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**RESTATED BYLAWS  
OF  
STANFORD PARK HOMEOWNERS ASSOCIATION**

**ARTICLE 1                    NAME AND LOCATION**

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The name of the corporation is Stanford Park Homeowners Association (the "Association"). The principal office of the Association shall be located in Sacramento County, California or at such other place reasonably convenient to the Development as the Board of Directors may from time to time establish.

**ARTICLE 2                    DEFINITIONS**

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2.1     Declaration.     "Declaration" means the First Restated Declaration of Covenants, Conditions and Restrictions of Stanford Park, Recorded on March 30, 2004, in Book 20040330, Page 1744 in the Official Records of Sacramento County, California.

2.2     Other Definitions Incorporated by Reference. The terms defined in the Declaration shall have the same meaning when used herein unless the context clearly indicates a contrary intention.

**ARTICLE 3                    MEMBERSHIP AND VOTING**

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3.1     Membership. Membership in the Association shall include, and shall be limited to, all Owners of any Lot located within the Development. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Upon becoming the Owner of a Lot, each Owner shall automatically be a Member of the Association and shall remain a Member until such time as his or her Lot ownership ceases for any reason. Membership in the Association shall not be transferred, encumbered, pledged, alienated, or hypothecated in any way, except upon the transfer or encumbrance of the Lot to which it is appurtenant and then only to the transferee or mortgagee, as the case may be, of such Lot. Any attempt to make a prohibited transfer is void. Upon any transfer of title to a Lot including a transfer upon the death of an Owner, Membership in the Association shall pass automatically to the transferee.

3.2     Voting. Members in Good Standing shall be entitled to cast one (1) vote for each Lot owned. In the event more than one (1) person owns a given Lot, the vote for such Lot shall be exercised as the Owners among themselves shall determine, but in no event shall more than one (1) vote be cast with respect to any Lot. If the joint Owners of a Lot are unable to agree among themselves as to how their vote or votes are to be cast, such vote shall be cast in accordance with the decision of a majority of such Owners. If there is no such majority, the vote for the Lot shall not be cast either in favor of or opposed to the issue or issues which are the subject of the vote, but the membership shall be counted for purposes of determining whether the quorum requirements applicable to the vote or meeting have been met. If any Owner casts a vote representing a certain Lot and no written objection thereto is received by the Secretary prior to the close of voting, it will thereafter be conclusively presumed for all purposes that such Owner was acting with the authority and consent of the other Owners of that Lot. The vote at any meeting of the Members may be by voice vote or by secret ballot, as determined by the Board of Directors, except in the case of the election of Directors which, subject to the next sentence, shall be conducted by secret ballot. In any election of Directors where the number of candidates does not exceed the number of Directors to be elected, the election of Directors may be accomplished by acclamation without the use of ballots.

3.3 Assignment of Membership Rights. A Member who has sold his or her Lot to a Contract Purchaser shall be entitled to assign to such Contract Purchaser his or her rights and privileges of membership in the Association and shall be deemed to have assigned to a Contract Purchaser who has assumed occupancy of the Member's Residence all rights of use and enjoyment of the Common Area. No assignment of any membership rights or privileges to a non-resident Contract Purchaser shall be binding, however, until the Board of Directors has been notified thereof in writing. Notwithstanding any assignment, until fee title to the Lot has been transferred of record, a Contract Seller shall remain liable for all assessments, fines, and other charges imposed by the Board and for compliance with the Governing Documents by all Residents of his or her Lot. Any Member who has leased or rented his or her Residence to another person or persons shall in all events be deemed to have assigned to his or her tenants all rights of use and enjoyment of the Common Area. It is the express purpose and intent of the provisions of this section to limit the right of use and enjoyment of the Common Area to Residents of the Development and their guests.

3.4 Record Dates. The record dates for notice of meetings of Members and voting shall be determined as follows:

(a) The Board of Directors may fix a time not more than 90 days and not less than 10 days preceding the date of any meeting of the Members as the record date for determining the Members entitled to notice of any such meeting. In the event no such record date is fixed by the Board of Directors, the record date for the determination of Members entitled to notice of any meeting shall be the close of business on the business day preceding the day on which notice is given or, if notice is waived, the close of business on the business day preceding the day on which the meeting is held. Only those persons or entities identified as Members in the records of the Association on the record date shall be entitled to notice of such meeting.

(b) The Board of Directors may fix a time not more than 60 days preceding the date of any meeting of the Members as the record date for determining the Members entitled to vote at any such meeting. In the event no such record date is fixed by the Board of Directors, the record date for the determination of Members entitled to vote at any meeting shall be the day of the meeting or, in the case of an adjourned meeting, the day of the adjourned meeting. Only Members in Good Standing as of the record date shall be entitled to vote at such meeting.

(c) The Board of Directors may fix a time not more than 60 days before the day on which the first written ballot is mailed or solicited as the record date for determining the Members entitled to cast written ballots with respect to any action proposed to be taken without a meeting pursuant to Section 4.12. In the event no such record date is fixed by the Board of Directors, the record date for the determination of Members entitled to cast written ballots with respect to any proposed action shall be the day on which the first written ballot is mailed or solicited. Only Members in Good Standing as of the record date shall be entitled to receive written ballots and vote on the proposed action.

(d) Only Members are entitled to receive notice of meetings and only Members in Good Standing are entitled to vote. Members of the Association are limited to Owners as that term is defined in Section 1.28 of the Declaration.

#### **ARTICLE 4 MEETINGS OF MEMBERS**

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4.1 Annual Meeting. The annual meeting of the Members shall be held during the month of April of each year, on a date and at a time and place to be designated by the Board of Directors, upon proper written notice to all of the Members.

4.2 Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors or pursuant to the written request of Members entitled to cast at least five percent (5%) of the Total Voting Power of the Membership.

4.3 Notice of Meetings.

(a) Written notice of each meeting of the Members shall be given by or at the direction of the Secretary or other person authorized to give notice of a meeting. Written notice shall be mailed first class, postage prepaid, or otherwise delivered at least 10 but not more than 90 days before such meeting, to each Member entitled to vote at such meeting, except that in the case of a special meeting called pursuant to a written request of Members, notice of such special meeting shall be mailed or otherwise delivered within 20 days after receipt of such written request by the Board, and the date of such special meeting shall be set by the Board and shall be not sooner than 35 days nor later than 90 days after the date of the Board's receipt of such written request.

(b) Notice of meetings shall be addressed or otherwise delivered 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. Notice of any meeting of Members shall specify the date, hour, and place of the meeting, and the general nature of those matters which the Board intends to present for action by the Members.

(c) With respect to special meetings, only those matters referred to in such notice may be transacted. With respect to regular meetings, and notwithstanding the foregoing, any proper matter may be presented at the meeting for action by the Members, except that if the meeting is actually attended, in person or by proxy, by less than one-third (1/3) of the Total Voting Power of the Association, the Members may act only on matters the general nature of which has been set forth in the notice of such meeting.

4.4 Conduct of Meetings. All meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure, such as Robert's Rules of Order, or such parliamentary procedures as the Association may adopt. A reasonable time limit for all Members to speak at a meeting of the Members shall be established by the Board of Directors.

4.5 Place of Meetings. Annual and special meetings shall be held at a location within the Development, provided that the Board may designate a convenient place located as close as reasonably practicable to the Development.

4.6 Quorum. The presence at any meeting, in person or by proxy, of Members entitled to cast at least one-third (1/3) of the Total Voting Power shall constitute a quorum for the transaction of any business. If, however, such quorum shall not be present or represented at any meeting, the Members otherwise entitled to vote at that meeting shall have the power to adjourn the meeting from time to time, to be reconvened at a subsequent time which is not more than 45 days from the time of the adjourned meeting, without notice other than announcement at the meeting, until a quorum shall be present or represented. Subject to Section 4.3(c), at the continuation of any meeting so adjourned, the presence in person or by proxy of Members entitled to cast at least twenty-five percent (25%) of the Total Voting Power shall constitute a quorum. The quorum requirements of this section shall be subject to Section 6.5(d) and Section 6.6(c) of the Declaration and to any other provisions of the Governing Documents specifically establishing a different quorum requirement.

4.7 Proxies. At all meetings of the Members, each Member may vote in person or by proxy. All proxies shall be in writing and shall be filed with the Secretary. Any duly-executed proxy continues in full force and effect until an instrument revoking it or a duly-executed proxy bearing a later date is filed with the Secretary of the Association. Notwithstanding the preceding, no proxy shall be valid after the expiration of

11 months from the date of its execution. A proxy shall automatically cease upon conveyance by the Member of his or her Lot.

4.8 Form of Proxy. A proxy covering any of the following matters shall not be valid unless it sets forth the general nature of the matter to be voted on:

- (a) removal of any or all directors pursuant to California Corporations Code Section 7222;
- (b) filling a vacancy on the Board created by the removal of a director or to fill a vacancy not filled by the directors pursuant to California Corporations Code Section 7224;
- (c) voting on a transaction involving an interested director pursuant to California Corporations Code Section 7233;
- (d) amending the Articles or the Bylaws to repeal, restrict, create, or expand proxy rights pursuant to California Corporations Code Section 7613(f)(1);
- (e) amending the Articles pursuant to California Corporations Code Section 7812;
- (f) voting on the sale or exchange of all or substantially all of the Association assets pursuant to California Corporations Code Section 7911(a)(2);
- (g) voting on a merger pursuant to California Corporations Code Section 8012;
- (h) voting on amendments to principal terms of a merger agreement pursuant to California Corporations Code Section 8015(a);
- (i) voting to wind up or dissolve the Association as a corporation pursuant to California Corporations Code Section 8610;
- (j) voting on a plan of distribution of Association assets in the event of dissolution pursuant to California Corporations Code Section 8719.

4.9 Vote of the Members. If a quorum is present, in person or by proxy, the affirmative vote of a majority of the voting power so present and voting on any matter (that is, a Simple Majority) shall constitute the act of the Members, unless the approval of a greater number or proportion of Members is required by any provision of the Governing Documents or of law. The Members present at a meeting may continue to transact business until adjournment of the meeting notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken, other than adjournment, is approved by Members entitled to vote at least a majority of the voting power required to constitute a quorum, or by such greater number as required by law or by the Governing Documents.

4.10 Disclosure of Voting Results. For a period of 60 days following the conclusion of a meeting of the Members, the Association shall, upon written request from a Member, inform the Member of the result of any particular vote of the Members taken at such meeting, including the number of memberships voting for, the number of memberships voting against, and the number of memberships abstaining or withheld from voting in a particular vote. If the matter voted on was the election of Directors, the Association shall report the number of memberships cast for each nominee for Director.

4.11 Adjournment. Whether or not a quorum is present, any meeting of Members may be adjourned from time to time to be reconvened at a later time, subject to Section 4.6, by the vote of a majority

of the Members present in person or by proxy at such meeting; however, in the absence of a quorum, no business other than adjournment may be transacted.

#### 4.12 Action Without A Meeting.

(a) Any action which may be taken at a regular or special meeting, including the election of Directors, may be taken without a meeting of the Members if the Association distributes a written ballot to every Member entitled to vote. The determination to seek Member approval for Association actions or the election of Directors through the use of written ballots shall be made solely by the Board.

(b) Written ballots used in the election of Directors and shall set forth the names of all candidates nominated pursuant to Section 6.1(a) of these Bylaws. Written ballots 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. The written ballots shall provide a reasonable time within which to return the written ballot to the Association, which shall be a date not earlier than thirty days after distribution of the written ballot to the Members. The Board shall have the power to extend, at its discretion, the date within which the written ballots must be returned if sufficient responses are not received by the original deadline set for their return.

(c) Approval by written ballot shall be valid only when the number of votes cast equals or exceeds the quorum that would be required if the action were taken at a meeting, and the number of approvals equals or exceeds the number of votes that would be required to approve the action if it were taken at a meeting at which the total number of votes cast was the same as the number of votes cast by written ballot. In the case of elections of Directors, the persons receiving the largest number of votes shall be elected provided that the number of memberships voted equals or exceeds the quorum that would be required if the election were taken at a meeting.

(d) The written ballot solicitation shall identify the number of responses needed to meet the quorum requirement and, with respect to written ballots other than for the election of Directors, the percentage of approvals necessary to pass the measure submitted and shall specify the time by which the written ballot must be received by the Association in order to be counted.

(e) A written ballot, once cast, may not be revoked.

### **ARTICLE 5 BOARD OF DIRECTORS; QUALIFICATIONS; TERM OF OFFICE**

5.1 Number of Directors. The affairs of this Association shall be managed by or under the direction of a board of five Directors.

#### 5.2 Qualification and Disqualification of Directors.

(a) Only Members in Good Standing shall be eligible to be elected to or serve on the Board.

(b) Only one Owner of a particular Lot may serve on the Board at any time.

(c) A person shall be deemed disqualified under the followings circumstances: (i) the person is found by a court of competent jurisdiction to be of unsound mind or has been convicted of a felony; (ii) the person fails within 60 days after receiving notice of election to accept office, either in writing or by attending a meeting of the Board of Directors as a Director; (iii) the person is absent, without an excuse approved by

the Board, from three consecutive meetings of the Board; or (iv) the person ceases to be a Member in Good Standing.

5.3 Election and Term of Office. At each annual meeting of the Members, the Members shall elect five Directors for terms of one year each to replace those Directors whose terms are then expiring. Each Director shall serve until the expiration of his or her term and thereafter until a successor is elected, or until the earlier disqualification, death, resignation, or removal of such Director. Any tie in the number of votes cast for candidates where more than one Director is to be elected shall be decided by random drawing or other method of chance as determined by the Board of Directors.

5.4 Removal. Any Director may be removed from the Board, with or without cause, by the vote of a Simple Majority at a meeting or by written ballot. No amendment to these Bylaws reducing the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.

5.5 Vacancies. A vacancy shall exist on the Board of Directors in the event of the disqualification, death, resignation, or removal of any Director, or if the authorized number of Directors is increased, or if the Members fail to elect the full authorized number of Directors. An amendment to these Bylaws reducing the authorized number of Directors shall not cause removal of a Director prior to the expiration of his or her term. The Board of Directors, by a majority vote of the Directors who meet all of the qualifications for Directors as set forth in Section 5.2, above, may declare vacant the office of any Director who fails or ceases to meet any required qualification that was in effect at the beginning of that Director's current term of office.

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

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

## **ARTICLE 6 NOMINATION AND ELECTION OF DIRECTORS**

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### 6.1 Nomination.

(a) Any Member in Good Standing may place his or her name in nomination for election to the Board of Directors by giving written notice to the President or Secretary of the Association at any time (i) before notice of the election of Directors is given to the Members, or (ii) before the first written ballot is mailed or solicited if the election is to be conducted by written ballot without a meeting pursuant to Section 4.12.

(b) Unless the election of Directors is conducted by written ballot without a meeting pursuant to Section 4.12, nominations of candidates for election to the Board of Directors may be made from the floor

at any meeting of the Members where one or more Directors are to be elected. All such nominations shall be made from among Members in Good Standing.

(c) The names of all persons who have been nominated as candidates for election to the Board of Directors pursuant to Section 6.1(a) at the time the notice of the meeting at which the election is to be conducted is given to the Members shall be set forth in such notice. If the election is to be conducted by written ballot without a meeting pursuant to Section 4.12, the names of all persons who have been nominated as candidates for election to the Board of Directors at the time the first written ballot is mailed or solicited shall be set forth in such written ballot.

6.2 Election. At each election of Directors, the Members in Good Standing or their proxies may cast, in respect to each position on the Board to be filled, one vote for each Lot owned. The persons receiving the largest number of votes shall be elected. The method for voting for Directors shall be as set forth in Section 3.2 of these Bylaws.

## **ARTICLE 7 MEETINGS OF DIRECTORS**

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7.1 Organizational Meetings. Within 30 days after each annual meeting of Members, the Board of Directors shall hold a meeting for the purpose of organization, election of officers, and transaction of other business, as appropriate.

7.2 Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice to the Directors, at a place within the Development, or at a convenient place located as close as reasonably practicable to the Development, and on a day and at a time as fixed from time to time by resolution of the Board, or upon proper notice which conforms to the provisions of Section 7.5 of these Bylaws, at another place, day, and time as set forth in such notice.

7.3 Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association or by any two Directors.

7.4 Emergency Meetings. The President or any two Directors may call an emergency meeting of the Board. An "emergency meeting" is defined as a meeting held to address circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide the notice to Members required by Section 7.6.

7.5 Notice to Directors. Except as otherwise provided in Section 7.2 of these Bylaws, notice of each meeting of the Board shall be communicated to the Directors by first class mail not less than four days prior to the meeting or by (i) personal delivery, (ii) telephone, including a voice Messaging system or other system or technology designed to record and communicate messages, (iii) telegraph, (iv) facsimile, or (v) electronic mail or other electronic means, not less than 48 hours prior to the meeting. In the event of an emergency meeting as provided in Section 7.4, strict adherence to the notice requirements of this section shall not be required provided that a reasonable effort to give notice to each Director shall be made taking into consideration the nature and circumstances of the emergency. Notice of a meeting need not be given to any Director who signed a waiver of notice or a written consent to holding the meeting, or an approval of the minutes thereof, whether before or after the meeting, nor must notice be given to any Director who attends a meeting without protesting, prior thereto or at its commencement, the lack of notice to that Director.

7.6 Notice to Members. Except for emergency meetings as provided for in Section 7.4 and executive sessions as provided for in Section 7.8, at least four days' prior written notice of the day, time, and place of each meeting of the Board of Directors, whether regular or special, shall be given to all Members

by posting it in a prominent place or places within the Common Area and by mail to any Owner who had requested notification of Board meetings by mail at the address requested by the Owner. Notice of Board meetings may also be given by (i) mailing or delivery to each Residence, (ii) by newsletter, or (iii) by other means of communication reasonably designed to provide prior actual notice of such meeting.

7.7 Open Meeting. Regular and special meetings of the Board of Directors shall be open to all Members of the Association, except when the Board meets in executive session pursuant to Section 7.8. A reasonable time limit for all Members to speak to the Board shall be established by the Board.

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

7.9 Telephone Participation. Directors may participate in regular or special Board meetings through the use of conference telephone, electronic video screen communications, or other communications equipment to the extent permitted by law, including, without limitation, California Corporations Code Section 7211(a)(6) provided that, if notice to the Members of the meeting is required pursuant to Section 7.6, at least one Director must be physically present at the noticed location of the Board meeting.

7.10 Quorum. A majority of the number of Directors then in office, but not less than two Directors, shall constitute a quorum for the transaction of business. Every act or decision done or 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. Business may continue to be conducted if any action taken is approved by at least a majority of the Directors required to constitute a quorum notwithstanding the withdrawal of enough directors to leave less than a quorum.

7.11 Minutes of Meetings of Directors.

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

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

(c) Members of the Association shall be notified annually in writing either at the time that the pro forma budget required under California Civil Code Section 1365 is distributed or at the time of any other general mailing to the entire membership of the Association of their right to obtain copies of the minutes of meetings of the Board and how and where those minutes may be obtained.



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

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8.1 Powers. In addition to such other powers as may be expressly set forth in the Governing Documents or provided by law, the Board of Directors shall have the power to:

8.1.1 Rules and Regulations. Adopt, publish, amend, repeal, and enforce Rules and regulations governing the administration, management, operation, use, and occupancy of the Development, including the use of the Common Area and facilities, the personal conduct of the Members and their tenants and guests within the Development, and any other matter which is within the jurisdiction of the Association;

8.1.2 Contracts. Authorize any officer or officers to enter into any contract in the name of, or on behalf of, the Association. Unless expressly authorized by resolution of the Board, no officer shall have any power or authority to bind the Association or to render the Association liable for any purpose or on any account. No contract with any person or entity to supply or furnish the Association with goods or services shall be for a term in excess of three years, except upon the prior affirmative vote or written consent of a Simple Majority;

8.1.3 Determination of Good Standing. Determine, after notice to the Member and an opportunity for a hearing by the Board, that a Member is not a Member in Good Standing during any period in which the Member is in default in the payment of any assessment, fine, or other charge levied by the Board or is in violation of any provision of the Governing Documents. However, a Member shall not be denied any privileges of membership except upon an explicit finding by the Board of Directors, after notice and an opportunity for a hearing, that a Member is not a Member in Good Standing for specified reasons. A Member found by the Board to be not a Member in Good Standing shall be deemed to continue in that status until the Board shall make a determination, either upon the Board's own initiative or upon the request of the Member, that such Member is, once again, a Member in Good Standing of the Association;

8.1.4 Sanctions; Hearings; Continuing Violations. Impose any or all of the following sanctions, and conduct hearings, as indicated below:

- (a) Establish and impose fines, which shall be Enforcement Assessments as provided in Section 6.8 of the Declaration, for the infraction of any provision of the Governing Documents in accordance with a schedule of fines adopted by the Board and distributed to all Members. Such fines shall not exceed (i) one hundred dollars for each violation, and (ii) in the case of a continuing violation as discussed below, twenty dollars per day for the period that the violation continues.
- (b) Suspend the voting or other membership rights and privileges of a Member, including the right to use the recreational facilities (i) during any period in which such Member shall be in default in the payment of any Assessment, fine or other charge levied by the Association, and (ii) for any infraction of the Governing Documents.
- (c) Except as provided in Section 10.7 of the Declaration and Section 8.1.4(e) below, before any discipline is imposed upon a Member, the Board shall hold a meeting to consider the matter.
- (d) At least ten days prior to any Board meeting where the imposition of discipline upon a Member is to be considered, the Board shall provide written notice of the meeting to the Member by either personal delivery or first-class mail. The notice shall contain at least (i) the date, time and place of the meeting, (ii) the nature of the

alleged violation for which the Member may be disciplined, and (iii) a statement that the Member has a right to attend the meeting and may address the Board at the meeting.

- (e) When corrective action is taken in emergency situations as specified in Section 10.7 of the Declaration:
  - (i) The Board may act on its own initiative to schedule a hearing.
  - (ii) If the Board has not scheduled a hearing and the disciplined Member desires a hearing, the Member's written request therefor shall be delivered to the Association no later than ten days following the date when the notice of the Board's disciplinary action is transmitted to the Member. The hearing shall be held within 30 days following the receipt by the Board of the Member's request for a hearing.
  - (iii) If a hearing is scheduled or requested, any discipline already imposed shall be held in abeyance and shall become effective only if affirmed at the hearing.
  - (iv) Notification of all hearings shall be made in accordance with Section 8.1.4(d).
- (f) In the case of a continuing violation, the Board may deem such continuing violation to constitute two or more separate and distinct violations of the same Governing Document provision and may impose separate and successive sanctions for each such violation. However, the Board shall not impose a separate sanction for violation of the same provision more frequently than once per day.
- (g) If the Board imposes discipline upon a Member, the Board shall provide the Member with written notification of the disciplinary action, by either personal delivery or first-class mail, within 15 days following the action.

8.1.5 Manager. Engage the services of a manager or management company as either an employee or an independent contractor, and engage such other employees or independent contractors as the Board may deem necessary, and to prescribe their duties;

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

8.1.7 Investment of Reserve Funds. Invest Association reserve funds in prudent investments subject to the provisions of Section 8.2.5 of these Bylaws;

8.1.8 Entry for Repairs. Enter any Lot, whenever such entry is necessary, in the Board's sole discretion, in connection with the performance of any maintenance, repair, construction, or replacement for which the Association is responsible or which it is authorized to perform, including without limitation the authorization provided in Section 8.6 of the Declaration. Although under no obligation to do so, the Board, in its complete and sole discretion, may enter or may authorize the Association's agents to enter any Lot to effect emergency repairs where such repairs are necessary for safety reasons or to prevent or discontinue damage to the entered Lot, any other Lot or the Common Area. Such entry shall be made with as little

inconvenience to the Residents as practicable and only upon reasonable advance written notice of not less than 24 hours, except in emergency situations;

8.1.9 Property Taxes. Pay all real property taxes and assessments levied upon any property within the Development to the extent not separately assessed to the Owners. Such taxes and assessments may be contested or compromised by the Association provided that any such taxes are paid or that a bond insuring the payment is posted;

8.1.10 Mergers. To the extent permitted by law, participate in mergers and consolidations with other nonprofit organizations organized for the same purposes as this Association subject to Section 5.14 of the Declaration;

8.1.11 Association Property. Subject to the provisions of the Declaration, including any required approval of Members, acquire, own, hold, convey, transfer, dedicate, or otherwise dispose of real or personal property consistent with the purposes and powers of the Association and the management, administration, and operation of the Development or the business and affairs of the Association, and grant and convey easements, licenses, and rights of way in, over, upon, or under the Common Area;

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

8.1.13 Bank Accounts. Open bank accounts and designate signatories upon such bank accounts, subject to any restrictions set forth in the Governing Documents;

8.1.14 Borrowing. Borrow money in the name of the Association as provided in Sections 5.11 and 5.12 of the Declaration; and

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

8.1.16 Limitation of Powers. The powers of the Board shall be subject to the limitations set forth in the Governing Documents, including, without limitation, those contained in Article 5 of the Declaration.

8.2 Duties. It shall be the duty of the Board of Directors to:

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

8.2.2 Pro Forma Budget. Prepare and distribute to the Members annually, not less than 45 days nor more than 60 days prior to the beginning of each fiscal year, as defined in Section 11.4, a pro forma operating budget which shall include all of the following:

- (a) An estimate of the Association's revenue and expenses for such fiscal year on an accrual basis;
- (b) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to law, which summary shall be printed in bold type and shall include all of the following:
  - (i) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component the Association is obligated to maintain, restore, repair, or replace;
  - (ii) A current estimate, as of the end of the fiscal year for which the study is prepared, of the amount of cash reserves necessary to maintain, restore, repair, or replace such major components;
  - (iii) The current amount, as of the end of the fiscal year for which the study is prepared, of accumulated cash reserves actually set aside to maintain, restore, repair, or replace such major components;
  - (iv) The percentage of the amount of cash reserves necessary [per Subparagraph (ii)] that is represented by the amount of cash reserves actually set aside [per Subparagraph (iii)];
  - (v) A statement as to whether the Board of Directors has determined or anticipates that the levy of one or more special assessments will be required to restore, repair, or replace any of the major components or to provide adequate reserves therefor; and
  - (vi) A general statement setting forth the procedures used for the calculation and establishment of reserves to defray the future cost of repair, replacement, or additions to those major components that the Association is obligated to maintain, restore, repair, or replace.

In lieu of the distribution of the pro forma operating budget, the Board may distribute a summary of such budget to all Members together with a written notice that the budget is available at the office of the Association or at another suitable location within the boundaries of the Development and that copies will be provided to a Member upon a Member's request and at the expense of the Association. If any Member so requests, the Association shall provide a copy of the pro forma operating budget to such Member by United States mail first-class postage prepaid, and such copy shall be mailed within five (5) days of such request. The written notice that is distributed to each Association Member as set forth herein shall be set forth in at least 10-point bold type on the front page of the summary of the budget.

8.2.3 Reserve Study. Cause to be conducted, at least once every three years, 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 as part of a study of the reserve account

requirements of the Development if the current replacement value of such major components is equal to or greater than one-half of the gross budget of the Association for the fiscal year, excluding the Association's reserve account for that year. The Board shall review the reserve 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 reserve study required by this section shall include the minimum requirements specified in California Civil Code Section 1365.5 or comparable successor statute.

8.2.4 Reserve Funds. Not expend funds designated as reserve funds for any purpose other than the maintenance, restoration, repair, or replacement of, or litigation involving the maintenance, restoration, repair, or replacement of, major components which the Association is obligated to maintain, restore, repair, or replace and for which the reserve fund was established; provided, however, that the Board may authorize a 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 the Board has made 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, and provided, further, that any such transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except as otherwise expressly provided by law. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account;

8.2.5 Investment of Reserve Funds. Manage and invest Association reserve funds in a prudent manner designed to achieve the primary objective of preserving principal while realizing a reasonable return and to assure the availability of funds as they are needed based upon the most recent reserve fund study obtained by the Board as provided in these Bylaws and by law;

8.2.6 Review of Accounts. Review the Association's operating and reserve accounts at least in accordance with the following minimum requirements:

- (a) Review a current reconciliation of the Association's operating accounts on at least a quarterly basis;
- (b) Review a current reconciliation of the Association's reserve accounts on at least a quarterly basis;
- (c) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget;
- (d) Review the latest account statements prepared by the financial institutions where the Association keeps its operating and reserve accounts; and
- (e) Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

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

8.2.7 Annual Financial Statements.

- (a) Cause an annual report to be prepared not later than 120 days after the close of the Association's fiscal year. Such annual report shall contain in appropriate detail (i)

a balance sheet as of the end of the fiscal year, (ii) an income statement for such fiscal year, (iii) a statement of changes in financial position for such fiscal year, (iv) a statement of the place where the names and addresses of the current Members are located, and (v) any information required by California Corporations Code Section 8322.

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

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

- (b) For any fiscal year in which the gross income to the Association exceeds \$75,000.00, distribute to all Members of the Association within 120 days after the close of such fiscal year a review of the financial statements of the Association prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy;

8.2.8 Notification Regarding Insurance Coverage. In accordance with California Civil Code Section 1365, within 60 days preceding the beginning of the Association's fiscal year, prepare and distribute to all Members a summary of the Association's property, general liability, and earthquake and flood insurance policies, if any. The summary shall include the name of the insurer, the type of insurance, the policy limits of the insurance, and the amount of deductibles, if any. The Association's disclosure obligations may be satisfied by distributing to the Members a copy of the insurance policy declaration page, so long as that page presents the information specified in the preceding sentence. As soon as reasonably practicable, the Association shall notify the Members by first-class mail if any of the policies described above have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible for any of those policies. If the Association receives any notice of nonrenewal of a policy described above, the Association shall immediately notify the Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

The summary distributed pursuant to this section shall contain, 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 subdivision (e) of Section 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 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.*

8.2.9 Annual Notifications to Members. Distribute to the Members annually:

- (a) statement describing the Association's policies and practices in enforcing lien rights and other legal remedies for default in payment of assessments as required by California Civil Code Section 1365(d);
- (b) a summary of the statutory provisions relating to employing alternative dispute resolution procedures in certain matters related to enforcement of the governing documents which specifically references California Civil Code Section 1354 and which includes the language required by California Civil Code Section 1354(i); the summary shall be provided either at the time the budget required by Section 8.2.2 of these Bylaws is distributed or in the manner specified in California Corporations Code Section 5016;
- (c) a copy of the procedures applicable to imposition of a fine or other monetary penalty, suspension of a Member's rights and privileges, or other sanctions, pursuant to California Civil Code Section 1363(g);
- (d) a notice and statement concerning the insurance carried by the Association as required by Section 8.2.8 of these Bylaws and California Civil Code Section 1365(e);
- (e) a pro forma operating budget as required by Section 8.2.2 of these Bylaws and California Civil Code Section 1365(a); and
- (f) a statement explaining the Members' right to obtain copies of minutes of meetings of the Board as required by Section 7.11 of these Bylaws and by California Civil Code Section 1363.05(e);

8.2.10 Supervision. Supervise all officers, agents, and employees of the Association, and see that their duties are properly performed;

8.2.11 Notice of Assessments. As more fully provided in the Declaration, (i) send written notice to each Owner in advance of each fiscal year of the regular assessment levied against his or her Lot for that fiscal year; and (ii) collect assessments levied by the Association by foreclosing the lien against any property for which assessments are not paid as required in the Declaration and/or by bringing an action at law against the Owner personally obligated to pay the same;

8.2.12 Certificate of Payment of Assessments. Issue, or cause an appropriate officer to issue, upon demand by any proper person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

8.2.13 Insurance. To the extent they are available at a reasonable premium cost, obtain and maintain in force policies of insurance, and the Board shall have powers and obligations with respect to insurance, as follows:

- (a) The Association shall obtain and maintain a policy or policies of special form insurance coverage for the full insurable replacement value of all of the Improvements within the Development including, without limitation, the Residences and all other Improvements located on the Common Area and on the Lots. The

Board shall have the sole and complete discretion to select a deductible amount and to provide for the exclusion from coverage of interior improvements such as wall and floor coverings and other similar items.

- (b) The Association shall obtain and maintain a policy or policies of flood hazard insurance covering the Residences and other Improvements within the Development in the maximum amount available (but not to exceed 100% of the cost of replacement) in the event that the area in which the Development is located is designated by the Federal Emergency Management Agency as an area having special flood hazard.
- (c) The Association shall obtain and maintain a policy of or policies of commercial general liability insurance with coverage levels as determined in the discretion of the Board. Such policy or policies shall be written on an occurrence policy form.
- (d) The Association shall obtain and maintain workers' compensation insurance to the extent necessary to comply with any applicable laws.
- (e) The Association shall obtain and maintain directors and officers liability insurance with coverage levels as determined in the discretion of the Board.
- (f) The Association shall have the power, but not the obligation, to obtain and maintain a fidelity bond or insurance coverage covering loss or theft of Association funds in an amount determined in the complete discretion of the Board. The decision to purchase such bond or insurance coverage, and the selection of bonds, policies and coverage amounts, shall be in the sole and complete discretion of the Board.
- (g) The Association shall have the power, but not the obligation, to obtain and maintain earthquake insurance covering all or any portion of the Development. The decision to purchase such insurance coverage, and the selection of policies and coverage amounts, shall be in the sole and complete discretion of the Board.
- (h) The Association shall have the power to obtain and maintain any other insurance that the Board, in its discretion, deems necessary or prudent.
- (i) Should the Association, despite the Board's reasonable efforts to do so, be unable to obtain insurance coverage meeting all of the specifications set forth in Section 8.2.13, it shall observe such specifications as closely as possible. Where forms of coverage or insuring agreements specified in Section 8.2.13 are unavailable, the Board shall substitute available forms of coverage and insuring agreements which in its judgment are the nearest equivalent to those specified. As stated above, the Association's obligations under this Section 8.2.13(i) shall be subject to the availability of insurance policies at a reasonable premium cost.
- (j) Each Owner shall be deemed to appoint the Association as his or her attorney-in-fact to act with respect to all matters concerning the insurance policies obtained by the Association. Without limiting the generality of the foregoing, the Association as such attorney-in-fact shall have full power and authority to compromise and settle claims and execute releases on behalf of the Owners. Any insurer may deal exclusively with the Association with respect to such insurance policies and any claims thereunder.



- (k) The premiums for any insurance obtained by the Association shall be a common expense of the Association and shall be paid for out of the operating fund of the Association. However, the amount of any deductible relating to any claim covered by insurance obtained by the Association shall be borne by the Owner or Owners of any property affected by any loss covered by such insurance.
- (l) Except as provided in this section, the Association is under no obligation to provide insurance coverage. In accordance with Section 8.2.8, each Member is strongly advised to consult with his or her insurance advisor to ensure that such Member has purchased and is maintaining adequate and appropriate insurance coverage.

8.2.14 Enforcement of Governing Documents. Enforce the provisions of the Governing Documents, as more particularly set forth in the Declaration, and perform all acts required of the Board under the Governing Documents or required by law.

## **ARTICLE 9 OFFICERS AND THEIR DUTIES**

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

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

9.3 Term. The officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year, unless he or she shall sooner resign, be removed by the Board, or otherwise 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, with or without cause, by the Board. 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/she replaces, subject to the Board's right to remove an officer.

9.7 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 9.4 of this article.

9.8 President. The President shall be the chief executive officer of the Association and shall, subject to control of the Board of Directors, have general supervision, direction, and control of the affairs and the other officers and the employees and agents of the Association. The President shall preside at all meetings

of the Members and at all meetings of the Board of Directors, shall have the general powers and duties of management usually vested in the office of the President of an Association, and shall have such other powers and duties as may be prescribed by the Board of Directors and the Bylaws, subject, however, to any limitations contained in the Declaration.

9.9 Vice-President. 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 of the powers of, and be subject to all of the restrictions upon, the President. The Vice-President shall have such other powers and perform such other duties as, from time to time, may be prescribed by the Board of Directors.

9.10 Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may prescribe, a book of minutes of all meetings of Directors, Members, and Committees of the Board setting forth the time and place of holding of such meetings; whether regular or special, and if special, how authorized; the notice thereof given; the names of those present at meetings of the Board or of Committees of the Board; the number of memberships and votes present or represented at Members meetings; and all the proceedings thereof. The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board of Directors required by the Bylaws or by law to be given and shall maintain a proper record of the giving of such notice, and shall keep the books, records, and documents of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

9.11 Treasurer. The Treasurer shall be responsible for the receipt and deposit in appropriate accounts of all monies of the Association and shall cause disbursement of such funds as directed by resolution of the Board of Directors; may sign all checks and promissory notes of the Association; shall cause to be kept proper books of account; shall cause an annual review of the Association's books and financial statements to be made by a public accountant at the completion of any fiscal year for which such review is required by law or as determined by the Board; shall assist the Board in preparation of an annual budget and a statement of income and expenditures to be presented to the Members of the Association as provided by law; and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

## **ARTICLE 10 COMMITTEES**

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10.1 Committees of the Board. Any "Committee of the Board" (that is, a committee consisting only of Directors, as referred to in California Corporations Code Section 7212) shall consist of at least two Directors and shall have such powers and duties as the Board shall determine, subject to the limitations of California Corporations Code Section 7212.

10.2 Working Committees. The Board may appoint working committees consisting of at least one person who is not a Director. Directors may be members of committees created pursuant to this section provided that fewer than a majority of Directors then in office serve on any one such committee. Such committees shall not be required to keep minutes but shall report on their activities to the Board from time to time as directed by the Board and shall operate under the supervision of and at the direction of the Board. No working committee shall have the authority to enter into contracts or otherwise act on behalf of the Association. The Board of Directors shall have the right at any time, in its complete discretion, to disband any working committee or remove any member thereof.

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

## **ARTICLE 11 BOOKS, RECORDS AND FUNDS**

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11.1 **Record Keeping.** The accounting books and records of the Association and the minute books of proceedings of the Members, the Board, and Committees of the Board shall, upon written request and during reasonable hours, be subject to inspection by any Member for any purpose, specified in writing, which is reasonably related to such Member's interest as a Member of the Association. The Governing Documents shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost. The Board may adopt and publish reasonable rules and regulations establishing procedures relating to a Member's inspection and obtaining copies of Association records.

11.2 **Checks, Drafts, and Evidences of Indebtedness.** All checks, drafts, or other orders for payment of money and all notes or other evidences of indebtedness, issued in the name of the Association shall be signed by (i) any two Directors, (ii) any two officers of the Association, (iii) any officer of the Association and any Director, or (iv) in any other manner specified by the Board of Directors; provided, however, that the signatures of at least two persons who shall be members of the Board of Directors or one member of the Board of Directors and one officer who is not a member of the Board of Directors shall be required for the withdrawal of funds from the Association's reserve account.

11.3 **Funds and Deposits.** Any funds of the Association shall be deposited to the credit of the Association in such banks or other depositories as the Board of Directors shall, from time to time, determine.

11.4 **Fiscal Year.** The fiscal year of the Association shall run from January 1 through December 31 of each year unless otherwise determined by resolution of the Board of Directors.

## **ARTICLE 12 AMENDMENTS**

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These Bylaws may be amended by the affirmative vote or written consent of at least a Simple Majority.

## **ARTICLE 13 MISCELLANEOUS**

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

**CERTIFICATE OF AMENDMENT**

I hereby certify that:

- A. I am the Secretary of the Stanford Park Homeowners Association.
- B. The foregoing Restated Bylaws of Stanford Park Homeowners Association, consisting of 20 pages, were duly approved by the required vote of the members of the Stanford Park Homeowners Association. The voting period ended on January 31, 2004.
- C. The foregoing Restated Bylaws now constitute the bylaws of the Stanford Park Homeowners Association.

Executed \_\_\_\_\_, 2004.

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Jean Holmes, Secretary