



SECOND RESTATED BYLAWS
MARRAKESH COMMUNITY ASSOCIATION
a California nonprofit mutual benefit corporation

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SECOND RESTATED BYLAWS
MARRAKESH COMMUNITY ASSOCIATION
a California nonprofit mutual benefit corporation

These Second Restated Bylaws ("Bylaws") revoke all previous bylaws, as well as all amendments to those bylaws, and substitute in their place these Bylaws. A separate set of bylaws shall exist specifically for the Marrakesh Country Club ("MCC Bylaws"). If there is any conflict between these Bylaws and the MCC Bylaws, these Bylaws shall control.

ARTICLE 1: ADMINISTRATION

1.1 Name. The name of this corporation is the Marrakesh Community Association ("Association"), a California nonprofit mutual benefit corporation.

1.2 Definitions. The defined terms from the Association's Second Amended and Restated Declaration of Covenants, Conditions and Restrictions ("CC&Rs") are incorporated into these Bylaws, unless otherwise indicated.

1.3 Purpose. The specific and primary purpose of the Association is to manage, operate, maintain, protect, and preserve the Development and the Marrakesh Country Club as further provided in the CC&Rs and the governing documents for the Marrakesh Country Club as applicable.

ARTICLE 2: MEMBERSHIP

2.1 Membership. Each person or entity automatically becomes a Member of the Association as provided in the CC&Rs, i.e., upon obtaining a publicly-recorded ownership interest in a Lot and remains a Member until he or she ceases to have such recorded fee ownership. Members are subject to the Association's Governing Documents.

2.2 Membership in Marrakesh Country Club. Upon acquisition of title to a Lot on or after October 1, 2016, Members must apply to become Full Members of the Marrakesh Country Club, subject to the terms and conditions of the MCC Bylaws and any other governing documents of the Marrakesh Country Club. Owners who acquired Lots prior to October 1, 2016 are members of the Marrakesh Country Club at different levels, as more specifically set forth in the MCC Bylaws.

2.3 Proof of Membership. Proof of Membership can be in the form of the recorded interest and any other record or document requested by the Board to confirm the Person(s) are Member, for example, copies of trust documents or corporate records and minutes if the ownership of a Lot is in a trust or corporate entity.

2.4 Suspension of Membership Privileges. The Association is permitted to suspend Membership rights and privileges, except voting rights, as provided for in these Bylaws.

2.5 Term of Membership. Each Owner shall remain a Member of the Association until they no longer qualify as such under the Governing Documents. Upon the sale, conveyance or other transfer of an Owner's interest in a Lot, the Owner's Membership interest appurtenant to

the Lot shall automatically transfer to the Lot's new Owner(s). Any other membership of that Owner in Marrakesh Country Club shall be subject to the terms and transfer authority or requirements of Marrakesh Country Club, as contained within the MCC Bylaws.

ARTICLE 3: MEETINGS OF MEMBERS

3.1 Place of Membership Meetings. Annual and special meetings of the membership shall be held at a suitable location in or reasonably close to the Development's principal office located at 47000 Marrakesh Drive, Palm Desert, California 92260. The Board is authorized to change the principal office from one location to another in said County. In extraordinary circumstances as determined by the Board, Membership meetings may be held electronically (e.g., by videoconference or other means).

3.2 Annual Meetings. There will be an annual meeting each year for the purpose of electing or announcing the outcome of the election of Directors and conducting any other business of the Association.

- a. *Date of Annual Meeting.* The Board may fix the date, time, and location of the annual meeting. The meeting should be held in the same month as the preceding annual meeting if it is reasonably practicable to do so, but not more than fifteen (15) months from the date of the preceding annual meeting.
- b. *Notice of Annual Meeting.* Notice of the annual meeting will be given by the Board not less than thirty (30) days prior to the date of the meeting to allow for the mailing of secret ballots as provided for in these Bylaws.

3.3 Special Meetings. Special meetings of the Members may be called for any lawful purpose by any of the following: (i) President of the Board; (ii) majority of the Board; or (iii) Members constituting at least five percent (5%) of the Voting Power of the Association. If a special meeting is called by Members of the Association, the request must be submitted to the Board in writing and specify the nature of the business to be transacted. The Director or Officer receiving the request shall promptly deliver the request to the remaining Directors.

- a. *Notice of Special Meetings Called by the Board.* Notice of special meetings called by the Board must be given not less than ten (10) days nor more than ninety (90) days before the date of the meeting. If action is to be taken at the meeting requiring secret ballots, then ballots will be mailed to every member not less than thirty (30) days prior to the deadline for voting as provided for in these Bylaws.
- b. *Notice of Special Meetings Called by Petition of the Members.* Notice of special meetings called by the Members may be given by the Board within twenty (20) days after the Board's receipt of such request. If the Board fails to give notice, the persons calling the special meeting may give notice consistent with these Bylaws. The special meeting must be held not less than thirty-five (35) days nor more than ninety (90) days following the Board's receipt of the request. If action is to be taken at the meeting requiring secret ballots, then ballots will be mailed to every member not less than thirty (30) days prior to the deadline for voting as provided for in these Bylaws.

3.4 Notice Contents. Notice of any membership meeting shall specify the place, date, and hour of the meeting. If applicable, the notice shall also specify those matters which will be presented for action by the Members.

3.5 Those Entitled to Notice. Only those persons or entities that are on title and who the Association has record of membership prior to the date meeting notice is sent are entitled to receive such notice.

3.6 Manner of Giving Notice. A declaration of the mailing or other means of giving any notice of any membership meeting may be executed by the Secretary, President, or any other party giving notice, and be prima facie evidence of the effective transmittal of the notice. Notice of any membership meeting shall be given either personally or by first-class mail, charges prepaid, and addressed to each Member: (i) at the address appearing on the books of the Association; (ii) at the address given by the Member for the purpose of notice; or (iii) at the address of the Member's Lot, if no address appears on the Association's books and no other address has been given. Notice will be deemed given at the time when delivered personally or deposited in the mail. Unless ballots must be mailed, notice may also be given by Email, facsimile, or other electronic means, if the Member has consented, in writing, to that method of delivery. Such consent may be revoked, in writing, by the Member. Notice may also be given by any other method provided for by law.

3.7 Voting Rights. In all matters submitted for a membership vote, Members will be entitled to one (1) vote per Lot (regardless of the number of Members having an interest in the Lot). The Association may not suspend the voting rights of Members.

- a. Co-Owners. Where there is more than one owner of a Lot, all such co-Owners will be Members and may attend any meeting of the Association, but only one Owner can exercise the vote to which the property is entitled. Fractional votes are not allowed. In the event more than one ballot is cast for a particular Lot, only the first ballot received shall be opened and counted.
- b. Record Date. Unless the Board sets a "Record Date" for a membership election, the Record Date will be the date ballots are mailed to the membership. If the Board sets a Record Date for an election, the date will not be more than sixty (60) days before the date of the election meeting. Only those owners on title by the Record Date are entitled to vote. Persons acquiring title to after the Record Date may attend the election meeting but are not entitled to vote. For votes on amending the CC&Rs or Bylaws, the Board can choose to not set a Record Date.

3.8 Proxies. Proxies are not permitted.

3.9 Chair and Secretary of Meetings. The President of the Board or, in the President's absence, the Vice President or any other person designated by the Board may call the membership meeting to order and shall chair the meeting. The Secretary of the Board shall act as Secretary. In the absence of the Secretary, the presiding Officer shall appoint someone to serve as acting Secretary for the meeting.

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

3.11 Quorum Requirements. Quorum means more than 50% of the Voting Power of the Association. A Quorum of Members is required for all Membership votes or elections, except as otherwise provided in the Governing Documents. The Quorum requirement for the election of Directors is twenty-five percent (25%) of the Voting Power.

3.12 Approval Requirements. The approval requirement for all matters decided by the Membership is an affirmative vote of a majority of the votes represented and voting in a duly held election in which a Quorum is represented unless otherwise specified in these Bylaws or the CC&Rs.

3.13 Loss of Quorum. The Members present at a duly called meeting at which a Quorum is present may continue to transact business until adjournment, notwithstanding the loss of a Quorum, so long as the business is approved by enough Members to constitute at least a majority of a Quorum, had a Quorum been present.

3.14 Adjourned Meetings or Elections. Any Membership meeting or election conducted at a Membership meeting, whether or not a Quorum is present, may be adjourned from time to time by the vote of the majority of the Members present; provided, however, an adjournment for lack of a Quorum must be to a date not less than five (5) days nor more than thirty (30) days from the date the original meeting was called. In the absence of a Quorum of Members, no business may be transacted, except to adjourn the meeting to another date and time. If a new date for the adjourned meeting is announced prior to adjournment, no further notice need be given to the membership. If, however, a new date is not announced prior to adjournment, the Board President (or the remaining Directors, in the President's absence or failure to act) may set the date for a subsequent meeting and shall cause written notice of the date, time, and place of such meeting to be given to the Members at least four (4) days in advance of the meeting.

ARTICLE 4: ACTION BY BALLOT WITHOUT A MEETING

4.1 Secret Ballot. The use of secret ballots is only necessary when required by law. When secret ballots are not required by law, elections may be conducted by secret ballot, non-secret written ballot, or any other method permitted by law. All elections requiring secret ballot will include a double-envelope system for returning the ballots as provided for in the Davis-Stirling Act and as set forth in the Election Rules. Any action which may be taken at any meeting of Members may be taken without a meeting if the Association distributes a secret written ballot to every Member entitled to vote on the matter.

4.2 Approval Requirement. Approval by written ballot is valid only when: (i) the number of votes cast by ballot by the specified deadline equals or exceeds the Quorum required to be present at a meeting authorizing the action; and (ii) the number of votes cast equals or exceeds the number of votes that would be required to approve the action at a meeting. The Quorum requirement for the election of Directors is twenty-five percent (25%) of the Voting Power.

4.3 Form of Ballot. All secret ballots mailed or otherwise delivered to the membership must include a double-envelope system and voting instructions for returning the secret ballots as provided for in the Davis-Stirling Act, and must be mailed by first-class mail or delivered to every Member entitled to vote at least thirty (30) days before the initial voting deadline. Ballots seeking approval to amend or restate governing documents must be delivered to the Members with the text of the proposed amendment.

- a. *Signature.* Secret ballots do not require a signature. Secret ballots signed by Members remain valid.
- b. *Inner Envelope.* The Association will provide two envelopes. To preserve secrecy, the secret ballot is to be placed within an inner envelope with no identifying information. However, information written on the inner envelope by a Member will not invalidate the ballot. The inner envelope containing the secret ballot is to be placed into a second outer envelope containing identifying information.
- c. *Outer Envelope.* In the upper left-hand corner of the outer envelope containing a secret ballot, the voting Member must sign his/her name and indicate (print, type, etc.) his/her name and the address entitling the voter to vote. The outer envelope must be addressed to the Inspector(s) of Election.
- d. *Delivery.* Such outer envelope may be mailed to the address on the envelope or delivered to a location specified by the Inspector(s) of Election. The Member may request a receipt for delivery.
- e. *Content.* Ballots must: (i) set forth the proposed action; (ii) provide an opportunity to approve or disapprove each item submitted for a vote; (iii) set forth the number of ballots needed to satisfy the Quorum requirement; (iv) specify the percentage of votes required to pass the proposal; and (v) state a deadline by which the ballot must be returned to be counted.

4.4 Return of Ballot. The ballots may be mailed or delivered by hand to the location or locations specified by the inspectors of election. Once a ballot is received by the inspectors of election, it shall be irrevocable.

4.5 Inspectors of Election. Prior to the date ballots are sent to the membership, the Board, at an open meeting of the Board, may select either one (1) or three (3) independent inspectors of election to: (i) oversee all ballot measures and elections; (ii) hear and determine all challenges and questions regarding any aspect of the election; (iii) collect and maintain custody of all ballots; (iv) supervise the opening and counting of ballots; (v) certify the election results; and (vi) do such other acts as may be proper to conduct the election.

4.6 Counting Ballots. Inspectors of election will oversee the opening and tabulating of all ballots before the membership at a properly noticed open meeting of the Board or membership as provided for in the Election Rules. No person shall open or otherwise review any ballot prior to the time and place at which the ballots are opened and counted.

4.7 Announcement of Results. The results of the election will be announced immediately after all the ballots have been counted. Within fifteen (15) days of the election, the Board shall publicize the results to all Members.

4.8 Storing Election Materials. All election materials shall be stored in a secure place for no less than one (1) year after the date of the election.

ARTICLE 5: ELECTION OF DIRECTORS

5.1 Number and Term. The Board consist of nine (9) Directors. Each Director will serve for a term of three (3) years or until a qualified successor is elected to fill his/her seat. The terms will be staggered so that three (3) positions are open for election each year.

5.2 Term Limits. If allowed by law, Directors who have served three (3) consecutive years (whether a full term or a partial) are not eligible to serve on the Board for a period of one (1) year. The remaining term of a vacant position will not count towards the term limit.

5.3 Candidate and Director Qualifications. Members must meet the qualifications in the subsections hereafter to be eligible for nomination as a candidate for or to serve as a Director on the Board.

- a. *Candidates Must be Members.* The Association must disqualify the nomination of a candidate who is not a member of the Association at the time of nomination.
- b. *Prior Ownership for One Year.* To be eligible for nomination and/or to serve on the Board, a candidate for the Board or serving Director must be the record Owner of a Lot for a period of at least one year, proof of which must be a recorded deed. Persons holding a fee simple interest in a Lot merely as security for the performance of an obligation are not eligible to either be a candidate for or to serve on the Board.
- c. *Member in Good Standing.* To be eligible for nomination and/or to serve on the Board, the person or impersonal entity must not be delinquent by more than sixty (60) days in the payment of any regular or special Assessment (following proper notice, hearing, and a finding by the Board), except:
 - i. A person may not be disqualified from nomination for nonpayment of fines, fines characterized as assessments, collection charges, late charges or costs levied by a third party.
 - ii. A person may not be disqualified from nomination because the person has paid the regular or special assessment under protest.
 - iii. A person may not be disqualified from nomination due to delinquent assessments if the person has entered into a payment plan with the Association pursuant to Civil Code §5665 and is fulfilling the terms of the payment plan.

- d. *Co-Owners Eligible for Only One Position.* To be eligible for nomination and/or to serve on the Board, the person or impersonal entity must not have a record fee simple ownership interest in a Lot which is part of the Development with another person or impersonal entity concurrently serving as a Director. Where two or more co-Owners concurrently seek election to the Board, only the first nomination will be effective.
- e. *Criminal Conviction.* A person who has disclosed, or concerning whom the Board has become aware, of 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 any successor statute, or which conviction would cause such coverage to be terminated, is ineligible for nomination to the Board. Each nominee, at the time of nomination, shall disclose the existence of any past criminal conviction and the details thereof, with sufficient details in order to allow the Association to determine whether the criminal conviction will prevent the Association from purchasing the required fidelity bond coverage.
- f. *Internal Dispute Resolution.* Before any candidate for nomination or serving Director may be disqualified, the person or impersonal entity must be provided the opportunity to engage in internal dispute resolution as provided in the Davis-Stirling Act.

5.4 Impersonal Entities. If title to a Separate Interest 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 the purpose of candidacy or serving on the Board. The designation by the impersonal legal entity must be in writing with documentation confirming both the designation and its authority to do so.

5.5 Trusts. If title is held in the name of one or more trustees, subject to a trust, a sole trustee or one of several trustees are permitted to be a candidate for a position on the Board or to serve on the Board subject to all qualifications and/or requirements of the Association's governing documents and/or the law. The designation of one of several trustees must be in writing with documentation confirming both the designation and the authority of the designator to do so.

5.6 Nominations. The Board may appoint a nominating committee. Prior to the election of Directors, the Board must, by written notice to all Members, solicit nominees. The solicitation must include the "Candidate and Director Qualifications" described above and provide general notice of the procedure and deadline for submitting a nomination. The deadline must be at least thirty (30) days after giving notice. Delivery of the solicitation must be given by individual notice, pursuant to Civil Code §4040, if individual notice is requested by a Member before the solicitation is given. Nominees must be listed as candidates on the ballot provided (i) they meet candidate and Director qualifications and (ii) their nomination is made prior to the date and time set for the close of nominations. Once nominations have been closed, no write-ins are allowed on ballots and no floor nominations can be made at the ballot counting meeting.

5.7 Voting for Directors. Members are entitled to one vote per open seat. The candidates receiving the highest number of votes shall be elected to serve as Directors. Cumulative voting is not allowed.

5.8 Director Elections. The election of Directors must occur entirely through the mail with the cutoff for balloting preceding the meeting at which the ballots are counted. The Quorum requirements to elect Directors or for the counting of ballots in an election of Directors is twenty-five percent (25%) of the Voting Power. Qualified candidates receiving the highest number of votes shall be elected.

5.9 Counting of Ballots. Ballots cast for the election of directors shall be counted either at an open meeting of the Board or at any membership meeting duly called for that purpose. Candidates and members may witness, but not interfere with, the counting and tabulation of the votes.

5.10 Uncontested Elections. In any election where the number of candidates nominated exceeds the number of vacancies, voting for directors shall be by secret written ballot. When, at the close of nominations, the number of qualified candidates nominated does not exceed the number of vacancies, the candidates may be declared elected without need for balloting and shall take their seats on the date set for the annual membership meeting.

5.11 Breaking a Tie. In the event of a tie, all other newly elected Directors shall immediately begin serving their terms. An incumbent Director whose seat was tied shall continue in office until a runoff election determines the winner for his/her seat. Only those candidates who tied for the seat shall be in the runoff. In lieu of a runoff and if the tied candidates agree, the winner may be decided by a coin toss or the drawing of names by the Inspector of Elections.

ARTICLE 6: REMOVAL OF DIRECTORS

6.1 Removal of Director by the Board. By vote at a duly noticed meeting of the Board, a majority of the Board may remove a Director for good cause for the reasons below. However, before any such removal may occur, the Board will review evidence and provide the Director with an opportunity to meet with Board to discuss the matter and review the same evidence.

- a. Ceases to meet the qualifications of a Director within these Bylaws or further provided in the Election Rules;
- b. Has been declared of unsound mind by a final order of court;
- c. Has been absent from more than three (3) consecutive regular meetings of the Board or more than four (4) regular meetings within any twelve (12) month period; or
- d. Allows a proposed contract or other transaction to be put to a vote by the Board or membership without disclosing that he or she will receive a financial benefit from the transaction.

6.2 Removal of Directors by Membership. The entire Board, or any number less than the entire Board, may be removed from office by the membership via a petition signed by at least five percent of the voting Members and removed by the affirmative vote of a majority of the votes represented and voting at a duly held special Membership meeting at which a quorum is present. In the event any or all Directors are so removed, new Directors will be elected by the Membership at the same special meeting at which the Directors are removed.

6.3 Resignation. Any Director may resign by giving written notice to the President, the Secretary, or the Board. The resignation shall take effect upon the giving of the notice, unless a later time is specified in the notice. If the resignation is effective at a future time, the resigning Director may participate in the selection of a successor to fill the vacated seat.

6.4 Vacancies. Vacancies created other than by removal by the Members as set forth in Section 6.2 may be filled by the majority of the remaining Directors, even if the remaining Directors are less than a quorum of the Board. If the remaining Directors are unable to fill the vacancy, the Board may notice or Members may petition for a special election for Members to elect replacement Directors. Each Director so appointed or elected will resume the remaining term of the replaced director.

ARTICLE 7: ROLE OF BOARD OF DIRECTORS

7.1 Powers. The business and affairs of the Association shall be controlled by the Board. In addition to the powers and duties set forth in the Governing Documents, the Board shall have the power to perform any and all other acts that a nonprofit mutual benefit corporation is empowered to do in administering the Association's affairs and to protect and advance the general welfare of the Association.

7.2 Enactment of Rules. The Board may adopt, amend, and repeal Rules and establish a system of fines and penalties regarding any matter set forth in the Governing Documents, including, without limitation, (i) the use, occupancy, and maintenance of the Development, (ii) the general health, welfare, comfort, and safety of residents in the Development, (iii) the conduct of persons within the Development, (iv) the use of Common Areas, and (v) the interpretation and implementation of the Governing Documents. The Board shall use the following procedure for adopting Rules and Regulations:

- a. *Distribution to Members.* For rules that require membership comment under the Davis-Stirling Act and discussed below, the proposed Rules will be distributed to the membership at least thirty (28) days, or any lesser period allowed by law, before an open Board meeting at which the Board will vote on adopting the policy. The distribution will include a notice of the meeting and a description of the purpose and effect of the proposed Rules.
- b. *Vote on Rules.* At the scheduled Board meeting, the Board shall vote on adoption, amendment, or repeal of the Rules after considering any comments received from Members on this issue.
- c. *Approved Rules.* Within fifteen (15) days of approving the Rules, the Association shall distribute notice of the Rules change to the membership.

- d. *Applicability.* This Section only applies to Rules that relate to: (i) use of the Common Area, Exclusive Use Common Areas, or Lots; (ii) architectural modifications by the Members, including procedures for architectural approval; (iii) Member discipline, including fine schedules and procedures for imposing discipline; (iv) standards for payment plans for Members' delinquent assessments; (v) dispute resolution procedures; and (vi) election procedures. This Section does not apply to: (i) Common Area maintenance; (ii) decisions on specific situations that are not intended to apply generally; (iii) assessment rates; or (iv) Rules changes or the issuance of other documents required by law or that repeal existing law or the Governing Documents, if the Board has no discretion as to the substantive effect of the change.
- e. *Member Vote to Reverse Rule Change.* Within 30 days of the date notice is provided to the Members of an adopted rule change, the Members may submit a petition signed by five percent (5%) of the voting Members for a membership meeting to vote to reverse the rule. The rule change may then be reversed by the affirmative vote of a majority of the votes represented and voting at a duly held meeting at which a Quorum is present. A Rule which is reversed per this Section may not be re-adopted for one (1) year after the date of the membership vote reversing the rule change. However, the Board may at any time adopt a different Rule on the same subject as the Rule change that had been reversed.

7.3 No Compensation. No Director will receive compensation for services rendered to the Association. However, Directors may be reimbursed for actual expenses incurred in the performance of their duties. Any Director requesting reimbursement for expenses shall provide appropriate documentation, such as a receipt, to the Board before being reimbursed by the Association.

7.4 Conflicts of Interest. The Association may not enter into any contract with any party in which any Director, the Manager, management company, or any employee of the Association has a direct or indirect economic interest in the contract without: (i) full disclosure of the interest to the Board; (ii) full disclosure of the interest in the minutes of the Board meeting where the discussion occurred; and (iii) recusal by the interested part from deliberations and voting on the issue. Directors may not vote on any of the matters set forth in Civil Code §5350.

7.5 Duty to Defend. The Association shall indemnify and defend and shall advance reasonable attorneys' fees and costs and all expenses and liabilities its Officers, Directors, Committee members, and employees reasonably incur in connection with any proceeding to which they may be a party by reason of having been an Officer, Director, Committee member, or employee of the Association. However, the Association may recover its attorneys' fees and costs from those persons who are adjudged to have acted in bad faith or in gross negligence in the performance of their duties or to be liable to the Association.

ARTICLE 8: MEETINGS OF THE BOARD

8.1 Member Notice of Board Meetings. Members shall be given an agenda and notice of the time and place of open session Board meetings at least four (4) calendar days prior to the

meeting and at least two (2) calendar days of executive session Board meetings prior to the meeting. The notice and agenda may be given by posting the notice in a prominent place or places accessible to all Members and which have been designated for the posting of notices by the Association in the annual policy statement; by mail or other delivery of the notice to each Lot; by newsletter; in a billing statement or other properly delivered document; or by broadcast television programming; or other method allowed in the Davis-Stirling Act. An emergency meeting of the Board may be called if there are circumstances that could not have been reasonably foreseen which require immediate attention by the Board. In such instances, the Board shall give notice, as may be reasonable and practical.

8.2 Director Notice of Board Meetings. Notice of Board meetings will be given to each Director, at least four (4) calendar days prior to an open meeting or at least two (2) calendar days before an executive session meeting, to the address, phone number, fax number, or e-mail address listed on the Association's records for the Director. Attendance by a Director at any meeting of the Board will be a waiver of any objection to the notice or lack thereof.

8.3 Place of Meetings. All meetings of the Board shall be held at a place in or near the Development designated by the Board or at a suitable location in or reasonably close to the Development.

8.4 Regular Meetings. Meetings of the Board shall be held at least once per month although the Board may, for good reason, waive a monthly meeting. Such "good reason" will be set forth in the minutes of the next Board meeting.

8.5 Special Meetings. Special meetings of the Board may be called by the President or by a majority of the Board. Such meetings may be held upon four (4) days' notice for open session meetings and upon two (2) days' notice for executive session meetings. In the event of an emergency, the Board may meet with less notice, but must post such notice to the membership and must note in the minutes of the meeting the reason why more notice could not be given.

8.6 Executive Sessions. Executive session meetings of the Board may be held for purposes related to: (i) litigation; (ii) the formation of contracts with third parties; (iii) Member discipline; (iv) personnel matters; (v) meeting with a Member to consider a payment plan for delinquent assessments; and (vi) vote on the foreclosure of a delinquent assessment lien. Any matters considered in executive session will be generally noted in the minutes of the next open meeting.

8.7 Quorum of Directors. A majority of the total number of Directors is a quorum of the Board for the transaction of business. Directors may not attend Board meetings by proxy and may not vote by proxy.

8.8 No Action Outside Meetings. Except for those actions that the Board has validly delegated to any other person or persons, managing agent, Officer, or committee of the board comprising less than a quorum of the board, the Board may not take action within its authority outside of a Board meeting.

8.9 Adjournment of Board Meetings. A majority of the Directors present at a meeting, whether or not a quorum is present, may adjourn any Board meeting to a stated day and hour. If

the meeting is adjourned for more than twenty-four (24) hours, before the adjourned meeting is held, notice of the adjourned meeting will be given to Directors who were not present at the time of the adjournment.

8.10 Attendance by Members. Members are entitled to attend regular and special (non-executive session) meetings of the Board. A reasonable amount of time shall be set aside during the meeting for Members to address the Board.

8.11 Conduct of Board Meetings. The Board may establish Rules for the orderly conduct of its meetings. Board meetings shall be conducted by the Association's President or, in the President's absence, an Officer or Director designated by the Board. All questions and use of parliamentary procedure, if any, may be in accordance with Robert's Rules of Order.

8.12 Teleconference. Members of the Board may participate in a meeting by conference telephone, video conference, or similar communications equipment, so long as all Directors and Members participating in such meeting can hear one another and the notice of the teleconference/video conference meeting identifies at least one (1) physical location so that Members of the Association may attend, and at least one (1) Director or a person designated by the Board is present at that location. Participation in a meeting in such a manner constitutes presence in person at such meeting.

8.13 Minutes of Meetings. The minutes proposed for adoption that are marked as draft, or a summary of the minutes of Board meetings, other than executive session meetings, will be available to Members within thirty (30) days of the meeting and distributed to any Member upon written request and upon reimbursement of the Association's cost.

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

8.15 Confidentiality. Directors must maintain the confidentiality of any Association documents and information they obtain in the course of serving on the Board. This obligation continues even when the Director no longer serves on the Board.

ARTICLE 9: OFFICERS

9.1 Number. The Officers on the Board are the President, Vice President, Secretary, Treasurer, each of whom must be a Director, and such other Officers as the Board may designate. The President may not hold more than one (1) office; however, any two (2) of the remaining offices may be held by a single person.

9.2 Election of Officers. The Board shall meet to select the Officers after or as soon as practicable after the results of the election of Directors are announced. If the meeting for selecting Officers occurs at a separate meeting from the one where the Directors were elected, the Board will give notice to all Members. Notice of the organizational meeting may be given at the same time as the annual meeting. If the meeting is held immediately following the annual meeting, notice to the newly elected Directors is not necessary to legally constitute the meeting, provided that a majority of the Board is present.

9.3 Term of Office. Officers hold office at the pleasure of the Board. Officers will be appointed by the Board and hold office until the annual election of Directors or such time as they resign, are removed, or are otherwise disqualified to serve. Within thirty (30) days of the election of Directors each year, the Board may reappoint Officers. The same persons may be appointed to the same offices.

9.4 Removal and Resignation. Any Officer may be removed at any time by the vote of a majority of all the Directors then in office, at any regular or special meeting of the Board at which a quorum is present. Any Officer may resign at any time by giving written or verbal notice to the Board. Any such resignation shall take effect on the date the notice is given, unless a later date is specified in the notice.

9.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled by the Board.

9.6 President. The President shall be the principal executive officer of the Association and shall, subject to the authority of the entire Board, supervise, direct, and control all of the business and affairs of the Association. The President will preside at all meetings of the Board, have the general powers and duties of management usually vested in the office of the president of a corporation, and have such other powers and duties as may be prescribed by the Board or Governing Document. The President will act as the spokesperson (or liaison) between the Manager and the Board, unless the Board directs otherwise.

9.7 Vice President. In the absence or disability of the President, the Vice President will perform all duties of the President. The Vice President will have such other powers and perform such other duties as from time to time may be prescribed by the Board.

9.8 Secretary. The Secretary will keep or cause to be kept in the management office or such other place as the Board may order: (i) minutes of all meetings of the Board, the membership and standing committees, including the notices of such meetings; (ii) the names of all Members of the Association and their addresses; (iii) such other records of the Association's affairs as may be necessary and proper; and (iv) keep the seal of the Association, if any, in safe custody. The Secretary will give or cause to be given notice of all meetings of the Members and of the Board that are required by the Bylaws or by law and have such other powers and perform such other duties as may be prescribed by the Board or by these Bylaws. If neither the President nor a Vice-President are present at a meeting of the Members or the Board, the Secretary shall call the meeting to order and a temporary chairperson shall be chosen from the Directors present at said meeting

9.9 Treasurer. The Treasurer is responsible for keeping or causing to be kept accounts of the monies, properties, and business transactions of the Association. The Treasurer will cause all monies and other valuables to be deposited in the name and to the credit of the Association, with such depositories, as may be designated by the Board. The Treasurer will cause to be disbursed the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of the Association's transactions and the financial condition of the Association, which shall be made a part of the minutes of

Board meetings, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

9.10 Assistant Treasurer and Assistant Secretary. The Board may appoint one (1) or more Assistant Treasurers and/or Assistant Secretaries, who need not be Members of the Association, to assist the Officers in their duties.

9.11 Parliamentarian. The Board may also appoint a Parliamentarian to advise it on matters of parliamentary procedure.

9.12 Delegation. The Board may delegate any of the above duties and the management of the Association to any person or persons, Manager, or committee however composed, provided that the activities and affairs of the Association will be managed, and all powers exercised under the ultimate direction of the Board.

ARTICLE 10: COMMITTEES

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

10.2 Term of Office. The Board will appoint the chair and Committee members on an annual basis, or more frequently, if necessary. Individual Committee members and Committee chairs may be added or removed at any time by the Board, with or without cause. Committees may dissolve at the Board's discretion.

10.3 Committee Authority. Committees are advisory only and have no authority to spend Association monies, enter into contracts, or direct Association personnel or vendors unless authorized by the Board or Governing Documents.

10.4 Member Comments. Each Committee may receive comments and complaints from Members on any matter within its field of responsibility. Committees will handle or dispose of such comments or complaints as they deem appropriate or refer them to other Committee, Director, or the Board.

10.5 No Compensation. Committee members are volunteers and will not be compensated for their services. However, Committee members may be reimbursed for reasonable expenses incurred in the performance of their duties.

10.6 Meetings. Committees may meet from time to time as may be necessary to perform their duties. Committees must provide interim reports to the Board during the course of their task and as requested by the Board.

10.7 Conflicts of Interest. No Committee member may participate in or make recommendations on any matter which involves a Committee member or a member of his/her

own family or in which a Committee member or a member of his/her family has a direct or indirect financial interest.

10.8 Confidentiality. Committee members must maintain the confidentiality of any Association documents and information they obtain in the course of serving on the Committee. This obligation continues even when the Committee member no longer serves on the Committee.

ARTICLE 11: BUDGETS, RESERVES, AND FINANCIAL STATEMENTS

11.1 Review of Accounts. The Board shall do the following not less frequently than quarterly, in accordance with the Davis-Stirling Act:

- a. *Operating Accounts*. Cause a current reconciliation of the Association's operating accounts to be made and to review the same.
- b. *Reserve Accounts*. Cause a current reconciliation of the Association's Reserve Accounts to be made and to review the same.
- c. *Actual to Budget*. Review the current year's actual revenues and expenses compared to the current year's budget for the Association's Operating and Reserve Accounts.
- d. *Bank Statements*. Review and cause to be reconciled the most current account statements prepared by the financial institution where the Association has its Operating and Reserve Accounts.
- e. *Income and Expense Statements*. Review an income and expense statement for the Association's Operating and Reserve Accounts.

11.2 Operating Budget. The Board will annually prepare an estimated operating budget for the next fiscal year. The budget shall include the following, in accordance with the Davis-Stirling Act:

- a. *Revenue and Expenses*. The estimated revenue and expenses on an accrual basis;
- b. *Reserves*. A summary of the Association's Reserves, based upon the most recent review or study, which shall be printed in bold type and include: (i) the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component; (ii) the current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components; and (iii) the current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components, as of the end of the fiscal year for which the study is prepared;
- c. *Special Assessments*. A statement whether the Board has determined or anticipates that the levy of one or more Special Assessments will be required in order to repair, replace, or restore any major component or to provide adequate Reserves therefore;

- d. *Reserve Procedure.* A general statement addressing the procedures used for the calculation and establishment of Reserves to defray the costs of future repair, replacement, or additions to those major components that the Association is obligated to maintain;
- e. *Summary in Lieu of.* In lieu of distributing of the budget, the Board may distribute a summary, but with a written notice in at least 10-point boldface type on the front page of the summary that the budget is available at the business office of the Association or at another suitable location and that copies will be provided upon request, at the Association's expense;
- f. *Revised Budget.* If the Board, in its reasonable discretion, deems it necessary at any time during the course of its fiscal year to adjust or modify the budget, it may do so and copies of the revised budget shall be sent to all Members within thirty (30) days of its adoption by the Board.

11.3 Annual Review. An annual review of the Association's financial statement will be prepared in accordance with Generally Accepted Accounting Principles by a licensee of the California State Board of Accountancy. A copy of the review of the financial statement shall be distributed to all Members within one hundred twenty (120) days after the close of each fiscal year.

11.4 Reserve Study. The Reserve study will be reviewed annually and at least once every three (3) years the Board shall cause a site-review study for the Reserve account to be performed. The study shall, at a minimum, include:

- a. *Major Components.* Identification of those major components of the Common Areas which the Association is obligated to repair, replace, restore, or maintain;
- b. *Remaining Life.* Identification of the probable remaining useful life of the components, as of the date of the study;
- c. *Cost to Repair or Replace.* An estimate of the cost of repair, replacement, restoration, or maintenance of the components during and at the end of their useful life;
- d. *Annual Contribution.* An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components during and at the end of their useful life, after subtracting total Reserve funds as of the date of the study;
- e. *Reserve Funding Plan.* A reserve funding plan that indicates how the Association plans to fund the annual contribution to meet the Association's obligations for the repair and replacement of all major components with an expected remaining life of thirty (30) years or less, not including those components that the Board has determined will not be replaced or repaired. The plan shall include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan. The plan shall be adopted by

the Board of Directors at an open meeting before the membership of the Association. If the Board of Directors determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the Board.

11.5 Approval of IRS Resolution. If required, the Membership may approve an IRS Resolution that any excess income for the current year shall be applied to the next fiscal year, as provided by IRS Revenue Ruling 70-604. Neither secret balloting nor a Quorum is required for this approval.

ARTICLE 12: INSPECTION OF RECORDS

12.1 Maintenance of Records. The Association shall keep or cause to be kept records of the Association as follows:

- a. A membership register, setting forth all names, mailing addresses, and telephone numbers of the Members (as may be changed from time to time by written notice from the Member to the Board of Directors);
- b. The Association's books and records, membership lists, governing documents, minutes of meetings, and any other documents relevant to the Association will be kept in written form or any other form capable of being converted into clearly legible paper form, and retained per a retention policy, if any, and applicable law;
- c. Financial records and books of account of the Association, including a chronological listing of all receipts and expenditures of funds and a separate account for each Assessment levied or charged against each Lot or Member, the dates when so assessed and when due, the amounts paid thereon, and the balance, if any, of any Assessment remaining unpaid; and
- d. All other documents required to be made available to Members under this Article. Such additional documents shall be kept for at least the time frame during which Members are entitled to inspect them, as stated below.

12.2 Records Subject to Inspection. The Association shall make the following documents available for inspection and copying by any Member or a representative designated in writing by the Member:

- a. Any financial document or statement required to be distributed annually to Members;
- b. Interim unaudited financial statements, periodic or as compiled, containing any of the following, which shall be prepared in accordance with Generally Accepted Accounting Principles: (i) balance sheet; (ii) income and expense statement; (iii) budget comparison; and (iv) general ledger, showing all transactions that occurred in Association's account over a specified period of time;
- c. Executed contracts, not otherwise privileged under law;

- d. Written board approval of contract proposals or invoices;
- e. State and federal tax returns;
- f. Reserve account balances and records of payments made from Reserve Accounts;
- g. Agendas and minutes of meetings of the Members, the Board, and any Committees appointed by the Board, if any; excluding, however, minutes, and other information from executive sessions of the Board;
- h. Check registers;
- i. The Association's Governing Documents;
- j. An accounting prepared pursuant to Civil Code §5220(b), or any successor statute.
- k. "Enhanced Association records," defined as invoices, receipts, and canceled checks for payments made by the Association, purchase orders approved by the Association, credit card statements for credit cards issued in the name of the Association, statements for services rendered, and reimbursement requests submitted to the Association, provided that the person submitting the reimbursement request shall be solely responsible for removing all personal identification information from the request; and
- l. The Association's membership list, including each Member's name, property address, mailing address, and email address, but not including information for members who have opted out providing such information. The Member requesting the list shall state the purpose for the request which purpose shall be reasonably related to the requester's interest as a Member. If the Association reasonably believes that the information in the list will be used for another purpose, it may deny the Member access to the list.
- m. "Association Election Materials" which means returned ballots, signed voter envelopes, the voter list of names, parcel numbers, and voters to whom ballots were to be sent, proxies, and the candidate registration list. Signed voter envelopes may be inspected but may not be copied.

12.3 Records Not Subject to Inspection. The following records are not subject to inspection:

- a. Executive session minutes of the Board;
- b. Personnel records (other than payroll records);
- c. Litigation files or records protected by the attorney-client privilege;
- d. Pending contracts;

- e. Legal invoices (however, Members do have the right to know how much money is being spent on legal matters);
- f. Records likely to lead to identity theft;
- g. Records likely to lead to fraud;
- h. Records reasonably likely to compromise the privacy of an individual Member;
- i. Disciplinary actions, collection activities, or payment plans of other owners;
- j. Personal information, including a social security number, tax id number, driver's license number, credit card account numbers, bank account number, or bank routing number; and
- k. Interior architectural plans for individual homes.

12.4 Limitation on Availability of Records. As provided for in the Davis-Stirling Act, Association records for the current fiscal year and for each of the previous two (2) fiscal years shall be made available for inspection and copying. However, minutes of Member meetings, Board meetings, and meetings of Committees with decision-making authority shall be permanently available for inspection and copying. All records are subject to redacting, as provided for by law.

12.5 Deadlines for Producing Records. Associations must produce records within the following time frames pursuant to the Davis-Stirling Act:

- a. Minutes of Member and Board meetings: within thirty (30) calendar days of the meeting;
- b. Minutes of Committees with decision making authority: within fifteen (15) calendar days following approval of the minutes;
- c. Records for the current fiscal year: within ten (10) business days from receipt of the request;
- d. Records for the previous two (2) fiscal years: within thirty (30) calendar days from receipt of the request;
- e. Any record or statement available pursuant to Civil Code §5300 (budget, reserves, lien policies, insurance, financial statement, etc.) or Civil Code §4525 (governing documents, assessments, violations, etc.), or any successor statutes within the timeframes specified by statute;
- f. Membership list: within five (5) business days of the Association's receipt of a Member's written request.

12.6 Inspection and Copying Procedure. The Association shall make the above Association records available for inspection and copying in the Association's business office within the Development or at a place agreed upon by the Member and the Association. If the Association and the Member cannot agree upon a place for inspection and copying, or if the Member requests, in writing, copies of specifically-identified records, the Association may mail copies of the requested records to the Member by first-class mail.

12.7 Redacting Information. The Association may withhold or redact information from the Association records, as provided for by law.

12.8 Members' Use of Records. Members may not sell Association records, use them for commercial purposes, or use them for any purpose not reasonably related to their interest as a Member of the Association.

12.9 Production Fees. The Association may bill the requesting Member for copying, redacting, and mailing the requested records as permitted by the Davis-Stirling Act. Third-party vendors may charge their own fees and costs directly to the Member for their time related to the production of records.

ARTICLE 13: DISCLOSURES

13.1 Distribution of Disclosures. The Board may distribute documents and disclosures electronically to those members who have given written consent. Otherwise, all documents must be distributed by first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier. The annual budget report and annual policy statement shall be made available to the members as a full report or a summary of the report as provided in Civil Code §5320.

13.2 Annual Budget Report. The Board shall distribute an annual budget report thirty (30) to ninety (90) days before the end of its fiscal year including all of the following information, or as otherwise required by Civil Code §5300:

- a. A pro forma operating budget, showing the estimated revenue and expenses on an accrual basis.
- b. A summary of the Association's reserves, prepared pursuant to Civil Code §5565.
- c. A summary of the reserve funding plan adopted by the Board, as specified in paragraph 5 of subdivision (b) of Civil Code §5550. 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.
- d. A statement as to whether the Board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of thirty (30) years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.

- e. A statement as to whether the Board, consistent with the reserve funding plan adopted pursuant to Civil Code §5560, 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.
- f. A statement as to the mechanism or mechanisms by which the Board will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacements or repairs, or alternative mechanisms.
- g. A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the Association is obligated to maintain. The statement shall include, but need not be limited to, reserve calculations made using the formula described in paragraph (4) of subdivision (b) of Civil Code §5570, 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.
- h. A statement as to 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.
- i. A summary of the Association's property, general liability, earthquake, flood, and fidelity insurance policies. For each policy, the summary shall include the name of the insurer, the type of insurance, the policy limit, and the amount of the deductible, if any. To the extent that any of the required information is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it with the annual budget report. The summary distributed pursuant to this paragraph shall contain, in at least 10-point boldface type, the following statement:

This summary of the Association's policies of insurance provides only certain information, as required by section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association Member may, upon request and provision of reasonable notice, review the Association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Association maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered,

you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association Members should consult with their individual insurance broker or agent for appropriate additional coverage.

- j. A statement describing the status of the common interest development as a Federal Housing Administration (FHA)-approved condominium project pursuant to FHA guidelines, including whether the common interest development is an FHA-approved condominium project, as required by Civil Code §5300(b)(10).
- k. A statement describing the status of the common interest development as a federal Department of Veteran Affairs (VA)-approved condominium project pursuant to VA guidelines, including whether the common interest development is an VA-approved condominium project, as required by Civil Code §5300(b)(11).
- l. A copy of the completed "Charges For Documents Provided" disclosure identified in Section 4528. For purposes of this section, "completed" means that the "Fee for Document" section of the form individually identifies the costs associated with providing each document listed on the form.

13.3 Assessment and Reserve Funding Disclosure Summary Form. The Assessment and Reserve Funding Disclosure Summary form, prepared pursuant to Civil Code §5570, shall accompany each annual budget report or summary of the annual budget report.

13.4 Annual Policy Statement. Within thirty (30) to ninety (90) days before the end of its fiscal year, the Board shall distribute an annual policy statement that provides the members with information about Association policies. The annual policy statement shall include all of the following information or as otherwise required by Civil Code §5310:

- a. The name and address of the person designated to receive official communications to the Association, pursuant to Civil Code §4035.
- b. A statement explaining that a member may submit a request to have notices sent to up to two (2) different specified addresses, pursuant to Civil Code §4040(b).
- c. The location, if any, designated for posting of a general notice, pursuant to Civil Code §4045(a)(3).
- d. Notice of a member's option to receive general notices by individual delivery, pursuant Civil Code §4045(b).
- e. Notice of a member's right to receive copies of meeting minutes, pursuant to Civil Code §4950(b).
- f. The statement of assessment collection policies required by Civil Code §5730.
- g. A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments.

- h. A statement describing the Association's discipline policy, if any, including any schedule of penalties for violations of the governing documents pursuant to Civil Code §5850.
- i. A summary of dispute resolution procedures, pursuant to Civil Code §§5920 and 5965.
- j. A summary of any requirements for the Association approval of a physical change to property, pursuant to Civil Code §4765.
- k. The mailing address for overnight payment of assessments, pursuant to Civil Code §5655.
- l. Any other information that is required by law or the governing documents or that the Board determines to be appropriate for inclusion.

13.5 Minutes. The Board shall notify Members of their right to receive minutes and how and where those minutes may be obtained at the time the budget is distributed or at the time of any general mailing to the entire membership of the Association.

13.6 Financial Statement. The Board shall annually distribute to the Members a review of the Association's financial statement for any fiscal year in which the gross income of the Association exceeds \$75,000 within one hundred twenty (120) days of the close of the fiscal year all pursuant to Civil Code §5305.

13.7 Reserve Transfers for Litigation. The Board shall notify Members, in its next available mailing, of any transfers from Reserves to pay for litigation pursuant to Civil Code §5520.

13.8 Other Disclosures as Required by Law. The Board shall make such other applicable disclosures as are required by law.

ARTICLE 14: RULES ENFORCEMENT AND DISPUTE RESOLUTION

14.1 Rules Enforcement Procedures. Privileges may not be suspended or fines imposed, except as follows:

- a. *Notice of Hearing*. The Board shall set a hearing date and notify the Member in writing at least ten (10) days in advance, either personally or by prepaid first-class or registered mail to the most recent address of the Member as shown on the Association's records. The notice shall set forth the date and nature of the violation, the proposed penalty, and the Member's right to present evidence in his or her defense, either in writing or in person, at the hearing.
- b. *Hearing*. The hearing shall be held in executive session, unless the Member requests otherwise.

- c. *Notice of Decision.* Within fifteen (15) days after the Board makes a decision on imposition of any penalty or fine, notice of the decision shall be given to the Member, which shall specify the violation and the penalty imposed. In the event the Association suspends privileges, the suspension does not take effect until fifteen (15) days after the notice of decision is given to the Member. The Association may not suspend voting rights of any Member.

14.2 Internal Dispute Resolution. If the Association and a Member are involved in a dispute involving their rights, duties, or liabilities under California law or the Governing Documents, either the Association or the Member may request internal dispute resolution, as provided for in the Association's Rules and Regulations or the Davis-Stirling Act.

14.3 Pre-Litigation Dispute Resolution. Before filing suit for actions for declaratory, injunctive, or writ relief, either alone or in conjunction with a money claim in an amount within the jurisdiction of the small claims court, the party seeking to litigate the matter shall offer alternative dispute resolution, per the procedures described in the Davis-Stirling Act.

ARTICLE 15: MISCELLANEOUS

15.1 Fiscal Year. The fiscal year of the Association ends on September 30. The Board may change the fiscal year without amending these Bylaws.

15.2 Singular Includes Plural. Wherever the context of these Bylaws requires, the singular shall include the plural and the masculine shall include both feminine and the neuter.

15.3 Conflicts. To the extent of any conflict between the governing documents and the law, the law shall prevail. To the extent of any conflict between the Articles and the CC&Rs, the CC&Rs shall prevail. To the extent of any conflict between the Bylaws and the Articles or CC&Rs, the Articles or CC&Rs shall prevail. To the extent of any conflict between the Rules and the Bylaws, Articles, or CC&Rs, the Bylaws, Articles, or CC&Rs shall prevail.

15.4 Amendments. These Bylaws may be modified, amended, or replaced with new Bylaws as follows:

- a. *Amendment to Conform to Statute.* If at any time a provision in these Bylaws contradicts current law, according to a written opinion of the Association's legal counsel, the Board of Directors will have the authority, on the unanimous approval of the Directors and without approval of the Members, to amend that provision, but only to the extent necessary to render the provision compliant with applicable law.
- b. *Amendment by Members.* These Bylaws may be modified, amended, or replaced with new Bylaws by the affirmative vote of a majority of the Membership.

CERTIFICATION

WE CERTIFY this 12th day of October, 2021 that these Second Restated Bylaws have been duly approved and adopted by the membership of Marrakesh Community Association

MARRAKESH COMMUNITY ASSOCIATION



President Burton S. Johnson



Secretary Michael A. Boulware