

THIRD AMENDED AND RESTATED

**BYLAWS**

OF

**CAGNEY RANCH ESTATES**

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**THIRD AMENDED AND RESTATED  
BYLAWS  
OF  
CAGNEY RANCH ESTATES  
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

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**ARTICLE I  
NAME, LOCATION AND DEFINITIONS**

**Section 1.01**    **Name and Location.** The name of the corporation is CAGNEY RANCH ESTATES (formerly the Aliso Homeowners Association). The principal office of the Association shall be located in the City of Los Angeles, County of Los Angeles, State of California.

**Section 1.02**    **Association is Nonprofit.** The Association has been formed pursuant to the California Nonprofit Mutual Benefit Corporation Law.

**Section 1.03**    **Definitions.** Unless otherwise specifically provided herein, the capitalized terms in these Bylaws shall have the same meanings as are given to such terms in the Declaration of Conditions, Covenants, Restrictions, Reservations, and Easements of Aliso recorded April 14, 2006, in the Office of the County Recorder of Los Angeles County as Instrument No. 2006-0824149, and all amendments thereto (the “**Declaration**”, or the “**CC&Rs**”), and as may be duly amended from time to time. All capitalized terms used herein but not defined herein shall have the same meaning as ascribed to such term in the Declaration. The California Civil Code may hereinafter be referred to as the “**Civil Code**”.

**Section 1.04**    **Restated Bylaws.** By these Third Amended and Restated Bylaws of Cagney Ranch Estates (“**Bylaws**”), the Association seeks and intends to amend and completely restate that certain document known as the Second Amended and Restated Bylaws of the Aliso Homeowners Association.

## **ARTICLE II MEETINGS OF MEMBERS AND VOTING**

**Section 2.01** **Voting Rights.** The Association shall have one (1) class of voting membership. The members shall be Owners (each one a “**Member**”) and shall be entitled to one (1) vote for each Residential Lot owned. When more than one (1) person holds an interest in any Residential Lot, all such persons shall be Members. The vote for such Residential Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Residential Lot. If more than one (1) vote is cast with respect to a Residential Lot, then Section 2.06 shall govern which ballot, if any, will be counted.

**Section 2.02** **Eligibility to Vote.** Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. The Association, through the Board, may suspend a Member’s voting privileges pursuant to a duly noticed hearing to effectively prohibit Members who are not in good standing from voting. In order to be in good standing, a Member must be current in the payment of all Assessments and other charges levied against the Member’s Residential Lot and not be subject to any disciplinary proceeding or otherwise in violation of the Governing Documents. A Member’s good standing shall be determined as of the record date established in accordance with these Bylaws.

**Section 2.03** **Furnishing Evidence of Membership.** To establish a person’s status as a Member, the Board may require such person to advise the Secretary of the Association in writing that such person is qualified to be a Member or to provide the Secretary with evidence of such qualification in the form of a conformed copy of a grant deed showing that current title of the Residential Lot is in the name of the Member, or a conformed copy of a first deed of trust currently encumbering the Residential Lot and showing the mortgagor as the Member.

**Section 2.04** **Voting at Membership Meetings.**

- (a) Voting at any Membership meeting may be in person or by written secret ballot (“**Secret Ballot**”) in accordance with California law. If later statute authorizes electronic voting, voting may be by electronic secret ballot. If electronic voting is authorized by law after adoption of these Bylaws, the procedures set forth herein may be supplemented by election rules to allow for such method of voting, and “electronic ballot” may be included in the definition of “written ballot” where applicable in these Bylaws.
- (b) An election within the Association regarding Assessments, selection of members of the Board, removal of members of the Board, amendments to the Governing Documents, or the granting of exclusive use common area shall be conducted by written Secret Ballot in accordance with California Civil Code Section 5100-5145 or any amendment thereto.
- (c) Voting Procedures on Items Not Governed by Secret Ballot Voting. In instances where a matter to be voted on by the Members is not subject to the California Civil Code secret ballot procedures, voting shall be completed at an Annual Meeting or Special Meeting, and subject to the following requirements:
  - (1) Notice shall be delivered to Members and shall include all required information on the meeting, its purpose and the matter to be voted upon. Notice shall be delivered to Members by first-class mail, or such other method permitted by the applicable Civil Code, at least ten (10) but not more than ninety (90) days prior to such meeting. Such notice shall set forth the proposed measure in which Members are requested to submit a vote. A ballot may be included with the notice. The ballot shall clearly state the proposed measure, the number of votes required to pass the measure, the manner in which voting shall be conducted, and allow Members an opportunity to approve or disapprove the proposed measure;

- (2) Voting may be conducted by: (i) voice vote at the meeting, or (ii) ballot. If later enacted statute authorizes electronic voting, voting may also be by that method. If voting is by ballot, Members shall be permitted to deliver their ballot at the meeting or prior to the meeting via U.S. Mail (and, at the Board's discretion, some other reasonable method, such as via hand delivery or facsimile).
- (d) Member Action Without a Meeting.
- (1) Any action which may be taken by the vote of Members at an Annual Meeting or Special Meeting may be taken without a meeting if the Association distributes a written ballot to every Member entitled to vote on the matter (or, if later statute authorizes it, electronic ballot). Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association.
- (2) Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.
- (3) All solicited ballots shall indicate the number of responses needed to meet the quorum requirement and shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted.
- (4) Unless otherwise provided in the Articles or these Bylaws, a written ballot may not be revoked.

**Section 2.05** **Cumulative Voting.** Cumulative voting shall not be permitted.

**Section 2.06** **Multiple Ballots Cast.** If more than one ballot is cast on behalf of a Member, and it cannot be determined which ballot was first cast, all ballots received shall be disregarded. Otherwise, the first ballot received shall be considered the ballot for that Member, and all later ballots cast in that election for that Members will not be counted. Notwithstanding the foregoing, subject to the Civil Code and Sections 7611 and 7613 of the California Corporations Code, any Member casting a ballot may revoke such ballot and/or substitute another in person or by a writing received by the Association prior to the closing of the polls, but may not do so thereafter. Such revocation is effective upon its receipt by the Inspectors of Election or the Secretary of the Association.

**Section 2.07** **Proxies.** Every person entitled to vote shall have the right to do so by a written proxy executed by such person or his duly authorized agent and filed with the Secretary of the Association prior to the commencement of the meeting at which the proxy is to be exercised. A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the Member executing it, before the vote cast pursuant to that proxy, by a writing delivered to the Association stating that the proxy is revoked by a subsequent proxy executed by such Member, or by personal attendance and voting at a meeting by such Member, or (ii) if written notice of the death or incapacity of the maker of the proxy is received by the Association before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three (3) years from the date of execution. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of the California Corporations Code pertaining to Nonprofit Mutual Benefit Corporations. The proxy or written ballot shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the Member authorized to exercise the proxy.

**Section 2.08** **Membership Meeting Quorum.** At all meetings of the Members, thirty percent (30%) of the Association's Total Eligible Voting Power represented by written ballot, in person or by proxy, shall constitute a quorum and a majority of the Total Eligible Voting Power present and entitled to vote, either in person or by proxy, shall be sufficient for the passage of any motion or the adoption of any resolution except in connection with the amendment of the Declaration or these Bylaws, or the dissolution of the Association, as hereinafter set forth. However, if any Members are not eligible to vote by virtue of suspension of their voting privileges, the Total Eligible Voting Power shall also be reduced.

**Section 2.09** **Adjourned Meetings.** In the absence of a quorum, a majority of those present in person or by proxy may adjourn the meeting to another time but may not transact any other business. An adjournment for lack of a quorum by those in attendance shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for such an adjourned meeting shall be ten percent (10%) of the Total Eligible Voting Power of the Association. However, if any Members are not eligible to vote by virtue of suspension of their voting privileges, the Total Eligible Voting Power shall also be reduced. If a time and place for the adjourned meeting is not fixed at the original meeting, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for Regular Meetings.

**Section 2.10** **Effect of a Member's Attendance at a Meeting.** Attendance by a Member or such Member's proxy holder at a meeting shall also constitute a waiver of any objections such person may have with respect to notice of that meeting, except when the Member or proxy holder attends the meeting for the sole purpose of objecting at the beginning of the meeting to the transaction of any business because of the inadequacy or illegality of the notice. Attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting that are required to be so noticed.

**Section 2.11** **Place of Meetings of Members.** Meetings of the Members shall be held within Cagney Ranch Estates or such other suitable place as is practicable, in Los Angeles County, and convenient to the Members, as may be designated by the Board of Directors.

**Section 2.12** **Annual Meetings of Members.** An annual meeting of Members (each an "**Annual Meeting**") shall be held once per year in the month of March, at a time and date set by the Board of Directors. At each Annual Meeting there shall be elected Directors of the Association by ballot of the Members, in accordance with the requirements of these Bylaws. The Members may also transact such other business of the Association as may properly come before them. In accordance with Section 5.02 hereof, an organizational meeting of the Board shall immediately follow the Annual Meeting. A Regular Meeting may follow this organizational meeting.

- (a) If the Board fails to schedule the Annual Meeting on or before March 31st in any given year, then each Director currently serving shall be ineligible to serve as a Director (or as a member of any Association committee) for the next two terms. Such Directors' names shall not appear on the ballot at any election held from March of the current year through February of the second subsequent year, and any write-in nomination(s) of such Directors at such election(s) shall be invalid.

**Section 2.13** **Special Meetings of Members.**

- (a) It shall be the duty of the Board to call a special meeting of the Members (each a "**Special Meeting**"), if directed by resolution of a majority of a quorum of the Board of Directors or by request of the President of the Association.
- (b) Upon receipt by the Secretary of a petition signed by Members in good standing representing at least five percent (5%) of the Total Eligible Voting Power of the Association, the Board may notice a Special Meeting. The notice shall state that a Special Meeting, pursuant to the request, will be held at a time fixed by the Board

which shall be not less than ten (10) nor more than ninety (90) days after receipt by the officer of the written request.

- (c) Should the notice not be given within twenty (20) days after receipt by the officer of the request, the person or persons entitled to call the meeting who made the request may give notice of the meeting themselves or may petition the Superior Court of the State of California for the County of Los Angeles to summarily, after notice to the Association giving it an opportunity to be heard, order the giving of notice of the meeting. Where a petition is filed with the court, the court may issue such orders as may be appropriate including, without limitation, orders designating the time and place of the meeting, the record date for determining Members entitled to vote at the meeting, and the form of the notice.
- (d) No business shall be transacted at a Special Meeting except as stated in the notice.

#### **Section 2.14 Notice of Membership Meetings.**

- (a) Notice of each Annual Meeting or Special Meeting shall be provided in accordance with Civil Code Section 4045 at least ten (10) but not more than ninety (90) days prior to such meeting, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Member of record, addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. This notice may accompany the secret written ballot provided in accordance with these Bylaws or the Civil Code. The notice may set forth time limits for speakers and nominating procedures for the meeting. The notice shall specify those matters intended to be presented for action by the Members, but, except as otherwise provided by law, any proper matter may be presented at an Annual Meeting for action. The notice of any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to the Members.
- (b) Notwithstanding any other provision of these Bylaws, approval by the Members of any of the following proposals, other than by unanimous approval of those Members entitled to vote, shall not be valid unless the general nature of the proposal was stated in the notice or in any written waiver of the notice: (i) removing a Director without cause; (ii) filling vacancies on the Board under those circumstances where a vote of the Members is required; (iii) approving a contract or transaction between the Association and one or more Directors, or between the Association and any entity in which a Director has a material financial interest; (iv) amendment of the Association's Articles of Incorporation, these Bylaws or the Declaration; (v) changing the Association's assessments in a manner requiring Member approval under the Declaration; or (vi) voting upon any election to voluntarily terminate and dissolve the Association.
- (c) The agenda for any meeting at which there is an election of Directors to the Board shall substantially be (I) Registration, (II) Appoint Inspectors of Election, (III) Proof of Notice/Establish Quorum, (IV) Call to Order, (V) Approval of Minutes, (VI) Purpose of Meeting, (VII) Final Nominations for Candidates, (VIII) Candidate Forum, (IX) Member Forum, (X) Election, (XI) Announcement of Election Results, (XII) Adjournment. The agenda for any Special Meeting at which the Membership is voting, except for the election of Directors to the Board, shall substantially be (I) Registration, (II) Appoint Inspectors of Election, (III) Proof of Notice/Establish Quorum, (IV) Call to Order, (V) Approval of Minutes, (VI) Purpose of Meeting, (VII) Member Forum, (VIII) Election, (IX) Announcement of Election Results, (X) Adjournment. Items not related to the election may be added to the agenda if appropriate, as long as such items do not interfere with the election. Examples of the foregoing agendas are shown in 'Exhibit A' and 'Exhibit B'.

#### **Section 2.15 Affidavit of Mailing Notice.** An affidavit of the mailing of any notice of any Members' meeting may be executed by the Secretary, or any other party of the Association giving the notice, and if so executed shall be filed and maintained in the minute book of the Association.

## **Section 2.16 Inspectors of Election.**

- (a)** In advance of any meeting of Members, the Members may appoint any persons as Inspectors of Election to act at such meeting and any adjournment thereof. If Inspectors of Election are not so appointed, or if any persons so appointed fail to appear or refuse to act, the chairperson of any meeting of Members may appoint Inspectors of Election at the meeting. A nomination form for Inspector(s) of Election shall be included with any ballot sent to the Membership by the Association. An Inspector of Election may be nominated by any Member in good standing. By a majority vote, the Members present and eligible to vote in the election shall decide whether to appoint one (1) or three (3) Inspectors of Election, and then shall choose the Inspectors of Election by a majority vote from the pool of nominated candidates. If there are three (3) Inspectors of Election, the decision, act, or certificate of a majority is effective in all respects as the decision, act, or certificate of all. In compliance with California Civil Code Section 5110 and to avoid any potential conflict of interest, an Inspector of Election may not be anyone employed by or directly affiliated with the Association's property management company or legal counsel; or any person, business entity, or subdivision of a business entity that is currently employed or under contract to the Association for any compensable services.
- (b)** The duties of such Inspectors shall be as prescribed by the California Civil Code and Corporations Code, as may be amended from time to time, and shall include: **(i)** determining the number of Members outstanding and the Total Eligible Voting Power of each; **(ii)** determining the number represented at the meeting; **(iii)** determining the existence of a quorum; **(iv)** determining the authenticity, validity and effect of proxies; **(v)** receiving votes, ballots or consents; **(vi)** hearing and determining all challenges and questions in any way arising in connection with the right to vote; **(vii)** counting and tabulating all votes or consents; **(viii)** determining when the polls are closed; **(ix)** determining the result; and **(x)** doing such acts as may be proper to conduct the election or vote with fairness to all Members.
- (c)** For the purposes of this Section, an independent third party includes, but is not limited to, a volunteer poll worker with the County registrar of voters, a licensee of the California Board of Accountancy, or a notary public. An independent third party may be a Member of the Association, but may not be a member of the Board of Directors, a candidate for the Board of Directors or related to a member of the Board of Directors. An independent third party may not be a person who is currently employed or under contract to the Association for any compensable services unless either: **(i)** expressly authorized by Rules of the Association adopted pursuant to the California Civil Code, or **(ii)** the Inspector(s) of Election are elected by the Members of the Association, expressly authorized by Rules of the Association adopted pursuant to the California Civil Code.
- (d)** An Inspector of Election shall perform his or her duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical. Any report made by the Inspector or Inspectors of Election is prima facie evidence of the facts stated in the report.
- (e)** The Inspectors of Election shall count the ballots in full view of the Membership, as permitted by California Civil Code Section 5120(a). If the Inspector(s) of Election determine a ballot or proxy is ineligible to be counted, the Inspector(s) shall announce such disqualification to the Membership with a brief explanation as to why. Subject to the Civil Code, the Inspectors of Election shall have the discretion to allow a ballot to be counted if a Member failed to sign the outer envelope or made an identifying mark on his or her ballot; provided, however, that such determinations shall be applied consistently during the ballot count. If any ballot is disqualified by the Inspectors of Election, and the Member who cast such ballot is present, then – subject to the Civil Code – such Member shall have the right to submit a new ballot at that time unless such Member's ballot is ruled ineligible due to the Member's voting privileges being suspended in accordance with Section 4.3 hereof.

**Section 2.17** **Consent of Absentees.** The transactions of any meeting of Members, either an Annual Meeting or Special Meeting, however called and noticed, shall be as valid as transactions transpiring at a meeting duly held after proper notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the Members not present in person or by proxy, signs a written waiver of notice, a consent to the holding of such meeting, or an approval of the Minutes (as defined below) thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the Minutes of the Meeting.

**Section 2.18** **Minutes, Presumption of Notice.** Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed to truthfully evidence the matters set forth therein (“**Minutes**” or “**Minutes of the Meeting**”). A recitation in the Minutes executed by the Secretary that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

**Section 2.19** **Record Dates.** The Board of Directors may fix a date in the future as a record date for the determination of the Members entitled to notice of any meeting of Members. The record date so fixed shall be neither less than ten (10) days nor more than ninety (90) days prior to the date of the meeting. If the Board does not fix a record date for notice to Members, the record date for notice shall be the close of business on the business day preceding the day on which notice is given. In addition, the Board of Directors may fix a date in the future as a record date for the determination of the Members entitled to vote at any meeting of Members. The record date so fixed shall be neither less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. If the Board does not fix a record date for determining Members entitled to vote, Members on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

**Section 2.20** **Liability of Members.** No Member of the Association shall be personally liable for any of the debts, liabilities and/or obligations of the Association. Notwithstanding the foregoing, in the event a judgment is rendered against the Association above the limits of any applicable insurance proceeds and the Association is otherwise unable to satisfy such debt, the Members may be subject to a Special Assessment to satisfy the balance of the judgment not otherwise satisfied by such insurance policy.

## **ARTICLE III**

### **BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE; MEETINGS**

**Section 3.01** **Candidate Nomination.** The Association shall distribute a candidate nomination form to every Member at least sixty (60) days prior to the date of any Membership meeting held for the purpose of electing Directors. Nomination for election to the Board of Directors shall be made by written submission. Members may nominate themselves or other candidates so long as any other nominated candidate consents to the nomination and is eligible. Such nominations shall be made by the deadline set or, if no deadline is set, by a date sufficiently in advance of the mailing of the ballots so as to permit the inclusion of the Member's name in the ballot. All nominees shall be placed on the ballot in reverse alphabetical order by last name. At such meeting to elect Directors, any Member present at the meeting, in person or by proxy, may place names in nomination. However, nominations of additional candidates from the floor will not require any changes to the ballots used for the election. Any write-in candidate whose name was added to a ballot by a voting Member shall be considered as having been nominated, so long as such candidate is eligible and consents to the nomination.

**Section 3.02** **Number and Qualification.** The Board of Directors will consist of five (5) Directors, each of whom must be either **(i)** a Member of the Association in "good standing" (as defined in Section 2.02 herein) who has never been convicted of a felony and is not engaged as an opponent in a legal proceeding against the Association, or **(ii)** an individual appointed by a Member and whose primary residence is such Member's Residential Lot (an "**Appointed Resident**"); provided, however, that **(a)** such Appointed Resident has also never been convicted of a felony, **(b)** his or her name is shown on any ballot in the format "[Name of Appointed Resident] (for [Name of Member])", and **(c)** the Member who designated such Appointed Member is in good standing. A Member who designates an individual as his or her Appointed Resident may revoke such designation at any time, and any office such individual holds will be considered vacant immediately upon such revocation. In the case where a trust is the owner of record for a Residential Lot, then any trustee of such trust shall be considered a Member; provided, however, that such trustee uses the trust's Residential Lot as his or her primary residence.

For purposes of this section, a Member is the individual or collective individuals who are considered the record owner(s) of fee simple title to a Residential Lot (the "**Eligible Candidate**" or "**Eligible Candidates**"). Only one Eligible Candidate from any such Residential Lot may run for and sit on the Board at any given time. Accordingly, two Eligible Candidates from the same Residential Lot (e.g., a husband and wife who collectively own a Residential Lot) may not both sit on the Board simultaneously. Moreover, any Member who owns multiple Residential Lots in the community may only run for a single Board seat at any given time. Additionally, no person may seek a position on the Board if such individual is related by blood or marriage to any current Board member or current candidate for office (the "**Relationship Rule**").

**Section 3.03** **Election and Term of Office.**

- (a)** The Board of Directors will be elected by vote of the general membership of the Association (collectively, the "**Membership**") at an Annual Meeting of Members called for that purpose and when elected shall serve for a one-year term. Election shall be by the majority vote of those in attendance, whether present in person or by written ballot. Each Director shall hold office until his term has expired and a successor has been elected or until such Director's death, resignation, removal, or judicial adjudication of mental incompetence.
- (b)** In the event of any tie for the last vacancy on the Board of Directors, the tie shall be decided by a single coin flip. The candidate whose last name is alphabetically prior shall be "heads" and the other candidate shall be "tails." A tie involving more than two persons shall be resolved by a blind drawing of the candidates' names, in which case the first name drawn shall be elected.

- (c) Directors and Officers are not subject to term limits, except as provided for in Section 2.12(a) above.
- (d) A quorum is required to elect a Board of Directors, even if the existing Board is running unopposed. Membership meetings shall continue to adjourn to a later date as provided in Section 3.12 herein until a quorum is attained.

**Section 3.04**     **Compensation.** Directors shall not receive any salary or compensation for their services as Directors; provided, however, that (i) nothing herein contained shall be construed to preclude any Director from serving the Association in some other capacity and receiving compensation therefor, and (ii) any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties and authorized by the Board, upon submission of valid receipts approved by the Board.

**Section 3.05**     **Vacancies.** A vacancy or vacancies shall be deemed to exist in case of death, resignation, removal, or judicial adjudication of mental incompetence of any Director.

- (a) Excessive Absences. A vacancy may be deemed to exist in the case of the absence of a Director from three (3) consecutive Regular Meetings or a total of four (4) Regular Meetings in any calendar year without just cause.
- (b) Disqualification. A vacancy shall be deemed to exist in the case of a Director who fails to meet the qualifications for service at any time during the term to which he or she was elected. Such vacancy may upon motion be declared in an open Board meeting, stating the ground of disqualification.
- (c) Other Vacancies. A vacancy shall be deemed to exist if the Members shall increase the authorized number of Directors, but shall fail at the meeting at which such increase is authorized, to elect the additional Director, or if the Members fail at any time to elect the full number of authorized Directors.
- (d) Vacancies not Filled by Board. The Membership, pursuant to Section 2.13(b), may at any time call a meeting to elect Directors to fill any vacancy not filled by the Directors, and may elect the additional Directors at the meeting at which an amendment by these Bylaws is voted increasing the number of Directors.
- (e) Resignation. Any Director may resign effective upon giving written notice to the President, the Secretary, or the Board.

**Section 3.06**     **Removal of Directors.** Any Director may be removed from the Board, with or without cause, by a majority of the Total Eligible Voting Power of the Association represented at a duly held meeting in accordance with the provisions of the California Corporations Code. For purposes of this section only, quorum shall be a bare majority of the Total Eligible Voting Power of the Association. With respect to a Special Meeting to recall the members of the Board, if a quorum is not achieved, the measure shall be defeated and the Members shall not have the power to reconvene the meeting or allow additional time for additional ballots or Members present to be counted.

**Section 3.07**     **Filling Vacancies.** Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members of the Association shall be filled by vote of the majority of the remaining Directors, even though the remaining Directors may constitute less than a quorum. Any vacancy caused by the removal of a Director by the Members shall be filled by the vote of the Members. Any vacancy not filled by the Directors may be filled by vote of the Members at the next Annual Meeting or at a Special Meeting called for such purpose. The term of office of each Director elected or appointed to fill a vacancy created by the resignation, death or removal of the Director's predecessor shall be the balance of the unserved term of such Director's predecessor.

**Section 3.08**     **Regular Meetings of the Board.**

- (a) Open Meetings. Board meetings shall be open to all Members, except when the Board adjourns the meeting to executive session. The Board shall permit any Member to speak during a time designated as "open forum" at any Board meeting,

except for meetings of the Board held in executive session. A reasonable time limit for Members to speak to the Board shall be established by the Board.

- (b) Location of Meetings. Regular Meetings may be held at such time and place within the Cagney Ranch Estates as shall be determined, from time to time, by the Board of Directors.
- (c) Frequency. Regular meetings of the Board (each a “**Regular Meeting**”) shall be held no less frequently than quarterly, but may be held more often as needed. Regular Meetings for any purpose may be called at any time by the President, the Vice President, or by any two (2) Directors.
- (d) Notice to the Members. Members shall be given notice of the time and place of a Board meeting, except for an Emergency Meeting, at least four (4) days prior to the Board meeting. However, if the Board meeting is solely to be in executive session, at least two (2) days advance notice shall be given. Notice shall be given by posting the notice in a prominent place or places within the Association’s common areas (the “**Common Area**”) and/or by mail to any Member who had requested notification of Board meetings by mail, at the address requested by the Member. Notice may also be given, by mail or delivery of the notice to each Residential Lot or by electronic mail (if the Member has so authorized), newsletter, or similar means of communication. The notice shall contain the agenda for the meeting.
- (e) Notice to the Board. Regular Meetings shall be held upon four (4) days’ notice by first-class mail or forty-eight (48) hours’ notice delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile transmission, electronic mail, or other electronic means in accordance with California Corporations Code Section 20.

### **Section 3.09**    **Emergency Meetings of the Board.**

- (a) Emergency Board Meetings. An emergency Board meeting may be called by the President, or by any two members of the Board other than the President, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide notice as required by law (each an “**Emergency Meeting**”).
- (b) Notice to the Membership. Members shall be given notice of the time and place of an Emergency Meeting, as soon as one is scheduled, if practical and possible. Notice shall be given by posting the notice in a prominent place or places within the Common Area and by electronic mail to any Member who had requested notification of Board meetings by electronic mail, at the email address requested by the Member. The notice shall contain the agenda for the meeting.
- (c) Notice to the Board. Notice for an Emergency Meeting may be delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile transmission, electronic mail, or other electronic means in accordance with California Corporations Code Section 20.

- ### **Section 3.10**    **Waiver of Notice.** Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive personal notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice to such Director. Attendance by a Director at any meeting of the Board shall be a waiver by that Director of personal notice of the time and place thereof. If all the Directors are present at any meeting of the Board and notice is given to the Members as may be required under these Bylaws, no notice to Directors shall be required and any business may be transacted at such meeting. The transactions 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 (i) a quorum be present, (ii) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding such

meeting, or an approval of the Minutes thereof, and **(iii)** notice is given to the Members as may be required under these Bylaws. All such waivers, consents, and approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

**Section 3.11** **Emergency Action By Email.** If the Board has unanimously consented in advance to hold such a meeting, the Board may decide emergency matters by email as provided for in Civil Code Sections 4910 and 4923 or any successor statutes. Copies of the emails shall be attached to the next Board meeting minutes.

**Section 3.12** **Quorum and Adjournment.** Except as otherwise expressly provided herein, at all meetings of the Board of Directors, a majority of the authorized number of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. However, if there is a vacancy on the Board, the greater of two (2) or a majority of the authorized number of Directors less the number of vacant positions on the Board, shall constitute a quorum for the transaction of business. If at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of an adjournment to another time and place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

**Section 3.13** **Executive Session.**

- (a)** Any Member may attend Board meetings, except when the Board adjourns to “executive session” (an “**Executive Meeting**”) to consider:
- (1)** Litigation,
  - (2)** Matters relating to the formation of contracts with third parties,
  - (3)** Member discipline or Reimbursement Assessments,
  - (4)** Personnel matters,
  - (5)** Assessment lien foreclosure votes,
  - (6)** Discussion of a payment plan proposed by a delinquent Member, or to meet with a Member, upon the Member’s request, regarding the Member’s payment of assessments, as specified in the California Civil Code, and
  - (7)** any other orders of business appropriate for executive session as set forth in the Civil Code or any successor statute, as amended from time to time.
- (b)** Members shall be given at least three (3) days’ notice of an Executive Meeting.
- (c)** Any matter discussed in executive session shall be generally noted in the minutes of the meeting immediately following the Executive Meeting that is open to the Members. In any matter relating to the discipline of a Member or Reimbursement Assessment, the Board shall meet in executive session if requested by the Member and the Member shall be entitled to attend only that portion of the executive session devoted to the Member’s discipline.

**Section 3.14** **Agenda Required.** Except as described in these Bylaws below, the Board may not discuss or take action on any item at a nonemergency meeting unless the item was placed on the agenda included in the notice that was posted and distributed pursuant to the California Civil Code. This restriction does not prohibit a Member who is not a member of the Board from speaking on issues not on the agenda. Before discussing any item pursuant to this Section, the Board shall openly identify the item to the Members in attendance at the meeting.

- (a)** Notwithstanding anything stated herein, a member of the Board, a managing agent or other agent of the Board, or a member of the staff of the Board may do any of the following: briefly respond to statements made or questions posed by a person speaking at a meeting; ask a question for clarification; make a brief

announcement; or make a brief report on his or her own activities, whether in response to questions posed by a Member or based upon his or her own initiative.

- (b)** Notwithstanding anything stated herein, the Board or a member of the Board, subject to rules or procedures of the Board, may do any of the following: **(i)** provide a reference to, or provide other resources for factual information to, its managing agent or other agents or staff; **(ii)** request its managing agent or other agents or staff to report back to the Board at a subsequent meeting concerning any matter, or take action to direct its managing agent or other agents or staff to place a matter of business on a future agenda; or **(iii)** direct its managing agent or other agents or staff to perform administrative tasks that are necessary to carry out this Section.
- (c)** Notwithstanding anything stated herein, the Board may take action on any item of business not appearing on the agenda posted and distributed pursuant to the California Civil Code under any of the following conditions:

  - (1)** Upon a determination made by a majority of the Board members present at the meeting that an emergency situation exists. An emergency situation exists if there are circumstances that could not have been reasonably foreseen by the board, that require immediate attention and possible action by the Board, and that, of necessity, make it impracticable to provide notice.
  - (2)** Upon a determination made by the Board by a vote of two-thirds of the Directors present at the meeting, or, if less than two-thirds of total membership of the Board is present at the meeting, by a unanimous vote of the members present, that there is a need to take immediate action and that the need for action came to the attention of the Board after the agenda was posted and distributed pursuant to the California Civil Code.
  - (3)** The item appeared on an agenda that was posted and distributed pursuant to the California Civil Code for a prior meeting of the Board that occurred not more than thirty (30) calendar days before the date that action is taken on the item and, at the prior meeting, action on the item was continued to the meeting at which the action is taken.
  - (4)** Meetings of the Board of Directors shall be conducted in accordance with a recognized system of parliamentary procedure as the Association may adopt by a rule in accordance with Civil Code section 4340, *et seq.*

## **ARTICLE IV**

### **POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

**Section 4.01**    **Powers and Duties.** The Board of Directors has the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done exclusively by the Members.

**Section 4.02**    **Powers of the Board.** The powers of the Board shall include, but not be limited to:

- (a) The power and duty to select, appoint, and remove all officers, agents, and employees of the Association; to prescribe such powers and duties for them as may be consistent with law and the Governing Documents, and to fix their compensation.
- (b) The power and duty to conduct, manage, and control the affairs and business of the Association, and to make such Rules and Regulations therefor consistent with law as the Board may deem necessary or advisable.
- (c) The power to change the principal office for the transaction of the business of the Association from one location to another within the County in which the Property is located, as provided in Article I hereof; and to designate any place within said County for the holding of any Annual Meeting or Special Meeting or other meetings of Members consistent with the provisions of these Bylaws.
- (d) The power to borrow money as may be needed in connection with the discharge by the Association of its duties.
- (e) The power to cause to be executed and delivered, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities therefor.
- (f) The power and duty to fix and levy from time to time Regular Assessments, Special Assessments, and any other Assessments and to enforce collection thereof, in accordance with the provisions of the Declaration.
- (g) The power and duty to enforce the provisions of the Declaration, these Bylaws, the Rules and Regulations, and any agreements of the Association.
- (h) The power and duty to contract for and pay for insurance, in accordance with the provisions of the Declaration and/or statute.
- (i) The power and duty to contract for and pay for Common Area maintenance, and common utilities services, and for materials and supplies and other expenses relating to the Common Area, and relating to the Residential Lots only to the extent not separately metered or charged, and to employ personnel necessary for the operation of the Association, including legal and accounting services, and to contract for and pay for improvements on the Common Area.
- (j) The power and duty to contract for and pay maintenance and repair of any Residential Lot of a type normally the sole responsibility of the Owner of the Residential Lot if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the interests of Owners generally and if the Owner of the Residential Lot has failed or refused to perform such maintenance or repair; provided however, that the Board may levy a Reimbursement Assessment for repayment of the cost of such maintenance or repair.
- (k) The power to delegate its powers according to law, and – subject to the approval of the Members – to adopt these Bylaws.
- (l) The power to grant or quitclaim easements, licenses, or rights, of way in, on, or over the Common Area for purposes not inconsistent with the intended use of the Property as a common interest development project, in accordance with the Declaration.

- (m) The power to employ a managing agent or other persons and contract with independent contractors or managing agents to perform all or any part of the duties and responsibility of the Association, except for the responsibility to hold hearings or caused to be filed legal actions, provided that any contract with a firm or person appointed as a manager or managing agent shall not exceed a one (1) year term, shall provide for the right of the Association to terminate the same for cause on thirty (30) days written notice or less, or without cause or payment of a termination fee on ninety (90) days written notice or less.
- (n) The power to contract for goods and/or services for the Common Area(s), for the Property, or for the Association, subject to limitations set forth in the Declaration or elsewhere herein.
- (o) The power to designate such advisory and other committees as the Board shall desire, and to establish the purposes and powers of each such committee created. The Board resolution designating and establishing the committee shall provide for the appointment of its members, as well as a chairperson, shall state the purposes of the committee, and shall provide for reports, the term of each committee member, and other administrative matters, all as deemed appropriate by the Board.
- (p) The power to authorize the Association to pay expenses incurred by, or to satisfy a judgment or fine levied against the Association, any present or former Director, officer, employee or agent of the Association to the extent and under the circumstances provided in the Declaration.

#### **Section 4.03**

**Limitations on Board Power.** Without the approval of a majority of the Total Eligible Voting Power of the Association, the Board shall not be permitted to do the following:

- (a) Sell during any fiscal year, property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;
- (b) Incur aggregate expenditures for capital improvements, to the Common Area, other than reserve items, in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; or
- (c) Enter into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year with the following exceptions:
  - (1) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;
  - (2) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration, provided that the policy allows for short notice cancellation by the insured;
  - (3) Agreements for bulk cable television services, and equipment, internet, or satellite television services and equipment of not to exceed five (5) years duration, provided that the supplier is not an entity in which any Member has a direct or indirect ownership interest of ten percent (10%) or more;
  - (4) Agreements for sale or lease of security, burglar alarm, fire alarm equipment, installation, and services of not to exceed five (5) years duration, provided that the supplier or suppliers are not entities in which any Member has a direct or indirect ownership interest of ten percent (10%) or more; or
  - (5) Such other contracts which may from time to time be permitted by the regulations of the Real Estate Commissioner of the State of California.
- (d) Receive compensation for services rendered as an Officer or Director. Directors and Officers shall not receive assessment credit in return for such service, which

also is prohibited. However, Directors and Officers may be reimbursed for expenses actually and reasonably incurred in the course of their service to the Association.

**Section 4.04** **Duties of the Board.** It shall be the duty of the Board of Directors to:

- (a) Perform the maintenance described in the Declaration;
- (b) Maintain insurance as required by the Declaration;
- (c) Discharge by payment, if necessary, any lien against the Common Area and assess the cost of such lien to the Member or Members responsible for the existence of the lien (after notice and hearing as required by these Bylaws, the Declaration and/or state statute);
- (d) Fix, levy, collect, and enforce payments of assessments as set forth in the Declaration;
- (e) Pay all expenses, obligations, fees, and expenses incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association;
- (f) Cause to be kept a complete record of all its acts and business affairs and to keep adequate and correct books and records of account, minutes of proceedings of its Members, Board, and committees, and a record of its Members giving their names and addresses; and,
- (g) Supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed.

**Section 4.05** **Discipline and Reimbursement Assessments Process.** Prior to imposing any discipline against a Member or imposing a Reimbursement Assessment, the Board shall follow the following process:

- (a) The Member subject to discipline shall be given notice and an opportunity to be heard with respect to any alleged violation in accordance with the provisions of Section 7341 of the California Corporation Code, Civil Code Section 5855, and the following (collectively, the “**Notice and Hearing**”):
  - (1) Prior to imposing or considering any discipline against a Member, the Board shall notify the Member in writing, by personal delivery or first-class mail, at least ten (10) days prior to the meeting.
  - (2) The written notification shall contain at least the date, time, and place of the meeting; the nature of the alleged violation or cause of the Reimbursement Assessment claim; and a statement that the Member may address the Board at the hearing.
  - (3) The Board shall meet in executive session. The Board may set a reasonable time limit upon the Member’s response, and may pass Rules regarding the conduct of Disciplinary or Reimbursement Assessment Hearings.
  - (4) If the Board imposes discipline on a Member or imposes a Reimbursement Assessment, the Board shall provide the Member a written notification of the action, by either personal delivery or first-class mail, within fifteen (15) days of the action.
- (b) Any suspension of an Owner’s association privileges shall not exceed sixty (60) days for each violation, or until the violation is corrected, whichever is later.
- (c) Any monetary Penalty Assessment shall not exceed the limits, if any, set forth in the Rules and Regulations or Fine Policy, in effect at the time of the violation.

## **ARTICLE V OFFICERS**

**Section 5.01**     **Designation.** The principal Officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer, an Assistant Secretary, and such other Officers as in their judgment may be necessary (each an, “**Officer**”). Officers must be Members of the Association but Officers other than the President and Vice President need not be Directors. Any Person may hold more than one office. Officers may not vote or participate in executive session meetings unless the Officer is also a Director.

**Section 5.02**     **Election of Officers.** The Officers of the Association shall be elected annually by the Board of Directors at a public organizational meeting immediately following each Annual Meeting, and each Officer shall hold office at the pleasure of the Board of Directors, until such Officer shall resign or be removed or otherwise disqualified to serve or a successor shall be elected and qualified to serve. A Regular Meeting should follow the organizational meeting at the same location. If the Board, after organizing and electing officers, is not able or willing to hold a full Regular Meeting, then the Board shall reschedule this Regular Meeting to be held no later than twenty-one (21) days after the organizational meeting, the date of such meeting being announced to the Membership prior to the adjournment of the organizational meeting.

**Section 5.03**     **Removal of Officers.** Upon an affirmative vote of a majority of the entire Board of Directors, any Officer may be removed from his or her office (but not removed from the Board), either with or without cause. Any Officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

**Section 5.04**     **Filling of Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled by the Board at any Regular Meeting of the Board of Directors. The period of time for any office filled in this manner shall be for the unexpired term of the Officer replaced.

**Section 5.05**     **Compensation.** No Officer shall receive any compensation for services performed in the conduct of the Association’s business, provided that **(i)** nothing herein contained shall be construed to preclude any Officer from serving the Association in some other capacity and receiving compensation therefor, and **(ii)** any Officer may be reimbursed for the Officer’s actual expenses incurred in the performance of such Officer’s duties.

**Section 5.06**     **President.** The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board of Directors. The President shall have all of the general powers and duties which are usually vested in the office of the President of a non-profit mutual benefit corporation, including but not limited to the power to appoint committees from among the Members from time to time as the President may in the President’s discretion decide is appropriate to assist in conducting the affairs of the Association. The President shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business of the Association. The President shall be an ex officio member of all standing committees, shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws of the Association.

**Section 5.07**     **Vice President.** In the absence or disability of the President, the Vice President shall perform all the 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 by the Board or the Bylaws. If neither the President nor the Vice President is able to act, the Board of Directors may appoint some other member of the Board to do so, on an interim basis.

**Section 5.08**

**Secretary.** The Secretary shall keep the Minutes of all meetings of the Board of Directors and the Minutes of all meetings of the Association at the principal office of the Association or at such other place as the Board of Directors may order. The Secretary shall keep the seal of the Association in safe custody and shall have charge of such books and papers as the Board of Directors may direct; and the Secretary shall, in general, perform all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notices of meetings of the Members of the Association and of the Board of Directors required by these Bylaws or by law to be given. The Secretary shall maintain a record book of Members, listing the names, mailing addresses, and telephone numbers of Members, as furnished to the Association. Termination or transfer of ownership by any Member shall be recorded in the Membership register by the Secretary, together with the date of the transfer, in accordance with the provisions of the Declaration. Such Membership register shall be changed only at such time as satisfactory evidence of a change in ownership of a Residential Lot is presented to the Secretary. The Secretary shall perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

**Section 5.09**

**Treasurer.** The Treasurer shall be the chief financial officer of the Association and shall have responsibility for Association funds and securities and for keeping, or causing to be kept, full and accurate accounts, tax records and business transactions of the Association, including accounts of all assets, liabilities, receipts, and disbursements in books belonging to the Association. The Treasurer shall oversee the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors, in accordance with the Declaration, shall render to the President and Directors, upon request, an account of all of such Treasurer's transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

## **ARTICLE VI SUBORDINATE OFFICERS & COMMITTEES**

**Section 6.01**     **Appointment.** The Board may appoint such subordinate officers and committees as it deems desirable from time to time.

**Section 6.02**     **Duties.** Such subordinate officers and committee members shall have the duties that the Board may from time to time prescribe, including the right to act in the place and stead of other Officers, other than the President, as the Board may designate.

## **ARTICLE VII AMENDMENTS TO BYLAWS**

These Bylaws may be amended by the Association by the vote taken by secret written ballot of Members representing at least a bare majority of the Total Eligible Voting Power of the Association; provided that the specified percentage of Members necessary to amend a specific Section or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision.

## **ARTICLE VIII CONFLICTING PROVISIONS; SUCCESSOR STATUTES**

In case any of these Bylaws conflict with any provisions of the laws of the State of California, such conflicting Bylaws shall be null and void but all other Bylaws shall remain in full force and effect. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. Any references herein to a Federal or State statute shall be deemed to refer to any later enactment, renumbering or recodification of the provisions of said statute.

## **ARTICLE IX FINANCIAL REQUIREMENTS**

**Section 9.01**     **Reserve Study.** In accordance with the Civil Code, as the same may be amended from time to time, at least once every three (3) years the Board shall cause to be conducted 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 as part of a study of the reserve account requirements of the Association to be conducted, if the current replacement value of said major components is equal to or greater than one-half (1/2) 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 Section shall, at a minimum, contain the information required by the Civil Code, as the same may be amended from time to time.

**Section 9.02**     **Expenditure of Reserve Funds.** The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. 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, if the Board has provided notice of the intent to consider the transfer in

a notice of meeting, which shall be provided as specified in the Civil Code, as the same may be amended from time to time. The notice shall include the reasons the transfer is needed, some options for repayment, and whether a special assessment may be considered. If the Board authorizes the transfer, the Board shall issue a written finding recorded in the Board's minutes, explaining the reason the transfer is needed and describing when and how the money will be repaid to the reserve fund. The transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except that the Board may, after giving the same notice required for considering a transfer, and, upon making a finding supported by documentation that a temporary delay would be in the best interests of the Association, temporarily delay the restoration. 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 Section. This Special Assessment is subject to the limitation imposed by the Association's Governing Documents and the Civil Code, or any successor statute. The Board may, at its discretion, extend the date the payment on the Special Assessment is due. Any extension shall not prevent the board from pursuing any legal remedy to enforce the collection of an unpaid Special Assessment.

**Section 9.03** **Withdrawal of Reserve Funds.** There shall be no withdrawal of any funds from the Association's reserve account(s) unless at least two (2) members of the Board of Directors execute the document or check authorizing such withdrawal. A Manager shall not be authorized to execute any document(s) or check(s) authorizing a withdrawal of funds from the Association's reserve account(s).

**Section 9.04** **Approval of Annual Budget.** Subject to Civil Code Section 5300, no later than four months prior to the end of a calendar year, a preliminary proposed pro forma operating budget for the Association with respect to the immediately succeeding calendar year shall be presented to the Membership either by mail or at a Regular Meeting. The Association's final pro forma operating budget for the following year shall be approved at a Regular Meeting held no later than November 15th of each year. If the operating budget includes an increase in assessments, the agenda for the Regular Meeting at which such budget is considered must explicitly state that such increase is being considered by the Board at that meeting. If the Board fails to satisfy any of the requirements set forth in this Section 9.04, each Director currently serving shall be ineligible to serve as a Director (or as a member of any Association committee) for the next term. Such Directors' names shall not appear on the ballot at any election held on or prior to the next Annual Meeting in March of the following year, and any write-in nomination(s) of such Directors at the foregoing referenced Annual Meeting, or at any interim Special Meeting, shall be invalid.

## **ARTICLE X MISCELLANEOUS**

**Section 10.01 Checks, Drafts and Documents.** All checks, drafts, orders for payment of money, notes, and other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed in the manner and by the person or persons as the Board shall determine by resolution.

**Section 10.02 Execution of Documents.** The Board of Directors may authorize any Officer or Officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no Officer, agent, committee member, 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 in any amount.

**Section 10.03 Operating Account.** There shall be established and maintained a cash deposit account to be known as the “operating account” into which shall be deposited the operating portion of all Regular Assessments and Special Assessments as fixed and determined for all Members. Disbursements from such account shall be for the general operating needs of the Association including, but not limited to, wages, repairs, payment of vendors, betterments, maintenance, and other operating expenses of the Association.

**Section 10.04 Fiscal Year.** The fiscal year of the Association shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every year, but is subject to change from time to time as the Board of Directors shall determine.

**Section 10.05 Methods of Delivery of Documents.** Any document, communication, or notice of any kind permitted or required by the Governing Documents, or required to be delivered by the Davis-Stirling Common Interest Development Act, codified at Sections 4000 through 6150 of the California Civil Code (the “**Davis-Stirling Act**”), shall be delivered by any one of the following methods:

- (a) Personal delivery.
- (b) First-class mail, postage prepaid, addressed to a Member at the address last shown on the books of the Association or otherwise provided by the Member. Delivery is deemed to be complete on deposit into the United States mail.
- (c) E-mail, facsimile, or other electronic means, if the recipient has agreed to that method of delivery. If a document is delivered by electronic means, delivery is complete at the time of transmission.
- (d) By publication in a periodical that is circulated primarily to Members of the Association.
- (e) If the Association broadcasts television programming for the purpose of distributing information on Association business to its Members, by inclusion in the programming.
- (f) Any other method of delivery, provided that the recipient has agreed to that method of delivery.

A document may be included in or delivered with a billing statement, newsletter, or other document that is delivered by one of the above methods.

# **- EXHIBIT A -**

## **CAGNY RANCH ESTATES HOMEOWNERS ASSOCIATION ANNUAL MEMBERSHIP MEETING AGENDA**

*[Date] at [Time] (Sign-in at [Earlier Time])  
[Location Address]  
Granada Hills, CA 91344*

### **I. REGISTRATION ([Earlier Time])**

- A. Members sign in; submitted ballots (and proxies) are recorded as having been received.

### **II. APPOINT INSPECTORS OF ELECTION ([Time])**

- A. The Members present appoint (or approve) 1 or 3 impartial Inspectors of Election.

### **III. PROOF OF NOTICE / ESTABLISH QUORUM**

- A. The Inspectors of Election confirm that sufficient notice of this meeting was given to the Membership, and determine if a quorum of Members has been established.

### **IV. CALL TO ORDER**

- A. The presiding officer calls the meeting to order.

### **V. APPROVAL OF MINUTES**

- A. The Members present consider approving the [prior Membership meeting minutes].

### **VI. PURPOSE OF MEETING (no business other than this may be conducted)**

- A. Explain and take questions about the items on which the Membership will be voting:
  1. Election of candidates to the Cagney Ranch Estates HOA Board of Directors.
  2. Approval of IRS Revenue Ruling 70-640.

### **VII. FINAL NOMINATION OF CANDIDATES**

### **VIII. CANDIDATE FORUM**

- A. Each candidate for the Board may have up to two minutes to advocate for his or her candidacy.

### **IX. MEMBER FORUM**

- A. Any Member who wants to speak regarding the election may do so.

### **X. ELECTION**

- A. Final call for submission of ballots (including any being submitted by proxy).
- B. The Inspectors of Election review the ballots and count all eligible votes.

### **XI. ANNOUNCEMENT OF ELECTION RESULTS**

- A. The Inspectors of Election present the results of the vote.

### **XII. ADJOURNMENT**

## **- EXHIBIT B -**

### **CAGNY RANCH ESTATES HOMEOWNERS ASSOCIATION SPECIAL MEMBERSHIP MEETING AGENDA**

*[Date] at [Time] (Sign-in at [Earlier Time])  
[Location Address]  
Granada Hills, CA 91344*

#### **I. REGISTRATION ([Earlier Time])**

- A. Members sign in; submitted ballots (and proxies) are recorded as having been received.

#### **II. APPOINT INSPECTORS OF ELECTION ([Time])**

- A. The Members present appoint (or approve) 1 or 3 impartial Inspectors of Election.

#### **III. PROOF OF NOTICE / ESTABLISH QUORUM**

- A. The Inspectors of Election confirm that sufficient notice of this meeting was given to the Membership, and determine if a quorum of Members has been established.

#### **IV. CALL TO ORDER**

- A. The presiding officer calls the meeting to order.

#### **V. APPROVAL OF MINUTES**

- A. The Members present consider approving the [prior Membership meeting minutes].

#### **VI. PURPOSE OF MEETING (no business other than this may be conducted)**

- A. Explain and take questions about the proposals on which the Membership will be voting:
  1. [Question #1]
  2. [Question #2]

#### **VII. MEMBER FORUM**

- A. Any Member who wants to speak for or against a proposal may do so.

#### **VIII. ELECTION**

- A. Final call for submission of ballots (including any being submitted by proxy).
- B. The Inspectors of Election review the ballots and count all eligible votes.

#### **IX. ANNOUNCEMENT OF ELECTION RESULTS**

- A. The Inspectors of Election present the results of the vote.

#### **X. ADJOURNMENT**

**CERTIFICATE OF SECRETARY  
OF  
CAGNEY RANCH ESTATES**

I, the undersigned, do hereby certify that:

- 1.** I am the duly elected and acting Secretary of Cagney Ranch Estates, a California nonprofit mutual benefit corporation (“**Association**”); and
- 2.** These Bylaws constitute the Third Amended and Restated Bylaws of the Association, duly adopted by at least a majority of the Members by written ballot on March 21, 2018.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Association  
this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_

\_\_\_\_\_, Secretary