

**FIRST AMENDED AND
RESTATED BYLAWS OF
APTOS KNOLL
MOBILEHOME OWNERS
ASSOCIATION**

TABLE OF CONTENTS

| | |
|---|----|
| ARTICLE 1: NAME AND GENERAL POWERS | 1 |
| 1.1 Name and Location | 1 |
| 1.2 General Powers | 1 |
| 1.3 No Application of Davis-Stirling Common Interest Development Act..... | 1 |
| 1.4 Association Powers | 1 |
| 1.5 Association Duties | 3 |
| ARTICLE 2: MEMBERSHIP QUALIFICATIONS, TRANSFERS, MORTGAGES, MEMBER DISCIPLINE, DISPUTE RESOLUTION, TERMINATION & RENTALS | 7 |
| 2.1 Age-Restricted Community..... | 7 |
| 2.2 Membership Qualifications | 7 |
| 2.3 Application Procedure | 8 |
| 2.4 Membership; Occupancy Agreement; Membership Certificate..... | 8 |
| 2.5 Lost Membership Certificates | 8 |
| 2.6 Transfer of Membership | 8 |
| 2.7 Member Discipline | 11 |
| 2.8 Notice and Hearing | 12 |
| 2.9 Suspension of Voting Rights | 14 |
| 2.10 Fines and Penalties | 14 |
| 2.11 Termination of Membership and Tenancy of Space..... | 14 |
| 2.12 Payments Due From Terminated Member | 15 |
| 2.13 Enforcement Action Against Terminated Member..... | 15 |
| 2.14 Dispute Resolution | 15 |
| 2.15 Right to Mortgage or Encumber | 17 |
| 2.16 Rental of Spaces; Existing Rentals | 18 |
| ARTICLE 3: MEMBERSHIP MEETINGS, VOTING RIGHTS & PROCEDURES | 18 |
| 3.1 Voting Rights of Members | 18 |
| 3.2 Annual Membership Meeting; Call for Nominations | 19 |
| 3.3 Special Membership Meeting | 19 |
| 3.4 Notice to Members of Membership Meetings and Board Meetings | 19 |
| 3.5 Membership Quorum..... | 21 |
| 3.6 Parliamentary Procedure and Rules of Decorum..... | 21 |
| 3.7 Record Date..... | 21 |
| 3.8 Eligibility to Vote; Member in Good Standing | 21 |
| 3.9 Voting Procedures; Majority Vote | 21 |
| 3.10 Mandatory 14-Day Balloting Votes | 21 |
| 3.11 Secret Written Balloting Requirements | 21 |
| 3.12 Use of Election Committee | 22 |
| 3.13 Balloting Materials | 22 |
| 3.14 Receipt of Ballots Satisfies Membership Quorum Requirement | 23 |
| 3.15 Ballots are Irrevocable | 23 |
| 3.16 Counting Ballots at Open Meeting..... | 23 |
| 3.17 Member Attendance at Open Meeting | 23 |
| 3.18 Certification of Results..... | 23 |
| 3.19 Storage of Ballots before Tabulation | 23 |
| 3.20 Storage of Ballots after Tabulation | 23 |
| 3.21 Record Results in Board Minutes | 23 |
| 3.22 Notice to Members of Results | 23 |
| 3.23 Proxy Voting | 24 |
| 3.24 Cumulative Voting | 24 |
| 3.25 Membership Voting Topics; Association Rules | 24 |
| ARTICLE 4: BOARD OF DIRECTORS & BOARD MEETINGS..... | 24 |
| 4.1 Governing Body | 24 |
| 4.2 Powers and Duties of Board..... | 24 |
| 4.3 Association Books and Records..... | 25 |

| | |
|---|----|
| 4.4 Board Meeting Minutes..... | 25 |
| 4.5 Filing of Tax-Exempt Papers | 25 |
| 4.6 Director Qualifications | 25 |
| 4.7 Term of Office..... | 26 |
| 4.8 Nomination Procedures | 26 |
| 4.9 Election by Acclamation | 26 |
| 4.10 Regular Board Meetings..... | 26 |
| 4.11 Special Board Meetings..... | 26 |
| 4.12 Emergency Board Meetings | 26 |
| 4.13 Notice to Directors of Board Meetings..... | 27 |
| 4.14 Board Quorum | 27 |
| 4.15 Director Participation in Board Meetings | 27 |
| 4.16 Member Participation in Board Meetings | 28 |
| 4.17 Executive Session | 28 |
| 4.18 Director Seat Vacancies; Resignation of Director; Appointment of Replacement | 28 |
| 4.19 Removal of Director; Election of Replacement..... | 28 |
| 4.20 Removal of Director for Cause; Appointment of Replacement | 28 |
| 4.21 Board Officers..... | 29 |
| 4.22 Officer Obligations Related to Legal Documents; Bank Accounts | 29 |
| 4.23 No Director Compensation | 29 |
| ARTICLE 5: INDEMNIFICATION OF DIRECTORS, OFFICERS, AND AGENTS..... | 30 |
| 5.1 Indemnity Generally..... | 30 |
| 5.2 Board Approval..... | 30 |
| 5.3 Advancement of Costs | 30 |
| ARTICLE 6: COMMITTEES | 30 |
| 6.1 Committees..... | 30 |
| 6.2 Restrictions on All Committees..... | 31 |
| 6.3 Notice of Committee Meetings | 31 |
| ARTICLE 7: ASSESSMENTS | 31 |
| 7.1 Purpose of Assessments | 31 |
| 7.2 Covenant to Pay | 31 |
| 7.3 No Offsets or Avoidance of Assessment Obligation..... | 31 |
| 7.4 Personal Obligation | 31 |
| 7.5 Establishment of Assessment Lien | 32 |
| 7.6 Regular Assessments..... | 32 |
| 7.7 Special Assessments | 33 |
| 7.8 Individual Special Assessments | 33 |
| 7.9 Assessment Fund Accounts | 34 |
| 7.10 Allocation of Property Taxes; Other Taxes..... | 34 |
| 7.11 Collection of Delinquent Assessments | 35 |
| 7.12 Priority of Lien..... | 36 |
| 7.13 Association Rights after Transfer of Foreclosed or Sold Space..... | 37 |
| 7.14 Waiver of Homestead Exemption | 37 |
| ARTICLE 8: MISCELLANEOUS PROVISIONS, INCLUDING CONDEMNATION, AMENDMENT..... | 37 |
| 8.1 Amendment | 37 |
| 8.2 Condemnation | 37 |
| 8.3 Conflicting Provisions | 38 |
| 8.4 Gender, Number, and Headings..... | 38 |
| 8.5 Severability | 38 |
| 8.6 Superseding Statutes | 38 |

FIRST AMENDED AND RESTATED
BYLAWS OF
APTOS KNOLL MOBILEHOME OWNERS ASSOCIATION

A Common Interest Development

These First Amended and Restated Bylaws of APTOS KNOLL MOBILEHOME OWNERS ASSOCIATION (“**Association**”) supersede and replace in their entirety all prior versions and iterations of documents entitled or purported to be Association Bylaws (collectively, “**Original Bylaws**”).

ARTICLE 1 NAME AND GENERAL POWERS

- 1.1 Name and Location. The name of this California nonprofit mutual benefit corporation, its successors and assigns, is APTOS KNOLL MOBILEHOME OWNERS ASSOCIATION. The principal office of the Association shall be located in the County of Santa Cruz, State of California.
- 1.2 General Powers. The Association holds fee simple title to all of the real property located at 600 Trout Gulch Road, Aptos, California 95003 (“**Park**”). The Association has the general power to do any and all things that a nonprofit mutual benefit corporation organized under the laws of the State of California may lawfully do for the benefit of its members (“**Members**”), specifically including any and all lawful actions which may be authorized, required, or permitted to be done pursuant to the Association’s articles of incorporation (“**Articles**”), these bylaws (“**Bylaws**”), the Association’s occupancy agreement (“**Occupancy Agreement**”), and all duly adopted operating rules (“**Association Rules**”), or which may be necessary and proper for, or incidental to, the exercise of any of the express powers of the Association, or for the peace, health, comfort, safety or general welfare of the Members. Collectively, the Articles, Bylaws, Occupancy Agreement and Association Rules are referred to as “**Governing Documents**.”
- 1.3 No Application of Davis-Stirling Common Interest Development Act. These Bylaws shall not be interpreted to establish a common interest development subject to California *Civil Code* Section 1350 *et seq.* (or any successor statute), and the Park shall not be subject to the Davis-Stirling Common Interest Development Act.
- 1.4 Association Powers. The Association’s specific powers, which are to be exercised by the Board of Directors (“**Board**”), include the following:
 - a. Levy and Collect Assessments. The Board shall establish, fix, and levy Assessments and collect and enforce payment of such Assessments in accordance with the provisions of Article 7, below.
 - b. Discipline Members. In addition to all other enforcement rights held by the Board and described elsewhere in the Governing Documents or as authorized by law, the Board may take any of the following actions

against a Member whose action, or failure to act, violates or threatens to violate any provision of the Governing Documents: (i) impose monetary fines or penalties, including late fees and interest; (ii) suspend a Member's voting rights as a Member of the Association; (iii) commence legal or equitable action for damages, injunctive relief, or both; and/or (iv) terminate a Member's Membership and occupancy rights. The Association's enforcement rights are described more fully in Article 2, below.

- c. Delegate Duties. The Board may delegate any of the Association's powers or duties to its employees, agents (such as a professional management agent, accountant, or legal counsel), or committees, except for the following duties, which are non-delegable:
 - (i) Deciding whether or not to commence alternative dispute resolution (mediation or arbitration);
 - (ii) Deciding whether or not to commence litigation;
 - (iii) Deciding whether or not to record a lien on a Space, as such term is defined in Section 2.4;
 - (iv) Deciding whether or not to foreclose a lien on a Space, as such term is defined in Section 2.4;
 - (v) Fixing the amount, and levying, of Assessments;
 - (vi) Imposing discipline on a Member.
- d. Borrow Funds. To the extent permitted by the mortgage held by the Association encumbering the Park, the Board may borrow money for the improvement or maintenance of the Park and may hypothecate any or all real or personal property owned by the Association, including pledging as collateral any Assessment liens collected; provided, however, that the Association may not borrow money or hypothecate any real or personal property totaling more than five percent (5%) of the fiscal year's budgeted gross expenses, unless the Association first obtains the affirmative vote of at least sixty-seven percent (67%) of the Members, in an election conducted using secret ballots.
- e. Determine Membership Qualification. The Board shall have the power to determine whether or not a person seeking to occupy a Space (as such term is defined in Section 2.4) within the Park meets the Membership criteria outlined in Section 2.2, below, and in connection with such determination, the Board shall have the power to revise the Application form, from time to time, in the good faith discretion and judgment of the Board.
- f. Terminate Membership and Right of Occupancy. The Board shall have the power, as described in detail in Sections 2.11, 2.12, and 2.13, below, to terminate a Member's Membership and tenancy of a Space (as such

term is defined in Section 2.4); repossess the Space through any legal means; and collect all unpaid amounts owed to the Association through any legal means.

- g. Enforce the Governing Documents. The Board shall have the power to enforce the provisions of the Governing Documents in any manner provided by law or equity. The Board has no power to cause a forfeiture or abridgement of a Member's right to the full use and enjoyment of that Member's mobile home or manufactured home situated within the Park ("**Residence**"), including access thereto, due to the Member's failure to comply with the provisions of the Governing Documents unless the loss or forfeiture is the result of an order of a court or an order pursuant to a final and binding arbitration decision.
 - h. Right of Entry. If a Member fails to maintain his/her/their Space (as such term is defined in Section 2.4) and/or Residence in accordance with the Governing Documents, the Board shall have the power to enter the Space and/or Residence and have the Association, or its agent or representative, perform such maintenance, after providing the Member with Notice and Hearing (as defined in Section 2.8, below), unless an emergency exists, in which case Notice and Hearing is not required and entry shall be permitted even if the Member is not present. The Association shall levy an Individual Special Assessment against the Member for the costs of such maintenance work. Except in an emergency, the Association must give at least seventy-two (72) hours' advance written or verbal notice of the dates and times such maintenance is to be performed.
 - i. Enter into Contracts. The Board shall have the power to enter into third party contracts for goods and services for the benefit of the Association.
 - j. Elect Board Officers; Fill Vacancies. Consistent with the provisions of these Bylaws, the Board shall have the power to (i) elect Officers of the Board; (ii) appoint replacement Directors to fill vacancies on the Board created by the resignation or other departure of a Director, as provided in Sections 4.20 and 4.22, below; provided, however, that the Board shall not have the power to appoint a replacement Director for a Director removed from office, as described in Section 4.21, below.
- 1.5 Association Duties. In addition to all other Association duties and obligations described in the Governing Documents, the Association shall have also the following duties and obligations:
- a. Pay Operating Costs and Maintain Reserve Funding. The Board is obligated to ensure that all Park operating costs, including but not limited to, operating and management expenses, taxes, insurance, utility fees for water and trash collection serving both Residences and the Common Area, and utility fees for electricity and gas services serving only the Common Area are paid. The Board is also obligated to ensure adequate reserve funding to repair, replace, restore and/or maintain the Major Components, as such term is defined in Section 1.5(c)(ii), below. The

payment of such operating expenses and collection of reserve monies are accomplished through the levying and collection of Regular Assessments and Special Assessments, as described in Article 7, below. “**Common Area**” means the entirety of the Park, excluding only Residences and those portions or elements of Spaces for which Members are solely responsible for maintaining.

- b. Obtain and Maintain Insurance. The Board shall make every reasonable effort to obtain and maintain the following types of insurance policies for the Park: (1) property insurance; (2) general liability insurance; (3) Directors and officers’ insurance for errors and omissions; (4) worker’s compensation coverage; (5) fidelity bond; and (6) other types of insurance as the Board determines is appropriate. The Board shall annually review the adequacy of said insurance policies and shall adjust the policies to provide coverage and protection that is customarily carried by prudent owners of similar property in the area in which the Park is situated in the Board’s good faith judgment.
- (i) Property Insurance. The Association shall maintain an “All-Risk” or Special Form policy of property insurance, including fire and extended coverage, insuring the full replacement value (excluding depreciation, land, foundations, excavation and other items normally excluded from coverage) of all insurable Park Improvements. “**Improvements**” mean everything constructed, installed or planted within the Park, excluding the Residences, but including without limitation, buildings, streets, fences, walls, paving, pipes, wires, grading, landscaping and other works of improvement as defined in California *Civil Code* Section 3106.
- (ii) Liability Insurance. The Association shall maintain a combined single limit policy of liability insurance for no less than Two Million Dollars (\$2,000,000.00) covering all damage or injury occurring within the Park (excluding Residences) that is the result of the negligence of (A) the Association, (B) the Board or any of its agents or (C) any Member. This policy shall insure the Association, Board, and Members against any liability to the public or to any Member incident to the use of, or resulting from, any accident or intentional or unintentional act occurring in or about the Park (excluding Residences).
- (iii) Directors and Officers’ Insurance for Errors and Omissions. To the extent such insurance is available, the Association shall maintain insurance in an amount up to One Million Dollars (\$1,000,000.00) on behalf of any Director, officer, or Member of a committee of the Association (collectively, “**Agents**”) against any liability asserted against or incurred by the Agent in such capacity or arising out of the Agent’s status as such, regardless of whether the Association would have the power to indemnify the Agent against such liability under applicable law.

- (iv) Worker's Compensation. The Association shall maintain worker's compensation insurance to the extent required to comply with applicable State laws and/or the regulations of any governmental entity having jurisdiction over the Park.
- (v) Fidelity Bond. The Association shall maintain a fidelity bond naming the Board, the Members, the Association, and any other obligees named by the Board, in an amount equal to at least one-quarter ($\frac{1}{4}$) of the total sum budgeted for the current fiscal year's (A) current operating account and (B) reserve account. The fidelity bond shall contain a waiver of any defense based on the exclusion of persons serving without compensation.
- (vi) General Provisions for All Association Insurance Policies. To the greatest extent possible, the Board shall insure that each insurance policy provides for the following:
 - (A) A waiver of subrogation by the insurer as to any claims against the Board, Association management company (if one), the Member and Members' Invitees (as such term is defined in Section 2.8);
 - (B) A waiver by the insurer of its right to repair and reconstruct instead of paying cash;
 - (C) That no policy may be cancelled, invalidated, or suspended on account of any Member's act or omission;
 - (D) That no policy may be cancelled, invalidated, or suspended on account of any act or omission by the Association or any of its employees or contractors, by any Board member, or by the Association management company (if one) without the prior written notice of the insurer (1) identifying the default and (2) permitting a reasonable amount of time to cure by the Association;
 - (E) That no policy may be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association;
 - (F) An agreed amount of endorsement, if the policy contains a co-insurance clause;
 - (G) A guaranteed replacement cost or replacement cost endorsement; and
 - (H) An inflation guard endorsement.

- c. Prepare and Distribute Annual Notices, Budgets, and Reports.
- (i) Pro-Forma Operating Budget. The Board shall prepare, or cause to be prepared, a pro-forma operating budget (“**Budget**”) for each fiscal year at least fifteen (15) days before the beginning of the fiscal year, estimating the common expenses for the upcoming fiscal year, including additions to any reserve fund established to defray the costs of future repairs, replacement, restoration, or additions to the Park. The Budget shall include:
 - (A) Revenues and Expenses. Estimated Association revenue and expenses, calculated on an accrual basis.
 - (B) Outstanding Loans. A statement as to whether the Association has any outstanding loan with an original term of more than one (1) year, including the interest rate, outstanding principal, annual payment, and when the loan is expected to be paid off in full.
 - (C) Reserve Fund Budget. A budget of the Association’s reserve funding intended for the repair, replacement, and restoration of Park Improvements, and a description of the procedure used by the Board for the calculation and establishment of reserves.
 - (ii) Prepare and Review Reserve Study. At least once every three (3) years, the Board shall prepare, or cause to be prepared, a reasonably competent and diligent visual inspection of the accessible areas of the Major Components as part of a study of reserve funding requirements (“**Reserve Study**”). At a minimum, the Reserve Study shall include: (A) the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component with a useful life of less than thirty (30) years which the Association is obligated to maintain (collectively, “**Major Components**”); (B) the current estimate of the amount of cash reserves necessary to repair, replace, restore and/or maintain the Major Components; (C) an estimate of the total annual contribution necessary to defray the cost to maintain the Major Components after subtracting the reserve funds as of the date of the Reserve Study; and (D) the current amount of accumulated cash reserves actually set aside to repair, replace, restore and/or maintain the Major Components. The Board shall annually review, or cause to be reviewed, the Reserve Study and adjust the Association’s reserve funding accordingly.
 - (iii) Review Financial Statements. The Board shall prepare, or cause to be prepared, a review of the Association’s financial statement, prepared in accordance with generally accepted accounting principles (“**GAAP**”) by a licensee of the California Board of Accountancy for each fiscal year. The Board shall review the

Association's financial statements at least once every three (3) months.

- (iv) Provide Notice of Right to Receive Annual Report. The Association shall prepare, or cause to be prepared, an annual report, and shall distribute to all Members a notice regarding the availability of the Association's annual report and Members' right to request a complete copy of said report, consistent with California *Corporations Code* Section 8321.

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| ARTICLE 2 MEMBRSHIP QUALIFICATIONS, TRANSFERS, MORTGAGES, MEMBER DISCIPLINE, DISPUTE RESOLUTION, TERMINATION, & RENTALS |
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- 2.1 Age-Restricted Community: Ongoing Age Verification Procedure. The Park is an age-restricted community that offers housing to persons fifty-five (55) years of age and older, and, consistent with the provisions of the federal Fair Housing Act and the California Civil Rights Act, the Park is exempt from the familial status housing protection found therein. Consistent with the provisions of the federal Fair Housing Act [42 U.S.C. §3607(b)] and the California Civil Rights Act [*Civil Code* §51 et seq.], the Association shall screen all prospective Members to determine their ages and shall regularly verify the ages of all residents within the Park by inspecting at least one of the following documents: (a) State driver's license or identity card, (b) birth certificate, or (c) passport. The Association shall maintain records indicating when such verification procedures are conducted and shall securely store copies of verification records.
- 2.2 Membership Qualifications. Members may only be natural persons, or revocable living trusts established by natural, living persons; provided that all of the following conditions are met:
 - a. The Board determines that the prospective Member has the financial capacity to pay Regular Assessments, Special Assessments, and, as applicable, Individual Special Assessments. Financial ability shall be determined by reviewing the prospective Member's payment history for past housing.
 - b. The prospective Member agrees to comply with the terms and conditions of the Governing Documents.
 - c. The prospective Member shall be the registered Member of the Residence situated within a specific Space (as such term is defined in Section 2.4) in the Park.
 - d. The prospective Member shall occupy the Residence as his/her/their primary residence.
 - e. The prospective Member shall be at least fifty-five (55) years of age and such person must reside on a full-time, permanent basis at the Residence in the Park, consistent with the requirements of the federal Fair Housing Act and California Civil Rights Act, and related regulations, including all

subsequent amendments thereto. The prospective Member may reside with one (1) other person, who must be at least forty-five (45) years of age. In addition, the prospective Member may reside with a qualified health care resident, as such term is defined in *California Civil Code* Section 51.3(b)(7).

- 2.3 Application Procedure. The Board shall conduct a personal interview of each prospective Member and review the application for Membership (“**Application**”) submitted by the prospective Member to determine if the prospective Member meets all of the criteria set forth in Section 2.2, above. Within thirty (30) days of receipt of the Application, the Board shall act on the Application by providing the prospective Member written notice of the acceptance or rejection of his/her/their Application. If the Application is rejected, the written notice shall also include the reason(s) for the rejection. The Application form may be revised from time to time, in the good faith discretion and judgment of the Board.
- 2.4 Membership; Occupancy Agreement; Membership Certificate. If a prospective Member meets the criteria set forth in Section 2.2, above, and is approved by the Board, said prospective Member shall be required to (a) enter into the proscribed Occupancy Agreement with the Association, and (b) commence payment of Assessments. Upon execution of the Occupancy Agreement and commencement of payment of Assessments, the Association shall then issue a Membership certificate (“**Membership Certificate**”) and said prospective Member shall officially be a Member of the Association. The Occupancy Agreement shall designate that the Member has the exclusive right to occupy and use a particular space (“**Space**”) within the Park, subject to the provisions of the Governing Documents. Each Membership Certificate shall be signed by the Board President or Vice President, and the Secretary. Membership Certificates shall be consecutively numbered and a copy shall be retained in the Association’s records. The Membership Certificate shall indicate, at a minimum, all of the following:
- a. The Association is organized under the laws of the State of California;
 - b. The name of the Member(s) who is the registered holder of the Space;
and
 - c. The Member’s occupancy is subject to the Governing Documents.
- 2.5 Lost Membership Certificates. The Board may issue a replacement Membership Certificate where a Member alleges that his/her/their original Membership Certificate has been destroyed or lost; provided, however, that the Member shall first sign, and have notarized, an affidavit stating that the original Membership Certificate is lost or destroyed. The Association shall retain a copy of such notarized, signed affidavit in its records.
- 2.6 Transfer of Membership. Except as provided in this Section, Membership shall not be transferable and, in no event shall any Membership be transferred within ten (10) days prior to the Annual Membership Meeting (as such term is defined in Section 3.2). A Membership may be sold or transferred by the Association or by a Member only to a person, or persons, who meets the Membership

qualifications and has been duly approved by the Board consistent with Section 2.2, above.

- a. Option of Association to Purchase Membership. If the Member desires to leave the Park and sell his/her Membership, he/she/they shall notify the Association in writing of such intention and the Association shall have an option for a period of 30 (thirty) days, commencing with the first day of the month following the receipt of such notice by the Association, but not the obligation, to purchase the Membership, together with all of the Member's rights with respect to occupancy of a Space, at an amount no greater than that provided in subsection (d) of this Section, less any amounts due by the Member to the Association under the Governing Documents, and less the cost or estimated cost of all deferred maintenance, repairs, and replacements as are deemed necessary by the Association to restore, repair, or otherwise modify the Space so that it is in a suitable condition for another occupant. Should the Association decide to exercise its option to purchase the Membership within the thirty (30) day period, the transfer of the Membership to the Association shall be effective upon the termination of the departing Member's obligations to the Association under the terms of the Governing Documents; provided, however, that the departing Member has paid all amounts due to the Association. A departing Member shall not be released from the Occupancy Agreement until full payment of all amounts due to the Association are paid. Notwithstanding the foregoing sentence, the purchase by the Association of the Membership will immediately terminate the departing Member's rights and the departing Member shall vacate his/her/their Space. The Association shall then be obligated to sell the Membership to a person, or persons, who meets the Membership qualifications and has been duly approved by the Board consistent with Section 2.2, above.

- b. Association Does Not Purchase Membership. If the Association does not exercise its option to purchase the Membership, or expressly waives such right in writing, the Member may sell his/her/their Membership to any person who meets the Membership qualifications and has been duly approved by the Board consistent with Section 2.2, above. If the Association agrees, at the request of the Member, to assist the Member in finding a purchaser, the Association shall be entitled to a reasonable fee to compensate for such service. When the transferee (prospective buyer) has been approved for Membership and has executed the proscribed Occupancy Agreement, the departing Member shall be released of his/her/their obligations under his/her/their Occupancy Agreement; provided, however, that the departing Member has paid all amounts due to the Association. A departing Member shall not be released from the Occupancy Agreement until full payment of all amounts due to the Association pursuant to the Governing Documents are paid. Notwithstanding the foregoing sentence, the purchase by an approved transferee of the Membership will immediately terminate the departing Member's rights and the departing Member shall vacate his/her/their Space.

- c. Death of a Member. Upon the death of a Member and during the probate administration of his/her estate, the voting rights and other rights of the deceased Member's estate to participate in the affairs of the Association shall be suspended. The rights of any surviving Member residing in the deceased Member's Residence on a full-time basis shall not be suspended. Any heir, devisee, or legatee of the deceased Member's estate shall not succeed to any rights of Membership, except in accordance with this Section.
- (i) Will or Intestate Succession. If, upon the death of a Member, his/her Membership in the Association passes by will or intestate succession to a legatee or devisee ("**Legatee**"), the Legatee may assume the Membership by executing a written assumption of the deceased Member's Occupancy Agreement within 60 (sixty) days after the Member's death; provided, however, that the Legatee meets the Membership qualifications and has been duly approved by the Board consistent with Section 2.2, above. If a Member dies and no Legatee assumes the Member's Occupancy Agreement, or the Legatee does not meet the Membership qualifications and is not approved by the Board, then the Membership shall be sold in accordance with subsections (a) and (b) of this Section, where all references to "Member" therein shall be construed as references to the legal representative of the deceased Member.
- (ii) Trust Beneficiary. If, upon the death of a Member, his/her Membership in the Association passes to a trust for the benefit of a beneficiary, the beneficiary may become a Member of the Association in the same manner as a Legatee, as described in subsection (c)(i) of this Section.
- d. Transfer Value – Member Equity. Whenever the Board, on behalf of the Association, elects to purchase a Membership, the transfer value ("**Transfer Value**") of the Membership shall mean the sum of the following:
- (i) The consideration (*i.e.* the initial cash investment) paid for the Membership by the preceding Member as shown in the Association records; plus
- (ii) The amount computed at the rate of seven percent (7%) simple annual interest on the initial cash investment paid for the Membership by the preceding Member; plus
- (iii) The value, as mutually determined by the Board and the Member, of any Improvements, excluding the Residence, installed with the pre-approval of the Board at the expense of the Member.

A Member who sells his/her/their Membership to any person who meets the Membership qualifications and has been duly approved by the Board consistent with Sections 2.2 and 2.6(b), above, is not restricted to the Transfer Value as the sales value.

- e. Notification of Sale and Documents to be given to Transferee. As soon as practical before transferring a Space, the Association, on behalf of the departing Member (transferor), shall give to the transferee (prospective buyer) copies of the Articles, Bylaws, and Association Rules. Within five (5) business days of the opening of escrow, the departing Member and the transferee shall notify the Association in writing of: (i) the name of the transferee; (ii) the name of the transferor; (iii) the sales price of the Membership; (iv) the address of the Space transferred; and (v) the date of the transfer. Prior to the receipt of such notification, any and all communications required to be given by the Association, the Board, or the managing agent shall be deemed to be duly made and given to the transferee if such documents were given to said transferee's transferor.

2.7 Member Discipline.

- a. Request to Enforce by Member. If any Member believes that the Association should take action to enforce any claimed violation of the Governing Documents, the Member shall notify the Board in writing of the claimed violation and the Member's request that the Association take steps to enforce the provision which the Member claims has been violated. Upon receipt of a request, the Board shall review and investigate the matter and shall determine what enforcement action, if any, is appropriate. Neither the Board nor the Association, including its Directors, officers, or agents shall have any obligation to enforce the provision that the Member claims has been violated if the Board decides not to take any enforcement action.
- b. Violation Defined; Violation of Law. A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for as long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures. The Association shall take reasonable and prompt action to repair or avoid the continuing damaging effects of a violation or nuisance occurring within the Common Area at the cost of the responsible Member. Any violation of federal, State, municipal, or local law, ordinance, or regulation pertaining to the Membership, occupancy, or use of any property, whether real or personal, within the Park, shall constitute a violation of these Bylaws subject to the enforcement procedures described herein.
- c. Investigation of Violation. In the event that an alleged violation of any Governing Document comes to the attention of the Association, the Board, the Association's managing agent, or any other designated Association representative shall initiate an appropriate compliance process, giving due consideration to the nature of the alleged or apparent violation. Written reports of alleged violations of the Governing Documents may be made to the Board, managing agent, or other designated representative. Oral reports presented by telephone or in

person to the Board, managing agent, or other designated representative shall be memorialized in writing. Such reports shall constitute “complaints” and they should clearly state the facts and circumstances regarding the alleged violation and shall be appropriately filed for future reference. Upon receipt of a complaint, the Association’s managing agent or other designated representative, after a thorough review of all circumstances and investigation, is authorized by the Board to take appropriate action, including issuance of a warning notice or citation. Should such action fail to remedy the infraction, or if the nature of the violation requires an action or response by the Board, the Association’s managing agent or other designated representative may refer the matter for further action in accordance with the Association’s Notice and Hearing procedures.

- 2.8 Notice and Hearing. “**Notice and Hearing**” means the procedure by which a Member is notified of an alleged violation of the Governing Documents or is notified that the Member is in violation of one or more of the grounds for termination described in Section 2.11, below, and provided with the opportunity for a hearing before the Board in executive session. Members are responsible for the conduct of their family members, household members, Residence occupants, guests, tenants, lessees, visitors, employees, licensees, and contractors (collectively, “**Invitees**”) whose presence within the Park is approved by, or at the request of, a Member.
- a. Requirements of Notice. If a Member, or Member’s Invitee, appears to be in violation of any provision of the Governing Documents or any of the grounds for termination described in Section 2.11, below, appear to exist, the Association shall give written notice to the Member specifying the nature of the damage or violation, citing the specific Governing Document provision alleged to have been violated (and providing any other appropriate information) and stating the time, date, and place that the Member will have an opportunity to attend and address the Board in executive session. The notice shall also state that the Association may either (i) levy an Individual Special Assessment, fine, or penalty against the Member, or that the Association may temporarily suspend a Member’s voting rights if the Association finds that a violation of the Governing Documents or Occupancy Agreement has occurred or (ii) terminate the Member’s Membership and tenancy, and repossess the Space, in which case the notice shall set forth the proposed termination date. Written notice shall be given at least fifteen (15) days prior to the date set for the hearing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after it has been deposited in the United States mail, first-class postage prepaid, addressed to the Member at the address given by the Member to the Board for the purpose of service of notice or to the address of the Member’s Space if no other address has been provided.
- b. Requirements of Hearing. The Board shall meet in executive session whenever contemplating Member discipline in a hearing. For hearings addressing the possible termination of Membership, the Member may

request that the hearing be conducted by a five (5) person committee consisting of three (3) Board Members and two (2) impartial and disinterested persons who may, or may not, be Members; provided, however, that the Member notifies the Board of such request at least seven (7) days prior to the scheduled hearing date. An "impartial and disinterested person" means an individual who has no financial or personal interest in the outcome of the hearing. A Member may provide a written statement in lieu of attending the hearing in person. Failure to attend the hearing by the Member who is the subject of the Notice and Hearing, or failure to provide a written statement to the Board in a timely manner, shall not be a reason for the Board to postpone the hearing; the Board may, in its discretion, conduct the hearing in the absence of the Member who is the subject thereof, and render a judgment based upon the facts presented thereat, consistent with subsection (d) of this Section, below.

- c. Emergency Circumstances. Under circumstances involving conduct that constitutes (i) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Members; (ii) a traffic or fire hazard; (iii) a threat of material damage to, or destruction of, the Common Area; or (iv) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as late payment of Assessments or parking violations), the Board or its duly authorized agents may undertake immediate corrective or disciplinary action and, upon request of the offending Member (which request must be received by the Association, in writing, within five [5] days following the Association's disciplinary action), or on its own initiative, conduct a Hearing as soon thereafter as reasonably possible.

- d. Judgment After Hearing. After the hearing has taken place, the Board shall determine (i) whether the Member has violated the Governing Documents and, if so, may impose an Individual Special Assessment or take such other action as may be appropriate or (ii) whether the Member's Membership and tenancy should be terminated. The determination of the Board shall be final. If the Board imposes an Individual Special Assessment or other discipline on a Member, or terminates the Member's Membership, the Board shall provide the Member a written notification of the determination, by either personal delivery or first class mail, within fifteen (15) days following the action. No Individual Special Assessment, termination of Membership, or other disciplinary action shall be effective unless the Board fulfills the requirements of this Section, and no Individual Special Assessment or termination of Membership shall be effective until no sooner than five (5) days after the date of the written notification of the judgment. A notification of Membership termination shall include the effective date of the termination and the date of removal of the Residence from the Space, which shall be no less than sixty (60) days from the date of the notification; such notification shall comply with the requirements of California Code of Civil Procedure Section 1162.

- 2.9 Suspension of Voting Rights. The Board shall have the authority, after Notice and Hearing, to suspend temporarily the voting rights of any Member. If a Member's voting rights are suspended for non-payment of Assessments, such suspension shall in no way constitute a waiver or discharge of the Member's obligation to pay Assessments as provided herein.
- 2.10 Fines and Penalties. The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate ("**Schedule of Fines**"). Once imposed, a fine or penalty may be collected as an Individual Special Assessment. A copy of the Schedule of Fines shall be personally delivered or mailed by first-class mail, postage prepaid, to each Member. Each time the Schedule of Fines is modified, the Association shall again deliver a copy to each Member, either personally or by first-class mail, postage prepaid.
- 2.11 Termination of Membership and Tenancy of Space. Subject to the Notice and Hearing requirements set forth in Section 2.8, above, the Association may terminate a Member's Membership and tenancy of a Space and repossess the Space for any of the following reasons:
- a. Failure of a Member, or full-time occupant of the Member's Residence, to comply with all applicable federal, State, and local laws, ordinances, rules, and regulations.
 - b. Engagement in conduct or activities by a Member, or full-time occupant of the Member's Residence, anywhere within the Park that constitutes a nuisance or otherwise materially and adversely affects any other Member's, or full-time occupant's, use and enjoyment of the Park.
 - c. Failure of a Member, or full-time occupant of the Member's Residence, to comply with the Association's Governing Documents, including any and all subsequent amendments to such documents.
 - d. Unauthorized transfer, in whole or in part, by a Member of his/her/their Membership Certificate and/or his/her/their right to occupy a Space in a manner inconsistent with the Governing Documents.
 - e. Failure of a Member to repair, restore, improve, or maintain the Residence or Space in accordance with the provisions of the Governing Documents.
 - f. Unauthorized alteration, modification, or other change to a Space or to the exterior of a Residence without the prior written approval of the Board.
 - g. Non-payment of Assessments and any other amounts due by the Member to the Association; provided that the amount due has been unpaid for a period of at least ten (10) days from its due date.
 - h. Bankruptcy of a Member, whether voluntary or involuntary, or any action by the Member to make a general assignment of his/her/their Membership interest for the benefit of creditors.

- i. Foreclosure on the Member's Residence and/or Membership interest.
 - j. Condemnation of the Park for any public or quasi-public use under any statute, by right of eminent domain or by purchase in lieu of eminent domain.
 - k. Change of use of the Park, or any portion thereof.
- 2.12 Payments Due from Terminated Member. Upon termination, the terminated Member shall be required to surrender promptly his/her/their Membership Certificate and Occupancy Agreement to the Association, and to quit the premises. Within ten (10) days of the date of the notification of termination, both the Membership Certificate and Occupancy Agreement shall be endorsed by the terminated Member to indicate that Membership is terminated and the right of occupancy is extinguished. If the terminated Member fails to provide the Association with such endorsed copies within the specified time limit, the Membership Certificate and Occupancy Agreement shall be deemed cancelled, and the Association shall be authorized to issue a Membership Certificate and enter into an Occupancy Agreement for the Space of the terminated Member with a duly approved purchaser. At its election, the Association shall thereupon either: (1) repurchase the Membership at its Transfer Value, or (2) proceed with reasonable diligence to effect a sale of the Membership to a purchaser at a sales price acceptable to the Association. The terminated Member shall be entitled to receive the purchase price, less the following amounts:
- a. Any amounts due to the Association from the Member pursuant to the Governing Documents;
 - b. The cost or estimated cost of all deferred maintenance, repairs, and replacements as are deemed necessary by the Association to restore, repair, or otherwise modify the Space so that it is in a suitable condition for another occupant;
 - c. All legal and other expenses incurred by the Association in connection with the default and termination of such Member and the resale of his/her/their Membership, including, without limitation, the costs of the removal and/or storage of the terminated Member's Residence.
 - d. The determination of such amounts by the Association shall be conclusive and final.
- 2.13 Enforcement Action Against Terminated Member. If a terminated Member fails to surrender possession of the Space to the Association, the Association may institute legal action, including unlawful detainer proceedings, to obtain possession of the Space, and to cause the terminated Member's Residence to be removed from the Park, placed in storage, or stored in the Park.
- 2.14 Dispute Resolution. Before the Association or a Member may institute legal action for declaratory relief or injunctive relief, whether with or without a claim for monetary damages, relating to the enforcement of the Governing Documents, the

parties shall endeavor to resolve the matter through the use of the following two-tiered process. Notwithstanding the foregoing sentence, the Association may institute legal action without engaging in the dispute resolution process outlined in this Section where (1) the Association is pursuing delinquent Assessments (including collection costs, interest, late charges, and attorneys' fees), lien rights, judicial foreclosure, or unlawful detainer proceedings; or (2) the Association's legal claim would be barred by the applicable statute of limitations or statute of repose unless legal action was instituted in a timely manner.

- a. Internal Dispute Resolution ("Negotiation"). Either the Member or the Association may request the other party to meet and confer in an effort to resolve the dispute. The request must be in writing. The Board shall designate the President, or in his/her absence, the Vice-President, as well as the Association manager (if any) to meet and confer with the Member (collectively, "**Board Designee**"). The Board Designee shall also have the right to request the chairperson of any committee involved in the dispute to assist in resolving the dispute, if applicable. The Member and Board Designee shall meet promptly, within no more than twenty (20) days after a meet and confer request is made, at a mutually convenient time and place, explain their positions and confer in good faith in an effort to resolve the dispute. Any resolution of the dispute shall be memorialized in writing and signed by the parties. Any resolution so reached shall be binding upon the parties and shall be judicially enforceable if the resolution is not in conflict with law or with the Governing Documents and the resolution is ratified by the Board within thirty (30) days of the date that the resolution was executed by the parties. There shall be no fee charged to the Member participating in this "negotiation" process.
- b. Alternative Dispute Resolution ("Mediation or Arbitration"). Should "negotiation" be unsuccessful, the parties shall submit the dispute to a form of alternative dispute resolution ("**ADR**") such as mediation, conciliation, or arbitration. The form of ADR may be binding or non-binding, at the option of the parties. Any party to such dispute may initiate this process by serving, by personal delivery, first-class, postage prepaid U.S. mail, facsimile transmission or other means reasonably calculated to provide the party on whom the request is served notice of the request, on another party to the dispute a request for resolution ("**Request**"). The Request shall include (i) a brief description of the dispute between the parties, (ii) a request for ADR and the type of ADR requested (mediation or arbitration, binding or non-binding), and (iii) a notice that the party receiving the Request is required to respond thereto within thirty (30) days of receipt or it will be deemed rejected. Parties receiving a Request shall have thirty (30) days following service of the Request to accept or reject ADR and, if not accepted within the thirty (30) day period by a party, ADR shall be deemed rejected by that party and the party who initiated the Request shall be allowed to institute legal action. If ADR is accepted by the party upon whom the Request is served, ADR shall be completed within ninety (90) days of receipt of the acceptance by the party initiating the Request, unless extended by written stipulation signed by both parties. The costs of ADR shall be borne

equally by both parties. If a Request is served before the end of the applicable time limitation for commencing an enforcement action, then the applicable statute of limitations or statute of repose shall be tolled for the period of time that the ADR process is ongoing.

- 2.15 Right to Mortgage or Encumber. Any Member may encumber his/her/their Membership interest with a mortgage or other encumbrance (“**Membership Share Loan**”); provided, however, that the Member must first notify the Board of his/her/their intention to mortgage his/her/their Membership interest and the Member must obtain the Board’s prior written approval regarding the identity of the lender and the terms of the loan, and provide the Board with the document evidencing the loan.
- a. Association Rights upon Default. Any default by a Member under a Membership Share Loan shall be considered a default by the Member of the Governing Documents and may lead to termination of Membership. Any amounts expended by the Association to cure any such default to repay such Membership Share Loan shall be a personal obligation of the defaulting Member and shall be immediately due and payable to the Association by said Member.
 - b. Mortgagee Assumption of Membership Interest. If any Membership interest is encumbered by a mortgage made in good faith and for value, the foreclosure of any Assessment lien created pursuant to the Governing Documents shall not operate to affect or impair the lien of any mortgage recorded prior to the recording of said Assessment lien (“**Prior Mortgage**”). On foreclosure of any Prior Mortgage, the Assessment lien that has accrued up to the time of foreclosure shall be subordinate to the lien of the mortgage, with the foreclosure-purchaser assuming the Membership interest free of the Assessment lien that has accrued up to the time of the foreclosure sale; the foreclosure-purchaser shall only be obligated to pay Assessments or other charges levied or assessed by the Association after the foreclosure-purchaser assumed the Membership interest. Where a lender or mortgagee acquires the Membership interest through foreclosure or other legal means, the lender shall:
 - (i) Pay all Assessments, fees, and other charges levied after assuming the Membership interest until transfer of the Membership interest to an approved person, as described in (ii), below;
 - (ii) Transfer the Membership interest to a person, or persons, who meets the Membership criteria set forth in Section 2.2, above, and is approved by the Board; and
 - (iii) Maintain the Residence (if one) and Space in first-class condition until the Membership is transferred in accordance with these Bylaws.

A lender shall have no voting rights with respect to any Membership interest.

- c. Lender Protections. Provided that the Board receives written notice from the lender or mortgagee holding a lien on a Membership interest, the lender or mortgagee shall be entitled to the following:
 - (i) Notice. The Association shall notify the appropriate lender, in writing, of any default or violation of the Governing Documents by the Member holding the Membership Share Loan, which may lead to the termination of the Member's Membership interest.
 - (ii) Right to Cure. The lender or mortgagee itself shall have an additional ten (10) days, beyond the date required for the Member, to cure any monetary default by said defaulting Member.

2.16 Rental of Spaces; Existing Rentals.

- a. Existing Rentals. As of the date of certification of these Bylaws by the Secretary, the Association rents two (2) Spaces to individuals ("**Renters**"). When such individuals choose to leave the Park, the Association must sell the memberships associated with such Spaces to individuals who meet, and become, Members of the Association, pursuant to the procedure outlined in this Article 2. By law, the Renters are not, and shall not be, allowed to sublet or sell any interest in the Spaces they currently occupy. A Renter shall provide at least thirty (30) days' prior written notice to the Board of his/her/their intention to quit the Park. A Renter shall be allowed to sell the Residence to a purchaser; however, the purchaser must purchase a membership from the Association prior to, or concurrent with, the purchase of the Residence if the purchaser wishes to reside at the Park. The purchaser may cause the Renter's Residence to be removed from the Park and shall be responsible for all associated costs with such action. Renters are obligated to comply with the provisions of the Articles, these Bylaws, and the Association Rules at all times and are subject to disciplinary action by the Board for violations. Renters shall not have voting rights with respect to any Association matter.
- b. Rentals of Residences by Members. Members may rent their Residences, subject to prior Board written approval; however, Members remain ultimately responsible for the payment of all Assessments and for their continued compliance with the Governing Documents as well as the compliance of their renters.

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| ARTICLE 3 MEMBERSHIP MEETINGS, VOTING RIGHTS & PROCEDURES |
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- 3.1 Voting Rights of Members. The Association shall have one (1) class of voting Membership. All persons meeting the criteria of Section 2.2, above, and issued a Membership Certificate (whether singly or jointly) in accordance with these Bylaws shall be deemed a Member of the Association; however, only one (1) vote may be cast for each of the Spaces within the Park. However, those Spaces occupied currently by Renters shall have no voting rights associated with

them, and Renters shall not have voting rights with respect to any Association matter. When the Spaces currently occupied by Renters are occupied by Members, such Spaces shall have voting rights associated with them, subject to the provisions found in these Bylaws. If more than one (1) person holds an interest in a Space, the vote for such Space shall be exercised as determined among themselves, but in no event shall more than one (1) vote be cast with respect to any one (1) Space. If the joint Space holders cannot agree among themselves how to cast the vote for the Space, they shall forfeit the vote on the matter in question. Any vote cast by a single Member shall be deemed to be the authorized vote for that Space. If more than one (1) joint holder of a Space casts a vote for their jointly held Space, then all votes for that Space shall be void and no vote shall be counted for that Space. Voting rights may be temporarily suspended, as described more fully in Section 2.9, above.

- 3.2 Annual Membership Meeting; Call for Nominations. The Annual Membership Meeting shall be held annually in the month of January on a date and at a time and place to be designated by the Board. At the Annual Membership Meeting, nominations for the Board shall be taken from the floor of the meeting. The final roster of candidates shall be determined by the close of the Annual Membership Meeting, and shall include the names of all qualified Members who responded to the “call for nominations” and those who were nominated from the floor of the meeting. The Annual Membership Meeting shall be for the purpose of finalizing the roster of candidates for the election of Directors and any other matters being reviewed or voted on by the Members. There shall be a quorum requirement for Member attendance at any Membership Meeting. However, when voting on matters by secret ballot, the quorum requirement shall be met by the submission of ballots, not the number of Members in attendance at a Membership Meeting. Notice of the Annual Membership Meeting shall be in accordance with Section 3.4(a), below.
- 3.3 Special Membership Meeting. A Special Membership Meeting may be called at any time by the President or by the Board. A Special Membership Meeting shall be promptly called by the President, or if the President refuses, by any Member of the Board upon:
- a. The vote for such a Special Membership Meeting by a majority of a Board Quorum; or
 - b. Receipt by the Board of a written request for a Special Membership Meeting signed by Members representing five percent (5%) or more of the voting power of the Association. The request for a Special Membership Meeting shall specify the general nature of the business to be transacted, and shall be delivered personally or sent by first-class, certified or registered mail, or by telephonic or other facsimile transmission to the President or the Secretary.
- 3.4 Notice to Members of Membership Meetings and Board Meetings. Written notice of Membership Meetings shall be given by, or at the direction of, the Secretary or other person authorized to call the meeting. Notice of each meeting shall be given to each Member entitled to vote at the meeting and shall be addressed to the Member at either (i) the most recent address appearing on the books of the

Association or (ii) the address supplied by the Member to the Association for the purpose of receiving notices.

- a. Notices for the Annual Membership Meeting shall be personally delivered or mailed first-class with postage prepaid at least ten (10) but not more than ninety (90) days before the meeting, and shall include a meeting agenda and a call for nominations asking members interested in running for Board of Directors to contact, in writing, the President of the Board no later than the close of the Annual Membership Meeting.. The Annual Membership Meeting shall be held annually in the month of January on a date and at a time and place to be designated by the Board.
- b. Notices for a Special Membership Meeting shall be personally delivered or mailed first-class with postage prepaid no later than twenty (20) days after receipt by the Board of the written request from Members representing five percent (5%) or more of the voting power of the Association, and indicating that the Special Membership Meeting is scheduled for a date not less than thirty five (35) but not more than ninety (90) days after receipt of said written request. If notice of the meeting is not given within twenty (20) days after receipt of the request, the Member(s) requesting the meeting may give such notice. Notices for a Special Membership Meeting called by the Board shall be personally delivered or mailed first-class with postage prepaid at least ten (10) but not more than ninety (90) days before the meeting. Notices shall include a meeting agenda. No matters other than those specified in the notice may be discussed at a special membership meeting.
- c. Notices for Regular Board Meetings shall be posted in a prominent location(s) within the Common Area (such as the clubhouse), published in the Association's newsletter or similar media, personally delivered, or mailed first-class with postage prepaid at least four (4) days prior to the meeting. Members may request that notices of Regular Board Meetings be mailed to them, even if notices are posted in a prominent location(s) within the Common Area and/or published in the Association's newsletter. Included with the notice shall be the meeting agenda.
- d. Notices for a Special Board Meeting shall be mailed first-class with postage prepaid at least four (4) days prior to the meeting, or personally delivered or communicated by telephone or voice message system at least forty-eight (48) hours prior to the meeting or posted in a prominent location(s) within the Common Area. Included with the notice shall be the meeting agenda.
- e. Notice shall not be required for an Emergency Board Meeting.

Notices of meetings shall specify the place, day and hour of the meeting and any matters the Board intends to present for action by the Members. Notices of special meetings shall also state the purpose of the special meeting. Except as otherwise provided in these Bylaws or by law, any proper Association matter may be presented at a meeting for action. If mailed, notices shall be deemed to be

- delivered seventy-two (72) hours after their deposit in the United States mail, first-class postage prepaid.
- 3.5 Membership Quorum. The quorum for any vote or election by the Members of the Association shall be one-third (1/3) of the total voting power of the Association. For all matters voted on by secret ballot, the Membership Quorum requirement shall be met by the number of ballots returned; for all other matters, the Membership Quorum shall require the actual physical presence of Members at a Membership Meeting.
 - 3.6 Parliamentary Procedure and Rules of Decorum. Membership Meetings and Board Meetings shall be conducted in accordance with a recognized system of parliamentary procedure. Directors, officers, Members, Invitees, and all agents and employees of the Association shall conduct themselves in a courteous and civil manner at all Membership Meetings and Board Meetings. The Board may impose discipline on a Director, officer, or Member who violates this Section, subject to Notice and Hearing.
 - 3.7 Record Date. The record date (“**Record Date**”) is the date on which a Member’s eligibility to vote on a specific matter or at a meeting is determined by the Board. The Board shall set a Record Date for every Membership vote. The Record Date may not be more than sixty (60) days before the day on which the first ballot is mailed. If a Record Date is not set by the Board, the Record Date shall be the day the first ballot is mailed.
 - 3.8 Eligibility to Vote; Member in Good Standing. Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for action. A Member in good standing is current in the payment of Assessments, does not have any pending disciplinary action against him/her, and is otherwise compliant with the Governing Documents. A Member shall be deemed to be in good standing unless, after notice to the Member and an opportunity for a hearing before the Board, the Board has found the Member not to be in good standing and has so notified the Member in writing. A Member’s good standing shall be determined as of the Record Date, as described in Section 3.7, above.
 - 3.9 Voting Procedures; Majority Vote. Except for votes relating to Association Rules, all Membership votes shall be by secret written ballot and the deadline for returning a secret written ballot may be no less than fourteen (14) calendar days after the date they are mailed. Where the Governing Documents are silent regarding the number or percentage of Members required for approval, any action requiring the approval of Members shall require the affirmative vote of a majority of the total voting power of the Association.
 - 3.10 Mandatory 14-Day Balloting Votes. For all matters which require a vote of the Members, secret written ballots must be distributed to all eligible Members at least fourteen (14) days prior to the date the secret written ballots must be received by the Election Committee in order to be counted.
 - 3.11 Secret Written Balloting Requirements. All secret written ballots shall state on the face of the ballot, or in an accompanying notice, the date by which the ballot must be returned in order to be counted. The Election Committee may, in its

discretion, extend the time to return secret written ballots if enough ballots have not been received for the vote to produce a valid result.

3.12 Use of Election Committee. Whenever there is a Membership vote or election, the Board shall appoint a committee of impartial Members to serve on an election committee ("**Election Committee**"). The Board shall appoint Members to the Election Committee at an open meeting of the Board occurring before the deadline for returning ballots.

- a. Duties; Standard of Performance. The Election Committee shall do all of the following: (i) determine the eligibility of Members entitled to vote; (ii) receive secret written ballots and ensure they remain secured and unopened until counted; (iii) count and tabulate all votes at a properly noticed public Special Membership Meeting; and (iv) determine the results of the election or vote and provide a written report of the results to the Board. Any report made by the Election Committee shall be *prima facie* evidence of the facts stated therein. The Election Committee shall perform its duties impartially, in good faith, to the best of its ability, and as expeditiously as is practical.
- b. Who May Serve. Members serving on the Election Committee may be any persons the Board reasonably believes to be independent and impartial regarding the matter(s) or candidate(s) to be voted on. Members of the Association may be appointed and serve on the Election Committee, but may not be (i) a current Board Member, (ii) a candidate for election to the Board, or (iii) related to a current Board Member or to a candidate for election to the Board. Serving on the Election Committee shall not restrict a Member's right to vote in that vote or election. The Board may also appoint the Association's management company, legal counsel, accountant, or other agent to participate as a member of the Election Committee.
- c. Appointment of Additional Persons. The Election Committee shall be entitled to appoint and oversee additional persons to assist in the counting and tabulation of votes, as the Election Committee deems appropriate.
- d. Replacement of Election Committee. If any Member of the Election Committee is, or becomes, unable or unwilling for any reason to perform the Election Committee duties, the Board shall have the power to appoint a replacement Member to the Election Committee to assume the responsibilities of the Election Committee in the vote or election in progress. A replacement Member of the Election Committee shall be entitled to rely on any act or decision already determined by the Election Committee (including any act or decision made by the outgoing Member of the Election Committee) with respect to that vote or election.

3.13 Balloting Materials. Balloting materials consist of: (a) the secret written ballot, which should have no identifying information from or about the Member on it and (b) the return envelope, which should be addressed to the Election Committee at the specified address. In the upper left hand corner of the return envelope,

space should be provided for the Member's name, signature, mailing address, including the Space number that entitles the Member to vote. Notwithstanding the foregoing, the Election Committee shall be entitled to count a ballot even if the Member places identifying information in or on the inside envelope or the ballot.

- 3.14 Receipt of Ballots Satisfies Membership Quorum Requirement. In order for a vote or election to be valid, the Election Committee must receive enough secret written ballots to satisfy the Membership Quorum requirement set forth in Section 3.5, or as required by law.
- 3.15 Ballots are Irrevocable. Once a secret written ballot is received by the Election Committee, it cannot be rescinded or revoked.
- 3.16 Counting Ballots at Open Meeting. Secret written ballots shall be opened, counted, and tabulated by the Election Committee in public at a properly noticed Special Membership Meeting or Board Meeting.
- 3.17 Member Attendance at Open Meeting. Any Member, including any candidate for election to the Board (when applicable) may attend the meeting at which the ballots are tabulated.
- 3.18 Certification of Results. The Election Committee shall certify the results of the voting and provide a written report of the results to the Board. The written report shall be kept in the Association records and shall be available for review by any Member.
- 3.19 Storage of Ballots before Tabulation. All secret ballots received shall be kept sealed and unopened at a location designated by the Election Committee until they are tabulated by the Election Committee. The Election Committee shall be entitled to designate the Association's management company as the location for keeping ballots until tabulation. No person, including a Member, Director, or an employee of the management company, shall open or otherwise review any ballot prior to the time when the ballots are opened and tabulated by the Election Committee.
- 3.20 Storage of Ballots after Tabulation. After the Election Committee has tabulated the result of the election or vote, the Election Committee shall place all ballots and envelopes in a container, label and seal it, and sign across the seal to ensure that any tampering with the contents is evident. The materials should be kept in the Association records for safekeeping until at least twelve (12) months after the date when the ballots were tabulated.
- 3.21 Record Results in Board Minutes. The results of the election or vote shall be recorded in the minutes of the next open Board Meeting.
- 3.22 Notice to Members of Results. Within fifteen (15) days after the Election Committee certifies the results of the election or vote, the Board shall publish the results by posting a notice in the Common Area, mailing a notice to all Members, or by any other means of communication reasonably designed to provide actual notice to Members.

- 3.23 Proxy Voting. Use of proxies in connection with Membership votes and elections is expressly prohibited.
- 3.24 Cumulative Voting. Cumulative voting shall not be permitted.
- 3.25 Membership Voting Topics; Association Rules. Members shall vote to (a) elect and remove Directors; (b) adopt, amend, or reverse Association Rules; (c) amend the Bylaws; or (d) amend the Articles of Incorporation. Association Rules may: (i) regulate the management and operation of the Park and/or business affairs of the Association; and/or (ii) regulate the use and enjoyment of the Park. Association Rules must be consistent with the Governing Documents and then-current applicable law. Except for votes relating to Association Rules, all Membership votes shall be by secret written ballot. All matters relating to Association Rules shall be voted on at a properly noticed Board Meeting and approved only if there is a Membership Quorum present and at least a majority of the Members present at the Meeting vote to approve the Association Rule.

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| ARTICLE 4 BOARD OF DIRECTORS & BOARD MEETINGS |
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- 4.1 Governing Body. The affairs of the Association shall be managed by a Board of seven (7) Directors who shall be elected and hold office as provided in this Article. The Officers of the Association shall be a President, a Vice President, a Secretary, and a Chief Financial Officer (Treasurer).
- 4.2 Powers and Duties of Board. Except for the powers specifically reserved to the Members by the Governing Documents and except as limited by law, the Board shall have the authority to exercise all powers and undertake all duties of the Association. The Board may delegate any of its powers to any committee, officer, agent, or employee as the Board deems necessary and proper except for those actions listed in Section 1.4(d) and for the following.
- a. Restrictions on Delegation of Powers to Committees. No committee shall be delegated the power by the Board to: (i) approve any action which requires the approval of the Members as provided in the Governing Documents; (ii) fill vacancies on the Board or any committee; (iii) amend or repeal these Bylaws or adopt new Bylaws; (iv) amend or repeal any resolution of the Board; or (v) appoint Directors, committees of the Board, or members thereof.
- b. Restrictions on Delegation of Powers to Manager. The Board may also appoint or hire any qualified person or entity as manager of the Park. Except as expressly prohibited, the Board may delegate to the manager of the Park any of its duties, powers, or functions, including the authority to deposit or withdraw funds from the accounts of the Association, but excluding the responsibility to fix the amount of and levy Assessments, to impose discipline, including the imposition of fines and penalties; to hold hearings; to decide whether or not to commence alternative dispute resolution (mediation or arbitration); to decide whether or not to commence litigation; to decide whether or not to record a lien; to decide

whether or not to foreclose a lien; or to make capital expenditures on behalf of the Association.

- 4.3 Association Books and Records. The Board shall cause a complete record of all of its acts and corporate affairs to be kept. The Membership register, including mailing addresses and telephone numbers and all accounting books and records of the Association, and the Governing Documents shall be available for inspection and copying by any Member or duly appointed representative of a Member during reasonable business hours if the purposes are related to the Member's interest as a Member. The Board shall establish rules regarding (a) notice to be given to the custodian of the records by a Member desiring to make the inspection; (b) hours and days of the week when an inspection may be made; and (c) payment for costs of making copies of documents requested by a Member. Every Director shall have the absolute right to inspect all books, records and documents of the Association at any reasonable time. Notwithstanding the foregoing sentence, Members' files may not be inspected, nor copies or extracts made, except where unanimous Board written consent is first obtained and such access is related to the Member's interest as a Member, or to the Director's interest as a Director. Otherwise, a Director is entitled to make extracts and copies of all Association records.
- 4.4 Board Meeting Minutes. All minutes of meetings of the Board, or a summary of the minutes (other than minutes of an executive session) shall be available for inspection and copying by any Member or duly appointed representative of a Member within thirty (30) days of the meeting. If the minutes have not been approved by the Board within the thirty (30) day period, then the minutes shall be marked "proposed but not yet adopted" or "draft" and shall be available for inspection and copying. Minutes of meetings of Members and committees of the Association, when adopted, shall also be available for inspection and copying by any Member or duly appointed representative of a Member. Minutes of Board executive sessions shall not be available to Members for inspection or copying. The right to review and copy shall be limited to reasonable business hours and shall be conducted in accordance with the same procedures applicable to the inspection of accounting books and records. All minutes (or summaries of minutes or proposed minutes, as the case may be) shall be distributed to any Member upon request and upon reimbursement of the costs incurred by the Association in making that distribution.
- 4.5 Filing of Tax-Exempt Papers. The Board shall file, or cause to be filed, any annual election for tax-exempt status as may be required under federal or State law, and shall undertake to cause the Association to comply with the statutes, rules and regulations which have been or shall be adopted by federal and State agencies pertaining to such exemptions.
- 4.6 Director Qualifications. Candidates for the Board must be Members in good standing of the Association, consistent with Section 3.8, above, and who, consistent with California *Corporations Code* Section 7221(a), has not (a) been declared of unsound mind by a final order of court or (b) been convicted of a felony. No more than one (1) Member per Space may serve at any one time on the Board. No employee of the Association may serve as a Director.

- 4.7 Term of Office. Each Director shall be elected for a term of two (2) years. Four (4) Directors shall be elected in odd-numbered years; three (3) Directors shall be elected in even-numbered years. The term of office of each Director begins at the close of the meeting at which the Election Committee certifies the election results. Each Director, including a Director selected to fill a vacancy, shall hold office until that term expires.
- 4.8 Nomination Procedures. Members meeting the Director qualifications described in Section 4.6, above, may self-nominate or nominate other Members who meet said qualifications as candidates for election to the Board. The Board shall solicit candidates for the Board by publishing or posting a notice to all Members indicating that nominations will be accepted until the deadline for receipt of nominations stated in the notice. Any Member who satisfies the candidate qualifications may place his/her name in nomination for the Board by giving written notice to the Board before the published deadline for receiving nominations. The Board may establish a Nomination Committee and delegate the duties described in this Section to the members of said committee.
- 4.9 Election by Acclamation. If, as of the published deadline for receiving nominations, the number of qualified candidates for the Board election is not more than the number of Directors to be elected, then the qualified candidates shall be declared elected and written notice of the election shall be given to the Members.
- 4.10 Regular Board Meetings. At the first Regular Board Meeting of the year, new Directors shall elect officers and transact other business. Regular Board Meetings shall be held at least monthly at such time and at such place within the Park as may be fixed from time to time by resolution of the Board. If the time, date, and place of a Regular Board Meeting are not fixed by Board Resolution, notice must be given as provided in Section 3.4, above. Regular Board Meetings shall be conducted consistent with Section 3.6, above.
- 4.11 Special Board Meetings. Special Board Meetings shall be held when called by the President, or by any two (2) Directors, upon notice as provided in Section 3.4, above. Special Board Meetings shall be conducted consistent with Section 3.6, above.
- 4.12 Emergency Board Meetings. Emergency Board Meetings may be called by the President, or by any two (2) Directors other than the President, (a) if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board and (b) which, of necessity, make it impracticable to provide notice to Members in accordance with the provisions of Section 3.4, above. Unless mailed first-class with postage prepaid, an explanation of the action taken at an Emergency Board Meeting must be posted after the Emergency Board Meeting in a prominent location(s) within the Common Area within three (3) days after the Board takes action; or, by other means reasonably designed to provide actual notice to Members. Any action taken by Emergency Board Meeting shall have the same effect as if it were taken at a duly noticed Board Meeting. Emergency Board Meetings shall be conducted consistent with Section 3.6, above.

4.13 Notice to Directors of Board Meetings.

- a. Regular Board Meetings. Regular meetings of the Board may be held without notice to the Directors if the time and place of the meetings are fixed by the Board. A notice of a Regular Board Meeting does not need to be given to any Director who signs a waiver of notice or a written consent to the holding of such meeting. Otherwise, notice of any Regular Board Meeting shall be communicated to each Director either (i) not less than four (4) days prior to the date fixed for such meeting, if notice is by mail, or (ii) not less than forty-eight (48) hours' prior to the date fixed for such meeting, if notice is delivered personally, by telephone, including a voice messaging system, or by electronic transmission. The notice shall specify the time, place and purpose(s) of the meeting. If the notice is mailed, it shall be deemed to be delivered seventy-two (72) hours after deposit in the United States mail with first-class postage prepaid. If notice is given by facsimile or electronic mail, notice shall be deemed to be delivered when transmitted. The attendance of a Director at the meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.
- b. Special Board Meetings. Notice of Special Board Meetings shall be communicated to each Director either (i) not less than four (4) days prior to the date fixed for such meeting, if notice is by mail, or (ii) not less than forty-eight (48) hours' prior to the date fixed for such meeting, if notice is delivered personally, by telephone, including a voice messaging system, or by electronic transmission. The notice shall specify the time, place and purpose(s) of the meeting. If the notice is mailed, it shall be deemed to be delivered seventy-two (72) hours after deposit in the United States mail with first-class postage fully prepaid. If notice is given by facsimile or electronic mail, notice shall be deemed to be delivered when transmitted. The attendance of a Director at the meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

4.14 Board Quorum. A majority of the Directors then in office shall constitute a quorum for the transaction of business. Every action taken and every decision made by the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for the meeting, and any such action shall be regarded as the act of the Board.

4.15 Director Participation in Board Meetings. Directors may participate in a Board Meeting using any means permitted under California *Corporations Code* Section 7211(a)(6). If any meeting of Directors exclusively utilizes conference telephone, electronic video screen communication, or electronic transmission by and to the Association, reasonable arrangements must be in place that allow all Directors to

participate in the meeting. Any such meeting of Directors shall be considered to be conducted at the same time and place at the principal office of the Association.

- 4.16 Member Participation in Board Meetings. Board Meetings shall be open to all Members except when the Board adjourns to executive session. Members may speak at any meeting they are entitled to attend subject to reasonable time limits established by the Board.
- 4.17 Executive Session. With the approval of a Board Quorum, the Board may adjourn a Board Meeting and reconvene in executive session to consider litigation, matters relating to the formation of contracts with third parties, personnel matters, and Member discipline. Upon request of a Member being disciplined, the Board shall meet in executive session and the Member shall be entitled to attend that portion of the executive session addressing the disciplinary action. The nature of the business to be considered in executive session shall first be announced in open session.
- 4.18 Director Seat Vacancies; Resignation of Director; Appointment of Replacement. A Director may resign at any time, effective upon giving written notice to the President, to the Secretary, or to the full Board, unless the notice specifies a later time for the resignation of a Director to be effective. If any Director ceases to be a Member, Membership on the Board shall terminate immediately and his/her Director seat shall be declared vacant. The vacancy created by the resignation or termination of Membership may be filled by a majority vote of the Board. However, if the number of Directors remaining after the resignation is less than a Board Quorum, the vacancy may be filled only by the unanimous written consent of all Directors then holding office. If a Director seat remains vacant for more than sixty (60) days, the Members may elect a Director to fill the vacancy. A vacant Director seat can only be filled by a candidate who satisfies the Director qualifications, as described in Section 4.6, above.
- 4.19 Removal of Director; Election of Replacement. As provided in California *Corporations Code* Section 7222, a Director may be removed from the Board, with or without cause, by the vote of a majority of a Membership Quorum. Cumulative voting shall be prohibited. A Director removed by the Members shall be replaced by the vote of the Members.
- 4.20 Removal of Director for Cause; Appointment of Replacement. If any Director (a) has been declared of unsound mind by a final order of court; (b) has been convicted of a felony; or (c) has been found by a final order or judgment of any court to have breached any duty under *California Corporations Code* Section 7222 (relating to the standards of conduct of Directors), Membership on the Board shall terminate immediately and his/her Director seat shall be declared vacant. If any Director ceases to remain a Member in good standing, as described in Section 3.8, or no longer satisfies the Director qualifications, as described in Section 4.6, during his/her tenure on the Board, the other Board Members may, by majority vote, remove said Director and declare such Director's seat vacant. Upon declaration of a vacancy, the Board shall be entitled to select and appoint a replacement Director who shall serve out the remainder of the replaced Director's term of office. A vacant Director seat can

only be filled by a candidate who satisfies the Director qualifications, as described in Section 4.6, above.

- 4.21 Board Officers. Officers shall be elected by the Board at the first Regular Board Meeting to occur after the election of Directors. The terms of office for Officers shall be prescribed by the Board. Each Officer shall hold office until a successor is elected unless the Officer resigns, is removed or otherwise is disqualified from serving.
- a. President. The President shall (i) preside at all meetings of the Board and of the Members; (ii) see that orders and resolutions of the Board are carried out; and (iii) sign all leases, mortgages, deeds, promissory notes and other written instruments. The President shall also supervise all Association employees, unless a different supervisor is chosen by the Board, using job descriptions and an evaluation process adopted by the Board.
 - b. Vice President. The Vice President shall act in the place and stead of the President in the event of the President's absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required by the Board or the President.
 - c. Secretary. The Secretary shall (i) record the votes and keep the minutes of all meetings and proceedings of the Board and the Association; (ii) serve notice of meetings of the Board and the Association; and (iii) keep appropriate current records showing the Members together with their addresses.
 - d. Chief Financial Officer (Treasurer). The Chief Financial Officer shall (i) oversee and/or receive and deposit into appropriate bank accounts all monies of the Association; (ii) disburse funds as directed by resolutions of the Board; (iii) keep proper books of account; and (iv) prepare or cause to be prepared all budgets and financial statements.
- 4.22 Officer Obligations Related to Legal Documents, Bank Accounts. Except as otherwise specifically authorized by the Board, all contracts, leases, mortgages, deeds and other written instruments entered into in the name of the Association shall require the signatures of two (2) Board officers, namely, the President or, in his absence, inability, or refusal to act, the Vice President, and any other officer of the Association. All checks, drafts, notes or other evidences of indebtedness issued in the name of, or payable by, the Association shall be signed or endorsed by any two (2) officers of the Association, except as otherwise specifically authorized by the Board.
- 4.23 No Director Compensation. The Board shall not pay compensation to Directors or officers of the Association for their services as Directors or as officers. This limitation does not apply to reimbursements of reasonable expenses actually incurred by a Director or officer in carrying on the business of the Association.

ARTICLE 5 INDEMNIFICATION OF DIRECTORS, OFFICERS, AND AGENTS

- 5.1 Indemnity Generally. A Director, Officer, committee member, employee or other agent of the Association (collectively, “**Agent**”) who is a party to or is threatened to be made a party to any proceeding (including a proceeding by or on behalf of the Association) by reason of the fact that such Agent is or was an agent of the Association shall be indemnified by the Association against all expenses and liabilities actually and reasonably paid or incurred in connection with the proceeding to the maximum extent permitted by the California Nonprofit Mutual Benefit Corporation Law (*California Corporations Code* Section 7110 *et seq.*). To the fullest extent permitted by law, and except as may be limited by *California Corporations Code* Section 7236, no Agent shall be liable to any Member or to the Association or any other party for any damage, loss, claim, liability or prejudice suffered or claimed as a result of any decision, approval, disapproval, course of action, act, inaction, omission, error, or negligence which was made in good faith and reasonably believed by such Agent to be within the scope of such Agent’s duties as a Director, Officer, or committee member.
- 5.2 Board Approval. Upon written request to the Board by any Agent seeking indemnification, the Board shall promptly determine whether the applicable standard of conduct set forth in the California Nonprofit Mutual Benefit Corporation Law has been met. If so, the Board shall authorize indemnification. If pursuant to limitations imposed by *California Corporations Code* Section 7237 the Board cannot authorize indemnification because more than fifty percent (50%) of the Directors are parties to the proceeding for which indemnification is sought, the Board shall promptly call a Special Membership Meeting. At the meeting, the Members shall determine whether the applicable standard of conduct set forth in the California Nonprofit Corporation Law has been met. If so, the Members shall authorize indemnification. Members or other persons seeking to be indemnified shall not be entitled to vote on the question of indemnification.
- 5.3 Advancement of Costs. To the fullest extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by an Agent seeking indemnification shall be advanced the costs of defense by the Association prior to the final disposition of such proceedings if the Agent (a) agrees to reimburse the Association and (b) provides assurances of the Agent’s ability to reimburse the Association. At the final disposition of the proceeding, the Agent shall reimburse the Association unless it was determined that the Agent is entitled to be indemnified by the Association.

ARTICLE 6 COMMITTEES

- 6.1 Committees. The Board may, by resolution adopted by a majority of the Directors, establish committees as deemed appropriate by the Board, to assist in the carrying out of its duties and obligations. Committee members shall be appointed by majority vote of the Board. Consistent with *Corporations Code* 5212, there are two (2) types of committees:
- a. Committees with Board Authority. Committees which have the authority of the Board must be comprised of at least two (2) Directors and non-

Director Members may not serve on such committees.

- b. Advisory Committees. Committees formed with Members who are not Directors are permissible, but do not and shall not have the authority of the Board.
- 6.2 Restrictions on All Committees. No committee shall be delegated the power by the Board to: (a) approve any action which requires the approval of the Members as provided in the Governing Documents; (b) fill vacancies on the Board or any committee; (c) amend or repeal these Bylaws or adopt new Bylaws; (d) amend or repeal any resolution of the Board; or (e) appoint Directors, committees of the Board, or Members thereof.
- 6.3 Notice of Committee Meetings. Notice of committee meetings to the Members shall be provided in accordance with the provisions of Sections 3.4(c) and 3.4(d), above. Notice of committee meetings to the committee members shall be provided in accordance with the provisions of Section 4.15. All committees shall record meeting minutes or draft and submit a report, which shall be retained as part of the Association records.

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| ARTICLE 7 ASSESSMENTS |
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- 7.1 Purpose of Assessments. The assessments (“**Assessments**”) collected by the Association shall be held by the Association in trust for the benefit of, and on behalf of, each Member, and shall be used solely to operate and maintain the Park as provided in these Bylaws.
- 7.2 Covenant to Pay. Each Member, by execution of an Occupancy Agreement, covenants and agrees to pay to the Association (a) Regular Assessments, (b) Special Assessments, and (c) Individual Special Assessments. Each such Assessment shall be established and collected as provided in this Article.
- 7.3 No Offsets or Avoidance of Assessment Obligations. No offsets against any Assessment shall be permitted for any reason, including, without limitation, any claim that the Association is not properly discharging its duties. No Member, by non-use of the Common Area, abandonment of the Member’s Space or Residence thereon, or otherwise may avoid the burdens and obligations imposed on such Member by the Governing Documents, including, without limitation, the payment of Assessments levied against the Member and his/her/their Space.
- 7.4 Personal Obligation. All Assessments, together with any costs, fees, changes and expenditures, including, without limitation, attorneys’ fees, late charges, interest and recording and filing fees actually incurred by the Association in collecting and/or enforcing payment of Assessments, fines, and /or penalties (collectively, “**Additional Charges**”), shall be a debt and a personal obligation of the person(s) or entity(ties) who was/were the Member at the time the Assessment was levied. Each Member who subsequently acquires the right to occupy a Space within the Park (whether at judicial sale, trustee’s sale, or otherwise) shall be personally liable only for Assessments attributable to the Space which become due and payable after the date of such transfer, and shall

not be personally liable for delinquent Assessments of prior Members unless the new Member expressly assumes the personal liability. Any unpaid Assessment of a previous Member shall remain the debt of such previous Member against whom assessed. However, if the acquired Space is conveyed subject to a valid lien for delinquent Assessments (and related Additional Costs), the Association may continue to exercise its foreclosure remedies against the Space, regardless of the change of occupants, and/or the Association may pursue its collection remedies against the prior Member individually, and/or the Association may pursue its right to terminate the Member's Membership and occupancy right by unlawful detainer proceedings.

7.5 Establishment of Assessment Lien. Each Assessment levied shall constitute a separate Assessment and shall also be a separate, distinct, and personal obligation of the Member at the time when the Assessment was levied and shall bind the Member's heirs, devisees, personal representatives, and assigns. All Assessments, together with all Additional Charges, shall be a continuing lien upon the Space and Membership against which such Assessment is made. Any lien for unpaid Assessments created pursuant to the provisions of this Article may be subject to foreclosure, as described in Section 7.11, below.

7.6 Regular Assessments.

- a. Purpose and Establishment of Amount. Regular Assessments are levied to pay for the anticipated Association expenses for each fiscal year. Regular Assessments for each fiscal year shall be established when the Board approves the budget for that fiscal year. If, for any reason, the Board fails to fix the amount of Regular Assessments for any fiscal year, then the Regular Assessment made for the preceding year, together with any Special Assessment levied pursuant to Section 7.7, below, for that year, shall be assessed against each Member and his/her Space and shall be payable on the regular payment dates established by the Board.
- b. Allocation of Regular Assessments. Regular Assessments shall be allocated, charged, and divided among the Spaces equally.
- c. Due Date. Regular Assessments shall be levied on a fiscal year basis; however, each Member shall be entitled to pay the Regular Assessment in twelve (12) equal monthly installments, one installment payable on the first (1st) day of each calendar month during the fiscal year, as long as the Member is not delinquent in the payment of any monthly installment. Installments of Regular Assessments shall be delinquent if not paid within ten (10) days of the date the Assessment is due. If a Member fails to pay any monthly installment, the Board may terminate that Member's right to pay the Regular Assessment in monthly installments and declare the then unpaid balance of the Regular Assessment for that year immediately due and payable.

7.7 Special Assessments.

- a. Purpose and Establishment of Amount; Limitation on Increases. The Board may levy Special Assessments in addition to Regular Assessments for the following purposes: (i) constructing capital improvements not in existence as of the date these Bylaws are certified by the Secretary and which are unrelated to repairs for damage to, or destruction of, existing Common Area Improvements, and (ii) correcting an inadequacy in the amount of the Regular Assessment due to extraordinary expenses. The amount of a Special Assessment shall be determined as the facts and circumstances dictate.
- b. Allocation of Special Assessments. Special Assessments shall be allocated, charged, and divided among the Members in the same manner as for Regular Assessments, as described in Section 7.6(b), above.
- c. Due Date. Special Assessments shall be due and payable when levied. The Board may, in its discretion, allow Members to pay a Special Assessment over a period of time, in which case, the Board shall establish a payment schedule and each installment shall be payable on the first (1st) day of each calendar month, as long as the Member is not delinquent in the payment of any monthly installment. Special Assessments shall be delinquent if not paid within ten (10) days of the date the Assessment is due. If a Member fails to pay any monthly installment, the Board may terminate that Member's right to pay the Special Assessment in monthly installments and declare the then unpaid balance of the Special Assessment immediately due and payable.

7.8 Individual Special Assessments.

- a. Purpose and Establishment of Amount. The Board may levy an Individual Special Assessment in an amount determined by the Board, in its discretion, as the facts and circumstances dictate, solely to and against a Member and his/her/their Space for any of the following purposes:
 - (i) Damage to Common Area or Space. To reimburse the Association for expenditures made by the Association to repair, replace, and/or restore any damage or destruction to the Common Area or any portion of a Space for which the Association is responsible for maintaining, which is caused by a Member, or a Member's Invitee;
 - (ii) Expenses Incurred Collecting Assessments. To reimburse the Association for expenditures made by the Association to accomplish the payment of delinquent Assessments, including, without limitation, all Additional Costs;
 - (iii) Compliance with Governing Documents. To reimburse the Association for expenditures made by the Association to accomplish (A) any maintenance to a Member's Space or Residence that the Member has failed to undertake or complete in

a timely fashion, and/or (B) to otherwise bring the Member and/or his/her/their Space and/or Residence into compliance with any provision of the Governing Documents.

- b. Additional Costs. An Individual Special Assessment may also include expenditures made by the Association including, without limitation, attorneys' fees, court costs, title company fees, accounting fees, as well as all reasonable fines and penalties imposed in accordance with the Governing Documents.
- c. Due Date. Individual Special Assessments shall be due and payable when levied.
- d. Enforcement by Lien. Except as provided below, Individual Special Assessments shall be recoverable through the imposition of a lien against the Member's Membership interest enforceable through foreclosure or other legal means. Individual Special Assessments relating to delinquent Assessments shall be subject to imposition of a lien and enforceable through foreclosure or sale under a power of sale for failure of a Member to pay such Assessment, all as more particularly provided in Section 7.11, below.

7.9 Assessment Fund Accounts. Assessments collected by the Association shall be promptly deposited into one (1) or more accounts with a responsible, federally insured financial institution selected by the Board which has offices located within the State of California. The Board shall deposit those portions of the Assessments collected for current maintenance and operation into the current operation account and shall deposit those portions of the Assessments collected as reserves for replacement and deferred maintenance of major components which the Association is obligated to maintain into the reserve account, which may include prudent investment of such monies in insured certificates of deposit, money market funds, or similar investments consistent with the investment standards normally observed by trustees. The Board shall have exclusive control of said account(s) and investments and shall be responsible to the Members for the maintenance of accurate records for said account(s) and investments. Withdrawal of funds from Association accounts shall require the signatures of at least two (2) Directors.

7.10 Allocation of Property Taxes, Other Taxes. Property taxes are determined, and allocated, according to the date of Membership.

- a. First Generation Members. For all residents who were Members on or before February 4, 2005 ("**First Generation Members**"), their property tax is based upon the assessed value of the real property that makes up the Park as of the date the Association purchased the Park ("**Assessed Value**"). The Assessed Value is allocated and charged among all Members equally.
- b. Second Generation Members. In addition to the Assessed Value, residents who were Members after February 4, 2005 ("**Second Generation Members**") pay an additional tax based upon the purchase

price of his/her/their Residence. Each Second Generation Member is therefore charged a unique amount for his/her/their Residence tax.

- c. All Other Taxes. Notwithstanding any of the foregoing in this Section 7.10, all Park taxes shall otherwise be allocated, charged, and divided among the Spaces equally, and shall be included as part of the Regular Assessment.

7.11 Collection of Delinquent Assessments.

- a. Right to Enforce. The right to collect and enforce Assessments is vested in the Association, which shall have the authority to delegate the exercise of such right to an agent, including a management company, collection agency, or representative thereof. The Association or its authorized agent or representative acting on behalf of the Association can enforce the obligation of the Members to pay Assessments provided for herein by commencement and maintenance of a suit at law or equity or the Association may impose a lien and pursue its lien foreclosure and enforcement rights as described in this Article. A suit to recover a money judgment for unpaid Assessments, together with all Additional Charges, shall be maintainable without foreclosing or waiving the Association's lien rights. The Association shall have the right to attach, to seek appointment of a receiver, or to pursue any other remedy permitted by law in connection with any action to collect a delinquent Assessment or to foreclose its lien.
- b. Delinquent Assessments. If any installment payment of a Regular Assessment or lump sum or installment payment of any Special Assessment or any Individual Special Assessment assessed to any Member is not paid within ten (10) days after the same becomes due, such payment shall be delinquent and the amount thereof may, at the Board's election, bear late charges and interest at the rate of eight percent (8%) per annum.
- c. Notice to Delinquent Member; "Pre-Lien" Letter. At least thirty (30) days before recording a lien against a Member and his/her/their Membership, the Association shall notify the Member in writing by certified mail of the following: (i) an itemized statement of the charges owed by the Member, including delinquent Assessments and Additional Charges; (ii) a copy of the Association's delinquent Assessment policy; and (iii) a statement that the Member shall not be liable to pay the charges, interest, and costs of collection, if it is determined the Assessment(s) was paid on time to the Association.
- d. Creation of Lien. The amount of any delinquent Regular Assessment, Special Assessment, or Individual Special Assessment, together with any Additional Charges, shall, to the extent permitted by law, become a lien upon the Member's Space so assessed only when the Association causes to be recorded in the Office of the County Recorder, a *Notice of Delinquent Assessment* executed by an authorized representative of the Association following a vote of the Board at an open meeting, setting

forth: (i) the amount of the delinquent Assessment(s) and other sums duly imposed pursuant to this Article; (ii) the legal description of the Member's Membership interest against which the Assessments and other sums are levied; (iii) the name of the Member(s) of record of such Space, (iv) the name and address of the Association, and (v) if initiating non-judicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale. A copy of the recorded *Notice of Delinquent Assessment* must be mailed to the Member(s) of record no later than ten (10) calendar days after the Notice is recorded, consistent with California *Civil Code* Section 2924b. Upon payment in full of the sums specified in the *Notice of Delinquent Assessment*, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien within twenty one (21) days of the payment of the sums specified therein and shall provide a copy of such release to the Member.

- e. Enforcement Options. The Association may (i) terminate the Member's Membership and right of occupancy, through unlawful detainer (eviction) or other lawful proceedings, and repossess the Space, consistent with Sections 2.11, 2.12, and 2.13, above; (ii) initiate a legal action against the Member personally obligated to pay the delinquent Assessment; or (iii) foreclose its lien against the Member's Space and Membership interest. The Association may foreclose on its lien by judicial foreclosure or by non-judicial foreclosure by the trustee designated in the *Notice of Delinquent Assessment* or by a trustee substituted pursuant to California *Civil Code* Section 2934a. Any sale of a Space by a trustee acting pursuant to this Article shall be conducted in accordance with California *Civil Code* Sections 2924, 2924b and 2924c applicable to the exercise of powers of sale in mortgages or deeds of trust.
 - f. Notice of Default; Foreclosure. Non-judicial foreclosure shall be commenced by the Association by recording in the Office of the County Recorder a *Notice of Default*, which shall state all amounts which have become delinquent with respect to the Member's Space and all Additional Charges, the amount of any Assessment which is due and payable although not delinquent, a legal description of the property with respect to which the delinquent Assessment is owed, and the name of the Member of record. The Notice of Default shall state the election of the Association to sell the Space and shall otherwise conform with the requirements described in California *Civil Code* Section 2924c. The *Notice of Default* may not be recorded until thirty (30) days have elapsed since the recording of the lien.
- 7.12 Priority of Lien. When a *Notice of Delinquent Assessment* has been recorded, such *Notice* shall constitute a lien on the Space prior and superior to all other liens or encumbrances recorded subsequently, except (a) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (b) the lien or charge of any first mortgage made in good faith and for value, provided that such subordination shall apply only to the Assessments which have become due and payable prior to the transfer of such property pursuant to the exercise of a power of sale or a judicial foreclosure involving a default under such first mortgage or deed of trust, or other prior encumbrance.

7.13 Association Rights After Transfer of Foreclosed or Sold Space.

- a. Lien Extinguished. The Association's Assessment lien shall be extinguished as to all delinquent sums and Additional Charges incurred before the sale or transfer of a Space under a foreclosure or exercise of a power of sale by the holder of a first mortgage or other mortgage recorded before the Association's Assessment lien was recorded. Any Assessments and Additional Charges that are lost as a result of such a sale or transfer shall be deemed to be a common expense collectible from all of the Members, including the person who acquires the Space and his/her/their successors and assigns.
- b. Personal Obligation of Prior Member. No sale or transfer of a Space as the result of foreclosure, exercise of a power of sale, or otherwise, shall affect the Association's right to maintain an action against the Member of the Space personally to collect the delinquent Assessments and Additional Charges incurred by that prior Member before the sale or transfer.
- c. Subsequent Member. No sale or transfer of a Space as the result of foreclosure, exercise of a power of sale, or otherwise by the prior Member shall relieve the new Member and occupant of that Space from liability for any Assessments thereafter becoming due.

7.14 Waiver of Homestead Exemption. Each Member hereby waives, to the extent permitted by law, the protections of any declared homestead or homestead exemption or redemption laws under the laws of California as applied to any action to enforce or collect Assessments levied by the Association.

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| ARTICLE 8 MISCELLANEOUS PROVISIONS, CONDEMNATION, AMENDMENT |
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8.1 Amendment. Unless otherwise specifically provided by law or as otherwise indicated in these Bylaws, these Bylaws, or any provision thereof, may be amended or revoked in any respect by the affirmative vote of Members holding a majority of the total voting power of the Association; provided that the requisite Membership Quorum, has also been met. Whenever an amendment or a new Bylaw is adopted, it shall be added in the appropriate place in the Association's minute book. If any Bylaw repeals any portion of these original Bylaws, either the date of the meeting at which the Bylaws, or portion thereof, was repealed or the date written consent was filed with the Secretary shall be written on the original Bylaws retained in the Association's minute book.

8.2 Condemnation. If all or any portion of the Park is taken for any public or quasi-public use under any statute, by right of eminent domain or by purchase in lieu of eminent domain, the Association shall allocate and distribute the proceeds of any condemnation award according to following procedures: (a) first, the Association shall pay any and all mortgagees of the Association of amounts due pursuant to any mortgage or promissory note; (b) second, if there are any excess proceeds, the Association shall establish a separate bank account and utilize said funds to

repair or restore any portion of the Park adversely affected by the taking; (c) third, if there are any excess proceeds, the Association shall purchase the Membership interests of all affected Members whose Spaces were partially or completely taken; or, if there are insufficient proceeds, the Association shall distribute the remaining proceeds in equal proportions among the affected Members. Any remaining proceeds shall be placed in the Association's reserve account.

- 8.3 Conflicting Provisions. In the case of any conflict between the Articles and these Bylaws, the Articles shall control. In the case of any conflict between the Association Rules and these Bylaws, the Bylaws shall control.
- 8.4 Gender, Number, and Headings. As used herein, the singular includes the plural and masculine pronouns include feminine pronouns, where appropriate. The title and captions of each paragraph hereof are not a part thereof and shall not affect the construction or interpretation of any part hereof.
- 8.5 Severability. The provisions hereof shall be deemed independent and severable, and the validity or enforceability of any one provision will not affect the validity or enforceability of any other provision hereof.
- 8.6 Superseding Statutes. Any reference herein to a statute will be deemed a reference to any amended or successor statute.