

**FIRST RESTATED BYLAWS OF  
CHANTARELLE HOMEOWNERS ASSOCIATION**  
June 16, 2009

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**FIRST RESTATED  
BYLAWS OF  
CHANTARELLE HOMEOWNERS ASSOCIATION**

**ARTICLE I.  
NAME AND LOCATION**

1.1 Name and Location. The name of the corporation is CHANTARELLE HOMEOWNERS ASSOCIATION (hereinafter, the "Association"). The principal office of the Association shall be located in Sonoma County, California, and meetings of Members and the Board may be held at such places within the Sonoma County, as may from time to time, be determined by the Board of Directors.

**ARTICLE II.  
DEFINITIONS**

2.1 Declaration. "Declaration" means the Second Restated Declaration of Covenants, Conditions and Restrictions recorded in Sonoma County, and subsequent amendments to that Declaration.

2.2 Definitions. The terms used in these Bylaws shall have the same meaning set forth in Article I of the Declaration and the definitions and other provisions contained in the Declaration are incorporated into these Bylaws by reference. In addition to the terms defined in the Declaration, the following terms shall be defined as follows:

"Approval of Members" shall mean the vote or assent of a majority of Members present at a meeting (in person or by proxy) or by return of written ballots where a quorum has been established, unless another percentage is specified in the Declaration or these Bylaws for the particular action to be taken.

"Director" shall mean a member of the Board of Directors.

"Good Standing" a Member shall be in good standing if the Member is current in the payment of all assessments levied against his or her Lot and not subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the Declaration.

**ARTICLE III.  
MEETINGS OF MEMBERS AND VOTING**

3.1 Annual Member Meeting. The regular annual meeting of the members shall be held in March of each year at such time and place as the Board directs.

3.2 Special Member Meetings. Special meetings of the Members shall be promptly scheduled by the Board in response to the vote of a majority of the Board or a request by the President. Upon written request of Members representing five percent (5%) of the total Voting Power of the Association, the Board shall schedule a special meeting of the Members not less than thirty-five (35) days or more than ninety (90) days after the date the Association receives the written request. If notice of a special meeting requested by 5% of the Members is not given by the Board within 20 days after receipt of the written request for such meeting, the requesting Members may set the meeting date within the timeframe stated above and give the notice.

3.3 Notice and Place of Meetings. Written notice of each meeting of the Members, annual or special, shall be given by, or at the direction of, the Secretary or person authorized by the Board, by mailing a copy of the notice, first-class mail, postage prepaid, at least 10 days but not more than 90 days before the meeting to each Member, addressed to the Member's address last provided to the Association by the Member for the purpose of notice. Notice may be given by electronic mail or facsimile if the Owner has consented to notice by electronic means and provided the Association with an electronic mail address or facsimile number. The notice shall specify the place, day, and hour of the meeting, the purpose of the meeting, and shall contain an agenda listing the matters to be discussed or acted upon. Meetings shall be held in the Project or within Sonoma County as close to the Project as reasonably possible.

3.4 Quorum and Adjourned Meetings. The presence either in person or by proxy at any meeting or by return of written ballots, of Members entitled to cast forty percent (40%) percent of the total voting power of the Association (excluding the number of votes as to which voting rights are suspended on the record date set according to section 3.9) shall constitute a quorum for any action except as otherwise provided herein. If that quorum is not present or represented by proxy or returned ballots at any meeting, a majority of the Members entitled to vote at the meeting may, unless otherwise provided by law, adjourn the meeting to a date not less than five (5) days and not more than thirty (30) days from the meeting date, at which meeting the quorum requirement shall be twenty percent (20%) of the total voting power. 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 to Members as set forth in section 3.3. Where Member approval is sought by written ballot without a meeting, if quorum is not obtained by return of written ballots by the date specified for return of ballots, the ballot due date may be extended by the Board no less than five (5) days or more than thirty (30) days and notice of the extended ballot due date shall be given to all Members.

For purposes of obtaining membership approval of Special Assessments or increases in Regular Assessments as may be required by section 4.8 of the Declaration, a "quorum" means more than fifty percent (50%) of the Members of the Association present by return of written ballots. Regardless of any provisions to the contrary, a quorum of more than 50% of the Members shall be required at an adjourned or extended deadline for return of written ballots where approval of a Special Assessment or increase in Regular Assessments will be acted upon by the Members. No quorum shall be required for election of directors.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that at least twenty percent (20%) of the total voting power of the Association remains present in person or by proxy or returned ballot, and provided that any action taken shall be approved by a majority of the Members required to constitute a quorum (or such other percentage required by the Project Documents to take that particular action), and that the only matters that may be voted upon at the meeting are matters that were included on the agenda provided with notice of the meeting.

3.5 Membership and Voting. The Association shall have one class of membership. There shall be one vote for each Lot. When more than one person owns an interest in any Lot, all those persons shall be Members. The one vote for that Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any one Lot. A person owning more than one Lot may cast one vote for each Lot he owns.

3.6 Eligibility to Vote. Only Members in Good Standing shall be entitled to vote on any issue or matter presented to the Members for approval. A Member's Good Standing shall be determined as of the record date established in accordance with section 3.9 of these Bylaws. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of the nonpayment of Assessments, although a delinquent Member shall be entitled to request a hearing or Internal Dispute Resolution as set forth in Article IX of the Declaration.

3.7 Voting By Ballot.

- A. Ballots. Any form of written ballot distributed by any person to the Members shall afford the opportunity to specify a choice between approval and disapproval of each matter to be acted upon. On all written ballots a Member's vote shall be cast in accordance with the choice marked.
- B. Voting by Secret Written Ballot. Any member action on approval of amendments to the Project Documents, election or removal of directors, granting of exclusive use of Common Area, or approval of assessments where required by law or the Project Documents, must be taken by secret written ballot and may not be taken by a voice or other type of vote. All voting by secret written ballot shall comply with the provisions of Civil Code §1363.03, as amended from time to time. Secret written ballots shall be mailed to each Member no less than 30 days before the date they are due. The Board shall appoint one or three election inspectors and use a double envelope system as set forth in Civil Code §1363.03 to assure confidentiality of the secret written ballots. The Board may designate whether secret written ballots are to be returned by mail only, or whether they may be mailed, delivered to a meeting of the Members or cast at a meeting of the Members. All secret written ballots shall be opened, counted and tabulated only at an open meeting of the Board or Members. All secret written ballots shall be mailed or delivered to the Inspector, or a person designated by the Inspector, and shall remain in the possession and control of the Inspector or the person designated by the Inspector, until the meeting at which they are opened, counted and tabulated.
- C. Other Voting by Ballot. Matters requiring action by the Members shall be conducted by written ballot whenever feasible; provided written ballots on matters other than those listed in section 3.8B need not be secret. Where voting is not on one of the topics listed in section 3.8B above and is not secret, the Association may, but is not required to, appoint an inspector of elections and use a double envelope system. The counting and tabulation of ballots which are not secret shall still be conducted at an open meeting of the Board or Members.
- D. Election Rules. The Board shall adopt a Rule setting forth the process and procedures for obtaining Member approval. This election Rule shall be adopted in accordance with section 7.5.

3.8 Proxies. When voting is not conducted by written ballot, each member may vote by proxy. The Association is not required to mail proxies to all members, but shall make them available upon request. All proxies shall be in writing, signed by the Member, and filed with the Secretary or manager, before the appointed time of each meeting or date for return of written ballots. Any form of a proxy shall have two pages: the first containing the name, address and Lot number of the Member casting the proxy and the name of a person designated to vote on behalf of the Member (the "Proxy Holder"); the second page containing a place for the Member to instruct the Proxy Holder on how to vote each issue. The first page containing the Member's information and designation of the Proxy Holder shall be presented to the Association by the Proxy Holder or Member and the Proxy

Holder shall retain the second page. The Proxy Holder shall cast a separate ballot for each Proxy he holds. If the Member designates on the proxy how the Proxy Holder shall vote, the Proxy Holder shall vote the proxy as designated. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of the Member's Lot, or upon receipt by the Association of written notice of the death or judicially declared incompetence of a Member prior to the counting of the vote, or upon the expiration of 11 months from the date of the proxy. Voting by proxy shall comply with all applicable requirements of Civil Code § 1363.03.

### 3.9 Record Dates.

A. Record Dates Established by the Board. For the purpose of determining which Members are entitled to receive notice of any meeting, to vote, or to exercise any rights with respect to any other lawful action, the Board may fix, in advance, a "record date" and provide that only Members of record in Good Standing on the date so fixed are entitled to receive notice, to vote, or to exercise any rights, as the case may be, notwithstanding any transfer of membership on the books of the Association after the record date, except as otherwise provided in California Law. "Record Date" means as of close of business and a person holding a membership as of the close of business on the record date shall be deemed the Member of record. The record dates established by the Board pursuant to this paragraph shall be as follows:

(1) For determining those Members entitled to notice of a meeting, the record date shall be no more than 90 days or less than 10 days before the date of the meeting;

(2) For determining those Members entitled to vote at a meeting, cast written ballots, or exercise any rights with respect to other lawful actions, the record date shall be no more than 60 days nor less than 30 days before the date of the meeting;

B. In Absence of Board Fixed Record Date. In the absence of a record date established by the Board, the following rules shall apply: The record date for determining those Members entitled to receive notice of a meeting of Members shall be the business day before the day on which notice is given. The record date for determining those Members entitled to vote by written ballot shall be the day on which the first written ballot is mailed to a Member. The record date for determining those Members entitled to vote at a meeting of Members shall be the day of the meeting, or in the case of an adjourned meeting, the day of the adjourned meeting.

3.10 Action without Meeting. Any action that may be taken at a meeting of Members may be taken without a meeting by written ballot in accordance with section 3.7.

3.11 Conduct of Membership Meetings. Meetings of the Members of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or those parliamentary procedures as the Association may adopt, and in accordance with Civil Code § 1363.05. Any Member shall be permitted to speak at a meeting of the Members; however, the Board may establish a reasonable time period during the meeting for Member comments and a reasonable time limit for each Member to speak before a meeting of the Members.

ARTICLE IV.  
BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

4.1 Activities and Affairs of the Association. The activities and affairs of this Association shall be administered and overseen by, and the powers of the Association exercised under the direction of, a board of directors. The Board may delegate the management activities to a management company or managing agent in accordance with section 5.2 of the Declaration, provided, however, that the activities and affairs of the Association shall be directed, overseen, and managed, and the corporate powers exercised, under the ultimate direction of the Board.

4.2 Number and Qualification. The affairs of this Association shall be managed by a board of five (5) directors, all of whom must be Members of the Association in Good Standing and a majority of whom must reside in the Project.

4.3 Term of Office. Each Director shall serve a two (2) year term with three (3) directors elected in one year and two (2) directors in the following year. Each Director, unless he vacates office sooner, shall hold office until the Director's term expires and a successor is elected.

4.4 Removal and Vacancies.

(a) Any Director may be removed from the Board for cause or without cause by a vote, by secret written ballot, of a majority of the total Voting Power of the Association.

(b) Within 20 days after receipt by the Association of the written request of five percent (5%) of the Total Voting Power of the Association to hold an election to recall and replace the Board, the Board shall notify the Members of the election, and not less than 35 days or more than 90 days after receipt of such written request the Association shall mail ballots and hold an election by secret written ballot in accordance with these Bylaws and the Rules.

(c) A vacancy created by removal of a Director by the Members can be filled only by election of the Members and the successor director shall serve for the unexpired term of the removed director.

(d) In the event of the death or resignation of a Director, the vacancy shall be filled by appointment by a majority of the Directors remaining in office, or by the sole remaining Director, at a duly held Board meeting. The successor Director shall serve for the unexpired term of the prior Director. The Members may elect a Director at any time to fill any vacancy not filled by the Board.

(e) The Board may remove a Director who has been declared of unsound mind by a final order of a court or convicted of a felony. The Board may remove a Director who ceases or fails to meet any required qualification that was in effect at the time such Director was elected. Any removal of a Director by the Board shall be made only upon the majority vote of the Directors who are not the subject of removal.

4.5 Compensation. No Director shall receive compensation for any service rendered to the Association as a Director or officer. However, any Director may be reimbursed for those actual expenses, if reasonable, that are incurred in the performance of the Director's duties and approved by a majority of the Board without participation of the Director to be reimbursed.

4.6 Indemnification of Corporate Agents. The Association shall indemnify any present or former Director, officer, employee, or other agent of the Association to the fullest extent authorized under Corporations Code §7237, or any successor statute, and may advance to those persons funds necessary to pay expenses that may be incurred in defending an action or proceeding on receipt of a

bond or undertaking by or on behalf by that person to repay those funds unless it is ultimately determined that the person was entitled to indemnification under this provision.

## ARTICLE V. NOMINATION AND ELECTION OF DIRECTORS

5.1 Nomination. Nomination for election to the Board shall be made by a Nominating Committee and from the floor at the Annual Meeting of Members. The Nominating Committee shall be appointed no less than 30 days prior to the date of the Annual Meeting to serve until the date ballots are mailed to the Members. The Nominating Committee shall consist of a Chairman who shall be a Director, and two or more Members of the Association. The Board shall set a deadline by which all nominations must be made or candidacies declared. Any Member meeting the qualifications for a Director set forth in section 4.2 shall be allowed to run for the Board. The Board shall establish, and from time to time revise, a rule setting forth the procedures for fair and open nomination of candidates and election of the Directors.

5.2 Campaigns. All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes. All candidates shall have equal access to Association mailings made for election purposes, newsletters, websites, and other communications; provided, the Association shall not be obligated to publish, mail or distribute any communication solely for campaign or election purposes. The Association shall not censor, edit, or redact any communication of a candidate; but, the Association may include with the communication a statement disclaiming any responsibility or liability for the content or language of the communication. No Association funds shall be used for campaign purposes in connection with any Board elections.

5.3 Election. Directors shall be elected at or within six (6) weeks after the annual meeting of Members. At each election the Members may cast, with respect to each vacancy, as many votes as they are entitled to exercise under section 3.5. Cumulative voting shall not be permitted. The persons receiving the largest number of votes shall be elected.

## ARTICLE VI. MEETINGS OF DIRECTORS

6.1 Regular Board Meetings. Regular meetings of the Board shall be held in the Project or within Sonoma County as close to the Project as reasonably possible, and commencing at any hour, as may be fixed from time to time by the Board, but in no event less frequently than once every three months. Notice of the time and place of meeting shall be given by mail, personal delivery to each Lot, newsletter, posting in the Common Area, facsimile or electronic mail (provided, delivery by facsimile or electronic mail shall be valid delivery only to Members who have consented in advance in writing to delivery by such means), and shall be communicated to Directors and Members not less than four days prior to the meeting. Notices sent by first-class mail shall be deposited into the United States mail at least six days before the time set for the meeting. Notice of each Board meeting shall contain an agenda setting forth the items to be discussed or acted upon in accordance with Civil Code section 1363.05.

6.2 Special Board Meetings. Special meetings of the Board shall be held when called by the President or Secretary of the Association, or by any two Directors. The notice shall be given and communicated in the manner prescribed for notice of regular meetings in section 6.1 and shall be sent to all Directors not less than four days prior to the scheduled time of the meeting. All Members shall



be given notice of the time and place of a special meeting, except for an emergency meeting, at least four days prior to the meeting in the same manner as prescribed for regular meetings.

6.3 Emergency Board Meetings. An emergency meeting of the Board may be called by the President, or by any two directors 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 impracticable to provide the notices required by section 6.1. Notice to Members of an emergency meeting is not required.

6.4 Quorum. A majority of Directors then in office (but not less than 2) shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

6.5 Open Meetings. Except as provided in section 6.6 below, all meetings of the Board shall be open to all Members. The Board may restrict participation in discussion or deliberation to Directors only unless Member participation is expressly authorized by the President or any two (2) Directors. However, the Board shall establish at each Board meeting except executive sessions a reasonable period of time during the meeting for all Members of the Association to speak to the Board (the "Open Forum") and a reasonable time limit for each Member that desires to speak during the Open Forum and permit any Member of the Association to speak within those limits.

6.6 Executive Session. The Board may, with approval of a majority of Directors, convene in executive session to discuss and vote upon litigation issues, 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. Any matter discussed in executive session shall be generally noted in the minutes of the immediately following Board meeting open to the membership. The Board shall meet in executive session if requested by a Member who may be subject to a fine, penalty, or other form of discipline and the Member subject to discipline shall be entitled to attend that portion of the executive session. The Board may hold an executive session emergency meeting if circumstances require, as authorized by section 6.3 of these Bylaws. The Board may meet at any time without notice to the Members in executive session to consult with legal counsel on any matter.

6.7 Telephone/Electronic Meetings. Any meeting, regular or special, may be held by conference telephone, video, or other communication equipment, as long as all of the following apply:

- A. Each Director participating in the meeting can communicate with all of the other Directors concurrently.
- B. Each Director is provided the means of participating in all matters before the Board, including, without limitation, the capacity to propose or to interpose an objection to a specific action to be taken.
- C. The Board adopts and implements some means of verifying both that the person participating in the meeting is a Director or another person entitled to participate in the Board meeting; and all actions of, or votes by, the Board are taken or cast only by the Directors.
- D. Except for executive session meetings, Members of the Association can listen to the meeting and can speak to the Directors and all other Members during the Open Forum.

Arrangements shall be made to enable any Member, at such Member's cost, to listen to the telephone/electronic meeting of the Board. The minutes of the meeting shall state that those participating in the meeting were recognized to be Directors or other persons authorized to participate in the meeting.

6.8 Notice of Adjourned Meeting. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than 24 hours, in which case notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

6.9 Action without Meeting. If there are circumstances that could not have been reasonably foreseen that require attention and possible action by the Board before notice of a meeting can be given under section 6.2, any action required or permitted to be taken by the Board at an emergency meeting, may be taken without a meeting (and without prior notice to Members as provided in section 6.2 of these Bylaws), if all Directors, individually or collectively, consent in writing to that action. Action by written consent shall have the same force and effect as a unanimous vote of the Board. Written consent or consents shall be filed with the minutes of the proceedings of the Board. Notice of the action taken shall be given to all Members in the next regular communication made by the Board, but no later than forty-five (45) days after the date of the action.

6.10 Definition of Meeting. "Meeting" includes any congregation of a majority of the Directors at the same time and place to hear, discuss, or deliberate upon any item of business before the Board, except those matters that may be discussed in executive session.

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

7.1 Powers. The Board shall have power to carry out all powers and duties granted to the Association under sections 5.1 and 5.2 of the Declaration.

7.2 Duties. The Board of Directors shall, in addition to the duties set forth in the Declaration and herein, undertake and fulfill the following duties:

- A. The Board shall adopt policies of the Association consistent with the Project Documents. The policies will serve the membership and management as statements of the specific objectives and purposes for which the Association exists.
- B. The Board shall review and direct the officers and managing agent of the Association to ensure that the policies of the Association are being accomplished in a reasonable and prudent manner and that the requirements for operation of the Project as set forth in the Project Documents and the laws applicable to the Project are fulfilled reasonably and appropriately.
- C. The Board shall supervise all officers, agents, and employees of the Association to see that their duties are properly performed.

7.3 Enforcement; Notice and Hearing. The Board shall have the power to enforce these Bylaws, the Declaration, and Rules as set forth in Article IX of the Declaration. The Board may hold hearings on disciplinary matters in either an open Board meeting or executive session as the Board determines; provided, however, any disciplinary matter shall be discussed in executive session if the Owner subject to discipline requests the matter be brought into executive session.

7.4 Prohibited Acts. The Board shall not do any of the following, except with the Approval of the Members in accordance with Article III:

- A. Incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;
- B. Make capital improvements to the Common Area if the estimated cost of such improvements will exceed five percent (5%) of the budgeted gross expenses of the Association for the fiscal year in which they are to be commenced. Removal of a material Common Area improvement, except landscaping, shall require the approval of sixty-seven percent (67%) of the Total Voting Power of the Association;
- C. Pay compensation to Directors or officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a Director or officer to be reimbursed for the actual expenses, if reasonable, that are incurred in the performance of the Director's or Officer's duties.

7.5 Rules: The Board may propose, adopt, amend and repeal rules appropriate for the management of the Project, which are consistent with the Project Documents and reasonable. The Rules may also establish architectural controls or standards and may govern the use of the Common Area by Members or their Invitees. All rules shall be in writing and a copy of the Rules shall be furnished to each Member. Members shall be responsible for distributing the Rules to their family, lessees and tenants. Rules related to use of the Common Area or Lots, member discipline (including, but not limited to, changes to the schedule of fines), the Internal Dispute Resolution Policy, delinquent assessment payment plan policy, election procedures, or architectural control policies or procedures, shall be adopted or changed in accordance with the following procedures:

- (a) Prior to adoption of any rule in the categories listed above; (i) the Board shall provide written notice of the proposed rule or rule change (rule and rule change referred to as "rule") to all Owners; (ii) the Board shall provide notice to all Owners of the Board meeting at which the rule will be discussed not less than thirty (30) days before such meeting, and such notice shall include a statement specifying the rule to be discussed; (iii) Owners shall be permitted to comment on the proposed rule at a meeting of the Board prior to the Board vote on the rule; (iv) the proposed rule shall be discussed and voted upon by the Board at the meeting in which Owner comments were heard or such later meeting as the Board shall set and give notice of to the Owners; and (v) notice of adoption of the rule shall be mailed to all Owners no later than fifteen (15) days after the date on which the Board adopts rule.
- (b) If the Board determines that an immediate rule is necessary to address an imminent threat to the health and wellbeing of Owners and Invitees, or an imminent risk of substantial economic loss to the Association, the Board may make an emergency rule, without prior notice to the Owners. Notice of adoption of any emergency rule shall be promptly mailed to each Owner after the Board adopts the rule. Such emergency rule shall be effective for no longer than 120 days and may not be re-adopted as an emergency rule, but may be adopted as a regular rule after compliance with § 7.5(a) above.
- (c) Written copies of the Rules and any schedule of fines adopted pursuant to this section 7.5 shall be furnished to all Owners when adopted and periodically as the Board determines is necessary or advantageous.
- (d) Any new rule or rule change other than an emergency rule may be challenged by Owners under the following procedure: Owners representing five percent (5%) or more of the voting power of the Association may call a special meeting of Members to reverse a rule or

rule change by delivering a written demand for a special meeting, bearing the signature of all such Owners, to the Board within thirty (30) days after the delivery to the Owners by the Association of the notice of adoption of the rule. A special meeting of the members shall then be called by the Board, and notice thereof given and voting conducted according to the Bylaws. In place of holding a Member meeting, the Board may conduct the vote of the Members by written ballot in accordance with Article III. The Board shall give notice of the results of the voting within fifteen (15) days after the date of the special meeting or the date of the counting of ballots. The rule or rule change may be reversed by the vote of fifty one percent (51%) of the Voting Power of the Association. Any rule so reversed may not be re-adopted for at least one year after the date of the meeting at which the rule was reversed.

This section 7.5 incorporates the statutory requirements of Civil Code 1357.100 et seq. If any of these sections of the Civil Code are amended in any manner, this section 7.5 shall automatically be amended in the same manner without an action of the Members.

7.6 Contracting with Directors, Officers or Members. Regardless of any other provision of these Bylaws, the Association may enter into contracts for the purchase of goods or services from vendors who are Directors, officers or Members of the Association; spouses or relatives of Directors, officers or Members; or business entities owned by or affiliated with Directors, officers, or Members (collectively referred to as "Related Vendors"), only if (a) one or more competitive bids have been obtained and the terms of the Related Vendor's contract are at least as favorable to the Association as similar goods or services provided by persons who are not Related Vendors, and (b) the proposed Related Vendor contract is approved at an open meeting of the Board without the participation or vote of the interested Director(s) or officer(s) or by the Approval of Members voting by written ballot.

## ARTICLE VIII. OFFICERS AND THEIR DUTIES

8.1 Enumeration of Officers. The officers of this Association shall be a President, a Vice President, a Secretary, and a Treasurer, who shall at all times be Directors, and other officers as the Board may from time to time create by resolution.

8.2 Appointment. The officers shall be appointed by the Board. The Board shall appoint officers at the first meeting of the Board following each election of Directors.

8.3 Term. Each officer of this Association shall be appointed annually by the Board and shall hold office for one year unless he sooner resigns or is removed.

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

8.5 Resignation and Removal. Any officer may be removed from office (but not from the Board, if the officer is also a Director) 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. The resignation shall take effect on the date of receipt of the notice or at any later time specified in the notice, and, unless otherwise specified in the notice, acceptance of the resignation shall not be necessary to make it effective.

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

8.7 Duties. The duties of the officers are as follows:

- A. President. The President shall preside at all meetings of the Board, see that orders and resolutions of the Board are communicated to the managing agent (if any) and are carried out, sign all leases, mortgages, deeds, promissory notes and other written instruments. The President shall have the general powers and duties of management usually vested in the office of president of a California nonprofit mutual benefit corporation, and shall have those powers and duties as may be prescribed by the Board or these Bylaws.
- B. Vice President. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice President shall perform the duties of the President, and when acting for the President, shall have all of the powers of and be subject to the restrictions upon the President. The Vice President shall have any other powers and perform any other duties as the Board or President may assign from time to time.
- C. Secretary. The Secretary shall perform or oversee recording of votes and keeping of minutes of all meetings and proceedings of the Board and of the Members, serving of notice of meetings of the Board and of the Members, keeping of appropriate current records showing the Members of the Association and their addresses, and perform other duties as may be required by the Board.
- D. Treasurer. The Treasurer shall perform or oversee the receipt and deposit in appropriate bank accounts of all monies of the Association and disbursement of funds as directed by resolution of the Board, keeping of proper books of account, and preparation and distribution of budgets and financial statements to each Member as required under these Bylaws and by applicable laws and shall sign all promissory notes of the Association.

## ARTICLE IX. COMMITTEES

9.1 Architectural and Nominating Committees. An Architectural Control Committee shall be appointed as provided in the Declaration, and a Nominating Committee shall be appointed as provided in section 5.1 of these Bylaws.

9.2 Other Committees. In addition, the Board may appoint other committees as deemed appropriate in carrying out its purpose.

9.3 Purpose of Committees. The purpose of all committees shall be to assist the Board in the development of policies and to assist in the oversight, assessment, and implementation of Association policies.

9.4 Limitations on Committees. No committee shall be assigned, delegated, or chartered in any manner that would authorize it to take final action in the name of the Association. No committee, officer of a committee, or member of a committee shall take any action that is assigned to the office of the President, Vice President, or Secretary-Treasurer. Committees of the Board shall not have authority to direct contractors, agents, or officers of the Association. No committee, regardless of Board resolution, may: (a) fill vacancies on the Board or on any committee; (b) amend or repeal any part of the Project Documents; (c) amend or repeal any resolution of the Board; (d) appoint any committees of the Board or the members of those committees; or (e) approve any transaction to

which the Association is a party and in which one or more Directors have a material financial interest. No committee may perform or take action on any of the matters which may not be delegated by the Board as stated in section 3.5(i) of the Declaration. All committees shall report to the Board and shall serve at the pleasure of the Board.

## ARTICLE X. BOOKS AND RECORDS

10.1 Records Available to Members. The Association Records shall be available for inspection and copying by the Members as set forth in this Article X. "Association Records" shall mean the following:

- (a) financial documents set forth in Civil Code § 1365;
- (b) the documents provided by a Member to prospective buyers of the Member's Lot as required under Civil Code § 1368;
- (c) interim unaudited financial statements including general ledgers, balance sheets and income and expense statements;
- (d) executed contracts which are not privileged by law;
- (e) written Board approvals of vendor or contractor proposals or invoices;
- (f) Association tax returns;
- (g) reserve account balances and payment records;
- (h) meeting minutes and agendas for Member, committee and Board meetings, excluding Board executive session meetings;
- (i) membership list;
- (j) check registers;
- (k) any available cancelled checks, invoices or receipts for payments made by the Association;
- (l) purchase orders, if used by the Association;
- (m) credit card statements for any credit cards in the name of the Association; and
- (n) statements for services rendered or reimbursement requests.

The Association shall redact from any Association Records produced to a Member any personally identifiable information which could reasonably be used for identity theft or which might reasonably result in fraud in connection with the Association. Neither the Association nor any of its directors, officers, agents or employees shall be liable for damages to any Member for any cause of action related to or arising out of a failure to redact or withhold the Member's personal information unless such failure was intentional or willful.

### 10.2 Inspection by Members.

A. Association Records. The Association Records shall be made available for inspection and copying by any Member or by the Member's appointed representative after the Association's receipt of a written request from the Member specifying the records the Member desires to inspect and the purpose for the inspection. Association Records for the current fiscal year shall be made available within ten (10) days, and Association Records for the prior two (2) fiscal years shall be made available within thirty (30) days, after the Association's receipt of the Member's written request to inspect and copy the records. Board minutes, proposed minutes, or a draft or summary of those minutes (other than those from an executive session) shall be available to Members within 30 days after the date of the meeting, and shall be distributed to any Member upon request. Association Records shall be made available within

the timeframes stated above, at any reasonable time and for a purpose reasonably related to the Member's interest as a Member, at the office of the Association or at any other reasonable place the Board may prescribe. A Member may request specified Association Records be copied and mailed to him, at the Member's expense, in lieu of inspecting the records as set forth above. The Association may charge the Member inspecting and copying Association Records for the cost of photocopying, postage or shipping (if applicable), and up to the limit set in Civil Code §1365.2 for the time actually and reasonably required to redact personal information from the Association Records requested by the Member. The Board shall establish reasonable rules with respect to hours and days of the week when inspection may be made and payment of the cost of copying and redacting the documents requested by a Member.

B. Membership List. The Association shall provide a Member with a copy of the membership list, containing the name, property address and mailing address of all Members (except those which have opted-out of inclusion on the list as set forth below), but not telephone numbers or email addresses, when the Member provides the Association with a written request for the membership list, which request states the purpose for which the Member desires the list and such purpose is reasonably related to the Member's interest as a member. Membership lists shall not be used for commercial purposes, including, but not limited to, advertising, solicitation, marketing, or promotion of any goods, services, charities, businesses, or persons, or the sale or distribution of names and addresses for any purpose (whether or not for compensation), or for any illegal or improper purpose. The Association may deny a Member's request for the membership list if the Association reasonably believes the information on the list will be used for a purpose that is not reasonably related to the requesting Member's interests as a member, including use for commercial, illegal or improper purposes.

A Member of the Association may opt-out of sharing his or her name, property address, or mailing address by notifying the Association in writing of the information the Member would like withheld. In the event a Member opts-out of the membership list, such Member will be contacted by an alternative process as described in Corporations Code §8330 in the event another Member requests a copy of the membership list. Such alternative process may include, but is not limited to, the Association addressing and mailing a correspondence provided in a sealed postage pre-paid envelope by the Member requesting the membership list. A Member who opts-out shall remain off the membership list until the Member requests in writing that the Association include his or her information on the membership list.

The provisions of this section 10.2 incorporate the statutory requirements of Civil Code § 1365.2. If Civil Code §1365.2 is amended in any manner, this section 10.2 shall be amended in the same manner without the necessity of a vote of the Members or Board.

10.3 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 reasonable extracts and copies of documents, for purposes related to such Director's position as a director, at the expense of the Association.

10.4 Documents Provided by Association. Upon written request, the Association, through the managing agent, or if there is no managing agent, through the Secretary, shall, within 10 days after the delivery of that request, provide the Member with a copy of the Project Documents, a copy of the most recent budget and financial statements of the Association distributed pursuant to section 11.1,

together with a true statement in writing from an authorized representative of the Association as to the amount of the Association's current regular and special Assessments and fees, as well as any Assessments levied upon the Member's Lot that are unpaid on the date of the statement, including late charges, interest, and costs of collection that, as of the date of the statement, are or may be made a lien upon the Member's Lot. For providing the foregoing, the Board may impose a fee that may not exceed the reasonable cost to prepare and reproduce the requested documents. An additional fee or fees may be charged by the property management firm.

## ARTICLE XI. FINANCIAL REQUIREMENTS

11.1 Budgets and Financial Statements. The Association shall cause to be prepared and distributed to each Member budgets and financial statements as required by the Davis-Stirling Act, as follows:

- A. A pro forma operating budget for each fiscal year shall be distributed not less than 30 or more than 90 days before the beginning of the fiscal year. The pro forma budget shall include all of the information required under Civil Code §1365(a), as amended from time to time.

In lieu of the distribution of the pro forma operating budget, the Board may elect to distribute a summary of the pro forma budget, with written notice that the budget is available at the business office of the Association or at another suitable location and that copies will be provided upon request and at the expense of the Association. Members shall be notified in writing at the time that the pro forma budget is distributed, or at the time of any general mailing to the entire membership, of their right to have copies of the minutes of meetings, and how and where those minutes may be obtained. If any Member requests that a copy of the pro forma operating budget be mailed to him or her, the Association shall provide the copy to the Member by first-class mail at the expense of the Association and mailed within five days after receipt of the request.

- B. Within one hundred twenty (120) days after the close of each fiscal year, the Board shall distribute to each Member an annual report consisting of the following: (i) a balance sheet as of the end of the fiscal year; (ii) an operating (income) statement for the fiscal year; (iii) a statement of changes in financial position for the fiscal year; and (iv) any information required to be reported under Civil Code §1365 and Corporations Code §8321. If the report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association stating that the statements were prepared without independent audit or review from the books and records of the Association. Any annual report prepared for a fiscal year in which the gross income to the Association exceeds seventy-five thousand dollars (\$75,000.00) shall be reviewed in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy and a copy of the review shall be distributed as part of the annual report.

- C. A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its Assessments against its Members shall be distributed annually to the Members not more than ninety (90) and not less than thirty (30) prior to the beginning of the Association's fiscal year.



- D. A summary of the Association's insurance policies as set forth in Civil Code § 1365(e)(1) shall be distributed to the Members not more than ninety (90) and not less than thirty (30) prior to the beginning of the Association's fiscal year.
- E. The Assessment and Reserve Funding Disclosure Form required by Civil Code § 1365.2.5 shall be distributed to the Members not more than ninety (90) and not less than thirty (30) prior to the beginning of the Association's fiscal year.

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

The study required by this paragraph 11.2 shall at a minimum include:

- A. Identification of the major components that the Association is obligated to repair, replace, restore, or maintain, which components, as of the date of the study, have a remaining useful life of less than 30 years;
- B. Identification of the probable remaining useful life of the components identified in subparagraph A as of the date of the study;
- C. An estimate of the cost of repair, replacement, restoration, or maintenance of each major component identified in subparagraph A during and at the end of its useful life; and
- D. An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain each major component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

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

11.3 Reserve Account Fund Management. The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of major components that the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established, or litigation involving those major components, or capital improvements for which reserve funds have been accrued. However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash-flow requirements or other expenses, provided that the Board has recorded in the minutes of the Board findings which explain the reason that the transfer is needed, and describe when and how the money will be repaid to the reserve fund. The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a delay would be in the best interests of the Project, delay the repayment until the time that the Board reasonably determines to be necessary. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a special Assessment to recover the full amount of the expended funds within the time limits required by this paragraph. This special Assessment is subject to the limitation imposed by section 4.8 of the Declaration. When the decision is made to use reserve funds or to

temporarily transfer money from the reserve fund to pay for litigation, the Association shall notify the Members of the Association of that decision in the next available mailing to all Members.

11.4 Reserve Account Withdrawal Restrictions. At least two signatures shall be required for the withdrawal of moneys from the Association's reserve accounts. Signatures shall be those of two Directors.

11.5 Future Changes in Financial Records and Reserve Account Requirements. The provisions of paragraphs 11.1 through 11.4 of these Bylaws incorporate the statutory requirements of Chapter 5, Article 2 of the Davis-Stirling Act (the "Act"). If that Chapter 5, Article 2 of the Davis-Stirling Act is amended in any manner, paragraphs 11.1 through 11.4 of these Bylaws shall be amended in the same manner without the necessity of further amending these Bylaws.

11.6 Fiscal Year. Unless directed otherwise by the Board, the fiscal year of the Association shall begin on the first day of January and end on the 31<sup>st</sup> day of December every year.

## ARTICLE XII MISCELLANEOUS

12.1 Amendments. These Bylaws may be amended only by the affirmative vote, by secret written ballot in accordance with section 3.8, of Members representing a fifty-one percent (51%) of the voting power of the Association. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

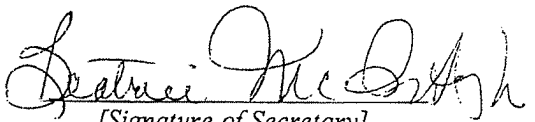
12.2 Conflicts. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

## CERTIFICATE

I, the undersigned, the duly elected and acting Secretary of CHANTARELLE HOMEOWNERS ASSOCIATION, a California nonprofit mutual benefit corporation, certify that these Bylaws were adopted as the Bylaws of the Association on June 16, 2009, and that they now constitute the Bylaws of the Association.

This Certificate is executed under penalty of perjury on June 16, 2009, in Sonoma, California.

Dated: 6/16/09

  
[Signature of Secretary]