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**THIRD RESTATED BYLAWS**  
**OF**  
**ASPEN GROVE CONDOMINIUM ASSOCIATION**

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**THIRD RESTATED BYLAWS**  
**OF**  
**ASPEN GROVE CONDOMINIUM ASSOCIATION**

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**ARTICLE 1 – RECITALS AND DEFINITIONS**

**Section 1.1 – Name of Association.**

The name of this corporation is Aspen Grove Condominium Association, which shall be referred to herein as the “**Association**”.

**Section 1.2 – Association Is Nonprofit.**

The Association is a California nonprofit mutual benefit corporation governed by the Nonprofit Mutual Benefit Corporation Law.

**Section 1.3 – Specific Purpose.**

The Association is an “association” (as defined by the Davis-Stirling Act) formed to manage a common interest development, specifically the Development. The specific and primary purpose of the Association shall be as set forth in the Articles.

**Section 1.4 – Amended and Restated Bylaws.**

These *Third Restated Bylaws of Aspen Grove Condominium Association* are intended to replace and supersede, in their entirety, any and all previous bylaws of the Association.

**Section 1.5 – Definitions.**

The following capitalized terms when used in these Bylaws shall have the meanings given to them below.

“**Annual Budget Report**” means the annual budget report that the Association is required to distribute to the Members 30 to 90 days before the end of its fiscal year, as described in the Davis-Stirling Act.

**“Annual Policy Statement”** means the annual policy statement containing information about Association policies that the Association is required to distribute to the Members 30 to 90 days before the end of its fiscal year, as described in the Davis-Stirling Act.

**“Articles”** means the articles of incorporation of the Association, including any amendments and restatements thereof; the Association was registered as a corporation with the Secretary of State of the State of California on February 11, 1991.

**“Assessment”** means any assessment made or assessed by the Association against an Owner and his or her Unit in accordance with the provisions of the Declaration, including but not limited to Regular Assessments and Special Assessments.

**“Association”** means *Aspen Grove Condominium Association*, a California nonprofit mutual benefit corporation.

**“Board”** or **“Board of Directors”** means the board of directors of the Association.

**“Bylaws”** means these *Third Restated Bylaws of Aspen Grove Condominium Association*, as may be amended from time to time.

**“Civil Code”** means the California *Civil Code*.

**“Common Area”** means the entire Development except the Units; the Common Area is intended for the general use and enjoyment of the Owners and Occupants of the Units, subject to certain exclusive use rights and easements in favor of individual Owners and Occupants of Units.

**“County”** means the County of Placer in the State of California, and its various departments, divisions, employees, and representatives.

**“Corporations Code”** means the California *Corporations Code*.

**“Davis-Stirling Act”** means the Davis-Stirling Common Interest Development Act, codified at Section 4000 et seq. of the Civil Code as of the date of adoption of these Bylaws, as may be amended from time to time.

**“Declaration”** means the *Third Restated Declaration of Covenants, Conditions, and Restrictions for Aspen Grove Condominium Association* recorded on November 16, 2023 as document number 2023-0062972-00 in the official records of the County, as may from time to time be supplemented, amended, or modified by a duly recorded amendment thereto or a subsequent declaration.

**“Development”** means the “Aspen Grove” condominium project which the Association was formed to manage.

**“Director”** means a natural person who serves on the Board.

**“General Notice”** means the delivery of a document to the Members by the Association by “general notice” or “general delivery”, as such terms are defined and described in the Davis-Stirling Act.

**“Governing Documents”** means the Declaration and any other documents, such as the Articles, these Bylaws, and any Operating Rules, which govern the operation of the Development or the Association.

**“Individual Notice”** means the delivery of a document to a Member by the Association by “individual notice” or “individual delivery”, as such terms are defined and described in the Davis-Stirling Act.

**“Managing Agent”** means a Person who, for compensation or in expectation of compensation, exercises control over the assets of the Association and/or Development. A “Managing Agent” does not include: a regulated financial institution operating within the normal course of its regulated business practice; or an attorney at law acting within the scope of the attorney's license.

**“Member”** means a member of the Association, each of whom shall be an Owner.

**“Nonprofit Mutual Benefit Corporation Law”** means the California Nonprofit Mutual Benefit Corporation Law, codified at Section 7110 et seq. of the Corporations Code as of the date of adoption of these Bylaws, as may be amended from time to time.

**“Occupant”** means an Owner, resident, tenant, lessee, or other person occupying a Unit; when the term “resident” (capitalized or not) is used in any Governing Document, that term shall have the same meaning as Occupant.

**“Operating Rule”** means a regulation adopted by the Board that applies generally to the management and operation of the Development or the conduct of the business and affairs of the Association.

**“Owner”** means a record owner of a Unit; when the term “Owner” is used in these Bylaws, it shall mean and include, collectively, all Persons having a record ownership interest in an individual Unit.

**“Person”** means a natural person, corporation, government or governmental subdivision or agency, business trust, estate, trust, partnership, limited liability company, association, or other entity; when the term “person” (not capitalized) is used in these Bylaws, it shall mean a natural person.

**“Regular Assessment”** means any Assessment levied against an Owner and his or her Unit based upon the funding needs projected in the Association's pro forma operating budget



included in the most recent Annual Budget Report, and shall have the same meaning as such term is given in the Declaration.

**“Reserve Account Requirements”** means the estimated funds that the Board has determined are required to be available at a specified point in time to repair, replace, or restore those major components that the Association is obligated to maintain.

**“Reserve Accounts”** means and includes: (i) moneys that the Board has identified for use to defray the future repair or replacement of, or additions to, those major components that the Association is obligated to maintain; and (ii) the funds received, and not yet expended or disposed of, from either a compensatory damage award or settlement to the Association from any Person for injuries to property, real or personal, arising from any construction or design defects, which are to be separately itemized from the funds described in (i).

**“Special Assessment”** means any Assessment levied against an Owner and his or her Unit for an Association expense that was under-budgeted or not budgeted in the Association’s pro forma operating budget included in the most recent Annual Budget Report, and shall have the same meaning as such term is given in the Declaration.

**“Unit”** means a separately owned unit at the Development.

#### **Section 1.6 – Reference to Statutes and Law.**

Wherever reference is made in these Bylaws to a statute or law, such reference shall mean and refer to a State of California statute or law, unless the context clearly indicates otherwise. Any reference to a statute in these Bylaws shall include any successor statute to such referenced statute.

### **ARTICLE 2 – LOCATION OF PRINCIPAL OFFICE**

The principal office of the Association will be located at such place in the Development, the County, or elsewhere in the State of California as the Board may from time to time designate by resolution.

### **ARTICLE 3 – MEMBERSHIP**

#### **Section 3.1 – Members of the Association.**

Every owner of a Unit within the Development is a Member of the Association. Membership in the Association is appurtenant to, and may not be separated from, ownership of any Unit in the Development.

### **Section 3.2 – Term of Membership.**

Each Owner shall remain a Member until he or she no longer owns a Unit. On the sale, conveyance, or other transfer of an Owner's interest in a Unit, the Owner's membership interest appurtenant to the Unit shall automatically transfer to the new Owner(s) of the Unit.

### **Section 3.3 – Member Voting Rights.**

Ownership of a Unit in the Development shall give rise to a single membership in the Association, and each membership held by an Owner shall entitle the Owner to one vote on matters requiring the consent or approval of the Members.

### **Section 3.4 – Multiple Owners of a Single Unit.**

If more than one Person owns a Unit, all of the co-Owners shall be deemed to be one Member for voting purposes; however, all such co-Owners shall have equal rights as Members to use and enjoy the Common Area (other than those portions of the Common Area subject to exclusive easements). Any one of multiple co-Owners shall be entitled to vote a joint membership as the co-Owners may determine amongst themselves, but in no event shall more than one vote be cast with respect to any Unit. If any Owner casts a vote on behalf of the Owner's Unit, it will be conclusively presumed for all purposes that such Owner was acting with the authority and consent of all other Owners of such Owner's Unit. Once a vote is cast, it shall be irrevocable.

### **Section 3.5 – Ownership of Multiple Units.**

If a Person owns more than one Unit in the Development, that Owner shall have a separate membership and separate Member voting rights for each Unit owned.

### **Section 3.6 – Furnishing Evidence of Membership.**

A Person shall not be entitled to exercise the rights of a Member until such Person has provided the Association with evidence, in the form of a duly recorded grant deed, that the Person is the owner of a Unit. Exercise of membership rights shall be further subject to the provisions set forth in Section 5.7 of these Bylaws regarding record dates for notice, voting, and giving consents.

## **ARTICLE 4 – MEMBERSHIP VOTING**

### **Section 4.1 – Classes of Membership.**

The Association shall have a single class of membership comprising those Persons who are Owners of Units in the Development.

#### **Section 4.2 – Member Votes.**

On each matter submitted to a vote of the Members, whether at a meeting of the membership called and held under the provisions of these Bylaws, or in a vote conducted by written or secret ballot, each Member shall be entitled to have one vote for each Unit that the Member owns, as provided in Section 3.3 of these Bylaws. Single memberships in which two or more Persons have an indivisible interest shall be voted as provided in Section 3.4 of these Bylaws. If a Unit is owned by a trust, corporation, partnership, or limited liability company, the vote attributable to that Unit must be exercised by a trustee on record title to the Unit or by a duly authorized officer, partner, or member of the entity-Owner, as the case may be; evidence of the right of a person to vote on behalf of such Owner shall be provided to the Association upon such Owner's assumption of ownership interest in the Unit, upon a change in the person entitled to vote on behalf of such Owner, and upon request of the Association.

#### **Section 4.3 – Eligibility to Vote.**

Only Members shall be entitled to vote with respect to any matter requiring the consent or approval of the Members. A list of Members shall be determined as of the record dates for Member notice, voting, and giving consents established pursuant to Section 5.7 of these Bylaws.

#### **Section 4.4 – Manner of Casting Votes.**

(a) Voting at Membership Meetings. Voting at any membership meeting may be by voice or by ballot, provided, however, that the voting in any election of Directors or on any other matter identified in paragraph (e) of this Section 4.4 shall be conducted by secret ballot in accordance with the requirements of the Davis-Stirling Act.

(b) Voting by Written Ballot. In addition to voting in person at a meeting, Members' votes may be solicited by written ballot with respect to any issue that requires the approval, consent, or other action by the Members by law or under the Governing Documents.

(c) No Proxy Voting. Voting by proxy shall not be permitted on any matter put to a vote of the Members.

(d) No Cumulative Voting. Cumulative voting shall not be allowed in the election of Directors.

(e) Secret Ballot Voting Requirements. Pursuant to the Davis-Stirling Act, the following actions requiring the vote or approval of the Members of the Association must be conducted by use of a secret ballot: (1) any vote of the Members to approve an increase in Regular Assessments or the imposition of a Special Assessment above the limits set forth in the Davis-Stirling Act; (2) any vote for the election or removal of Directors; (3) any vote to approve amendments to the Declaration, the Articles, or these Bylaws; or (4) any vote to approve the grant of exclusive use of a portion of the Common Area. Except as otherwise provided by law, a

vote or election that is subject to secret ballot voting requirements may be conducted entirely by mail.

**Section 4.5 – Action by Written Ballot Without a Member Meeting.**

Any action which may be taken at any regular or special meeting of Members, other than the election or removal of Directors, may be taken without a membership meeting if the Association distributes a written ballot to every Member entitled to vote on the matter. The ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association. Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations by written ballot shall indicate the number of responses needed to meet the quorum requirement and shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted. A written ballot may not be revoked.

**Section 4.6 – Member Approval Requirements for Valid Action.**

In any vote of the Members, whether conducted at a meeting or by a mailed or written ballot, the affirmative vote of a majority of a quorum of the Members who are entitled to vote and have voted on any matter (other than with respect to the election of Directors) shall be the act of the Members, unless the vote of a greater number is required by the California Nonprofit Mutual Benefit Corporation Law, the Davis-Stirling Act, or the Governing Documents. In the case of Director elections, the candidates receiving the largest number of votes, up to the number of Directors to be elected, shall be elected to fill the vacancies.

**Section 4.7 – Future Voting Rights.**

Should the Davis-Stirling Act or the Nonprofit Mutual Benefit Corporation Law permit the Association to conduct balloting and/or voting for any election or ballot measure in a manner different than the balloting and voting procedures described in these Bylaws, the Association shall be permitted to utilize such alternate procedures.

**ARTICLE 5 – MEMBERSHIP MEETINGS**

This Article 5 relates to meetings of the Members. Provisions relating to meetings of the Board are included in Article 7 of these Bylaws.

### **Section 5.1 – Place of Meeting.**

Meetings of the Members shall be held within the Development or at such other reasonable place, and at such time, as may be designated in the notice of the meeting. Unless unusual conditions exist, meetings of the Members shall not be held outside of the County.

### **Section 5.2 – Annual Meeting.**

An annual meeting of the Members shall be held each year on the Sunday immediately preceding Labor Day at the time and location specified in the notice of meeting; provided, however, the annual meeting shall not be held on a federal holiday.

### **Section 5.3 – Special Meetings.**

The Board, the president of the Association, or five percent or more of the Members may call special meetings of the Members at any time to consider any lawful business of the Association. If a special meeting is requested by five percent or more of the Members, rather than being called by the Board of Directors or the president of the Association, the notice and holding of such meeting shall be conducted in accordance with Section 7511 of the Corporations Code.

### **Section 5.4 – Notice of Members' Meetings.**

(a) Requirement That Notice Be Given. Notice of all regular and special meetings of the Members shall be given by the Association personally, by electronic transmission (subject to the requirements of Section 20 of the Corporations Code), or by mail or other means of written communication, addressed to each Member at the address of the Member appearing on the books of the Association or given by the Member to the Association for the purpose of notice.

(b) Time Requirements for Notice. Except in the case of membership meetings called in response to a valid demand received from five percent or more of the Members, notice of membership meetings shall be given not less than 10 nor more than 90 days before the date of the meeting; provided, if notice is given by mail and the notice is not given by first-class, registered, or certified mail, the notice shall be given not less than 20 days (nor more than 90 days) before the meeting. When a special meeting of the Members is called in response to a valid Member demand, the Board shall be obligated to send the Members a notice of the meeting within 20 days following receipt of the Members' demand, and the meeting must be held on a date that is not less than 35 nor more than 150 days following the receipt of the request.

(c) Minimum Requirements Regarding Content of Notice. Notices of meetings of the Members shall specify the place, date, and hour of the meeting and: (1) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted; or (2) in the case of an annual meeting, those matters that the Board of Directors, at

the time of giving the notice, intends to present for action by the Members, but any proper matter may be presented at the meeting for action as long as a quorum of the Members is present. The notice of any meeting at which Directors are to be elected shall include the names of all those individuals who are nominees for election to the Board at the time the notice is given to the Members. As stated in Section 7511 of the Corporations Code, certain significant actions may be acted on by the Members only if the general nature of the proposal is stated in the notice of meeting.

(d) Affidavit of Mailing. An affidavit of giving of any notice, executed by the secretary or the assistant secretary (if any) of the Association, shall constitute *prima facie* evidence of the giving of the notice.

### **Section 5.5 – Quorum Requirements.**

(a) Quorum Requirements Generally. The following quorum requirements must be satisfied in order to take valid action at any meeting of the Members or by written ballot in accordance with Section 4.5 of these Bylaws. At any membership meeting at which less than one-third of the voting power of the Association is present (but at which a quorum is present), the only matters which may be voted upon are those of which the general nature was described in the notice of the meeting.

(1) *Assessment Increases*. In the case of any membership meeting or written ballot called or conducted for the purpose of voting on a Regular Assessment increase or the imposition of a Special Assessment legally requiring membership approval, the quorum requirement for valid action on the proposal shall be more than 50 percent of the Members.

(2) *Election of Directors*. There shall be no minimum quorum requirement for the purpose of voting on the election of Directors, and the number of valid ballots received shall constitute a quorum.

(3) *Approval of Member Meeting Minutes and IRS Resolutions*. There shall be no minimum quorum requirement for the purpose of voting on the approval of minutes for Member meetings or for the purpose of voting to prospectively approve the rollover of any excess operating funds for the upcoming fiscal year end (IRS Revenue Ruling 70-604), and the number of valid ballots received for such votes shall constitute a quorum.

(4) *Quorum for Valid Action on Other Matters*. In the case of a membership meeting or written ballot called or conducted for any other purpose, there shall be no minimum quorum requirement and the number of valid ballots received shall constitute a quorum.

(b) Satisfaction of Quorum. Members present at a membership meeting in person shall be counted toward satisfaction of quorum requirements. In addition, each ballot voted by Members on or before the deadline established for the return of ballots shall be treated as a Member present at a meeting for purposes of establishing quorum.

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

#### **Section 5.6 – Adjourned Meetings.**

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

(b) Time Limitations for Reconvening an Adjourned Meeting. No meeting may be adjourned for more than 45 days. In addition, the meeting shall be adjourned to a date that is not less than five days from the original meeting date.

(c) Notice Requirements for Adjourned Meetings. When a Members’ meeting is adjourned to another time or place, notice need not be given of the new meeting if the new time and place are announced at the meeting at which the adjournment is taken. Notwithstanding the foregoing, if, for any reason, after adjournment a new record date is fixed for notice or voting, or if a new date for the adjourned meeting is established, a notice of the time and place of the adjourned meeting must be given to each Member on the record date for notice of the adjourned meeting.

(d) Quorum Requirement for Adjourned Meetings. In the case of adjournment of any membership meeting, the quorum requirement shall be the same as that stated in Section 5.5(a) of this Article 5.

#### **Section 5.7 – Record Dates for Member Notice, Voting, and Giving Consents.**

(a) Establishment of Record Date. For the purpose of determining which Members are entitled to receive notice of any meeting of Members, vote at a meeting of Members, cast a secret ballot or written ballot without a Member meeting, or exercise any rights in respect of any other lawful action, the Board of Directors may fix in advance a “record date”. Only Members of record on the date so fixed are entitled to notice, vote, or take action by secret ballot or written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date. Any record date established by the Board shall comply with the provisions of the Nonprofit Mutual Benefit Corporation Law and the Davis-Stirling Act.

(b) Default Record Date. If the Board does not set a record date for any meeting or action of the Members, the default record date shall be as follows:

(1) *Notice of Meetings.* The record date for determining those Members entitled to receive notice of a meeting of Members shall be the close of business on the business day preceding the day on which notice is given.

(2) *Voting at Member Meetings.* The record date for determining those Members entitled to vote at a meeting of Members shall be the day of the meeting or, in the case of an adjourned meeting, the day of the adjourned meeting.

(3) *Action by Secret Ballot or by Written Ballot Without a Meeting.* The record date for determining those Members entitled to vote by secret ballot, or by written ballot without a meeting of Members, on proposed Association actions shall be the day on which the first secret ballot or written ballot is mailed or solicited.

#### **Section 5.8 – Parliamentary Procedure.**

Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or any parliamentary procedures the Association may adopt.

#### **Section 5.9 – Attendance at Membership Meetings.**

The Board shall permit any Member to speak at any meeting of the Members. A reasonable time limit for Members to speak at a meeting of the Members shall be established by the Board.

#### **Section 5.10 – Remote Membership Meetings During a Disaster or Emergency.**

Notwithstanding the foregoing or anything to the contrary contained in the Governing Documents, a meeting of the Members may be conducted entirely by teleconference, through audio or video, or both, without any physical location being held open for the attendance of any Member, if gathering in person is unsafe or impossible because the Development is in an area affected by (A) a state of disaster or emergency declared by the federal government, (B) a state of emergency proclaimed by the Governor under Section 8625 of the California *Government Code*, or (C) a local emergency proclaimed by a local governing body or official under Section 8630 of the California *Government Code*; provided, however, the conduct of such teleconference meeting must meet all of the conditions mandated by the Davis-Stirling Act. If ballots subject to the secret ballot voting procedure established under the Davis-Stirling Act will be counted and tabulated at such a teleconference meeting, the meeting must be conducted by video conference and the camera must be placed in a location such that Members can witness the inspector of elections counting and tabulating the votes.



## ARTICLE 6 – BOARD OF DIRECTORS

### Section 6.1 – General Association Powers.

Subject to the provisions of the Nonprofit Mutual Benefit Corporation Law, the Davis-Stirling Act, and any limitations contained in any of the Governing Documents relating to action required to be approved by the Members, the business and affairs of the Association shall be vested in and exercised by the Association's Board of Directors. Subject to any limitations imposed by law or the Governing Documents, the Board may delegate the management of the activities of the Association to any Person or Persons, Managing Agent, or committee; provided, however, that notwithstanding any such delegation, the activities and affairs of the Association shall continue to be managed, and all Association powers shall continue to be exercised, under the ultimate direction of the Board.

### Section 6.2 – Number of Directors; Candidate and Director Qualifications.

(a) Number of Directors. The Board of Directors shall consist of five persons.

(b) Candidate Qualifications. The following qualifications apply for a person to be nominated as a candidate for the Board. To the extent permitted by a provision of the Davis-Stirling Act, the Association may adopt additional candidate qualifications by way of an Operating Rule regulating elections, and such additional Director qualifications shall be deemed effective once adopted.

(1) *Be a Member.* The person must be a Member at the time of nomination. If title to a Unit is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to be a Member for purposes of the foregoing.

(2) *Be Current in the Payment of Regular and Special Assessments.* The Member must be current in the payment of Regular Assessments and Special Assessments.

(A) While the Association may disqualify a person from nomination to the Board for nonpayment of Regular Assessments and Special Assessments, the Association may not disqualify a nominee for nonpayment of fines, fines renamed as Assessments, collection charges, late charges, or costs levied by a third party.

(B) A person shall not be disqualified from nomination to the Board for failure to be current in the payment of Regular Assessments and Special Assessments if either of the following circumstances is true: (i) the Member has paid the Regular Assessment or Special Assessment under protest pursuant to Civil Code section 5658; or (ii) the Member has entered into a payment plan with the Association for the Regular Assessment or Special Assessment pursuant to Civil Code section 5665.

(3) *Not Have a Joint Ownership Interest with Another Candidate or a Director.* The candidate, if elected, would not be serving on the Board at the same time as another person who holds a joint ownership interest in the same Unit as the candidate and the other person is either properly nominated for the then current election or is an incumbent Director.

(4) *Not Have a Past Criminal Conviction Affecting Fidelity Bond Coverage.* The person must not have a past criminal conviction that would, if the person is elected, either prevent the Association from purchasing the fidelity bond coverage required by Civil Code section 5806 or terminate the Association's then existing fidelity bond coverage.

(5) *Be a Member for One Year.* The person must have been a Member for at least one year.

(c) Disqualification of Candidates. The Association shall not disqualify a person from nomination to the Board if the person has not first been provided the opportunity to engage in internal dispute resolution with the Association pursuant to Civil Code section 5900 et seq. regarding the disqualification.

(d) Qualifications for Directors. The following qualifications apply for a person to remain serving as a Director once elected or appointed to the Board. To the extent a provision of the Davis-Stirling Act limits or restricts the Director qualifications that the Association may establish or enforce, the Director qualifications set forth below shall be curtailed by the Association as necessary to meet such limitation(s) or restriction(s).

(1) *Meet Candidate Qualifications.* The Director must continue to meet the Association's qualifications for candidates for the Board that were in effect at the time the Director was qualified as a candidate for the Board.

(2) *Not Have a Felony Conviction.* A Director must not have been convicted of a felony.

(3) *Be of Sound Mind.* A Director must not have been declared of unsound mind by a final order of court.

(4) *Attend Board Meetings.* A Director may be disqualified to continue to serve on the Board by a majority vote of the remaining Directors if he or she misses three consecutive non-emergency Board meetings. For purposes of the foregoing, if a regular or special meeting of the Board is held immediately before an executive session meeting of the Board (or vice versa), those meetings shall count as one meeting.

### **Section 6.3 – Term of Office.**

At the next annual membership meeting held after the adoption of these Bylaws, the three qualified candidates receiving the highest number of votes shall each be elected for a term of two years, and the two qualified candidates receiving the next highest number of votes shall

each be elected for a term of one year. At each annual meeting thereafter, the Members shall elect Directors for a term of two years to replace those Directors whose terms are then expiring. Each Director, including a Director elected or appointed to fill a vacancy, shall hold office until the expiration of the term for which elected or appointed and until a successor has been elected and qualified, unless the Director has been removed from office.

#### **Section 6.4 – Nomination of Candidates.**

(a) Member Self-Nomination. Any Member who meets the qualifications for candidates for the Board of Directors set forth in Section 6.2(b) of these Bylaws shall have the right to place his or her name in nomination for election to the Board, as long as the Member tenders written notice of his or her desire to run for election to the Board prior to the deadline for nominations for such election and in accordance with the procedures established for such election.

(b) Nominations from the Floor and Write-In Candidates Prohibited. Nominations from the floor are not permitted at any Director election meeting. Further, write-in candidates are not permitted in any Director election. Only those candidates whose names appear on an election ballot may be candidates for election to the Board.

#### **Section 6.5 – Election of Directors.**

(a) Coordination of Director Elections; Secret Ballot Voting. Each election of Directors shall be conducted using the double-envelope secret ballot voting process described in the Davis-Stirling Act and in accordance with any Operating Rules regulating elections. The results of the balloting and the deadline for voting shall be scheduled to coincide with the annual meeting of the Members. If for any reason an annual meeting of the Members is not held or Directors are not elected at the annual membership meeting, the Directors may be elected at a special meeting of the Members called for that purpose.

(b) Determination of Election Results; Succession to Office. As long as the minimum quorum requirement for Director elections has been met, the candidates receiving the highest number of votes, up to the number of vacancies to be filled in the election, shall be elected as Directors and shall take office immediately following their election. To the extent the Davis-Stirling Act does not require a run-off election in the event of a tie vote, if there is a tie vote between those candidates who receive the lowest number of votes necessary to qualify for election to the Board, the tie shall be broken by a random drawing of lots/straws or a coin toss conducted by the inspector of elections at the election meeting.

(c) Election by Acclamation. Election by acclamation is when, as of the deadline for submitting nominations for candidates for the Board, the number of qualified candidates is not more than the number of vacancies to be elected and the Association considers the qualified candidates elected to the Board without a Member vote. The use of election by acclamation by the Association shall be subject to any applicable conditions and requirements set forth in the

Davis-Stirling Act. The provisions of this paragraph shall not affect the Association's obligation to adopt reasonable nomination and election procedures as required by the Davis-Stirling Act.

#### **Section 6.6 – Vacancies on Board of Directors.**

(a) Vacancies Generally. A vacancy or vacancies on the Board of Directors shall be deemed to exist on the occurrence of any of the following: (1) a Director fails to meet any of the qualifications set forth in Section 6.2(d) of these Bylaws, or which were otherwise in effect at the time the Director was elected to the Board; (2) the death, resignation, or removal of a Director; or (3) an increase in the authorized number of Directors.

(b) Resignation of Directors. A Director may resign at any time, which resignation shall be effective on giving written notice to the president or secretary of the Association, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective.

(c) Authority of Members to Remove Directors. A Director may be removed from office before the expiration of his or her term of office by the affirmative vote of a majority of a quorum of the Members conducted in accordance with the secret ballot voting requirements set forth in the Davis-Stirling Act.

(d) Filling of Vacancies. Vacancies on the Board of Directors shall be filled by a majority vote of the remaining Directors, even though less than a quorum, or by a sole remaining Director, unless the vacancy is created through removal of a Director by action of the Members, in which case the vacancy shall be filled by a vote of the Members conducted by the secret ballot voting requirements set forth in the Davis-Stirling Act. Furthermore, the Members may elect a Director or Directors at any time to fill any vacancy or vacancies on the Board not filled by the existing Directors, by an election conducted by secret ballot in accordance with the Davis-Stirling Act.

#### **Section 6.7 – Conflicts of Interest.**

(a) Transactions in Which Directors Have an Interest. The provisions of Sections 7233 and 7234 of the Corporations Code, regarding the manner in which Association transactions in which a Director has a material financial interest must be approved either by a disinterested vote of the Board or by a disinterested vote of the Members, shall apply to any contract or other transaction authorized, approved, or ratified by the Board of Directors or a committee of the Board.

(b) Recusal. A Director shall be automatically recused from voting on any of the following matters:

- (1) Discipline of the Director;
- (2) An Assessment against the Director for damage to the Common Area;

- (3) A request, by the Director, for a payment plan for overdue Assessments;
- (4) A decision whether to foreclose on a lien on the Unit of the Director;
- (5) Review of a proposed physical change to the Unit of the Director;
- (6) A grant of exclusive use of the Common Area to the Director;
- (7) An issue involving a dispute between the Director and an Owner, or between the Director and an Occupant of a Unit; or
- (8) A legal dispute or enforcement action between the Director and the Association, or between the Director and the Board.

(c) Additional List of Conflicts and Interested Director Transactions. Nothing in this Section 6.7 limits any other provision of law or the Governing Documents that govern a decision in which a Director may have an interest, and the Board may adopt a code of conduct, commitment pledge, ethics policy, or other similar document/policy that supplements or expands on the list of what constitutes a conflict of interest or interested Director transaction.

#### **Section 6.8 – Compensation.**

No Director shall be entitled to compensation for his or her services performed as a Director. However, except to the extent prohibited in connection with meeting travel costs incurred by any Board member pursuant to Section 7.2(k) of these Bylaws, a Director can be reimbursed for reasonable out-of-pocket expenses, verified in writing, incurred in carrying out the business of the Association.

#### **Section 6.9 – Standard of Care.**

Each Director shall perform the duties of a Director, including duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

### **ARTICLE 7 – MEETINGS OF THE BOARD OF DIRECTORS**

This Article 7 relates to meetings of the Board. Provisions relating to meetings of the Members are included in Article 5 of these Bylaws.

### **Section 7.1 – Types of Board Meetings.**

(a) Annual Organizational Meeting of the Board. Immediately following each annual meeting of Members, but not more than 30 days after an annual meeting, the Board of Directors shall hold a regular meeting for the purpose of organization and election of officers.

(b) Regular Meetings of the Board. Regular meetings of the Board of Directors shall be held at least once every calendar quarter (but not less than once every three calendar months) to conduct the business of the Association.

(c) Special Meetings of the Board. Special meetings of the Board of Directors for any purpose may be called at any time by the president of the Association or by any two Directors other than the president.

(d) Emergency Meetings of the Board. An emergency Board meeting may be called by the president of the Association, or by any two Directors other than the president, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide meeting notice as required by Section 7.3 of these Bylaws.

(e) Executive Session Meetings of the Board. An executive session meeting is a Board meeting that is not open to the entire membership of the Association.

### **Section 7.2 – General Board Meeting Provisions.**

(a) Definition of What Constitutes a Board Meeting. A Board meeting is either of the following: (1) a congregation, at the same time and place, of a sufficient number of Directors to establish a quorum of the Board, to hear, discuss, or deliberate upon any item of business; or (2) a teleconference, where a sufficient number of Directors to establish a quorum of the Board, in different locations, are connected by electronic means, through audio or video, or both, to hear, discuss, or deliberate upon any item of business. For purposes of the foregoing, an “item of business” means any action within the authority of the Board, except those actions that the Board has validly delegated to any other Person or Persons, Managing Agent, officer of the Association, or committee of the Board comprising less than a quorum of the Board.

(b) Permitted Locations for Board Meetings. Except as otherwise provided in paragraph (c) of this Section 7.2, regular and special meetings of the Board of Directors may be held at any place within the Development or the County that has been designated from time to time by the Board and stated in the notice of the meeting. In the absence of such designation, regular meetings shall be held at the principal office of the Association.

(c) Conducting Board Meetings by Teleconference.

(1) *Definition of Teleconference Meeting.* A teleconference meeting of the Board is where a sufficient number of Directors to establish a quorum of the Board, in different locations, are connected by electronic means, through audio or video, or both.

(2) *General Requirements.* A teleconference meeting of the Board shall be conducted in a manner that protects the rights of Members of the Association and otherwise complies with the requirements of the Davis-Stirling Act. Except for a Board meeting that will be held solely in executive session, the notice of a teleconference meeting of the Board shall identify at least one physical location so that Members of the Association may attend, and at least one Director or a person designated by the Board shall be present at that location. Participation by Directors in a teleconference meeting constitutes presence at that meeting as long as all Directors participating are able to hear both one another and Members of the Association speaking on matters before the Board.

(3) *Emergency Procedures.* Notwithstanding the foregoing or anything to the contrary contained in the Governing Documents, a Board meeting may be conducted entirely by teleconference, without any physical location being held open for the attendance of any Director or Member, if gathering in person is unsafe or impossible because the Development is in an area affected by (A) a state of disaster or emergency declared by the federal government, (B) a state of emergency proclaimed by the Governor under Section 8625 of the California *Government Code*, or (C) a local emergency proclaimed by a local governing body or official under Section 8630 of the California *Government Code*; provided, however, the conduct of such teleconference meeting must meet all of the conditions mandated by the Davis-Stirling Act. If ballots subject to the secret ballot voting procedure established under the Davis-Stirling Act will be counted and tabulated at such a teleconference meeting, the meeting must be conducted by video conference and the camera must be placed in a location such that Members can witness the inspector of elections counting and tabulating the votes.

(d) Quorum. A majority of the authorized number of Directors (three Directors) shall constitute a quorum for the transaction of business.

(e) No Action on Items of Business Outside of Board Meetings. The Board shall not take action on any item of business outside of a Board meeting. Specifically, and without limitation, the Board shall not conduct a meeting via a series of electronic transmissions, including, but not limited to, electronic mail, except with respect to emergency Board meetings. Electronic transmissions may be used as a method of conducting an emergency Board meeting if all Directors, individually or collectively, consent in writing to that action, and if the written consent or consents are filed with the minutes of the Board meeting; these written consents may be transmitted electronically.

(f) No Action on Items of Business Not Included on Board Meeting Agenda. Except as otherwise permitted under the Davis-Stirling Act, the Board may not discuss or take action on

any item at a nonemergency meeting unless the item was placed on the agenda included in the notice that was distributed for the meeting.

(g) Director Voting Rights. Each Director present and voting at a meeting shall have one vote on each matter presented to the Board of Directors for action at that meeting. No Director may vote at any Board meeting by proxy.

(h) Approval of Items of Business. An act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum of the Board is present is the act of the Board. A meeting at which a quorum of the Board 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 that meeting, or any greater number required by the Articles.

(i) Adjournment. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the Directors who are not present at the time of the adjournment.

(j) Recording. No meeting of the Board may be electronically recorded unless and except to the extent permitted by an Operating Rule.

(k) Travel Expenses. No Board member shall be reimbursed by the Association for any travel expense he or she may incur to attend a Board meeting, Member meeting, committee meeting or other Association meeting, nor shall the Association directly pay for any travel expenses a Board member may incur to attend a Board meeting, Member meeting, committee meeting or other Association meeting. Each Board member shall be personally and individually responsible to pay for any such travel costs he or she may incur. For purposes of this paragraph, "travel costs" shall be deemed to include, without limitation, airline tickets, train tickets, automobile fuel, tolls, taxis, car service, lodging, meals, and similar expenses.

(l) Meal Expenses. Association funds shall not be used to pay for meals, food, or beverages for Board members, individually or collectively, when attending Board meetings or conducting Board or Association business, or in any other instance. Notwithstanding the foregoing, as deemed reasonable and appropriate by the Board, refreshments can be paid for and provided by the Association at any open session Board meeting and/or at any Member meeting for the benefit and enjoyment of all Association Members (including Board members) who physically attend such meetings.

### **Section 7.3 – Notice of Board Meetings.**

(a) Requirements for Giving Notice to Directors. 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. Special meetings of the Board shall be held upon four days' notice by first-class mail or 48 hours' notice delivered personally or by telephone, including a voice messaging system, or by electronic transmission by the Association in accordance with Section 20 of the Corporations Code. Notice of a meeting need not be given to a Director who: has provided a waiver of notice or consent to holding the meeting or an approval of the minutes thereof in writing, whether before or after the meeting; or attends the meeting without protesting, prior to the meeting or at its commencement, the lack of notice to that Director. Such waivers, consents, and approvals shall be filed with the Association's records or made a part of the minutes of the meeting.

(b) Requirements for Giving Notice to Members. The Association shall give notice of the time and place of a Board meeting to the Members at least four days before the meeting, except as follows: (1) if a Board meeting is an emergency meeting, the Association is not required to give notice of the time and place of the meeting; and (2) if a nonemergency Board meeting is held solely in executive session, the Association shall give notice of the time and place of the meeting at least two days prior to the meeting. Notice of a Board meeting shall be given by General Notice and shall contain the agenda for the meeting.

(c) Special Notice Requirements for Members Who Are Subject to Possible Disciplinary Action. In addition to the foregoing General Notice requirements for Members, if one or more particular Members are scheduled for possible disciplinary action on the agenda for a Board meeting, the Board must notify each subject Member in writing, by either personal delivery or Individual Notice, at least 10 days before the date of the meeting. Any such special notice of possible disciplinary action must contain, at a minimum, the date, time, and location of the meeting, the nature of the alleged violation for which the Member is being considered for disciplinary action, and a statement that the Member has a right to attend the meeting and address the Board concerning the disciplinary matter. The Board shall meet in executive session to discuss Member discipline unless the Member who is the subject of the possible disciplinary action requests that the hearing be held in open session. Any discipline to be imposed against a Member as a result of such Board meeting shall be noticed to the Member within 15 days after the meeting.

#### **Section 7.4 – Member Attendance at Board Meetings.**

Any Member may attend Board meetings, except when the Board adjourns to, or meets solely in, executive session. A Member of the Association shall be entitled to attend a teleconference meeting or the portion of a teleconference meeting that is open to Members, and that meeting or portion of the meeting shall be audible to the Members in a location specified in the notice of the meeting. The Board shall permit Members to speak at any meeting of the Board, except for meetings of the Board held in executive session. A reasonable time limit for Members of the Association to speak to the Board shall be established by the Board.

### **Section 7.5 – Executive Session Meetings of the Board.**

(a) The Board may adjourn to, or meet solely in, executive session to consider: litigation in which the Association is or may become a party; matters relating to the formation of contracts with third parties; Member discipline; personnel matters; or to meet with a Member, upon the Member's request, regarding the Member's payment of Assessments.

(b) The Board shall adjourn to, or meet solely in, executive session to: discuss a payment plan for debt noticed in a notice of intent to record a lien against a Member's Unit; or decide whether to foreclose on a lien recorded against a Member's Unit.

(c) Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting that is open to the entire membership.

### **Section 7.6 – Meeting Minutes.**

The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes of any Board meeting, other than an executive session, shall be available to the Members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member on request and upon reimbursement of the Association's costs in making that distribution.

## **ARTICLE 8 – DUTIES AND POWERS OF THE BOARD**

### **Section 8.1 – Specific Powers.**

Without prejudice to the general powers of the Board of Directors set forth in Section 6.1 of these Bylaws, the Board shall have the specific power to do the following:

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

(b) Appoint and remove all officers of the Association, and prescribe the powers and duties for such officers that are consistent with the law and the Governing Documents.

(c) Appoint such Managing Agents and other agents, and employ such Persons (including but not limited to attorneys and accountants), as it sees fit to assist in the operation of the Association, and to fix their duties and to establish their compensation.

(d) Adopt and establish Operating Rules governing the use of the Common Area and the personal conduct of Members and Occupants and their Guests therein, and take such steps as it deems necessary for the enforcement of such Operating Rules, including the imposition of monetary penalties, provided notice and a hearing are provided in accordance with the law and the Governing Documents.

(e) Enforce all applicable provisions of the Governing Documents relating to the control, management, and use of the Units and the Common Area.

(f) Contract for and pay premiums for fire, casualty, liability, and other insurance and bonds (including but not limited to indemnity bonds) that may be required from time to time to be maintained by the Association under the Declaration.

(g) Contract and pay for maintenance, landscaping, utilities, materials, supplies, labor, and services that may be required from time to time in relation to those portions of the Development that the Association is obligated to maintain, repair, or replace.

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

(i) Contract for and pay for construction or reconstruction of any portion or portions of the Development that the Association is obligated to maintain, repair, and replace under the Declaration.

(j) Delegate its duties and powers under these Bylaws to the officers of the Association or to committees established by the Board, subject to any limitations stated in the law and the Governing Documents.

(k) Levy and collect Assessments from the Members of the Association in accordance with the Declaration.

(l) Perform all acts required of the Board under the Declaration, these Bylaws, and the other Governing Documents of the Association.

(m) Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles.

(n) Appoint such committees as the Board deems necessary from time to time in connection with the affairs of the Association, in accordance with Article 9 of these Bylaws.

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

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

(q) Institute, defend, settle, or intervene in litigation, arbitration, mediation, or administrative proceedings in the Association's own name as the real party in interest and without joining with it the Members, in matters pertaining to: (1) enforcement of the Governing Documents; (2) damage to the Common Area; (3) damage to a Unit that the Association is

obligated to maintain or repair, if any; and (4) damage to a Unit that arises out of, or is integrally related to, damage to the Common Area or a Unit that the Association is obligated to maintain or repair, if any.

(r) Enter Units as necessary, subject to the notice requirements set forth in the Declaration, in connection with construction, maintenance, or emergency repairs for the benefit of the Common Area.

(s) Grant or quitclaim easements, licenses, or rights of way in, on, or over the Common Area for purposes not inconsistent with the intended use of the Development as a condominium project, subject to the provisions of the Declaration.

(t) Authorize the Association to pay a judgment or fine levied against the Association or any present or former Director, officer, employee, Managing Agent, or other agent of the Association, to the extent and under the circumstances provided in these Bylaws or the Declaration.

(u) File any statements and forms required by the Secretary of State of the State of California and/or the Franchise Tax Board of the State of California with respect to the Association and its business activities.

#### **Section 8.2 – Limitations on Powers of the Board.**

(a) Prohibited Actions. The Board is prohibited from taking any of the following actions:

(1) *Deny Access to Units*. Except as otherwise provided in law, an order of the court, or an order under a final and binding arbitration decision, the Association may not deny a Member or Occupant physical access to the Member's or Occupant's Unit, either by restricting access through the Common Area to the Unit, or by restricting access solely to the Unit.

(2) *Assign or Pledge Future Assessment Obligations*. The Association may not voluntarily assign or pledge the Association's right to collect payments or Assessments or to enforce or foreclose a lien to a third party except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law when acting within the scope of that charter or license as security for a loan obtained by the Association. However, the foregoing provision shall not restrict the right or ability of the Association to assign any unpaid obligations of a former Member to a third party for purposes of collection.

(3) *Adopt Rules Unreasonably Restricting Sales*. The Association shall not adopt an Operating Rule that arbitrarily or unreasonably restricts a Member's ability to market the Member's Unit.

(4) *Establish Exclusive Broker Relationships.* The Association shall not establish an exclusive relationship with a real estate broker through which the sale or marketing of Units is required to occur.

(5) *Use Association Funds for Campaign Purposes.* Association funds shall not be used for campaign purposes in connection with any Board election. In addition, funds of the Association shall not be used for campaign purposes in connection with any other Member vote, except to the extent necessary to comply with duties of the Association imposed by law. For purposes of the foregoing, “campaign purposes” includes, but is not limited to, the following: expressly advocating the election or defeat of any candidate that is on the Association election ballot; or including the photograph or prominently featuring the name of any candidate on a communication from the Association or the Board, excepting the ballot, ballot materials, or a communication that is legally required, within 30 days of an election (this is not a campaign purpose if the communication is one for which the Davis-Stirling Act requires that equal access be provided to another candidate or advocate).

(6) *Pay Compensation to Directors and Officers.* The Association shall not pay compensation to Directors or officers of the Association; provided, however, Directors and officers can be reimbursed for reasonable out-of-pocket expenses, verified in writing, incurred in carrying out the business of the Association, except to the extent prohibited in connection with meeting travel costs incurred by any Board member pursuant to Section 7.2(k) of these Bylaws.

(b) Board Actions Requiring Member Approval. The Board shall not take any of the following actions without the consent of a simple majority of the voting power of the Members of the Association:

(1) *Make Capital Improvements.* Incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent of the budgeted gross expenses of the Association for that year. For purposes of the foregoing provision, “capital improvements” shall mean and refer to the construction of new improvements, additions to or expansions of existing improvements, or the repurposing of existing improvements, not the repair or replacement of existing improvements.

(2) *Sell Association Property.* Sell during any fiscal year property of the Association having an aggregate fair market value greater than five percent of the budgeted gross expenses of the Association for that fiscal year.

## **ARTICLE 9 – COMMITTEES**

### **Section 9.1 – Committees of the Board.**

The Board may, by resolution adopted by a majority of the number of Directors then in office, provided that a quorum is present, create one or more executive committees, each

consisting of two or more Directors, to serve at the pleasure of the Board. Appointments to such committees shall be by a majority vote of the Directors then in office. In the event of a vacancy on a committee of the Board, the Board has the power to fill such vacancy. Such committee, to the extent provided in the resolution of the Board, may have all the authority of the Board, except with respect to those items described in Section 7212 of the Corporations Code. A committee of the Board shall not include as members any persons who are not Directors.

#### **Section 9.2 – Advisory Committees.**

The Board may, by resolution adopted by a majority of the number of Directors then in office, provided that a quorum is present, create one or more advisory committees to advise the Board on issues relating to the Association and/or the Development. Such committees may include persons regardless of whether they are Directors, and shall serve at the pleasure of the Board. The Board shall appoint the chairperson and the other members of the committee, except to the extent otherwise provided by the Board. Only Members shall be entitled to serve on advisory committees, unless otherwise expressly approved by the Board. The actions of committees established under this Section 9.2 shall include only research and recommendations to the Board and similar activities, and no advisory committee shall have any general authority to bind the Association; provided, however, the Association’s architectural committee (if any) shall have such decision-making authority as may be provided under the Declaration.

#### **Section 9.3 – Organization of Committees.**

The purpose and authority of a committee shall be as stated in the resolution creating the committee. A committee charter shall be adopted by the Board for each committee, which shall state, among other things that the Board deems appropriate, the number of committee members, the term of committee member service, the purpose of the committee, and the powers (if any) of the committee. All committee chairs are appointed by the Board, and Board members may serve as advisory committee chairs. The chair of any committee shall establish committee meeting guidelines, to the extent such guidelines have not been determined by the Board.

#### **Section 9.4 – Meetings and Actions of Committees.**

Duly appointed committees of the Association shall meet with such frequency as is considered necessary or appropriate to accomplish the tasks and to perform the duties that have been delegated to each such committee. Minutes shall be kept of each meeting of any committee with decision-making authority and filed with the Association’s records. The Board of Directors may adopt additional requirements for the governance and conduct of any committee.

## **ARTICLE 10 – OFFICERS**

### **Section 10.1 – Primary Officers.**

The primary officers of the Association shall be a president, a secretary, and a treasurer, all of whom shall be elected by the Board from among the Directors. The Association may also have, at the discretion of the Board, such other officers as may be appointed in accordance with the provisions of Section 10.3 of these Bylaws. Any person may hold two or more offices, except that neither the vice president (if any), the secretary, nor the treasurer may serve concurrently as president.

### **Section 10.2 – Election of Officers.**

The primary officers of the Association shall be chosen annually by majority vote of the Board at its first regular meeting following the annual meeting of the Members or the election of Directors. Each such officer shall hold his or her office until he or she shall resign or shall be removed or otherwise disqualified to serve, or until his or her successor is elected and qualified.

### **Section 10.3 – Subordinate Officers.**

The Board may appoint, and may empower the president to appoint, such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine. Such other officers may include, among others, a vice president, an assistant secretary and/or an assistant treasurer.

### **Section 10.4 – Removal of Officers.**

All officers serve at the pleasure of the Board. Any officer may be removed, either with or without cause, by the Board at any regular or special Board meeting.

### **Section 10.5 – Resignation of Officers.**

Any officer may resign at any time by giving written notice to the Board or to the president or secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

### **Section 10.6 – Vacancies.**

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled by the Board at a regular or special Board meeting.

### **Section 10.7 – President.**

The president shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction, and control of the affairs and officers of the Association. The president shall preside at all meetings of the Board and shall have the general power and duties of management usually vested in the office of president of a corporation, together with such other powers and duties as may be prescribed by the Board or these Bylaws.

### **Section 10.8 – Vice President.**

In the event a vice president has been appointed by the Board, in the absence or disability of the president, the vice president shall perform all the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions on, the president. The vice president (if any) shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or these Bylaws.

### **Section 10.9 – Secretary.**

The secretary shall keep or cause to be kept at the principal office, or such other place as the Board may order, a book of minutes of all meetings of Directors and Members, with the time and place of holding same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the number of Members present in person at Members' meetings, and the proceedings thereof. The secretary shall keep, or cause to be kept, appropriate current records showing the Members of the Association, together with their addresses. The secretary shall give, or cause to be given, notice of all meetings of the Board required by these Bylaws or law to be given, and the secretary shall keep the seal of the Association, if any, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

### **Section 10.10 – Treasurer.**

The treasurer shall be the chief financial officer of the Association and shall do the following: (a) keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements; (b) deposit or cause to be deposited all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board; (c) disburse or cause to be disbursed the funds of the Association as may be ordered by the Board; (d) render to the president and Directors, whenever they request it, an account of all of the treasurer's transactions as chief financial officer and of the financial condition of the Association; and (e) have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.



### **Section 10.11 – Compensation.**

No officer of the Association shall be entitled to compensation for his or her services performed in that capacity. However, except to the extent prohibited in connection with meeting travel costs incurred by any Board member pursuant to Section 7.2(k) of these Bylaws, an officer can be reimbursed for reasonable out-of-pocket expenses, verified in writing, incurred in carrying out the business of the Association.

## **ARTICLE 11 – ASSOCIATION FINANCES**

### **Section 11.1 – Description of Assessments to Which Owners Are Subject.**

Owners of Units within the Development are subject to Assessments to pay for the management and operation of the Development and the conduct of the business and affairs of the Association as described in the Declaration.

### **Section 11.2 – Checks.**

All checks or demands for money and notes of the Association shall be signed by the president or treasurer or by such other officer(s) or person(s) as the Board of Directors may from time to time designate. Notwithstanding the foregoing, any withdrawal of funds from the Reserve Accounts shall require the signature of two Directors.

### **Section 11.3 – Operating Account.**

There shall be established and maintained one or more cash deposit accounts, each to be known as an “operating account”, into which shall be deposited the operating portion of all Assessments as fixed and determined for all Members. Disbursements from the operating account(s) shall be for general operational needs, including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the Development. The operating account(s) shall be kept separate and apart from the Reserve Accounts.

### **Section 11.4 – Reserve Accounts.**

The Board shall maintain Reserve Accounts for the repair and replacement of those major components that the Association is obligated to maintain pursuant to the Declaration.

### **Section 11.5 – Budgets, Financial Statements, and Required Disclosures.**

(a) Annual Year-End Disclosures. Within 30 to 90 days before the end of each fiscal year, the Association shall distribute to the Members, by Individual Notice, an Annual Budget Report and an Annual Policy Statement in accordance with the requirements of the Davis-Stirling Act.

(b) Annual Financial Statement Review by Accountant. Within 120 days after the close of each fiscal year, the Association shall distribute to the Members, by Individual Notice, a review of the financial statement of the Association, prepared in accordance with generally accepted accounting principles by a licensee of the California Board of Accountancy, for any fiscal year in which the gross income to the Association exceeds \$75,000.

(c) Reserve Study. At least once every three years, the Board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components that the Association is obligated to repair, replace, restore, or maintain as part of a study of the Reserve Account Requirements of the Development, in accordance with the requirements of the Davis-Stirling Act. In addition, the Board shall review the study of the Reserve Account Requirements of the Development, or cause it to be reviewed, annually, and consider and implement necessary adjustments to the Board's analysis of the Reserve Account Requirements as a result of that review.

(d) Monthly Financial Review by Board. The Board shall review, on at least a monthly basis, the following: (1) a current reconciliation of the Association's operating accounts; (2) a current reconciliation of the Association's Reserve Accounts; (3) the current year's actual operating revenues and expenses compared to the current year's budget; (4) the latest account statements prepared by the financial institutions where the Association has its operating account(s) and Reserve Accounts; (5) an income and expense statement for the Association's operating account(s) and Reserve Accounts; and (6) the check register, monthly general ledger, and delinquent assessment receivable reports. The foregoing review requirements may be met when every individual member of the Board, or a subcommittee of the Board consisting of the Association's treasurer and at least one other Board member, reviews those documents and statements independent of a Board meeting, so long as the review is ratified at the Board meeting subsequent to the review and that ratification is reflected in the minutes of that meeting.

## **ARTICLE 12 – OPERATING RULES**

### **Section 12.1 – Authority to Adopt Operating Rules.**

The Board has authority to adopt, amend, and repeal Operating Rules which regulate and apply generally to the management and operation of the Development or the conduct of the business and affairs of the Association.

### **Section 12.2 – Required Elements of an Operating Rule.**

An Operating Rule is valid and enforceable only if all of the following requirements are satisfied: (a) the rule is in writing; (b) the rule is within the authority of the Board conferred by law or by the Declaration, the Articles, or these Bylaws; (c) the rule is not in conflict with governing law and the Declaration, the Articles, or these Bylaws; (d) the rule is adopted,

amended, or repealed in good faith and in substantial compliance with the requirements of the Davis-Stirling Act; and (e) the rule is reasonable.

### **Section 12.3 – Member Review and Comment on Rule Changes.**

(a) Definition of Rule Change. In this Article 12, a “**Rule Change**” means the adoption, amendment, or repeal of an Operating Rule by the Board.

(b) General Requirements. The Board shall provide General Notice of certain proposed Rule Changes to the Members at least 28 days before making the Rule Change; the notice shall include the text of the proposed Rule Change and a description of the purpose and effect of the proposed Rule Change.

(c) Applicable Subjects. The notice requirement described in paragraph (b) of this Section 12.3 applies to Operating Rules that relate to one or more of the following subjects: (1) use of the Common Area or of portions of the Common Area subject to exclusive easements; (2) use of a Unit, including any aesthetic or architectural standards that govern alteration of a Unit; (3) Member discipline, including any schedule of monetary penalties for violation of the Governing Documents and any procedure for the imposition of penalties; (4) any standards for delinquent Assessment payment plans; (5) any procedures adopted by the Association for resolution of disputes; (6) any procedures for reviewing and approving or disapproving a proposed physical change to a Member’s Unit or to the Common Area; or (7) procedures for elections.

(d) Exemption for Emergency Rule Changes. Notice is not required under this Section 12.3 if the Board determines that an immediate Rule Change is necessary to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Association. An emergency Rule Change is effective for 120 days, unless the Rule Change provides for a shorter effective period. An emergency Rule Change may not be readopted as an emergency Rule Change, but may be adopted as a regular Rule Change.

### **Section 12.4 – Notice of Rule Change.**

A decision on a proposed Rule Change shall be made at a Board meeting, after consideration of any comments made by Association Members, as may be applicable and required. As soon as possible after making a Rule Change, but not more than 15 days after making the Rule Change, the Board shall deliver General Notice of the Rule Change. If the Rule Change was an emergency Rule Change, the notice shall include the text of the Rule Change, a description of the purpose and effect of the Rule Change, and the date that the Rule Change expires.

## ARTICLE 13 – AMENDMENTS

### Section 13.1 – Amendment Approval.

These Bylaws may be amended or revoked in any respect by the affirmative vote of the holders of not less than a majority of the voting power of the Association (i.e., Members owning at least 91 of the 180 Units within the Development). Notwithstanding the foregoing, the Board shall have the power to amend these Bylaws without Member approval, upon adoption of a Board resolution authorizing such amendment, if such amendment is: (a) required under any law; (b) merely to resolve a conflict between (1) these Bylaws and the law or (2) these Bylaws and the Declaration or Articles; or (c) to correct a cross-reference in these Bylaws to any statute or law that was repealed and continued in a new provision.

### Section 13.2 – Procedural Requirements.

Any vote to amend these Bylaws shall be conducted in accordance with the secret ballot voting procedures required by the Davis-Stirling Act and these Bylaws. Individual Notice of any amendment to these Bylaws shall be given to all Members upon certification of such amendment by the secretary of the Association.

## ARTICLE 14 – MISCELLANEOUS

### Section 14.1 – Delivery of Documents.

#### (a) Delivery to Members; Annual Solicitation of Member Information.

(1) The Association shall deliver notices and documents to the Members by Individual Notice or by General Notice, as required by the Davis-Stirling Act.

(2) The Association shall, as required by the Davis-Stirling Act, annually solicit from each Member information regarding the following: (A) the Member's preferred delivery method for receiving notices from the Association; (B) an alternate or secondary delivery method for receiving notices from the Association; (C) the Member's legal representative, if any, who can be contacted in the event of the Member's extended absence from his or her Unit; and (D) whether the Member's Unit is Owner-occupied or rented out. If a Member fails to provide the Association such information, the last mailing address provided in writing by the Member or, if none, the property address for the Member's Unit shall be deemed to be the address to which notices are to be delivered by the Association to the Member. A Member is not required to provide an email address to the Association.

(3) If the Association delivers a notice to a Member's email address and finds that the email address provided is no longer valid (i.e., after a notice is sent to the email address, there is a bounce or other error notification indicating failure of the message), the Association

shall resend the notice to a mailing or other email address identified by the Member, by Individual Notice.

(b) Delivery to Association. If a provision of the Davis-Stirling Act requires that a notice or document be delivered to the Association, the document shall be delivered to the person designated in the most recent Annual Policy Statement to receive documents on behalf of the Association; if no person has been designated to receive documents, the document shall be delivered to the president or secretary of the Association. A document may be delivered to the Association by any of the following methods: (1) by email, facsimile, or other electronic means, if the Association has assented to that method of delivery; (2) by personal delivery, if the Association has assented to that method of delivery (if the Association accepts a document by personal delivery it shall provide a written receipt acknowledging delivery of the document); or (3) by first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service courier.

(c) Effective Date of Delivery. If a document is delivered by mail, delivery is deemed to be complete on deposit into the United States mail. If a document is delivered by electronic means, delivery is complete at the time of transmission.

(d) Electronic Delivery. If the Association or a Member receives information by electronic delivery, and a provision of the Davis-Stirling Act requires that the information be in writing, that requirement is satisfied if the information is provided in an electronic record capable of retention by the recipient at the time of receipt. An electronic record is not capable of retention by the recipient if the sender or its information processing system inhibits the ability of the recipient to print or store the electronic record.

#### **Section 14.2 – Inspection of Association Records.**

(a) Member Inspection Rights. The Association shall make available Association records for the time periods, within the timeframes, and in the manner provided for under the Davis-Stirling Act for inspection and copying by a Member of the Association, or the Member's designated representative. A Member is only entitled to inspect and copy those Association records specifically defined as "association records" under the Davis-Stirling Act, and the Association has certain rights under the Davis-Stirling Act to withhold or redact records or require that a Member state the purpose for which the records are requested. The Association may bill the requesting Member for the direct and actual cost of copying and mailing requested documents, as well as the amount allowed by the Davis-Stirling Act for the time actually and reasonably involved in redacting an "enhanced association record". The Association's records, and any information from them, may not be sold, used for a commercial purpose, or used for any other purpose not reasonably related to a Member's interest as a Member; the Association may bring an action against any Member or other Person who violates this restriction for injunctive relief and for actual damages to the Association caused by the violation.

(b) Director Inspection Rights. Every Director shall have the general right at any reasonable time to inspect and copy all books, records, and documents of every kind of the Association. Notwithstanding the foregoing, no Director may sell, use for a commercial purpose, or use for a personal purpose not related to his or her duties on the Board any books, records, or documents of the Association.

### **Section 14.3 – Managing Agent.**

The Board of Directors may, from time to time, employ the services of a Managing Agent to manage the affairs of the Association. Consistent with the laws of the State of California, and on such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the Managing Agent any of its day-to-day management and maintenance duties and powers under these Bylaws and the Declaration, provided that the Managing Agent shall at all times remain subject to the general control of the Board.

### **Section 14.4 – Indemnification of Agents.**

(a) Indemnification by Association of Directors, Officers, Employees, and Other Agents. To the fullest extent permitted by law, and subject to the provisions of Section 7237 of the Corporations Code, the Association shall indemnify its past and present Directors, officers, employees, and other agents (each, an “**Agent**”) against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by an Agent (including but not limited to attorneys’ fees and costs) in connection with any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative, in which such Agent is a party or is threatened to be made a party by reason of the fact that the person is or was an agent or representative of the Association.

(b) Approval of Indemnity by Association. On written request to the Board by any Person seeking indemnification pursuant to paragraph (a) of this Section 14.4, the Board shall promptly determine under subdivision (e) of Section 7237 of the Corporations Code whether the applicable standard of conduct set forth in subdivision (b) or (c) of Section 7237 has been met, and, if it has, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to the proceeding, the Board shall promptly call a meeting of Members. At that meeting, the Members shall determine under subdivision (e) of Section 7237 of the Corporations Code whether the applicable standard of conduct set forth in subdivision (b) or (c) of Section 7237 has been met, and, if it has, the Members present at the meeting in person shall authorize indemnification.

(c) Advancement of Expenses. Expenses incurred by an Agent in defending any proceeding may be advanced by the Association before the final disposition of the proceeding, upon receipt of an undertaking by or on behalf of the Agent to repay the amount of such

expenses unless it is determined ultimately that such Agent is entitled to be indemnified as authorized in this Section 14.4.

(d) Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any Agent against any liability asserted against or incurred by the Agent in the Agent's capacity as an agent of the Association or arising out of the Agent's status as such, whether or not the Association would have the power to indemnify the Agent against that liability under the provisions of this Section 14.4.

#### **Section 14.5 – Fiscal Year.**

The fiscal year of the Association shall begin on the first day of January and end on the last day of December of each calendar year, but is subject to change as the Board of Directors may determine by resolution.

#### **Section 14.6 – Gifted Funds.**

The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes, or for any special purpose, of the Association.

#### **Section 14.7 – Construction.**

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

#### **Section 14.8 – Controlling Authority.**

To the extent of any conflict between these Bylaws and the law, the law shall prevail. To the extent of any conflict between these Bylaws and the Articles or Declaration, the Articles or Declaration shall prevail. To the extent of any conflict between these Bylaws and an Operating Rule, these Bylaws shall prevail unless the Operating Rule was adopted to comply with prevailing law.

[Certificate of Secretary on Following Page]

**SECRETARY'S CERTIFICATE OF ADOPTION OF BYLAWS**

I hereby certify that: (1) I am the duly elected and acting Secretary of Aspen Grove Condominium Association, a California nonprofit mutual benefit; (2) the foregoing *Third Restated Bylaws of Aspen Grove Condominium Association* (the "*Bylaws*") were duly adopted on November 1, 2023 by the affirmative vote of Members owning a majority of the Units; (3) the vote on the Bylaws was conducted by the Association in compliance with the provisions of California *Civil Code* section 5100 et seq. in effect at the time of such vote; and (4) the Bylaws now constitute the bylaws of the Association.

Capitalized terms used in the foregoing certification that are not defined therein shall have the meanings given to them in the Bylaws.

IN WITNESS WHEREOF, I have signed my name this 28 day of November  
2023

By: Mark A Mendenhall  
Name: Mark A Mendenhall  
Title: Secretary