

**2019 AMENDED AND RESTATED BYLAWS
OF
ELDORADO PROPERTY OWNERS ASSOCIATION**

An Association for a Residential Planned Development Community

**NOTICE
(Gov. Code § 12956.1)**

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

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These Bylaws amend and restate, in their entirety, the 2010 Amended and Restated Bylaws ("2010 Bylaws"). In accordance with Section 8.1 of Article VIII of the 2010 Bylaws, these Bylaws have been approved by the Members by the affirmative vote of a majority of the votes cast when at least a quorum of the Members cast a ballot.

ARTICLE 1 - DEFINITIONS

All terms as used in these 2019 Amended and Restated Bylaws shall, unless stated otherwise, be defined as set forth in that certain 2019 Amended and Restated Declaration of Restrictions for Eldorado Property Owners Association, recorded on _____ 2019, as Instrument No. _____ of Official Records of Riverside County, California ("Declaration") and any amendments thereto. All of the terms and provisions of the Declaration and any amendments thereto are incorporated herein by reference.

ARTICLE 2 - PRINCIPAL OFFICE

The principal office of the Association for the transaction of business is hereby fixed and located at Eldorado Country Club, Indian Wells, within the County of Riverside, State of California. The Board is granted full power and authority to change the principal office from one location to another within the County.

ARTICLE 3 - MEMBERS

3.1 ***Membership.*** Every person or entity who is an Owner of a Lot shall be a Member of the Association. The Association may have any number of memberships up to a maximum of four hundred and ninety-nine (499). Membership shall be appurtenant to and may not be separated from ownership of the Lot which gives rise to such membership. Ownership of a Lot or interest therein shall be the sole qualification for membership. A Member may not possess more than one membership in the Association but shall have the votes for each Lot owned as set forth below and in the Declaration. Transfer of a Lot shall automatically transfer membership in the Association and all rights of the transferor with respect to the Common Area, and the membership of the transferor shall automatically terminate. The provisions of these Bylaws, which are binding upon all Members, are not exclusive, and Members shall also be subject to the terms and provisions of the

Declaration, the Articles and Association Rules ("Governing Documents" as defined in the Declaration).

3.2 Voting Rights. The Association shall have one (1) class of voting membership, as described in the Declaration. Each Member shall be entitled to one (1) vote for each Lot owned and one-half (½) vote for each Half Lot owned as described in Section 5.3 of the Declaration. When more than one (1) person holds an ownership interest in any Lot or Half Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot and one-half (½) vote for any Half Lot. If one (1) Owner casts the vote attributed to a Lot, the vote shall conclusively bind all the Owners of that Lot. Voting rights attributable to ownership of a Lot shall not vest until the deed transferring the Lot has been recorded and assessments against the Member's Lot have been levied by the Association. As used in the Governing Documents of the Association, the term "approval by the Members" or "approval of the Members" and the term "Majority Vote of the Members" have the meanings as defined in Section 1.30 of the Declaration.

3.3 Assessments. The Members shall be personally liable for the payment of such assessments as may be fixed and levied by the Board pursuant to the Declaration. Should any Member fail to pay his assessments before delinquency, the Association, at the discretion of the Board, shall have the right to suspend the voting rights and easements of use and enjoyment of the Common Area of such Member (except for easements for access to the Member's Lot), subject to the procedural safeguards established under Section 3.4 below, for any period during which the payment of any such assessments remains delinquent.

3.4 Association Rules; Monetary Penalty Assessments; Penalties; Enforcement. The Board shall have the power to adopt, amend, and repeal such Rules as it deems reasonable, which may include the establishment of a system of fines and penalties enforceable as a Monetary Penalty Assessment pursuant to the Declaration. If any Association Rule is deemed to be an "operating rule" under Civil Code section 4355, the Association shall comply with the requirements and procedures set forth in Civil Code sections 4360 and 4365. The Rules shall also provide that no Monetary Penalty Assessment shall be levied and no discipline imposed for violation of the Governing Documents, including Association Rules, without Notice and Hearing in accordance with Civil Code section 5855:

3.4.1 No proceedings shall be brought against any Member unless the Board has set a hearing at which the charges will be heard and has notified that Member, in writing, delivered by either personal delivery or individual delivery pursuant to Civil Code section 4040, at least ten (10) days prior to the hearing. The written notification shall contain, at a minimum, the date, time and place of the hearing, the nature of the alleged violation for which the Member may be disciplined, and a statement that the Member has a right to attend and may address the Board at the hearing.

The Board shall meet in executive session if requested by the Member being disciplined.

3.4.2 The Member may attend the hearing and address the Board.

3.4.3 If the Board imposes discipline on a Member, the Board shall provide the Member written notification of the disciplinary action, specifying the fines or penalties levied, if any, and the reasons therefor, delivered by either personal delivery or individual delivery pursuant to Civil Code section 4040, within fifteen (15) days following the action.

In the event the Member corrects an alleged violation prior to the hearing date, the Board may discontinue the proceedings.

If the Association adopts or has adopted a policy imposing any Monetary Penalty Assessment, including a fee, on any Member for a violation of the Governing Documents (including Association Rules), including any Monetary Penalty Assessment relating to the activities of a guest or invitee of a Member, the Board shall distribute to each Member, by personal delivery or individual delivery pursuant to Civil Code section 4040, a schedule of the monetary penalties that may be assessed for those violations. Any such schedule of monetary penalties is an Operating Rule of the Association under Civil Code section 4355(a)(5), and any changes to that schedule shall constitute a proposed Rule Change under Civil Code section 4360. If the Association considers imposing a new schedule where none existed, or if changes are proposed to be made to the original schedule of fees and penalties, the Board shall comply with the requirements and procedures in Civil Code sections 4360 and 4365.

ARTICLE 4 - MEETINGS OF MEMBERS

4.1 ***Place of Membership Meetings.*** All meetings of Members shall be held at the principal office of the Association, or at such other place within the County as may be fixed by resolution of the Board. Unless unusual conditions exist, meetings of Members shall not be held outside the County.

4.2 ***Annual Meeting of Members.*** Regular meetings of the Members shall be held in the month of April on a date and time established by the Board, provided that adjournments of such meeting for lack of quorum or otherwise may be held as soon thereafter as practical.

4.3 ***Special Membership Meetings.*** Special meetings of the Members **may be called for any lawful purpose** by the Board upon either (i) the vote for such a meeting by a majority of a quorum of the Board, or (ii) the receipt of a written request therefor signed by Members representing at least five percent (5%) of the total Voting Power of the Association. Members of the Association owning five percent (5%) or more the Separate Interests may also call a special meeting of the Members to

reverse a Rule change, except an emergency Rule change, if done in accordance with the procedures set forth in Civil Code section 4365.

4.4 Notice of Membership Meetings. Written notice of meetings, annual or special, shall be given by the Board to each Member entitled to vote, either personally or by sending a copy of the notice by first class mail, postage prepaid, to the Member's address appearing on the books of the Association, or any secondary address supplied by the Member to the Association for the purpose of notice or by any other means permitted by law. All such notices shall be sent to each Member entitled thereto not less than ten (10) days nor more than ninety (90) days before each meeting, and shall specify the place, the day and the hour of such meeting, and the general nature of the matters which the Board, at the time of giving the notice, intends to present for action by the Members. Except as otherwise provided by law, any proper matter may be presented at the meeting for action. Any approval of the Members required under sections 7222, 7224, 7233, 7812 or 8719 of the Corporations Code, 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 the meeting. When any meeting of Members, either annual or special, is adjourned for thirty (30) days or more notice of the time and place of the adjourned meeting shall be given as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting other than by announcement thereof at the meeting at which such adjournment is taken.

4.5 Conduct of Membership Meetings. The President shall preside as chairperson at all meetings of the Members. Meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure or such other parliamentary procedures as the Board may adopt by resolution. The chairperson shall have all of the powers usually vested in the chairperson of a meeting of Members. Without limiting the generality of the foregoing, the chairperson's rulings on procedural matters shall be conclusive and binding on all Members, unless at the time of a ruling any Member requests a vote of the Members entitled to vote which are represented in person at the meeting at which a quorum is present, in which case the decision of a majority of such Members shall be conclusive and binding on all Members.

4.6 Elections; Rules and Procedures. The Association shall comply with Civil Code section 5100 et seq., including, without limitation, the adoption of election Rules and procedures, selection of an independent third party or parties as an inspector or inspectors of elections with the duties specified in Civil Code section 5110; compliance with the voting procedures, counting of votes, and communication of the election results to the Board and the Members; the custody, storage, recount (if any) and inspection of election ballots, all as specified in Civil Code section 5125. Notwithstanding any other provision of law, the Rules adopted pursuant to Civil Code section 5105 may provide for the nomination of candidates from the floor of membership meetings or nomination in any other manner. Those Rules may permit write-in candidates for ballots. After the tabulation of the ballots, the ballots shall be

in the custody of the inspector of elections or at a location designated by the inspector, for no less than one year after the date of the election in accordance with Civil Code section 5125. In the event of a recount or election challenge, the ballots shall be available for review by any Member upon written request, and any recount shall be conducted in a manner that preserves the confidentiality of the vote. In the event of a conflict between Civil Code section 5100 et seq., and the provisions of the Nonprofit Mutual Benefit Corporations Code (Part 3 (commencing with section 7110) of Division 2 of Title 1 of the Corporations Code) relating to elections, the provisions of Civil Code section 5100 et seq., shall prevail in the event of any inconsistency.

4.7 **Quorum.** The presence at the meeting, in person or by ballot of Members entitled to cast ten percent (10%) of the total Voting Power shall constitute a quorum for any action, unless a higher percentage is required for any particular action by the Act or the Governing Documents. Notwithstanding the existence of a quorum, the only matters that may be voted upon at any annual or special meeting actually attended, in person or by proxy, by Members holding less than one-third ($\frac{1}{3}$) of the Association's Voting Power are matters the general nature of which was included in the notice given pursuant to Section 4.4 above. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum, if the action taken, other than adjournment, is approved by at least a majority of Members required to constitute a quorum.

4.8 **Adjournment for Lack of Quorum.** If any meeting cannot be held because a quorum is not present, a majority of the Members present, either in person or by proxy, may adjourn the meeting but may not transact any other business. Adjournment shall be to a date not less than five (5) days nor more than thirty (30) days from the date the original meeting was called. Except where a greater quorum for voting on particular issues is required by the Act or the Governing Documents, the quorum for an adjourned meeting shall be as set forth in Section 4.7 above. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given in the manner prescribed for all meetings, annual or special. Except where a greater portion of the Voting Power is required by the Governing Documents, a majority of the Voting Power present, in person or by ballot shall prevail at all meetings.

4.9 **Matters Requiring Vote by Secret Ballot.** Elections regarding assessments, selection and removal of Board members, amendments to the Governing Documents, excluding Rules, or the grant of exclusive use of Common Area shall be held by secret ballot.

4.10 **Written Ballots.** Any form of written ballot distributed by any person to the Members shall afford an opportunity to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time the written ballot is distributed, to be acted upon at the meeting for which it is solicited. Any such form of written ballot also shall provide, subject to reasonable specified conditions,

(i) the proposed action; (ii) the time by which the ballot must be received by the Association in order to be counted; (iii) the number of responses needed to meet the quorum requirement; and (iv) the percentage of approvals necessary to approve the proposed action. Ballots and two preaddressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered by the Association to every Member not less than thirty (30) days prior to the deadline for voting. In order to preserve confidentiality, a voter may not be identified by name, address, or lot, parcel or unit number on the ballot, and the Association shall use as a model those procedures used by California counties for ensuring confidentiality of voter absentee ballots, in accordance with Civil Code section 5115.

4.11 **Record Date.** The Board may fix a date, not more than sixty (60) nor less than ten (10) days preceding the date of any annual or special meeting of the Members, as a record date for the determination of the Members entitled to notice of and to vote at any such meeting. Only Members of record and in good standing as of the record date shall be entitled to notice of and to vote at any such meeting, notwithstanding any transfer of a membership on the books of the Association after such record date. If the Board does not fix a record date for members entitled to notice, notice shall be given to Members entitled to vote as of the business day immediately preceding the day the first notice is sent or given.

4.12 **Action By Ballot Without a Membership Meeting..** Any action that may be taken at an annual or special meeting of the Members may be conducted without a membership meeting if done in compliance with the provisions of Section 7513 of the Corporations Code and Section 5115 of the Civil Code, which require, among other things, that the Association distribute a written ballot, in the form described in Section 4.10 above, to every Member entitled to vote on the matter.

4.13 **Joint Association Meetings/Records.** If the Association should consolidate any of its functions with any other association under a joint neighborhood association or similar organization, members of each participating association shall be entitled to attend all meetings of the joint association, other than executive sessions, shall be given reasonable opportunity for participation in those meetings, and shall be entitled to the same access to the joint association's records as they are to the participating association's records.

4.14 **Recording of Membership Meetings.** The Board may electronically record (audio or video) membership meetings but no one else may electronically record a membership meeting without the approval of a majority of the Members present at such meeting.

ARTICLE 5 - BOARD OF DIRECTORS

5.1 **Powers and Duties.** In addition to the powers and duties of the Board described in the Declaration, the Articles, or elsewhere in these Bylaws, and subject to limitations contained in these documents and Applicable Law concerning

actions requiring approval or authorization by the Members, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board. These powers shall include, without limitation, the following:

- 5.1.1 To select, appoint and remove all officers, agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law and the Governing Documents, to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.
- 5.1.2 To conduct, manage and control the affairs and business of the Association, and to enforce such Rules therefor consistent with law and the Governing Documents, as the Board may deem necessary or advisable.
- 5.1.3 To maintain the Project and the Common Area in the manner described in the Declaration, but subject to the limitations on the power of the Board specifically described therein and in these Bylaws.
- 5.1.4 To borrow money and incur indebtedness for the purposes of the Association, including the purchase of real property as described in Section 15.9 of the Declaration, and to cause to be executed and delivered therefor, in the name of the Association, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor. Provided, however, that the Association's unsecured debt shall not exceed Two Million Dollars (\$2,000,000) and total debt shall not exceed Four Million Dollars (\$4,000,000). For the purposes of this Section, the Association borrowing from its reserve fund shall not be considered an unsecured debt. The Board shall have the power to exceed these limits upon the Approval of the Members.
- 5.1.5 To delegate the management of the activities of the Association to any person, management company, or committee, provided that the activities and affairs of the Association shall be managed under the ultimate direction of the Board.
- 5.1.6 Upon dissolution of the Association (subject to Corporations Code section 8724), to distribute Association assets according to Corporations Code sections 8713-8720, as amended.

5.2 Number and Qualifications. The number of Directors of the Association shall be nine (9) until changed by a duly adopted amendment to this Section. Only Members are qualified to serve as Directors.

5.3 **Election and Term.** Each elected Director shall take office for a term of three (3) years and shall hold office until a successor has been elected and qualified. A Director who has served a full three (3) year term shall not be eligible for reelection to the Board in the year in which his or her term expires. Directors shall be elected at each annual meeting of the Members to succeed those Directors whose terms have expired. If any such annual meeting is not held or the Directors are not elected at such meeting, the Directors may be elected at any special meeting of the Members held for that purpose. Results of each annual election of directors shall be announced at the meeting in which such election is held.

5.4 **Nomination.** To help ensure that there is at least one (1) candidate willing to serve for each opening on the Board of Directors, the Board may, but is not obligated to, appoint at least three Members of the Association to serve on a Nominating Committee. The Nominating Committee shall consist of a chairperson, who shall be a member of the Board, and two (2) or more Members of the Association. All members of the Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Nominations may also be made by Members from the floor at the annual meeting or such other meeting at which Directors are to be elected. A Member may nominate himself or herself for election to the Board of Directors, including prior to the mailing of the election balloting materials. All candidates shall have equal access to Association media, newsletters, websites or mailers, and to any Common Area meeting space which may exist, for purposes reasonably related to the election in accordance with Civil Code section 5105, and a reasonable opportunity to communicate their qualifications to Members and to solicit votes.

5.5 **Election Procedures.** Election to the Board shall be by secret written ballot, and the election shall be conducted in accordance with the election Rules and procedures adopted in accordance with Section 4.6 above. The nominees receiving the largest number of votes, up to the number of Board positions to be filled, shall be elected as Directors.

5.6 **Inspectors of Election.** The Association Rules adopted in accordance with Section 4.6 above relating to elections for the Board of Directors shall specify a method of selecting independent third parties as inspectors of elections. The following persons may not serve as inspectors of election: Board members, candidates, or persons who are related to Board members or candidates. The Association's CPA, property manager, attorney, or other professional hired by the Association may serve as inspectors of elections, or the Board may appoint another independent party. If an independent party other than a Member serves as inspector of elections, that party may be compensated for the services performed, but Members shall not be entitled to compensation. Inspectors may appoint and oversee additional independent third parties to assist with the counting and tabulating of votes.

5.7 **Removal.** At any properly noticed annual or special meeting of the Members, the entire Board or any individual Director may be removed from office. Such removal must be approved by a majority of the votes represented and voting at a duly held meeting at which a quorum is present (which affirmative votes also constitute a majority of the required quorum) or by written ballot, in accordance with Corporations Code section 5034. Unless the entire Board is removed from office, no individual Director shall be removed prior to the expiration of the Director's term of office if the votes cast against removal would be sufficient to elect the Director 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 such Director were then being elected. In the event that any or all Directors are so removed, new Directors may be elected at the same meeting.

5.8 **Vacancies.** A vacancy shall be deemed to exist in the case of the death, resignation or removal of any Director. In accordance with Corporations Code section 7221, the Board may also declare vacant the office of a Director who has been declared of unsound mind by a final order of court or convicted of a felony. Any vacancy created by the death or resignation of a Director (or created by the Board in the case of a vacancy due to unsound mind or felony conviction) may be filled by a vote of a majority of the remaining Directors, though less than a quorum, and each Director so elected shall serve for the unexpired term of the Director's predecessor. Any vacancy created by the removal of a Director shall be filled by an election by the Members of the Association according to the provisions of Section 5.5 above.

5.9 **Regular Meetings.** Regular meetings of the Board shall be held at the Association's principal office at 3:00 p.m., during the third week of the following months: January, February, April, May and November, or at such place and hour as may be fixed by resolution of the Board. Notice of date, time and place of such meetings, except for emergency meetings, shall be given to the Members and communicated to directors, not less than four (4) days prior to the meeting date; provided, however, that notice of a meeting need not be given to any Director who has provided a waiver of notice or consent to the holding of the meeting or an approval of the minutes thereof in writing, in accordance with Corporations Code section 7211(a)(3). Notice of meetings of the Board may be given to Members by any means allowed by applicable law. Any Member may request and receive the notice by mail or electronic transmission, at the address requested by the Member. Notice of meetings shall contain a copy of the agenda for the meeting.

For purposes of this Section 5.9 and Section 5.10 below which require that notice of Board meetings be given to the Members, a "meeting" of the Board shall include any congregation of a majority of the Directors at the same time and place to hear, discuss or deliberate upon any item of Association business, except those matters that may be discussed in executive session. Any meeting of the Board may be held by conference telephone, electronic video screen communication or electronic transmission by and to the Association, as long as the requirements for attendance at a meeting through the selected method established by Applicable Law

are met. In these cases, all Directors who participate in a meeting by any of these methods will be deemed to be present in person at the meeting.

5.10 *Special Meetings.* Special meetings of the Board may be called by written notice signed by the President of the Association, or by any two (2) Directors other than the President, after not less than four (4) days' notice to each Director and to the Members. The notice shall specify the date, time and place of the meeting and the nature of any special business to be considered. The notice shall be sent to all Directors and posted or communicated to the Members in a manner prescribed for notice of regular meetings not less than four (4) days prior to the scheduled time of the meeting; provided, however, such notice need not be given to any Director who signs a waiver of notice or a written consent to holding of the meeting; and further provided that such advance notice provisions do not apply in the case of an emergency meeting allowed under Section 5.9 above. Notice of special meetings shall contain a copy of the agenda for the meeting.

5.11 *Emergency Meetings* An emergency meeting of the Board may be called by the President, or by any two (2) members of the Board other than the President, if there are circumstances that could not have been reasonably foreseen that require immediate attention and possible action by the Board and that of necessity make it impractical to provide prior notice as required in this Section. A record of the emergency meeting shall be filed with the minutes of the proceedings of the Board. Electronic transmissions may be as a method of conducting an emergency meeting if all Board members agree in writing or by election transmission to conduct the emergency meeting by electronic transmission. The consent of each Board member must be filed with the minutes of the emergency meeting. If all the Board members consent to conducting the emergency meeting by electronic transmission, a decision by a majority of the Directors voting on the item of business shall be the act of the Board as long as a quorum of the Board votes.

5.12 *Conduct of Board Meetings; Executive Sessions.* All meetings of the Board, except executive sessions, shall be open to all Members of the Association. The Board shall permit any Member to speak at any meeting of the Association or the Board, except for meetings of the Board held in executive session. A reasonable time limit for all Members to speak to the Board or before a meeting of the Association shall be established by the Board. Except as allowed by Civil Code section 4930, the Board may not discuss or take action on any item at a non-emergency meeting unless the item was placed on the agenda included in the notice that was posted or distributed as set forth above; provided, however, that a Member of the Association who is not a member of the Board is not prohibited from speaking on issues not on the agenda.

The Board may in executive session to consider litigation in which the Association is or may become involved, 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. Executive sessions shall not be open to the

general membership, but notice of the time and place of the meeting must be given at least two days before the meeting. Any matter discussed in executive session shall be generally noted in the minutes of the next meeting that is open to the entire membership. In any matter relating to the discipline of a Member, the Board shall meet in executive session if requested by the Member who may be subject to a fine, penalty, or other form of discipline, and the Member shall be entitled to attend the executive session.

5.13 **Quorum.** A majority of the number of the Directors then in office, so long as there is more than one (1) such Director, shall constitute a quorum. Every act or decision made or done by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board.

5.14 **Organizational Meeting.** Immediately following each annual meeting of the Members, or as soon after as practicable, the Board shall hold a regular meeting for the purpose of organization, election of Officers and the transaction of other business as the Board, in its reasonable discretion shall determine is necessary.

5.15 **Adjournment.** A quorum of the Directors may adjourn any Board meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, the majority of the Directors present at any Board meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

5.16 **Indemnification of Directors, Officers, Agents and Employees.** To the maximum extent permitted by section 7237 of the Corporations Code, the Association shall reimburse, indemnify and hold harmless each Director, Officer, committee member, employee, or any other agents of the Association as described in Corporations Code section 7237 and each person who, at the request of the Association acts as a director, officer, agent or employee of any other corporation in which the Association has an interest, including persons formerly occupying any such positions, from and against all loss, cost, liability, expenses, judgments, fines, and other amounts which may be imposed upon or reasonably incurred the Director, including reasonable settlement payments, in connection with any claim, action, suit or proceeding or threat thereof, made or instituted, in which the Director may be involved or be made a party by reason of the Director being or having been a Director, Officer, agent or employee of the Association or such other corporation, or by reason of any action alleged to have been taken or omitted by him in such capacity. The right of indemnification provided herein, shall inure to each person referred to herein, whether or not the claim asserted against the Director is based on matters which arose in whole or in part prior to the adoption of this Section and in the event of the Director's death shall extend to the Director's legal representatives. The Association shall have the power to purchase and maintain insurance on behalf of any Director, Officer, agent or employee of the Association against any liability asserted against or incurred by him or her in such capacity or arising out of his or her status as such whether or not the Association would have the power to indemnify against such

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

5.17 Volunteer Officers and Directors/Limitation of Liability. In accordance with Civil Code section 5800, the following provisions shall apply with regard to the volunteer Officers and Directors of the Association.

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

- (a) The act or omission was performed within the scope of the Officer's or Director's Association duties;
- (b) The act or omission was performed in good faith;
- (c) The act or omission was not willful, wanton, or grossly negligent;
- (d) The Association maintained and had in effect at the time the act or omission occurred, and at the time a claim is made, one or more policies of insurance which shall include coverage for (a) general liability of the Association, and (b) individual liability of Officers and Directors of the Association for negligent acts or omissions in that capacity; provided, that both types of coverage are a minimum amount of at least One Million Dollars (\$1,000,000.00) per occurrence.

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

- 5.17.3 An Officer or Director who at the time of the act or omission received either direct or indirect compensation as an employee from a financial institution that purchased a Separate Interest at a judicial or nonjudicial foreclosure of a mortgage or deed of trust on real property is not a volunteer for the purposes of this Section.
- 5.17.4 Nothing in this Section shall be construed to limit the liability of the Association for its negligent act or omission or for any negligent act or omission of an Officer or Director of the Association.
- 5.17.5 This Section shall only apply to a volunteer Officer or Director who is an Owner of no more than two Separate Interests in the Project.

5.18 ***Fees and Compensation.*** No Director or Officer shall receive any salary for his or her services as a Director or Officer. Directors may also be reimbursed for any actual expenses incurred in the performance of duties as Directors.

5.19 ***Standing or Special Committees*** In the event that the Board determines that the management of the Association would be benefitted by the establishment of one or more standing or special committees in addition to the Executive Committee, the Board may from time to time establish one or more such committees. The establishment of a standing or special committee shall be affected by a resolution of the Board approved by the vote of the majority of Directors then in office, which specifically sets forth the powers and duties delegated to such committee. Each such committee shall consist of two (2) or more directors and shall be presided over by a director selected by the Board. The term “standing committee” or “special committee” shall mean any committee appointed by the Board which is authorized by specific delegation, without further Board action, to make and implement decisions on behalf of the Board, or to implement, with some degree of discretion, decisions of the Board pursuant to guidelines established by the Board. Notice of, and procedures for, meetings of standing or special committees shall be as prescribed by the chairperson of each such standing or special committee, and meetings of standing or special committees may be called by the Board or the chairman of the standing or special committee.

5.20 ***Limitations Upon Committees of the Board*** No committee of the Board shall have any of the authority of the Board with respect to:

- 5.20.1 The approval of any action for which Applicable Law or the Governing Documents also requires approval of the Members or approval by a Majority Vote of the Members;
- 5.20.2 The filling of vacancies on the Board or on any committee which has the authority of the Board;

- 5.20.3 The fixing of compensation of the directors for serving on any committee which has the authority of the Board;
- 5.20.4 The amendment or repeal of Bylaws or the adoption of new Bylaws;
- 5.20.5 The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; or
- 5.20.6 The appointment of other committees of the Board or the members thereof if such committee will have the authority of the Board.

ARTICLE 6 - OFFICERS AND THEIR DUTIES

6.1 **Officers.** The Officers of the Association shall be a President and Vice President, a Secretary and a Treasurer (who shall at all times be Directors), and such other officers as the Board may from time to time by resolution establish ("Officers") who may, but need not be Directors.

6.2 **Election.** The Officers of the Association, except such officers as may be elected or appointed in accordance with the provisions of Section 6.4 or 6.6, shall be appointed by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

6.3 **Term.** The Officers of the Association, other than interim officers, shall be appointed annually by the Board and each shall hold office for one (1) year unless the Officer sooner resigns, is removed, or is otherwise disqualified to serve.

6.4 **Special Appointments.** The Board may elect such interim or 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 determine.

6.5 **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.

6.6 **Vacancies.** A vacancy in any office may be filled in the manner prescribed for regular appointment by the Board. The person appointed to such vacancy shall serve for the remainder of the term of the Officer he replaces.

6.7 **Multiple Offices.** The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of the

other offices except in the case of special offices created pursuant to Section 6.4 above.

6.8 *Duties.* The duties of the Officers shall be as follows:

- 6.8.1 **President.** The President shall preside at all meetings of the Board, shall be the chief executive officer of the Association and, subject to the control of the Board and provisions of the Declaration, shall have general supervision, direction and control of the business and affairs of the Association. The President shall, if directed by the Board, sign all leases, mortgages, deeds, promissory notes and other written instruments and shall co-sign checks on Association bank accounts in accordance with Section 7.4 below. The President shall be an ex officio member of any standing committees and shall have the general powers and duties of management usually vested in the office of the president of a corporation, and such other powers and duties as may be prescribed by the Board or these Bylaws.
- 6.8.2 **Vice Presidents.** The Vice President (or if more than one Vice President be appointed, the Vice Presidents in order of their rank as fixed by the Board or, if not ranked, the Vice President designated by the Board) shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of the President by the Board.
- 6.8.3 **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 its members; keep the corporate seal of the Association and affix it to all papers requiring such seal; keep, or cause to be kept, appropriate current records showing the Members of the Association, together with their addresses and telephone numbers, and shall perform such other duties as may be required by the Board. The Secretary shall also keep, or cause to be kept, at the principal office of the Association the original or a copy of the Governing Documents of the Association.
- 6.8.4 **Treasurer.** The Treasurer shall receive and deposit all of the funds of the Association in any bank or banks selected by the Board, be responsible for and supervise the maintenance of books and records to account for Association funds and other Association assets, disburse and withdraw funds in the manner specified by the Board, prepare and distribute financial statements for the Association required by the Governing Documents, and review, on a monthly basis, the Association's

financial statements and accounts as specified in Civil Code section 5500.

6.8.5 Assistant Secretary. The Board may appoint a person who need not be a member of the Association to serve as Assistant Secretary of the Association, to hold office for such period, have such authority, and perform such duties as the Board may determine, including the duties described in Section 6.8.3 above.

6.8.6 Chief Financial Officer/Controller. The Board may appoint a person who need not be a member of the Association to serve as the Chief Financial Officer ("CFO") / Controller of the Association, to hold office for such period, have such authority, and perform such duties as the Board may determine.

6.9 ***Delegation of Officers' Duties.*** With Board approval, an Officer may delegate the Officer's powers and duties to any committee, employee or agent of the Association.

ARTICLE 7 - BOOKS, RECORDS AND FINANCIAL REPORTS

7.1 ***Member Inspection of Association Records.*** [Civ. Code § 5200 et seq.]

7.1.1 "Association Records" and "Enhanced Association Records," defined in Civil Code section 5200 and any successor statutes shall be open to inspection and copying 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 5205 and any successor statutes.

7.1.2 Members may not inspect the minutes of executive meetings, information related to disciplinary matters, individual Lot files (except their personal Lot file), or any other records except those specifically allowed herein or as allowed by the Board or by Applicable Law.

7.1.3 The Association may withhold or redact information if the release of the information is reasonably likely to lead to fraud in connection with the Association or identity theft or the information is privileged by Applicable Law, all as more specifically set forth in Civil Code section 5215 and any successor statutes.

7.2 ***Member Inspection of Membership Register.*** Subject to Section 7.3 and any Applicable Law, Members may obtain copies of the membership register within ten (10) days upon a written demand to the Association and payment

of a reasonable charge for copying and mailing costs. The demand shall state the purpose for which the list is requested.

7.3 Denial of Inspection Request for Membership Register. [Corp. Code § 8338] In accordance with section 8338 of the Corporations Code, the membership register is a corporate asset. The Association may deny a Member access to the membership register, including copies thereof, where the Association reasonably believes that the information will be used for a purpose not reasonably related to the Member's interest as a Member, or where the Association provides a reasonable alternative method of achieving the purpose identified in the written demand from the Member in accordance with section 8330(c) of the Corporations Code.

7.4 Checks, Drafts, etc. All checks, drafts, or other orders for payment of money issued on the Association's operating and reserve accounts shall require the following signatures and Board approvals:

- 7.4.1 Any amount over \$10,000 transferred from the Association's operating and reserve accounts requires prior written board approval pursuant to Civil Code section 5502.
- 7.4.2 Any amount under \$25,000 for payment of Association expenses shall require the joint signature of the Manager (by the CFO of the Club or such other person authorized to sign on behalf of the Manager) and the CFO of the Association;
- 7.4.3 Any amount over \$25,000 for payment of Association expenses shall require the joint signature of the Manager (by the CFO of the Club or such other person authorized to sign on behalf of the Manager) and the President of the Association;
- 7.4.4 Any check written in any amount which is drawn from the Association's reserve account shall require Board approval and the joint signatures and the joint signatures of two Directors or an Officer who is not a Director and one who is a Director pursuant to Civil Code section 5510.

The Board may also designate by resolution that checks issued on the operating accounts be executed by the joint signatures of the President and the CFO of the Association or in such other more stringent manner as shall be determined by resolution of the Board.

7.5 Contracts. Except as otherwise provided in these Bylaws or the Declaration, the Board may authorize any Officer(s) or agent(s) to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no Officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit

or to render it liable for any purpose or for any amount. Notwithstanding any other law or provision of the Governing Documents, the provisions of Section 7233 of the Corporations Code (which relates to contracts in which a director has a material financial interest) shall apply to any contract or other transaction authorized, approved, or ratified by the Board or a committee of the Board.

Any agreement for professional management of the Association must provide that the management contract may be terminated by either party without cause or payment of a termination fee upon thirty (30) days' written notice and the term of such contract shall not exceed one (1) year. Prior to entering into any management contract with a Managing Agent, the Board shall require compliance with Civil Code sections 5375 and 5375.5, and any management contract shall require that Association funds received by the Managing Agent shall be handled in accordance with Civil Code section 5380. A "Managing Agent" as defined in Civil Code section 5385 does not include a full-time employee of the Association.

7.6 Financial Documentation; Preparation, Reporting and Review Responsibilities of the Board. With regard to the preparation, reporting and review of the Association's financial documentation, the Board shall have the following responsibilities:

- 7.6.1 [Civ. Code § 5300 et seq.] Preparing an Annual Budget Report and Annual Policy Statement for each fiscal year, and distributing a copy thereof to each Owner not less than thirty (30) and not more than ninety (90) days prior to the beginning of the fiscal year.

In lieu of the distribution of the Annual Budget Report and Annual Policy Statement, the Board may elect to distribute a summary to each Owner with a written notice that a full copy is available at the business office of the Association or designated location and that copies will be provided upon written request and at the expense of the Association. The Association shall provide the copy of the Annual Budget Report and Annual Policy Statement for the current fiscal year to the Owner within five (5) working days of the receipt of the Owner's written request.

- 7.6.2 [Civ. Code § 5305; Corp. Code § 8321] Preparing and distributing an annual report, within one hundred twenty (120) days after the close of each fiscal year, consisting of the following:
- (a) A balance sheet as of the end of the fiscal year.
 - (b) An operating (income) statement for the fiscal year.
 - (c) A statement of cash flows for the fiscal year.

- (d) For any fiscal year in which the gross income to the Association exceeds \$75,000.00, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy. If this report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized Officer of the Association that the statement was prepared without independent review from the books and records of the Association.

7.6.3 [Civ. Code §§ 5310 & 5730] Preparing and distributing to the Owners, any written notice regarding assessments and foreclosure described in any Applicable Law.

7.6.4 [Civ. Code § 5550] Causing to be conducted, at least once every three (3) years, a study of the reserve account requirements of the Community. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.

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

7.6.5 [Civ. Code § 5500] Reviewing the following on at least a monthly basis:

- (a) A current reconciliation of the operating and reserve accounts of the Association.
- (b) The actual reserve revenues and expenses for the current year compared to the budget for the current year.
- (c) An income and expense statement for the operating and reserve accounts of the Association.
- (d) The most current account statements prepared by the financial institution where the Association has its operating and reserve accounts.
- (e) The check register, monthly general ledger, and delinquent assessment receivables reports.

7.7 **Reserve Accounts.** Reserve account(s) shall be set up for the purposes and in the manner described in Section 6.14 of the Declaration, and reserve funds shall be withdrawn from such reserve account(s) in accordance with California law. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account(s) in accordance with California law and the Governing Documents.

7.8 **Fiscal Year.** The fiscal year of the Association begins on July 1 and ends on June 30 of each year.

7.9 **Information to be Submitted to Secretary of State.** The Association shall submit biennial statements to the secretary of State pursuant to Corporations Code section 1502 and Civil Code section 5405. Such statements to be submitted on forms and subject to fees as prescribed by the Secretary of State.

ARTICLE 8 - AMENDMENT/CONSTRUCTION

8.1 **Amendment Procedure.** These Bylaws may be amended or repealed by Approval of the Members (by the vote or written assent of a majority of the votes represented and voting at a duly held meeting at which a quorum is present) or by approval by the Board; provided, however, that Members must approve any action that would: (1) materially and adversely affect the rights of Members as to voting, dissolution, or redemption, or transfer of memberships; (2) increase or decrease the number of membership authorized; (3) effect an exchange, reclassification or cancellation of all or any part of the membership; (4) authorize a new class of membership; (5) specify or change a fixed number of directors or the maximum or minimum number of directors or change from a fixed to a variable number of directors or vice versa; (6) change or extend the term of the directors; (7) increase or decrease quorum requirements; or (8) repeal, restrict, create or expand proxy rights, or for which the approval of the members is specifically required by law or these Bylaws. Notwithstanding the foregoing, the percentage of a quorum of the Voting Power of the Association necessary to amend a specific clause or provision of these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

8.2 **Record of Amendments.** Whenever an amendment or new Bylaw is adopted it shall be placed in the book of Bylaws in the appropriate place. If any Bylaw is repealed, the fact of repeal, with the date of the meeting at which the repeal was enacted or written assent was filed, shall be stated in said book.

8.3 **Construction.** In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of a conflict between the Declaration and the Bylaws, the Declaration shall control. Wherever the context of these Bylaws so requires, the singular shall include the plural, and the masculine shall include the feminine. The provision of these Bylaws will be deemed modified

by additions or modifications to Applicable Law unless any such additions or modifications are specified to be prospective only in their application.

CERTIFICATE OF SECRETARY
OF
ELDORADO PROPERTY OWNERS ASSOCIATION
a California Nonprofit Mutual Benefit Corporation

I, the undersigned, do hereby certify that I am the duly elected Secretary of the Eldorado Property Owners Association, a California Nonprofit Mutual Benefit Corporation. The foregoing Amended and Restated Bylaws of said Association constitute the fully amended and restated Bylaws as approved by the membership of the Association.

DATED: _____, 20 ____.

Secretary