

BYLAWS
OF
CARRIAGE MANOR HOMEOWNERS ASSOCIATION, INC.

Revision 3.0 April 2011

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ARTICLE I
NAME AND LOCATION

The name of this corporation is Carriage Manor Homeowners Association, Inc., a California nonprofit corporation, and it may be referred to as the "Association" or as "Carriage Manor."

The principal location and office of the Association shall be in the County of Butte, State of California. The meetings of Members and Directors may be held at such places in Butte County, California, as designated from time to time by the Board of Directors.

ARTICLE II
PURPOSES AND DEFINITIONS

2.1 Purposes. The Carriage Manor Homeowners Association is organized to provide a legal entity for the Owners of Carriage Manor to hold their properties, as well as the Common Areas of their senior development, and to maintain the philosophy and lifestyle that is unique to Carriage Manor.

These Bylaws are established to govern the internal affairs of the Association. While there is some overlap, the external business of the Association (with lenders, government, etc.) is regulated by a sister document, the Declaration of Covenants,

Conditions, and Restrictions (the “Declaration, or CC&Rs”).

Because the CC&Rs are critically important to the title for each Lot in Carriage Manor, they are recorded as a separate document in the official Records of the County Recorder of Butte County, California, as shown in the CC&Rs Article XII, Change Record.

The CC&Rs are also important internally and are therefore hereby incorporated and made a part of these Bylaws.

2.2 Definitions. Bylaws and CC&Rs are specialized corporate and real estate documents that require technical definitions for common words. The terms and definitions that Carriage Manor uses interchangeably in its Declaration, Bylaws, and Rules are listed in Article I of the Declaration.

ARTICLE III MEMBERSHIP

3.1 Class. There shall be only one class of membership in this Association.

3.2 Qualification. Each Owner of a Lot in Carriage Manor, by virtue of being such an Owner and for so long as such person or entity is such an Owner, shall be a Member of the Association. However, anyone whose interest is only as security for the performance of an obligation shall not be a Member.

The Association membership of each Owner and the right to vote shall be appurtenant to, and may not be separated from, the fee ownership of any Lot in Carriage Manor. Ownership of such Lot shall be the sole qualification for membership.

Every Member of the Association shall be subject to and shall abide by the provisions of the Declaration, the Articles of Incorporation of the Association, these Bylaws, and any rules and/or regulations that from time to time may be promulgated

by the Board of Directors of the Association.

3.3 Transfer. The Association membership held by any record Owner of a Lot in Carriage Manor shall not be pledged, transferred, or alienated in any way, except upon the sale or assignment of the Lot and then only to its purchaser or assignee. Any transfer of title to a Lot shall operate automatically to transfer membership to the new Owner.

Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association.

In the event any Owner should fail or refuse to transfer the membership registered in his/her name to the purchaser or assignee, the Association shall have the right to record the transfer upon its books. In the event of dispute as to membership, the ownership of such Lot, as shown in the public records of the County of Butte, State of California, shall be solely determinative.

3.4 Assessments. The rights of membership are subject to the payment of assessments levied by the Association. The obligation of such assessments is imposed against each Owner of, and becomes a lien upon, the property against which such assessments are made as provided in Articles I, V, VI, and VIII of the Declaration.

Article I of the Declaration defines the assessments.

Article V establishes the covenant for assessments, and sets procedures for uniform application for all Lots.

Article VI deals with assessment delinquencies, and with correction and penalty remedies available to the Association.

3.5 Suspension of Membership. The membership rights of any Member, including benefits to his guests and delegates, may be suspended by the Board for violation of Association rules.

Suspension for curable violations shall continue only as long as the violation remains uncured, e.g. , while assessments owing by the Member remain unpaid and delinquent, and shall then be automatically restored.

Suspension shall not exceed thirty (30) days for each non-curable violation, for instance, of Declaration Section 7.3.

Under no circumstances shall a membership be suspended until there has been reasonable notice and the matter has been duly heard.

ARTICLE IV

VOTING

4.1 Qualifications. Members owning lots in Carriage Manor shall be entitled to one (1) vote for each Lot owned.

4.2 Proxy. Any Owner may designate a person, to exercise his vote, by written notice to the Secretary at any time up to twenty-four (24) hours before a vote is to be taken. The designation may also be revoked at any time by similar notice to the Association.

Such powers of designation and revocation may be exercised by an Owner's guardian, conservator, parent that is entitled to his/her custody, executor, administrator, or, in the case of a corporate Owner, by any officer or by any other person authorized by its Board of Directors.

4.3 Joint-Owner Dispute. The vote for each Lot shall, if at all, be cast as a single vote, and fractional votes shall not be allowed. If joint Owners cannot agree how their vote shall be cast, they shall lose their right to vote until they do agree.

If any Owner cast a vote and it is not challenged by a co-Owner before the vote tally is announced, it will be presumed conclusively for all purposes that that voter was acting with the authority and consent of all other Owners of the same Lot.

4.4 Cumulative Voting shall not be allowed.

4.5 Transfer of Voting Rights. Except as otherwise provided, the right to vote may not be severed or separated from the ownership of the Lot to which it is appurtenant. However, any Member may give a revocable proxy to any person, or may assign his right to vote to a contract-of-sale vendee, lessee or mortgagee of the Lot concerned for the term of that contract, lease or mortgage.

Any sale, transfer or conveyance of such Lot to a new Owner or Owners shall operate automatically to transfer the appurtenant vote to the new Owner, subject to any assignment of the right to vote to a contract vendee, lessee or mortgagee, as provided herein.

4.6 Violation of Rules. Violation of rules, even by family or invitees, including nonpayment of assessments, may result in suspension of membership, including the right to vote. (See Section 3.5, above).

4.7 Additional Voting Requirements. The following additional requirements shall pertain in the situations listed:

4.7.a. The Board may not, without seventy-five (75) percent of the voting power, impose an Operating Assessment that exceeds the Operating Assessment for the immediately preceding fiscal year by more than twenty (20) percent.

4.7.b. The Board may not, without seventy-five (75) percent of the voting power of the Association:

(1) Sell, during any fiscal year, property of the Association having an aggregate fair market value greater five (5) percent of the budgeted gross expenses of the Association for that fiscal year; or,

(2) Incur expenditures for capital improvements to the Common Area of Carriage Manor that, in the aggregate, exceed five (5) percent of the budgeted gross

expenses of the Association for the fiscal year. However, this limitation shall not apply when an assessment arises to defray costs incurred in bringing an Owner into compliance with the Carriage Manor Rules.

4.7.c. If there is a partial or total destruction of improvements upon the Common Area, and the amount available from insurance proceeds is less than eighty-five (85) percent of the estimated cost of restoration and repair, no repair or rebuilding shall be undertaken, nor shall any assessment cost thereof be levied, without the approval of seventy-five (75) percent of the voting power of the Association.

4.7.d. The Board may not, without seventy-five (75) percent of the voting power of the Association, enter into a contract with a third party to furnish goods or services for the Common Areas or the Association for a term longer than one (1) year, with the following exceptions:

(1) A management contract that has been approved by the Federal Housing Administration or Veteran's Administration.

(2) A contract with a public utility if the charges for material and services are regulated by the Public Utilities Commission and the contract term does not exceed the shortest term for which the supplier will contract at the regulated rate.

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

ARTICLE V

PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF COMMON AREAS

Each Member shall be entitled to the use and enjoyment of the Common areas and facilities as provided in Article IV of the Declaration. Any Member may delegate these "use and enjoyment" rights to residents of Carriage Manor who are his/her spouse, attendants, or long-term guests, and to members of his/her family, or other

temporary guests that an Owner might invite, for example, for a special event.

Members shall identify their long-term invitees to the Secretary of the Association in writing at the beginning of the invitees' residency, and biennially thereafter on the HOPA survey. Members should accompany their temporary guests or give them a Carriage Manor Pool Pass [tag] for identification while not at the Member's Lot/Unit.

ARTICLE VI

MEETING OF MEMBERS

6.1 Annual Meetings. There shall be an Annual Meeting of the Members of the Association on the fourth Thursday of April of each year at 7:00 P.M. At such place within Carriage Manor or within the County of Butte, State of California, or at such other reasonable time (not more than thirty (30) days before or after such date), as may be designated by written notice of the Board given to the Members not less than ten (10) days nor more than sixty (60) days prior to the date fixed for the meeting, specifying the date, time and place thereof.

Notice of the time and place of such meetings shall be posted at a prominent place or places within the Common Area.

6.2 Special Meetings. A Special Meeting of the Members shall be called by the Board upon: (1) a resolution for such meeting by the Board; or (2) receipt of a written request signed by at least fifty-one (51) percent of the Members. Notice for a Special Meeting shall meet the same requirements as notice for the Annual Meeting and shall specify the purpose recited in the Board's resolution or in the request from the Members.

6.3 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or by any person authorized to call

the meeting, by (i) posting notice in the manner prescribed for Annual Meetings; and (ii) by mailing a copy of such notice, postage prepaid, at least ten (10) days (except in emergency situations), but not more than sixty (60) days before such meeting to each member entitled to vote. Such notice shall specify the place, day, and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

6.4 Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, at least fifty (50) percent of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If any meeting cannot be held because a quorum is not present, the Members present may, as otherwise provided by law, adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was so called, at which meeting the quorum requirements shall be the Members entitled to vote at least twenty-five (25) percent of the total vote.

6.5 Proxies. At all meetings of Members, each Member may vote in person or by proxy. (See Section 4.2 for Notice and other considerations.)

6.6 Entry of Notice. Whenever any Member entitled to vote has been absent from any meeting of Members, whether annual or special, an entry in the Minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such Member or Members as required by law and by the Articles of Incorporation, Declaration, and Bylaws of the Association.

6.7 Method of Voting. Voting may be viva voce or by Ballot, except that all elections for directors must be by secret written ballot.

6.8 Consent of Absentees. The transaction of business at any meeting of Members, either annual or special, however called and noticed, shall be as valid as

though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy and if either before or after the meeting, each of the Members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the Association records or made a part of the Minutes of the meeting.

6.9 Action without Meeting. Any action that, under the provisions of the laws of the State of California, may be taken at a meeting of the Members, may be taken without a meeting, if authorized by a writing signed by all of the Members who would be entitled to vote at a meeting for such purpose and filed with the Secretary of the Association.

6.10 Conduct of Meetings. Meetings of the Members, and of the Board, shall be conducted by officers in the order of their priority. Note remedy for Members in Declaration section 2.4.a.

6.10.a. Rules of Order. Meetings of the association shall be conducted according to Robert's Rules of Order.

6.10.b. Order of Business. At all meetings of the Members and of the Board, the following order of business shall be observed insofar as it is consistent with the purposes of the meeting.

- (1) Call the meeting to order.
- (2) Call the roll; confirm a quorum is present as required.
- (3) Read notice and proof of call of meeting - required for all meetings of the Members, and special meetings of the Board.
- (4) Read and approve the Minutes of the previous meeting.

- (5) Reports of officers and committees.
- (6) Unfinished business.
- (7) New business.
- (8) Elect directors (Annual Meeting of Members).
- (9) Adjourn

ARTICLE VII

BOARD OF DIRECTORS

7.1 Number. The affairs of this Association shall be managed by a Board of five (5) directors, who shall be Members of this Association. There shall be two classes of Directors, one of three (3) directors elected in even years and the second of two (2) directors elected in odd years. The term for each class shall be two years. There shall be no term limits.

7.2 Nomination. Nomination for election to the Board shall be made by a Nominating committee. Nominations may also be made from the floor at the Annual Meeting or at any special meeting.

The Nominating Committee shall consist of a chair, who shall be a Member of the Board, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each Annual Meeting to serve from the close of such Annual Meeting until the close of the next Annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it determines in its discretion, but not less than the number of vacancies that are to be filled.

7.3 Election. At each Annual Meeting, the members shall elect directors to succeed those whose terms have expired.

The Members may at any time elect directors to fill any vacancy not filled by the

directors, and may elect additional directors at the meeting at which an amendment of the Bylaws is voted authorizing an increase in the number of directors.

If an Annual Meeting is not held, or no directors are elected, the directors may be elected at any special meeting of Members held for that purpose.

All directors shall hold office until their respective successors are elected.

7.4 Vacancies. Vacancies in the Board may be filled by a majority of the remaining directors, though less than a quorum, and each director so elected shall hold office for the unexpired term of his/her predecessor and until his/her successor is elected.

Any director may be removed from the Board, with or without cause, by vote of the Members cast in the same manner as such votes may be cast for the election of directors.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any director, or if the Members shall increase the authorized number of directors, but fail to elect the full number of authorized directors.

If a director shall fail to attend three (3) consecutive regular meetings of the Board without leave of the Board, the office of such director may be declared vacant by a majority of the remaining directors.

If any director tenders his/her resignation to the Board, the Board shall have power to elect a successor to take office at such time as the resignation becomes effective.

7.5 Compensation. No director or officer shall receive compensation for any service rendered to the Association as such, however, any director or officer may be reimbursed for actual expenses incurred in the performance of duties.