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AMENDED BYLAWS OF BANCROFT VILLAGE HOMEOWNERS ASSOCIATION

ARTICLE 1 NAME AND LOCATION

The name of the corporation is BANCROFT VILLAGE HOMEOWNERS ASSOCIATION, which is hereinafter referred to as the "Association." The principal office of the Association shall be located in Contra Costa 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

All capitalized terms that are not defined in these Bylaws shall have the meanings ascribed to them in the Declaration unless the context clearly requires otherwise.

- 2.1 Articles. "Articles" shall mean the Articles of Incorporation of Bancroft Village Homeowners Association, as they may be amended from time to time, and as filed with the Office of the Secretary of State of California.
- 2.2 Assessments. "Assessments," "Annual Assessments," "Special Assessments," "Reimbursement Assessments," and "Enforcement Assessments" shall have the meanings defined for those terms in the Declaration.
- 2.3 Association. "Association" shall mean Bancroft Village Homeowners Association, its successors and assigns.
- 2.4 Board of Directors. "Board of Directors" or "Board" shall mean the governing body of the Association.

- 2.5 Bylaws. "Bylaws" shall mean the Bylaws of the Association as they shall be adopted by the Board of Directors and Members and any duly-adopted amendments thereof.
- 2.6 Committee of the Board. "Committee of the Board shall mean a committee consisting only of directors, as described in *Corporations Code* section 7212.
- 2.7 Common Area. "Common Area" consists of the land owned by the Association. It includes those facilities generally available to Owners and Residents, such as certain streets, walkways, landscaped areas and recreational facilities. "Common Area" is more particularly described in the Declaration.
- 2.8 Contract Purchaser/Contract Seller. "Contract Purchaser" and "Contract Seller" shall mean the purchaser and the seller, respectively, under an installment land contract in which title to the property is transferred after the final installment payment is made.
- 2.9 Declaration. "Declaration" shall mean the Amended and Restated Declaration of Covenants, Conditions and Restrictions of Bancroft Village Homeowners Association, recorded in the Office of the County Recorder of Contra Costa County, California, and any duly recorded amendments thereof.
- 2.10 Development. "Development" shall mean all the real property described in the Declaration comprising the Bancroft Village Homeowners Association planned development, including such additions thereto as may hereafter be brought within the jurisdiction of the Association.
- 2.11 Governing Documents. "Governing Documents" shall mean the Articles, Bylaws, Declaration, and Rules, and the policies and resolutions adopted by the Board and distributed to the Members.
- 2.12 Lot. "Lot" shall mean any plot of land shown upon any Subdivision Map including any Residence and other structures located thereon, with the exception of the Common Area.
- 2.13 Member. "Member" shall mean an Owner.
- 2.14 Member in Good Standing. "Member in Good Standing" shall mean a Member of the Association who is current in the payment of all Assessments and other charges imposed in accordance with

the Governing Documents, and who is in compliance with all of the provisions of the Governing Documents.

- 2.15 Owner. "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Development, including Contract Sellers, but excluding Contract Purchasers and excluding those persons having such interest merely as security for the performance of an obligation.
- 2.16 Proxy. "Proxy" shall mean a written authorization signed by a Member or a Member's attorney in fact giving another person or persons power to vote for such Member, as provided in *Corporations Code* section 5069.
- 2.17 Residence. "Residence" shall mean a residential structure located upon a Lot which is designed for human residential use and occupancy.
- 2.18 Resident. "Resident" shall mean any person who resides on a Lot within the Development whether or not such person is an Owner as defined in Section 2.15 above.
- 2.19 Rules. "Rules" shall mean the policies, 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, members of their household, their pets, their tenants, and their guests within the Development, enforcement of the Governing Documents, and any other matter which is within the jurisdiction of the Association as adopted, published, or amended by the Board from time to time and subject to applicable law including *Civil Code* section 1357.100 *et seq.*
- 2.20 Simple Majority. "Simple Majority" shall mean (i) a majority of the votes cast at a meeting at which a quorum is present or (ii) a majority of the votes cast by secret ballot in conformity with *Civil Code* section 1363.03 or by written ballot without a meeting in conformity with *Corporations Code* section 7513, in which the number of votes cast equals or exceeds the number required to establish a quorum.
- 2.21 Total Voting Power. "Total Voting Power" shall mean the total number of votes of all Members entitled to vote at a particular time, calculated on the basis of one vote for each Lot, excluding

any Lots as to which an Owner is not then a Member in Good Standing.

ARTICLE 3 MEMBERSHIP AND VOTING

- 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 Rights. 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, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Lot, 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.
- 3.3 Delegation of Membership Rights. A Member may delegate rights and privileges of membership as provided in Section 3.4 of the Declaration.
- 3.4 Record Date for Notice. As provided in *Corporations Code* section 7611(a), the Board may fix a date not more than ninety (90) days and not less than ten (10) days preceding the date of any meeting of the Members as a record date for determining the Members entitled to notice of such meeting. If the Board sets a record date for notice, only those persons or entities identified as Members in the records of the Association on the date so fixed shall be

entitled to notice of such meeting. If no record date for notice is fixed by the Board, Members at the close of business on the business day preceding the day in which notice is given are entitled to notice of a meeting of Members.

- 3.5 Record Date for Voting. As provided in *Corporations Code* section 7611(b), the Board may fix a date not more than sixty (60) days before the date of any meeting of Members as the record date for determining Members entitled to vote and only Members in Good Standing as of the record date for voting shall be entitled to vote at such meeting. If no record date for voting is set by the Board, Members in Good Standing on the day of the meeting shall be entitled to vote at such meeting.

ARTICLE 4 MEETINGS OF MEMBERS

- 4.1 Annual Meeting. As required pursuant to *Corporations Code* section 7510(b), an Annual Meeting of the Members for the purpose of electing directors shall be held during the month of November 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 and, as provided in *Corporations Code* section 7510(e), shall be called upon receipt by the Board of a written request of Members entitled to cast at least five percent (5%) of the Total Voting Power.
- 4.3 Notice of Member Meetings. Notice of Member Meetings. Written notice of each meeting of the Members shall be given by or at the direction of the Secretary or other person authorized to call a meeting.
- 4.3.1 Delivery of Meeting Notice. Notices of member meetings may be given personally, by electronic transmission (fax or email), by mail, or by other means of written communication. The written notice shall be addressed or otherwise delivered to the Member's address last appearing on the books of the Association or supplied by the Member to the Association for the purpose of notice.

4.3.2 Content of Meeting 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.

4.3.3 Time for Sending Meeting Notice. Except for special meetings called pursuant to a written request of Members, written notices of Member meetings must be sent at least ten (10) days but not more than ninety (90) days before such meeting, to each Member entitled to vote at such meeting, except that if the notice is mailed and it is not mailed by first-class, registered, or certified mail, it must be mailed at least twenty (20) days before the meeting.

4.3.4 Electronic Transmission of Meeting Notice. Notices sent by electronic transmission must comply with *Corporations Code* section 20, *Corporations Code* section 7511(b)(1) and (2), and 15 United States Code section 7001(c)(1) which require, among other things, that the Member consent to receiving notice by electronic transmission.

4.3.5 Special Timing for Certain Meetings Called by Members. In the case of a special meeting called pursuant to a written request of Members, notice of such special meeting must be sent within twenty (20) days after receipt of such written request by the Board, and the date of such special meeting shall be set by the Board and shall be not sooner than thirty-five (35) days and not later than ninety (90) days after the date of the Board's receipt of such written request.

4.4 Conduct of Meetings. All meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure 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. Electronic participation in a meeting of the Members (such as by means of fax, email, videoscreen communication, or other technology) shall not be permitted unless authorized by the Board and then only in strict compliance with applicable law, including but not limited to *Corporations Code* sections 21, 21, 7510, and 7511.

4.5 Place of Meetings. Annual and special meetings of the Members shall be held at a location within the Development, provided that

the Board may designate, by resolution, 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 the votes of at least fifty-one percent (51%) of the Total Voting Power shall constitute a quorum for the transaction of any business, except as otherwise provided in the Governing Documents.
- 4.7 Adjourning Member Meetings; Reduced Quorum. If a quorum shall not be present or represented at any meeting, the Members otherwise entitled to vote at that meeting shall have power to adjourn the meeting from time to time, to be reconvened on a date not less than ten (10) days and not more than forty five (45) days after the date of the adjourned meeting, without notice other than announcement at the meeting, until a quorum shall be present or represented. At the continuation of any meeting so adjourned the presence in person or by proxy of Members entitled to cast at least thirty-five percent (35%) of the Total Voting Power of the Association shall constitute a quorum.
- 4.8 Proxies Are Permitted. At all meetings of the Members, each Member may vote in person or by proxy.
- 4.9 Form of Proxies. All proxies must be in writing, must be signed and dated by the Member, and must be filed with the Secretary. Every proxy shall be revocable, and no proxy shall be valid after the expiration of eleven (11) months from the date of its execution.
- 4.10 Revocation of Proxies. A proxy remains in effect until it expires or is revoked. A proxy is automatically revoked upon conveyance by the Member of his or her Lot. A proxy is not revoked by the death or incapacity of the Member unless, before the vote is counted, written notice of the death or incapacity is received by the Association. A Member can revoke a proxy by notifying the Association in writing that the proxy is revoked, or by executing a subsequent (later dated) proxy which is presented to the meeting, or (as to a particular meeting) by the Member attending the meeting and voting in person.
- 4.11 Proxies for Certain Matters. As provided in *Corporations Code* section 7613(g), 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 *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 *Corporations Code* section 7224;
- (c) voting on a transaction involving an interested director pursuant to *Corporations Code* section 7233;
- (d) amending the Articles of Incorporation or the Bylaws to repeal, restrict, create, or expand proxy rights pursuant to *Corporations Code* section 7613(f)(1);
- (e) amending the Articles of Incorporation pursuant to *Corporations Code* section 7812;
- (f) voting on the sale or exchange of all or substantially all of the Association assets pursuant to *Corporations Code* section 7911(a)(2);
- (g) voting on a merger pursuant to *Corporations Code* section 8012;
- (h) voting on amendments to principal terms of a merger agreement pursuant to *Corporations Code* section 8015(a);
- (i) voting to wind up or dissolve the Association as a corporation pursuant to *Corporations Code* section 8610; and
- (j) voting on a plan of distribution of Association assets in the event of dissolution pursuant to *Corporations Code* section 8719.

4.12 Instructions on Proxies. To the extent required pursuant to *Civil Code* section 1363.03(d), any instructions in a proxy directing how the proxy holder is to vote shall be set forth on a separate sheet that can be detached from the proxy and be retained by the proxy holder. To the extent required pursuant to *Corporations Code* section 7514(a), any form of proxy distributed to (ten) 10 or more Members shall: (i) afford an opportunity on the proxy to specify a choice between approval and disapproval of each matter or group of matters intended, at the time the proxy is distributed, to be acted upon at the meeting for which the proxy

is solicited and (ii) provide, subject to reasonable specified conditions, that where a choice is specified the vote shall be cast in accordance with that choice.

- 4.13 Voting by Members. A vote of the Members may be conducted (i) at a meeting of the Members, except to the extent restricted by *Civil Code* section 1363.03, (ii) by "secret ballot" to the extent required by *Civil Code* section 1363.03, or (iii) by action without a meeting to the extent otherwise permitted pursuant to *Corporations Code* section 7513.
- 4.14 Voting at Meetings. If a quorum is present in person or by proxy at a meeting of the Members, 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 vote at any meeting of Members may be by show of hands, voice vote or by ballot; provided, however, that the vote on any matter at a meeting shall be by ballot if a demand therefor is made by a Member at any election before the voting commences. Ballots provided at a meeting shall permit the Members to vote without disclosing their identity on the ballot.
- 4.15 Results of Membership Vote. To the extent required by *Corporations Code* section 8325, for a period of sixty (60) days following the conclusion of an annual, regular, or special meeting of Members, a Member shall, upon written request, be informed forthwith of the result of any particular vote of the Members taken at the meeting, including the number of memberships voting for, the number of memberships voting against, and the number of memberships abstaining or withheld from voting. If the matter voted on was the election of directors, the Association shall report the number of votes cast for each nominee for director.
- 4.16 Voting by "Secret Ballot" on Certain Matters. To the extent required by *Civil Code* section 1363.03, a vote on the Members regarding the following matters must be conducted by "secret ballot" in accordance with *Civil Code* section 1363.03: (i) Member votes on Assessments, (ii) election of Directors, (iii) Member votes on amendments to the governing documents, and (iv) Member votes on granting exclusive use of common area to any Member pursuant to *Civil Code* section 1363.07. To the extent required by statute, the Board shall adopt Rules in conformity with the provisions of *Civil Code* section 1363.03.

4.17 Action Without A Meeting. To the extent permitted pursuant to *Corporations Code* section 7513, any action which may be taken at a regular or special meeting of the Members may be taken without a meeting of Members, if the Association distributes a written ballot in compliance with *Corporations Code* section 7513, to every Member entitled to vote.

4.17.1 Form of Written Ballot. A written ballot shall set forth the proposed action and provide an opportunity to specify approval or disapproval of any proposal. The written ballot or ballot solicitation shall identify both the number of responses needed to meet the quorum requirement and the percentage and/or number of approvals necessary to pass the measure submitted and shall specify the time by which the ballot must be received by the Association in order to be counted. The written ballot shall provide a reasonable time within which to return the ballot to the Association, which shall be a date not earlier than thirty (30) days after distribution of the written ballot to the Members.

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

ARTICLE 5 BOARD OF DIRECTORS; SELECTION; 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 Directors. The authorized numbers of Directors shall be seven (7).

5.2 Qualification of Directors. Only persons who satisfy the following qualifications shall be eligible to be elected to or serve on the Board: (i) is a Member in Good Standing, (ii) has not been found by a court of competent jurisdiction to be of unsound mind, and (iii) has not been convicted of a felony. Only one (1) Owner of a particular Lot may serve on the Board at any time.

- 5.3 Nomination. Any Member who satisfies the qualifications set forth in Section 5.2 may place his or her name in nomination for election to the Board of Directors by giving notice to the President or the Secretary of the Association no later than the deadline for nominations set by the Board. Nominations of candidates for election to the Board may also be made by a Nominating Committee appointed by the Board.
- 5.4 Deadline for Nominations. The deadline for nominations shall be set by the Board and shall be at least thirty (30) days prior to the date of the annual election of Directors. The date and time of the deadline for nominations shall be published to the Members at least 45 days in advance of the deadline in an Association newsletter, or if there is no newsletter (i) by posting a notice in one or more prominent places within the Common Area, (ii) by mailing or delivering a notice to each Lot, or (iii) by other means reasonably designed to provide actual notice of the deadline to the Members.
- 5.5 Notice of Known Candidate Names. The names of all persons known by the Board to be candidates for election shall be set forth in the notice of election.
- 5.6 Voting for Directors. Voting for Directors shall be conducted by secret ballot as provided in Section 4.16 of these Bylaws. At each election of Directors, the Members in Good Standing or their proxy holders may cast, in respect of 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. Cumulative voting shall not be permitted.
- 5.7 Election by Acclamation. If, as of the published deadline for nominations for a particular election of Directors, the number of people nominated is not more than the number of Directors to be elected, then the persons nominated and qualified to be elected shall be declared elected and written notice of the election shall be given to the Members.
- 5.8 Term of Office. At each election of Directors, the Members shall, in successive years, elect two (2) Directors, two (2) Directors, and three (3) Directors, respectively, for terms of three (3) years each to support the "2-2-3 scheme of elections." 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.

- 5.9 Removal of Directors by the Members. Any Director may be removed from the Board, with or without cause, by the vote of a Simple Majority of the Members at a meeting or by written ballot. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.
- 5.10 Vacancies; Disqualification of Directors. A vacancy shall exist on the Board of Directors in the event of the disqualification, death, resignation, or removal of any Director by the Members, or if the authorized number of Directors is increased, or if the Members fail to elect the full authorized number of Directors. 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. In addition, the Board, by vote of a majority of a quorum, may declare vacant the office of any Director who: (i) fails within sixty (60) days after receiving notice of election to accept office either in writing or by attending a meeting of the Board as a Director, or (ii) is absent from three (3) consecutive meetings of the Board.
- 5.11 Filling Vacancies. Any vacancy occurring on the Board of Directors, except a vacancy created by the removal of a Director by the Members, may be filled by approval of the Board of Directors, 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 and only the Members may fill a vacancy created by removal of a Director. If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board, including the resigning Director, may choose or, if the Board fails to act, the Members may elect, a successor to take office when the resignation becomes effective.
- 5.12 No Compensation for Directors. 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

MEETINGS OF DIRECTORS

- 6.1 Organizational Meetings. Within thirty (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.
- 6.2 Regular Meetings of the Board. Regular meetings of the Board of Directors shall be held monthly without notice to the Directors, at a place within 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 Sections 6.4 and 6.5 of these Bylaws, at another place, day, and time as set forth in such notice. Should the date for any 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. In the event the Board should determine that the business to be transacted by the Board does not reasonably justify monthly meetings, then regular meetings of the Board shall be held at such intervals as the Board may determine, but not less frequently than quarterly.
- 6.3 Special Meetings of the Board. Special meetings of the Board of Directors shall be held when called by the President of the Association or by any two (2) Directors.
- 6.4 Notice to Directors. Except as otherwise provided in Section 6.2 of these Bylaws, notice of each meeting of the Board shall be communicated to the Directors not less than four (4) days prior to a regular meeting, and not less than seventy-two (72) hours prior to a special meeting; provided that shorter notice may be given in the case of a bona fide emergency; and provided further that 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, whether before or after the meeting.
- 6.5 Notice to Members. Except for bona fide emergency meetings and executive sessions, as defined by law, at least four (4) 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. Notice shall be given by posting the notice in a prominent place or places with the Common Area and by mail to any Owner who has requested notification of Board meetings by mail, at the address requested by the Owner. Notice may also be given by mail or delivery to each Residence, or by newsletter,

or by other means of communication reasonably designed to provide prior actual notice of such meeting.

- 6.6 Open Meeting. To the extent required pursuant to *Civil Code* section 1363.05(b), regular and special meetings of the Board of Directors shall be open to attendance by all Members of the Association, except when the Board meets in executive session. The Board shall permit any Member to speak at a meeting of the Board, except when the Board meets in executive session, and the Board shall establish a reasonable time limit for all Members to speak to the Board at each such meeting.
- 6.7 Executive Session. To the fullest extent permitted by law, including *Civil Code* section 1363.05(b), the Board of Directors may meet in executive session to confer with legal counsel or to consider, discuss and/or vote upon personnel matters, Member discipline, litigation in which the Association is or may become involved, matters that relate to the formation of contracts between the Association and others, and for the purpose of meeting with a Member, upon such Member's request, regarding the Member's payment of Assessments. 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(s) whose participation is, in the judgment of the Board, necessary or appropriate, shall be entitled to attend the executive session; except that to the extent required by *Civil Code* section 1367.1(c)(2) a decision by the Board to record a lien for delinquent Assessments shall be made at an open meeting of the Board, and to the extent required by *Civil Code* section 1367.4(c)(2) a vote of the Board to initiate foreclosure of a lien for delinquent Assessment shall be taken at an executive session but shall be recorded in the minutes of the next following open meeting of the Board.
- 6.8 Remote Participation. To the extent permitted by law, including, without limitation, *Civil Code* section 1363.05 and *Corporations Code* section 7211, Directors may participate in regular or special Board meetings through the use of conference telephone, electronic video screen communications, or other communications equipment.
- 6.9 Quorum. A majority of the number of Directors then in office 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.

- 6.10 Minutes of Meetings of Directors. To the extent required by *Civil Code* section 1363.05(d), within thirty (30) days after the date of any meeting of the Board, the Board shall make available to the Members either (i) the minutes of that meeting as adopted by the Board, (ii) if not yet adopted by the Board, the minutes as proposed for adoption which shall be marked to indicate draft status, or (iii) a summary of the minutes. To the extent required by *Civil Code* section 1363.05(c), any matter discussed in an executive session shall be generally noted in the minutes of the Board and minutes of executive sessions shall not otherwise be required. 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.

ARTICLE 7 DUTIES OF THE BOARD OF DIRECTORS

The Board shall be ultimately responsible for the management and conduct of the affairs of the Association. Without limiting the generality of the foregoing, the specific duties of the Board shall include the following:

- 7.1 Supervision. The Board shall supervise all officers, agents, and employees of the Association, and see that their duties are properly performed.
- 7.2 Records and Minutes. The Board shall 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.
- 7.3 Maintain Insurance. The Board shall procure and maintain adequate casualty, liability and other insurance on property owned by the Association, and other appropriate insurance, as the Board shall determine consistent with the provisions of Article 12 of the Declaration.
- 7.4 Enforcement of Governing Documents. The Board shall enforce the Governing Documents on its own initiative or upon receipt of

written complaint from an Owner or a Resident, in accordance with the procedures set forth in Article 14 of the Declaration.

- 7.5 Annual Pro Forma Operating Budget. The Board shall prepare and distribute to the Members annually, not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the Association's fiscal year or such other time as may be provided by statute, a "pro forma operating budget" which shall conform to the requirements of *Civil Code* section 1365 and Section 1365.2.5 or successor statute.
- 7.6 Annual Notification Regarding Insurance Coverage. In accordance with *Civil Code* section 1365, not less than 30 days and not more than 90 days prior to the beginning of the Association's fiscal year or such other time as may be provided by statute, the Board shall prepare and distribute to all Members a summary of the Association's property, general liability, earthquake, flood and fidelity insurance policies, if any. The summary shall include the name of the insurer, the type of insurance, the policy limits of the insurance, and the amount of deductibles, if any.
- 7.7 Notice of Certain Changes in Insurance. As soon as reasonably practicable, the Association shall notify the Members by first-class mail if any of the policies described in Section 7.3 have lapsed or 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 in Section 7.3, the Association shall immediately notify the Members by first class mail if replacement coverage will not be in effect by the date the existing coverage will lapse.
- 7.8 Other Annual Notifications to Members. Annually, not less than 30 days and not more than 90 days prior to the beginning of the Association's fiscal year (or such other time as may be provided by statute as in items 7.8.6 and 7.8.7 below), the Board shall distribute to the Members all of the following:
- 7.8.1 Notice Regarding Delinquent Assessment Policy. 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 *Civil Code* section 1365(d);

7.8.2 Secondary Address for Certain Notices. A notice of an Owner's right to submit to the Association a secondary address for notices to the Owners required pursuant to *Civil Code* section 1367.1 (concerning enforcement of delinquent Assessments).

7.8.3 Notice Regarding Dispute Resolution. 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 *Civil Code* sections 1369.590(a) and includes a summary of the Association's internal dispute resolution process as required by *Civil Code* section 1363.850. The summary of the Association's internal dispute resolution procedure may consist of a copy of Sections 14.9 through 14.16 in Article 14 of the Declaration. Alternatively, this summary may be distributed as part of a newsletter or other communication regularly sent to all Members as described in *Corporations Code* Section 5016;

7.8.4 Notice of Required Architectural Approval. A notice of the requirement for Association approval of physical changes to property, describing the types of changes that require Association approval and including a copy of the procedure for review and approval or disapproval;

7.8.5 Notice Regarding Board Meeting Minutes. A statement explaining the Members' right to obtain copies of minutes of meetings of the Board as required by *Civil Code* section 1363.05(e);

7.8.6 Schedule of Monetary Penalties. A copy of the schedule of monetary penalties adopted by the Board, which shall be distributed when adopted and upon any changes thereto adopted by the Board; and

7.8.7 Statutory Notice Regarding Liens and Foreclosure. The statement required by *Civil Code* section 1365.1 printed in at least 12-point type, which shall be distributed during the 60-day period immediately preceding the beginning of the Association's fiscal year.

7.9 Notice of Assessments; Collection of Assessments. As addressed in Article 9 of the Declaration, the Board shall send written notice

to each Owner in advance of each fiscal year of the Regular Assessment and any Special Assessment levied against his or her Lot for that fiscal year and shall diligently pursue the collection of all Assessments.

- 7.10 Statement of Payment of Assessments. To the extent required by *Civil Code* section 1368(a)(4), the Board shall issue, or cause an appropriate officer to issue, upon written request of any Owner, a true statement in writing setting forth whether or not any Assessment has been paid.
- 7.11 Review of Annual Financial Statement. To the extent required pursuant to *Civil Code* section 1365.5(b), for any fiscal year in which the gross income to the Association exceeds Seventy-five Thousand Dollars (\$75,000.00), the Board shall obtain 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 and shall distribute it to all Members of the Association within one hundred twenty (120) days after the close of such fiscal year.
- 7.12 Quarterly Review of Accounts. The Board shall review the Association's operating and reserve accounts at least in accordance with the following minimum requirements set forth in *Civil Code* section 1365.5(a) or successor statute.
- 7.13 Biennial Notice of Secretary of State. The Board shall file with the Secretary of State the biennial statement of names of officers and of agent for service of process required pursuant to *Corporations Code* section 8210.
- 7.14 Three-Year Reserve Study and Annual Review. In accordance with *Civil Code* section 1365.5(e), at least once every three (3) years, the Board shall cause a study of the reserve account requirements of the Development to be conducted, which study shall include the minimum requirements specified in *Civil Code* section 1365.5(e) or successor statute. 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.
- 7.15 Prudent Management of Reserve Funds. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account and shall 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 for which the Association is responsible 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 for the purposes and subject to the procedural requirements specified in *Civil Code* sections 1365.5(c)(2) and 1365.5(d).

ARTICLE 8 POWERS OF THE BOARD OF DIRECTORS

The Board of Directors shall have such powers as may be provided by law or expressly set forth in the Governing Documents. Without limiting the generality of the foregoing, the Board shall have the powers specified in this Article 8, subject to any limitations or conditions as may be imposed by law or set forth in the Governing Documents.

- 8.1 Make Contracts. The Board shall have the power to authorize any officer or officers to enter into any contract in the name of, or on behalf of, the Association.
- 8.2 Consult Professional Advisors. The Board shall have the power to consult with, seek the advice of, and reasonably rely on the advice of attorneys, accountants, and other professionals in carrying out the Board's authority and responsibility under the Governing Documents and the law, and to pay for such professional services.
- 8.3 Hire a Manager and Others. The Board shall have the power to 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.
- 8.4 Adopt and Enforce Rules. Subject to applicable law, including *Civil Code* section 1357.100 et seq. (regarding procedures for adopting or changing certain rules), the Board shall have the power to adopt, publish, amend, repeal, and enforce Rules.
- 8.5 Collect Assessments by Foreclosure and/or Legal Action. As addressed in the Declaration, the Board shall have the power to collect Assessments levied by the Association by foreclosing the lien against any property for which Assessments are not paid as

required by the Declaration and/or by bringing an action at law against the Owner personally obligated to pay the same.

- 8.6 Impose Sanctions. Upon an explicit finding and for reasons specified by the Board following a hearing conducted in accordance with Article 14 of the Declaration, the Board shall have the power to impose sanctions on a Member who is in default in the payment of any Assessment or other charge levied by the Board or is found to be in violation of any provision of the Governing Documents. Sanctions may include loss of good standing, suspension of other rights, and/or monetary penalties (fines), as described in Section 14.8 of the Declaration.
- 8.7 Enter Lot for Repairs. The Board or its agent shall have the power to enter a Lot when necessary, pursuant to Section 11.2 of the Declaration concerning maintenance, repair, and replacement.
- 8.8 Pay Property Taxes. The Board shall have the power to pay all real property taxes and assessments levied upon any property within the Development to the extent not separately assessed to the Owners. Provided that any such taxes are paid or that a bond insuring the payment is posted, such taxes and assessments may be contested or compromised by the Association prior to the sale or other disposition of any property to satisfy the payment of such taxes.
- 8.9 Deal with Association Property; Certain Limitations. The Board shall have the power to acquire and deal with real and personal property of the Association, subject to any applicable limitations set forth in the Governing Documents, including Section 8.6 of the Declaration concerning sale, transfer, or dedication of Association property.
- 8.10 Open Bank Accounts, Borrow. The Board shall have the power to open bank accounts, designate signatories upon such bank accounts (subject to the requirements of Section 10.3 concerning withdrawal of reserve account funds), and borrow money on behalf of the Association, subject to any applicable restrictions set forth in the Governing Documents.
- 8.11 Invest Reserve Funds. The Board shall have the power to manage and invest Association reserve funds in prudent investments, provided it does so 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 Board's most recent review of the reserve fund study obtained by the Board as required in Section 7.14 and applicable law.

- 8.12 Indemnify Agents. The Board shall have the power to 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.
- 8.13 Appointment of Committees. The Board may appoint an Architectural Committee, as provided in Article 13 of the Declaration, a Nominating committee as provided in Section 5.3 of these Bylaws, and a Finance Committee, and such other committees as it deems appropriate in carrying out the powers and purposes of the Association, except that the Board may not delegate its authority to hold hearings or impose sanctions. Any Committee of the Board (that is a committee consisting only of Directors, as referred to in *Corporations Code* section 7212) shall consist of at least two (2) Directors and shall have such powers and duties as the Board shall determine, subject to the limitations of *Corporations Code* section 7212.
- 8.14 Other Powers and Duties. The Board shall have the power to 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.

ARTICLE 9

OFFICERS AND THEIR DUTIES

- 9.1 Enumeration of Offices. The officers of this Association shall be a President, a Vice-President, a Secretary, and a Chief Financial Officer (or "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 Appointment of Officers. The appointment of officers shall take place at the first meeting of the Board of Directors, following each annual election of Directors.
- 9.3 Term. The officers of this Association shall be appointed 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 appoint 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 or she replaces, subject to the Board's right to remove an officer.
- 9.7 Multiple Offices. One person may hold two (2) or more offices, except that neither the Secretary or any assistant secretary nor the Chief Financial Officer or any assistant treasurer may serve concurrently as President. This provision is intended to prohibit a single individual from having apparent authority to bind the Association by virtue of holding both offices, pursuant to *Corporations Code* section 7214.
- 9.8 Authority to Bind 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.

- 9.9 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.
- 9.10 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.
- 9.11 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 Directors or committee meetings; 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.
- 9.12 Chief Financial Officer. The Chief Financial Officer (or "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 keep 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 MINUTES; BOOKS AND RECORDS; FUNDS

- 10.1 Minutes of Meetings. To the extent required by *Corporations Code* section 8320(a)(2), the Association shall keep minutes of meetings of the Members, meetings of the Board, and meetings of Committees of the Board. As provided in Section 6.7, any matter discussed in executive session shall be generally noted in the minutes of the next following open meeting of the Board, and minutes of executive session shall not otherwise be required. Minutes shall set forth the time and place of holding of such meetings; whether regular or special, and if special, how authorized; what notice was given; the names of those present at meetings of the Directors or of any Committee of the Board; the number of memberships and votes present or represented at meetings of Members; and all the proceedings thereof.
- 10.2 Member Access to Minutes, and Books and Records. To the extent required by *Civil Code* section 1365.2, and subject to a requesting Member's compliance with all applicable prerequisites and any applicable limitations (including but not limited to *Corporations Code* section 8332 concerning protection of constitutional rights of other Members, *Corporations Code* section 8338 concerning use of membership lists, and *Civil Code* section 1365.2(d) concerning withholding or redacting certain records), the Association shall make available for inspection and copying by any Member "Association records" and "enhanced Association records" (as defined in the statute) maintained by the Association. This provision does not require the Association to create or maintain records not otherwise required by law to be maintained. The Board may adopt and publish reasonable rules and regulations establishing procedures relating to a Member's inspection and obtaining copies of Association records, consistent with the provisions of *Civil Code* section 1365.2.

- 10.3 Checks, Drafts, and Evidences of Indebtedness. All checks, drafts, or other orders for payment of money, or notes or other evidences of indebtedness issued in the name of the Association for operational expenditures shall be signed or endorsed by the persons and in the manner specified by resolution of the Board of Directors; however, in accordance with *Civil Code* section 1365.5(b), the withdrawal of funds from the Association's reserve account shall require the signatures of at least two (2) persons who shall be members of the Board of Directors or one (1) member of the Board of Directors and one (1) officer who is not a member of the Board of Directors.
- 10.4 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.
- 10.5 Fiscal Year. The fiscal year of the Association shall be as determined by resolution of the Board of Directors.

ARTICLE 11 AMENDMENTS

- 11.1 Amendments Generally. These Bylaws may be amended by approval of the Board and the affirmative vote (which shall be conducted by "secret ballot" to the extent required pursuant to *Civil Code* section 1363.03) of a Simple Majority of the Members.
- 11.2 Record of Amendments. When an amendment or a new Bylaws provision is adopted, it shall be placed in the appropriate place in the minute book of the Association together with a certificate by the Secretary stating the date on which it was approved by the Board and whether at a meeting or by unanimous written consent of the Directors, and the date on which it was approved by the Members and whether at a meeting, by "secret ballot," or by written ballot without a meeting (as described in Section 4.13).

ARTICLE 12 MISCELLANEOUS

- 12.1 Conflicts in Governing Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

- 12.2 Amendments to Referenced Statutes; Time for Performance. References in the Bylaws to particular statutes, including sections of the *Civil Code* or the *Corporations Code*, shall be deemed to include any successor statute and any amendments to existing or successor statutes. Whenever these Bylaws state a time for the performance of any act by the Association which by law (as it may exist from time to time) must be performed at or within a specified time, the time for the performance of such act shall be deemed to be the widest timeframe permitted under then-applicable law.

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**CERTIFICATE OF AMENDMENT OF
BYLAWS OF
BANCROFT VILLAGE HOMEOWNERS ASSOCIATION**

I, the undersigned, hereby certify that:

I am the Secretary of BANCROFT VILLAGE HOMEOWNERS ASSOCIATION.

The foregoing Amended Bylaws of BANCROFT VILLAGE HOMEOWNERS ASSOCIATION were duly approved by the requisite vote or written consent of the Members of the Association on the 27th day of September, 2006.

Executed this 13th day of October, 2006.

Margorie M. Weldon, Secretary