

BY-LAWS

*

MONTICELLO AT RANCHO INDIO HOMEOWNERS ASSOCIATION

IF THIS DOCUMENT CONTAINS ANY RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, GENDER, GENDER IDENTIFICATION GENDER EXPRESSION, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, GENETIC INFORMATION, NATIONAL ORIGIN, SOURCE OF INCOME AS DEFINED IN SUBDIVISION (p) OF SECTION 12955, OR ANCESTRY, THAT RESTRICTION VIOLATES STATE AND FEDERAL FAIR HOUSING LAWS AND IS VOID, AND MAY BE REMOVED PURSUANT TO SECTION 12956.1 OF THE GOVERNMENT CODE. LAWFUL RESTRICTIONS UNDER STATE AND FEDERAL LAW ON THE AGE OF OCCUPANTS IN SENIOR HOUSING OR HOUSING FOR OLDER PERSONS SHALL NOT BE CONSTRUED AS RESTRICTIONS BASED ON FAMILIAL STATUS.

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FIRST RESTATED BYLAWS OF MONTICELLO AT RANCHO INDIO HOMEOWNERS ASSOCIATION

ARTICLE 1 RECITALS AND DEFINITIONS

1.Name Of Association. The name of this nonprofit mutual benefit corporation is Monticello at Rancho Indio Homeowners Association and shall be referred to herein as the HOA.

2.Association Is Nonprofit. The HOA has been formed as, and exists as, a nonprofit mutual benefit corporation pursuant and subject to California Civil Code Section 4175 and the California Nonprofit Mutual Benefit Corporation Code and the California Corporations Code.

3.Specific Purpose. The specific and primary purpose of this HOA shall be to repair, maintain, replace and manage the Common Area and Common Facilities within that certain common interest development located in the County of Riverside, State of California, and commonly referred to as Monticello at Rancho Indio and to enforce the Governing Documents, including but not limited to, the Rules and Regulations (R&Rs) and Architectural and Landscape Standards (ALSs) adopted by the Board of Directors (Board), from time to time, and the terms and conditions of the CC&Rs and Bylaws and otherwise to enhance and promote the use and enjoyment of the Common Areas and Common Facilities by the Members in common.

4.Definitions. All terms as used in these Bylaws shall, unless stated otherwise, be defined as set forth in those CC&Rs referenced above and all terms and provisions of the CC&Rs and any amendments thereto are incorporated herein by reference. In addition, the following definitions shall apply:

(a)Declaration/CC&Rs - all restrictions, covenants, terms and conditions set forth in the Master Declaration of Covenants, Conditions and Restrictions for Monticello at Rancho Indio Homeowners Association recorded 1/24/2003 as Doc #2003-056921 in Official Records of Riverside County, California, and any amendments thereto. The document affects all of the Community described and commonly known as Monticello at Rancho Indio Homeowners Association (Monticello II) and is hereby amended and restated in its entirety in the First Restated Master Declaration of Covenants, Conditions and Restrictions For Monticello At Rancho Indio Homeowners Association (CC&Rs) recorded _____, 2016_____ in the County of Riverside, State of California and as such CC&Rs may from time to time be supplemented, amended or modified by subsequent CC&Rs, or amendment thereto, duly recorded in said Recorder's Office.

(b)Owner/Member – the record Owner of a fee simple estate in a Lot within the Community.

(c)Person - includes any individual, corporation, partnership, association or other entity recognized by the laws of the State of California.

(d)Voting Power - those Members who are eligible to vote for the election of Directors or with respect

to any other matter, issue, or proposal properly presented to the Members for approval at the time any determination of voting power is made and whose right to vote has not been suspended due to any delinquency or violation of any Governing Document, or otherwise.

ARTICLE 2 PRINCIPAL OFFICE

1. Location Of Principal Office. The principal office of the HOA will be located at such place within Riverside County as the Board may from time to time designate by resolution.

ARTICLE 3 MEMBERSHIP

1. Members Of The HOA. Every Owner of record of a fee simple interest in a Lot within the Community is a Member of the HOA. Membership in the HOA is appurtenant to, and may not be separated from, ownership of any Lot. If the Lot is in the name of a trust, corporation, or partnership only one person, designated in writing to the Secretary, is deemed the Member representing the Lot for all purposes and shall remain that voting Member until such time as the Secretary is advised in writing of a different person.

2. Term Of Membership. Each Owner who is a Member shall remain a Member until he no longer qualifies as such under this Article. Upon the sale, conveyance or other transfer of a Member's interest in a Lot, the Member's membership interest appurtenant to the Lot shall automatically transfer to the Lot's new owner(s).

3. Multiple Ownership Of Lots. Ownership of a Lot shall give rise to a single membership vote in the HOA. Accordingly, if more than one person owns a Lot, all of these persons shall be deemed to be one Member for voting purposes, although all such Owners shall have equal privileges as Members to use and enjoy the Common Areas and Common Facilities. The Secretary shall be notified in writing of the Member designated by his Co-Owners as having the sole right to vote the membership on their behalf. If no such notification is received the Secretary may accept the vote of any Owner of Record as the vote attributable to the Lot in question, provided that if the multiple Owners of a Lot attempt to vote the membership attributable to said Lot in an inconsistent fashion, the Secretary or other person or persons designated as Inspectors of Election by the Board may refuse to count any ballot pertaining to the Lot. Neither the Board, nor any Member, shall be obligated to inquire as to the consent or determination of such Co-Owners amongst themselves or to poll such Co-Owners and the casting of a vote by one of such Co-Owners shall be conclusive as to the determination of all.

4. Furnishing Evidence Of Membership. A person shall not be entitled to exercise the privileges of a Member until such person has advised the Secretary in writing that he is qualified to be a Member under this Article and, if requested by the Secretary, has provided the Secretary with evidence of such qualification in the form of a copy of a recorded grant deed (certified by the Office of the Recorder) or a currently effective policy of title insurance. Exercise of membership rights shall be further subject to

the rules regarding record dates for notice, voting, and actions by written ballot and eligibility for voting set forth in the Governing Documents.

ARTICLE 4 MEMBERSHIP VOTING

1. Single Class Of Membership. The HOA shall have one class of voting membership.

2. Member Voting Privileges. On each matter submitted to a vote of the Members, whether at a meeting of the membership called and held pursuant to the provisions of these Bylaws or otherwise, each Member shall be entitled to cast one vote for each Lot owned by such Member. Single memberships in which 2 or more persons have an indivisible interest shall be voted as provided in these Bylaws.

3. Eligibility To Vote/Good Standing Defined. Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. For all purposes in these Governing Documents, in order to be in good standing, a Member must be current in the payment of any judgments in favor of the HOA against that Member, as well as all assessments levied against the Member's Lot, including any payment plan, as well as any late charges, interest, fines or penalties and not be subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the Governing Documents. A Member's good standing shall be determined as of the record date established in accordance with these Bylaws. The HOA 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 in accordance with the Governing Documents. A Member who owns more than one Lot shall be ineligible to vote if that Member is delinquent with respect to any Lot or is otherwise not in good standing as defined herein or in any Governing Document.

4. Manner Of Casting Votes.

(a) Voting At Membership Meetings. Voting at any membership meeting shall be by ballot. The voting for any election and removal of Board members, election regarding assessments legally requiring a vote, amendments to the Governing Documents, or the grant of exclusive use common area property pursuant to Civil Code Section 4600 shall be conducted by secret ballot and pursuant to Civil Code Section 5100 et seq and the HOA's Election Rules. The vote on any other issue properly before a meeting of the Members shall be conducted by secret ballot when determined by the chairman of the meeting, in his discretion, or when requested by 10% of the voting power present at the meeting. Issues properly brought before the Members means an issue or matter that has been duly noticed to all Members, such that all Members are aware that a vote will be taken at that meeting. Annual Meetings are for the purposes of announcing the results of the written ballot regarding the election of Board members and for the purposes of determining the positions of the officers by that Board in the organizational Executive Session, as well as voting or discussion upon any duly noticed issues.

(b)Voting By Written Ballot. In addition to voting in person at a meeting by ballot, Members' votes may be solicited by written ballot with respect to any issue other than those specified in Civil Code Section 5100(a). Written ballot voting shall be conducted in accordance with this Article.

(c)Proxy Voting. There shall be no proxy voting and all voting shall be done by written ballot. Any election specified in Civil Code Section 5100(a) shall be held by secret ballot only and in accordance with these Bylaws and the Election Rules.

(d)Cumulative Voting. Cumulative voting shall not be permitted as to any matter.

5.Action By Written Ballot.

(a)Definition Of Written Ballot. A "written ballot" is a ballot that is mailed or otherwise distributed to every Member entitled to vote on the matter and that complies with the requirements of this section. The term "written ballot" does not include a ballot distributed to Members at a meeting for purposes of conducting a vote of the Members at such meeting.

(b)Written Ballots Generally. Any matter or issue requiring the vote of the Members (except those specified in Civil Code Section 5100(a)), may be submitted to the Members for approval by written ballot without the necessity of calling a meeting of the Members, as long as the requirements for action by written ballot set forth in this Section and Civil Code Section 5100 et seq are satisfied. The determination to seek Member approval for HOA action in this fashion shall be made by a majority vote of the Board, excepting those instances where the vote is in regard one of the matters specified within Civil Code Section 5100(a) wherein ballots and meetings are required. Once the determination is made to seek Member approval by written ballot, the Board shall establish a record date for purposes of determining those Members eligible to cast written ballots and distribute a written ballot to every Member entitled to vote on the matter as of the established Record Date for the written ballot vote. This distribution shall be made consistent with the time requirement specified below or as provided in Civil Code Section 5115 (which Civil Code controls).

(c)Balloting Time Requirements.

(i)Elections Specified In Civil Code Section 5100(a). These elections shall be held by secret ballot in accordance with the procedures set forth in this section and Civil Code Section 5100 et seq. and as follows:

(A)Ballots and 2 preaddressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered by the HOA to every Member not less than 30 days prior to the deadline for voting. In order to preserve confidentiality, a voter may not be identified by name, address, parcel, or Lot number on the ballot. The HOA shall use as a model those procedures used by California counties for ensuring confidentiality of vote by mail ballots, including all of the following:

(a)The ballot itself is not signed by the voter, but is inserted into an envelope that is sealed. This

envelope is inserted into a second envelope that is sealed. In the upper left hand corner of the second envelope, the voter shall sign the voter's name, indicate the voter's name, and indicate the address or separate interest identifier that entitles the voter to vote.

(b)The second envelope is addressed to the inspector or inspectors of election, who will be tallying the votes. The envelope may be mailed or delivered by hand to a location specified by the inspector or inspectors of elections. The Member may request a receipt for delivery.

(ii)Other Matters. In the case of any other matter or issue submitted to the Members for approval by written ballot, the Board shall distribute the written ballot to every Member entitled to vote on the matter at least 30 days prior to the final date the written ballots are to be received to be counted. All written ballots shall provide a reasonable time within which to return the written ballot to the HOA and shall state on the face of the ballot or in an accompanying notice the date by which the written ballot must be returned in order to be counted.

(iii)Extension Of The Balloting Period. The time fixed for the return of written ballots (including those specified in Civil Code Section 5100(a)) may be extended only if the Board so notifies the Members on the face of the ballot or in the balloting materials originally sent to Members that the Board and/or Inspectors of Elections reserve such right, and then for no more than 2 successive periods of 30 days each, whether for purposes of obtaining a quorum if required by Civil Code Section 5605 or for purposes of receiving approval or disapproval of the matter. Notwithstanding the foregoing, if a meeting that is scheduled to coincide with culmination of a director election is adjourned without concluding the election process, the time fixed for the return of written ballots in the director election shall be extended to the date the adjourned meeting is reconvened.

(d)Content Of Written Ballots.

(i)Written Ballots Used For Voting In Director Elections. Written ballots used in any election of directors shall set forth the names of the candidates whose names have been placed in nomination at the time the ballot is issued.

(ii)Written Ballots Used For Voting On Other Matters. Any written ballot distributed to the Members to vote on any issue other than the election of directors shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal, as well as to abstain.

(iii)Specification Of Time For Return Of Written Ballot. All written ballots shall state the time by which the ballot must be received in order to be counted.

(e)Requirements For Valid Member Action By Written Ballot. Membership approval by written ballot (including those specified in Civil Code Section 5100(a)) shall be valid only if (i) the number of votes cast by ballot within the time established for return of the ballots equals or exceeds the quorum (if required by Civil Code Section 5605) that would have been required to be present at a membership meeting if a meeting had been convened to vote on the proposal, and (ii) the number of affirmative votes equals or exceeds the number of affirmative votes that would have been required

to approve the action at such a meeting. If the required quorum pursuant to Civil Code Section 5605 is not met or if the required quorum pursuant to Civil Code Section 5605 is met but the number of affirmative (or negative) votes is not, additional ballots may be distributed ONLY to Members who have not voted pursuant to the above regarding extension of the ballot period.

(f) Solicitation Rules.

(i) Generally. Written ballots shall be solicited in a manner consistent with the requirements of these Bylaws, pertaining to the issuance of notices of Members' meetings. All solicitations of written ballots shall indicate (A) the number of responses needed to meet the quorum requirement if required by Civil Code Section 5605; (B) the time by which the written ballot must be received by the HOA in order to be counted; and (C) in the case of any written ballot distributed to vote on matters other than the election of directors, the percentage of affirmative votes necessary to approve the measure submitted for membership approval. If the period for the return of written ballots is extended under subparagraph (c)(iii), the Board shall be entitled (but not required) to announce to the Members the aggregate votes for or against the proposal received as of the extension date.

(ii) Director Elections. In addition to the requirements of subparagraph (i), solicitation materials accompanying written ballots distributed in director elections shall advise the Members that their ballots may be returned by mail or personal delivery to the HOA's principal office. If a Member attends the membership meeting in person and has not returned the ballot by mail, it will be necessary for the Member to register during the registration period and receive a different form of ballot. The solicitation materials shall also set forth the address where written ballots can be returned by mail or personal delivery in advance of the meeting at which the election will be held.

(g) Additional Balloting Procedures. In order to ensure the secrecy of written ballots utilized in director elections and fairness in the conduct of the election, the Board may but shall not be obligated to use the services of a management company representative or public accountant to receive and tabulate all written ballots (whether returned by mail or cast in person by Members attending the meeting at which the election takes place). The management company representative or accountant retained to perform such services shall have the full powers of an inspector of elections appointed by the Board under Civil Code Section 5110. Furthermore, the Board, in its discretion, shall be entitled to adopt such additional reasonable procedures as it deems necessary or appropriate to assure fairness in the balloting process, such as requiring those Members who attend the meeting and desire to vote in person to surrender the written ballot form the Member received in the mail for a written ballot form containing the same information as the mailed ballot, but colored or formatted differently (in order to preclude duplicate voting).

(h) Notification Of Results Of Balloting Process. Upon tabulation of the written ballots for any of the types of elections specified in Civil Code Section 5100(a), the Board shall notify the Members of the vote tally within 15 days of the election by general notice pursuant to Civil Code Section 4045. In the case of an election of directors, the Board shall also notify those Members present at the meeting of the results of the election immediately upon conclusion of the balloting process. If the number of written ballots cast with respect to any matter is insufficient to satisfy the minimum quorum

requirements, if required by Civil Code Section 5605, the Board shall so notify the Members.

(i) **Prohibition Of Revocation.** Once cast, a written ballot may not be revoked.

(j) **Conduct Of Informational Meetings.** Use of the written ballot procedures provided herein shall not preclude the HOA from also conducting informational meetings of the Members or from scheduling a membership meeting to coincide with the culmination of the balloting period. In the case of director elections, the balloting period shall culminate with the annual meeting, or any special meeting at which the election is scheduled to be held.

6. Majority Vote Required. If a required quorum is present pursuant to Civil Code Section 5605 or if no quorum is required as is the case with any other matters, the affirmative vote of the majority of the Members represented at the meeting, entitled to vote and voting on any matter (other than the election of directors), shall be the act of the Members, unless the vote of a greater number is required by the California Nonprofit Mutual Benefit Corporation Law or by the Governing Documents, or as provided on the ballot materials. In the case of director elections, the candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected to the vacant director positions.

7. Action By Unanimous Written Consent. Any action required or permitted to be taken by the Members at a meeting may be taken without a meeting (and without complying with the formalities of a written ballot) if all Members shall individually or collectively consent in writing to the action. When an action is taken by written consent, the consent(s) shall be filed with the HOA's minutes.

8. Inspector(s) Of Elections. The Board shall select an independent third party or parties as an Inspector of Elections, and the management firm or accounting firm, at the discretion of the Board, may also serve as the Inspector of Elections.

(a) The number of Inspectors shall be 1 or 3. In case any person appointed as Inspector fails to appear or fails or refuses to act, the vacancy may be filled by appointment by the Board in advance of the meeting, or at the meeting by the chairperson.

(b) The Inspector(s) shall start counting all ballots that have been received pursuant to the notice provided by the Board and on the day of the Annual Meeting, unless otherwise directed by the Board and noticed to the Members. The Chairman of Inspectors selected by the 3 Inspectors if 3 Inspectors have been appointed or the sole Inspector if only 1 shall serve, shall present a written report of the election results at the Annual Meeting.

(c) For the purposes of this section, an independent third party includes, but is not limited to, a volunteer poll worker with the county registrar of voters, a licensee of the California Board of Accountancy, or a notary public. An independent third party may be a Member of the HOA, but may not be a member of the Board or a candidate for the Board or related to a member of the Board or a candidate for the Board. An independent third party may be a person, business entity, or subdivision of a business entity who is currently employed or under contract to the HOA for any compensable services, including the

management company or accounting firm.

(d)The Inspector(s) shall have the power to appoint and oversee additional persons to verify signatures and to count and tabulate votes as the Inspector(s) deem appropriate; provided that the persons are independent third parties, or employees of the accounting firm or management company.

(e)The Inspector(s) shall do all of the following:

(i)Determine the number of memberships entitled to vote and the voting power of each.

(ii)Receive ballots.

(iii)Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote.

(iv) Count and tabulate all votes.

(v)Determine when the polls shall close, consistent with the Governing Documents.

(vi)Determine the tabulated results of the election.

(vii)Perform any acts as may be proper to conduct the election with fairness to all Members in accordance with this section, the Corporations Code, and all applicable rules of the HOA regarding the conduct of the election that are not in conflict with this section.

(viii)At the request of the Board, and whether a quorum required by Civil Code Section 5605 is met or not, or whether the requisite number of approving votes have not been met, the Inspector(s) may extend the ballot period pursuant to the above provisions regarding extension of the ballot period.

(f)An Inspector shall perform all duties impartially, in good faith, to the best of his ability, and as expeditiously as is practical. If there are 3 Inspectors, the decision or act of a majority shall be effective in all respects as the decision or act of all. Any report made by the Inspector(s) is prima facie evidence of the facts stated in the report.

9.Custody Of Ballots. The sealed ballots at all times shall be in the custody of the Inspector(s) or at a location designated by the Inspector(s) until after the tabulation of the vote and until the time allowed by Civil Code Section 5145 for challenging the election has expired, at which time custody shall be transferred to the HOA. If there is a recount or other challenge to the election process, the Inspector(s) shall, upon written request, make the ballots available for inspection and review by a Member or his authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote. After the transfer of ballots to the HOA, the ballots shall be stored by the HOA in a secure place for no less than one year after the date of the election.

10.HOA Funds. Pursuant to Civil Code Section 5135, HOA funds shall not be used for campaign

purposes in connection with any HOA board election. Funds of the HOA shall not be used for campaign purposes in connection with any other HOA election except to the extent necessary to comply with duties of the HOA imposed by law.

(a) For the purposes of this section, "campaign purposes" includes, but is not limited to, the following:

(i) Expressly advocating the election or defeat of any candidate that is on the HOA election ballot.

(ii) Including the photograph or prominently featuring the name of any candidate on a communication from the HOA or Board, excepting the ballot and ballot materials, or a communication that is legally required, within 30 days of an election. This is not a campaign purpose if the communication is one for which Civil Code Section 5105(a) requires that equal access be provided to another candidate or advocate.

11. Rights Of Members Pursuant To Civil Code 5145 Regarding Elections. A Member may bring a civil action for declaratory or equitable relief under Civil Code Section 5145 for a violation of Civil Code Section 5100 et seq by the HOA including, but not limited to, injunctive relief, restitution, or a combination thereof, within one year of the date the cause of action accrues. Upon a finding that the election procedures or the adoption of and adherence to rules required by Civil Code Section 4340 were not followed, a court may void any results of the election.

(a) A Member who prevails in a civil action to enforce his rights pursuant to Civil Code Section 5145 shall be entitled to reasonable attorney's fees and court costs, and the court may impose a civil penalty of up to \$500 for each violation, except that each identical violation shall be subject to only one penalty if the violation affects each Member of the HOA equally. If the HOA prevails, it shall not recover any costs, unless the court finds the action to be frivolous, unreasonable, or without foundation.

(b) A cause of action under Civil Code Sections 5100 to 5130, inclusive, with respect to access to HOA resources by a candidate or Member advocating a point of view, the receipt of a ballot by a Member, or the counting, tabulation, or reporting of, or access to, ballots for inspection and review after tabulation, may be brought in small claims court if the amount of the demand does not exceed the jurisdiction of that court.

12. Director Election By Acclamation. In the case of an uncontested election as defined in the Civil Code, the requirements for ballot preparation, notice of election results, tally provision, etc. shall be as stated in the Civil Code.

ARTICLE 5 MEMBERSHIP MEETINGS

1. Place Of Meeting. Meetings of the Members shall be held at the offices of the HOA within the Community or at such other reasonable place within the County and at such time as may be designated by the Board in the notice of the meeting.

2. Annual Meeting. There shall be an annual meeting of the Members in the first quarter of each calendar year. The date, time, and location of the meeting shall be established by the Board and set forth in the notice of meeting sent to the Members. The purpose of the Annual Meeting shall be solely for the election of Board members, the counting of ballots for their election, the installation of newly elected Directors, for reports from officers, committees and staff, for voting upon the minutes from the previous annual meeting and if so determined by the Board, for voting upon any required IRS resolutions or other duly noticed items such as assessment votes, etc. and for questions and comments from Members regarding matters of common interest or concern to the HOA and its Members and pursuant to the requirements of Civil Code Section 5000 et seq and the Election Rules. If there is a conflict between this section and the Election Rules, the Election Rules shall apply.

3. Special Meetings.

(a) **Persons Entitled To Call Special Meetings.** A majority of the Board, the President or 5% or more of the Members may call special meetings of the Members at any time to consider any lawful business of the HOA.

(b) **Procedures For Calling Special Meetings Requested By Members.** If a special meeting is called by Members other than the Board or President, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or email or facsimile transmission to the President, any Vice President, or the Secretary. The Board will then determine whether it will give notice of the meeting or allow for the meeting to be called by the petitioning Members, pursuant to Corporations Code Section 7511. If the Board determines it will notice the meeting, the officer receiving the request shall cause notice to be promptly given to the Members entitled to vote, in accordance with the provisions of this Section and Corporations Code Section 7511, and in compliance with the Corporations Code and the Election Rules. (The date of the notice and the date for the meeting are not one and the same. Notice is given for a date in the future for the meeting). That notice will include the fact that a meeting will be held, and the date, time, and purpose for such meeting, which date shall be not less than 35 nor more than 90 days following the receipt of the request. If notice of the meeting is not given within 20 days after receipt of the request, the persons requesting the meeting may give the notice, at their expense. Nothing contained in this subsection shall be construed as limiting, fixing, or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board or the President. If the Special Meeting is for the purposes of recall of any or all directors, notice must include both the recall vote and the vote for election of new directors, including the ballot for that election and the materials and procedures must be in compliance with the specific procedures in Civil Code Section 5100 et seq regarding those elections and recall. If the meeting is called in compliance with Civil Code Section 4365 to reverse a rule change, the Board must notice the meeting.

4. Notice Of Meetings Of The Members.

(a) **Requirement That Notice Be Given.** Notice of all regular and special meetings of the Members shall be sent or otherwise given in writing to each Member who is eligible to vote at the meeting and in

compliance with the Civil Code, and as of the record date for notice established according to these Bylaws.

(b)Time Requirements For Notice. The notice of membership meetings shall be given in the manner specified in subparagraph (e), not less than 10 nor more than 90 days before the date of the meeting. If notice is given by mail and the notice is not given by first-class, registered, or certified mail, the notice shall be given not less than 20 days (nor more than 90 days) before the meeting.

(c)Minimum Requirements Regarding Content Of Notice. The notice of any membership meeting shall specify the place, date, and hour of the meeting. In the case of a special meeting, the notice shall also state the general nature of the business to be transacted, and no other business may in that case be transacted at the special meeting. In the case of a regular meeting, the notice shall also describe those matters that the Board, at the time of giving the notice, intends to present for action by the Members; but any proper matter may be presented at the meeting for such action so long as any quorum required by Civil Code Section 5605 is present and if the matter is not one specific to Civil Code Section 5605 where a quorum is required, no quorum is required. The notice of any meeting at which directors are to be elected shall include the names of all those individuals who are nominees at the time the notice is given to the Members. If it is anticipated that less than one-third of the Members are likely to attend the meeting, additional notice requirements apply.

(d)Specification Of Certain Significant Actions. If any action is proposed to be taken at any membership meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal and must be in compliance with the applicable Civil Code regarding specified elections and the Election Rules. Member action on such items is invalid unless the notice or written waiver of notice or consent states the general nature of the proposal(s):

(i)Removing a director without cause;

(ii)Filling vacancies on the Board under those circumstances where a vote of the Members is required pursuant to these Bylaws;

(iii)Amending the Articles of Incorporation, these Bylaws or the CC&Rs in any manner requiring approval of the Members;

(iv)Approving a contract or transaction between the HOA and one or more of its directors, or between the HOA and any corporation, firm, or association in which one or more of its directors has a material financial interest;

(v)Approving any change in the HOA's assessments in a manner requiring membership approval under the CC&Rs; or

(vi)Voting upon any election to voluntarily terminate and dissolve the HOA.

(e)Manner Of Service. Notice of any meeting of Members shall be given either personally or by first-

class mail, telegraphic, or electronic transmission per Corporations Code Sections 20 and 21 and Civil Code Section 4040 or other written communication, charges prepaid, addressed to each Member either at the address of that Member appearing on the books of the HOA or the address given by the Member to the HOA for the purpose of notice. If no address appears on the HOA's books and no other has been given, notice shall be deemed to have been given if either (i) notice is sent to that Member by first-class mail or telegraphic or other written communication to the HOA's principal office, or (ii) notice is published at least once in a newspaper of general circulation in Riverside County. Notice shall be deemed to have been given at the time when the notice is delivered personally or deposited in the mail (postage prepaid) and delivery is deemed to be complete on deposit into the US Mail or sent by telegram or other means of written or electronic communication whereupon delivery is complete at the time of transmission to the recipient. If notice is given by mail and the notice is not given by first-class, registered or certified mail, the notice shall be given not less than 20 days nor more than 90 days before the meeting and in the case of specific elections contained within Civil Code Section 5100 or meetings to reverse a rule change pursuant to Civil Code Section 4365, in compliance with those Civil Code sections and the Election Rules.

(f)Affidavit Of Mailing. An affidavit of the mailing or other means of giving any notice of any meeting of the Members may be executed by the Secretary or the Assistant Secretary, and if so executed, shall be filed and maintained in the HOA's minute book. Such affidavit shall constitute prima facie evidence of the giving of notice.

5.Quorum Requirements.

(a)Quorum Requirements Generally. The following quorum requirements must be satisfied in order to take valid action at any meeting of the Members or by written ballot in accordance with these Bylaws and if there is no quorum specified herein, no quorum is required:

(i)Quorum For Votes On Assessment Increases. In the case of any membership meeting or written ballot called or conducted for the purpose of voting on assessment increases requiring membership approval the quorum requirement for valid action on the proposal shall be the percentage specified in Civil Code Section 5605(c). That quorum percentage is currently more than 50% of the Members, defined herein as 50% of the membership plus one. There are 136 Lots at Monticello and thus a quorum is 69 for these purposes.

(ii)Quorum For Valid Action On Other Matters. In the case of a membership meeting or written ballot called or conducted for any other purpose, there shall be no quorum requirement unless specifically required by California law.

(b)Effect Of Departure Of Members From Meeting. The Members present in person at a duly called or duly held meeting at which a quorum is present, if needed under Civil Code Section 5605 or without quorum for any other matter, may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum (if a quorum is required per Civil Code Section 5605), so long as any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum as required by Civil Code Section 5605, if

applicable. If a required quorum under Civil Code Section 5605 is never established for the meeting, a majority of those Members who are present in person may vote to adjourn the meeting for lack of a quorum, if required, but no other action may be taken or business transacted.

6. Adjourned Meeting.

(a) Adjournment Generally. Any Members' meeting, annual or special, whether or not a required quorum under Civil Code Section 5605 is present, may be adjourned to another place and/or time (but not for more than 45 days) by the vote of the majority of Members present at the meeting. Unless there is an absence of the quorum if required under Civil Code Section 5605 (in which case no business other than adjournment may be transacted), the reconvened meeting may take any action that might have been transacted at the original meeting. **There shall be no quorum requirement for the adjourned meeting**, other than as required under Civil Code Section 5605, if applicable. At the adjourned meeting the only matters that may be voted upon are matters notice of the general nature of which was given except that no vote for an assessment increase, requiring membership approval, may be taken unless the quorum requirement of Civil Code Section 5605(c) is met at the adjourned meeting.

(b) Notice Requirements For Adjourned Meetings. When a Members' meeting is adjourned to another time or place, notice need not be given of the new meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. Notwithstanding the foregoing, if after adjournment a new record date is fixed for notice or voting, a notice of the rescheduled meeting must be given to each Member who on the record date for notice of the meeting is entitled to vote thereat.

7. Waiver Of Notice Or Consent By Absent Members.

(a) Waivers And Consents Generally. If decisions are made or an action is otherwise taken by the Members at a meeting where a required quorum under Civil Code Section 5605 is present or for any other purpose for which no quorum is required, but for which proper notice was not given to all Members for whatever reason, the decisions or actions made at that meeting will be valid if, either before or after the meeting, each person entitled to vote who was not present at the meeting consents to the meeting by signing (i) a written waiver of notice, (ii) a consent to holding the meeting, or (iii) an approval of the minutes. The waiver of notice or consent need not specify the purpose or general nature of business to be transacted at such meeting unless action was taken or is proposed to be taken at the meeting with respect to any matters specified in Section 4d above, in which case, the waiver of notice or consent must state the general nature of such matter(s). All such waivers, consents, or approvals shall be filed with the HOA records or be made part of the minutes of the meeting.

(b) Effect Of A Member's Attendance At A Meeting. Attendance by a Member at a meeting shall also constitute a waiver of any objections such person may have with respect to notice of that meeting, except when the Member attends the meeting for the sole purpose of objecting at the beginning of the meeting to the transaction of any business because of the inadequacy or illegality of the notice.

Attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting that are required to be described therein pursuant to Section 4d of these Bylaws, if that objection is expressly made at the meeting.

8. Record Dates For Member Notice; Voting And Giving Consents.

(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 written ballot without a meeting, or exercise any privileges, 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 HOA 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:

(i) 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 90 nor less than 10 days before the date of the meeting;

(ii) 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 60 days before the date of the meeting;

(iii) 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 60 days before the day on which the first written ballot is mailed or solicited; and

(iv) 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 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:

(i) 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.

(ii) 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.

(iii) Record Date For Action By Written Ballot Without Meeting. The record date for determining those Members entitled to vote by written ballot on proposed 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. When prior action of the Board has been taken, it shall be the day on which the Board adopts the resolution relating to that action.

(iv)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 60th day prior to the date of such other action, whichever is later.

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

9. Conduct Of Member Meetings. All meetings of the Members shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the HOA may adopt.

ARTICLE 6 MEMBERSHIP PRIVILEGES

Subject to the provisions hereof and the provisions of the CC&Rs, the Members shall have the following privileges:

1. Use And Enjoyment Of Common Areas By Members And Family. Each Member and the members of his family who also reside in the Member's Residence shall be entitled to the use and enjoyment of all Common Areas, parking lots, and Common Facilities within the Community, subject to the Governing Documents.

2. Tenants And Lessees.

(a)Assignment Of Privileges Generally. Except as provided below, each Member shall have the right to assign his privileges as a Member (other than voting privileges or the right to serve on the Board) and including the privilege to serve on a committee to a tenant or lessee residing within the Member's Residence. Such assignment shall be effective only so long as said tenant or lessee is residing in said Residence and is in compliance with the Governing Documents. At all times the Member shall remain responsible for compliance by Member's lessee or tenant with the provisions of the Governing Documents.

(b)Effectiveness Of Assignment. Assignment of a Member's privilege to use the Common Facilities to a tenant or lessee shall not be effective until such time as the Member has given the Secretary or the Community Manager written notice thereof setting forth the name of the tenant or lessee and the members of his family who will reside in the Residence with the tenant or lessee and therefore be entitled to use and enjoy the Common Areas and Common Facilities. Failure to provide such notice is a violation of the Governing Documents and the Member may be subject to disciplinary action, including fines or other penalties, for such failure.

3. Invitees And Guests. The invitees and guests of a Member shall have the privilege to use and enjoy the Common Areas and Common Facilities. Any such guest or invitee shall be subject to the same obligations imposed on the Member to observe the Governing Documents. Members and their invitees and guests must adhere to the requirements for maintenance under the Maintenance Matrix attached hereto.

4. Association Rules And Regulations. The privilege of any Person to use and enjoy the Common Areas and Common Facilities shall at all times be subject to the rules, limitations, and restrictions set forth herein, in the CC&Rs, any Governing Documents, and in the R&Rs as promulgated by the Board from time to time. The Board shall have the right to impose monetary penalties or to suspend the use and enjoyment of any Common Area and Common Facilities for the failure of a Member to pay any Assessments when due under the Governing Documents or to comply with any other rule or regulation imposed upon such Member, his tenants, lessees or guests, pursuant to the Governing Documents; provided, however, that any such suspension shall be imposed only after such person has been afforded the notice and hearing rights more particularly described in the Governing Documents.

ARTICLE 7 BOARD OF DIRECTORS

1. General HOA Powers. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, the Civil Code and any limitations in any of the Governing Documents relating to action required to be approved by the Members, the business and affairs of the HOA shall be vested in and exercised by the Board. Subject to the limitations expressed in these Bylaws, the Board may delegate the management of the activities of the HOA to any person or persons, management company or committee, provided that notwithstanding any such delegation the activities and affairs of the HOA shall continue to be managed and all HOA powers shall continue to be exercised under the ultimate direction of the Board.

2. Number And Qualifications Of Directors. The Board shall consist of 5 persons who shall be Members and whose memberships are in good standing with all Assessments, late charges and interest current and who are not subject to any suspension of membership rights. Only one Member per Lot shall be eligible to serve on the Board at any time.

3. Term Of Office. The Directors serve "staggered terms". Three Directors are elected one year and 2 Directors are elected the next. Directors are elected to serve 2 year terms. Each director appointed to fill a vacancy or elected at a special meeting of members, shall hold office for the term of the director they have been appointed or elected to replace. There shall be no limitation on the number of consecutive terms to which a director may be reelected.

4. Nomination Of Directors. To be eligible for nomination and election to the Board, a candidate-Member must be certified by the Secretary that he is in good standing with the HOA and is current in the payment of Assessments, late charges and interest both at the time his name is placed in nomination and as of the election date/ballot counting date, and that he is not subject to discipline

based upon a violation of any of the Governing Documents for which disciplinary action has been taken as a result of a duly noticed hearing. If a candidate is elected but it is determined that the candidate is not qualified, that election will be invalid. Individuals can become candidates for election to the Board in the following ways:

(a)Self Nomination. The HOA shall timely provide the Members with a Self Nomination form prior to the time by which ballots are distributed and those Members returning the Self Nomination form shall, if eligible for nomination and election to the Board, be placed upon the ballot. However, those persons who may be nominated or elected as a result of this method must be eligible for nomination and election and be in good standing and if they are not at the time of their election, their election will be deemed invalid. Distribution of these forms may be by email or other forms of transmission pursuant to Civil Code Section 4040.

(b)Petition. Nominations for Directors may be made by a written petition signed by not less than 5% of the Members who are eligible to vote in accordance with these Bylaws. The Member circulating the petition shall append his written certification to the petition attesting to the validity of the signatures. Candidate petitions must be filed with the Secretary no later than 90 calendar days and no earlier than 120 calendar days prior to the Annual Meeting. As with self-nominated candidates, these persons must be eligible for nomination and election to the Board and be in good standing to be placed upon the ballot and if nominated or elected as a result of this method, must be eligible for nomination and election and if they are not at the time of their election through petition procedures their election will be deemed invalid. The petition may not be signed by any more than one Member per Lot.

If it is determined by the HOA that the candidate is not in good standing that candidate shall be contacted within 5 days of the receipt of the Self Nomination form or the petition and advised that his name will not be placed on the ballot unless good standing is achieved within 10 days thereafter.

(c)Nominations From The Floor. There shall be no nominations from the floor.

(d)Good Standing Requirement for Candidacy. To be eligible for nomination and election to the Board, a candidate-Member must be certified by the Secretary that he is in good standing as defined herein and in the Election rules both at the time his name is placed in nomination, whether by self nomination or petition and as of the election date.

5.Election Of Directors.

(a)Directors Elected By Written Ballot. The election of Directors shall be conducted by written ballot in accordance with these Bylaws and Civil Code Section 5100 et seq and the Election Rules. Directors shall be elected in accordance with the written ballot procedures of that section to fill the number of positions on the Board then expiring. Election of the Board shall culminate with the beginning of the Annual Meeting, and as noticed by the HOA. At the beginning of the Annual Meeting, there shall be a final call for ballots and then, as provided in the ballot materials and notice of the Annual Meeting, the written ballots will be tabulated and the results announced. The Members thus elected shall be selected

from among those Members nominated pursuant to these Bylaws; however, if for any reason an Annual Meeting is not held, the written ballot process may culminate with any duly noticed regular board meeting or special meeting held for that purpose. The election shall be conducted by written ballot in accordance with these Bylaws.

(b)Determination Of Election Results And Succession To Office. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected as directors and shall take office immediately following their election. In the event there is a tie vote between those candidates who receive the lowest number of votes necessary to qualify the candidate for election, the tie shall be broken by lot. If a candidate is determined not to be qualified at the time of the election, the candidate with the next highest number of votes who is not elected shall be deemed elected.

6. Director Election By Acclamation. In the case of an uncontested election as defined in the Civil Code, the requirements for ballot preparation, notice of election results, tally provision, etc. shall be as stated in the Civil Code.

7. Vacancies On Board Of Directors.

(a)Vacancies Generally. A vacancy or vacancies in the Board shall be deemed to exist on the occurrence of any of the following: (i) the death, resignation, or removal of a director under paragraphs (c) and (d); (ii) an increase of the authorized number of directors; or (iii) the failure of the Members, at any meeting of Members at which any director or directors are to be elected, to elect the number of directors to be elected at such meeting.

(b)Resignation Of Directors. Except as provided in this paragraph, any director may resign, and such resignation shall be effective on giving written notice, including notice by email transmission, to the President, the Secretary, or the Board, unless the notice specifies a later time for the resignation to become effective. If the resignation of a director is effective at a future time, the Board may elect a successor to take office when the resignation becomes effective. If a director verbally resigns and refuses to confirm his act in writing, the Board shall schedule action on the resignation at its next regular meeting and give notice to the resigning director of the pending action. If the resigning director fails to appear at that meeting and rescind the resignation (or otherwise rescind the resignation, in writing, prior to that meeting), the Board shall confirm the resignation and enter its action in the minutes.

(c)Authority Of Board To Remove Directors. The Board shall have the power and authority to remove a director and declare his office vacant if he (i) has been declared of unsound mind by a final order of court; (ii) has been convicted of a felony; (iii) has been found by a final order or judgment of any court to have breached any duty under the Corporations Code relating to the standards of conduct of directors; (iv) fails to attend, without excuse or approval by a majority of the rest of the members of the Board, 3 consecutive regular meetings of the Board that have been duly noticed in accordance with California law; (v) fails to meet the qualifications for directors set forth herein; or (vi) has become delinquent in the payment of any assessment, late charge or interest thereon or any monetary fine or penalty for a period in excess of 45 days from its due

date. In this regard, the director who is delinquent for over 45 days shall be given a minimum of 15 days written notice to pay any such amount and only upon the failure of such director to then pay such amount shall the Board declare vacant the office of such director.

(d) Authority Of Members To Remove Directors. Except as otherwise provided in subparagraph (c), a director may be removed from office prior to expiration of his term only by the affirmative vote of a majority of the Members. Any action by the Members to remove a director pursuant to this section must follow these procedures, and must be conducted according to Civil Code Section 5100 et seq regarding election of directors.

(i) A petition must be presented in person to the President, Vice President, or Secretary and must carry the signatures of Members in good standing who represent at least 5% of the membership. Such petition must set forth the reason(s) the petitioners are seeking the director's removal; the signature and Lot address of each petitioner in his own handwriting; the name(s) of the sponsor(s) of the petition; and must fulfill all other requirements of law.

(ii) Within 20 days after receipt of such petition the Board shall announce the procedures for conducting a written ballot of the Members to vote upon the requested recall. Such meeting or written ballot shall be conducted not less than 35 nor more than 90 days after the petition is presented, and in accordance with Civil Code Section 5100 et seq regarding recall and election of directors. If the Board fails to set a date for, and give the Members a written ballot within 20 days, the Members initiating the petition may distribute such a written ballot on their own initiative without Board approval or sanction, and at their own expense. Such meeting and notice shall include the election of replacement director(s), and thus the petitions must provide nominees in accordance with the nomination requirement contained herein and the timeframes contained within Civil Code Section 5100 et seq regarding such ballot/election.

(iii) The director(s) whose removal is being sought shall have the right to rebut the allegations contained in the petition orally, in writing, or both. If the rebuttal is in writing, it shall be mailed by the HOA or otherwise provided to all Members, together with the recall ballot.

(iv) If the quorum requirement for a valid membership action is not satisfied or if the recall vote results in a tie, the removal action will have failed.

(e) Removal By Court Action. The Riverside County Superior Court may, in response to a suit filed by any director or the lesser of 20 Members or 5% of the Members, remove any director determined to be guilty of fraudulent or dishonest acts or gross abuse of authority or discretion with reference to the HOA. The HOA shall be made a party to any such action.

(f) Filling Vacancies. Vacancies on the Board shall be filled by a majority vote of the remaining directors though less than a quorum, or by a sole remaining director unless the vacancy is created through removal of a director, in which case the vacancy shall be filled by a vote of the Members conducted at a duly noticed meeting or by written ballot in accordance with these Bylaws, with the result of the election being determined in the same manner as a regular election of directors

pursuant to this Article. The Members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the Board.

(g)Reduction In Number Of Directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

8.Indemnification Of Directors, Officers And Committee Members. The HOA may, to the maximum extent permitted by Corporations Code Section 7237, reimburse, indemnify and hold harmless each Director, Officer and duly appointed Committee Member of the HOA from and against all loss, cost, liability and expense which may be imposed upon or reasonably incurred by him, including reasonable settlement payments, in connection with any claim, action, suit or proceeding or threat thereof, made or instituted, in which he may be involved or be made a party by reason of his being or having been a Director, Officer or duly appointed Committee Member or by reason of any action alleged to have been taken or omitted by him in such capacity. The right of indemnification provided herein, shall inure to each person referred to herein, whether or not the claim asserted against him is based on matters which arose in whole or in part prior to the adoption of this Section and in the event of his death shall extend to his legal representatives.

9.Limitation Of Liability. In accordance with Civil Code Section 5800, the following provision shall apply with regard to the volunteer Directors and Officers of the HOA:

(a)A volunteer Director or Officer shall not be personally liable in excess of the coverage of insurance specified in paragraph (iv) below to any person who suffers injury including, but not limited to, bodily injury, emotional distress, wrongful death or property damage or loss as a result of the tortious act or omission of the volunteer Director or Officer if all of the following criteria are met:

(i)The act or omission was performed within the scope of the Director or Officer's HOA duties;

(ii)The act or omission was performed in good faith;

(iii)The act or omission was not willful, wanton, or grossly negligent;

(iv)The HOA maintained and had in effect at the time the act or omission occurred, and at the time a claim is made, one or more policies of insurance which shall include coverage for (a)general liability of the HOA, and (b) individual liability of Directors and Officers of the HOA for negligent acts or omissions in that capacity, provided, that both types of coverage are in the minimum amount of at least \$1,000,000 per occurrence.

The payment of actual expenses incurred by a Director or Officer in the execution of the duties of that position does not affect the Director's or Officer's status as a volunteer within the meaning of this Section.

This section does not apply to a volunteer officer or director who is an owner of more than 2 Lots.

10.Compensation. No Director or Officer shall receive any compensation for his services as a Director or Officer. Directors or Officers may be reimbursed for any actual expenses incurred in the performance of their duties as a Director or Officer, and upon presentation of appropriate proof of that expense.

11.Return Of HOA Materials. Upon resignation, removal or expiration of their terms, Directors must return to the HOA those HOA materials, records, documents and property in their possession.

ARTICLE 8 BOARD MEETINGS

1.Place Of Meetings. Regular and Special meetings of the Board may be held at any place within the Community that has been designated from time to time by resolution of the Board and stated in the notice of the meeting. In the absence of such designation, regular meetings shall be held at the principal office of the HOA. Notwithstanding the above provisions of this Section, a regular or special meeting of the Board may be held at any place consented to in writing by all directors, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting. Directors may participate in a meeting through use of conference telephone, electronic video screen communication, or electronic transmission by and to the corporation pursuant to Corporations Code Sections 20 and 21 and Civil Code Section 4910 regarding such meetings. Participation in a meeting by conference telephone constitutes presence in person as long as all directors participating in the meeting are able to hear one another. Participation in a meeting through use of electronic transmission by and to the Board, other than conference and electronic video screen communication, constitutes presence in person at the meeting if both of the following apply: (a)Each director participating in the meeting can communicate with all of the other directors concurrently and (b)Each director is provided the means of participating in all matters before the Board including, without limitation the capacity to propose, or to interpose an objection to, a specific action to be taken by the Board. Additionally, compliance must be met with Civil Code Section 4925, requiring that all HOA Members attending the meeting must be able to hear one another as well as all directors, and all such persons shall be deemed to be present in person at such meeting. The notice of the teleconference meeting to the Members must identify at least one physical location so that Members may attend and at least one Director, or a designee of the Board such as the Community Manager, shall be physically present at that location. Actions taken by the Board by means of a telephone conference call shall be posted in a prominent place within the Common Area.

The Board may not take action on any item of business outside of a meeting. The Board shall not conduct a meeting via a series of electronic transmission, including email, unless it is an emergency meeting. Electronic transmission may be used as a means of conducting an emergency meeting if all directors, individually or collectively, consent in writing to that action, and the written consent(s) must be filed with the minutes of the meeting. Written consent to conduct an emergency meeting may be transmitted electronically. "Item of business" means any action within the authority of the Board, except those actions that the Board has validly delegated to any other person or persons, the Manager, an officer, or committee comprising less than a majority of directors. "Meeting" means either of the

following: (a) a congregation of a majority of the Board at the same time and place to hear, discuss, or deliberate upon any item of business that is within the authority of the Board; (b) a teleconference in which a quorum of the Board, in different locations, are connected by electronic means, through audio or video or both.

2.Organizational Meeting Of Directors. Immediately following each annual meeting of Members, or at any meeting at which Directors are elected/ballots are counted for such election, the Board shall hold an executive session for the purpose of personnel organization, election of officers, and the transaction of other business as allowed for executive sessions and properly noticed to the Members. The Board may hold a regular meeting, if needed, for any other purposes, immediately after such executive session, and if properly noticed. Call and notice of such meetings to the directors is hereby dispensed with, as long as notice of said meeting has been given to the Members in the Annual Meeting notice.

3.Other Regular Meetings. Other regular meetings of the Board shall be held at such time as shall from time to time be fixed by the Board and communicated to the directors and as properly noticed to the Members as required by Civil Code Section 4920 and by general delivery pursuant to Civil Code Section 4045, and including an agenda for the meeting. Ordinarily, regular meetings shall be conducted at least quarterly. However, regular meetings can be held as infrequently as every six months if the Board's business does not justify more frequent meetings and upon the approval of a majority of the Board. Notice of the time and place of regular meetings shall be posted in a prominent place within the Common Area, and shall be communicated to the directors not less than 4 days prior to the meeting; provided, however, that notice need not be given to any director who has signed a written waiver of notice or consent to holding the meeting as more particularly provided herein.

4.Special Meetings Of The Board.

(a)Who May Call A Special Meeting. Special meetings of the Board may be called for any purpose at any time by the President or the Vice President or any 2 Directors.

(b)Notice Of Special Meetings.

(i)Methods. Written notice of special meetings of the Board shall be given to each Director by one of the following methods: (A) by personal delivery of written notice; (B) by first-class mail, postage prepaid; (C) by telephone communication, either directly to the director or to a person at the director's home or office who would reasonably be expected to communicate such notice promptly to the director; or (D) by telegram, charges prepaid; or (E) by facsimile transmission or by way of internet devices, such as email. All such notices shall be given or sent to the Director's address or telephone number or facsimile number or email address as shown on the records of the HOA. Notwithstanding the foregoing, notice of a meeting need not be given to any Director who signed a written waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof as more particularly provided in these Bylaws.

(ii)Time Requirements. Notices sent by first-class mail shall be deposited in a United States mailbox

at least 4 days before the time set for the meeting. Notices given by personal delivery, telephone, email or telegraph shall be delivered, telephoned, or given to the telegraph company at least 48 hours before the time set for the meeting.

(iii) Notice Contents. The notice shall state the time, place, and purpose of the meeting. The notice shall include the agenda.

5. Attendance By Members: Common Interest Development Open Meeting Act Provisions.

(a) Meetings Generally Open To Members. With the exception of executive sessions of the Board, any Member may attend meetings of the Board; provided, however, that nondirector Members may participate in deliberations or discussions of the Board only when expressly authorized by a vote of a majority of the directors present at the meeting at which a quorum has been established or by the director chairing the meeting. For purposes of the Open Meeting Act, the term "meeting" includes any congregation of a majority of the Board at the same time and place to hear, discuss, or deliberate upon any item of business that is within the authority of the Board, or a teleconference in which a majority of the Board, in different locations, are connected by electronic means, through audio or video or both.

(b) Right Of Members To Speak At Meetings. For purposes of the Open Meeting Act, an Open Forum will be held at the beginning or end of each Board meeting, at the discretion of the Board and as contained in the agenda, wherein Members will be provided 3 minutes each in which to speak to the Board, for a total Open Forum session of no more than 15 minutes per Board meeting, unless the Board at the beginning of the Open Forum announces more time may be provided. The Board is not required to read any written input provided by a Member who is not in attendance at the meeting. If there is a topic or issue upon which several Members desire to address the Board, that group must appoint a representative, who will then have 5 minutes to speak on the topic (unless the Board at the beginning of the Open Forum announces more time may be provided), rather than having each individual address the Board on that same topic.

(c) Executive Sessions. The Board, on the affirmative vote of a majority of the directors present at a meeting at which a quorum is present, and in the case of an emergency, shall be entitled to adjourn at any time for purposes of reconvening in executive session to discuss (i) litigation; (ii) matters relating to the formation of contracts with third parties; (iii) Member discipline; (iv) personnel matters; or (v) to meet with a Member, upon the Member's request, regarding the Member's payment of assessments as specified in Civil Code Section 5665. The Board must meet in executive session if requested by a Member who may be subject to a fine, penalty, or other form of discipline and the Member who is the subject of the disciplinary proceeding shall be entitled to attend the executive session. The Board shall meet solely in executive session to discuss a payment plan pursuant to Civil Code Section 5665 or to decide whether to foreclose on a lien pursuant to Civil Code Section 5705(b). The nature of any and all business to be considered in an emergency executive session shall first be announced in open session. Any matter discussed in executive session shall be generally noted in the minutes of the Board meeting immediately following that meeting that is open to the entire membership. The term "generally noted" means that the date and time of the executive session shall be indicated with a list of

the topic(s) discussed under the allowed categories enumerated in this Section.

In the event the executive session does not follow an open session, but is instead conducted at a separate time and place, and for the same purposes as cited above, the Board may conduct an executive session if the executive session has been properly noticed, including an agenda which contains the nature of any and all business considered in such executive session. Nothing herein shall be construed to obligate the Board to first call an open meeting before meeting in executive session.

The Board shall keep minutes of executive sessions. However, executive session minutes are confidential and shall be kept in a separate place and in a separate minute book. Only members of the Board and those employees and other designated representatives of the HOA shall be entitled to review executive session minutes. It is the intent of the Board that executive session minutes shall generally note the nature of any discussion and any action taken by the Board related thereto. Executive session minutes shall not be considered the type of minutes or HOA "books and records" which are to be made available to the membership under either the Corporations Code or Civil Code Section 5200 et seq.

All directors and other attendees must maintain the confidentiality of executive sessions, and particularly any session or meeting wherein the attorney for the HOA is present. Violation of the requirement of confidentiality may subject the director to discipline, including but not limited to, the loss of any officer's position held by that director. Similarly, meetings of committees wherein the attorney for the HOA is present are also considered confidential for these purposes.

Except for an emergency meeting as discussed above, Members must be given notice of the time and place of a meeting that will be held solely in executive session at least 2 days prior to the meeting, and as provided for in the regular meetings of the Board. The notice shall contain the agenda for the executive session.

(d)Board Meeting Minutes. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board, other than minutes of an executive session, shall be available to the Members within 30 days following the meeting. The minutes, proposed minutes, or summary of the minutes, other than those of executive sessions, shall be distributed to any Member on request and on reimbursement of the costs of making that distribution. Members shall be notified in writing at the time that the annual policy statement required by Civil Code Section 5310 is distributed, or at the time of any general mailing to the entire membership, of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained. Minutes will also be provided to Members in compliance with Civil Code Section 4950.

6.Quorum Requirements. A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn as provided herein. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, especially those provisions relating to (a) approval of

contracts or transactions in which a Director has a direct or indirect material financial interest, (b) appointment of committees, and (c) indemnification of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors below a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting, or such greater number as is required by these Bylaws, by the Articles, or by law.

7.Waiver Of Notice. The transaction of any meeting of the Board, however legally called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present, individually, or collectively, signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the HOA records or made a part of the minutes of the meeting and shall have the same force and effect as a unanimous vote of the Board. Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends for the express purposes of objection to the transaction of any business because the meeting is not lawfully called or convened; provided, however, if after voicing such objection the objecting Director continues to attend and by such attendance participates in the conduct of the meeting wherein the subject matter of said meeting involves any matter other than the objection that the meeting is unlawfully called, he shall be deemed to have waived notice of such meeting and to have withdrawn his objections of the holding of such meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

8.Adjournment. A quorum of the Board may adjourn any Board meeting to another stated time and place; provided however that, in the absence of a quorum a majority of the Directors present at any Board meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular Board meeting. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place is fixed at the meeting adjourned.

9.No Action Without A Meeting. The Board shall not take action on any item of business outside of a meeting. A meeting must be either a congregation of a majority of the Board at the same time and place to hear, discuss or deliberate upon any item of business that is within the authority of the Board or at a teleconference in which a majority of the Board, in different locations, are connected by electronic means, through audio or video or both and all directors participating in the meeting must be able to hear one another and all Members speaking on matters before the Board must be able to be heard by all directors on the teleconference. Such meetings may be conducted, in an emergency, by electronic transmission, including email (and which email meeting must be conducted pursuant to Civil Code Section 4910). All meetings must be conducted in compliance with Civil Code Section 4900 et seq.

10.Compensation. Directors, officers, and members of committees shall not be entitled to compensation for their services as such, although they may be reimbursed for such actual expenses as may be determined by resolution of the Board to be just and reasonable. Expenses for which reimbursement is sought shall be supported by a proper receipt or invoice.

11. Protocol At Board Meetings. At each meeting of the Board, the President, or if he is absent therefrom the Vice President, or if he is absent therefrom, a Director chosen by a majority of the Directors present, shall act as Chairperson and preside over such meeting. The Secretary, or if he is absent, the person whom the Chairperson of such meeting shall appoint, shall act as secretary of such meeting and keep the minutes thereof. The meeting, as well as the Annual Meeting, may be taped by the Secretary for minute writing purposes only, and that tape shall be destroyed after the minutes are approved. HOA Members may not tape Board or Annual Member meetings.

ARTICLE 9 DUTIES AND POWERS OF THE BOARD

1. Specific Powers. Without prejudice to the general powers of the Board set forth in the Governing Documents, and in addition to the powers and duties of the Board described in the CC&Rs, the Articles or in other Governing Documents, the Board shall have the power to:

- (a) Exercise all powers vested in the Board under the Governing Documents and under the laws of the State of California.
- (b) Appoint and remove all Officers, the General Manager and/or Community Manager, if any, and other HOA agents and employees; prescribe any powers and duties for such persons that are consistent with law and the Governing Documents, and fix their compensation.
- (c) Appoint such agents and employ such other employees, including attorneys and accountants, as it sees fit to assist in the operation of the HOA, and to fix their duties and powers and to establish their compensation.
- (d) Adopt and establish Rules and Regulations and/or Architectural/Landscape Standards subject to the provisions of the CC&Rs and Civil Code Section 4340, et seq, governing the use of the Common Areas, the Common Facilities, and parking areas and roadways within the Community, and the personal conduct of the Members and their guests thereon, and take such steps as it deems necessary for the enforcement of such, including but not limited to, the imposition of monetary penalties or fines and/or the suspension of voting privileges, the privileges to serve on the Board or on committees, privileges to use any Common Areas or Common Facilities and/or any other sanction identified in any Governing Document; provided notice and a hearing are provided as more particularly set forth in the Governing Documents. Rules and Regulations adopted by the Board may contain reasonable variations and distinctions as between Members and Tenants or Lessees.
- (e) Enforce all applicable provisions of the Governing Documents relating to the control, management, and use of the Lots and the Common Areas, Common Facilities and parking areas and roadways within the Community.
- (f) Contract for and pay premiums for fire, casualty, liability, and other insurance and bonds (including indemnity bonds) that may be required from time to time by the HOA.

(g) Contract for and pay for maintenance, landscaping, utilities, materials, supplies, labor, and services that may be required from time to time in relation to the Common Areas and other portions of the Community which the HOA is obligated, or has agreed, to maintain, repair or replace.

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

(i) Contract for and pay for construction or reconstruction of any portion or portions of the Community that have been damaged or destroyed and that are to be rebuilt by the HOA.

(j) Delegate its duties and powers hereunder to the officers or to committees established by the Board, subject to the limitations expressed in these Bylaws.

(k) Fix, levy and collect Assessments from the Members in accordance with the Governing Documents and establish and collect reasonable use charges or fees for any or all of the Common Facilities as the Board may deem necessary or desirable from time to time for the purpose of equitably allocating among the users the cost of maintenance and operation thereof.

(l) Perform all acts required of the Board under the Governing Documents.

(m) Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the HOA, in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals prepare an annual financial report pursuant to Civil Code Sections 5300 and 5310, a copy of which shall be delivered to each Member as provided in these Bylaws and the Civil Code.

(n) Appoint such committees as it deems necessary from time to time in connection with the affairs of the HOA in accordance with these Bylaws, including but not limited to, members of the Architectural/Landscape Committee described and constituted in accordance with the Governing Documents.

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

(p) Open bank accounts and borrow money and incur indebtedness for the purposes of and on behalf of the HOA and designate the signatories to such bank accounts and to cause to be executed and delivered therefore, in the HOA name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidence of debt and securities therefore and pursuant to any restrictions or requirements in the Article in the CC&Rs entitled "Homeowners Association".

(q) Bring and defend actions on behalf of more than one Member or the HOA to protect the interests of the Members or the HOA, as such, as long as the action is pertinent to the operations of the HOA, and assess the Members for the cost of such litigation. Any disciplinary action against a Member

shall be subject to the hearing and procedural requirements set forth in the Governing Documents.

(r) Enter Lots as necessary, subject to the notice requirements of the Governing Documents, in connection with construction, maintenance, replacement or emergency repairs for the benefit of the Common Areas, Common Facilities or the Members in common.

(s) In compliance with Civil Code Section 4600, et seq, grant exclusive use of any portion of the Common Area to any Member, and determine the monetary consideration to be paid the HOA for such grant and responsibility for insurance coverage required to be provided by that Member for such exclusive use of the Common Area.

2.Limitations On Powers.

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

(i) Except as otherwise provided in law, or order of the court, or an order pursuant to a final and binding arbitration decision, the HOA shall not deny a Member or occupant physical access to his Lot, either by denying access through the Common Areas to the Member's Lot or by denying access solely to the Member's Lot.

(ii) Voluntarily assign or pledge the HOA's right to collect payments or assessments or to enforce or foreclose a lien to a third party except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law when acting within the scope of that charge or license as security for a loan obtained by the HOA; however, the foregoing provision may not restrict the right or ability of the HOA to assign any unpaid obligations of a former Member to a third party for purposes of collection.

(iii) Adopt an HOA rule or regulation that arbitrarily or unreasonably restricts a Member's ability to market the Member's Lot.

(b) Board Actions Requiring Member Approval. Without the vote or written assent of a majority of a quorum of the Members, the Board shall not take any of the following actions. For purposes of this section, a quorum of the Members is 50% plus 1 of the Members:

(i) Enter into a contract with a third party for the furnishing of goods or services to the Common Area, Common Facilities or the HOA for a term longer than 1 year. This restriction shall not apply to (i) FHA or VA approved management contracts; (ii) public utility contracts in which the rates charged for materials or services are regulated by the Public Utilities Commission, provided that the term of the contract may not exceed the shortest term for which the supplier will contract at the regulated rate; (iii) prepaid casualty or liability insurance policies not to exceed 3 years' duration, provided that the policies provide for short-rate cancellation by the insured; (iv) a contract for cable television services and equipment or satellite dish television services and equipment of not to exceed 5 years' duration or (v) a contract not to exceed 3 years that is terminable by the HOA after no longer than 1 year without cause, penalty, or other obligation upon 90 days' written notice of termination to the

other party. Prior to entering into any management contract, the Board shall require compliance with Civil Code Section 5375 and any management contract shall require that HOA funds received by the Managing Agent shall be handled in accordance with Civil Code Section 5380.

(ii) Incur aggregate expenditures for capital improvements to the Common Areas in any fiscal year in excess of 5% of the budgeted gross expenses for that fiscal year; provided, however, that this limitation shall not apply to the expenditure of any funds accumulated in a reserve fund for capital replacement or new capital improvements so long as the expenditure is for the purpose for which the fund was established.

(iii) Sell during any fiscal year HOA property having an aggregate fair market value greater than 5% of the budgeted gross expenses for that year; provided, however, that this limitation shall not apply to the sale or other disposition of Lots acquired in foreclosure proceedings, or to easements or portions of Common Area as specifically provided in the Governing Documents.

(iv) Pay compensation to Board members or Officers; provided that Directors and Officers can be reimbursed for reasonable out-of-pocket expenses, verified in writing, incurred in the discharge of their duties.

(v) Fill any vacancy on the Board created by the removal of a Director by the Members.

(vi) Take any action to impose a special assessment or to increase the regular assessment under circumstances requiring Member approval under the Governing Documents (and in which case the requirements under Civil Code Section 5605 must be met, if required).

(vii) Take any action to amend these Bylaws, the Articles or the CC&Rs, except for any amendments permitted by Board action alone pursuant to the CC&Rs or California law (and in which case the requirements for member approval of any such amendments must be met).

(viii) Enter into a Lot without permission in a non-emergency situation unless the Member is furnished with at least 24 hours' notice, excepting therefrom required HOA maintenance, repair or replacement activities.

3. Return Of HOA Materials. Upon resignation, removal or expiration of the Director's term, Directors shall return to the HOA those HOA materials, records, documents and property in their possession.

ARTICLE 10 COMMITTEES

1. Committees. In addition to the Architectural/Landscape Committee(s) appointed and constituted pursuant to the Governing Documents, the Board may, by resolution adopted by a majority of the Directors then in office, designate one or more committees, each consisting of one or more Members (who may also be Directors) or tenants of a Member (who may not be Directors), to serve at the pleasure of the Board. Each committee must consist of at least one Board member who shall act as

liaison to the Board. Other than the Architectural/Landscape Committee(s) if the Board acts as that Committee(s), or a Litigation Committee if necessary and which shall consist entirely of Board members, no committee shall consist of a majority of the Board, so as to avoid any committee meeting being deemed a Board meeting. Thus, no committee other than the Architectural/Landscaping Committee if the Board acts as that Committee, or a Litigation Committee, shall have more than 2 of the 5 Board members serving on that committee. Committees shall have all the authority of the Board with respect to matters within their area of assigned responsibility, except that no committee, regardless of Board resolution, may:

(a) Take any final action on any matter that, under the California Nonprofit Mutual Benefit Corporation Law, also requires approval of the Members.

(b) Fill vacancies on the Board or on any committee that has been delegated any authority of the Board.

(c) Amend or repeal Bylaws or adopt new Bylaws.

(d) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable.

(e) Appoint any other committees of the Board or the members of those committees.

(f) Expend HOA funds to support a nominee for Director after there are more people nominated than can be elected, or in violation of Civil Code Section 5135 regarding expenditure of HOA funds in elections.

(g) Approve any transaction (i) to which the HOA is a party and one or more Directors have a material financial interest; or (ii) between the HOA and one or more of its Directors or between the HOA and any person in which one or more of its Directors have a material financial interest.

2.Meetings And Actions Of Committees. Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of these Bylaws, concerning meetings of Directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board and its directors, except that the time for regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board. Notice of special meetings of committees shall also be given to any and all alternate committee members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the HOA records. The Board may adopt rules not inconsistent with the provisions of these Bylaws for the governance of any committee.

3.Effect Of Committee Actions. Unless otherwise expressly provided in the Governing Documents or in the Board resolution authorizing and empowering a committee, all actions of any committee shall be considered advisory to the Board and shall be scheduled on the agenda of the

Board meeting next following the committee's action or decision for affirmation, rescission, or modification, as the Board in its discretion deems appropriate.

4.Return Of HOA Property. Upon resignation, removal or expiration of their terms, committee members shall return to the HOA those HOA materials, records, documents and property in their possession.

ARTICLE 11 OFFICERS

1.Officers. The officers shall be a President, a Vice President, a Secretary and a Treasurer. The HOA may also have, at the discretion of the Board, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3. One person may hold 2 or more offices, except that neither the Secretary nor the Treasurer may serve concurrently as President.

2.Election Of Officers. The officers, except such officers as may be appointed in accordance with the provisions herein, shall be chosen annually by majority vote of the Board at its first regular meeting (organizational meeting) following the annual meeting of the Members or the election of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

3.Subordinate Officers. The Board may appoint, and may empower the President to appoint, such other officers as the affairs of the HOA may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws and as the Board may from time to time determine.

4.Removal Of Officers. Any officer may be removed by the Board with or without cause, at any regular or special meeting. Removal of an officer from the Board does not constitute removal of a Director from the Board.

5.Resignation Of Officers. Any officer may resign at any time by giving written notice, including email communication, to the Board, or to the President, or to the Secretary. Any 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, acceptance of such resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the HOA under any contract to which the officer is a party or signatory. Resignation of an officer from the Board does not constitute resignation of a Director from the Board, unless that officer so indicates such intent.

6.Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such office.

7.President. The President shall be elected by the Board from among the Directors. He shall be the Chief Executive Officer and shall, subject to the control of the Board, have general supervision,

direction and control of the affairs and officers. He shall preside at all Board meetings and shall have the general power and duties of management usually vested in the office of President of a corporation, together with such other powers and duties as may be prescribed by the Board or the Bylaws. He shall see that all orders and resolutions of the Board are carried into effect.

8. Vice President. The Vice President shall be elected by the Board from among the Directors. In the absence or disability of the President, the Vice President shall perform all the duties of the President and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. He shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

9. Secretary. The Secretary shall be elected by the Board from among the Directors. The Secretary shall (i) keep or cause to be kept at the principal office or such other place as the Board may order, a book of minutes of all meetings of Directors and Members, with the time and place of holding same, whether regular or special, and if special, how authorized, the notice thereof given, the agendas for those meetings, the names of those present at Directors' meeting, the number of Members present at Members' meetings, and the proceedings thereof; (ii) keep, or cause to be kept, appropriate current records showing the Members, together with their addresses or any information required by California law; (iii) give, or cause to be given, notice of all meetings of the Board required by the Bylaws or by California law; (iv) keep the seal of the HOA, if any, in safe custody, and (v) perform such other duties and responsibilities as may be prescribed by the Board or the Bylaws. At a minimum, the minutes shall note the date, time and location of the meeting, the directors in attendance, a general description of the matters discussed and an accurate record of the actions taken or duly approved by the Board or the Members, as the case may be, and shall include a copy of the agenda for that meeting. If the President is not present at a meeting of the Members or the Board, the Secretary shall call the meeting to order and a temporary chairman shall be chosen from the Directors present as indicated herein.

10. Treasurer. The Treasurer shall be elected by the Board from among the Directors. The Treasurer shall: (i) keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements; (ii) deposit, or cause to be deposited, all monies and other valuables in the name and to the credit of the HOA with such depositaries as may be designated by the Board; (iii) disburse, or cause to be disbursed, the funds as may be ordered by the Board; (iv) render to the President and Directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the HOA, and (v) exercise such other powers and perform such other duties as may be prescribed by the Board or the Bylaws. If required by the Board, the Treasurer shall give the HOA a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his office and for restoration to the HOA of all its books, papers, vouchers, money, and other property of every kind in his possession or under his control on his death, resignation, retirement, or removal from office. The books and records shall at all reasonable times be open to inspection by any Director, subject to the provisions of these Bylaws and current statutory and case law of the State of California.

11. Return Of HOA Property. Upon resignation, removal or expiration of their terms, Officers shall return to the HOA those HOA materials, records, documents and property in their possession.

ARTICLE 12

MEMBER ASSESSMENT OBLIGATIONS AND ASSOCIATION FINANCES

1. Description Of Assessments To Which Members Are Subject. Members are subject to Regular, Special, Reimbursement and Reconstruction Assessments as described in the Governing Documents, as well as any and all charges and fees as more particularly described in the Governing Documents.

2. Checks, Drafts, Etc. All checks, drafts or other orders or demands for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the HOA shall be signed or endorsed by the President and/or Treasurer, or by such other Officer or Officers or such other person or persons as the Board may from time to time designate. Notwithstanding the foregoing, any withdrawal of funds from reserve accounts shall require the signature of 2 Directors or an Officer (who is not also a Director) and a Director. All other checks will require at least 2 signatures, one of which must be the signature of a Board member.

3. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all Regular and Special Assessments as fixed and determined for all Members. Disbursements from such account shall be for the general need of the operation of the HOA including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the HOA.

4. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes, including and in accordance with Civil Code Section 5500, et seq, reserve accounts for (a) replacement of capital improvements as set forth in the Governing Documents or (b) funds received and not yet expended or disbursed from either a compensatory damage award or settlement for injury to real or personal property as a result of any construction or design defects. All books of account shall be maintained in accordance with generally accepted accounting principles.

5. Reserve Accounts. The Board shall establish a reserve account subject to Civil Code Section 5500, et seq, and the needs of the HOA, and pursuant to the reserve study and in an amount as determined by the Board. The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that the HOA is obligated, or has agreed, to repair, restore, replace, or maintain and for which the reserve fund was established.

However, the Board may authorize the temporary transfer of money from a reserve fund to the general operating fund to meet short-term cash-flow requirements or other expenses, if the Board has provided notice of the intent to consider the transfer in a notice of meeting, which shall be provided as specified in Civil Code Section 4920. The notice shall include the reasons the transfer is needed, some of the

options for repayment, and whether a Special Assessment may be considered. If the Board authorizes the transfer, it shall issue a written finding, recorded in the Board's minutes, explaining the reasons 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 year of the date of the initial transfer, except that the Board may, after giving the same notice required for considering a transfer, and upon making a finding supported by documentation that a temporary delay would be in the best interests of the Community, temporarily delay the restoration. The Board shall exercise prudent fiscal management in maintaining the integrity of 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. This Special Assessment is subject to the limitations imposed by Civil Code Section 5605 regarding Special Assessments. 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 pursuant to Civil Code Section 5510(b), the Board shall provide general notice pursuant to Civil Code Section 4045 of that decision and of the availability of an accounting of those expenses. The HOA 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 at the HOA's office.

Withdrawal of funds from the HOA's reserve account(s) shall require the signatures of either:

- (a) 2 Board Members, or
- (b) 1 Board Member and an HOA Officer who is not a Board member.

6. Annual Reports. The following financial statements and related information shall be regularly prepared and copies thereof shall be distributed to each Member and in accordance with the format for assessment and reserve funding disclosure requirements of the Civil Code:

(a) Budget Report. A pro forma operating budget for each fiscal year consisting of at least the following information shall be distributed to Members not less than 30 days nor more than 90 days before the end of the fiscal year:

(i) The estimated revenue and expenses on an accrual basis;

(ii) A summary of the reserves prepared pursuant to Civil Code Section 5565.

(iii) A summary of the reserve funding plan adopted by the Board, as specified in Civil Code Section 5550(b)(5). The summary shall include notice to Members that the full reserve study plan is available upon request, and the HOA shall provide the full reserve plan to any Member upon request.

(iv) 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 30 years or less, including a justification

for the deferral or decision not to undertake the repairs or replacement.

(v) A statement as to whether the Board, consistent with the reserve funding plan adopted pursuant to Civil Code Section 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.

(vi) 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.

(vii) 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 HOA is obligated to maintain. The statement shall include, but need not be limited to, reserve calculations made using the formula described in Civil Code Section 5570(b)(4), and may not assume a rate of return on cash reserves in excess of 2 percent above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.

(viii) A statement as to whether the HOA 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.

(ix) A summary of the HOA'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 HOA 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.”

The annual budget report shall be made available to the Members pursuant to Civil Code Section 5320. The summary of the HOA's reserves disclosed pursuant to paragraph (ii) above shall not be admissible in evidence to show improper financial management of the HOA, provided that other relevant and competent evidence of the financial condition of the HOA is not made inadmissible by this provision.

The Assessment and Reserve Funding Disclosure Summary form, prepared pursuant to Civil Code Section 5570, shall accompany each annual budget report or summary of the annual budget report that is delivered pursuant to this Article.

(b)Policy Statement. Within 30 to 90 days before the end of its fiscal year, the Board shall distribute an annual policy statement that provides the Members with information about HOA policies. The annual policy statement shall include all of the following information:

(i)The name and address of the person designated to receive official communications to the HOA, pursuant to Civil Code Section 4035.

(ii)A statement explaining that a Member may submit a request to have notices sent to up to 2 different specified addresses, pursuant to Civil Code Section 4040(b).

(iii)The location, if any, designated for posting of a general notice, pursuant to Civil Code Section 4045(a)(3).

(iv)Notice of a Member's option to receive general notices by individual delivery, pursuant to Civil Code Section 4045(b).

(v)Notice of a Member's right to receive copies of meeting minutes, pursuant to Civil Code Section 4950(b).

(vi)The statement of assessment collection policies required by Civil Code Section 5730.

(vii)A statement describing the HOA's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments.

(viii)A statement describing the HOA's discipline policy, if any, including any schedule of penalties for violations of the Governing Documents pursuant to Civil Code Section 5850.

(ix)A summary of dispute resolution procedures, pursuant to Civil Code Sections 5920 and 5965.

(x)A summary of any requirements for HOA approval of a physical change to property, pursuant to Civil Code Section 4765.

(xi)The mailing address for overnight payment of assessments, pursuant to Civil Code Section 5655.

(xii)Any other information that is required by law or the Governing Documents or that the Board

determines to be appropriate for inclusion.

The annual policy statement shall be made available to the Members pursuant to Civil Code Section 5320.

(c) Year-End Report. Within 120 days after the close of the fiscal year, a copy of the year-end report consisting of at least the following shall be distributed to Members:

(i) A balance sheet as of the end of the fiscal year;

(ii) An operating (income) statement for the fiscal year;

(iii) A statement of changes in financial position for the fiscal year;

(iv) A statement advising Members of the place where the names and addresses of the current Members are located; and

(v) Any information required to be reported under Corporations Code 8322 requiring the disclosure of certain transactions in excess of \$50,000 per year between the HOA and any Director or officer and indemnifications and advances to officers or Directors in excess of \$10,000 per year.

(d) Review Of Accounts. On no less than a quarterly basis, the Board shall:

(i) Review a current reconciliation of the operating accounts;

(ii) Review a current reconciliation of the reserve accounts;

(iii) Review the current year's actual reserve revenues and expenses compared to the current year's budget;

(iv) Review the latest account statements prepared by the financial institution(s) with whom the operating and reserve accounts are lodged; and

(v) Review the income and expense statement for the operating and reserve accounts.

To the extent one document provides the information required in more than one of the above listed items, any such requirements listed above may be satisfied by providing the same document.

7. Required Reserve Studies. At least once every 3 years, the Board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components that the HOA is obligated to or has agreed to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the Community, if the current replacement value of the major components is equal to or greater than one-half of the gross budget, excluding the HOA's reserve account, for that period. The Board shall also review any reserve study required hereunder,

or cause it to be reviewed, on an annual basis and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The reserve study required under this section shall include the minimum requirements of Civil Code Section 5550(b).

8.Required Statutory Assessment And Reserve Funding Disclosure Summary. The financial disclosures required herein shall also be presented to the Members, at the time the annual budget report is presented, in summary form using the form that is set forth in Civil Code Section 5570 entitled "Assessment and Reserve Funding Disclosure Summary For the Fiscal Year Ending _____". The form may be supplemented so long as the minimum information set out in the statute is provided. For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. Nevertheless, this disclosure, which is mandated by law, shall not be construed to require the Board to fund reserves in accordance with the calculation that is required to be disclosed under the Civil Code.

9.Notification To Members Of Insurance Cancellation Or Material Changes In Policies. The Board shall, as soon as reasonably practicable, notify the Members by individual notice pursuant to Civil Code Section 4040 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 as to any of those policies. If the Board receives any notification of nonrenewal of a policy described above, the Board shall immediately notify the Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

ARTICLE 13 OTHER REQUIRED DISCLOSURE TO MEMBERS

As required by law, the following reports and/or disclosures shall be made or provided to the Members in compliance with the deadlines set forth below:

1.Foreclosure Information. The annual policy statement, prepared pursuant to Civil Code Section 5310, shall include the following notice, in at least 12-point type.

"NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800)). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who

received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a timeshare may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section 5665 of the Civil Code)

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)”

2.Secondary Addresses. A Member may provide written notice by facsimile transmission or United States mail to the HOA of a secondary address. If a secondary address is provided, the HOA shall send any and all correspondence and legal notices required to both the primary and secondary address. The Members’ request shall be in writing and shall be mailed to the HOA in a manner that shall indicate the HOA has received it. The Member may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the HOA shall only be required to send notices to the indicated secondary address from the point the HOA receives the request.

3.Alternative Dispute Resolution (ADR) Disclosure. On an annual basis, the Board shall provide each Member a summary of the provisions of the Civil Code which require common interest owners’ associations and their members to attempt to resolve most disputes involving the enforcement or interpretation of the Governing Documents through the use of alternative dispute resolution (ADR) rather than formal civil litigation. Civil Code Section 5965 requires the Board to provide the

Members with an annual summary which includes the following statement: "Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of the member's right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law." The summary shall be included in the annual policy statement prepared pursuant to Civil Code Section 5310.

4. Disclosure Documents Provided By HOA.

(a) Within 10 days of the mailing or delivery of the request, the HOA shall provide the Member, or any other recipient authorized by the Member, with a copy of the requested documents specified in Civil Code Section 4525.

(b)(1) Upon receipt of a written request, the HOA shall provide, on the form described in Civil Code Section 4528, a written or electronic estimate of the fees that will be assessed for providing the requested documents. The documents required to be made available pursuant to this section may be maintained in electronic form, and may be posted on the HOA's Internet Web site, if any. Requesting parties shall have the option of receiving the documents in electronic form. The HOA may collect a reasonable fee based upon the HOA's actual cost for the procurement, preparation, reproduction, and delivery of the documents requested pursuant to the provisions of this section.

(2) No additional fees may be charged by the HOA for the electronic delivery of the documents requested.

(3) The HOA shall also provide a recipient authorized by the Member with a copy of the completed form specified in Civil Code Section 4528 at the time the required documents are delivered.

5. Rules And Regulations/Rule Changes.

For purposes of this section, a "rule change" means the adoption, amendment, or repeal of an operating rule by the Board that pertains to any of the following subjects: (i) use of the Common Areas or of an exclusive use common area; (ii) use of a Lot including any aesthetic or architectural standards that govern alteration of a Lot; (iii) Member discipline, including any schedule of monetary penalties for violation of the Governing Documents and any procedures for the imposition of penalties; (iv) any standards for delinquent assessment payment plans; (v) any procedures adopted by the association for resolution of disputes; (vi) any procedures for reviewing and approving or disapproving a proposed physical change to a Lot or to the common area; (vii) procedures for elections.

Specifically excluded from the definition of a rule change are the following: (i) a decision regarding maintenance of the Common Area; (ii) decisions on specific matters that are not intended to apply generally; (iii) decisions setting the amount of a regular or special assessment; (iv) rule changes that are required by law if the Board has no discretion with respect to the substantive effect of the rule change; and (v) issuance of a document that merely repeats existing law or the Governing

Documents.

The Board must provide general notice pursuant to Civil Code Section 4045 of a proposed rule change at least 30 days before making any rule change. The notice must include the text of the proposed rule change and a description of the purpose and effect of the proposed rule change. Notice is not required under this section if the Board determines that an immediate rule change is necessary to address an imminent threat to public health or safety or an imminent risk of substantial economic loss to the HOA. The decision on any rule change that is subject to these notice requirements shall be made by the Board at a duly noticed meeting that is open to the Members, after consideration of any comments made by the Members. As soon as possible after making a rule change (but in no event later than 15 days thereafter), the Board shall deliver general notice pursuant to Civil Code Section 4045 of the rule change. If the rule change was an emergency rule change, the notice shall include the text of the rule change, a description of the purpose and effect of the rule change and the date that the rule change expires (emergency rules cannot remain in effect for more than 120 days). The Member notification requirements for proposed rule changes are intended to afford Members the right to demand that the Board conduct a special meeting or a written ballot vote to rescind the proposed rule change in accordance with Civil Code Section 4365 which sets forth procedures for a Member-initiated action to challenge the proposed rule change.

6.Avoidance Of Duplication In Reporting Obligations. To the extent one document distributed to the Members under any Article provides the information required in more than one of the foregoing sections of this Article and the time deadlines for proper distribution can otherwise be satisfied, any such requirements listed above may be satisfied by sending the Members the same document.

ARTICLE 14 MISCELLANEOUS

1.Inspection Of Books And Records.

(a)For purposes of this section, the following definitions shall apply:

(1)"HOA records" means all of the following:

(A)any financial document required to be provided to a Member in Article 7 (commencing with Section 5300) or in Sections 5565 and 5810 of the Civil Code.

(B)any financial document or statement required to be provided in Article 2 (commencing with Section 4525) of Chapter 4 of the Civil Code.

(C)Interim financial statements, periodic or as compiled, containing any of the following:

(i)Balance sheet.

(ii)Income and expense statement.

(iii)Budget comparison.

(iv) General ledger. A “general ledger” is a report that shows all transactions that occurred in an HOA account over a specified period of time. The records described in this subparagraph shall be prepared in accordance with an accrual or modified accrual basis of accounting.

(D) Executed contracts not otherwise privileged under law.

(E) Written board approval of vendor or contractor proposals or invoices.

(F) State and federal tax returns.

(G) Reserve account balances and records of payments made from reserve accounts.

(H) Agendas and minutes of meetings of the Members, the Board, and any committees appointed by the Board pursuant to Section 7212 of the Corporations Code; excluding, however, minutes and other information from executive sessions of the board as described in Article 2 (commencing with Section 4900 of the Civil Code).

(I)(i) Membership lists, including name, property address, email address if provided to the HOA and mailing address, if the conditions set forth in clause (ii) are met and except as otherwise provided in clause (iii). This does not include information for Members who have opted out pursuant to Civil Code Section 5220.

(ii) The Member requesting the list shall state the purpose for which the list is requested which purpose shall be reasonably related to the requester’s interest as a Member. If the Board reasonably believes that the information in the list will be used for another purpose, it may deny the Member access to the list. If the request is denied, in any subsequent action brought by the Member under Civil Code Section 5235, the Board shall have the burden to prove that the Member would have allowed use of the information for purposes unrelated to his interest as a Member.

(iii) A Member may opt out of the sharing of his name, property address, email address if provided to the HOA and mailing address by notifying the Board in writing that he prefers to be contacted via the alternative process described in Corporations Code Section 8330(c) and Civil Code Section 5220. This opt-out shall remain in effect until changed by the Member.

(J) Check registers.

(K) The Governing Documents.

(L) An accounting prepared pursuant to Civil Code Section 5520(b).

(2) “Enhanced HOA records” means invoices, receipts and canceled checks for payments made by the HOA, purchase orders approved by the HOA, credit card statements for credit cards issued in the name of the HOA, statements for services rendered, and reimbursement requests submitted to the HOA, provided that the person submitting the reimbursement request shall be solely responsible for

removing all personal identification information from the request.

(b)

(1)The Board shall make available HOA records for the time periods and within the timeframes provided in Civil Code Section 5210 for inspection and copying by a Member or the Member's designated representative. The Board may bill the requesting Member for the direct and actual cost of copying requested documents. The Board shall inform the Member of the amount of the copying costs before copying the requested documents.

(2)A Member may designate another person to inspect and copy the specified HOA records on the Member's behalf. The Member shall make this designation in writing.

(c)

(1)the Board shall make the specified HOA records available for inspection and copying at a place agreed to by the requesting Member and the HOA.

(2)If the Board and the requesting Member cannot agree upon a place for inspection and copying, or if the requesting Member submits a written request directly to the Board for copies of specifically identified records, the Board may satisfy the requirement to make the HOA records available for inspection and copying by delivering copies of the specifically identified records to the Member by individual delivery pursuant to Civil Code Section 4040 within the timeframes set forth in Civil Code Section 5210(b).

(3)The Board may bill the requesting Member for the direct and actual cost of copying and mailing requested documents. The Board shall inform the Member of the amount of the copying and mailing costs, and the Member shall agree to pay those costs, before copying and sending the requested documents.

(4)In addition to the direct and actual costs of copying and mailing, the Board may bill the requesting Member an amount not in excess of \$10 per hour, and not to exceed \$200 total per written request, for the time actually and reasonably involved in redacting an enhanced HOA record. The Board shall inform the Member of the estimated costs, and the Member shall agree to pay those costs, before retrieving the requested documents.

(d)

(1)Except as provided above, the Board may withhold or redact information from the HOA records for any of the following reasons:

(A)The release of the information is reasonably likely to lead to identity theft. For the purposes of this section, "identity theft" means the unauthorized use of another person's personal identifying information to obtain credit, goods, services, money, or property. Examples of information that may be withheld or redacted pursuant to this paragraph include bank account numbers of Members or vendors, social security or tax identification numbers, and check, stock, and credit card numbers.

(B)The release of the information is reasonably likely to lead to fraud in connection with the HOA.

(C)The information is privileged under law. Examples include documents subject to attorney-client privilege or relating to litigation in which the HOA is or may become involved, and confidential settlement agreements.

(D)The release of the information is reasonably likely to compromise the privacy of an individual Member.

(E)The information contains any of the following:

(i)Records of a-la-carte goods or services provided to individual Members for which the HOA received monetary consideration other than assessments.

(ii)Records of disciplinary actions, collection activities, or payment plans of Members other than the Member requesting the records.

(iii)Any person's personal identification information, including, without limitation, social security number, tax identification number, driver's license number, credit card account numbers, bank account number, and bank routing number.

(iv)Minutes and other information from executive sessions of the Board as described in Civil Code Section 4900, et seq, except for executed contracts not otherwise privileged. Privileged contracts shall not include contracts for maintenance, management, or legal services.

(v)Personnel records other than the payroll records required to be provided under paragraph (2).

(vi)Interior architectural plans, including security features, for individual Lots.

(2)Except as provided by the attorney-client privilege, the Board may not withhold or redact information concerning the compensation paid to employees, vendors, or contractors. Compensation information for individual employees shall be set forth by job classification or title, not by the employee's name, social security number, or other personal information.

(3)Neither the HOA nor any officer, director, employee, agent or volunteer of the HOA shall be liable for damages to a Member or any third party as the result of identity theft or other breach of privacy because of the failure to withhold or redact that Member's information under this section unless the failure to withhold or redact the information was intentional, willful, or negligent.

(4)If requested by the requesting Member, if the Board denies or redacts records it shall provide a written explanation specifying the legal basis for withholding or redacting the requested records.

(e)

(1)The HOA records, and any information from them, may not be sold, used for a commercial

purpose, or used for any other purpose not reasonably related to a Member's interest as a Member. A Board may bring an action against any person who violates this section for injunctive relief and for actual damages to the HOA caused by the violation.

(2) This section may not be construed to limit the right of the HOA to damages for misuse of information obtained from the HOA records pursuant to this section or to limit the right of the HOA to injunctive relief to stop the misuse of this information.

(3) The HOA shall be entitled to recover reasonable costs and expenses, including reasonable attorney's fees, in a successful action to enforce its rights under this section.

(f) A Member may bring an action to enforce the Member's right to inspect and copy the HOA records. If a court finds that the Board unreasonably withheld access to the HOA records, the court shall award the Member reasonable costs and expenses, including reasonable attorney's fees, and may assess a civil penalty of up to \$500 for the denial of each separate written request. A cause of action under this section may be brought in small claims court if the amount of the demand does not exceed the jurisdiction of the court. A prevailing HOA may recover any costs if the court finds the action to be frivolous, unreasonable, or without foundation.

(g) Requesting parties shall have the option of receiving specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that does not allow the records to be altered. The cost of duplication shall be limited to the direct cost of producing the copy of a record in that electronic format. The Board may deliver specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that prevents the records from being altered.

(h) The time periods for which specified records shall be provided is as follows when a Member properly requests access to HOA records:

(1) HOA records shall be made available for the current fiscal year and for each of the previous 2 fiscal years.

(2) Minutes of member and board meetings shall be permanently made available. If a committee has decision-making authority minutes of that committee shall be made available commencing 1/1/2007, and shall thereafter be permanently made available.

(i) The timeframes in which access to specified records shall be provided to a properly requesting Member are as follows:

(1) HOA records prepared during the current fiscal year, within 10 business days following the HOA's receipt of the request.

(2) HOA records prepared during the previous 2 fiscal years, within 30 calendar days following the HOA's receipt of the request.

(3) Any record or statement available pursuant to Article 2 (commencing with Section 4525) of Chapter 4, Article 7 (commencing with Section 5300), Section 5565 or Section 5810 of the Civil Code, within the timeframe specified therein.

(4) Minutes of Member and Board meetings, within the timeframe specified in Civil Code Section 4950(a).

(5) Minutes of meetings of committees with decision-making authority for meetings commencing on or after 1/1/2007, within 15 calendar days following approval.

(6) Membership lists, within the timeframe specified in Corporations Code Section 8330.

There shall be no liability pursuant to this section for an HOA that fails to retain records for the periods specified in subdivision (b) that were created prior to 1/1/2006.

(j) The provisions of this section are intended to supersede the provisions of Corporations Code Sections 8330 and 8333 to the extent those sections are inconsistent.

2. Director Inspection Rights. Every Director shall have an absolute right at any reasonable time to inspect all HOA books, record, documents, and minutes and the HOA's physical properties, subject to existing case and statutory law. The right of inspection by a Director includes the right to make extracts and copies of documents. All Directors should consider their fiduciary obligations to act in good faith and in a manner they believe to be in the best interests of the HOA in deciding how to use or disseminate information obtained through exercise of their inspection rights.

3. Adoption Of Reasonable Inspection Rules. The Board may establish reasonable rules with respect to (i) notice of inspection, (ii) hours and days of the week when inspection may be made, and (iii) payment of the cost of reproducing copies of documents requested by the Member, pursuant to the requirements of the Civil Code.

4. Board Meeting Minutes. The minutes themselves, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes of any meeting of the Board other than the minutes of any executive session, shall be available to the members within 30 days following the meeting. The minutes, proposed minutes, or summary of the minutes shall be distributed to any Member on request and on reimbursement of the HOA's costs of making that distribution. Members shall be notified in writing at the time that the annual policy statement required by these Bylaws is distributed, or at the time of any general mailing to the entire membership, of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

5. General Manager Or Community Manager. The Board may, from time to time, employ the services of a Manager to manage the affairs of the HOA and, to the extent not inconsistent with California laws, and upon such conditions as are otherwise deemed advisable by the Board, the Board

may delegate to the Manager any of its day-to-day management and maintenance duties and powers under these Bylaws and the Governing Documents; provided that the Manager shall at all times remain subject to the general control of the Board.

6. Robert's Rules Of Order. In the event of a dispute concerning the procedural aspects of any meetings which cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to the most recent edition of Robert's Rules of Order or any other recognized publication on parliamentary procedure.

7. Amendment Or Repeal Of Bylaws By Members. These Bylaws may be adopted, amended, or repealed only by the affirmative vote of 50% of all Members plus one. There are 136 Members/Lots in the HOA and thus there must be 69 votes approving same. If any provision of these Bylaws requires the vote of a larger proportion or all of the Members, such provisions may not be altered, amended, or repealed except by such greater vote, unless otherwise specifically provided herein. Any amendment to these Bylaws shall become effective immediately upon approval by the Members. The Secretary shall certify adoption of any duly approved amendment to the Bylaws and a copy of said certificate and the amendment shall be included in the corporate records.

8. Notice Requirements. Any notice or other document permitted or required to be delivered as provided herein may be delivered pursuant to Civil Code Sections 4035, 4040 and 4045, as and if applicable. If delivery is made by mail, delivery is deemed to be complete on deposit into the United States mail. If a document is delivered by electronic means, delivery is complete at the time of transmission. Notice shall be provided as follows:

If to the HOA or the Board, at the principal office of the HOA as designated from time to time by written notice to the Members; if to a Director, at the address from time to time given by such Director to the Secretary for the purpose of service of such notice; if to a Member, at the address from time to time given by such Member to the Secretary for the purpose of service of such notice, or, if no such address has been so given, to the address of any Lot within the Community owned by such Member. Delivery may also be achieved through electronic transmission such as facsimile telecommunication or electronic mail if the Member has consented, in writing, to that method of delivery.

9. Indemnification.

(a) Indemnification Of HOA. Each Member shall be liable to the HOA for any damage to the Common Area or Common Facility caused by the negligence or willful misconduct of the Member or his family, tenants, renters, guests, invitees or lessees, to the extent that the damage shall not be covered by insurance. Each Member shall indemnify, hold harmless, and pay any costs of defense of each other Member from claims for personal injury or property damage occurring within any Lot owned by the indemnitor, provided that this protection shall not extend to any indemnitee whose negligence or willful misconduct caused or contributed to the injury or damage. This section is not intended to be for the benefit of any insurer and shall not affect nor limit the duty of any insurer to pay any claim which would be payable by said insurer but for this section.

(b)Indemnification By HOA Of Directors And Officers, Employees, And Other Agents. To the fullest extent permitted by law, the HOA shall indemnify its Directors, Officers, employees, and other agents described in Corporations Code Section 7237, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in that section and including an action by or in the right of the HOA, by reason of the fact that such person is or was a person described by that section. "Expenses," as used in this section, shall have the same meaning as in Corporations Code Section 7237(a).

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

(d)Advancement Of Expenses. To the fullest extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a Director, Officer, employee and/or agent seeking indemnification under Paragraphs (b) and (c) of this Section in defending any proceeding covered by those sections shall be advanced by the HOA before final disposition of the proceeding, on receipt by the HOA of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the HOA for those expenses.

(e)Insurance. The HOA shall have the power to purchase and maintain insurance on behalf of its Directors and Officers, employees and/or other agents against other liability asserted against or incurred by any Director, Officer, employee and/or agent in such capacity or arising out of the Director's, Officer's, employee's and/or agent's status as such.

10.Construction And Definitions. Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the Civil Code, as well as the Nonprofit Mutual Benefit Corporation Law, in that order of priority, shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, and singular number includes the plural and the plural number includes the singular. All captions and titles used in these Bylaws are intended solely for the reader's convenience of reference and shall not affect the interpretation or application of any of the terms or provisions contained herein.

11.Attorney's Fees And Costs. In any action brought because of any alleged breach or default of

any Member or other party hereto under these Bylaws, or under the Rules and Regulations, Architectural/Landscape Standards, Collection Policy, or any other Governing Document, the court may award to any party in any such action such attorneys' fees and other costs as the court deems just and reasonable.

12.Fiscal Year. The HOA's fiscal year shall be the calendar year ending December 31.

13.Contracts, Etc. How Executed. The Board, except as otherwise provided herein, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the HOA, and such authority may be general or confined to specific instances and, unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the HOA by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount. Such authority is subject to any requirements of the Civil Code.

14.Amendment/Reference To Statutes. Any amendment, alteration, renumbering or other change to cited statutes contained herein is automatically incorporated herein and does not require the vote or approval of Members to amend these Bylaws accordingly. The references, if any, herein to the Civil Code are to Civil Code Sections 4000 through 6150 effective 1/1/2014, and commonly known as the Davis Stirling Act (and formerly Civil Code Sections 1350 through 1378).

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the corporation known as Monticello at Rancho Indio Homeowners Association , does hereby certify that the above and foregoing Restated Bylaws consisting of fifty (50) pages, were duly adopted by written ballot of the Members of said Association on the 19th day of JANUARY, ~~2016~~ 2017 and that they now constitute said Bylaws.

MONTICELLO AT RANCHO INDIO
HOMEOWNERS ASSOCIATION

By: [Signature]
Secretary

4/27/2016