
15 Association Members, an individual director shall not be removed prior to the
16 expiration of his term of office if the number of votes cast against his remov-
17 al or not consenting in writing to his removal would be sufficient to elect the
18 director if voted cumulatively at an election at which the same total number of
19 votes were cast and the entire number of directors authorized at the time of
20 the most recent election of directors were then being elected. A director
21 elected to office solely by the votes of Members other than Declarant may be
22 removed from office prior to the expiration of his term only upon the vote of a
23 simple majority of the voting power of Members other than Declarant. ~~Provided,~~
24 however, the Board may declare vacant the office of a director (a) who has been
25 declared of unsound mind by final court order or (b) who has been convicted
26 of a felony. In the event of the death or resignation of a director, his or
27 her successor shall be appointed by the Board at a duly held meeting of the
28 Board or by a sole remaining director, and shall serve for the unexpired term
29 of his or her predecessor.

30
31 A vacancy or vacancies shall be deemed to exist in case of death,
32 resignation or removal of any director, or if the Members shall increase the
33 authorized number of directors but shall fail, at the meeting at which such
34 increase is authorized, or at any adjournment thereof, to elect the additional
35 directors so provided for, or in case the Members fail at any time to elect the
36 full number of authorized directors. The Members may elect a director at any
37 time to fill any vacancy not filled by the directors, and may elect the
38 additional directors at the meeting at which an amendment by the Bylaws is
39 voted authorizing an increase in the number of Directors. A vacancy created by
40 removal of a director can be filled only by election of the Members. No
41 reduction of the number of directors shall have the effect of removing any
42 director prior to the expiration of his or her term of office.

43
44 5.4. COMPENSATION AND FEES.

45
46 Neither the directors nor the officers of the Association shall
47 receive any monetary compensation for their services performed in the conduct
48 of the business of the Association, except upon the vote or written consent of
49 a majority of the voting power of each class of Member of the Association.
50 After conversion of the Class B membership to Class A membership, such decision
51 shall require the vote or written assent of (i) fifty-one percent (51%) of the
52

1 voting power of the Association, and (ii) fifty-one percent (51%) total voting
2 power of the Members other than Declarant. Nothing herein contained shall be
3 construed or preclude any director or officer from serving the Association in
4 any other capacity as an agent, employee or otherwise and receiving compensa-
5 tion therefor. Directors and officers of the Association may be reimbursed f
6 expenses incurred in carrying on the business of the Association.
7

8
9 ARTICLE 6. - NOMINATION AND ELECTION OF DIRECTORS

10
11 6.1. NOMINATION.

12
13 Nomination for election to the Board of Directors shall be made by a
14 Nominating Committee. Notice to the Members of the meeting shall include the
15 names of all those who are nominees at the time the notice is sent. Nomina-
16 tions may also be made from the floor at the annual meeting. The Nominating
17 Committee shall consist of a Chairman, who shall be a Member of the Board, and
18 two (2) or more Members of the Association. The Nominating Committee shall be
19 appointed by the Board of Directors not less than thirty (30) days prior to
20 each annual meeting of the Members, to serve until the close of such annual
21 meeting. The Nominating Committee shall make as many nominations for election
22 to the Board as it shall in its discretion determine, but not less than the
23 number of vacancies that are to be filled. All candidates shall have reason-
24 able opportunity to communicate their qualifications to Members and to solicit
25 votes.

26
27 6.2. ELECTION.

28
29 The first election of the Board shall be conducted at the first meet-
30 ing of the Association described in the section entitled "Annual Meetings of
31 Members" herein, at which time all positions on the Board shall be filled. At
32 such election the Members or their proxies may cast, in respect to each
33 vacancy, as many votes as they are entitled to exercise under the provisions of
34 the Declaration. The persons receiving the largest number of votes shall be
35 elected. Cumulative voting is required for all elections in which more than
36 two (2) directors are to be elected; provided, however, all Members shall be
37 entitled to cumulate their votes for one (1) or more candidates for the Board,
38 if the candidate's name has been placed in nomination prior to voting, and if a
39 Member has given notice at the meeting prior to the voting of his or her
40 intention to cumulate votes. Voting for directors shall be by secret written
41 ballot. So long as a majority of the voting power of the Association resides
42 in the Declarant, or so long as there are two (2) outstanding classes of
43 membership in the Association, not less than twenty percent (20%) of the
44 incumbents on the Board shall have been elected solely by the votes of Owners
45 other than the Declarant.
46
47

48 ARTICLE 7. - MEETINGS OF DIRECTORS

49
50 7.1. PLACE OF MEETING.
51
52
53

1 All meetings of the Board shall be held within the Project, or at
2 such other location in San Diego County, California, in reasonable proximity to
3 the Project, as may be designated in the notice of meeting. Members of the
4 Board may participate in a meeting through use of conference telephone or
5 similar communications equipment, so long as all Directors participating in
6 such meeting can hear one another; all such directors shall be deemed to be
7 present in person at such meeting..
8

9 7.2. ORGANIZATIONAL MEETING.

10
11 Immediately following each annual meeting of Members, the Board shall
12 hold a regular meeting for the purpose of organization, election of officers
13 and the transaction of other business. Notice of such meeting is hereby
14 dispensed with.
15

16 7.3. REGULAR MEETINGS.

17
18 Regular meetings of the Board shall be held without call bimonthly,
19 or at such time as the Board shall determine; provided, however, should said
20 day fall upon a legal holiday, then said meeting shall be held at the same time
21 on the next day thereafter ensuing which is not a legal holiday. Notice of the
22 time and place of all such regular meetings of the Board shall be posted at a
23 prominent place within the Common Area and communicated to directors not less
24 than four (4) days prior to the meeting; provided, however, notice of a meeting
25 need not be given to any director who has signed a waiver of notice or a
26 written consent to the holding of the meeting.
27

28 7.4. SPECIAL MEETINGS.

29
30 Special meetings of the Board for any purpose or purposes may be
31 called at any time by the President, or, if he is absent or unable or refuses
32 to act, by any Vice President, or by any two (2) Directors other than the
33 President.
34

35 Written notice of the time and place of special meetings and the
36 nature of any special business to be considered shall be posted in the manner
37 prescribed for notice of regular meetings and shall be sent to all directors by
38 first class mail not less than four (4) days prior to the scheduled time of the
39 meeting, or such notice shall be delivered personally or by telephone or tele-
40 graph not less than forty-eight (48) hours prior to the scheduled time of the
41 meeting; provided, however, notice of the meeting need not be given to any
42 Director who has signed a waiver of notice or a written consent to the holding
43 of the meeting.
44

45 7.5. QUORUM.

46
47 A majority of the directors shall be necessary to constitute a quorum
48 for the transaction of business, except to adjourn as hereinafter provided.
49 Every act or decision done or made by a majority of the directors present at a
50 meeting duly held at which a quorum is present shall be regarded as the act of
51 the Board.
52

1
2 7.6. ADJOURNMENT.
3

4 A quorum of the directors may adjourn any directors' meeting to meet
5 again at a stated day and hour; provided, however, that in the absence of a
6 quorum, a majority of the directors present at the directors' meeting, either
7 regular or special, may adjourn from time to time until the time fixed for the
8 next regular meeting of the Board.
9

10 7.7. NOTICE OF ADJOURNMENT.
11

12 Notice of adjournment of any Directors' meeting, either regular or
13 special, need not be given to absent Directors if the time and place are fixed
14 at the meeting adjourned.
15

16 7.8. ATTENDANCE AT MEETINGS AND EXECUTIVE SESSIONS.
17

18 Regular and special meetings of the Board shall be open to all
19 Members of the Association; provided, however, that Members who are not on the
20 Board may not participate in any deliberation or discussion unless expressly so
21 authorized by the vote of a majority of a quorum of the Board. The Board may,
22 upon the vote of a majority of its members present at a meeting in which a
23 quorum for the transaction of business has been established, adjourn a meeting
24 and reconvene in executive session to discuss and vote upon personnel matters,
25 litigation in which the Association is or may become involved and other matters
26 of business of a similar nature. Only members of the Board shall be entitled
27 to attend executive sessions. The nature of any and all business to be
28 considered in executive session shall first be announced in open session.
29

30 7.9. ACTION WITHOUT MEETING.
31

32 Any action required or permitted to be taken by the Board may be
33 taken without a meeting, if all members of the Board shall individually or
34 collectively consent in writing to such action. Such written consent or
35 consents shall be filed with the minutes of the proceedings of the Board. Such
36 actions by written consent shall have the same force and effect as a unanimous
37 vote of the Board of Directors. An explanation of the action to be taken or
38 actually taken by the Board shall be given to the members of the Association
39 within three (3) days after all written consents have been obtained. Said
40 explanation shall be given in the same manner as provided for the giving of
41 notice of regular meetings of the Board. Failure to give such notice shall
42 not, however, render the action to be taken or actually taken invalid.
43

44 7.10. ENTRY OF NOTICE.
45

46 Whenever any director has been absent from any special meeting of the
47 Board, an entry in the minutes to the effect that notice has been duly given
48 shall be conclusive and incontrovertible evidence that due notice of such
49 special meeting was given to such Director as required by law and these Bylaws.
50

51 7.11. WAIVER OF NOTICE.
52

1 The transactions of any meeting of the Board, however called and
2 noticed or wherever held, shall be as valid as though had at a meeting duly
3 held after regular call and notice if a quorum be present and if, either before
4 or after the meeting, each of the directors not present signs a written waiver
5 of notice or a consent to holding such meeting or an approval of the minutes
6 thereof. All such waivers, consents and approvals shall be filed with the
7 corporate records or made a part of the minutes of the meeting.
8
9

10 ARTICLE 8. - POWERS AND DUTIES OF THE BOARD

11
12 8.1. POWER EXERCISED BY BOARD.
13

14 Subject to other provisions of the Declaration and to the limita-
15 tions of the Articles of Incorporation, these Bylaws and the California
16 Nonprofit Mutual Benefit Corporations Code as to action to be authorized or
17 approved by the Members, all corporate powers shall be exercised by or under
18 the authority of, and the business and affairs of the Association shall be
19 controlled by, the Board.
20

21 8.2. EXTENT.
22

23 The powers expressly provided within this Article are without
24 prejudice to the general powers of the section immediately above, but shall be
25 subject to the same limitations.
26

27 8.3. ENFORCEMENT.
28

29 The Board's powers and duties relating to enforcement shall be as
30 follows:
31

32 (a) To enforce the provisions of the Declaration, the Articles of
33 Incorporation and Bylaws of the Association, the rules and regulations adopted
34 by the Board and the provisions of any agreement to which the Association is a
35 party; and,
36

37 (b) To initiate and execute disciplinary proceedings against
38 members of the Association, as set forth in the Declaration, for violation of
39 the provisions of the Articles, Bylaws, the Declaration and the rules and
40 regulations adopted by the Board.
41

42 8.4. MANAGEMENT AND CONTROL.
43

44 With respect to the business and property of the Association, the
45 Board shall have the following powers and duties:
46

47 (a) To conduct, manage and control the affairs and business of the
48 Association, and to make such rules and regulations therefor not inconsistent
49 with law, the Articles of Incorporation, the Bylaws or the Declaration as they
50 deem best, including rules and regulations for the operation of the Common Area
51 and Facilities owned or controlled by the Association, including limiting the
52
53

1 number of an Owner's guests who may use any recreational facilities;

2
3 (b) To manage, operate, maintain and repair the Common Area and
4 all improvements located thereon, including the restoration and replacement
5 any or all of the buildings, structures or improvements which are part of the
6 Common Area at any time and from time to time as the Board may determine
7 desirable or necessary; and to make capital expenditures for and on behalf of
8 the Association; provided, that the Association may not incur aggregate
9 expenditures for capital improvements to the Common Area in any fiscal year in
10 excess of five percent (5%) of the budgeted gross expenses of the Association
11 for that fiscal year without the vote or written assent of a majority of the
12 voting power of the Association residing in members other than the Declarant,
13 except as allowed in the Declaration upon damage or destruction; and,
14

15 (c) To enter into any Condominium and Exclusive Use Common Area as
16 may be necessary for the purpose of carrying out any of the powers or duties of
17 the Board as herein set forth and as set forth in the Declaration, including
18 such entry as may be necessary in connection with the construction, maintenance
19 or emergency repair of the Common Area, at any reasonable hour and, except in
20 the case of emergency, after reasonable notice as more fully described in the
21 Declaration.
22

23 8.5. INDEBTEDNESS; SALE OF PROPERTY.

24
25 The Board shall have the power to borrow money and incur indebtedness
26 for the purposes of the Association, and to cause to be executed and delivered
27 therefor, in the corporate name, promissory notes, bonds, debentures, deeds of
28 trust, mortgages, pledges, hypothecations or other evidences of debt and securi-
29 ties therefor, and to sell Association property for the benefit of all of the
30 Owners and their Mortgagees, as their respective interests may appear, at suc-
31 price and upon such terms as the Board may determine reasonable; provided, how-
32 ever, that the Board shall not have the power to borrow money for the Associa-
33 tion during any fiscal year in excess of the aggregate sum of, nor to sell
34 during any fiscal year property of the Association having an aggregate fair
35 market value greater than, five percent (5%) of the budgeted gross expenses of
36 the Association for that fiscal year without the vote or written assent of a
37 majority of the voting power of each class of Members of the Association.
38 After conversion of the Class B membership to Class A membership, the Board
39 shall not have the power to borrow money for the Association during any fiscal
40 year in excess of the aggregate sum of, nor to sell during any fiscal year
41 property of the Association having an aggregate fair market value greater than
42 five percent (5%) of the budgeted gross expenses of the Association for that
43 fiscal year without the vote or written consent of (i) a majority of the total
44 voting power of the Association and (ii) a majority of the total voting power
45 of the Members other than the Declarant.
46

47 8.6. MONETARY OBLIGATIONS.

48
49 Provided the areas herein apply to this Project, the Board shall have
50 the following powers and duties:

51 (a) To pay all charges for water, electricity, gas, CATV and other
52
53

1 utility services for the Common Area and, to the extent not separately metered
2 or charged, for each Living Area; and,

3
4 (b) To pay any taxes and governmental special assessments which
5 are or could become a lien on the common area or any portion thereof.

6
7 (c) To fix, levy, collect and enforce assessments as set forth in
8 the Declaration.

9
10 8.7. CONTRACTS.

11 The Board, with the appropriate assent, shall have the following
12 powers and duties:

13
14 (a) To contract and pay for fire, casualty, liability, fidelity
15 and other insurance adequately insuring the Association and Owners with respect
16 to the Common Area and the affairs of the Association, which shall include
17 bonding of the Members of any management body. Any provision to the contrary
18 herein notwithstanding, so long as FNMA or FHLMC holds a Mortgage on a Condo-
19 minium or owns a Condominium, the Association shall continuously maintain in
20 effect such casualty and liability insurance and fidelity bond, meeting all
21 requirements and containing such coverage and endorsements as may be required
22 from time to time by FNMA or FHLMC. Such casualty insurance shall include, but
23 not be limited to, a master or blanket policy with full replacement cost
24 coverage and an agreed value endorsement. Whether or not FNMA or FHLMC holds
25 any Mortgage, fidelity insurance shall be in the form of a bond, naming the
26 Association as obligee, written in an amount equal to at least the estimated
27 maximum of funds, including reserves in the custody of the Association or the
28 management agent at any given time during the term of the fidelity bond, to
29 protect against misuse and misappropriation of Association property by Members
30 of the Board, officers and employees of the Association, any administrator and
31 any management agent and his employees whether or not any such persons are
32 compensated for their services. However, the bond should not be less than a
33 sum equal to three (3) months aggregate assessments on all Condominiums plus
34 reserve ^funds; and,

35
36 (b) To contract and pay for goods and services relating to the
37 Common Area, and to employ personnel necessary for the operation and
38 maintenance of the same, including legal and accounting services; Anything
39 herein to the contrary notwithstanding:

40
41 (1) That the term of any contract with a third person for
42 supplying goods or services to the Common Area or for the Association shall not
43 exceed a term of one (1) year unless a longer term is approved by a majority of
44 the voting power of each class of Members of the Association, or after conver-
45 sion of the Class B membership to Class A membership, unless such longer term
46 is approved by (i) a majority of the total voting power of the Association and
47 (ii) a majority of the total voting power of the Members other than the
48 Declarant, with the following exceptions:

49
50 (A) A contract with a public utility company for
51

1 materials or services the rates for which are regulated by the Public Utilities
2 Commission may exceed a term of one (1) year so long as it does not exceed the
3 shortest term for which the public utility contracts at the regulated rate;

4
5 (B) A contract for prepaid casualty and/or liability
6 insurance policies may be for a term of not to exceed three (3) years, provided
7 that the policy permits short rate cancellation by the Association;

8
9 (C) Agreements for cable television services and
10 equipment or satellite dish television services and equipment of not to exceed
11 five (5) years duration, provided that the supplier is not an entity in which
12 the Declarant has a direct or indirect ownership interest of ten percent (10%)
13 or more.

14
15 (D) Agreements for sale or lease of burglar alarm
16 and fire alarm equipment, installation and service not to exceed five (5) years
17 duration, provided that the supplier or suppliers are not entities in which the
18 Declarant has a direct or indirect ownership interest of ten percent (10%) or
19 more.

20
21 (2) Any agreement for management of the Project, and any
22 other contract providing for services by the Declarant, shall be terminable for
23 cause upon thirty (30) days written notice, and without cause or payment of a
24 termination fee upon ninety (90) days, or fewer, written notice and shall have
25 a term of not more than one (1) year, renewable with the consent of the Asso-
26 ciation and the management agent.

27
28 (3) The Board shall not terminate professional management
29 or administration of the Project and assume self-management, when professional
30 management had been required previously by an Eligible Mortgage Holder, with-
31 the prior written approval of Mortgagees holding seventy-five percent (75%) or
32 more of the first Mortgages on Condominiums;

33
34 8.8. NOTIFICATION.

35
36 Provided that FNMA or FHLMC, or any Eligible Mortgage Holder or
37 Eligible Insurer have any mortgage secured by any part of the Project, the
38 Board shall have the following powers and duties:

39
40 (a) To provide any Eligible Mortgage Holder or Eligible Insurer,
41 after written request therefrom to the Association, identifying the name and
42 address of the holder, insurer or guarantor and the Condominium number or
43 address, with timely written notice of:

44
45 (1) Any condemnation loss or any casualty loss which
46 affects a material portion of the Project or any Condominium on which there is
47 a first Mortgage held, insured or guaranteed by such Eligible Mortgage Holder
48 or Eligible Insurer, as applicable.

49
50 (2) Any default in the performance by an Owner of any obli-
51 gation under the Project Documents not cured within sixty (60) days.

1
2 (3) Any lapse, cancellation or material modification of any
3 insurance policy or fidelity bond maintained by the Association.
4

5 (4) Any proposed action which would require the consent of
6 a specified percentage of Eligible Mortgage Holders as required in these Bylaws
7 or the Declaration.
8

9 (b) To give timely written notice to FHLMC (in care of the
10 servicers of FHLMC loans on Condominiums) of any loss to or taking of the
11 Common Area if such loss or taking exceeds \$10,000, and of any damage to a
12 Condominium if such damage exceeds \$1,000; provided FHLMC funds are secured by
13 any part of the Project.
14

15 (c) To give timely written notice to all Eligible Mortgage Holders
16 of any substantial damage to or destruction of any Condominium or any part of
17 the Common Area and, if any Condominium, or any portion thereof, or the Common
18 Area, or any portion thereof, is made the subject of any condemnation or
19 eminent domain proceeding or is otherwise sought to be acquired by a condemning
20 authority, to give timely written notice to all Eligible Mortgages Holders of
21 any such proceeding or proposed acquisition.
22

23 8.9. FINANCIAL REPORTS.

24
25 With regards to the financial reports for the Project, the Board
26 shall have the following powers and duties:
27

28 8.9.1. BUDGET.

29
30 To prepare or cause to be prepared a pro-forma operating
31 budget ("Budget") for the Association for the immediately ensuing and each
32 succeeding fiscal year of the Association, a copy of which shall be distributed
33 personally or by mail to each of the Members of the Association not fewer than
34 forty-five (45) days nor more than sixty (60) days prior to the beginning of
35 the fiscal year to which the budget relates. Said Budget shall contain an
36 estimate of revenue and expenses on an accrual basis.
37

38 8.9:2. FINANCIAL STATEMENT.

39
40 To cause a financial statement of the affairs of the
41 Association to be made and distributed to Members pursuant to Section 1365 of
42 the California Civil Code, as it may be amended from time to time, including:
43

44 (a) A balance sheet as of an accounting date which is the
45 last day of the month closest in time to six (6) months from the date of clos-
46 ing of the first sale of a Condominium in the Project, and an operating state-
47 ment for the period from the date of the first closing to the said accounting
48 date, shall be distributed within sixty (60) days after the accounting date.
49 This operating statement shall include a schedule of assessments received and
50 receivable identified by the numbers of the Condominiums and the name or names
51 of the Owners assessed.
52

1
2 (b) An annual report consisting of the following to be
3 distributed within one hundred twenty (120) days after close of the Association
4 fiscal year:

- 5
6 (1) A balance sheet as of the end of the fiscal
7 year.
8
9 (2) An operating (income & expense) statement for
10 the fiscal year.
11
12 (3) A statement of changes in financial position for
13 the fiscal year.
14
15 (4) Any information required to be reported under
16 Section 8322 of the California Corporations Code
17 or any amendment thereof.
18
19 (5) For any fiscal year in which the gross income to
20 the Association exceeds \$75,000.00, a review of
21 the annual report referred to in this Section
22 shall be prepared in accordance with generally
23 accepted accounting principles by a licensee of
24 the California State Board of Accountancy.
25

26 (c) If the annual report described above is not prepared by
27 an independent accountant, it shall be accompanied by the certificate of an
28 authorized officer of the Association that the statements were prepared without
29 audit or review from the books and records of the Association.
30

31 (d) In addition to financial statements, the governing body
32 shall annually distribute during the sixty (60) day period immediately
33 preceding the beginning of the Association's fiscal year, a statement of the
34 Association's policies and practices in enforcing its remedies against Members
35 for defaults in the payment of Regular and Special Assessments including the
36 recording and foreclosing of liens against Members' Condominiums.
37

38 8.9:3. RESERVE STUDY.
39

40 To prepare or cause to be prepared a reserve study for the
41 second and each succeeding fiscal year of the Association which shall provide
42 to the Members of the Association the following:
43

44 (a) The amount of the total cash reserves of the Associa-
45 tion currently available for replacement or major repair of common facilities
46 and for contingencies.
47

48 (b) An itemized estimate of the current replacement costs
49 of, the estimated remaining life of, and the methods of funding to defray the
50 future repair, replacement or additions to major components of the Common Areas
51 and facilities for which the Association is responsible.
52

1
2 (c) A general statement setting forth the procedures used
3 by the Board in the calculation and establishment of such reserves to defray
4 the costs of repair, replacement or additions to major components of the common
5 areas and facilities for which the Association is responsible.
6

7 A copy of the foregoing reserve study shall be distributed personally
8 or by mail to each of the Members of the Association not fewer than forty-five
9 (45) days nor more than sixty (60) days prior to the beginning of the fiscal
10 year to which the study relates.
11

12 8.9.4. BUDGET SUMMARY.
13

14 In lieu of the distribution of the Budget described in Section
15 8.9.1 above, the Board of Directors may elect to distribute a summary of said
16 Budget to all of the Association's Members with a "written notice" on the front
17 page of the Budget summary printed in at least 10-point bold type stating that
18 the Budget is available at the business office of the Association or at another
19 suitable location within the boundaries of the Community and that copies will
20 be provided upon request and at the expense of the Association. If any Member
21 requests a copy of the Budget to be mailed to the Member, the Association shall
22 provide the copy to the Member by first-class United States mail at the expense
23 of the Association and delivered within five days.
24

25 8.9.5. BOARD REVIEW OF FINANCIAL STATEMENTS.
26

27 To cause to be prepared and to review, on at least a quarterly
28 basis, the following financial statements of the Association:
29

- 30 (a) A current reconciliation of the operating accounts.
31
32 (b) A current reconciliation of the reserve accounts.
33
34 (c) The current year's actual reserve revenues and expenses
35 compared to the current year's budget.
36
37 (d) The latest account statement prepared by the financial
38 institutions where the Association has its operating
39 and reserve accounts.
40
41 (e) An income and expense statement for the operating and
42 reserve accounts.
43

44 8.10. ADDITIONAL POWERS AND DUTIES OF BOARD.
45

46 The Board shall have the following additional powers and duties:
47

48 8.10.1. DELEGATION.
49

50 To delegate any of its powers hereunder to others including
51 Committees, officers, employees, or agents. Such delegation may include the
52
53

1 ability to enter into any contract or to execute any instrument in the name and
2 on behalf of the Association, subject to all the limitations contained in the
3 Condominium documents. The authority delegated may be general or defined to
4 specific instances; and unless so authorized by the Board, no officer, agent
5 employee shall have any power or authority to bind the Association by any
6 contract or engagement or to pledge its credit or to render it liable for any
7 purpose or to any amount.

8
9 8.10.2. SUPERVISION.

10
11 To supervise, select and remove any or all officers, agents
12 and employees of the Association, and to prescribe such powers and duties for
13 them as may not be inconsistent with law, the Articles, these Bylaws or the
14 Declaration, and to see that their duties are properly performed, and, subject
15 to the provisions of the section entitled "Term of Office" herein; to fix their
16 compensation.

17
18 8.10.3. PROSECUTE; DEFEND.

19
20 To prosecute or defend, in the name of the Association, any
21 action affecting or relating to the Common Area or the property owned by the
22 Association, and any action in which all or substantially all of the Owners
23 have an interest.

24
25 8.10.4. APPOINTMENT OF TRUSTEE.

26
27 To appoint a Trustee to enforce assessment liens by power of
28 sale as provided in the Declaration and in Civil Code Section 1367.

29
30 8.10.5. CHANGE PRINCIPAL OFFICE.

31
32 To change the principal office for the transaction of the
33 business of the Association from one location to another within the same
34 county.

35
36 8.10.6. SELL PROPERTY.

37
38 To sell property owned by the Association for the benefit of
39 all of the Owners and their Mortgagees, as their respective interests may
40 appear, at such price and upon such terms as the Board may determine
41 reasonable, subject to the limitations contained in the section hereinbefore
42 entitled "Indebtedness; Sale of Property."

43
44 8.10.7. RECORDS.

45
46 To cause to be kept a complete record of all its acts and
47 affairs and to present a statement thereof to the Members at the annual meeting
48 of the Members, or at any special meeting when such statement is requested in
49 writing by one-fourth (1/4) of the Class A Members; and to keep adequate and
50 correct books and records of account, minutes of proceedings of its Members,
51 Board and committees, and a record of its Members giving their names and

1 addresses and classes of membership.

2
3 8.10.8. DUPLICATION OF BUILDING PLANS.

4 To provide written permission to duplicate the official copy
5 of Project building plans maintained by the building department.

6
7
8 8.10.9. GRANT EASEMENTS.

9 To grant easements under, through and over the Common Area
10 which are reasonably necessary to the ongoing development and operation of the
11 Project for, but not limited to, utilities, cable television, water and sewer
12 facilities.

13
14
15 8.10.10. OTHER POWERS.

16 In addition to any other power contained herein, the Associa-
17 tion may exercise the powers granted to a nonprofit mutual benefit corporation
18 as enumerated in Corporations Code Section 7140.

19
20
21 8.11. LIMITATIONS.

22 The Board of Directors of the Association shall be prohibited from
23 taking any action in violation of any provision in the Project Documents,
24 except with the vote or written consent of (i) a majority of the Members of
25 each Class A and Class B during the time the two-class voting structure is in
26 effect; or (ii) a majority of the Members of the Association including at least
27 fifty-one percent (51%) of Association Members other than Declarant after
28 conversion to a single Class A voting membership. In addition, the Board is
29 further prohibited from taking any action in violation of any State, County or
30 City statute, law, ordinance or regulation.

31
32
33
34 ARTICLE 9. - OFFICERS

35
36 9.1. OFFICERS.

37 The officers of the Association shall be a President, a Vice Presi-
38 dent, a Secretary and a Treasurer. The Association may also have, at the
39 discretion of the Board, one (1) or more assistant Secretaries, one (1) or more
40 assistant Treasurers and such other officers as may be appointed in accordance
41 with the provisions of the section hereinafter entitled "Subordinate Officers."
42 Officers other than the President need not be directors. One (1) person may
43 hold two (2) or more offices, except those of President and Secretary
44 simultaneously.

45
46
47 9.2. ELECTION.

48 The officers of the Association shall be chosen annually by the
49 Board, and each shall hold his office until he shall resign, or shall be
50 removed or otherwise disqualified to serve, or his successor shall be elected

1 and qualified.

2
3 9.3. SUBORDINATE OFFICERS.

4
5 The Board may appoint such other officers as the business of the
6 Association may require, each of whom shall hold office for such period, have
7 authority and perform such duties as are provided in these Bylaws or as the
8 Board may from time to time determine.

9
10 9.4. REMOVAL AND RESIGNATION.

11
12 Any officer may be removed, either with or without cause, by a
13 majority of the directors at the time in office, at any regular or special
14 meeting of the Board or, except in case of an officer chosen by the Board, by
15 any officer upon whom such power of removal may be conferred by the Board.

16
17 Any officer may resign at any time by giving written notice to the
18 Board or the President, or to the Secretary of the Association. Any such
19 resignation shall take effect at the date of the receipt of such notice or at
20 any later time specified therein; and, unless otherwise specified therein, the
21 acceptance of such resignation shall not be necessary to make it effective.

22
23 9.5. VACANCIES.

24
25 A vacancy in any office because of death, resignation, disquali-
26 fication or any other cause, other than a vacancy created by removal, may be
27 filled by appointment by the Board. A vacancy created by removal of a director
28 can be filled only by election of the Members. The officer so appointed shall
29 serve for the remainder of the term of the officer he or she replaces.

30
31 9.6. PRESIDENT.

32
33 The President shall be the chief executive officer of the Association
34 and shall, subject to the control of the Board, have general supervision,
35 direction and control of the business and officers of the Association. He
36 shall preside at all meetings of the Members and at all meetings of the Board.
37 He shall be, by virtue of his office, a Member of all committees, and shall
38 have the general powers and duties of management usually vested in the office
39 of President of a corporation, and shall have such other powers and duties as
40 may be prescribed by the Board or by these Bylaws. The President shall see
41 that orders and resolutions of the Board are carried out and shall sign all
42 leases, mortgages, deeds, written instruments and all evidences of indebted-
43 ness, including without limitation, promissory notes, checks, drafts or other
44 orders for payment of money, as provided in the section entitled "Checks,
45 Drafts, Etc." herein.

46
47 9.7. VICE PRESIDENT.

48
49 In the absence or disability of the president, the Vice President
50 shall perform all the duties of the President, and when so acting shall have
51 all powers of and be subject to all the restrictions upon the President. The

1 Vice President shall have such other powers and perform such other duties as
2 from time to time may be prescribed for him by the Board or by the Bylaws.

3
4 9.8. SECRETARY.

5
6 The Secretary shall keep, or cause to be kept, a book of minutes at
7 the principal office or such other place as the Board may order of all meetings
8 of directors and Members, with the time and place of holding, whether regular
9 or special and if special how authorized, the notice thereof given, the names
10 of those present at the directors' meetings, the number of Member present or
11 represented at a meeting of Members meetings and the proceedings thereof.

12
13 The Secretary shall give, or cause to be given, notice of all the
14 meetings of the Members and of the Board required by the Bylaws or by law to be
15 given, and he shall keep other powers and perform such other duties as may be
16 prescribed by the Board or the Bylaws.

17
18 9.9. TREASURER.

19
20 The Treasurer shall keep and maintain, or cause to be kept and
21 maintained, adequate and correct accounts of the properties and business trans-
22 action of the Association, including account of its assets, liabilities,
23 receipts, disbursements, gains, losses, capital and surplus. The books of
24 account shall at all reasonable times be open to inspection and copying by any
25 Director or his duly authorized representative.

26
27 The Treasurer shall sign all evidences of indebtedness, including
28 without limitation, promissory notes, checks, drafts or other orders for pay-
29 ment of money, as provided in the section entitled "Checks, Drafts, Etc."
30 herein, and shall deposit all moneys and other valuables in the name, and to
31 the credit, of the Association with such depositories as may be designated by
32 the Board. He shall disburse the funds of the Association as may be directed
33 by resolution of the Board, shall render to the President and directors,
34 whenever they request it, an account of all of his transactions as Treasurer
35 and of the financial condition of the Association, and shall have such other
36 powers and perform such other duties as may be prescribed by the Board or the
37 Bylaws.

38
39 The duties of the Treasurer relating to the collection and disburse-
40 ment of Association funds herein may be performed by a management company or
41 such other agent as may be approved by the Board.

42
43
44 ARTICLE 10. - MISCELLANEOUS

45
46 10.1. CHECKS, DRAFTS, ETC.

47
48 All checks, drafts or other orders for payment of money, notes or
49 other evidences of indebtedness, issued in the name of or payable to the
50 Association, shall be signed or endorsed by the President and Treasurer of the
51 Association, or by such person or persons and in such manner as from time to
52

1 time shall be determined by resolution of the Board pursuant to the subsection
2 entitled "Other Powers" within the section herein entitled "Additional Powers
3 and Duties of Board".
4

5 The foregoing notwithstanding, the signature of at least two (2)
6 persons who shall be Members of the Board or, one (1) officer who is not a
7 Member of the Board and a Member of the Board, shall be required for the
8 withdrawal of moneys from the Association's reserve accounts.
9

10 As used in this Article, "reserve accounts" means moneys that the
11 Board has identified from its annual budget for use to defray the future repair
12 or replacement of, or additions to, those Common Area components of the Project
13 which the Association is obligated to maintain pursuant to the section entitled
14 "Management and Control" herein.
15

16 10.2. FISCAL YEAR.

17
18 The fiscal year of the Association shall begin on the 1st day of June
19 and end on the 31st day of May of each year, except that the first fiscal year
20 shall begin on the date of incorporation of the Association. However, the
21 fiscal year of the Association is subject to change from time to time as the
22 Board shall determine.
23

24 10.3. INSPECTION OF BOOKS AND RECORDS.

25
26 The Association shall keep in its principal office for the transac-
27 tion of business, or at such other place within the Project as the Board shall
28 prescribe, the original or a copy, including any amendments, of the Bylaws
29 certified by the Secretary, the Declaration, Articles of Incorporation, Rules
30 and Regulations, a membership register which shall include the members' mailing
31 address and telephone numbers, books of account and copies of minutes of all
32 Membership, Board and Committee meetings, all of which shall be made available
33 for inspection and copying by any Member of the Association, or by any Member's
34 duly appointed representative and by all first Mortgagees, at any reasonable
35 time and for a purpose reasonably related to his interest as a Member or
36 Mortgagee. The Board shall establish reasonable rules with respect to:
37

- 38 (a) Notice to be given to the custodian of the records by the
39 Member or Mortgagee desiring to make the inspection
- 40
- 41 (b) Hours and days of the week when such an inspection may be made
- 42
- 43 (c) Payment of the costs of reproducing copies of documents
44 requested
- 45

46 Every Director shall have the absolute right at any reasonable time
47 to inspect all books, records and documents of the Association and the Common
48 Area. The right of inspection by a Director shall include the right at his
49 expense to make extracts and copies of documents.
50

51 10.4. REQUEST FOR COPIES OF REPORTS.

1
2 Upon written request from an Owner or his duly authorized representa-
3 tive, the Association shall, within ten (10) days of the mailing or delivery of
4 the request, provide the Owner of a Condominium with:
5

6 (a) A copy of the Declaration, Bylaws, Articles of Incorporation
7 and Rules & Regulations, if any.
8

9 (b) A copy of the most recent financial reports, as called for in
10 the section entitle "Financial Reports" herein.
11

12 (c) A statement in writing from an authorized representative of
13 the Association as to the amount of any assessments levied upon the Owner's
14 interest in his Condominium which are unpaid on the date of the Statement. The
15 statement shall also include true information on late charges, interest and
16 costs of collection which, as of the date of the statement, are or may be made
17 a lien upon the Owner's interest in the Project pursuant to California Civil
18 Code Section 1367, or any successor statute or law. A properly executed
19 certificate of the Association as to the status of assessments on a Condominium
20 is binding upon the Association as of the date of its issuance.
21

22 The Association may charge a fee for this service, which shall not
23 exceed the reasonable costs to prepare and reproduce the requested items.
24

25
26 ARTICLE 11. - AMENDMENTS
27

28 Except as may otherwise be stated in these Bylaws, during the period
29 of time prior to conversion of the Class B membership in the Association to
30 Class A membership, new Bylaws may be adopted or these Bylaws may be amended or
31 repealed by the vote of the Members entitled to exercise a majority or more of
32 the voting power of each class of Members of the Association or by the written
33 assent of such Members. After conversion of the Class B membership to Class A
34 membership in the Association, these Bylaws may be amended or repealed by the
35 vote of Members entitled to exercise (i) a majority of the voting power of the
36 Association, and (ii) at least a majority of the voting power of the Members of
37 the Association other than Declarant. However, the percentage of voting power
38 necessary to amend a specific clause or provision shall not be less than the
39 prescribed percentage of affirmative votes required for action to be taken
40 under that clause. Anything herein stated to the contrary notwithstanding, no
41 "material amendment" (as more fully set forth in the section of the Declaration
42 entitled "Amendments") may be made to these Bylaws without the prior written
43 consent of Eligible Mortgage Holders who represent at least fifty-one percent
44 (51%) of the votes of Units which are subject to mortgages held by such
45 Eligible Mortgage Holders; provided further, that so long as there remains a
46 Class B membership in the Association.
47

48 An addition or amendment to this document shall not be considered
49 material if it is for the purpose of correcting technical errors, or for
50 clarification only.
51

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2
3
4
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8

^Any Eligible Mortgage Holder or Eligible Insurer, who receives a written request to consent to additions or amendments requiring consent under this provision who does not deliver or post to the requesting party a negative response within thirty (30) days after such receipt shall be deemed to have consented to such request, provided that notice was delivered by certified or registered mail, with a "return receipt" requested.

9
10
11
12