

ARTICLE VIII
MEETINGS OF DIRECTORS

8.1 Place of Meeting. Regular and Special meetings of the Board shall be held at Carriage Manor, or at any place in Butte County, California, which has been designated from time to time by resolution of the Board or by written consent of all Members of the Board. Notice of the time and place of such meetings shall be posted on the Clubhouse door.

8.2 Organization Meeting. Immediately following each meeting of Members for the election of directors, the Board shall hold a regular meeting for the purpose of organizing itself, electing officers, and transacting other business. Notice of such meeting is hereby waived.

8.3 Regular Meetings. Regular meetings of the Board of directors shall be held the first Monday of each month at 7:00 P.M. at the Carriage Manor Clubhouse, or at a time and place fixed by the Board.

If business to be transacted does not justify meeting monthly, the Board may elect to meet less frequently, but not less than quarterly.

Should a meeting fall on a legal holiday, it shall be held at the same time on the next Monday that is not a legal holiday.

8.4 Special Meetings. Special meetings of the Board for any purpose may be called at any time by the Chair of the Board or by the President; or, if they are absent or unable or refuse to act, by any Vice President or by any two (2) directors, other than the President.

Written notice of the time, place, and purpose of Special Meetings shall be delivered personally or sent to each director by regular or electronic mail, charges prepaid and addressed as shown on the records of the Association. If no address is

available, then notice shall be sent to the place where meetings of directors are regularly held.

If notice is mailed, it shall be posted in the County of Butte at least three (3) business days prior to the holding of the meeting. Such mailing or delivery shall be deemed proper and personal notice to such director.

8.5 Notice of Adjournment. Notice of adjournment of any directors' meeting, either regular or special, need not be given to absent directors if the resuming time and place are fixed at the meeting adjourned.

8.6 Entry of Notice. If a director is absent from a special meeting of the Board, a statement in the Minutes, that notice has been duly given, shall be conclusive and incontrovertible evidence that due notice was given to such director as required by law and the Bylaws of the Association.

8.7 Waiver of Notice. The transaction of any meeting of the Board, however, called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if either before or after the meeting, each of the directors not present sign a written waiver of notice or a consent to holding such meeting or approves the meeting's Minutes. All such waivers, consents and approvals shall be filed with the corporate records or made part of the Minutes of the meeting.

8.8 Quorum. A majority of the directors in office shall constitute a quorum, and shall be necessary for the Board to transact business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board.

8.9 Rules of Order and Order of Business. Meetings of the Directors shall

follow the same rules of conduct as meetings of Members, per Section 6.10 above.

8.10 Adjournment. A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour. In the absence of a quorum, a majority of the directors present at any Board meeting, either regular or special, may adjourn until the time fixed for the next regular meeting of the Board.

8.11 Attendance at Meetings. Regular and special meetings of the Board shall be open to all Members of the Association. However, Members who are not directors shall not participate in any deliberation or discussion unless expressly invited and authorized by vote of a majority of the directors present.

The Board, with approval of a majority of the directors present, may adjourn a meeting and reconvene in executive session to discuss and vote on personnel or other sensitive matters. The nature of such business to be considered in executive session shall first be announced in open session.

8.12 Action by Written Consent in Lieu of Board Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the board individually or collectively consent in writing to such action. Such written consent shall be filed with the Minutes of the proceedings and shall state that the action was taken by unanimous written consent of the Board without a meeting, and that the bylaws of the Association authorized the directors to so act. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

ARTICLE IX

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

9.1 Powers. Subject to limitations imposed by the Articles of Incorporation, the Declaration, these Bylaws, and the laws of the State of California, as to action

required to be authorized or approved by the Members, and subject to the duties of directors as prescribed by these Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board with the right to delegate its powers to committees, officers and employees.

Without prejudice to such general powers but subject to the same limitations, it is hereby expressly declared that the directors shall have the following powers, to wit:

9.1.a. To select, appoint, and remove all other officers, agents and employees of the Association; to prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation, the Declaration, or the Bylaws; and at the discretion of the directors, to require from them security for faithful service.

9.1.b. To adopt and publish rules and regulations governing the use of the Common Areas and facilities, and the personal conduct of the Members and their guests and delegates thereon, and to establish penalties for infractions thereof.

9.1.c. To conduct, manage, and control the affairs and business of the Association.

9.1.d. To establish and change the principal office for the transaction of the business of the Association from one location to another within the County of Butte; to designate any place within the County of Butte for the holding of any Members' meeting or meetings; and to adopt, make and use the corporate seal and to alter the form of such seal from time to time as in their judgement they deem best, provided such seal shall at all times comply with the provisions of law.

9.1.e. To borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefore in the association's

name promissory notes, bond, debentures, deeds of trust, mortgages, hypothecation, pledges, or other evidence of debt and securities therefore.

9.1.f. To contract for goods and services for the Association and its Common Areas and facilities, subject to the limitations elsewhere provided in these Bylaws, to maintain and otherwise manage the Common Areas and facilities and all other property acquired by the Association, to contract and pay for maintenance, gardening, utilities, materials, supplies and services, relating to the Common Areas and/or facilities, and to employ personnel reasonably necessary for the operation of the Association, including lawyers, accountants, and bookkeepers as appropriate.

9.1.g. To maintain or cause to be maintained Parcel F of Carriage Manor (the street Lot).

9.1.h. To contract and pay for the expenses of the Association.

9.1.i. To pay taxes and assessments that are or would become a lien on said Common Areas.

9.1.j. Where appropriate, to pay for reconstruction of any portion or portions of the Common Areas damaged or destroyed which are to be rebuilt.

9.1.k. To exercise all other powers granted to the Board by the Declaration, the Articles of Incorporation, the Bylaws, or the laws of the State of California.

9.1.l. To grant easements where necessary for utilities and sewer facilities over said Common Areas of Carriage Manor.

9.1.m. To enter upon any privately owned subdivision interest as necessary, in connection with construction, maintenance or emergency repair for the benefit of said Common Areas or the Members in common.

9.2 Duties. It shall be the duty of the Board:

9.2.a. To keep a complete record of all of its acts and corporate affairs and cause

an independent examination or audit of the Association's accounts, with copies of such audits provided to each Member, per Section 2.5.k of the Declaration.

9.2.b. To supervise all officers, agents, and employees of the Association and to see that their duties are properly performed.

9.2.c. As more fully provided in the Declaration, to:

(1) Fix the amount of the annual and other assessments against each Lot in a timely manner per Declaration Section 5.3.

(2) Prepare a roster of the Lots within Carriage Manor and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner during normal business hours.

(3) If over due, send notice of the assessment to each Owner subject thereto at least fifteen (15) days after each assessment period.

9.2.d. To certify whether an assessment has been paid. See Declaration Section 5.6 for procedure.

9.2.e. To contract and pay premiums for fire, casualty, liability, and other insurance, including indemnity and other bonds.

9.2.f. To cause all officers or employees having fiscal responsibilities to be bonded, as may be deemed appropriate.

9.2.g. To cause the Common Areas and facilities and all other property of the Association to be maintained and managed.

9.2.h. To perform all other duties as may be required of the Board by the Declaration, the Articles of Incorporation, the Bylaws, or the laws of the State of California.

9.3. Committees. The Board shall appoint an Architectural Committee as provided in the Declaration, and a Nominating Committee, as provided in these

Bylaws. The Board, by resolution, may create other committees as deemed appropriate to help carry out its purposes. The number of members of other committees and the persons who shall be members thereof shall be determined by the Board. The Board shall have the discretion to appoint nonmembers of the Association to these other committees.

9.4 Carriage Manor Rules. The Board may adopt such Carriage Manor rules as it deems proper for the use of the Association property. A copy of these Rules, as they may from time to time be adopted, amended, or repealed, shall be mailed or otherwise delivered to each Owner and may, but need not, be recorded. Upon such mailing, delivery or recordation, the Carriage Manor Rules shall have the same force and effect as if they were set forth in and were a part of the Declaration.

9.5 Directors' Liability. The Members of the Board shall not be liable to the Members of the Association for any non-willful tort, mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Members of the Association indemnify and hold harmless each Member of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith. It is intended that the directors shall have no personal liability with respect to any contract made by them on behalf of the Association.

It is also intended that the liability of any Member of the Association arising out of any contract made by the Board, or out of the indemnity in favor of the members of the Board, shall be limited to such proportion of the total liability thereunder as the number of Lots owned by such Member within Carriage Manor bears to the total number of Lots within Carriage Manor.

Every agreement made on behalf of the Association shall provide that the

persons executing the same are acting only as agents for the Association. Nothing in these Bylaws shall prohibit any member of the Board from entering into contracts with, or otherwise dealing with, the Association, provided that any one or more of the circumstances specified in Section 310 of the California General Corporation Law exists.

Article X

Officers

10.1 Officers. The officers of the Association shall be a president, a vice president, a secretary, a treasurer, and an ombudsman. The Association may also have, at the discretion of the Board, a chairman of the Board, one or more additional vice presidents, one or more assistant secretaries and one or more assistant treasurers and such other officers as may be appointed in accordance with the provisions of Section 10.3.

Any officer, other than the president and the chair of the Board, may be, but need not be, a member of the Board. One person may hold two or more offices simultaneously, except those of president and secretary.

10.2 Election. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Sections 10.3 or 10.5 below, shall be chosen annually by the Board. Each shall hold office until he resigns, is removed, or otherwise disqualified to serve, or his successor is elected and qualified.

10.3 Subordinate Officers, Etc. The Board may not appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in the Bylaws or as the Board may from time to time determine.

10.4 Removal and Resignation. Any officer may be removed, with or without

cause, by a majority of the directors at the time in office at any regular or special meeting of the Board; or, except in case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Board or to the president or to the secretary of the Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified. Unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

10.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or other cause, shall be filled by the Board at any regular or special meeting, and the officer so chosen shall hold office until he shall resign, be removed or otherwise disqualified to serve, or his successors shall be elected and qualified.

10.6 Chair of the Board. The chair of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board, and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board or prescribed by the Bylaws.

10.7 President. Subject to such supervisory powers as may be given by the Board to the chair of the Board, if there shall be such an officer, the president shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the Members and in the absence of the chairman of the Board or, if there be none, at all meetings of the Board. He shall be an ex-officio member of all standing committees of the Board and shall have such other power and duties as may be prescribed by the Board or the Bylaws.

10.8 Vice President. In the absence or disability of the president, the vice

president shall perform all duties of the president and, when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice president shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board or the Bylaws.

10.9 Secretary. The secretary shall keep or cause to be kept a book of Minutes, at the principal office or such other place as the Board may order, of all meetings of directors and Members, with the time and place of holding, whether regular or special, and if special, how authorized, the notice given, the names of those present at directors' meetings, the Members present or represented at Members' meetings, and the proceedings thereof. The secretary shall keep or cause to be kept a membership book containing the name and address of each Member. Termination of any membership shall be recorded in the book, together with the date on which the membership ceased.

The secretary shall monitor regulations affecting Carriage Manor's exemptions, keep the Board informed of developments and status, drive the biennial HOPA survey and analysis, and archive relevant documentation and the HOPA responses and analyses.

The secretary shall give or cause to be given notice of all the meetings of the Members and of the Board required by the Bylaws, the Articles of Incorporation, the Declaration, and the laws of the State of California.

The secretary shall keep the seal of the Association in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

10.10 Treasurer. The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions

of the Association. The books of account shall at all times be open to inspection by any Director. The Treasurer's Report shall be read at every monthly meeting. He/She shall have such other duties and perform such as may be prescribed by the Board or these Bylaws.

10.11 Bookkeeper. A non-Board member or officer, hired by the Board and paid a salary set by the Board. The bookkeeper pays his/her own taxes. The bookkeeper shall deposit all moneys and other valuables in the name and to the credit of the Association and such depositories as may be designated by the Board. He/She shall disburse the funds of the Association as may be ordered by the Board, shall render monthly to the Treasurer and Directors an account of all transactions made as bookkeeper and the financial conduct of the Association. The bookkeeper shall perform other assignments as may be prescribed by the Board or these Bylaws. The bookkeeper shall inform the Treasurer of moneys spent, all bank account information including Checking, Reserve Savings, and Certificate of Deposit (CD) accounts and provide a report that is to be read by the Treasurer at the monthly meeting.

10.12 Ombudsman. The ombudsman shall be a member of the Board who serves, as the Association's conciliator and peacekeeper, wherever possible, in any upset involving the Association Members, Board, or committees, the ombudsman shall be responsible for investigating complaints, proposing and helping to implement appropriate solutions, including revisions of CC&Rs, Bylaws, and Rules, and keeping the Association and Carriage Manor efficient, peaceful, safe, attractive, and comfortable.

ARTICLE XI

MISCELLANEOUS

11.1 Audit. (See CC&Rs Section 2.5.k.) The Board shall audit the Association

when its annual income exceeds a certain level, or otherwise periodically. The Board may also audit Association directors, officers, and employees as it sees fit.

11.2 Financial Statements. The Board shall prepare and distribute financial statements to owners as shown in Declaration Section 2.5.1.

11.3 Inspection. Copies of the Association's current Articles, CC&Rs, Bylaws, and Rules, and of its books, contracts and non-sensitive* records (together, the "non-sensitive records") shall be open to any member, in the presence of a Board Member, during regular business hours, but shall not be removed from the clubhouse. Demand for inspection shall be made in writing upon the president, secretary, or assistant secretary of the Association. Such inspection may be made in person, or by an agent or attorney, and shall include the right to make extracts at the requestor's expense.

These non-sensitive records shall also be produced at any Members' meeting when required by demand of ten (10) percent of the voting power of the membership represented at the meeting.

The Board may establish reasonable rules with respect to (1) notice to be given to the custodian of the records by the Member desiring to make an inspection; (2) hours and days of the week when such an inspection may be made; and (3) payment of the cost of making copies of documents.

*Sensitive records shall include only files or papers containing identity-theft or other crime-enabling data, shall be separately secured, and shall be open only to directors, to Association officers and employees with a Board-approved need to know, and to officers of the court. Sensitive records shall be minimized and eliminated wherever prudently possible.

Every director shall have the absolute right at any reasonable time, without notice, to inspect all books, records, and papers of every kind and nature, held by the

Association.

Each director shall also have the right, for purposes supporting his position as director, to make extracts and copies of these records. Copying costs shall be borne by the director.

11.4 Checks, Drafts, etc. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons in such manner as from time to time shall be determined by resolution of the Board.

11.5 Gifts. The Board may accept on behalf of the Association any contribution, gift, bequest, or devise for the general or for any special purposes of the Association.

11.6 Contracts, Etc., How Executed. The Board, except as otherwise provided in the Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and, unless so authorized by the Board, no officer, agent, or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

ARTICLE XII

AMENDMENT OF BYLAWS

12.1 Power of Members. The Bylaws may be altered, amended, or new Bylaws adopted at any regular or special meeting of the Members called for that purpose by the affirmative vote of fifty-one (51) percent of the voting power of the membership in the Association.

12.2 Power of Directors. Subject to the right of Members, as provided in 12.1 above to adopt, amend, or repeal these Bylaws, Bylaws other than a Bylaw or

amendment changing the authorized number of directors, may be adopted, amended, or repealed by the Board at any of its regular or special meetings.

12.3 Conflict. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and, in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.