

FIRST AMENDED BYLAWS OF POINT SAUSALITO HOMEOWNERS ASSOCIATION

(A California Nonprofit Mutual Benefit Corporation)

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**FIRST AMENDED BYLAWS OF  
POINT SAUSALITO HOMEOWNERS ASSOCIATION**

**ARTICLE I.**

**NAME AND LOCATION**

**1.1 Name and Location.** The name of the corporation is POINT SAUSALITO HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association". The principal office of the Association shall be located at any such place within the State of California as may be designated by the Board.

**ARTICLE II.**

**DEFINITIONS**

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

**2.2 Declaration.** "Declaration" shall mean and refer to the Point Sausalito Second Restated Declaration of Covenants, Conditions and Restrictions applicable to the property recorded in Marin County, State of California and subsequent amendments thereto.

**2.3 Managing Agent.** "Managing Agent" shall mean the professional manager or management company employed by the Association as authorized under Section 7.2.A.

**ARTICLE III.**

**MEETING OF MEMBERS AND VOTING**

**3.1 Annual Meeting.** Annual meetings of the Members, may be held at such time as the Board directs.

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

**3.3 Notice and Place of Meetings.** Written notice of each meeting of the Members, annual or special, shall be given by, or at the direction of, the manager by mailing a copy of such notice, first-class mail, postage prepaid, at least ten (10) but not more than ninety (90) days before such meeting to each First Lender requesting notice and to all Members, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. If action is proposed to be taken at any meeting for approval for any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s): (a) removing a director without cause; (b) filling vacancies in the Board of Directors by the Members; (c) amending the Articles of Incorporation; (d) approving a contract or transaction in which a director has a material financial interest. Meetings shall be held within the Project or at a meeting place within the same county, as close to the Project as possible.

**3.4 Membership and Voting.** Members shall be all Owners and shall be entitled to one (1) vote for each Unit owned. When more than one (1) person holds an interest in any Unit, all such persons shall be Members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Unit.

Except as otherwise provided in the Declaration or Bylaws, any action by the Association, which must have the approval of the Members before being undertaken, shall require the vote of a majority of the total votes cast.

**3.5 Eligibility to Vote.** Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. In order to be in good standing, a Member must be current (less than 60 days in arrears) in the payment of all Assessments levied against the Member's Unit and not subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the Declaration. A Member's good standing shall be determined as of the record date established in accordance with section 3.7. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of the nonpayment of Assessments, although a delinquent Member shall be entitled to request such a hearing. A Member shall maintain good standing if said standing has not been suspended by the provisions of these Bylaws and the Member has maintained a current filing with the Association of the following: (i) the signature or signatures of the Owner(s) authorized to vote on behalf of the Member's Unit; and (ii) addresses where all notices shall be sent.

**3.6 Conduct of Elections.** The Association shall adopt Rules of Elections in accordance with Civil Code Section 1363.03. Notwithstanding any other law or provision of the governing documents, elections regarding Assessments, selection of members of the Board of Directors, amendments to the governing documents, or the grant of exclusive use of Common Area property pursuant to Civil Code Section 1363.07 shall be held by secret ballot in accordance with the procedures set forth in Civil Code Section 1363.03. The Board shall select an independent third party or parties as an inspector of election pursuant to Civil Code Section 1363.03(c). The Association's manager is allowed to be an inspector. Such inspector of elections shall conduct any elections as required under Civil Code Section 1363.03(c). Balloting procedures, counting and tabulation of ballots shall be in accordance with Civil Code Section 1363.03. Association funds shall not be used for campaign purposes in connection with any Board election. Association funds shall not be used for campaign purposes in connection with any other Association election except to the extent necessary to comply with duties of the Association imposed by law.

### **3.7 Record Dates.**

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

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

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

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

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

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

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

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

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

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

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

**3.8 Action without Meeting.** Except as provided in section 3.7, any action that may be taken at any annual or special meeting of Members may be taken without a meeting in accordance with the provisions of California Corporations Code §§ 7513 and 7516. Any form of written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon. The written ballot shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice.

**3.9 Conduct of Meetings.** Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt.

Notwithstanding any other provision of law, notice of meetings of the Members shall specify those matters the Board intends to present for action by the Members, but, except as otherwise provided by law, any proper matter may be presented at the meeting for action. Members of the Association shall have access to Association records in accordance with California Civil Code Section 1365.2. Any Member shall be permitted to speak at a meeting of the Association Members; however, the Board of Directors may establish a reasonable time limit for Members to speak before a meeting of the Association Members.

#### ARTICLE IV.

##### BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

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

**4.2 Number.** The affairs of this Association shall be managed by a Board of not more than five (5) directors, nor less than three (3), all of whom must be Members of the Association, in good standing pursuant to Section 3.5.

**4.3 Term of Office.** Members shall elect directors for a period of two (2) years. Unless vacated sooner, each director shall hold office until the director's term expires and a successor is elected.

**4.4 Removal; Vacancies.** A director may be removed from office prior to the expiration of his or her term only by the majority vote of secret ballots cast by Members. In the event of death or resignation of a director, the vacancy shall be filled by approval of the Board at a duly held meeting, or by the sole remaining director. The successor director shall serve for the unexpired term of his/her predecessor. The Members may elect a director at any time to fill any vacancy not filled by the directors. A vacancy created by removal of a director can be filled only by election of the Members.

**4.5 Compensation.** No director shall receive compensation for any service rendered to the Association.

**4.6 Reimbursements.** Any director may be reimbursed for his or her actual expenses, if reasonable, that are incurred in the performance of his/her duties.

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

#### ARTICLE V.

## NOMINATION AND ELECTION OF DIRECTORS

**5.1 Nomination.** In order to run for the Board of Directors, a Member must meet the eligibility/qualifications identified below:

- A. A nominee must be a Member in good standing to run for the Board of Directors;
- B. "Good Standing" means that a Member must be in compliance with Section 3.5 of the Association's Bylaws.

The nomination process to nominate a candidate to run for the Board of Directors shall be as follows:

A. Any Member of the Association in good standing may submit to the Secretary of the Association or designee, within a designated time period prior to the ballot materials being distributed to the membership, a written statement nominating himself/herself for election to the Board of Directors.

B. Any ballot measure submitted to the membership for election to the Board is to include a slate of nominees.

**5.2 Election.** Notwithstanding any other law or provision of the Association's governing documents, Board of Directors election and other elections required to be submitted to the membership pursuant to Civil Code Section 1363.03(b) shall be conducted by a secret ballot submitted to the Members without a meeting pursuant to Corporations Code Section 7513 and Civil Code Section 1363.03. Ballots and two pre-addressed envelopes with instructions on how to return ballots, must be mailed by first class mail or delivered by the Association to every Member not less than thirty (30) days prior to the deadline for voting. In order to preserve confidentiality, a voter may not be identified by name, address or lot, parcel or unit number on the ballot itself. The balloting materials shall include all of the following:

A. The ballot itself is not signed by the voter, but is placed into a ballot envelope, which is then sealed ("Ballot Envelope"). The Ballot Envelope is then inserted into the second pre-addressed envelope ("Address Envelope") that is then sealed. In the upper left hand corner of the Address Envelope, the voter prints and signs his/her name, address and lot, parcel or unit number that entitles him/her to vote.

B. The Address Envelope is addressed to the inspector of election for the tallying of votes. The Address Envelope can be mailed by the Member to the inspector of election or delivered by hand to a location specified by the inspector of election. Any Member can request a receipt for delivery of their ballot.

C. The sealed ballots shall be kept in the custody of the inspector of election or at a location designated by the inspector of election until after the tabulation of the vote, at which time custody can then be transferred to the Association. After tabulation, election ballots shall be stored by the Association in a secure place no less than one (1) year after the date of the election.

D. Ballots distributed to each and every Member shall identify the proposed action, provide an opportunity to specify approval or disapproval and provide at least thirty (30) days upon which to return the ballot to the inspector of election. The voting instructions contained within the ballot materials will show a date by which the ballots must be delivered to the location designated by the inspector of election by either the United States Postal Service, overnight delivery service or hand delivery.

E. For elections to the Board of Directors, ballots must be returned to the inspector of election at the meeting designated to count the ballots prior to any ballot being counted (at which point the polls will close and no further ballots will be accepted), or such other date as designated by the Association. Proxies will not be permitted since all voting will be done by the written ballot process itself. Cumulative voting shall not be permitted.

F. Counting of votes for the election of Board of Directors shall be done by the inspector of election, in public at a properly noticed open meeting of the Board of Directors or Members. Any candidate or other Member of the Association may witness the counting and tabulation of the votes. No person, including any Member of the Association or an employee of a management company, shall open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated by the inspector of election.

G. Written ballots may not be revoked once they are submitted to the inspector of election.

In the event the number of candidates for election to the Board is equal to or less than the number of vacancies on the Board, those candidates shall automatically be elected to the Board without undertaking the procedures for election contained herein.

## ARTICLE VI.

### MEETINGS OF DIRECTORS

**6.1 Regular Meetings.** Regular meetings of the Board of Directors shall be held at least quarterly at such place and at such hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday, excluding Saturday and Sunday. Notice of the time and place of the meeting shall be posted at a prominent place within the Common Area or mailed to any Member who had requested notification of Board meetings, at the address requested by the Member. Notice may also be given, by mail or delivery of the notice to each Unit in the Project or by newsletter or similar means of communication and shall be communicated to Directors and Members not less than four (4) days prior to the meeting. Notice of any meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

**6.2 Special Meetings.** Special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by any two (2) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one (1) of the following methods: (a) by personal delivery; (b) written notice by first-class mail, postage prepaid; (c) by telephone communication, either directly to the director or to a person at the director's office who would reasonably be expected to communicate such notice promptly to the director; (d) by telegram, facsimile or electronic mail. Such notice shall be posted or communicated in a manner prescribed for notice of regular meetings and shall be sent to all directors not less than four (4) days prior to the scheduled time of the meeting. All Members shall be given notice of the time and place of a special meeting, except for an emergency meeting, at least four (4) days prior to the meeting. Notice of the special meeting may be given by posting the notice in a prominent place or places within the Common Area, and by mail to any Member who had requested notification

of Board meetings, at the address requested by the Member. Notice may also be given, by mail or delivery of the notice to each Unit in the Project or by newsletter or similar means of communication and shall be communicated to Directors and Members not less than four (4) days prior to the meeting. Notices sent by first-class mail shall be deposited into a United States mailbox at least six (6) days before the time set for the meeting.

**6.3 Emergency Meetings.** An emergency meeting of the Board of Directors may be called by the president, or by any two directors other than the president, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide the notices required by section 6.1. Notice to Members of an emergency meeting is not required.

**6.4 Quorum.** Except as provided in Section 4.4, a majority of the directors then in office (but not less than two (2)) shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by a majority of the required quorum for that meeting.

**6.5 Open Meetings.** Except as provided in sections 6.6 and 6.7, all meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board. However, the Board shall establish a reasonable time limit for all Members of the Association to speak to the Board of Directors at any meeting of the Board of Directors, and permit any Member of the Association to speak at any meeting of the Board of Directors within such time limit. The Board has discretion to allow non-members to attend.

**6.6 Executive Session.** The Board may, with approval of a majority of its members present at a meeting in which a quorum for the transaction of business has been established, or, if all members of the Board are present, by a majority vote of the members, adjourn a meeting and reconvene in executive session to discuss and vote upon litigation, matters relating to the formation of contracts with third parties, Member discipline, personnel matters, or to meet with a Member, upon the Member's request, regarding the Member's payment of assessments, as specified in Civil Code §§ 1367 or 1367.1. The nature of any and all business to be considered in executive session shall first be announced in open session. Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting that is open to the entire membership. The Board shall 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 affected shall be entitled to attend the executive session. The Board may hold an executive session emergency meeting if circumstances require, as authorized by section 6.3.

**6.7 Telephone/Electronic Meetings.** Any meeting, regular or special, may be held by conference telephone, electronic video screen, or other communication equipment, so long as all of the following apply:

- A. Each Director participating in the meeting can communicate with all of the other directors concurrently.
- 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 corporation.
- C. The Board adopts and implements some means of verifying both of the following:
  - (i). A person participating in the meeting is a director or other person entitled to participate in the Board meeting;

(ii). All actions of, or votes by, the Board are taken or cast only by the directors and not by persons who are not directors.

D. Any notice of a teleconference meeting shall identify at least one physical location so that Members of the Association may attend and at least one Member of the Board of Directors shall be present at that location. Participation by Board Members in a teleconference meeting constitutes presence at that meeting as long as all Board Members participating in the meeting are able to hear one another and Members of the Association speaking on matters before the Board.

Arrangements shall be made to enable any Member who desires to listen to the telephone/electronic meeting of the Board, to be able to do so. The minutes of the meeting shall state that those participating in the meeting were recognized to be directors or other persons authorized to participate in the meeting. An explanation of the action taken shall be posted at a prominent place within the Common Area within three (3) days after the meeting. If the Common Area consists of an easement or is otherwise unsuitable for posting the explanation of the action taken, the Board shall communicate said explanation by any means it deems appropriate.

**6.8 Waiver of Notice.** The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

**6.9 Notice of Adjourned Meeting.** Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the directors who were not present at the time of the adjournment, and shall be posted at a prominent place within the Common Area. If the Common Area consists only of an easement or is otherwise unsuitable for posting of such notice, the Board shall communicate the notice of the time and place of such meeting by any means it deems appropriate.

**6.10 Action without Meeting.** Except as provided in Section 6.7, any action required or permitted to be taken by the Board of Directors may be taken without a meeting (and without notice to Members provided for in section 6.2), if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. An explanation of the action taken shall be posted at a prominent place or places within the Common Area within three (3) days after the written consents of all Board members have been obtained. If the Common Area consists only of an easement or is otherwise unsuitable for posting the explanation of the action taken, the Board shall communicate said explanation by any means it deems appropriate.

6.11 **Definition of Meeting.** "Meeting" includes any congregation of a majority of the members of the Board at the same time and place to hear, discuss, or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session.

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

## ARTICLE VII.

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

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

B. **Oversight and Review of Administration of Association Affairs.** The Board shall review and direct the officers and Managing Agent of the Association to assure that the policies of the Association are being accomplished in a reasonable and prudent manner and that the requirements for operation of the Project as set forth in the Project Documents and the laws applicable to the Project are fulfilled to the extent reasonable and appropriate.

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

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

A. **Manager.** Contract with a manager or managing agent ("Managing Agent") as provided in the Declaration.

B. **Adoption of Rules.** Adopt Rules in accordance with the Declaration.

C. **Assessments, Liens and Fines.** Levy and collect Assessments and impose fines as provided in section 5.2F of the Declaration. If the Association adopts or has adopted a policy imposing any monetary penalty, including any fee, on any Association Member for a violation of the governing documents or rules of the Association, including any monetary penalty relating to the activities of a guest or invitee of a Member, the Board shall adopt and distribute to each Member, by personal delivery or first-class mail, a schedule of the monetary penalties that may be assessed for those violations, which shall be in accordance with authorization for Member discipline contained in the governing documents. The Board shall not be required to distribute any additional schedules of monetary penalties unless there are changes from the schedule that was adopted and distributed to the Members pursuant to this section.

**D. Enforcement (Notice and Hearing).** Enforce these Bylaws and/or the Declaration. Except as provided in Section **4.10** of the Declaration, when the Board is to meet to consider or impose discipline upon a Member, the Board shall notify the Member in writing, by either personal delivery or first-class mail, at least ten (10) days prior to the meeting. The notification shall contain, at a minimum, the date, time, and place of the meeting, the nature of the alleged violation for which a Member may be disciplined, and a statement that the Member has a right to attend and may address the Board at the meeting. The Board shall meet in executive session if requested by the Member being disciplined.

If the Board imposes discipline on a Member the Board shall provide the Member a written notification of the disciplinary action, by either personal delivery or first-class mail, within ten (10) days following the action. A disciplinary action shall not be effective against a Member unless the Board fulfills the requirements of this section.

Under no circumstances may the Association cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of the Owner's Unit on account of the failure of the Owner to comply with the provisions of the Declaration, Articles, Bylaws or Rules, except by judgment of a court or decision of an arbitrator, or on account of a foreclosure or a sale under power of sale for failure of the Owner to pay assessments due or levied by the Association.

**E. Contracts.** Contracts for goods and/or services in accordance with section **5.2L** of the Declaration.

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

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

**H. Use of Recreational Facilities.** Limit the number of an Owner's guests who may use the recreational facilities as provided in section **5.2N** of the Declaration.

**I. Other Powers.** In addition to any other power contained herein, the Association may exercise the powers granted to a nonprofit mutual benefit corporation as enumerated in the California Corporations Code § 7140.

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

A. Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year or, notwithstanding the term, where the amount to be paid to the vendor including, without limitation, amounts to be paid under contingent fee contracts, may reasonably be expected to exceed five percent (5%) of the budgeted gross expenses of the Association for the fiscal year in which the contract is signed, whichever is less, and the contract is other than for the maintenance, repair, replacement or reconstruction of one or more elements of the Common Area, with the following exceptions:

(1). A management contract, the terms of which have been approved by the Federal Housing Administration, or Veterans Administration (if either has jurisdiction over the Project);

(2). A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

(3). Prepaid casualty and/or liability insurance policies of not to exceed three (3) years' duration, provided that the policy permits short rate cancellation by the insured;

(4). Agreements for cable/wiring television services and equipment or satellite dish television services and equipment of not to exceed five (5) years' duration;

(5). Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five (5) years' duration;

(6). A contract for a term not to exceed three (3) years that is terminable by the Association after no longer than one (1) year without cause, penalty, or other obligation upon ninety (90) days' written notice of termination to the other party;

(7). Agreements for electronic communications services and equipment not to exceed five (5) years duration.

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

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

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

## ARTICLE VIII.

### ASSOCIATION DUTIES AND RESPONSIBILITIES

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

**A. Maintenance.** Perform the maintenance described in section **5.1.A** of the Declaration.

**B. Insurance.** Maintain insurance as required by section **8.1** of the Declaration. The Association shall, upon issuance or renewal of insurance, but no less than annually, notify the Members as to the amount and type of insurance carried by the Association, and it shall accompany this notification with statements (required under Civil Code § 1365(e)) to the effect that the Association is or is not insured to the levels specified by Civil Code § 1365.9, and that if the Association is not so insured that Owners may be individually liable for the entire amount of a judgment, and, if the Association is insured to the levels specified in the section, then the Owners may be individually liable only for their proportional share of Assessments levied to pay the amount of any judgment which exceeds the limits of the association's insurance. The Association shall not levy any Assessment against the Members to pay the amount of any judgment against the Association without a vote approving such Assessment or written consent of a majority of the Members.

The Association shall prepare and distribute to its Members the summaries of the Association's insurance policies as required by Civil Code § 1365(e), pursuant to section **12.1(5)**.

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

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

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

**F. Enforcement.** Enforce these Bylaws and the Declaration.

**G. Records.** Cause to be kept a complete record of all its acts and affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (¼) of the Members; keep adequate and correct books and records of account, minutes of proceedings of its Members, Board and committees, and a record of its Members giving their names and addresses.

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

**I. Financial Requirements.** Comply with the Financial Requirements set forth in Article XII of these Bylaws.

## ARTICLE IX.

### OFFICERS AND THEIR DUTIES

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

9.2 **Election of Officers.** The election of officers shall take place at the first meeting of the Board of Directors following each meeting of the Members held to count ballots for said election.

9.3 **Term.** Each officer of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or is removed, or is found by the Board to be disqualified to serve.

9.4 **Special Appointments.** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

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

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

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

A. **President.** The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are communicated to the Managing Agent (if any) and are carried out; shall sign all leases, mortgages, deeds and other written instruments. The President shall have the general powers and duties of management usually vested in the office of the President of a California nonprofit mutual benefit corporation, and shall have such powers and duties as may be prescribed by the Board or by these Bylaws.

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

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

D. **Treasurer.** The Treasurer, or designee shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all

promissory notes of the Association; shall keep proper books of account; shall prepare and shall distribute budgets and financial statements to each Member as required under these Bylaws and by applicable laws.

**9.8 Joint Signatures.** Unless the Board directs otherwise, any check or other negotiable instrument issued by the Association shall require the signature of any one (1) director for operating expenses and two (2) directors for reserve expenses, and the managing agent if two officers are not available.

## ARTICLE X.

### COMMITTEES

**10.1 Architectural Committee.** An Architectural Control Committee may be appointed as provided in the Declaration.

**10.2 Other Committees.** In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

**10.3 Limitations on Committees.** No committee, regardless of Board resolution, may: (a) take any final action on matters which, under the Nonprofit Corporation Law of California, also requires Members' approval; (b) fill vacancies on the Board of Directors or in any committee; (c) amend or repeal Bylaws or adopt new Bylaws; (d) amend or repeal any resolution of the Board of Directors; (e) appoint any other committees of the Board of Directors or the members of those committees; (f) approve any transaction to which the Association is a party and in which one (1) or more directors have a material financial interest.

**10.4 Purpose of Committees.** The purpose of all committees shall be to assist the Board of Directors in the development of policies and to assist in the oversight and assessment of the Association policies. No committee shall be assigned, delegated, or chartered in any manner that would authorize them to take final action in the name of the Association. No committee, officer of a committee, or member of the committee shall take any action that is assigned to the Office of the President or other Officers of the Association. All committees shall report to the Board and shall serve at the pleasure of the Board. Committees of the Board shall not have authority to direct contractors, agents, or Officers of the Association.

## ARTICLE XI.

### BOOKS AND RECORDS

**11.1 Inspection by Members.** Association Records and Enhanced Association Records as defined in Civil Code Section 1365.2 shall be made available for inspection and copying by any Member of the Association, or by his duly designated representative in accordance with the provisions of Civil Code Section 1365.2. The timeframes in which access to the following specified records shall be provided to a requesting Member are as follows:

A. Association records prepared during the current fiscal year, within 10 business days following the Association's receipt of the request.

B. Association records prepared during the previous two fiscal years, within 30 calendar days following the Association's receipt of the request.

C. Any record or statement available pursuant to Civil Code Sections 1365 or 1368, within the timeframe specified therein.

D. Minutes of Member and Board meetings, other than an executive session, within 30 days of the meeting, subject otherwise to subdivision (d) of Civil Code Section 1363.05.

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

F. Membership list, within the timeframe specified in § 8330 of the California Corporations Code.

**11.2 Rules for Inspection.** The Board shall establish reasonable rules for inspection and copying of Association records in accordance with Civil Code Section 1365.2.

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

**11.4 Documents Provided by Association.** Upon written request, the Association, through the Managing Agent, or if there is no Managing Agent, through the Secretary, shall, within ten (10) days of the mailing or delivery of such request, provide the Owner of a Unit with a copy of the governing documents of the Project, a copy of the most recent budget and statements of the Association distributed pursuant to section **12.1**, together with a true statement in writing from an authorized representative of the Association as to the amount of the Association's current regular and special Assessments and fees, as well as any Assessments levied upon the Owner's interest which are unpaid on the date of the statement, including late charges, interest, and costs of collection which, as of the date of the statement, are or may be made a lien upon the Owner's Condominium. The Board may impose a fee for providing the foregoing which may not exceed the reasonable cost to prepare and reproduce the requested documents.

## ARTICLE XII.

### FINANCIAL AND REPORTING REQUIREMENTS

**12.1 Budgets, Financial Statements and Reports.** The Association shall cause to be prepared and distributed budgets, financial statements, and reports to each Member as follows:

(1). A pro forma operating budget for each fiscal year shall be distributed not less than thirty (30) nor more than ninety (90) days before the beginning of the fiscal year consisting of at least the following:

(a). Estimated revenue and expenses on an accrual basis;

(b). A summary of the Association's reserves based upon the most recent review or study conducted pursuant to section **12.2**, which shall be printed in bold type and include all of the following:

(i). The current estimated replacement cost, estimated remaining life, and estimated useful life of each Major Component;

(ii). As of the end of the fiscal year for which the study is prepared:

(A). The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the Major Components;

(B). The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain Major Components;

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

(D). The percentage that accumulated cash reserves actually set aside is of the current estimate of cash reserves necessary.

(c). A statement as to whether the Board has determined or anticipates that the levy of one or more special Assessment will be required to repair, replace, or restore any Major Component or to provide adequate reserves therefor;

(d). A general statement setting forth the procedures used in the calculation and establishment of those reserves to defray the future repair, replacement or additions of those Major Components that the Association is obligated to maintain.

In lieu of the distribution of the pro forma operating budget, the board may elect to distribute a summary of the items described hereinabove to all the Members, with written notice that the budget is available at the business office of the Association or at another suitable location within the boundaries of the development, and that copies will be provided upon request and at the expense of the Association. Members shall be notified in writing at the time that the pro forma budget is distributed, or at the time of any general mailing to the entire membership, of their right to have copies of the minutes of meetings, and how and where those minutes may be obtained. If any Member requests a copy of the pro forma operating budget, including the items referred to above, to be mailed to the Member, the Association shall provide the copy to the Member by first-class United States mail at the expense of the Association and delivered within five (5) days. The written notice that is

distributed to each of the Association Members shall be in at least 10-point bold type on the front page of the summary of the statement;

(2). A report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year: (a) a balance sheet as of the end of the fiscal year; (b) an operating (income) statement for the fiscal year; (c) a statement of changes in financial position for the fiscal year; (d) for any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000), a copy of a review of the financial statement of the Association prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy; (e) any information required to be reported under section 8322 of the California Corporations Code;

(3). If the report referred to in (2) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review;

(4). A statement describing the Association's policies and practices in enforcing lien rights, foreclosures, or other legal remedies for default in payment of its Assessments against its Members, and a statement of the place where the names and addresses of the current Members are located shall be distributed annually to the Members, and to any First Lender who has requested a copy, during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year. The notice shall be printed in at least 12-point type.

(5). A summary of the Association's insurance policies as set forth in and required by Civil Code § 1365(e)(1) shall be distributed to the Members not less than thirty (30) days nor more than ninety (90) days preceding the beginning of the Association's fiscal year. The summary shall contain in at least 10-point bold face type the following statement:

This summary of the Association's policies of insurance provides only certain information as required by subdivision (e) of § 1365 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, upon request and reasonable notice, may 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.

(6). The Board shall comply with the requirements of California Civil Code § 1369.590 by providing Members of the Association annually with a summary of the provisions of California Civil Code § 1369.510, including the following language: "Failure by any Member of the Association to comply with the pre-filing requirements of § 1369.520 of the Civil Code may result in the loss of your rights to sue the Association or another Member of the Association regarding enforcement of the governing documents."

(7). The Board shall comply with the requirements of California Civil Code § 1365.1 by distributing a written notice as described in subdivision (b) of Civil Code § 1365.1 entitled "Notice Assessments and Foreclosure" to each Member of the Association during the 60-day period immediately preceding the beginning of the Association's fiscal year. The notice is to be printed in at least 12-point type.

**12.2 Reserve Studies.** At least every three years the Board shall cause a study of the reserve account requirements of the Project to be conducted, including a reasonably competent and diligent visual inspection of the accessible areas of the Major Components which the Association is obligated to repair, replace, restore or maintain, if the current replacement value of said Major Components is equal to or greater than one-half of the gross budget of the Association, excluding the Association's reserve account for that period. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.

The study required by this section shall at a minimum include:

- (1). Identification of the Major Components which the Association is obligated to repair, replace, restore, or maintain, which as of the date of the study have a remaining useful life of less than thirty (30) years;
- (2). Identification of the probable remaining useful life of the components identified in paragraph (1) as of the date of the study;
- (3). An estimate of the cost of repair, replacement, restoration, or maintenance of each Major Component identified in paragraph (1) during and at the end of its useful life; and
- (4). An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain each Major Component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

As used in this section **12.2**, the definition of reserve account shall mean both: (a) monies that the Association's Board of Directors has identified for use to defray the future repair or replacement of, or additions to, those Major Components which the Association is obligated to maintain; and (b) funds received but not expended or disposed from either a compensatory damage award or settlement to the Association from any person or entity for injuries to property, real or personal, arising from any construction or design defects, which funds shall be separately itemized from funds described as the items in (a) above.

As used in this section, "reserve account requirements" means the estimated funds which the Board has determined are required to be available at a specified point in time to repair, replace, or restore those Major Components which the Association is obligated to maintain.

**12.3 Reserve Account Fund Management.** The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of Major Components which the Association is obligated to repair, restore, replace, or maintain ("Association Major Components") and for which the reserve fund was established, or litigation involving Association Major Components. However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash-flow requirements or other expenses, provided that the Board has given notice as specified in Civil Code Section 1363.05, which notice shall include the reasons for the transfer, options for repayment, and whether a Special Assessment may be considered. The transferred funds shall be restored to the reserve fund within one (1)

year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a delay would be in the best interests of the Project, delay the restoration until the time which the Board reasonably determines to be necessary. The Board shall exercise prudent fiscal management in 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 limitation imposed by section 4.4 of the Declaration. The Board may, at its discretion, extend the date the payment on the Special Assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid Special Assessment. When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Association shall notify the Members of the Association of that decision in the next available mailing to all Members pursuant to § 5016 of the Corporations Code, and of the availability of any accounting of those expenses. Unless the Project Documents impose more stringent standards, the Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members of the Association at the Association's office.

**12.4 Reserve Account Withdrawal Restrictions.** At least two (2) signatures shall be required for the withdrawal of monies from the Association's reserve accounts; signatures shall be those of members of the Board.

**12.5 Review of Financial Records.** The Board shall review on at least a quarterly basis a current reconciliation of the Association's operating and reserve accounts, the current year's actual reserve revenues and expenses compared to the current year's budget, and an income and expense statement for the Association's operating and reserve accounts. In addition, the Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts. For purposes herein, "reserve accounts" shall mean monies that the Association's Board has identified for use to defray the future repair or replacement of, or additions to, those Major Components which the Association is obligated to maintain.

**12.6 Future Changes in Financial Records and Reserve Account Requirements.** The provisions of subsections 12.1-12.5 incorporate the statutory requirements of California Civil Code § 1365.5. If said § 1365.5 is amended in any manner, said sections shall be amended in the same manner without the necessity of amending these Bylaws.

## ARTICLE XIII.

### MISCELLANEOUS

**13.1 Amendments.** These Bylaws may be amended only by the affirmative vote or written consent of Members representing a majority of the total voting power. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

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

**13.3 Fiscal Year.** Unless directed otherwise by the Board, the fiscal year of the Association shall begin on the first day of May and end on the thirtieth (30th) day of April of every year.

**CERTIFICATE**

I, the undersigned, the duly elected and acting Secretary of POINT SAUSALITO HOMEOWNERS ASSOCIATION, a California nonprofit mutual benefit corporation, do hereby certify that the foregoing Bylaws were adopted as the Bylaws of the Association on \_\_\_\_\_, 2012, and that the same do now constitute the Bylaws of the Association.

This Certificate is executed under penalty of perjury on \_\_\_\_\_, 2012, in Sausalito, California.

Dated: \_\_\_\_\_

.....  
Secretary