

Bylaws (Required Civil Code Sec. 4525)
Park Land of Monterey, Inc.

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**PARKLAND OF MONTEREY, INC
SECOND AMENDED AND RESTATED
BYLAWS**

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SECOND AMENDED AND RESTATED

BYLAWS OF

PARK LAND OF MONTEREY, INC.

This Second Amended and Restated Bylaws of PARK LAND OF MONTEREY, INC. is made on the date hereinafter set forth pursuant to a vote by of Members representing a majority of the Association's voting power pursuant to Article XIII, Section 13.1 of the Amended and Restated Bylaws. By this Amendment, the Members intend to, and do supersede the Amended and Restated Bylaws (as previously amended) in their entirety. Upon execution of these Bylaws, these Second Amended and Restated Bylaws shall be in full force and effect and the Amended and Restated Bylaws shall cease to be of any force or effect.

**ARTICLE I
NAME AND LOCATION**

1.1 Name and Location. The name of the corporation is PARK LAND OF MONTEREY, INC., hereinafter referred to as the "Association." The principal office of the Association shall be located at the Project, or at such other place as may be designated by the Board.

**ARTICLE II
DEFINITIONS**

2.1 Incorporation. The definitions contained in the Declaration are incorporated by reference herein.

2.2 Declaration. "Declaration" shall mean and refer to the Park Land of Monterey Second Amended and Restated Declaration of Covenants, Conditions and Restrictions applicable to the Project recorded in Monterey County, and subsequent amendments thereto.

**ARTICLE III
MEETING OF MEMBERS AND VOTING**

3.1 Annual Meeting. The annual meetings shall be held on the second Saturday in August in each year at the hour of 10:00 A.M. at a location to be designated in the notice of meeting. However, if this day should fall on a legal holiday, the meeting shall be held at the same time and place on the next succeeding Saturday that is not a legal holiday.

3.2 Special Meetings. Special meetings of the Members shall be promptly scheduled at any time by the Board in response to the vote of a majority of the Board of Directors, or by the President, or upon written request of the Members representing five percent (5%) of the total voting power of the Association.

3.3 Notice and Place of Meetings. Written notice of each meeting of the Members, annual or special, shall be given by, or at the direction of, the Secretary, by mailing a copy of such notice, first class mail, postage prepaid, at least ten (10) but not more than ninety (90) days before such meeting (to each First Lender requesting notice and) to all Members,

addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting. If action is proposed to be taken at any meeting for approval for any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s): (a) removing a director without cause; (b) filling vacancies in the Board of Directors by the Members; (c) amending the Articles of Incorporation; (d) approving a contract or transaction in which a director has a material financial interest. In the case of a special meeting called pursuant to written request of Members, notice of such special meeting shall be mailed or otherwise delivered within twenty (20) days after receipt of such written request by the Board, and the date of such special meeting shall be set by the Board and shall occur no sooner than thirty-five (35) days nor later than ninety (90) days after the date of the Board's receipt of written request. Meetings shall be held within the Project or at a meeting place within the same county, as close to the Project as possible.

3.4 Quorum. The presence either in person, by proxy or secret ballot, of Members entitled to cast a majority plus one (1) of the total voting power of the Association (excluding the number of votes as to which voting rights are suspended at the time of the subject meeting), shall constitute a quorum for any action except as otherwise provided in the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, a majority of the Members entitled to vote at that meeting shall have power to adjourn the meeting to a date not less than five (5) days and not more than thirty (30) days later, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that twenty-five percent (25%) of the total voting power of the Association remains present in person, by proxy or secret ballot, and provided further that any action taken shall be approved by a majority of the Members required to constitute a quorum. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for annual meetings.

Notwithstanding anything herein to the contrary, for purposes of obtaining membership approval of special Assessments or increases in annual Assessments as may be required by section 4.4 of the Declaration, a "quorum" means more than fifty percent (50%) of the Members of the Association.

3.5 Proxies. At all meetings of members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot, or upon receipt of written notice by the Secretary of the death or judicially declared incompetence of a Member prior to the counting of the vote, or upon the expiration of eleven (11) months from the date of the proxy. Any form of proxy distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon. The proxy shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy also shall identify the person or persons authorized to exercise the proxy

and the length of time it will be valid. In addition, voting by proxy shall comply with any other applicable requirements of California Corporations Code sections 7514 and 7613, or comparable successor statutes.

3.6 Membership and Voting. All Owners shall be Members. Members who are in good standing shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. If any Owner casts a vote representing a certain Lot and no written objection thereto is received by the Secretary prior to the closing of voting, it will thereafter be conclusively presumed for all purposes that such Owner was acting with the authority and consent of the other Owners of that Lot.

Any action by the Association which must have the approval of the Members before being undertaken shall require the vote or written assent of a majority of the total membership.

3.7 Eligibility to Vote. Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. In order to be in good standing, a Member must be current in the payment of all Assessments levied against the Member's Lots and not subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the Declaration. A Member's good standing shall be determined as of the record date established in accordance with section 3.8. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of the nonpayment of Assessments, although a delinquent Member shall be entitled to request such a hearing.

3.8 Record Dates.

A. Record Dates Established by the Board. For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by ballot without a meeting, or exercise any rights in respect to any other lawful action, the Board may fix, in advance, a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take action by 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, except as otherwise provided in the Articles, by agreement, or in the California Nonprofit Mutual Benefit Corporation Law. The record dates established by the Board pursuant to this section shall be as follows:

(1) Record Date for Notice of Meetings: In the case of determining those Members entitled to notice of a meeting, the record date shall be no more than ninety (90) nor less than ten (10) days before the date of the meeting;

(2) Record Date for Voting: In the case of determining those Members entitled to vote at a meeting, the record date shall be no more than sixty (60) days before the date of the meeting;

(3) Record Date for Action by Written Ballot Without Meeting: In the case of determining Members entitled to cast written ballots, the record date shall be no more than sixty (60) days before the day on which the first written ballot is mailed or solicited; and

(4) Record Date for Other Lawful Action: In the case of determining Members entitled to exercise any rights in respect to other lawful action, the record date shall be no more than sixty (60) days prior to the date of such other action.

B. Failure of Board to Fix a Record Date: If the Board, for any reason, fails to establish a record date, the following rules shall apply:

(1) Record Date for Notice of Meetings: The record date for determining those Members entitled to receive notice of a meeting of Members shall be the business day preceding the day on which notice is given, or, if notice is waived, the business day preceding the day on which the meeting is held.

(2) Record Date for Voting: 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) Record Date for Action by Written Ballot Without Meeting: The record date for determining those Members entitled to vote by written ballot on proposed Association actions without a meeting, when no prior action by the Board has been taken, shall be the day on which the first written ballot is mailed or solicited.

(4) Record Date for Other Lawful Action: The record date for determining those Members entitled to exercise any rights in respect to any other lawful action shall be Members at the close of business on the day on which the Board adopts the resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later.

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

3.9 Action Without Meeting: **A.** Any action which may be taken at a regular or special meeting (including the election of Directors unless such elections are required by California law to be conducted by secret ballot in accordance with the procedures set forth in California Civil Code Section 1363.03 or comparable successor statute) may be taken without a meeting of the Members if the Association distributes a written ballot to every Member entitled to vote. The determination to seek Member approval for Association actions through the use of written ballots shall be made by a majority vote of the Board.

B. Written ballots distributed to the Members shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal. The written ballots shall provide a reasonable time within which to return the ballot to the Association. The Board shall have the power to extend, at its discretion, the date within which ballots must be returned if sufficient responses to establish a quorum are not received by the original deadline set for their return.

C. Approval by written ballot shall be valid only when the number of votes cast equals or exceeds the quorum that would be required if the action were taken at a meeting, and the number of approvals equals or exceeds the number of votes that would be required to approve the action if it were taken at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

D. The written ballot solicitation shall identify the number of responses needed to meet the quorum requirement and the percentage of approvals necessary to pass the measure submitted and shall specify the time by which the ballot must be received by the Association in order to be counted.

E. A written ballot, once cast, may not be revoked.

3.10 Conduct of Meetings: Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. Notwithstanding any other provision of law, notice of meetings of the Members shall specify those matters the Board intends to present for action by the Members, but, except as otherwise provided by law, any proper matter may be presented at the meeting for action. Any Member of the Association may attend meetings of the Board, except when the Board adjourns to executive session to consider those matters set forth in California Civil Code Section 1363.05, or comparable successor statute. Any matters discussed in executive session shall be generally noted in the minutes of the immediately following meeting of the Board that is open to the entire membership. In any matter relating to the discipline of an Association Member, the Board shall meet in executive session if requested by that Member, and the Member shall be entitled to attend the executive session.

3.11 Voting by Secret Ballot: If required by California law (including without limitation California Civil Code Section 1363.03), elections regarding (a) Assessments, (b) selection of directors, (c) removal of directors, (d) amendments to Project Documents and (e) grants of exclusive use of Common Area property pursuant to California Civil Code Section 1363.07, shall be conducted by secret ballot in accordance with the procedures set forth in California Civil Code Section 1363.03, or comparable successor statute.

3.12 Disclosure of Voting Results: For a period of one (1) year following the conclusion of a meeting or vote by ballot of the Members, the Association shall, upon written request from a Member, inform the Member of the result of any particular vote of the Members take at such meeting or by ballot, including the number of memberships voting for, the number of memberships voting against, and the number of members abstaining or withheld from voting.

ARTICLE IV BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

4.1 General: The activities and affairs of this Association shall be administered and overseen by, and the powers of the Association exercised under the direction of, a Board of Directors. The Board may delegate the management activities to any management company, to a managing agent, or committee, provided however that the activities and affairs of the Association shall be directed, overseen and managed, and the corporate powers exercised, under the ultimate direction of the Board.

4.2 Number: The affairs of this Association shall be managed by a Board of five (5) directors, all of whom must be Members in good standing of the Association.

4.3 Term of Office. At each annual meeting of the Association, the Members shall elect five (5) directors for a term of one (1) year. Unless vacated sooner, each director shall hold office until the director's term expires and a successor is elected. No Member shall serve on the Board for more than five (5) consecutive terms.

4.4 Removal; Vacancies. Unless the entire Board is removed from office by the vote of the Association Members, an individual director shall not be removed prior the expiration of his or her term of office if the votes cast against his or her removal would be sufficient to elect him or her if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of directors were being elected.

If a Member of the Board fails to attend three (3) consecutive meetings without legitimate justification, the remaining directors may vote to suspend or terminate the Board Member in question.

As a matter of procedure, if a director is unable to attend a meeting of the Board, he should contact the president or secretary directly to inform him of his intention to be absent.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his or her term.

4.5 Filling Vacancies. Any vacancy occurring on the Board, except a vacancy created by the removal of a director, may be filled by approval of the Board, or if the number of directors then in office is less than a quorum, by the vote of a majority of the remaining directors at a meeting of the Board, or by unanimous written consent of the directors then in office, or by a sole remaining director. A director so chosen shall serve the remainder of the term of office of the director whom he or she replaces. The Members may elect a director at any time to fill any vacancy not filled by the directors. If the Board accepts the resignation of a director tendered to take effect at a future time, the Board, or if the Board fails to act, the Members, may elect a successor to take office when the resignation becomes effective.

4.6 Compensation. No director shall receive compensation for any service rendered in the role of Director to the Association. However, any director may be reimbursed for his actual expenses, if reasonable, that are incurred in the performance of his or her duties, exclusive of travel expenses.

4.7 Indemnification of Corporate Agents. The Association shall indemnify any present or former director, officer, employee or other agent of the Association to the fullest extent authorized under California Corporations Code Section 7237, or any successor statute, and may advance to any such person funds to pay expenses that may be incurred in defending any action or proceeding on receipt of an undertaking by or on behalf of such person to repay such amount unless it is ultimately determined that such person was entitled to indemnification under this provision.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

5.1 Nomination. The Board shall adopt reasonable nomination procedures that comply with California law (including without limitation California Civil Code Section 1363.03, or comparable successor statute) for the nomination of eligible candidates. Such procedures shall include, without limitation, a mechanism for any eligible Member to nominate himself or herself for election to the Board. In addition to providing a mechanism for any eligible Member to nominate himself or herself, nomination for election to the Board of Directors may also be made by a Nominating Committee if deemed appropriate by the Board.

The Nominating Committee shall be appointed by the Board of Directors not less than sixty (60) days prior to the distribution of secret ballots to the Members, to serve until the close of nomination period. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes.

5.2 Election. The election of the Board shall be conducted annually by secret ballot in accordance with the procedures set forth in California Civil Code Section 1363.03, or comparable successor statute. The quorum for any such election shall be as stated in section 3.4, above. The persons receiving the largest number of votes shall be elected. All Members shall be entitled to cumulate their votes for one (1) or more candidates for the Board, if the candidate's name has been placed in nomination prior to voting (and if a Member has given notice during the meeting prior to the voting of his or her intention to cumulate votes).

5.3 Uncontested Election of Directors. If after the close of nominations the number of people nominated for the Board of Directors is equal to or less than the number of directors to be elected, the Board may without further action declare that those nominated and qualified to be elected to the Board. In such case, the Board of Directors shall notify the Members of its action. If the number of directors so elected is less than the number of vacancies, the incoming Board of Directors shall fill the vacancy as provided for in section 4.5, above.

ARTICLE VI MEETINGS OF DIRECTORS

6.1 Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly at such place within the Project, and at such hour as may be fixed from time to time by resolution of the Board. If a larger meeting room is required than exists within the Project, the Board shall select a room as close as possible to the Project.

6.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President or Secretary of the Association, or by any two (2) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered.

6.3 Emergency Board Meetings. The President or any two (2) directors may call an emergency meeting of the Board. An "emergency meeting" is defined as a meeting held to address 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 the notice to Members required by section 6.4, below.

6.4 Notice to Directors. Except as otherwise provided in section 6.3, above, notice of each meeting of the Board shall be communicated to the Directors by first class mail not less than (4) four days prior to the meeting or by (i) personal delivery, (ii) telephone, including a voice messaging system or other system or technology designed to record and communicate messages, (iii) telegraph, (iv) facsimile, or (v) electronic mail or other electronic means, not less than forty-eight (48) hours prior to the meeting. In the event of an emergency meeting as provided in section 6.3, strict adherence to the notice requirements of this section shall not be required provided that a reasonable effort to give notice to each director shall be made taking into consideration the nature and circumstances of the emergency. Notice of a meeting need not be given to any director

who signed a waiver of notice or a written consent to holding the meeting, or an approval of the minutes thereof, whether before or after the meeting, nor must notice be given to any director who attends a meeting without protesting, prior thereto or at its commencement, the lack of notice to that director.

6.5 Notice to Members. Except for emergency meetings as provided for in section 6.3, and executive sessions as provided for in section 6.8, below, at least four (4) days prior written notice of the day, time, and place of each meeting of the Board, whether regular or special, shall be given to all Members by posting it in a prominent place or places within the Common Area and by mail to any Owner who has requested notification of Board meetings by mail at the address requested by the Owner. Notice of Board meetings may also be given by (i) mailing or delivery to each residence, (ii) by newsletter, or (iii) by other means of communication reasonably designed to provide prior actual notice of such meeting. The notice shall contain the agenda for the meeting.

6.6 Quorum. A majority of the directors then in office (but not less than two (2)) shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of 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 a majority of the required quorum for that meeting.

6.7 Open Meetings. All meetings of the Board shall be open to all Members, except when the Board meets in executive session. A reasonable time limit for all Members to speak to the Board shall be established by the Board, which may limit Member commentary to a specific portion of the meeting.

6.8 Executive Session. The Board may meet in executive session to confer with legal counsel or to discuss and vote upon personnel matters, Member discipline, litigation in which the Association is or may become involved, and matters that relate to the formation of contracts between the Association and others. In any matter relating to the discipline of a Member, the Board shall meet in executive session if requested to do so by that Member, and that Member and any other person whose participation is, in the judgment of the Board, necessary or appropriate shall be entitled to attend the executive session. The Board shall also, at a Member's request, meet in executive session with such Member to discuss the Member's request to pay unpaid Assessments pursuant to a payment plan. Notwithstanding the preceding, the Board shall not in any way be obligated to accept or agree to any such payment plan.

6.9 Telephone Meetings. Directors may participate in regular or special Board meetings through the use of conference telephone, electronic video screen communications, or other communications equipment to the extent permitted by law, including, without limitation, California Corporations Code Section 7211(a)(6) provided that, if notice to the Members of the meeting is required pursuant to section 6.5, above, at least one Director must be physically present at the noticed location of the Board meeting.

6.10 Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director

who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

6.11 Notice of Adjourned Meeting. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the directors who were not present at the time of the adjournment, and shall be communicated to all Members by mail.

6.12 Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

6.13 Minutes of Meetings of Directors.

A. Within thirty (30) days after the date of any meeting of the Board, the Board shall make available to the Members either (i) the minutes of that meeting as adopted by the Board, (ii) those minutes as proposed for adoption which shall be marked to indicate draft status, or (iii) a summary of the minutes. Any matter discussed in an executive session shall be generally noted in the minutes of the immediately following Board meeting which is open to the entire membership. To protect and preserve the confidential nature of executive sessions, minutes of executive sessions shall not be subject to inspection by the Members or others.

B. Copies of the minutes, proposed minutes, or summary of minutes shall be provided to any Member upon request and upon reimbursement of the Association's costs in providing such copies. The Board may, but shall not be required to, post the minutes of its meetings on an internet site.

C. Members shall be notified annually in writing either at the time that the pro forma budget required under California Civil Code Section 1365 is distributed or at the time of any other general mailing to the entire membership of the Association of their right to obtain copies of the minutes of meetings of the Board and how and where those minutes may be obtained. Commencing January 1, 2007, the minutes of Board meetings (other than executive session) shall be made permanently available to the Members of the Association.

**ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

7.1 Duties. The Board of Directors shall undertake and fulfill the following duties:

A. Adopt Policies: The Board shall adopt policies of the Association which shall consist of such resolutions adopted by the Board of Directors that fulfill the purposes of the Association. Said policies will serve the membership and management as the statement of the specific objectives and purposes for which the Association exists.

B. Oversight and Review of Administration of Association Affairs. The Board shall review and direct the officers and Managing Agent of the Association to assure that

the policies of the Association are being accomplished in a reasonable and prudent manner and that the requirements for operation of the Project as set forth in the Project Documents and the laws applicable to the Project are fulfilled to the extent reasonable and appropriate.

C. Supervision: The Board shall supervise all officers, agents and employees of the Association to see that their duties are properly performed.

7.2 Powers. The Board of Directors shall have power to:

A. Manager: Employ a manager or managing agent as provided in section 5.2C of the Declaration ("Managing Agent").

B. Adoption of Rules: Adopt, publish, amend, repeal and enforce Rules and regulations (all of which shall be in writing) governing the administration, management, operation, use and occupancy of the Project, including without limitation the use of the Common Area and facilities, the personal conduct of the Members and their tenants and guests within the Development and any other matter which is within the jurisdiction of the Association. The procedure for the adoption and modification of Rules by the Board with respect to the matters specified in Civil Code Section 1357.120 shall be in accordance with Civil Code Section 1357.100 et seq., or comparable successor statute.

C. Assessments, Liens and Fines: Levy and collect assessments and impose fines as provided in section 5.2F of the Declaration.

D. Enforcement (Notice and Hearing): Impose any or all of the following sanctions, and conduct hearings, as indicated below:

(1) Establish and impose fines, which shall be enforcement Assessments as provided in section 4.5 of the Declaration, for the infraction of any provision of the Project Documents in accordance with a schedule of fines adopted by the Board and distributed to all Members;

(2) Suspend the voting or other membership rights and privileges of a Member, including the right to use the recreational facilities, if any, (i) during any period in which such Member shall be in default in the payment of any Assessment, fine or other charge levied by the Association, and (ii) for any infraction of the Project Documents;

(3) Except as provided below in section 7.2D(5), below, before any discipline is imposed upon a Member, the Board shall hold a meeting to consider the matter;

(4) At least ten (10) days prior to any Board meeting where the imposition of discipline upon a Member is to be considered, the Board shall provide written notice of the meeting to the Member by either personal delivery or first-class mail. The notice shall contain at least (i) the date, time and place of the meeting, (ii) the nature of the alleged violation for which the Member may be disciplined, and (iii) a statement that the Member has a right to attend the meeting and may address the Board at the meeting;

(5) When corrective action is taken in emergency situations, defined to include the following situations: (a) an immediate and unreasonable infringement of or threat to the safety of the residents, (b) a traffic or fire hazard, or (c) a threat of material damage to or destruction of the Project or any portion thereof, then:

(i) The Board may act on its own initiative to schedule a hearing;

(ii) If the Board has not scheduled a hearing and the disciplined Member desires a hearing, the Member's written request therefor shall be delivered to the Association no later than ten (10) days following the date when the notice of the Board's disciplinary action is transmitted to the Member. The hearing shall be held within thirty (30) days following the receipt by the Board of the Member's request for a hearing;

(iii) If a hearing is scheduled or requested, any discipline already imposed shall be held in abeyance and shall become effective only if affirmed at the hearing; and

(iv) Notification of all hearings shall be made in accordance with section 7.2D(4), above.

(6) In the case of a continuing violation, the Board may deem such continuing violation to constitute two or more separate and distinct violations of the same Project Document provision and may impose separate and successive sanctions for each such violation. However, the Board shall not impose a separate sanction for violation of the same provision more frequently than once per day; and

(7) If the Board imposes discipline upon a Member, the Board shall provide the Member with written notification of the disciplinary action, by either personal delivery or first-class mail, within fifteen (15) days following the action.

E. Contracts: Contracts for goods and/or services in accordance with section 5.2K of the Declaration, and section 7.3 of the Bylaws.

F. Delegation: Delegate its authority and powers to committees, officers or employees of the Association or to a Managing Agent employed by the Association. The Board may not delegate the authority: (i) to make expenditures for capital additions or improvements chargeable against the reserve funds; (ii) to conduct hearings concerning compliance by an Owner or his tenant, lessee, guest or invitee with the Declaration or Rules and regulations promulgated by the Board; (iii) to make a decision to levy monetary fines, impose special assessments against individual Lots, temporarily suspend an Owner's rights as a Member of the Association or otherwise impose discipline following any such hearing; (iv) to make a decision to levy annual or special Assessments; or (v) to make a decision to bring suit, record a claim of lien, or institute foreclosure proceedings for default in payment of Assessments. Any delegation shall be revocable by the Board at any time. The members of the Board, individually or collectively, shall not be liable for any omission or improper exercise by the Managing Agent of any such duty, power or function so delegated by written instrument executed by a majority of the Board.

G. Appointment of Trustee: Appoint a trustee to enforce assessment liens by power of sale as provided in the Declaration and in California Civil Code Section 1367(b).

H. Professional Advisors. Consult with, seek the advice of, and reasonably rely on the advice of attorneys, accountants, and other professionals in carrying out its authority and responsibility under the Project Documents, and to pay for such professional services.

I. Indemnification of Agents. Indemnify and hold harmless, to the maximum extent permitted by California law, each person who is or at any time was a director, officer, employee or agent of the Association or member of any committee appointed by the Board from and against any and all claims, liabilities, expenses, judgments, fines, settlements and other amounts, as those terms are defined by California law, actually and reasonably incurred by any such person, and to which any such person shall become subject by reason of his or her being a director, officer, employee or agent of the Association or member of any committee appointed by the Board.

J. Other Powers and Duties. Exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the Members by other provisions of the Project Documents, and undertake any action on behalf of the Association as the Board shall deem necessary or proper in furtherance of the purposes and powers of the Association and/or the interests of the Association and its Members.

7.3 Prohibited Acts. The Board shall not take any of the following actions, except with the vote at a meeting of the Association or by written ballot without a meeting pursuant to Corporations Code Section 7513 of simple majority of the Members:

A. Neither the Board of Directors, any member of the Board, nor any agent thereof, shall contract with or authorize the expenditure of funds of the Association to:

(1) Any firm or individual in whose business operation a member of the Board or its agents has a financial interest.

(2) Any firm or individual whose business employs a member of the Board, a close relative of any member of the Board or its agents.

B. No member of the Board of Directors or its agents shall solicit or provide services for a fee to any Owner of the Project unless:

(1) Such services are totally separate and unrelated to ownership in the Project, or

(2) Such services and the cost thereof are approved in advance thereof by a majority of Members at a duly noticed meeting.

C. Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

D. Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

E. Paying compensation to members of the Board or to the officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member or officer to be reimbursed for the actual expenses, exclusive of travel, if reasonable, that are incurred in the performance of his or her duties.

**ARTICLE VIII
ASSOCIATION DUTIES AND RESPONSIBILITIES**

8.1 Association Duties: The Association shall, as provided in these By-laws or as the Board may otherwise direct, through its Managing Agent, undertake the following duties and responsibilities:

A. Maintenance: Perform the maintenance described in section 4.14A of the Declaration;

B. Insurance: Maintain insurance as required by section 8.1A of the Declaration. In accordance with California Civil Code Section 1365, not less than thirty (30) days nor more than ninety (90) days immediately preceding the beginning of the Association's fiscal year, prepare and distribute to all Members a summary of the Association's property, general liability, earthquake and flood and fidelity insurance policies, if any. The summary shall include the name of the insurer, the type of insurance, the policy limits of the insurance, and the amount of deductibles, if any. The Association's disclosure obligations may be satisfied by distributing to the Members a copy of the insurance policy declaration page, so long as that page presents the information specified in the preceding sentence. As soon as reasonably practicable, the Association shall notify the Members by first-class mail if any of the policies described above have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible for any of those policies. If the Association receives any notice of nonrenewal of a policy described above, the Association shall immediately notify the Members if replacement coverage will not be in effect by the date the existing coverage will lapse. The summary distributed pursuant to this section shall contain the statement required by California Civil Code section 1365(f)(4). The statement shall be printed in at least 10-point boldface type;

C. Discharge of Liens: Discharge by payment, if necessary, any lien against the Common Area and assess the cost thereof to the Member or Members responsible for the existence of the lien (after notice and hearing as required by these Bylaws);

D. Assessments: Fix, levy, collect and enforce Assessments as set forth in Article IV of the Declaration;

E. Expenses and Obligations: Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

F. Enforcement: Enforce these Bylaws and the Declaration;

G. Records: Cause to be kept a complete record of all its acts and corporate affairs, including an accurate and current record of the Members setting forth their names and addresses, adequate and correct books and records of account, and minutes of the proceedings of the Members, the Board, and committees of the Board, and to present a statement thereof to the Members at the annual meeting of the Members;

H. Contracts: Contract for goods and/or services in accordance with section 5.2K of the Declaration.

I. Distribute to the Members annually:

a. A statement describing the Association's policies and practices in enforcing lien rights and other legal remedies for default in payment of Assessments as required by California Civil Code Section 1365(e). This statement shall be distributed not less than thirty (30) days nor more than ninety (90) days immediately preceding the beginning of the Association's fiscal year;

b. A summary (1) of the statutory provisions relating to employing alternative dispute resolution procedures in certain matters with respect to enforcement of the Governing Documents which specifically references California Civil Code Sections 1369.510 through 1369.590 and which includes the language required by California Civil Code Section 1369.590(a), and (2) describing the Association's internal dispute resolution process as required by California Civil Code Section 1363.850. The summary shall be provided either at the time the budget required by Section 8.2.2, above, is distributed or in the manner specified in California Corporations Code Section 5016;

c. A written notice regarding Assessments and foreclosure required by California Civil Code Section 1365.1, the current version of which is set forth on attached Exhibit "B". The notice shall be printed in at least 12-point type and shall be distributed within the sixty (60) day period preceding the beginning of the Association's fiscal year;

d. A notice and statement concerning the insurance carried by the Association as required by section 8.1B, above, and California Civil Code Section 1365(f). This statement shall be distributed not less than thirty (30) days nor more than ninety (90) days immediately preceding the beginning of the Association's fiscal year;

e. A pro forma operating budget as required by Section 8.2.2, above and California Civil Code Section 1365(a), including the form specified in California Civil Code Section 1365.2.5(a). The pro forma operating budget shall be distributed not less than thirty (30) days nor more than ninety (90) days prior to the beginning of each fiscal year;

f. A statement explaining the Members' right to obtain copies of minutes of meetings of the Board as required by California Civil Code Section 1363.05(e). This statement may be distributed together with the pro forma operating budget, or at the time of any general mailing to the entire membership;

g. A notice of the Members' right to receive the annual report. This notice may be distributed in any general mailing to the entire membership;

h. A notice of the Members' right to mail to the Association written notice of the Member's secondary address. The Member's written notice of his or her secondary address shall be mailed to the Association in a manner that shall indicate that the Association has received the Member's written notice. The notice to the Members shall be distributed together with the pro forma operating budget; and

i. Commencing January 1, 2009, a summary of the reserve funding plan adopted by the Board, as specified in paragraph (5) of subdivision (e) of California Civil Code Section 1365.5. The summary shall include notice to Members that the full reserve study plan is available upon request, and the Association shall provide the full reserve plan to any Member upon request;

J. Financial Requirements. Comply with the Financial Requirements set forth in Article XII of these Bylaws;

K. Notification to Members Regarding Monetary Penalties. Adopt and distribute to each Member, by personal delivery or first-class mail, a schedule of fines that may be assessed against a Member for violations of the Project Documents, in compliance with California Civil Code Section 1363(g) if the Association has adopted or at any time adopts a policy imposing such fines. No subsequent distribution of the schedule is required unless the Board has made changes in the schedule since it was last distributed to the Members;

L. Notice of Assessments. Send written notice to each Owner in advance of each fiscal year of the annual Assessment levied against his or her Lot for that fiscal year;

M. Notice of Assessment Increases. Provide notice to each Member, by first class mail, of any increase in the annual Assessments or special Assessments not less than thirty (30) nor more than sixty (60) days prior to such increased annual Assessment or special Assessment becoming due.

ARTICLE IX OFFICERS AND THEIR DUTIES

9.1 Enumeration of Officers. The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Chief Financial Officer, and such other officers as the Board may from time to time by resolution create.

9.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

9.3 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

9.4 Special Appointments. The Board may elect 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.

9.5 Resignation and Removal. Any officer may be removed from office (but not from the Board, if the officer is also a Board member) by the Board with or without cause. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

9.7 Duties. The duties of the officers are as follows:

A. President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases,

mortgages, deeds and other written instruments and shall sign all promissory notes. The President shall have the general powers and duties of management usually vested in the office of the President of a California nonprofit mutual benefit corporation, and shall have such powers and duties as may be prescribed by the Board or by these Bylaws.

B. Vice President. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

C. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with the addresses, and shall perform such other duties as required by the Board.

D. Chief Financial Officer. The Chief Financial Officer is responsible for receipt and deposit in appropriate bank accounts of all monies of the Association, and disbursement of such funds as directed by resolution of the Board of Directors; shall sign all promissory notes of the Association; shall keep proper books of account; and shall be responsible for preparation and distribution of budgets and financial statements to each Member as required under these Bylaws, and by applicable laws.

ARTICLE X COMMITTEES

10.1 Architectural and Nominating Committees. An Architectural Control Committee may be appointed as provided in the Declaration and a Nominating Committee, as provided in Section 5.1 of these Bylaws. The Board of Directors may appoint other committees as the board deems appropriate in carrying out its purpose. No committee, regardless of Board resolution, may: (a) take any final action on matters which, under the Nonprofit Corporation Law of California, also requires Members' approval; (b) fill vacancies on the Board of Directors or in any committee; (c) amend or repeal Bylaws or adopt new Bylaws; (d) amend or repeal any resolution of the Board of Directors; (e) appoint any other committees of the Board of Directors or the members of those committees; (f) approve any transaction to which the Association is a party and in which one (1) or more directors have a material financial interest. All committees shall report to the Board and shall serve at the pleasure of the Board. Committees of the Board shall not have authority to direct contractors, agents or Officers of the Association.

10.2 Compensation of Committee Members. . No committee member shall receive compensation for any service he or she may render to the Association as a committee member. However, upon approval by the Board, any committee member may be reimbursed for his or her reasonable expenses actually incurred in the performance of his or her duties.

ARTICLE XI BOOKS AND RECORDS

11.1 Inspection by Members. Association records shall, to the extent required by California law, be available for inspection by any Member. The Project Documents shall be available

for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

11.2 Rules for Inspection. The Board shall establish reasonable rules with respect to:

- A. Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- B. Hours and days of the week when such an inspection may be made;
- C. Payment of the cost of reproducing copies of documents requested by a Member.

11.3 Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents, at the expense of the Association.

ARTICLE XII FINANCIAL REQUIREMENTS

12.1 Budgets and Financial Statements: The Association shall prepare and distribute to the Members annually, not less than thirty (30) days nor more than ninety (90) days prior to the beginning of each fiscal year, a pro forma operating budget which shall include all of the following and shall be accompanied by the form specified in California Civil Code Section 1365.2.5(a):

A. An estimate of the Association's revenue and expenses for such fiscal year on an accrual basis;

B. A summary of the Association's reserves based upon the most recent review or study conducted pursuant to law, based only on assets held in cash or cash equivalents which summary shall be printed in bold type and shall include all of the following:

(i) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component the Association is obligated to maintain, restore, repair or replace;

(ii) A current estimate, as of the end of the fiscal year for which the study is prepared, of the amount of cash reserves necessary to maintain, restore, repair or replace such major components;

(iii) The current amount, as of the end of the fiscal year for which the study is prepared, of accumulated cash reserves actually set aside to maintain, restore, repair or replace such major components;

(iv) If applicable, the amount of funds received from either a compensatory damage award or settlement to the Association from any person or entity for injuries to property, real or personal, arising out of any construction or design defects, and the expenditure or disposition of funds, including the amounts expended for the direct and indirect costs of repair of construction or design defects. These amounts shall be reported at the end of the fiscal year for which the study is prepared;

(v) The percentage of the amount of cash reserves necessary [per Subparagraph (ii)] that is represented by the amount of cash reserves actually set aside [per Subparagraph (iii)];

(vi) The current deficiency, if any, in reserve funding expressed on a per unit basis, calculated in accordance with California Civil Code Section 1365(a)(2)(D);

(vii) A statement as to all of the following:

a. Whether the Board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement;

b. Whether the Board, consistent with the reserve funding plan adopted pursuant to California Civil Code Section 1365.5(e), has determined or anticipates that the levy of one or more Special Assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date and duration of the Assessment;

c. The mechanism or mechanisms by which the Board of Directors will fund reserves to repair or replace major components, including Assessments, borrowing, use of other assets, deferral of selected replacement or repairs, or alternative mechanisms; and

d. Whether the Association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.

(viii) A general statement setting forth the procedures used for the calculation and establishment of reserves to defray the future cost of repair, replacement, or additions to those major components that the Association is obligated to maintain, restore, repair or replace. The general statement shall include, but need not be limited to, reserve calculations made using the formula described in California Civil Code Section 1365.2.5(b)(4) and may not assume a rate of return on cash reserves in excess of two percent (2%) above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.

In lieu of the distribution of the pro forma operating budget, the Board may distribute a summary of such budget (which must be accompanied by the form specified in California Civil Code Section 1365.2.5(a)) to all Members together with a written notice that the budget is available at the office of the Association or at

another suitable location within the boundaries of the Development and that copies will be provided to a Member upon a Member's request and at the expense of the Association. If any Member so requests, the Association shall provide a copy of the pro forma operating budget to such Member by United States mail first-class postage prepaid, and such copy shall be mailed within five days of such request. The written notice that is distributed to each Association Member as set forth herein shall be set forth in at least 10-point bold type on the front page of the summary of the budget.

12.2 Reserve Studies: At least every three years the Board shall cause a study of the reserve account requirements of the Project to be conducted if the current replacement value of the major components which the Association is obligated to repair, replace, restore, or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.

The study required by this section shall include the minimum requirements specified in California Civil Code Section 1365.5, or comparable successor statute.

12.3 Reserve Account Fund Management: The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of major components which the Association is obligated to repair, restore, replace, or maintain ("Association Major Components") and for which the reserve fund was established, or litigation involving Association Major Components. However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash-flow requirements or other expenses, provided that the Board has made a written finding recorded in the minutes of the Board explaining the reason that the transfer is needed, and describing when and how the money will be repaid to the reserve fund. The transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a delay would be in the best interests of the Project, delay the restoration until the time which the Board reasonably determines to be necessary. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a special Assessment to recover the full amount of the expended funds within the time limits required by this section. The special Assessment is subject to the limitation imposed by Civil Code Section 1366. The Board may, at its discretion, extend the date the payment on the special Assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid Special Assessment. When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Association shall notify the Members of the Association of that decision in the next available mailing to all Members pursuant to Section 5016 of the Corporations Code, and of the availability of any accounting of those expenses. Unless the Project Documents impose more stringent standards, the Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members of the Association at the Association's office.

12.4 Reserve Account Withdrawal Restrictions: Require that at least two (2) signatures be needed for the withdrawal of monies from the Association's reserve accounts, who shall be members of the Board.

12.5 Review of Financial Records: The Board shall review the Association's operating and reserve accounts at least in accordance with the following minimum requirements:

A. Review a current reconciliation of the Association's operating accounts on at least a quarterly basis;

B. Review a current reconciliation of the Association's reserve accounts on at least a quarterly basis;

C. Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget;

D. Review the latest account statements prepared by the financial institutions where the Association keeps its operating and reserve accounts; and

E. Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

As used in this subsection, the term "reserve accounts" shall mean monies that the Board has identified in its annual budget for use to defray the future costs of repair or replacement of, or additions to, those major components which the Association is obligated to maintain, restore, repair or replace.

12.6 Annual Financial Statements.

A. The Board shall cause an annual report to be prepared not later than one hundred twenty (120) days after the close of the Association's fiscal year. Such annual report shall contain in appropriate detail (i) a balance sheet as of the end of the fiscal year, (ii) an income statement for such fiscal year, (iii) a statement of changes in financial position for such fiscal year, (iv) a statement of the place where the names and addresses of the current Members are located, and (v) any information required by California Corporations Code Section 8322.

The annual report shall be accompanied by any report of independent accountants, or, if there is no such report, by a certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

The latest annual report shall be sent to any Member promptly upon his or her written request; and

B. For any fiscal year in which the gross income to the Association exceeds \$75,000, distribute to all Members of the Association within one hundred twenty (120) days after the close of such fiscal year a review of the financial statements of the Association prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

12.7 Future Changes in Financial Records and Reserve Account Requirements: The provisions of subsections 12.1-12.6 incorporate the statutory requirements of California Civil Code Sections 1365 and 1365.5. If said sections 1365 and 1365.5 are amended in any manner, said sections shall be amended in the same manner without the necessity of amending this Declaration.

12.8 Association Checks. No funds shall be disbursed by the Association unless the check, draft or other evidence of disbursement is executed by any two Board members.

ARTICLE XIII MISCELLANEOUS

13.1 Amendments. These Bylaws may be amended, only by the affirmative vote (in person or by proxy) or written consent of Members representing a majority of the Members of the Association; provided, however, that any amendments made solely to comply with a change in applicable federal, state or local legislation may be made upon majority vote of the Board of Directors only. The percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

13.2 Conflicts. In the case of any conflict between the Articles and the Bylaws, the Articles shall control and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

13.3 Fiscal Year. The fiscal year of the Association shall begin on the first day September and end on the thirty-first (31st) day of August of the following year.

CERTIFICATE

I, the undersigned, the duly elected and acting Secretary of PARK LAND OF MONTEREY, INC., California nonprofit mutual benefit corporation, do hereby certify that the foregoing Bylaws were adopted as the Second Amended and Restated Bylaws of the Association pursuant to the vote of a majority of the Members of the Association, and that the same do now constitute the Bylaws of the Association.

This Certificate is executed under penalty of perjury on , in Monterey, California.

PARK LAND OF MONTEREY, INC

(signature by)

_____, Secretary