

**BYLAWS
OF
CIELO VISTA HOMEOWNERS' ASSOCIATION, INC.**

ARTICLE I: NAME, PRINCIPAL OFFICE AND BYLAWS, APPLICABILITY AND ACCEPTANCE

Section 1.1 Name: The name of the corporation is CIELO VISTA HOMEOWNERS' ASSOCIATION OF HOLLISTER INC., hereinafter referred to as the "Association".

Section 1.2 Mailing Address: The principal mailing address for the Association shall be located at 121 Tierra Del Sol, Hollister CA 95023.

Section 1.3 Bylaws Applicability: The provisions of these Bylaws are applicable to the project. The term "development" as used herein shall include the land and all structures and improvements thereon. All present and future Owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the development in any manner, are subject to the regulations set forth in these Bylaws and to the recorded Declaration of Restrictions applicable to the property or any portion thereof referred to as the "Declaration" herein, which Declaration was recorded on Oct. 4, 2018, as Instrument # 2018-000166, Official Records of San Benito County. Such Declaration is Incorporated herein as if fully set forth, including definitions and terms contained therein, which definitions and terms shall apply to the same terms as they appear in these Bylaws.

Section 1.4 Bylaws Acceptance: The acceptance of a deed to any Lot or entering into occupancy or use of any Lot in the project shall constitute (1) acceptance and ratification of these Bylaws and the Declaration; and (2) an agreement to be bound by and comply with the provisions of these Bylaws and the Declaration as any or all may, from time to time, be amended.

ARTICLE II: MEMBERS

Section 2.1 Member Defined: Every Owner of a Lot shall be a member of the Association. Upon termination of ownership, an Owner's membership shall automatically terminate and be transferred to the new Owner of the Lot. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

Section 2.2 Membership Inseparable from Ownership: "Owners" (as defined in the Declaration), shall be entitled to exercise the rights and privileges of membership in the Association. No person other than an Owner may be a member of the Association. Not more than one membership may be issued to any member. Membership shall be appurtenant to and may not be separated from ownership of any Lots which are subject to assessment by the Association.

Section 2.3 Responsibilities of Members: The members have the ultimate responsibility for the administration of the development. Except as day-to-day responsibility, as specified by the Declaration and these Bylaws, are delegated to the Board of Directors, or committees, All members share equally in the responsibility for the appropriate operation of the project.

Section 2.4 Voting Rights: The Association shall have one class of voting membership. Members shall all be Owners. Members shall be entitled to one vote for each Lot owned. When more than one person holds an ownership interest in any Lot, all such persons shall be members; provided, however, that with respect to any matter requiring the vote or consent of members, no more than one vote shall be cast with respect to any Lot. The vote for such Lot shall be exercised as the members holding an interest in such Lot among themselves determine. In the event of a disagreement, the decision of members holding a majority of interest in such Lot shall govern. In the event two or more persons have equal interests in the Lot, the vote shall be determined by a coin flip. Any action by the Association which is subject to the approval of the members, shall require the vote or written assent of fifty-one percent (51%) of the total voting power of the Association.

ARTICLE III: MEMBERSHIP MEETINGS

Section 3.1 Annual Meetings: Annual meetings shall be held within two weeks of the same day of the week of the same month each year. At such meetings, there shall be elected, a Board of Directors in accordance with the requirements of 4.1 and 4.3 of Article IV of these Bylaws. The Owners may transact such other business of the Association as may properly come before them.

Section 3.2 Special Meetings: Special meetings of the members may be called for any lawful purpose by the Board, the President, or by written request signed by members representing at least five percent (5%) of the total voting power of the Association. A special meeting called by any person (other than the Board) entitled to call a meeting shall be made by submitting a written request specifying the general nature of the business to be transacted to the President, any Vice-President, or Secretary of the Association. The officer receiving the notice shall promptly cause notice to be given to the members in the manner required by Section 3.3 that a meeting will be held at a date, time and place fixed by the Board, which meeting shall be held not less than thirty-five (35) days nor more than ninety (90) days after receipt of the request. If the notice is not given within twenty (20) days after the receipt of the request, the person or persons requesting the meeting may give the notice.

Section 3.3. Notice of Meetings: Meetings shall be held within the subdivision, or at a meeting place as close as possible, but not outside San Benito County, California. Notice of all members' meetings, annual or special, shall be given not less than ten (10) nor more than ninety (90) days before the date of the meeting to each member and to any mortgagee who has requested in writing to receive such notice. Any mortgagee, or its designated representative, shall be entitled to attend such meeting, but shall not be entitled to vote at the meeting. The notice shall be given by any one of the following methods:

- A. Personal delivery;
- B. First class mail;
- C. Registered or certified mail;
- D Email.

The addressing shall be done either first class, registered, certified or email, to the member or mortgagee at the address of such member or Mortgagee appearing on the books of the Association or given by the member of mortgagee to the Association for purpose of notice. If no address appears or is given for any member, notice may be given at the Association's principal office or by publication at least once on electronic media.

The notice shall state the place, date and time of the meeting. If Directors are to be elected at the meeting, the notice shall include the names of all those who are nominees at the time notice is given. In the case of a special meeting, the notice shall state the general nature of the business to be transacted and no other business may be transacted. In the case of the annual meeting, the notice shall state those matters that the

Board intends, at the time the notice is given, to present to the members for action, but any proper matter may be presented at the meeting for action subject to the special notice requirements given in any meeting where the quorum requirement as described in Section 3.4 of these Bylaws is less than one-third of the voting power of the Association and members holding less than one-third actually attend.

Section 3.4 Special Notice Requirements: Approval by the members of any of the following proposals, other than by unanimous approval of those members entitled to vote, shall not be valid unless the general nature of the proposal was stated in the notice or in any written waiver of the notice:

- A. Removing a Director without cause.
- B. Filling vacancies on the Board.
- C. Amendment of the Articles.
- D. Approving a contract or transaction between the Association and one or more Directors, or between the Association and any entity in which a Director has a material financial interest.
- E. Electing to wind up and dissolve the Association.
- F. Approving a plan of distribution of assets, other than money, not in accordance with the liquidation rights of any class of members (applicable only if the Association is in the process of winding up and there is more than one class of membership outstanding at the time.)

Section 3.5 Waiver of Notice or Consent: The transactions of any meeting of members, however called or noticed, and wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (1) a quorum is present either in person or by proxy, and (2) either before or after the meeting, each member entitled to vote, not present in person or by proxy, signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice, consent or approval need not specify either the business to be transacted or the purpose of any meeting of members, except that if action is taken or proposed to be taken for approval of any of those matters specified in Section 3.4 of these Bylaws, the waiver of notice, consent or approval shall state the general nature of the proposal. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance of a member at a meeting shall also constitute a waiver of notice of and presence at that meeting, unless the member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice of the meeting but not so included, if that objection is expressly made at the meeting.

Section 3.6 Proof of Membership and Record Date: No person shall exercise the rights of membership in the Association until satisfactory proof of membership has been furnished the Association. Such proof may consist of either a duly-executed and acknowledged grant deed or title insurance policy showing that the

person has an ownership interest in a property that would entitle the person to membership in the Association as provided in the Declaration. Such deed or policy shall be deemed conclusive proof of the person's membership in the absence of a conflicting claim based on a later deed or policy.

For the purpose of determining the members entitled to notice of any meeting, to vote, or to exercise any other rights in respect of any lawful action, the Board may fix, in advance, a record date as follows:

- A. The record date for notices shall be not more than ninety (90) nor less than ten (10) days before the date of the meeting;
- B. The record date for voting shall not be more than sixty (60) days before the date of the meeting or before the date on which the first written ballot is mailed or solicited; and
- C. The record date for any other action shall not be more than sixty (60) days before the date of such action. If no record date is fixed by the Board, the record date shall be determined in accordance with California Corporations Code §7611. A person holding a membership as of the close of business on the record date shall be a member of record.

Section 3.7 Quorum: The presence at any meeting in person or by proxy of members entitled to cast at least fifteen percent (15%) of the total votes of members, shall constitute a quorum. Any members' meeting, whether or not a quorum is present, may be adjourned from time to time for any reason by a vote of the members representing a majority of the voting power of the members present at the meeting, either in person or by proxy, to another time not less than five (5) days nor more than thirty (30) days from the date of the original meeting. If the time and place of the adjourned meeting is announced prior to the adjournment of the original meeting, no notice of the adjourned meeting is required, provided that if a new date is fixed for the adjourned meeting after the adjournment of the original meeting, notice of the date, time and place of the adjourned meeting shall be given to members in the manner prescribed in Section 3.3 of these Bylaws. Any business that might have been transacted at the original meeting may be transacted at the adjourned meeting. In the absence of a quorum, no business may be transacted at the meeting other than to adjourn the meeting to another time.

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 any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.

Section 3.8 Proxies: Each person entitled to vote shall have the right to do so either in person or by one or more agents authorized by written proxy, signed by the person and filed with the Secretary of the Association. A proxy shall be deemed signed if the member's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by a member or the member's attorney in fact. Any proxy or written ballot that is distributed to ten (10) or more members shall satisfy the requirements of California Corporations Code §7514(a) if the Association has one hundred (100) or more members.

A validly executed proxy shall continue in full force and effect until (1) written notice is received by the Association of the death or incapacity of the member executing the proxy, or (2) the member executing the proxy revokes it before the vote is cast under that proxy by (a) delivering a written revocation to the Association, (b) executing a subsequent proxy that is presented to the meeting, or (c) attending and voting in person at any meeting. Unless the proxy indicates otherwise, it shall not be valid after eleven (11) months from the date of execution and in no event shall any proxy be valid after three (3) years from the date of execution.

Notwithstanding any of the foregoing all proxies shall be revocable and shall automatically terminate when the member's membership in the Association terminates as provided in the Declaration. The suspension of a member's voting rights by the Association shall automatically suspend any proxy executed by that member.

No proxy shall be valid with respect to a vote on the following proposals to be approved by the members unless the general nature of the matter to be voted on was set forth in the proxy:

- A. Removing a Director without cause;
- B. Filling vacancies on the Board;
- C. Amendment of the Articles;
- D. The sale, lease, conveyance, exchange, transfer, or other disposal of all or substantially all of the Association's assets, or the approval of the principal terms of a merger or the amendment to the principal terms of a merger;
- E. Approving a contract or transaction between the Association and one or more Directors, or between the Association and any entity in which a Director has a material financial interest;
- F. Electing to wind up and dissolve the Association; or
- G. Approving a plan of distribution of assets, other than money, not in accordance with the liquidation rights of any class of members (applicable only if the Association is in the process of winding up and there is more than one class of membership outstanding at the time).

Section 3.9 Order of Business: The order of business of all meetings of the members shall be as follows:

- A. Roll call;
- B. Proof or notice of meeting or waiver of notice;
- C. Reading of minutes of preceding meeting;
- D. Reports of board and officers;
- E. Election of Directors, if any are to be elected;
- F. Unfinished business; and
- G. New business.

Section 3.10 Parliamentary Procedure: All questions of parliamentary procedure shall be decided in accordance with Roberts Rules of Order.

Section 3.11 Action by Unanimous Consent: Any action required or permitted to be taken by the members may be taken without a meeting if all the members consent in writing to the action. The written consent shall have the same force and effect as the unanimous vote of the members. The written consents shall be filed with the minutes of the proceedings of the members.

Section 3.12 Action by Written Ballot: Any action that may be taken at any meeting of the members, except the election of Directors, may be taken by written ballot if the following requirements are satisfied:

A. The Association distributes a written ballot to each member entitled to vote on the matter. The ballot shall be given personally, email, or by first-class, registered or certified mail, addressed to the member at the address of such member appearing on the books of the Association or given by the member to the Association for purpose of notice. The ballot shall provide a reasonable time within which to be returned. If ballots are distributed to ten (10) or more members and the Association has one hundred (100) or more members, the requirements of California Corporations Code §7514 shall be satisfied.

B. Each ballot shall set forth (1) the proposed action; (2) an opportunity to specify approval or disapproval of any proposal; (3) the time by which the ballot must be received by the Association in order to be counted; (4) the number of responses needed to meet the quorum requirement; and (5) the percentage of approvals necessary to approve the proposed action.

C. The proposed action shall be considered approved by written ballot if (1) within the time period specified the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action; and (2) the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast by ballot.

D. A written ballot may not be revoked.

ARTICLE IV: BOARD OF DIRECTORS

Section 4.1 Number: The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons.

Section 4.2 Nomination: Nomination for election to the Board may be made by a nominating committee appointed by the Board prior to the 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 to be filled. Nominations may also be made from the floor at the annual meeting.

Section 4.3 Election:

A. Election to the Board shall be either by verbal vote or secret written ballot. A member shall be entitled to cumulated votes for a candidate or candidates if such candidate's name or candidates names have been placed in nomination prior to the voting and the member has given notice at the meeting prior to the voting of the member's intention to cumulate votes. If any one: member has given such notice, all members may cumulate their votes for candidates in nomination.

B. Cumulative voting, if applicable, shall mean that each member, or his proxy holder, shall be entitled to cast the number of votes to which he is entitled by reason of his membership in the Association as set forth in Article II, Section 2.4 hereof times the number of Directors to be elected. Each person may allocate his votes among several candidates in any manner he chooses or cumulate his votes for any one candidate. The persons receiving the largest number of votes shall be elected.

C. Elections to the Board will be conducted upon achieving a quorum at any Membership Meeting. Each Lot present at the meeting, or by proxy, may cast one (1) vote to elect a candidate for each position being voted upon, or to fill a vacancy. The candidate with the most votes will be declared the winner.

Section 4.4 Removal: At any annual or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the Owners and a successor may then volunteer. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. Unless the entire Board of Directors is removed from office by the vote of members of the Association, no individual Board members shall be removed prior to expiration of his term of office if the votes cast against removal would be sufficient to elect the Board if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors was then being elected. Further, a Director elected to office solely by the votes of members may be removed from office only by the vote of a majority of members.

Section 4.5 Vacancies: Vacancies in the Board of Directors created by removal of a Director pursuant to Section 4.4 above, or death or incapacity of a Director, shall be filled by vote of the Association pursuant to

Section 4.3 of this Article, and each person so elected shall be a Director for a period of the remaining term of the replaced Director. Vacancies caused by a resignation of a Director shall be filled by a vote of the remaining Directors.

Section 4.6 Meetings:

A. Meetings Regular: Regular meetings of the Board shall be held at such intervals as the Board considers necessary and desirable, but not less often than monthly. Regular meetings shall be held within the project, unless in the judgment of the Board of Directors a larger meeting room is required in which case it shall be held as close to the project as is practical, and at such hour as may be fixed from time to time by resolution of the Board. Notice of the time and place of a meeting shall be posted on electronic media.

B. Special Meetings: Special meetings of the Board may be called by written notice signed by the President or any two Directors. The notice shall specify the time and place of the meeting, and the business to be conducted and it shall be mailed or delivered through electronic media, to the residence of each Director and posted in a manner as required for a regular meeting at least seventy-two (72) hours prior to the scheduled time of the meeting. Attendance at a meeting shall constitute a waiver of notice.

C. Quorum: At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board there is less than a quorum present, the majority of those present may adjourn the meeting and set a new meeting date, but may not transact any other business.

D. Open Meetings: With the exception of "executive sessions", all meetings of the Board of Directors shall be open to all members. While attendance of members other than Directors is expressly permitted, participation in the meeting is limited to Directors, unless a member is expressly authorized to participate by a majority vote of a quorum of the Board. "Executive sessions" are those sessions where the Board of Directors, with approval of a majority of a quorum of its members may adjourn a meeting and reconvene to discuss and vote upon personnel matters, litigation matters, in which the Association is or may become involved, and orders of business of a similar nature; provided, however, that prior to adjournment from open meeting to executive session, the nature of any and all business to be considered in the executive session shall first be announced in open session.

E. Action without a Meeting: The Board of Directors may take actions without a meeting if all of its members consent in writing to the action to be taken. If the Board resolves by unanimous consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the common area within three (3) days after the written consents of all Board members have been obtained.

F. Directors' Indemnification: A Director shall be indemnified by the members for all actions taken against such Director personally in the office of Director, if the duties of a Director are performed in good faith, in a manner such Director believes to be in the best interest of the Association and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances. In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports, statements, financial statements, and other data when supplied by officers, agents, employees, accountants, attorneys, committees, and others, so long as, in each case, the Director believes such information is presented by persons who are reliable and competent in the matter presented, and as long as the Director acts in good faith, in a manner such person believed to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances.

ARTICLE V: POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 5.1 Powers of the Board: The Board of Directors shall have the powers necessary for the administration of the affairs of the Association, the maintenance of the common area, and the regulation of the Association, and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the Owners, including but not limited to:

A. Association Rules: Subject to the provisions of the Declaration, the Articles, and these Bylaws, adopt such rules as the Board may deem necessary for the management of the development. Such rules may concern, but need not be limited to, the following subjects:

- i. Use of the common area, including any restricted area.
- ii. Signs.
- iii. Collection and disposal of refuse.
- iv. Minimum standards of maintenance of the property.
- v. Use of any facilities or equipment located in the common area.
- vi. Use of parking spaces located in the common area.
- vii. Any other subject within the jurisdiction of the Association as provided in these Bylaws and the Declaration.

A copy of the rules so adopted shall be furnished to each Lot Owner, and each Lot Owner, his family, guests, employees, invitees, licensees, and tenants shall comply with such rules.

B. Discipline: Enforce the provisions of the Declaration, these Bylaws, and the rules in accordance with the Declaration.

C. Expenses: Incur and/or pay expenses on behalf of the Association including taxes, assessments, insurance, and goods and services. The Board of Directors shall be prohibited from entering into any contract which exceeds the period of one year without a vote or written assent of a majority of the voting power of the Association, with: the exception of the following:

- i. A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans' Administration;
- ii. 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 of which the supplier will contract at the regulated rate;

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

D. Delegation and Employment: Employ, contract for, and/or establish and delegate to committees, officers, employees, and other agents of the Association reasonable powers to carry out the power and duties of the Board with the exception of delegating its powers to conduct hearings, levy fines or impose discipline in accordance with subparagraph B of this paragraph 5.1, Article V.

E. Access: The Board and its agents or employees shall have the right to enter a Lot as necessary in connection with construction, maintenance or emergency repair for the benefit of the common area or the Owners in common. Except in an emergency, forty-eight (48) hours' notice shall be given to the Owner or occupant

Section 5.2. Duties of the Board:

A. Fidelity Bonds: The Board of Directors shall require that all officers, employees and agents of the Association handling or responsible for Association funds shall furnish an adequate Fidelity Bond in an amount not less than Ten Thousand Dollars (\$10,000.00) per person. The Board shall require of any management agent evidence of coverage of a fidelity bond on himself and his employees paid by the agent to the benefit of his clients, exceeding the total amount of depositories of which he and/or his employees are signatories.

B. Inspection of Records: The books of account, minutes and committee reports shall be available for inspection and copying at a reasonable cost established by the Board by any member or his duly appointed representative at a reasonable time to be established in advance and published in writing by the Board at the office of the Association or other reasonable place established by the Board.

C. Books and Financial Statements: The Board of Directors shall cause to be maintained a full set of books and records and shall cause the following statements to be prepared and distributed to each Owner:

i. A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a Lot in the project and an operating statement for the period from the date of the first closing to the said accounting date and shall distribute same within sixty (60) days after the accounting date. This operating statement shall include a schedule by assessments received and receivable identified by the number of the Lot and the name of the entity assessed.

ii. A report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

- a. A balance sheet as of the end of the fiscal year;
- b. An operating income/expense statement for the fiscal year, including a schedule of assessments received or receivables itemized by street address;
- c. A statement of changes in financial position for the fiscal year; and
- d. For any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$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 the report referred to in subparagraph ii above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

iii. An annual budget, shall be made available through electronic media, to Lot Owners not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of each fiscal year, which shall contain the following:

- a. Estimated revenue and expenses on an accrual basis;
- b. The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies;
- c. An itemized estimate of the remaining useful life of, and the methods of funding to defray repair, replacement or additions to, major components of the common areas and facilities for which the Association is responsible;
- d. A general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the common areas and facilities for which the Association is responsible.

In addition to financial statements, the Board shall annually distribute within sixty (60) days prior to the beginning of the fiscal year a statement of the Association's policies and practices in enforcing its remedies against members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against members' subdivision interests.

D. Supervision: The Board shall supervise the officers, agents and employees of the Association in proper performance of their duties.

E. Assessments: As more fully provided in the Declaration and subject to any limitations contained therein, the Board shall fix the amount of the annual assessment against each unit and send notice to each member of such annual assessment at least sixty (60) days in advance of each assessment period. Failure on the part of the Board to send notice of assessment will not invalidate the obligation of each Owner to pay the assessment. The Board shall issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states an assessment has been paid, such certificate shall be evidence of such payment.

F. Collections: The Board shall take appropriate action against any Owner who is delinquent in the payment of any assessment by the Association, including but not limited to commencement of an action against the Owner for payment thereof and/or foreclosure of the lien against the Lot of such Owner, in accordance with the provisions set forth in the Declaration.

G. Insurance: The Board shall procure and maintain a comprehensive policy or policies of insurance, in accordance with the provisions of the Declaration.

H. Common Area: The Board shall cause the common area and any other portions of the project for which the Association may be responsible to be kept in a good state of maintenance and repair, in accordance with the provisions of the Declaration.

I. Expenses: The Board shall pay proper expenses, including taxes and assessments of the Association.

J. Architectural Control: The Board shall assure that the function of the Architectural Review Committee is carried out in accordance with the Declaration and hear appeals therefrom.

K. Financial Review Requirements: The Board shall review on at least a quarterly basis a current reconciliation of the Association's operating reserve accounts, the current year's actual reserve revenues and expenses compared to the current year's budget and an income and expense statement from the Association's operating and reserve accounts. In addition, the Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts.

Section 5.3 Board Actions Prohibited: The Board is prohibited from taking any of the following actions, except with the vote or written assent of the majority of the voting power of the Association residing in members:

- A. Incurring aggregate expenditures for capital improvements to the common area in any year in excess of five percent (5%) of the budgeted gross expenses of the Association for that year.
- B. 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.
- C. Paying compensation to Directors or officers of the Association for services performed in the conduct of the Association business. The Board may cause a Director, officer or a member to be reimbursed for reasonable expenses actually incurred in carrying out the business of the Association.

ARTICLE VI: OFFICERS AND THEIR DUTIES

Section 6.1 Enumeration of Officers: The officers of this Association shall be a President, Secretary and Treasurer, who shall at all times be members of the Board of Directors. Additional Board members can include Vice President and Sergeant at Arms.

Section 6.2 Election: If more than one person volunteers or is nominated for a position, those present at the meeting can hold a secret ballot vote, whereas anyone obtaining 51% of the vote shall be designated on the Board. The election of officers shall take place at the annual meeting.

Section 6.3 Term: The officers of this Association shall be determined annually and each shall hold office for one year unless he/she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 6.4 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.

Section 6.5 Resignation and Removal: Any officer may be removed from office by the Board with or without cause. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.6 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 replaced.

Section 6.7 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; and shall sign all leases, mortgages, checks and promissory notes.

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 members; keep appropriate current records showing the members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

C. Treasurer: 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 co-sign all checks and promissory notes of the Association; shall keep proper books of account; shall prepare and shall distribute financial statements to each member as outlined in Article V.

Section 6.8 Delegation: The above outlined duties may be delegated by a resolution of the Board to a manager appointed by the Board.

Section 6.9 Joint Signatures: Unless the Board authorizes more stringent requirements, any check or other negotiable instrument issued by the Association shall require the joint signatures of any two (2) of the following officers: President, Treasurer, or Secretary; provided that under all circumstances, the withdrawal of any moneys from the Association reserve account shall require the signatures of at least two (2) people who shall either be members of the Board or one member of the Board and one officer who is not a member of the Board.

Section 6.10 Reserve Accounts: For all purposes herein, "reserve accounts" shall mean money that the Association's Board has identified from its annual budget for use to defray the future repair of, replacement of, or additions to those major components that the Association is obligated to maintain.

ARTICLE VII INDEMNIFICATION AND INSURANCE

Section 7.1 Indemnification Right and Power: The Association shall indemnify any agent of the Association who was a party to any proceeding by reason of the fact that the person is or was an agent of the Association against expenses actually and reasonably incurred in any proceeding to the extent that the agent was successful on the merits in defense of the proceeding or in defense of any claim, issue, or matter therein. Expenses shall include any attorneys' fees and any other expenses of establishing a right to indemnification.

The Association may indemnify any agent of the Association who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an agent of the Association, against expenses actually and reasonably incurred in connection with such proceeding provided the approval requirements described in Section 7.2 of these Bylaws have been satisfied.

For purposes of Sections 7.1 - 7.5 of these Bylaws, the term "agent" means any present or former Director, officer, employee, or other agent of the Association, the term "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative, or investigative, and the term "expenses" includes judgments, fines, or settlements occurring in any proceeding other than a proceeding brought by or on behalf of the Association.

Section 7.2 Indemnification Approval: Unless indemnification is required as provided in Section 7.1 of these Bylaws, indemnification shall be made only if authorized in the specific case on a determination that indemnification is proper in the circumstances because the agent satisfied the appropriate standard of care described in Section 7.3 of these Bylaws. The determination must be made by one of the following methods:

- A. A majority vote of a quorum of the Board consisting of Directors who are not parties to the proceeding.
- B. The affirmative vote of a majority of the voting power of the members entitled to vote at a duly held members' meeting in which a quorum was present, or the approval by written ballot under the procedures described at Section 3.12 of these Bylaws; provided that if the agent to be indemnified is a member, the agent shall not be entitled to vote.
- C. The court in which such proceeding is or was pending on application made by the association or the agent or the attorney or other person rendering services in connection with the defense, whether or not the application is opposed by the Association.

Notwithstanding the foregoing, any indemnification in any proceeding brought by or on behalf of the Association shall be subject to the restrictions contained in California Corporations Code §7237(c).

Section 7.3 Standard of Care: In any proceeding brought by or on behalf of the Association, the applicable standard of care shall require that the agent acted in good faith, in a manner the agent believed to be in the best interests of the Association, and with the care, including reasonable inquiry, that an ordinarily prudent person in like position would use under similar circumstances. In all other proceedings, the agent must have acted in good faith, in a manner the agent believed to be in the best interests of the Association, and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

Section 7.4 Advancement of Expenses: On approval by the Board, expenses incurred in defending any proceeding may be advanced by the Association prior to the final disposition of the proceeding, provided the Association receives an undertaking by or on behalf of the agent that the advances will be repaid unless it is ultimately determined that the agent was entitled to indemnification as required or authorized by these Bylaws.

Section 7.5 Insurance: The Association shall have the power to purchase and maintain insurance on behalf of its agents, against any liability asserted against or incurred by any agent in such capacity or arising out of the agent's status as such whether or not the Association would have the power to indemnify the agent against such liability under Sections 7.1 - 7.4 of these Bylaws.

ARTICLE VIII: COMMITTEES

Section 8.1 Appointment: Committees shall be established by the Board of Directors.

Section 8.2 Chairpersons: Committee chairpersons are to be appointed by and are to serve at the pleasure of the Board.

Section 8.3 Members: Members of the committee are to be appointed by and are to serve at the pleasure of the Board.

Section 8.4 Duties: Committee duties are to be defined by the Board.

Section 8.5 Committees Enumerated:

A. Architectural Review Committee: As more fully defined in the Declaration, the Association shall have an Architectural Review Board.

B. Other Committees: Other committees may be established from time to time by the Board.

ARTICLE IX: BOOKS AND RECORDS

Section 9.1 Inspection by Members: The membership roster (including names, addresses and voting rights), books of account, and minutes of meetings of the members, of the Board, and of committees, shall be made available for inspection and copying by any member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association or at such other place within the project as the Board shall prescribe.

Section 9.2 Rules for Inspection: The Board shall establish reasonable rules with respect to:

A. Notice to be given to the custodian of the records by the member desiring to make inspection.

B. Hours and days of the week when such inspection may be made; and

C. Payment of the cost of reproducing copies of documents requested by a member.

Section 9.3 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.

ARTICLE X: AMENDMENTS

Section 10.1: The Articles of Incorporation and the Bylaws of this Association may be amended by a vote or written assent by a majority vote of the Board, or a majority of the voting power of the members of the association. Notwithstanding the amendment requirement contained herein, the percentage of the voting power of the Association or of members necessary to amend a specific clause or provision of the Articles of Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under the clause or provision; and, if applicable, any amendment to the Articles or Bylaws shall satisfy the requirements of the California Business & Professions Code §11018.7, and the requirements of the Declaration regarding the consent of the first mortgagees.

ARTICLE XI: MISCELLANEOUS

Section 11.1 Fiscal Year: The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year.

Section 11.2 Corporate Seal: It was determined that a corporate seal was not necessary for the purposes of this Association.

Section 11.3 Conflict: In case any of these Bylaws conflict with any provision of the laws of the State of California, such conflicting Bylaw shall be null and void, but all other Bylaws shall remain in full force and effect. In case these Bylaws conflict with the provisions of the Declaration of Restrictions, the Declaration shall control these Bylaws. In case these Bylaws conflict with the provisions of the Articles of Incorporation, such Articles shall control.

Section 11.4 Mortgagees:

A. Notice to Association: An Owner who mortgages or homesteads his Lot, shall notify the Association through the management agent, if any, or the President in the event there is no management agent, of the name and address of his mortgagees, and the Association shall maintain such information. Any such Owner shall likewise notify the Association as to the release or discharge of any such mortgagee or homestead.

B. Notice of Unpaid Assessments: The Association shall at the request of a mortgagee of a Lot report any unpaid assessments due from the Owner of such Lot.

Section 11.5 Owner's Address: It shall be the responsibility of each Lot Owner to maintain a current physical address and email address, on file with the Secretary of the Association. Association notices and correspondence shall be sent to either address.

CERTIFICATION

I, the undersigned, do hereby certify that I am duly elected and acting Secretary of the CIELO VISTA HOMEOWNERS' ASSOCIATION, INC., a California corporation, and that the foregoing Bylaws constitute the original Bylaws of said corporation as duly adopted at a meeting of the Board of Directors thereof on the 1st day of OCTOBER, 2018.

James E. Hunt
Secretary of the Cielo Vista Homeowners Association

State of California)
County of San Benito) ss.

On October 1, 2018, before me, Ron Martin, a Notary

Public, personally appeared James Hunt, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~-subscribed to the within instrument and acknowledged to me that he/~~she~~/~~they~~ executed the same in his/~~her~~/~~their~~ authorized capacity(~~ies~~), and that by his/~~her~~/~~their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Ron Martin
Signature Notary Public, State of California

[SEAL]

