

AMENDED AND RESTATED

BYLAWS OF

**PARK VILLAS NORTH CONDOMINIUM ASSOCIATION, INC.
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

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ARTICLE 1 - NAME, LOCATION AND APPLICABILITY

Articles. The "Articles" shall mean and refer to the Articles of Incorporation of the Association initially filed with the office of the California Secretary of State on February 1, 1980 as Identification Number 951798, which may from time to time be amended.

1.1 *Name.* The name of the corporation is Park Villas North Condominium Association, Inc., a California non-profit mutual benefit corporation, ("Association") formed pursuant to the Nonprofit Mutual Benefit Corporation Law of the State of California, its successors and assigns.

1.2 *Principal Office.* The principal office of the Association is located in San Diego County, California. The Board shall have the full power and authority to change the principal office of the Association from one location to another in the County of San Diego, California. Any such change shall be adopted by a resolution of the Board and noted in the meeting minutes.

1.3 *Application.* These restated Bylaws are applicable to the Association and all present or future Unit Owners, of Condominium Units in the Association, tenants, future tenants or their employees or any other persons they may use any aspect of the Association. The mere occupancy of any portion of the Property shall signify that these Bylaws are accepted, ratified and will be complied with.

1.4 *Documents Being Replaced; Approvals.* These restated Bylaws amend and consolidate, in their entirety, the Bylaws dated March 30, 1980.

1.5 *Definitions.* Unless the context otherwise specifies or requires, the terms defined in this Section 1.5 shall, for purposes of these Bylaws, have the meanings herein specified.

1.5.1 "Association" shall mean and refer to Park Villas North Condominium Association, Inc., a California non-profit mutual benefit corporation, its successors and assigns.

1.5.2 "Board" or "Board of Directors" shall mean and refer to the governing body of the Association.

1.5.3 "Common Area" as defined in Civil Code Section 1351 (b) shall mean the entire Common Interest Development, except the separate interests as shown on the Recorded Condominium Plan for the Project.

1.5.4 "Condominium" shall mean and refer to an estate in real Property and as defined in Civil Code Section 1351 (f) and shall consist of an undivided interest as tenant-in-common in the portion of the real Property coupled with a separate interest in space called a Unit; the boundaries of which are described in the Recorded Condominium plan for the Project.

1.5.5 "Condominium Plan" shall mean that certain Condominium Plan prepared and filed on March 8, 1980, as Instrument No. 80-119369 of Official Records of said County with respect to the Property.

1.5.6 "Exclusive Use Area" shall mean and refer to a portion of the Common Areas designed for the exclusive use of one or more, but fewer than all, of the Unit Owners of the separate interests and which is or will be appurtenant to the separate interest or interests.

1.5.7 "Fiscal Year" shall mean the year from April 1st of one calendar year through March 31st of the following calendar year. However, the Fiscal Year of the Association is subject to change from time to time as the Board may determine.

1.5.8 "Governing Documents" means the Declaration, the Articles, the Bylaws, as they may be amended from time to time, and any exhibits attached thereto; and the Rules and Regulations and any other policies and procedures, for the Members as established from time to time by the Board.

1.5.9 "Member" shall mean and refer to a Unit Owner entitled to membership in the Association as provided in Section 1.6 herein.

1.5.10 "Member in Good Standing" shall mean a Member who is current with all dues, fees, fines and assessments and is not in violation of the Governing Documents.

1.5.11 "Mortgagee" shall mean and refer to a beneficiary under or holder of a deed of trust as well as a mortgage.

1.5.12 "Project" shall mean and refer to the entire real Property hereinafter described, including all structures and improvements erected or to be erected thereon.

1.5.13 "Property" shall mean and refer to that real Property located in the County of San Diego, California described as:

Lot 1 of Map No. 9604 as per Map recorded on March 31, 1980, as Document No. 80-109265, in the Office of the County Recorder of San Diego County (the "Property") together with two hundred ninety-six (296) Units and Common Area.

1.5.14 "Record" and "Recordation" shall mean, with respect to any document, the recordation of said document in the Office of the County Recorder of the County of San Diego, State of California.

1.5.15 "Rules and Regulations" shall mean the Rules and Regulations adopted by the Board as they may be amended from time to time.

1.5.16 "State" shall mean the State of California.

1.5.17 "Unit" shall mean separate interest in space defined in Civil Code Section 1351 (f) and (1) (2). Each of the Units shall be a separate freehold estate as separately shown, numbered and designated on this Condominium Plan. The Units in the Project are numbered 1 through 296, inclusive. A Unit consists of all those separate interests in space shown and identified on the Condominium Plan.

1.5.18 "Unit Owners" shall mean and refer to the owner of record on file with the San Diego County Recorder's Office, whether one (1) or more persons or entities, of fee simple title to any Unit which is a part of the real Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. all Unit Owners are Members of the Association.

1.6. *Membership Rights*

1.6.1. Qualifications and Voting. The Association shall only have one class of voting membership. Every Unit Owner, as that term is defined in the Definitions shall be a Member in Good Standing of the Association who has not been subjected to suspension of rights as defined in Section 1.6.4 of this section. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Each Unit Owner is obligated to promptly and fully and faithfully comply with and conform to the Governing Documents adopted thereunder from time to time by the Board and officers of the Association. Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of the Unit to which it is appurtenant, and then only to the purchaser, in the case of a sale, or Mortgagee, in the case of an encumbrance of such Unit. Any attempt to make such a prohibited transfer is void. In the event any Unit Owner shall fail or refuse to transfer the membership registered in his/her name to the purchaser of his/her Unit, the Association shall have the right to Record the transfer upon its books and thereupon the old membership outstanding

in the name of the seller shall be null and void. All directors shall be elected and/or removed in the manner and for the terms as set forth in these Bylaws.

1.6.2. Suspension of Rights. The Board of Directors shall have the right to suspend the rights of a Member in Good Standing (including but not limited to voting, serving on the board, running for office, use of the Clubhouse or renting an additional parking space) for non-payment of delinquent dues, fees, fines or assessments beginning 60 days after the mailing of proper written notification by the Association for collection of such fees or for an uncorrected violation of the Governing Documents not resolved within 60 days after said Member in Good Standing has been given proper written notice by the Association and has had an opportunity to be heard at a hearing before the Board which satisfies the requirements of Section 7341 of the California Corporations Code as set forth in the Bylaws and said Suspension of Rights shall remain in full force and effect until such time as any and all such obligations have been satisfied or a valid Board approved payment plan is in place.

ARTICLE 2 - MEETINGS OF MEMBERS

2.1 *Place of Meetings; Conduct.* All meetings of the Members shall be held at a place designated by the Board. Meetings shall be held within the Project or as close to it as reasonably possible. No meeting of the Members shall, unless unusual conditions exist, be held outside of the City of San Diego, County of San Diego, California. Meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure as may be modified by adoption or the Board by resolution. Robert's Rules of Order shall be used until or unless another parliamentary system is adopted by the Board.

2.2 *Annual Meetings.* The annual meeting of the Members shall be held on a date and time established by the Board.

2.3 *Special Meetings.* Special meetings of the Members may be called for any lawful purpose by a majority of a Quorum of the Board, the President, or by a written request signed by Members in Good Standing representing at least five percent (5%) of the total voting power of the Association. If the special meeting is requested by the Members in Good Standing, it shall be held not less than thirty-five (35) nor more than ninety (90) days after receipt of the request by an officer of the Association. Only that business stated in the notice of special meeting given pursuant to Section 2.4 of these restated Bylaws shall be transacted at the special meeting.

2.4 *Notice of Meetings.* The Secretary of the Association shall give written notice of any Members' meeting, including the annual meeting, to each Member of record in accordance with the following:

2.4.1 Except as otherwise provided in this Article, the notice shall be given at least ten (10) but not more than sixty (60) days before the meeting, by first class mail or by personal delivery.

- 2.4.2 The Board may fix, in advance, a record date or dates for the purpose of determining the Unit Owners who are entitled to receive notice of meetings. The record date for eligibility to receive notice shall not be fixed more than sixty (60) nor less than ten (10) days before the date of the meeting. If no record date is fixed, all Members as of the business day preceding the day on which notice is given are entitled to receive notice of the meeting.
- 2.4.3 The notice shall be addressed to the Member at the address appearing on the books of the Association, or the address supplied by the Member to the Association for this purpose. If there is no such address, notice shall be given at the street address of the Unit owned by the Member.
- 2.4.4 The notice shall state the place, date, and time of the meeting. If directors are to be elected at the meeting, the notice shall include the names of all those who are nominees at the time the notice is given. The notice shall also state those matters that the Board, at the time the notice is given, intends to present for action by the Members.
- 2.4.5 In the case of a special meeting which is called by Members in Good Standing, pursuant to Section 2.3 of these restated Bylaws, the notice shall be given within twenty (20) days after receipt of the request for the meeting. If that twenty (20) day requirement is not satisfied, the Members in Good Standing who called the meeting may give the notice.
- 2.4.6 Any approval of the Members in Good Standing required for those items specified in Section 7511(f) of the Corporations Code, other than unanimous approval by those entitled to vote, shall be valid only if the general nature of the matter to be voted upon was stated in the notice of meeting or any written waiver of notice.
- 2.4.7 An affidavit of the mailing or other means of giving any notice of any Members' meeting may be executed by the Secretary, and if so executed, shall be filed with the corporate records or made a part of the minutes of the meeting. Such affidavit shall constitute prima facie evidence of the giving of notice.

2.5 *Waiver of Notice or Consent of Absentees.* The transactions of any meeting of Members, however called and noticed, shall be as valid as though taken at a duly called, noticed, and held meeting, if:

- 2.5.1 A Quorum of Members in Good Standing is present either in person or by proxy, and

- 2.5.2 Before or after the meeting, each of the Members in Good Standing not present in person or by proxy signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes of the meeting.

Any such waiver, consent, or approval shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects at the beginning of the meeting to the transaction of any business due to 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 which are required to be described therein if that objection is expressly made at the meeting.

2.6 *Voting Rights.* Only Members in Good Standing shall be entitled to vote on any issue that requires a vote of Association Members, and they shall have the power to exercise their voting rights as follows:

2.6.1 Fractional votes shall not be allowed. When there is more than one (1) Unit Owner (co-owners), all of the co-owners shall be Members in Good Standing, but only one (1) of them shall be entitled to cast the single vote attributable to the Unit. Co-owners may designate in writing to the Association one (1) of the co-owners to vote. If no such designation is made or if it is revoked, the co-owners shall decide among themselves, by majority vote, how that Unit's vote is to be cast. Unless the Board receives a written objection in advance from a co-owner, it shall be conclusively presumed that the voting co-owner is acting with the consent of his or her co-owners. No vote shall be cast for the Unit on a particular matter if a majority of the co-owners present in person or by proxy cannot agree on a vote. The Association may accept the vote of any one owner as the vote for that Unit.

2.6.2 Any provision of the Governing Documents that requires the approval of a specified percentage of the voting power of the Association shall require the approval of the specified percentage of the voting power of the Members in Good Standing. If no percentage of the voting power is specified in the Governing Documents or by California law, the approval of a majority of a Quorum shall be required.

2.6.3 The Board may fix, in advance, a record date or dates for the purpose of determining the Members who are entitled to exercise voting rights:

- (a) The record date for eligibility to vote shall not be fixed more than sixty (60) days before the date of the meeting. If no record date is fixed, all Members in Good Standing who are otherwise eligible to vote as of the day of the meeting may vote.

- (b) The record date for eligibility to vote by written ballots shall not be fixed more than sixty (60) days before the day on which the first written ballot is mailed or solicited. If no record date is fixed, all Members in Good Standing who are otherwise eligible to vote as of the day of mailing the written ballot shall be eligible to vote by written ballot.

2.7 **Quorum.** At any meeting, (wherein a vote of the membership shall be noticed), the presence, either in person or by proxy, of fifty-one percent (51%) of the Members in Good Standing shall constitute a Quorum, the presence either in person or by proxy of Members in Good Standing entitled to cast votes equal to at least fifty-one percent (51%) of the total voting power of the Association shall constitute a Quorum for any action except as otherwise provided in the Governing Documents. The Members in Good Standing present at a duly called or held meeting at which a Quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough Members in Good Standing to leave less than a Quorum, if the action taken, other than adjournment, is approved by at least a majority of Members in Good Standing required to constitute a Quorum. If a Quorum is not present at a duly called meeting, a majority of those Members in Good Standing present in person or by proxy may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the meeting date, but no other business may be transacted. Provided that the date, time and place of the adjourned meeting is announced at the original meeting, the adjourned meeting may be held without additional written notice. If no such announcement is made, or if the selected date is changed after adjournment, notice of the time and place shall be given to Members in the manner provided in Section 2.4 of these restated Bylaws. The Quorum for any adjourned meeting shall be twenty-five percent (25%); provided however, then only these matters, notice of the general nature of which was given in the Notice of Meeting, may be acted on at the meeting.

2.8 **Adjustment of Voting Power and Quorum.** For purposes of establishing a Quorum and determining the total voting power of the Association, if a Members' voting rights are suspended as provided in the Governing Documents, the total voting power of the Association shall be reduced for the period of time for which the suspension is in effect by an amount equal to the number of Units for which membership voting rights have been suspended.

2.9 **Voting by Proxy.** At all meetings of Members, each Member in Good Standing may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. A proxy shall be deemed signed if the Member's name is placed on the proxy as provided in Section 5069 of the California Corporation Code by the Member or the Member's attorney in fact. Every proxy shall be revocable and shall automatically cease upon conveyance of its maker's membership, or upon receipt of written notice by the Secretary of the maker's death or judicially declared incapacity. No proxy shall be valid after the expiration of eleven (11) months from its date of execution, unless otherwise provided in the proxy, but in no event may the maximum term of any proxy exceed three (3) years from its date of execution. The maker of a proxy may revoke it by delivering a written revocation to the Secretary of the Association, by executing a subsequent proxy and presenting it to the meeting, or by attending any meeting and voting in person.

Any revocable proxy, even though in effect and otherwise valid, may not be used to cast a vote on the matters specified in Section 7613(g) of the Corporation Code unless it sets forth the general nature of the matter to be voted upon.

2.10 Form and Content of Proxies. A proxy distributed to Members shall set forth all items to be voted upon which are known at the time the proxy is prepared. Any form of proxy distributed by any person or entity to more than one Member shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted on. The proxy shall provide that, when the Member specifies a choice, the vote shall be cast in accordance with that choice.

2.11 Voting by Written Ballot. Any action that may be taken at a meeting of the Members, may be taken without a meeting provided the following ballot requirements are satisfied:

2.11.1 The Association shall distribute a written ballot to every Member entitled to vote on the matter as provided in Section 2.6.3. The ballot shall be solicited in the same manner as provided in Section 2.4 of these restated Bylaws for the giving of notice of meetings of Members.

2.11.2 The ballot shall (1) set forth all items to be voted upon which are intended and known at the time the ballot is prepared; (2) provide an opportunity to specify approval or disapproval of any proposal, including confirmation that, if the Member specifies a choice, the vote shall be cast in accordance with that Member's choice; (3) provide a reasonable time within which to return the ballot; (4) indicate the number of responses needed to meet the Quorum requirement; and (5) state the percentage of approvals necessary to pass the measure submitted.

2.11.3 The proposed action shall be considered approved if:

- (a) The number of votes cast by ballot within the specified time period equals or exceeds the Quorum required to be present at a meeting authorizing the action; and
- (b) 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 ballots received in response to the ballot solicitation.

2.11.4 No written ballot may be revoked.

2.11.5 Any deadline stated for return of the ballots may be extended for successive reasonable periods with the approval of a majority of the Board. Notice of any extension must be sent to the Members within thirty (30) days of the previously noticed deadline date.

2.11.6 No voting by proxy shall be permitted with respect to written ballots.

ARTICLE 3 - BOARD OF DIRECTORS

3.1 *Number; Qualification.* The affairs of this Association shall be managed and its duties and obligations performed by an elected Board of Directors, consisting of five (5) directors. Each director shall be a Unit Owner and a Member in Good Standing of the Association.

3.2 *Nomination.* Pursuant to Civil Code Section 1363.03, or any successor statute, Nominations for election to the Board of Directors may be made by any of the following:

3.2.1 A nominating committee appointed by the Board pursuant to, and consistent with, Civil Code Section 1363.03 or any successor statute, at least ninety (90) days prior to an annual meeting of Members, provided the Board receives the committee's nomination or nominations at least sixty (60) days prior to the annual meeting of Members.

3.2.2 A written petition signed within eleven (11) months preceding the annual meeting by Members in Good Standing representing five percent (5%) of the voting power of the Association. The petition shall identify the nominee, contain that person's written consent to serve as a director, and be delivered to the Secretary of the Association at least sixty (60) days prior to the annual meeting.

3.2.3 The Board, which may make nominations at any time prior to the notice of the meeting being mailed (or ballots being mailed).

3.3 *Election and Term.* Directors will be elected pursuant to Article 2 of these Bylaws for two (2) year "staggered" terms with two (2) directors running for office one year and three (3) directors running for office on alternate years. At the first election following passage of these Governing Documents, the three directors on the Board that received the highest number of votes in the previous election will remain on the Board for an additional year and the positions of the two directors who received the least number of votes at the previous election will be open for election. Thereafter, directors will be elected according to the provisions in this Article 3.3 with regard to staggered terms. Cumulative voting is permitted in accordance with the number of director positions that are being voted on in any given year with two (2) cumulative votes cast one year and three (3) cumulative votes cast on alternate years. Each director can serve for a maximum of three (3) staggered terms (6 years total) and then must step down for at least one (1) staggered term (2 years) before running for office again unless there are not enough candidates running for office in that year then said directors may, if they wish, run for office for another term.

3.4 *Removal.* Directors may be removed as follows:

3.4.1 The Board may declare vacant the office of a director on the occurrence of any of the following events:

- (a) The director is declared of unsound mind by a final order of Court;
- (b) The director is convicted of a felony;
- (c) Without being excused by the Board, the director has failed to attend three (3) consecutive regular meetings of the Board;
- (d) The director, after notice and hearing as provided by law and in the Governing Documents, is found to be in violation of the Governing Documents, and has not resolved the violation within the time permitted by the Board, not to exceed sixty (60) days;
- (e) Failure to pay homeowners fee or duly levied assessment or fine for a period in excess of 60 days; or

3.4.2 Pursuant to Corporations Code Section 7222, any or all directors may be removed without cause if, the affirmative vote of a majority of the Members in Good Standing vote at a duly held meeting at which a Quorum is present or by written ballot conforming with Corporations Code Section 7513.

3.5 **Filling Vacancies.** All of the remaining directors, even if less than a Quorum, may appoint a Unit Owner who is a Member in Good Standing to fill any vacancy on the Board caused by the death, removal or resignation of a director, unless the vacancy is created by the removal of a director by Members in Good Standing, pursuant to Section 3.4.2 above. A successor director elected by Members in Good Standing shall serve for the unexpired term of the director he or she replaces.

3.6 **Compensation.** No director shall receive any compensation for any service he or she may render to the Association; provided, however, that a director may be reimbursed upon approval of the Board for actual out of pocket expenses incurred by the director in the performance of his or her duties.

3.7 **Powers and Duties.** The Board shall exercise for the Association all powers and duties vested in or delegated to the Board or the Association by the Governing Documents and the California Corporations Code governing nonprofit mutual benefit corporations. Said powers and duties shall be subject to the limitations of the Governing Documents, and shall include, but not be limited to, the requirements of this Article 3 as set forth below:

- 3.7.1 Formulating Rules and Regulations for the use and operation of the Units;
- 3.7.2 Enforcing the applicable provisions of the Governing Documents and any other instruments governing the ownership, management, and control of the Project;
- 3.7.3 Initiating and executing disciplinary proceedings against Members for violations of provisions of the Governing Documents in accordance with

procedures set forth in Section 3.10 herein;

- 3.7.4 Fixing and establishing the Fiscal Year for the Association, including the power to modify the Fiscal Year;
- 3.7.5 Contracting for casualty, liability, and other insurance on behalf of the Association;
- 3.7.6 Subject to the limitations set forth in Section 3.8 herein, contracting for goods and services for interests of the Association, and borrowing money, incurring indebtedness and executing promissory notes or other evidences of debt for the Association.
- 3.7.7 Creating committees pursuant to resolution adopted by a majority of the Board; provided that if a committee will exercise any power or authority of the Board, it shall consist of two (2) or more directors, and as many other Members in Good Standing as the Board may designate, to serve at the pleasure of the Board. No directors need serve on any committee which does not exercise any power or authority of the Board (e.g. social committees);
- 3.7.8 Delegating its authority, duties, and responsibilities to its officers, employees, committees, or agents, including a professional management agent. The term of any agreement with a manager shall not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods, and shall provide for termination by either party for cause with no more than thirty (30) days' written notice, or without cause and without payment of a termination fee or penalty with no more than ninety (90) days' written notice;
- 3.7.9 Authorizing the withdrawal of moneys from the Association's reserve accounts, upon the signatures of two (2) directors;
- 3.7.10 Entering any Unit to perform necessary construction, maintenance, or emergency repair work for the benefit of the Members in the aggregate;
- 3.7.11 Filling vacancies on the Board, except for a vacancy created by the removal of a director by Members;
- 3.7.12 Extending the time for return of ballots when an action is taken without a meeting pursuant to Section 2.11.5 herein, by majority approval of the Board; and
- 3.7.13 Providing any Unit Owner with the following documents within ten (10) business days of the mailing or delivery of a written request therefor and receipt of the costs to prepare and reproduce said documents:

- (a) A copy of the Governing Documents;
- (b) A copy of the most recent financial statement;
- (c) A written statement from an authorized representative of the Association specifying (i) the amount of the Association's current regular, or other assessments and fees; (ii) the amount of any assessments levied on the Owner's Unit that are unpaid on the date of the statement; and (iii) the amount of late charges, interest, and costs of collection that, as of the date of the statement, are or may be made a lien on the Owner's Unit pursuant to the Governing Documents.
- (d) A statement noting any change in the Association's current assessments and fees which have been approved by the Board, but which have not become due and payable as of the date disclosure is provided pursuant to this Section.

3.8 ***Limitations on Powers.*** Notwithstanding the provisions of Section 3.8, the Board shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the total voting power of the Association:

- 3.8.1 Borrowing money, incurring indebtedness and executing therefore promissory notes or other evidences of debt for the Association in excess of five percent (5%) of the budgeted gross expenses of the Association for that Fiscal Year; or
- 3.8.2 Filling a vacancy on the Board created by the removal of a director by the Members.

3.9 ***Financial Documentation; Preparation, Reporting and Review Responsibilities.*** With regard to the preparation, reporting and review of the Association's financial documentation, the Board shall have the following responsibilities:

- 3.9.1 Preparing a pro forma operating budget for each Fiscal Year, and distributing a copy thereof to each Unit Owner not less than thirty (30) and not more than sixty (60) days prior to the beginning of the Fiscal Year. The budget shall contain at least the estimated revenue and expenses on an accrual basis.

In lieu of the distribution of the pro forma budget, the Board may elect to distribute a summary of the statement to each Unit Owner with a written notice that the statement is available at the business office of the Association or designated location and that copies will be provided upon written request and at the expense of the Association. The Association shall provide the copy to the Unit Owner within ten (10) working days of the receipt of the Unit Owner's written request.

3.9.2 Preparing and distributing an annual audit to all Unit Owners, within one hundred twenty (120) days after the close of each Fiscal Year, consisting of the following:

- (a) A balance sheet as of the end of the Fiscal Year;
- (b) An operating (income) statement for the Fiscal Year;
- (c) A statement of changes in financial position for the Fiscal Year; and
- (d) For any Fiscal Year in which the gross income to the Association exceeds \$75,000.00, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy. If this report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared without independent audit or review from the books and records of the Association.

3.9.3 Preparing and distributing to the Unit Owners, not less than thirty (30) nor more than ninety (90) days before the beginning of each Fiscal Year, a statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments against Unit Owners.

3.9.4 Reviewing the following on at least a monthly basis:

- (a) A current reconciliation of the operating accounts of the Association;
- (b) An income and expense statement for the operating accounts of the Association; and
- (c) The most current account statements prepared by the financial institution where the Association has its operating and other deposit accounts.

3.10 *Disciplinary Actions Against Unit Owners.* In connection with the general power of enforcement, the Association may discipline Unit Owners for violation of any of the provisions of the Governing Documents by one or more of the following: (1) suspending the Member's membership rights, including the Member's voting rights, and (2) by imposing monetary fines:

3.10.1 The accused Unit Owner shall be given notice of the intention of the Board to meet and consider imposition of a suspension, monetary fine, notice of noncompliance or any combination of these, with respect to any

alleged violation not less than fifteen (15) days prior to the meeting date to consider the proposed imposition of the discipline.

- 3.10.2 The accused Unit Owner shall be given an opportunity for a hearing before the Board at a Board meeting to consider the imposition of the discipline.
- 3.10.3 Notwithstanding the foregoing, under circumstances involving conduct that constitutes (a) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Unit Owners; (b) a traffic or fire hazard; or (c) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (e.g., delinquent assessment payment), the Board or its agents may undertake immediate corrective or disciplinary action and conduct a hearing as soon thereafter as reasonably possible, if either (1) requested by the offending Unit Owner within five (5) days following the Association's actions, or (2) on its own initiative.
- 3.10.4 The amount of any monetary penalties shall be established from time to time by the Board, and a schedule thereof shall be distributed annually to the Members by personal delivery or first class mail.
- 3.10.5 Any suspension of a Unit Owner's membership privileges shall continue until corrected.
- 3.10.6 Except as provided in the Governing Documents relating to foreclosure for failure to pay assessments, or as a result of the judgment of a court or a decision arising out of arbitration, the Association shall in no way abridge the right of any Unit Owner to the full use and enjoyment of his or her Unit.

ARTICLE 4 - MEETINGS OF DIRECTORS

4.1 **Regular Meetings.** Regular meetings of the Board of Directors shall be held monthly at a time and place fixed by resolution of the Board. The meeting place shall ordinarily be within the immediate vicinity of the Project unless, in the judgment of the Board, a larger meeting room is required than exists within the Project. Any larger meeting room selected by the Board shall be as close as possible to the Project. Notice of the time and place of a regular meeting shall be posted at a prominent place or places within the Common Area and shall be communicated to the Board Members not less than four (4) days prior to the meeting; provided, however, that notice need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

4.2 **Special Meetings.** Special meetings of the Board shall be held when called by written notice signed by the President of the Association or by any two (2) directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice of any special meeting shall be noted in the manner

provided for notice of regular meetings and shall be sent to all directors not less than forty-eight (48) hours if delivered personally or by telephone or telegraph, or four (4) days if by first class mail; provided, however, that notice need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

4.3 **Organizational Meeting.** Immediately after the annual meeting, described in Section 2.2, herein, or as soon thereafter as reasonably practicable, but in any case within ten (10) days, the Board shall meet to elect the officers of the Association and conduct any other business of the Association as the Board, in its discretion, shall determine is necessary.

4.4 **Emergency Meetings.** An emergency meeting of the Board may be called by the President, or by any two Board Members 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 herein.

4.5 **Executive Session.** The Board may, with the approval of a majority of a Quorum of the Board, adjourn a meeting and reconvene in executive session to meet with its legal counsel, or discuss and vote upon (a) litigation in which the Association is or may become involved, (b) matters that relate to the formation of contracts with third parties, (c) personnel matters, (d) member's discipline or to meet with a member upon the member's request, regarding the payment of assessments as specified in Section 1367 or 1367.1 of the Civil Code, and (e) matters of a sensitive nature specific to a Unit Owner that affect only that Unit Owner's right under the Governing Documents of the Association. The nature of any and all business to be considered in executive session shall first be announced in open session. In the event the executive session does not follow an open session, the Board may conduct an executive session if the nature of any and all business considered in such executive session is announced at the next regularly scheduled Board meeting. Nothing herein contained shall be construed to obligate the Board to first call an open meeting before meeting in executive session. An executive session which does not follow an open meeting may be called and noticed in the same manner as a special meeting. Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting that is open to the entire membership.

4.6 **Quorum.** A majority of the Board shall constitute a Quorum and if a Quorum is present, the decision of majority of the directors present shall be the act of the Board.

4.7 **Adjournment.** A majority of the directors present, whether or not a Quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment shall be given, prior to the time of the adjourned meeting, to the directors who were not present at the time of the adjournment.

4.8 **Unit Owner Attendance at Board Meetings; Notice.** Any Member of the Association may attend meetings of the Board except when the Board adjourns to executive session as provided in Section 4.5 herein; provided, however, that Members who are not on the Board may not participate in any deliberation or discussion unless expressly authorized to do so by the vote of the majority of a Quorum of the Board, or the decision of the President or presiding officer conducting the meeting. Notice of the time and place of a Board meeting, except for an emergency meeting, shall be communicated to Members not less than four (4) days

prior to the meeting. Notice may be given by mail, by delivery to all Units in the Project, or by newsletter or similar means of communication. As used in this Section 4.1, the term "meeting" includes any congregation of a majority of the Members of the Board at the same time and place to hear, discuss or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session.

4.9 *Action Without a 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 that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. An explanation of the action taken shall be communicated to the Members by any means the Board deems appropriate.

4.10 *Board Deliberation Regarding Member Discipline.* In any matter relating to the disciplining of a Member, the Board shall meet in executive session if requested by that Member, and the Member shall be entitled to attend that portion of the executive session in which the Board discusses the discipline of that Member.

4.11 *Meeting Minutes; Availability to Unit Owners.* The Board shall keep accurate written minutes of its meetings, and shall retain them for no longer than ten (10) years in the permanent records of the Association. The minutes shall be available to Members within thirty (30) days of the meeting. The minutes shall be distributed to any Member upon request and upon reimbursement for the costs in making that distribution.

ARTICLE 5 - OFFICERS

5.1 *Enumeration of Officers.* The officers of this Association shall be a President, a Vice-President, a Secretary, and a Treasurer. Such officers shall be elected by the Board from among the Members of the Board. The Board may appoint such additional officers as it may, in its sole discretion, determine necessary or desirable.

5.2 *Appointment and Term.* The officers shall be elected annually by the Board. Any vacancies shall be filled by the Board. Each officer shall hold his or her office at the pleasure of the Board.

5.3 *Duties.* Unless otherwise delegated by the Board, the duties of each officer shall be as follows:

5.3.1 The President shall:

- (a) Preside over all meetings of the Members and of the Board;
- (b) Sign as President all deeds, contracts, and other written instruments that have been approved by the Board, unless the Board, by duly adopted resolution, authorizes the signature of a lesser officer;

- (c) Call meetings of the Board whenever he or she deems it necessary, in accordance with any rules and notice requirements imposed by the Board and the Governing Documents;
- (d) Have, subject to the approval of the Board, general supervision, direction, and control of the affairs of the Association; and
- (e) Discharge any other duties required of him or her by the Board.

5.3.2 The Vice-President shall:

- (a) Act in the place and in the stead of the President in the event of his or her absence, inability, or refusal to act; and
- (b) Exercise and discharge any other duties required of him or her by the Board. In connection with any such additional duties, the Vice-President shall be responsible to the President.

5.3.3 The Secretary shall:

- (a) Keep a record of all meetings and proceedings of the Board and of the Members;
- (b) Keep the seal of the Association, if any, and affix it on all papers requiring the seal;
- (c) Serve all required notices of meetings of the Board and the Members;
- (d) Keep current records showing the names and addresses of all Members; and
- (e) Sign as Secretary all deeds, contracts, and other written instruments that have been approved by the Board, if the instruments that have been approved by the Board and signed by the President require a second Association signature and the Board has not passed a resolution authorizing another officer to sign in the place and stead of the Secretary.

5.3.4 The Treasurer shall:

- (a) Receive and deposit all of the funds of the Association in any bank or banks selected by the Board;
- (b) Be responsible for and supervise the maintenance of books and records to account for Association funds and other Association assets;

- (c) Disburse and withdraw Association funds in the manner specified by the Board; and
- (d) Prepare and distribute the financial statements for the Association required by the Governing Documents.

5.4 **Resignation and Removal.** By majority vote, the Board may remove any officer from office either with or without cause. An officer may resign at any time by giving written notice to the Board, the President or the Secretary. The resignation shall take effect at the date of receipt of the notice or at any later time specified in the notice. Unless otherwise specified in the notice, acceptance of the resignation by the Board shall not be necessary to make it effective.

ARTICLE 6 - BOOKS AND RECORDS; INSPECTION RIGHTS

6.1 **Required Books and Records.** The Association shall maintain at its principal office:

- 6.1.1 Copies of the Governing Documents as last amended.
- 6.1.2 Adequate and correct books and records of account.
- 6.1.3 Written minutes of the proceedings of its Members, of its Board, and of committees of its Board.
- 6.1.4 A membership register containing each Member's name, mailing address and voting rights.

6.2 **Member Inspection of Accounting Records and Minutes.** In accordance with Corporations Code Section 8333, the accounting books and records and minutes of proceedings of the Members, and the Board, with the exception of minutes of executive meetings, shall be open to inspection upon the written demand on the Association by any Member at any reasonable time, for a purpose reasonably related to such Person's interests as a Member. Members may not inspect the minutes of executive meetings.

6.3 **Member Inspection of Membership Register.** Members in Good Standing may inspect the Members register as follows:

- 6.3.1 Members in Good Standing may inspect and copy the membership register at reasonable times, upon not less than five (5) business days' prior written demand upon the Association. The written demand must state the purpose for which the inspection rights are requested.
- 6.3.2 Members in Good Standing may obtain copies of the membership register upon a written demand and payment of a reasonable charge. The demand shall state the purpose for which the list is requested.

6.4 **Denial of Inspection Request.** In accordance with Section 8338 of the Corporations Code, the membership register is a corporate asset. The Association may deny a Member

access to the membership register, including copies thereof, where the Association reasonably believes that the information will be used for a purpose not reasonably related to the Members' interest as a Member, or where it provides a reasonable alternative method of achieving the purpose identified in the written demand from the Member in accordance with Section 8330(c) of the Corporations Code.

6.5 ***Director Inspection of All Association Records.*** Subject to any limitations imposed by law, every director shall have the right to inspect all Association records and the physical properties owned or controlled by the Association at any reasonable time as provided by Section 8334 of the Corporations Code.

ARTICLE 7 - NON-LIABILITY AND INDEMNIFICATION

7.1 ***Limitation on Liability of Association's Directors and Officers.*** No directors or officers of the Association (collectively and individually referred to as the "Released Party") shall be responsible to any Unit Owner, any member of a Unit Owners' family, any of the Unit Owners' tenants, guests, servants, employees, licensees, invitees, or any other person for:

7.1.1 Any error or omission in the discharge of their duties and responsibilities or for their failure to provide any service required by the Governing Documents, provided that such Released Party has, upon the basis of such information as may be possessed by the Released Party, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget and enforcement of the Governing Documents.

7.1.2 Any loss or damage suffered by reason of theft or otherwise of any article, vehicle or other item of personal property which may be stored by such Unit Owner or other person within any Unit or for any injury to or death of any person or loss or damage to the property of any person caused by fire, explosion, the elements or any other Unit Owner or person within the Project, or by any other cause, unless the same is attributable to his or her own willful or wanton act or gross negligence. It is the intent of this Section to provide volunteer directors and officers with protection from liability to the full extent permitted by California Civil Code Section 1365.7, or comparable superseding statute, and to the extent this provision is inconsistent with said Section, the Civil Code shall prevail.

7.2 ***Indemnification of Association.*** Each Unit Owner shall indemnify, hold harmless, and pay any costs of defense of each other Unit Owner from claims for personal injury or property damage occurring within any Unit owned by the indemnitor, provided that this protection shall not extend to any indemnitee whose gross negligence or willful misconduct caused or contributed to the injury or damage. This Section is not intended to be for the benefit

of any insurer and shall not affect nor limit the duty of any insurer to pay any claim which would be payable by said insurer but for this Section.

7.3 Indemnification by Association of Directors, Officers, Employees and Other Agents. To the fullest extent permitted by law, the Association shall indemnify its directors, officers, employees, and other agents described in Corporations Code Section 7237, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in Corporations Code Section 7237 and including an action by or in the right of the Association, by reason of the fact that such person is or was a person described by that Section. "Expenses," as used in this Section, shall have the same meaning as in Corporations Code Section 7237(a).

7.4 Approval of Indemnity by Association. On written request to the Board by any person seeking indemnification hereunder, the Board shall promptly determine in accordance with Corporations Code Section 7237(e), whether the applicable standard of conduct set forth in Corporations Code Section 7237(b) or Section 7237(c) has been met, and if it has, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a Quorum of Directors who are not parties to the proceeding, the Board shall promptly call a meeting of Members. At that meeting, the Members shall determine under Corporations Code Section 7237(e) whether the applicable standard of conduct set forth in Corporations Code Section 7237(b) or Section 7237(c) has been met, and if it has, the Members in Good Standing present at the meeting in person or by proxy shall authorize indemnification.

7.5 Advancement of Expenses. To the fullest extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a director, officer, employee or agent seeking indemnification under Sections 7.2 and 7.3 of this Article in defending any proceeding covered by those Sections shall be advanced by the Association before final disposition of the proceeding, on receipt by the Association of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Association for those expenses.

7.6 Insurance. The Association shall have the power to purchase and maintain insurance on behalf of its directors, officers, employees or other agents against other liability asserted against or incurred by any director, officer, employee or agent in such capacity or arising out of the director's, officer's, employee's or agent's status as such. Each Unit Owner should be aware that only common area property is covered under the Association insurance and that only the Association is covered against liability. Therefore, each Unit Owner is required to maintain their own condominium owner's insurance to cover the full replacement value of the interior of their residence and their personal liability. In addition, to fully protect themselves and the Association against further liability, each Unit Owner who rents out their unit must require their tenants to maintain renters insurance to cover the tenant's personal property and liability. The Association shall be named as additional insured on all Unit Owner policies.

ARTICLE 8 - AMENDMENTS

These Bylaws may be amended or revoked in any respect by the vote or assent by written ballot by not less than fifty-one percent (51 %) of the Members in Good Standing casting votes at a duly held meeting or election. The amendment shall be certified by at least two (2) officers of the Association and the amendment shall be effective when the certificate of Amendment is Recorded. With respect to any vote hereunder the Association shall be entitled to accept the vote of any Owner of record of a Unit as the vote of all Owners of record of such Unit unless the Association receives more than one vote from said co-Owners, in which case the vote of a majority of the co-owners shall bind all. In the event of a tie vote with respect to a Unit, the votes shall be counted toward the Quorum and recorded as an abstention.

*****END OF DOCUMENT*****

CERTIFICATE OF PRESIDENT AND SECRETARY

OF

Park Villas North Condominium Association, Inc.
a California Non-Profit
Mutual Benefit Corporation

I, the undersigned, do hereby certify that I am the duly elected President and Secretary of the Park Villas North Condominium Association, Inc., a California non-profit mutual benefit corporation. The foregoing Amended and restated Bylaws of said Association constitute the fully amended and restated Bylaws as approved by the membership of the Association.

DATED: December 4, 2008.

Elaine Hartnett.
President

Sue Kirk
Secretary