

**VAL D'ISERE**  
**OWNERS' ASSOCIATION**

**BYLAWS**

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**BYLAWS OF  
VAL D'ISERE OWNERS' ASSOCIATION**

**ARTICLE I  
NAME AND LOCATION**

**1.1 Name and Location.** The name of the corporation is the VAL D'ISERE OWNERS' ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located at the Val D' Isere condominiums, 194 Hillside Drive, Mammoth Lakes, California (the "Project"), or at such other place as may be designated by the Board.

**ARTICLE II  
DEFINITIONS**

**2.1 Declaration.** "Declaration" shall mean and refer to the Amended and Restated Declaration of Covenants, Conditions and Restrictions applicable to the Project recorded in Mono County, and any subsequent amendments thereto.

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

**ARTICLE III  
MEETING OF MEMBERS AND VOTING**

**3.1 Annual Meetings.** The annual meeting of the Members shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent annual meetings of the Members shall be held within thirty (30) days of the same day of the same month of each year thereafter at such time as the Board directs.

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

**3.3 Notice and Place of Meetings.**

**A. Contents and Timing of Meeting Notices.** Whenever Members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given not less than 10 nor more than 90 days before the date of the meeting to each Member who, on the record date for notice of the meeting, is entitled to vote thereat; provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than 20 days before the meeting. Subject to subsection (F), and subdivision (b) of Corporations Code section 7512, the notice shall state the place, date and time of the meeting,

the means of electronic transmission by and to the Association (Corporations Code sections 20 and 21) or electronic video screen communication, if any, by which Members may participate in that meeting, and (1) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (2) in the case of the regular meeting, those matters which the Board, at the time the notice is given, intends to present for action by the Members, but, except as provided in subdivision (b) of Corporations Code section 7512, any proper matter may be presented at the meeting for the action. The notice of any meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is given to Members.

**B. Method of Meeting Notices.** Notice of a Members' meeting shall be given personally, by electronic transmission by the Association, or by mail or other means of written communication, addressed to a Member at the address of the Member appearing on the books of the Association or given by the Member to the corporation for purpose of notice; or if no such address appears or is given, at the place where the principal office of the Association is located or by publication at least once in a newspaper of general circulation in the county in which the principal office is located. An affidavit of giving of any notice or report in accordance with the provisions of this part, executed by the secretary, assistant secretary or any transfer agent, shall be prima facie evidence of the giving of the notice or report.

If any notice addressed to the Member at the address of the Member appearing on the books of the Association is returned to the Association by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice or report to the Member at the address, all future notices shall be deemed to have been duly given without further mailing if the same shall be available for the Member upon written demand of the member at the principal office of the Association for a period of one year from the date of the giving of the notice to all other Members.

Notice given by electronic transmission by the Association under this subdivision shall be valid only if it complies with Corporations Code section 20. Notwithstanding the foregoing, notice shall not be given by electronic transmission by the Association under this subdivision after either of the following:

(1) The Association is unable to deliver two consecutive notices to the Member by that means.

(2) The inability to so deliver the notices to the Member becomes known to the secretary, any assistant secretary, the transfer agent, or other person responsible for the giving of the notice.

**C. Notice of Special Meetings.** Upon request in writing to the Association addressed to the attention of the chairman of the Board, president, vice president, or secretary by any person (other than the Board) entitled to call a special meeting of Members, the officer forthwith shall cause notice to be given to the Members entitled to vote that a meeting will be held



at a time fixed by the Board not less than 35 nor more than 90 days after the receipt of the request. If the notice is not given within 20 days after receipt of the request, the persons entitled to call the meeting may give the notice or the superior court of the proper county shall summarily order the giving of the notice, after notice to the Association giving it an opportunity to be heard. The court may issue such orders as may be appropriate, including, without limitation, orders designating the time and place of the meeting, the record date for determination of Members entitled to vote, and the form of notice.

**D. Adjourned Meetings.** When a Members' meeting is adjourned to another time or place, unless the bylaws otherwise require and except as provided in this subdivision, notice need not be given of the adjourned meeting if the time and place thereof (or the means of electronic transmission by and to the Association or electronic video screen communication, if any, by which Members may participate) are announced at the meeting at which the adjournment is taken. No meeting may be adjourned for more than 45 days. At the adjourned meeting the Association may transact any business which might have been transacted at the original meeting. If after the adjournment a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each Member who, on the record date for notice of the meeting, is entitled to vote at the meeting.

**E. Waiver of Notice.** The transactions of any meeting of Members however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person (or, if proxies are allowed, by proxy ), provides a waiver of notice or consent to the holding of the meeting or an approval of the minutes thereof in writing. All such waivers, consents and approvals shall be filed with the Association records or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at the meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by this part to be included in the notice but not so included, if the objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of Members need be specified in any written waiver of notice, consent to the holding of the meeting or approval of the minutes thereof, unless otherwise provided in the articles or bylaws, except as provided in subsection (F).

**F. Notices of Statements of Proposals.** Any approval of the Members required under Corporations Code sections 7222, 7224, 7233, 7812, 8610, or 8719, other than unanimous approval by those entitled to vote, shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting or in any written waiver of notice.

**G. Court Discretion to Approve Notice.** A court may find that notice not given in conformity with this section is still valid, if it was given in a fair and reasonable manner.

**3.4 Quorum.** The presence either in person or by proxy at any meeting of Members entitled to cast one-third (1/3) plus one (1) of the total voting power of the Association (excluding the number of votes as to which voting rights are suspended at the time of the subject meeting), shall constitute a quorum for any action except as otherwise provided in the Declaration or these Bylaws. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that twenty-five percent (25%) of the total voting power of the Association remains present in person and/or by proxy, and provided further that any action taken shall be approved by a majority of the Members required to constitute a quorum.

Notwithstanding anything herein to the contrary, for purposes of obtaining membership approval of special assessments or increases in annual assessments as may be required by section 4.4 of the Declaration, a “quorum” means more than fifty percent (50%) of the Members of the Association.

**3.5 Proxies.** (Voting by proxy shall comply with any applicable laws of California Corporations Code section 7514 and 7613, as such sections may be amended or renumbered from time to time, and Civil Code section 5130). At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Condominium, or upon receipt of written notice by the Secretary of the Board of the death or judicially declared incompetence of a Member prior to the counting of the vote, or upon the expiration of eleven (11) months from the date of the proxy. Any form of proxy distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon. The proxy shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy also shall identify the person or persons authorized to exercise the proxy and the length of time it will be valid.

**3.6 Membership and Voting.** Members shall be Owners and shall be entitled to one (1) vote for each condominium owned. When more than one (1) person holds an interest in any condominium, all such persons shall be Members, in which case the vote for such condominium shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any condominium. Any form of written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the written ballot. The written ballot shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice.

All voting shall be conducted in accordance with the provisions of Civil Code sections 5100 through 5145 as those sections may be amended over time.

**3.7 Eligibility to Vote:** Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. In order to be in good standing, a

Member must be current in the payment of all assessments levied against the Member's condominium(s) and not serving any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the Declaration. A Member's good standing shall be determined as of the record date established in accordance with section 3.8. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of the nonpayment of assessments, although a delinquent Member shall be entitled to request such a hearing. A Member shall maintain good standing if said standing has not been suspended by the provisions of these Bylaws and the Member has maintained a current filing with the Association of the following:

- the signature or signatures of the Owner(s) authorized to vote on behalf of the Member's condominium; and the address where all notices shall be sent; or
- a proxy that names the Owner's representative and lists said representative's address.

### **3.8 Record Dates.**

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

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

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

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

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

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

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

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

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

(4) **Record Date for Other Lawful Action.** The record date for determining those Members entitled to exercise any rights in respect to any other lawful action shall be the close of business on the day on which the Board adopts the resolution relating thereto, or the 60<sup>th</sup> day prior to the date of such other action, whichever is later.

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

**3.9 Action Without Meeting.** Any action that may be taken at any annual or special meeting of Members (except the election of directors) may be taken without a meeting in accordance with the provisions of California Corporations Code sections 7513 and 7516, as such sections may be amended or renumbered from time to time

**3.10 Conduct of Meetings.** Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. Notwithstanding any other provision of law, notice of meetings of the Members shall specify those matters the Board intends to present for action by the Members, but, except for special meetings, any proper matter may be presented at the meeting for action. Any Member shall be permitted to speak at a meeting of the Association Members; however, the Board of Directors may establish a reasonable time limit for Members to speak before a meeting of the Association Members.

**3.11 Adjourned Meetings.** When a Members' meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. No meeting may be adjourned for

more than 45 days. At the adjourned meeting the Association may transact any business which might have been transacted at the original meeting. If after the adjournment a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each member who, on the record date for notice of the meeting, is entitled to vote at the meeting.

#### **ARTICLE IV BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE**

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

**4.2 Number.** The affairs of the Association shall be managed by a Board of five (5) directors, all of whom must be Members of the Association. In the instance of a corporation, LLC or other similar entity owning a condominium, an authorized officer, director, employee or agent of the entity shall be eligible to serve on the Board on behalf of that condominium; except that only one such person from each condominium may serve on the Board.

**4.3 Term of Office.** The Board shall retain the staggered terms in effect as of the date of the adoption of these Bylaws, to wit: in 2017, 3 new Board Members shall be elected, in 2018, 2 new Board Members shall be elected, and the two year Board terms shall remain staggered in this manner thereafter. Unless vacated sooner, each Board Member shall hold office until that Board Member's term expires and a successor is elected.

**4.4 Removal by Board.** The Board may remove any director who fails to attend three consecutive Board meetings, or who has been declared of unsound mind by a final order of court, or convicted of a felony.

**4.5 Removal by Members.** Unless the entire Board is removed from office by the vote of Association Members, an individual director shall not be removed prior to the expiration of his or her term of office if the votes cast against his or her removal would be sufficient to elect him or her if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of directors were then being elected.

**4.6 Filling of Vacancies.** In the event of death or resignation of a director, the vacancy shall be filled by approval of the Board at a duly held meeting, or by the sole remaining director. The successor director shall serve for the unexpired term of his or her predecessor. The Members may elect a director at any time to fill any vacancy not filled by the directors. A vacancy created by removal of a director can be filled only by election of the Members.

**4.7 Compensation.** No director shall receive compensation for any service rendered to the Association as a director. However, any director may be reimbursed for his or her actual expenses, if reasonable, that are incurred in the performance of his or her duties, and any director may contract with the Association for compensation for services other than those incident to being a director consistent with the provisions of California Corporations Code section 7223.

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

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

**5.1 Nomination.** The nomination procedure shall be as follows. No later than ninety (90) days before any Board of Directors election, a letter will be sent to each Member by U.S. Mail, or email if authorized by that Member, soliciting nominations for the Board election. A Member may nominate any Member or Members, including that Member, by so notifying the Board in a writing mailed or emailed to the Board at the addresses furnished in the solicitation letter. Nominations must be received by the board no later than sixty (60) days before the election. A representative of the Board will then inquire of each nominated Member whether that Member is willing to serve on the Board if elected. The names of Members who indicate they will not serve will be placed in the ballot for that election, but with the word “Declined” after their names. All candidates shall have a reasonable opportunity to communicate their qualifications to Members and to solicit votes.

**5.2 Election.** The Board shall retain the staggered terms in effect as of the date of the adoption of these Bylaws, to wit: in 2017, 3 new Board Members shall be elected, in 2018, 2 new Board Members shall be elected, and the two year Board terms shall remain staggered in this manner thereafter. Unless vacated sooner, each Board Member shall hold office until that Board Member’s term expires and a successor is elected. At each election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. All Members shall be entitled to cumulate their votes for one (1) or more candidates for the Board. Voting for directors shall be by secret written ballot. All elections shall be conducted in accordance with the provisions of Civil Code sections 5100 through 5145 as those sections may be amended over time. Within fifteen (15) days of any such election, the Board shall give notice to the Members of the tabulated results of the election in accordance with sections 4045 and 4055 of the Civil Code.

## **ARTICLE VI MEETINGS OF DIRECTORS**

**6.1 Regular Meetings.** Regular meetings of the Board of Directors shall be held at least semi-annually at such place and at such hour as may be fixed from time to time by resolution of the Board. Except for emergency meetings and meetings that will be held solely in executive session, notice of the time and place of meetings shall be delivered to the Members in accordance with sections 4045 and 4055 of the Civil Code at least four (4) days before the meeting. All notices of regular Board meetings shall include the agenda for the meeting. Notices shall be communicated to directors not less than four (4) days prior to the meeting. Except for an emergency meeting, members shall be given notice of the time and place of a meeting that will be held solely in executive session as stated above except not less than two (2) days prior to the meeting. Notice of any meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting. No notice of emergency meetings, as defined in section 6.7 of these Bylaws, shall be required.

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

**6.3 Quorum.** A majority of the directors then in office (but not less than three (3)), shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by a majority of the required quorum for that meeting.

**6.4 Open Meetings.** Except as provided in section 6.5, all meetings of the Board shall be open to all Members, in accordance with the provisions of Civil Code sections 4910 through 4935 as those sections may be amended or renumbered from time to time.

**6.5 Executive Session.** The Board may, with approval of a majority of its members present at a meeting in which a quorum for the transaction of business has been established, or, if all members of the governing body are present, by a majority vote of the members, adjourn a meeting and reconvene in executive session to discuss and vote upon litigation, matters relating to the formation of contracts with third parties, Member discipline, personnel matters, or to meet with

a Member, upon the Member's request, regarding the Member's payment of assessments, as specified in Civil Code section 5665. The nature of any and all business to be considered in executive session shall first be announced in open session and shall be generally noted in the minutes of the Board of Directors. The Board shall meet in executive session, if requested by a Member who may be subject to a fine, penalty, or other form of discipline, and the Member affected shall be entitled to attend the executive session. In addition, the Board shall meet in executive session to discuss a Member's payment plan pursuant to Civil Code section 5665 or to decide whether to foreclose on a lien pursuant to subdivision (b) of section 5705.

**6.6 Teleconference Meetings.** Any Board meeting, regular or special, may be held by teleconference in which a majority of the members of the Board, in different locations, are connected by electronic means, through audio or video or both. Except for teleconference meetings that will be held solely in executive session, notices of teleconference meetings shall identify at least one physical location for the meeting so that members of the association may attend, and at least one member of the Board of Directors, or a person designated by the Board, shall be present at that location. Participation by Board Members in a teleconference meeting shall constitute presence at the meeting as long as all Board Members participating in the meeting are able to hear both one another and all members of the association speaking on matters before the Board.

**6.7 Emergency Meetings.** Emergency meetings of the Board may be called by the president of the association, or by any two members of the governing body other than the president, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide notice as required by this section.

**6.8 Prohibition of Electronic Meetings.** Except for emergency meetings, no Board meetings shall be conducted by way of a series of electronic transmissions, including, but not limited to, electronic mail. Such electronic transmissions may be used as a method for conducting an emergency meeting if all members of the Board, individually or collectively, consent in writing to that action, and if the written consent or consents are filed with the minutes of the Board meeting. Such written consents may be transmitted electronically.

**6.9 Notice of Adjourned Meeting.** Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case notice of the time and place of the adjourned meeting shall be furnished to all of the directors and to all of the Members in accordance with the provisions of section 6.1 of these Bylaws.

**6.10 Meeting Minutes - Availability to Owners.** (Civil Code section 4950; Corporations Code section 8320). The Board shall keep accurate written minutes of its meetings, and shall retain them in the permanent records of the Association. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any Board meeting, other than executive session, shall be available to Members within thirty (30) days of the



meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member upon request and upon reimbursement for the cost in making that distribution. Members shall be notified in writing at the time that the Annual Policy Statement required by section 7.1(D) of these Bylaws is distributed of their right to have copies of the minutes of meetings of the Board and how and where those minutes may be obtained.

**6.11 Definition of Board Meeting.** “Board Meeting” means either of the following:

**A. Regular Meeting.** A congregation, at the same time and place, of a sufficient number of directors to establish a quorum of the Board, to hear, discuss, or deliberate upon any item of business that is within the authority of the Board.

**B. Teleconference Meeting.** A teleconference, where a sufficient number of directors to establish a quorum of the Board, in different locations, are connected by electronic means, through audio or video, or both. A teleconference meeting shall be conducted in a manner that protects the rights of Members of the Association and otherwise complies with the requirements of this act. Except for a meeting that will be held solely in executive session, the notice of the teleconference meeting shall identify at least one physical location so that Members of the Association may attend, and at least one director or a person designated by the Board shall be present at that location. Participation by directors in a teleconference meeting constitutes presence at that meeting as long as all directors participating are able to hear one another, as well as members of the association speaking on matters before the Board.

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

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

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

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

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

**D. Distribution of Annual Policy Statement.**

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

(a) The name and address of the person designated to receive official communications to the Association, pursuant to Civil Code section 4035.

(b) A statement explaining that a Member may submit a request to have notices sent to up to two different specified addresses, pursuant to subdivision (b) of Civil Code section 4040.

(c) The location, if any, designated for posting of a general notice, pursuant to section 6.10 of these Bylaws.

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

(e) Notice of a Member's right to receive copies of meeting minutes, pursuant to section 6.10 of these Bylaws.

(f) The statement of assessment collection policies required by Civil Code section 5730.

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

(h) A statement describing the association's discipline policy, if any, including any schedule of penalties for violations of the governing documents pursuant to Civil Code section 5850.

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

(j) A summary of any requirements for association approval of a physical change to property, pursuant to Civil Code section 4765.

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

(l) Any other information that is required by law or the governing documents or that the Board determines to be appropriate for inclusion.

(2) The annual policy statement shall be made available to the Members pursuant to section 12.3 of these Bylaws.

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

**A. Manager.** Employ a manager as provided in section 5.2B of the Declaration.

**B. Adoption of Rules.** Adopt rules in accordance with section 5.2C of the Declaration.

**C. Assessments, Liens and Fines.** Levy and collect Assessments and impose fines as provided in section 5.2E of the Declaration.

**D. Enforcement (Notice and Hearing).** Enforce these Bylaws and/or the Declaration and the Rules and Regulations adopted by the Board so long as the reasons therefore are given to the Member affected, and so long as an opportunity is provided for the Member to be heard, in writing, not less than ten (10) days before the imposition of the discipline or fine, said hearing to be before the Board. Notices of any such hearings shall contain, at a minimum, the date, time and place of the meeting, the nature of the alleged violation for which a member may be disciplined, and a statement that the member has a right to attend and may address the Board at the meeting. Any notice required herein shall be given in accordance with sections 4040 and 4055 of the Civil Code. The Board shall conduct the hearing in executive session if requested by the member being disciplined. As is described in the Rules and Regulations, discipline may consist of fines and/or suspension of rights to use the recreational facilities of the common area. If discipline is imposed on a member, the Board shall provide the member with a written notification of such action, in accordance with sections 4040 and 4055 of the Civil Code, within fifteen (15) days following the action.

**E. Contracts.** Contract for goods and/or services in accordance with section 5.2G of the Declaration, and section 7.3A of the Bylaws.

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

function so delegated by written instrument executed by a majority of the Board.

**G. Use of Common Area.** Promulgate rules for the use of the Common Area in accordance with the terms of the Declaration.

**H. Appointment of Trustee.** Appoint a trustee to enforce assessment liens by power of sale as provided in the Declaration and in California Civil Code sections 5675 and 5700 through 5740, as such sections may be amended or renumbered hereafter.

**I. Other Powers.** In addition to any other power contained herein, the Association may exercise the powers granted to a non-profit mutual benefit corporation as enumerated in California Corporations Code section 7140, as such section may be amended or renumbered hereafter.

**7.3 Prohibited Acts.** The Board of Directors shall not take any of the following actions, except with the vote at a meeting of the Association, or by written ballot without a meeting pursuant to Corporations Code section 7513 (as such section may be renumbered or amended hereafter) of a simple majority of the Members.

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

(1) a management contract the term of which does not exceed three (3) years;

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

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

(4) lease agreements for laundry room fixtures and equipment of not to exceed five (5) years duration;

(5) agreements for cable television services and equipment or satellite

dish television services and equipment of not to exceed five (5) years duration;

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

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

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

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

**D.** Paying compensation to members of the Board or to the officers of the Association for services performed as Board Members or as officers; provided, however, that the Board may cause a member or officer to be reimbursed for the actual expenses, if reasonable, that are incurred in the performance of his or her duties, and provided that the Board may contract with a Board Member or officer so long as the requirements of California Corporations Code section 7233 are satisfied.

#### **7.4 Interested Director.**

**A.** Notwithstanding any other law, and regardless of whether an association is incorporated or unincorporated, the provisions of sections 7233 and 7234 of the Corporations Code shall apply to any contract or other transaction authorized, approved, or ratified by the Board or a committee of the Board.

**B.** A director or member of a committee shall not vote on any of the following matters:

(1) Discipline of the director or committee member.

(2) An assessment against the director or committee member for damage to the common area or facilities.

(3) A request, by the director or committee member, for a payment plan for overdue assessments.

(4) A decision whether to foreclose on a lien on the separate interest of the director or committee member.

(5) Review of a proposed physical change to the separate interest of the director or committee member.

(6) A grant of exclusive use common area to the director or committee member.

C. Nothing in this section limits any other provision of law or the governing documents that govern a decision in which a director may have an interest.

## **ARTICLE VIII ASSOCIATION DUTIES AND RESPONSIBILITIES**

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

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

**B. Insurance.** Maintain insurance as required by Article VIII of the Declaration;

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

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

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

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

**G. Records.** Cause to be kept a complete record of all its acts and affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members; keep adequate and correct books and records of account, Minutes of proceedings of its Members, Board and committees, and a record of its Members giving their names and addresses and classes of membership;

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

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

## **ARTICLE IX OFFICERS AND THEIR DUTIES**

**9.1 Enumeration of Officers.** The officers of the Association shall be a president, a secretary and a treasurer. These officers shall at all times be members of the Board of Directors. Any or all of these offices may be held by the same person. The Board may from time to time by resolution create other officers in its discretion, subject to whatever qualifications the board may designate.

**9.2 Election of 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, or shall be removed, or otherwise disqualified to serve.

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

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

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

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

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

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

**C. Treasurer.** The Treasurer, or the Association's accountant or homeowner service acting under the supervision of the Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all promissory notes of the Association; shall keep proper books of account; and shall prepare and shall distribute budgets and financial statements to each Member as required under these Bylaws, and by applicable laws.

## **ARTICLE X COMMITTEES**

**10.1 Appointment of Committees.** The Board of Directors shall appoint such committees as it deems appropriate.

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

**10.3 Purpose of Committees.** The purpose of all committees shall be to assist the Board of Directors in the development of policies and to assist in the oversight and assessment of the Association policies. No committee shall be assigned, delegated or chartered in any manner which would authorize them to take final action in the name of the Association. No committee, officer of a committee or member of a committee shall take an action that is assigned to the Office of the President or other Officers of the Association. All committees shall report to the Board and all committees, and individual committee members, shall serve at the pleasure of the Board and may be terminated, modified and/or replaced by the Board in the sole exercise of its discretion. Committees of the Board shall not have authority to direct contractors, agents or Officers of the Association.

## **ARTICLE XI BOOKS AND RECORDS**

**11.1 Member Inspection of Association Records.** "Association records" and "Enhanced Association Records", defined in Civil Code section 5200 or any successor statutes, shall be open to inspection upon the written demand on the Association by any Member for a purpose reasonably related to such Member's interests as a member in accordance with the terms



and conditions of Civil Code section 5225 and any successor statutes.

**11.2 Rules for Inspection.** The Board shall establish reasonable rules in accordance with Corporations Code section 8330 and Civil Code section 5205 with respect to:

- A. Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- B. Hours and days of the week when such an inspection may be made;
- C. Payment of the cost of reproducing copies of documents requested by a Member.

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

**11.4 Documents Provided by Board:** Upon written request, the Board or its designated agent, shall provide documents to an Owner requesting them as identified by, and in accordance with, Civil Code sections 5200 through 5240, as those sections may be amended from time to time.

**11.5 Record Requests Which Must Be In Writing.** To be effective, any of the following requests shall be delivered in writing to the association, pursuant to Civil Code section 4035:

- A. A request to change the Member's information in the Association membership list.
- B. A request to add or remove a second address for delivery of individual notices to the Member, pursuant to subdivision (b) of Civil Code section 4040.
- C. A request for individual delivery of general notices to the Member, pursuant to subdivision (b) of Civil Code section 4045, or a request to cancel a prior request for individual delivery of general notices.
- D. A request to opt out of the membership list pursuant to Civil Code section 5220, or a request to cancel a prior request to opt out of the membership list.
- E. A request to receive a full copy of a specified annual budget report or annual policy statement pursuant to Civil Code section 5320.
- F. A request to receive all reports in full, pursuant to subdivision (b) of Civil Code section 5320, or a request to cancel a prior request to receive all reports in full.

**ARTICLE XII  
FINANCIAL REQUIREMENTS**

**12.1 Pro Forma Operating Budget.**

**A.** Notwithstanding a contrary provision in the governing documents, an association shall distribute an annual budget report 30 to 90 days before the end of its fiscal year.

**B.** Unless the governing documents impose more stringent standards, the annual budget report shall include all of the following information:

(1) A pro forma operating budget, showing the estimated revenue and expenses on an accrual basis.

(2) A summary of the Association's reserves, prepared pursuant to section 12.6(C) of these Bylaws.

(3) A summary of the reserve funding plan adopted by the Board, as specified in section 12.6(A)(2)(e) of these Bylaws. The summary shall include notice to Members that the full reserve study plan is available upon request, and the Association shall provide the full reserve plan to any Member upon request.

(4) A statement as to whether the Board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.

(5) A statement as to whether the Board, consistent with the reserve funding plan adopted pursuant to section 12.6(B) of these Bylaws, has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the assessment.

(6) A statement as to the mechanism or mechanisms by which the Board will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacements or repairs, or alternative mechanisms.

(7) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the Association is obligated to maintain. The statement shall include, but need not be limited to, reserve calculations made using the formula described in section 12.6(D)(2)(d) of these Bylaws, and may not assume a rate of return on cash reserves in excess of

2 percent above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.

**(8)** A statement as to whether the Association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.

**(9)** A summary of the Association's property, general liability, earthquake, flood, and fidelity insurance policies. For each policy, the summary shall include the name of the insurer, the type of insurance, the policy limit, and the amount of the deductible, if any. To the extent that any of the required information is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it with the annual budget report. The summary distributed pursuant to this paragraph shall contain, in at least 10-point boldface type, the following statement:

"This summary of the Association's policies of insurance provides only certain information, as required by Civil Code section 5300, 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."

**C.** The annual budget report shall be made available to the Members pursuant to section 12.3 of these Bylaws.

**D.** The summary of the Association's reserves disclosed pursuant to paragraph (2) of subdivision (B) shall not be admissible in evidence to show improper financial management of an association, provided that other relevant and competent evidence of the financial condition of the Association is not made inadmissible by this provision.

**E.** The Assessment and Reserve Funding Disclosure Summary form, prepared pursuant to section 12.6(D) of these Bylaws, shall accompany each annual budget report or summary of the annual budget report that is delivered pursuant to this article.

**12.2 Accountant Review of Financial Statement When Annual Income Exceeds \$75,000.** Unless the governing documents impose more stringent standards, a review of the financial statement of the Association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California Board of Accountancy for any fiscal year in which the gross income to the Association exceeds seventy-five thousand dollars (\$75,000). A copy of the review of the financial statement shall be distributed to the Members within 120 days after the close of each fiscal year, by individual delivery pursuant to Civil Code section 4040.

**12.3 Summary of Annual Budget Report.**

**A.** When a report is prepared pursuant to sections 12.1 or 7.1(D) of these Bylaws, the Association shall deliver one of the following documents to all Members, by individual delivery pursuant to Civil Code section 4040:

(1) The full report.

(2) A summary of the report. The summary shall include a general description of the content of the report. Instructions on how to request a complete copy of the report at no cost to the Member shall be printed in at least 10-point boldface type on the first page of the summary.

**B.** Notwithstanding subdivision (A), if a Member has requested to receive all reports in full, the Association shall deliver the full report to that Member, rather than a summary of the report.

**12.4 Quarterly Financial Review by Board.** Unless the governing documents impose more stringent standards, the Board shall do all of the following:

**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 has its operating and reserve accounts.

**E.** Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

## **12.5 Use of Reserve Funds.**

### **A. Withdrawal From Reserve Account.**

(1) The signatures of at least two persons, who shall be directors, or one officer who is not a director and one who is a director, shall be required for the withdrawal of moneys from the Association's reserve accounts.

(2) The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established.

### **B. Transfer of Funds From Reserve Account.**

(1) Notwithstanding section 12.5(A) of these Bylaws, the Board may authorize the temporary transfer of moneys from a reserve fund to the Association's general operating fund to meet short-term cashflow requirements or other expenses, if the Board has provided notice of the intent to consider the transfer in a Board meeting notice provided pursuant to section 6.1 of these Bylaws.

(2) The notice shall include the reasons the transfer is needed, some of the options for repayment, and whether a special assessment may be considered.

(3) If the Board authorizes the transfer, the Board shall issue a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the moneys will be repaid to the reserve fund.

(4) The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the Board may, after giving the same notice required for considering a transfer, and, upon making a finding supported by documentation that a temporary delay would be in the best interests of the common interest development, temporarily delay the restoration.

(5) The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this section. This special assessment is subject to the limitation imposed by Civil Code section 5605. The Board may, at its discretion, extend the date the payment on the special assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid special assessment.

**C. General Notice of Use of Reserve Funds for Litigation.**

(1) When the decision is made to use reserve funds or to temporarily transfer moneys from the reserve fund to pay for litigation pursuant to section 12.5(A)(2) of these Bylaws, the Association shall provide general notice pursuant to Civil Code section 4045 of that decision, and of the availability of an accounting of those expenses.

(2) Unless the governing documents impose more stringent standards, the Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members of the Association at the Association's office.

**12.6 Reserve Planning.**

**A. Reserve Study Requirements.**

(1) At least once every three years, the Board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components that the Association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the common interest development, if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the Association, excluding the Association's reserve account for that period. The Board shall review this study, or cause it to be reviewed, annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.

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

(a) Identification of the major components that the Association is obligated to repair, replace, restore, or maintain that, as of the date of the study, have a remaining useful life of less than 30 years.

(b) Identification of the probable remaining useful life of the components identified in paragraph (a) as of the date of the study.

(c) An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in paragraph (a).

(d) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in paragraph (a) during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.

(e) A reserve funding plan that indicates how the Association plans to fund the contribution identified in paragraph (d) to meet the Association's obligation for the repair and replacement of all major components with an expected remaining life of 30 years or

less, not including those components that the Board has determined will not be replaced or repaired.

**B. Reserve Funding Plan.**

(1) The reserve funding plan required by section 12.6(A) of these Bylaws shall include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan.

(2) The plan shall be adopted by the Board at an open meeting before the membership of the Association as described in Article III of these Bylaws.

(3) If the Board determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the Board that is consistent with the procedure described in Civil Code section 5605.

**C. Reserve Summary Required Elements.** The summary of the Association's reserves required by section 12.1(B)(2) of these Bylaws shall be based on the most recent review or study conducted pursuant to section 12.6(A) of these Bylaws, shall be based only on assets held in cash or cash equivalents, shall be printed in boldface type, and shall include all of the following:

(1) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component.

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

(a) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components.

(b) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components.

(c) If applicable, the amount of funds received from either a compensatory damage award or settlement to an association from any person for injuries to property, real or personal, arising out of any construction or design defects, and the expenditure or disposition of funds, including the amounts expended for the direct and indirect costs of repair of construction or design defects. These amounts shall be reported at the end of the fiscal year for which the study is prepared as separate line items under cash reserves pursuant to paragraph (b). Instead of complying with the requirements set forth in this paragraph, an association that is obligated to issue a review of its financial statement pursuant to section 12.2 of these Bylaws may include in the review a statement containing all of the information required by this paragraph.

(3) The percentage that the amount determined for purposes of

paragraph (b) of subdivision (2) equals the amount determined for purposes of paragraph (a) of subdivision (2).

(4) The current deficiency in reserve funding expressed on a per unit basis. The figure shall be calculated by subtracting the amount determined for purposes of paragraph (b) of subdivision (2) from the amount determined for purposes of paragraph (a) of subdivision (2) and then dividing the result by the number of separate interests within the Association, except that if assessments vary by the size or type of ownership interest, then the Association shall calculate the current deficiency in a manner that reflects the variation.

**D. Assessment and Reserve Funding Disclosure Form.**

(1) The disclosures required by this section 12.6 with regard to an association or a property shall be summarized on the form appearing in Civil Code section 5570.

(2) For the purposes of preparing a summary pursuant to this section:

(a) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.

(b) "Major component" has the meaning used in section 12.6(A) of these Bylaws. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(c) The form set out in subdivision (1) shall accompany each annual budget report or summary thereof that is delivered pursuant to section 12.1 of these Bylaws. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (1) is provided.

(d) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the Board to fund reserves in accordance with this calculation.

**ARTICLE XIII  
MISCELLANEOUS**

**13.1 Amendments.** These Bylaws may be amended only by the affirmative vote (in person or by proxy) or written consent of Members representing a majority of a quorum of the Association. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action



to be taken under that clause.

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

**13.3 Fiscal Year.** Unless directed otherwise by the Board, the fiscal year of the Association shall begin on the first (1<sup>st</sup>) day of October and end on the thirtieth (30th) day of September of every year.

### CERTIFICATE

I, the undersigned, the duly elected and acting Secretary of the VAL D 'ISERE OWNERS' ASSOCIATION, a California nonprofit mutual benefit corporation, do hereby certify that the foregoing Bylaws were adopted as the Bylaws of the Association on \_\_\_\_\_, 20\_\_, and that the same do now constitute the Bylaws of the Association.

This Certificate is executed under penalty of perjury on \_\_\_\_\_, 20\_\_, in \_\_\_\_\_, California.

VAL D 'ISERE OWNERS' ASSOCIATION

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

By: \_\_\_\_\_  
Its: Secretary