

AMENDED AND RESTATED BYLAWS
OF
MONTAGE AT MISSION HILLS, INC.

NOTICE:

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I RECITALS AND DEFINITIONS	1
1.1. Name of Association	1
1.2. Association Is Nonprofit	1
1.3. Specific Purpose	1
1.4. Definitions	1
ARTICLE II PRINCIPAL OFFICE	2
2.1. Location of Principal Office	2
ARTICLE III MEMBERSHIP	2
3.1. Members of the Association	2
3.2. Term of Membership	2
3.3. Multiple Ownership of Lots	2
ARTICLE IV MEMBERSHIP VOTING	2
4.1. Single Class of Membership	2
4.2. Member Voting Rights	2
4.3. Eligibility To Vote	2
4.4. Manner of Casting Votes	3
ARTICLE V MEMBERSHIP MEETINGS	3
5.1. Place of Meeting	3
5.2. Annual Meeting	3
5.3. Special Meetings	3
5.4. Notice of Members' Meetings	4
5.5. Quorum Requirements	4
5.6. Adjourned Meeting	5

5.7. Waiver of Notice or Consent by Absent Members	5
ARTICLE VI MEMBERSHIP RIGHTS	5
6.1. Use and Enjoyment of Common Areas by Members, Etc.	5
6.2. Association Rules and Regulations.....	5
ARTICLE VII BOARD OF DIRECTORS	6
7.1. General Association Powers	6
7.2. Number and Qualification of Directors	6
7.3. Term of Office	6
7.4. Determination of Election Results	6
7.5. Nomination of Directors	7
7.6. Vacancies on Board of Directors	7
ARTICLE VIII BOARD MEETINGS	8
8.1. Place of Meetings.....	8
8.2. Electronic Conferencing	9
8.3. Organizational Meeting of Directors	9
8.4. Other Regular Meetings.....	9
8.5. Special Meetings of the Board.....	9
8.6. Attendance by Members	9
8.7. Quorum Requirements	10
8.8. Waiver of Notice.....	10
8.9. Adjournment	10
8.10. Action Without a Meeting	10
8.11. Compensation	11
ARTICLE IX DUTIES AND POWERS OF THE BOARD.....	11
9.1. Specific Powers.....	11

9.2.	Limitations on Powers	12
9.3.	Duty to Distribute Annual Policy Statement	13
ARTICLE X	COMMITTEES.....	14
10.1.	Committees	14
10.2.	Effect of Committee Actions	14
10.3.	Executive Committees	15
ARTICLE XI	OFFICERS.....	15
11.1.	Officers	15
11.2.	Election of Officers.....	15
11.3.	Subordinate Officers	15
11.4.	Removal of Officers.....	15
11.5.	Resignation of Officers	15
11.6.	Vacancies	15
11.7.	President.....	15
11.8.	Vice President	16
11.9.	Secretary	16
11.10.	Treasurer	16
ARTICLE XII	MEMBER ASSESSMENT OBLIGATIONS AND ASSOCIATION FINANCES	16
12.1.	Description of Assessments to Which Owners are Subject	16
12.2.	Checks.....	16
12.3.	Operating Account	17
12.4.	Other Accounts	17
12.5.	Annual Budget Report	17
ARTICLE XIII	INSPECTION OF BOOKS AND RECORDS	19
13.1.	Member Inspection Rights.....	19

13.2. Director Inspection Rights	20
ARTICLE XIV MISCELLANEOUS	20
14.1. Community Manager	20
14.2. Amendment or Repeal of Bylaws by Members	20
14.3. Indemnification	21
14.4. Fidelity Bonds	22
14.5. Construction and Definitions	22
CERTIFICATE OF SECRETARY	22

AMENDED AND RESTATED BYLAWS
OF
MONTAGE AT MISSION HILLS, INC.

ARTICLE I
RECITALS AND DEFINITIONS

1.1. Name of Association. The name of this corporation is Montage at Mission Hills, Inc., and shall be referred to in these bylaws as the "Association."

1.2. Association Is Nonprofit. The Association is a nonprofit mutual benefit corporation, subject to the Nonprofit Mutual Benefit Corporation Law.

1.3. Specific Purpose. The specific and primary purpose of this Association shall be to repair, maintain, and manage the Common Area and other improvements and components within that certain common interest development located in the County of Riverside, State of California, and commonly referred to as Montage at Mission Hills, to enforce the Declaration and the Rules and Regulations adopted from time to time by the Board of Directors and otherwise to enhance and promote the use and enjoyment of the development by the Owners in common.

1.4. Definitions.

(a) Declaration. The term "Declaration" means all restrictions, covenants, terms, liens, easements and conditions set forth in the Amended and Restated Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements for Montage at Mission Hills recorded in the Office of the Riverside County Recorder with respect to the Property as Instrument No. _____, Official Records of said County, as such Declaration may from time to time be supplemented, amended or modified by a subsequent Declaration, or amendment thereto, duly recorded in the Recorder's Office.

(b) Person. The term "Person" means and includes any individual, corporation, partnership, association or other entity recognized by the laws of the State of California.

(c) Voting Power. The term "Voting Power" means those Members who are eligible to vote for the election of Directors or with respect to any other matter, issue or proposal properly presented to the Members for approval at the time any determination of voting power is made.

(d) Definitions Incorporated by Reference. The terms defined in the Declaration shall have the same meaning when used in these Bylaws unless the context clearly indicates a contrary intention.

ARTICLE II PRINCIPAL OFFICE

2.1. Location of Principal Office. The principal office of the Association will be located at such place within the County of Riverside as the Board may designate from time to time.

ARTICLE III MEMBERSHIP

3.1. Members of the Association. Every Owner of a Lot within the Property is a Member of the Association. Membership in the Association is appurtenant to, and may not be separated from, ownership of any Lot.

3.2. Term of Membership. Each Owner who is a Member shall remain a Member until he or she no longer qualifies as such under Section 3.1. Upon the sale, conveyance or other transfer of an Owner's interest in a Lot, the Owner's membership interest appurtenant to the Lot shall automatically transfer to the Lot's new Owner(s).

3.3. Multiple Ownership of Lots. There shall be one membership vote for each Lot, no matter how many owners the Lot has. Accordingly, if more than one person owns a Lot, all of these persons shall be deemed to be one Member for voting purposes, although all such Owners shall have equal rights as Members to use and enjoy the Common Areas. The Secretary of the Association shall be notified in writing of the Owner designated by his or her Co-Owners as having the sole right to vote the membership on their behalf. If no such notification is received, the Secretary may accept the vote of any Owner of Record or proxy holder of such an Owner as the vote attributable to the Lot in question, provided that if the multiple Owners of a Lot attempt to vote the membership attributable to said Lot in an inconsistent fashion, the Secretary or other person or persons designated as inspectors of election by the Board of Directors may refuse to count any ballot from an owner of the Lot.

ARTICLE IV MEMBERSHIP VOTING

4.1. Single Class of Membership. The Association shall have one class of voting membership.

4.2. Member Voting Rights. On each matter submitted to a vote of the Members, whether at a meeting of the membership called and held pursuant to the provisions of these Bylaws or otherwise, each Member shall be entitled to cast one vote for each Lot owned by such Member. Single memberships in which two or more persons have an indivisible interest shall be voted as provided in Section 3.3 of these Bylaws.

4.3. Eligibility To Vote. Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. In order to be in good standing, a Member must be current in the payment of all assessments levied against the Member's Lot and not be subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the Declaration.

4.4. Manner of Casting Votes.

(a) Voting at Membership Meetings. Voting at any membership meeting may be by voice or by ballot, provided that the voting in any election of directors shall be conducted by secret ballot.

(b) Proxy Voting. Members otherwise eligible to vote may do so by written proxy signed by the Member and filed with the Secretary of the Association. The proxy form and proxy holder must meet all legal requirements of California law.

(c) Majority Vote Required. If a quorum is present, the affirmative vote of the majority of the voting power of Members represented at the meeting, entitled to vote and voting on any matter (other than the election of directors), shall be the act of the Members, unless the vote of a greater number is required by the California Nonprofit Mutual Benefit Corporation Law, the Civil Code or by the Governing Documents. In the case of director elections, the candidates receiving the highest number of votes for each seat shall be elected to the vacant director positions.

ARTICLE V MEMBERSHIP MEETINGS

5.1. Place of Meeting. Meetings of the Members shall be held at a location within the Property or at such other reasonable place within the County and at such time as may be designated by the Board in the notice of the meeting.

5.2. Annual Meeting. An annual meeting of the Members shall be held at a date, time and place designated by the Board of Directors and set forth in the notice of meeting sent to the Members.

5.3. Special Meetings.

(a) Persons Entitled To Call Special Meetings. A majority of the Board, the President or five percent (5%) or more of the Members, or such persons who are entitled by California law, may call special meetings of the Members at any time for any lawful purpose.

(b) Procedures for Calling Special Meetings Requested by Members. If a special meeting is called by Members other than the Board of Directors or President, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by electronic or facsimile transmission to the person designated in the Association's Annual Policy Statement. If no person has been designated, then the request shall be delivered to the President, any Vice President or the Secretary of the Association. If the request by the Members meets the legal requirements for calling and holding such special meeting, the Association shall cause notice to be promptly given to the Members entitled to vote, in accordance with the time frames required by California Law. The required content of the notice is described in Section 5.4 below.

Nothing contained in this subsection shall be construed as limiting, fixing or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board of Directors or the President.

5.4. Notice of Members' Meetings.

(a) Requirement That Notice Be Given. Notice of all regular and special meetings of the Members shall be sent or otherwise given in writing to each Member who is eligible to vote.

(b) Time Requirements for Notice. The notice of membership meetings shall be given in the manner specified in subparagraph (d) of this Section 5.4, not less than 10 nor more than 90 days before the date of the meeting. If notice is given by mail and the notice is not given by first class, registered, or certified mail, the notice shall be given not less than 20 days (nor more than 90 days) before the meeting.

(c) Minimum Requirements Regarding Content of Notice. The notice of any membership meeting shall specify the place, date, and hour of the meeting. In the case of a special meeting, the notice shall also state the general nature of the business to be transacted, and no other business may in that case be transacted at the special meeting. In the case of a regular meeting, the notice shall also describe those matters that the Board of Directors, at the time of giving the notice, intends to present for action by the Members; but any proper matter may be presented at the meeting for such action so long as a quorum is present. The notice of any meeting at which directors are to be elected shall include the names of all those individuals who are nominees at the time the notice is given to the Members.

(d) Manner of Service. Notice of any meeting of Members shall be given either personally or by first class mail, or other written communication, charges prepaid, addressed to each Member either at the address of that Member appearing on the books of the Association or the address given by the Member to the Association for the purpose of notice. If no address appears on the Association's books and no other has been given, notice shall be deemed to have been given if either (i) notice is sent to that Member by first class mail or other written communication to the Association's principal office, or (ii) notice is published at least once in a newspaper of general circulation in the County. Notice shall be deemed to have been given at the time when the notice is delivered personally or deposited in the mail (postage prepaid) or sent by telegram or other means of written or electronic communication to the recipient.

(e) Affidavit of Mailing. An affidavit of the mailing or other means of giving any notice of any Members' meeting may be executed by the Secretary or the Assistant Secretary of the Association, and if so executed, shall be filed and maintained in the minute book of the Association. Such affidavit shall constitute prima facie evidence of the giving of notice.

5.5. Quorum Requirements.

(a) Except as otherwise provided in these Bylaws, the presence in person, by proxy or by secret ballot under Civil Code Section 5115 of at least twenty-five percent (25%) of the Voting Power shall constitute a quorum for purposes of taking action at a meeting of the Members.

(b) Effect of Departure of Members From Meeting. The Members present in person, by proxy or by secret ballot under Civil Code Section 5115 at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, so long as any

action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum. If a quorum is never established for the meeting, a majority of those Members who are present in person or by proxy may vote to adjourn the meeting for lack of a quorum, but no other action may be taken or business transacted.

5.6. Adjourned Meeting.

(a) **Adjournment Generally.** Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to another place and/or time by the vote of the majority of Members present at the meeting either in person or by proxy. If any annual or special Members' meeting is adjourned due to the absence of a quorum as set forth in Section 5.5(a), the presence in person or by proxy of Members entitled to cast ten percent (10%) of the votes shall constitute a quorum for such reconvened meeting. Unless there is an absence of a quorum (in which case no business other than adjournment may be transacted), the reconvened meeting may take any action that might have been transacted at the original meeting.

(b) **Notice Requirements for Adjourned Meetings.** When a Members' meeting is adjourned to another time or place, notice need not be given of the new meeting if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken. No meeting may be adjourned for more than 45 days.

5.7. Waiver of Notice or Consent by Absent Members.

(a) **Waivers and Consents Generally.** If decisions are made or an action is otherwise taken by the Members at a meeting where a quorum is present, but for which proper notice was not given to all Members for whatever reason, the decisions or actions made at that meeting will be valid if, either before or after the meeting, each person entitled to vote who was not present at the meeting in person or by proxy consents to the meeting by signing (i) a written waiver of notice, (ii) a consent to holding the meeting, or (iii) an approval of the minutes. All such waivers, consents, or approvals shall be filed with the Association records or be made part of the minutes of the meeting.

(b) **Effect of a Member's Attendance at a Meeting.** Attendance by a Member or his or her 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.

ARTICLE VI MEMBERSHIP RIGHTS

6.1. **Use and Enjoyment of Common Areas by Members, Etc.** Each Member and his or her tenants, invitees, family members and guests who also reside in the Member's Lot shall be entitled to the use and enjoyment of all Common Areas within the Property. All such persons shall be subject to the same obligations imposed on the Owner to observe the rules, restrictions and regulations of the Association as set forth in the Governing Documents.

6.2. **Association Rules and Regulations.** The right of any person to use and enjoy the Common Areas shall at all times be subject to the rules, limitations and restrictions set forth in these

Bylaws, in the Declaration, and in the Association's published Rules and Regulations as promulgated by the Board from time to time. With the exception of the right of use of any streets, the Board shall have the right to impose monetary penalties, to suspend the use and enjoyment of any Common Area, or to suspend the membership privileges of the Member for the failure of a Member to pay any Assessments when due under the Declaration, or to comply with any other restriction, rule or regulation imposed upon such Member, his or her tenants or guests, pursuant to the Governing Documents. Provided, however, that any such suspension or penalty shall be imposed only after such person has been afforded the notice and hearing rights more particularly described in Article XIII of the Declaration.

ARTICLE VII BOARD OF DIRECTORS

7.1. General Association Powers. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, the Davis-Stirling Common Interest Development Act (California Civil Code Sections 4000 through 6150) and any limitations in any of the Governing Documents relating to action required to be approved by the Members, the business and affairs of the Association shall be vested in and exercised by the Association's Board of Directors. The Board may delegate the management of the activities of the Association to any person or persons, management company, or committee, provided that notwithstanding any such delegation the activities and affairs of the Association shall continue to be managed and all Association powers shall continue to be exercised under the ultimate direction of the Board.

7.2. Number and Qualification of Directors. The Board of Directors shall consist of five (5) persons who shall be Owners of Lots whose memberships are in good standing with all Assessments current and are not subject to any suspension of membership rights. No Owner may serve on the Board of Directors until he or she has been a Member in good standing for a minimum of one (1) year. Candidates may not be related by blood or marriage to any other current Board member or other candidate that may be serving following the election.

7.3. Term of Office. Each director shall hold office for a term of two (2) years and until a successor director has been elected and qualified. In 2017, three (3) director's term expired. In 2018, two (2) directors' terms shall expire. Thereafter, the terms shall be staggered such that three (3) directors' terms shall expire every odd numbered year and two (2) directors' terms shall expire every even numbered year. There shall be no limitation on the number of consecutive terms to which a director may be reelected. Each director, including a director elected to fill a vacancy or elected at a special meeting of Members, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

7.4. Determination of Election Results. Voting for the election of directors shall be by secret ballot. Cumulative voting is not permitted. The candidates receiving the highest number of votes for each seat shall be elected as directors and shall take office immediately following their election. In the event there is a tie vote between those candidates who receive the lowest number of votes necessary to qualify the candidate for election, the tie shall be broken by lot or by any method of determining the results by chance.

7.5. Nomination of Directors.

(a) Nominating Committee. Director nominations may be made by a nominating committee consisting of a chairperson, who may be a member of the Board of Directors, and two (2) or more Members of the Association. All members of the nominating committee shall be appointed by the Board at least 90 days before the next election of directors, and the nominating committee shall make its report at least 60 days before the election. The nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

(b) Self Nomination. Any Member in good standing may nominate himself/herself prior to the time ballots are sent out by the Association, by sending in a written statement to the Association of his or her intent to be a candidate at the Members' meeting. Nominations may also be made from the floor at the Members' meeting.

(c) Good Standing Requirement for Candidacy. To be eligible for nomination and election to the Board, a candidate Member must be certified by the Association Secretary that he or she is in good standing with the Association and is current in the payment of Assessments both at the time his or her name is placed in nomination and as of the election date.

7.6. Vacancies on Board of Directors.

(a) Vacancies Generally. A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following: (i) the death, resignation, or removal of a director under paragraphs (c) and (d) below; (ii) an increase of the authorized number of directors; or (iii) the failure of the Members, at any meeting of Members at which any director or directors are to be elected, to elect the number of directors to be elected at such meeting.

(b) Resignation of Directors. Except as provided in this paragraph, any director may resign, and such resignation shall be effective on giving written notice to the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

(c) Authority of Board to Remove Directors. The Board of Directors shall have the power and authority to remove a director and declare his or her office vacant if he or she (i) has been declared of unsound mind by a final order of court; (ii) has been convicted of a felony; (iii) has been found by a final order or judgment of any court to have breached any duty under Corporations Code Sections 7233 and 7236 (relating to the standards of conduct of directors); or (iv) fails to attend three (3) consecutive regular meetings of the Board of Directors that have been duly noticed in accordance with California law.

(d) Authority of Board to Declare Vacancy. The Board, by a majority vote of the directors who meet all of the required qualifications to be a director, may declare vacant the office of any director who fails or ceases to meet any required qualification that was in effect at the beginning of that director's current term of office.

(e) Authority of Members to Remove Directors. Except as otherwise provided in Section 7.6(c), any or all directors may be removed from office by the affirmative vote of a majority of the Members voting, constituting a quorum. For purposes of this Section, "quorum" shall mean a majority of the Voting Power.

(f) Removal by Court Action. The County Superior Court may, in response to a suit filed by any director or the lesser of 20 Members or ten percent (10%) of the Members, remove any director determined to be guilty of fraudulent or dishonest acts or gross abuse of authority or discretion with reference to the Association. The Association shall be made a party to any such action.

(g) Filling Vacancies. Vacancies on the Board of Directors shall be filled by a majority vote of the remaining directors though less than a quorum, or by a sole remaining director, unless the vacancy is created through removal of a director, in which case the vacancy shall be filled by the affirmative vote of a majority of the Members represented in person or by proxy at a duly held meeting of the Members (at which a quorum is present). The Members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors by an election at a duly held meeting of the Members. A director appointed to fill a vacancy on the Board shall hold office until the end of the term to which he or she is appointed.

(h) Reduction in Number of Directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

ARTICLE VIII BOARD MEETINGS

8.1. Place of Meetings. Regular and special meetings of the Board of Directors shall be held within the Property or at another place convenient to the Property. Except for emergency meetings, and meetings held solely in executive session, notice of the time and place of each Board meeting shall be given by General Notice pursuant to Civil Code Section 4920 at least four days before the meeting. Notice of meetings to be held solely in executive session shall be given at least two days before the meeting. All meeting notices shall include the agenda for the meeting.

(a) A meeting shall be defined as a congregation, at the same time and place, of a sufficient number of directors to establish a quorum of the Board, to hear, discuss, or deliberate upon any item of business that is within the authority of the board, or a teleconference, where a sufficient number of directors to constitute a quorum of the Board, in different locations, are connected by electronic means, through audio or video or both.

(b) A teleconference meeting shall be conducted in a manner that protects the rights of Members of the Association. Except for a meeting that will be held solely in executive session, the notice of the teleconference meeting shall identify at least one physical location so that Members of the Association may attend and at least one member of the Board of Directors, or a person designated by the Board, shall be present at that location. Participation by Board members in a teleconference meeting constitutes presence at that meeting as long as all Board members participating in the meeting are able to hear one another as well as Members of the Association speaking on matters before the Board.

(c) As used in this section, "item of business" means any action within the authority of the Board, except those actions that the Board has validly delegated to any other person or persons, managing agent, officer of the Association, or an Executive Committee comprising less than a majority of the directors.

8.2. Electronic Conferencing. Subject to Section 8.1 above, relating to teleconference meetings, members of the Board may participate in a meeting through use of conference telephone, electronic video screen communications or other communication equipment. Participation in a meeting through the use of conference telephone pursuant to this section constitutes presence in person at that meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through use of electronic video screen communication or other communications equipment (other than conference telephone) pursuant to this section constitutes presence in person at that meeting so long as each member participating in the meeting can communicate with all of the other members concurrently and each member is provided the means of participating in all matters before the Board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the Association.

8.3. Organizational Meeting of Directors. Immediately following each annual meeting of the Members, the Board of Directors shall hold a regular meeting for the purposes of organization and election of officers.

8.4. Other Regular Meetings. Other regular meetings of the Board shall be held without call at such time as shall from time to time be fixed by the Board of Directors and communicated to the Board members. Ordinarily, regular meetings shall be conducted at least quarterly, and more often as the Board deems necessary.

8.5. Special Meetings of the Board.

(a) Who May Call a Special Meeting. Special meetings of the Board of Directors may be called for any purpose at any time by the President or any two directors.

(b) Notice of Special Meetings. Special meetings of the Board shall be held upon four (4) days' notice by first class mail or 48 hours' notice delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, electronic mail or other electronic means. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Association.

8.6. Attendance by Members.

(a) Meetings Generally Open to Members. With the exception of executive sessions of the Board (see subparagraph (b) below), all meetings of the Board shall be open to Members of the Association. Provided, however, that non-director Members may participate in deliberations or discussions of the Board only when expressly authorized by a vote of a majority of the directors present at the meeting at which a quorum has been established.

(b) Executive Sessions. The Board may adjourn to, or meet solely in, executive session to consider litigation in which the Association is or may become a party, member discipline,

personnel matters, matters relating to the formation of contracts with third parties or to meet with a Member, on the Member's request, regarding the Member's payment of Assessments, as specified in Civil Code Section 5665. The Board shall adjourn to, or meet solely in, executive session to discuss member discipline, if requested by the Member who is the subject of the discussion. That Member shall be entitled to attend the executive session. The Board shall adjourn to, or meet solely in, executive session to discuss a payment plan pursuant to Civil Code Section 5665. The Board shall adjourn to, or meet solely in, executive session to decide whether to foreclose on a lien pursuant to subdivision (b) of Civil Code Section 5705.

(c) Emergency Meetings. An emergency meeting of the Board 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 this Article VIII.

8.7. Quorum Requirements. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 8.9. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, especially those provisions relating to (a) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, (b) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors below a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting, or such greater number as is required by these Bylaws, by the Articles, or by law.

8.8. Waiver of Notice. Any action taken at any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present, individually or collectively, signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the Association records or made a part of the minutes of the meeting and shall have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting shall also be deemed to have been waived by any director who attends the meeting without protesting the lack of proper notice either before or at the start of the meeting.

8.9. Adjournment. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the directors who are not present at the time of the adjournment. Except as provided above, notice of adjournment need not be given.

8.10. Action Without a Meeting. The Board of Directors shall not conduct a meeting via a series of electronic transmissions, including, but not limited to, electronic mail, except that electronic transmissions may be used as a method of conducting an emergency meeting if all members of the Board, individually or collectively, consent in writing to that action, and if the written consent or

consents are filed with the minutes of the meeting of the Board. These written consents may be transmitted electronically.

8.11. Compensation. Directors, officers and members of Committees shall not be entitled to compensation for their services as such, although they may be reimbursed for such actual expenses as may be determined by resolution of the Board of Directors to be just and reasonable. Expenses for which reimbursement is sought shall be supported by a proper receipt or invoice.

ARTICLE IX DUTIES AND POWERS OF THE BOARD

9.1. Specific Powers. Without prejudice to the general powers of the Board of Directors set forth in Section 7.1, the directors shall have the power to:

(a) Exercise all powers vested in the Board under the Governing Documents and under the laws of the State of California.

(b) Appoint and remove all officers of the Association, the community manager of the Association, if any, and other Association employees; prescribe any powers and duties for such persons that are consistent with law, the Articles of Incorporation, and these Bylaws; and fix their compensation.

(c) Appoint such agents and employ such other employees, including attorneys and accountants, as it sees fit to assist in the operation of the Association, and to fix their duties and to establish their compensation.

(d) Adopt and establish Rules and Regulations subject to the provisions of the Declaration, governing the use of the Common Areas within the Property, and the personal conduct of the Members and their guests on the Common Areas, and take such steps as it deems necessary for the enforcement of such Rules and Regulations, including the imposition of monetary penalties and/or the suspension of voting rights and the right to use any Common Areas; and rights and privileges to cable television services (if the Association has in existence a bulk cable agreement); provided notice and a hearing are provided as more particularly set forth in Civil Code Section 5855. Rules and Regulations adopted by the Board may contain reasonable variations and distinctions as between Owners and tenants.

(e) Enforce all applicable provisions of the Governing Documents relating to the control, management and use of the Lots within the Property and the Common Areas, within the Property.

(f) Contract for and pay premiums for fire, casualty, liability and other insurance and bonds (including indemnity bonds) that may be required from time to time by the Association.

(g) Contract for and pay for maintenance, landscaping, utilities, materials, supplies, labor and services that may be required from time to time in relation to the Common Areas and other portions of the Property which the Association is obligated to maintain.

(h) Pay all taxes, special assessments and other assessments, and charges that are or would become a lien on any portion of the Common Areas.

(i) Contract for and pay for construction or reconstruction of any portion or portions of the Property that have been damaged or destroyed and that are to be rebuilt by the Association.

(j) Delegate its duties and powers to the Officers of the Association or to committees established by the Board.

(k) Levy and collect Assessments from the Members of the Association in accordance with the Declaration and establish and collect reasonable use charges for any or all of the recreational facilities as the Board may deem necessary or desirable from time to time for the purpose of equitably allocating among the users the cost of maintenance and operation of such facilities.

(l) Perform all acts required of the Board under the Declaration.

(m) Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals prepare an annual financial report, a copy of which shall be delivered to each Member as provided in Section 12.5(f) of these Bylaws.

(n) Appoint a nominating committee for the nomination of persons to be elected to the Board and prescribe rules under which said nominating committee is to act, as described in Section 7.5.

(o) Appoint such other committees as it deems necessary from time to time in connection with the affairs of the Association in accordance with ARTICLE X, including members of the architectural committee described and constituted in accordance with the Declaration.

(p) Fill vacancies on the Board of Directors or in any committee, except a vacancy created by the removal of a Board Member.

(q) Open bank accounts and borrow money on behalf of the Association and designate the signatories to such bank accounts.

(r) Enter the Lots as necessary, subject to the notice requirements of Section 3.5(b) of the Declaration, in connection with construction, maintenance, or emergency repairs for the benefit of the Common Areas or the Owners in common.

(s) The power but not the duty to borrow money and to incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

9.2. Limitations on Powers. Without the vote or written assent of a majority of the voting power of the Members, the Board of Directors shall not take any of the following actions:

(a) Enter into a contract with a third party for the furnishing of goods or services to the Common Area or the Association for a term longer than one year. This restriction shall not apply to (i) FHA or VA approved management contracts; (ii) public utility contracts in which the rates charged for materials or services are regulated by the Public Utilities Commission, provided that the term of the contract may not exceed the shortest term for which the supplier will contract at the regulated rate; (iii) prepaid casualty or liability insurance policies not to exceed three (3) years' duration, provided that the policies provide for short rate cancellation by the insured; (iv) agreements for cable television services and equipment, internet services and equipment or satellite dish television services and equipment not to exceed five (5) years' duration; (v) lease agreements for laundry room fixtures and equipment not to exceed five (5) years' duration; or (vi) agreements for sale, lease, installation or service of burglar and fire alarm equipment, not to exceed five (5) years' duration.

(b) Incur aggregate expenditures for capital improvements to the Common Areas in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(c) 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 year. Provided, however, that this limitation shall not apply to the sale or other disposition of Lots acquired by the Association in foreclosure proceedings.

(d) Determine not to engage the services of a professional community association management company or professional community association manager, or to otherwise self-manage the Association.

(e) Fill any vacancy on the Board of Directors created by the removal of a Director.

9.3. Duty to Distribute Annual Policy Statement.

(a) Within 30 to 90 days before the end of its fiscal year, the Board shall distribute an Annual Policy Statement that provides the Members with information about Association policies. The annual policy statement shall include all of the following information:

(i) The name and address of the person designated to receive official communications to the Association, pursuant to Civil Code Section 4035.

(ii) A statement explaining that a Member may submit a request to have notices sent to up to two different specified addresses, pursuant to subdivision (b) of Civil Code Section 4040.

(iii) The location, if any, designated for posting of a General Notice, pursuant to paragraph (3) of subdivision (a) of Civil Code Section 4045.

(iv) Notice of a Member's option to receive General Notices by Individual Delivery, pursuant to subdivision (b) of Civil Code Section 4045.

(v) Notice of a Member's right to receive copies of meeting minutes, pursuant to subdivision (b) of Section Civil Code 4950.

(vi) The statement of assessment collection policies required by Civil Code Section 5730.

(vii) A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments.

(viii) A statement describing the association's discipline policy, if any, including any schedule of penalties for violations of the Governing Documents pursuant to Civil Code Section 5850.

(ix) A summary of dispute resolution procedures, pursuant to Civil Code Sections 5920 and 5965.

(x) A summary of any requirements for Association approval of a physical change to property, pursuant to Civil Code Section 4765.

(xi) The mailing address for overnight payment of assessments, pursuant to Civil Code Section 5655.

(xii) Any other information that is required by law or the Governing Documents or that the Board determines to be appropriate for inclusion.

(xiii) The Annual Policy Statement shall be made available to the Members pursuant to Civil Code Section 5320.

ARTICLE X COMMITTEES

10.1. Committees. In addition to the nominating committee appointed and constituted pursuant to Section 7.5(a) of these Bylaws, the Board may, by resolution adopted by a majority of the Directors then in office, designate one or more committees, each consisting of two or more Members (who may also be directors), to serve at the pleasure of the Board. The chair of each committee shall be selected by the Board of Directors, and may be a Board Member. Except for special committees created by the Board for limited purposes, the chair of each committee may appoint additional members of the committees. Members of each such committee shall be Members in good standing. The committees shall act in an advisory capacity and the final decision in any matter shall be the Board's decision. The members of any committees shall serve at the pleasure of the Board and may be removed by the Board at any time without cause. Each committee shall keep regular minutes of their proceedings and report the same to the Board when required.

10.2. Effect of Committee Actions. Unless otherwise expressly provided in the Governing Documents or in the Board resolution authorizing and empowering a committee, all actions of any committee shall be considered advisory to the Board and no committee shall have any authority to spend Association funds, or otherwise bind the Association in any manner.

10.3. Executive Committees. The Board may, by resolution adopted by a majority of the number of directors then in office, provided that a quorum is present, create one or more committees, each containing at least two or more directors, to serve at the pleasure of the Board and to take actions instead of the Board of Directors as Executive Committees/Committees of the Board. Any such Executive Committee, to the extent provided in the resolution of the Board, shall have the full authority of the Board with respect to matters as may be authorized by the Board in such resolution. Only directors may serve on such Executive Committees, and non-Board Members may not be appointed to Executive Committees.

ARTICLE XI OFFICERS

11.1. Officers. The Officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer. The Association may also have, at the discretion of the Board, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 11.3. One person may hold two or more offices, except that the Secretary/Treasurer may not serve concurrently as President.

11.2. Election of Officers. The Officers of the Association, except such officers as may be appointed in accordance with the provisions of Sections 11.3 and 11.5, shall be chosen annually by majority vote of the Board at its organizational meeting following the annual meeting of the Members for the election of Directors, and each shall hold his or her office until he or she shall resign or shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified.

11.3. Subordinate Officers. The Board may appoint, and may empower the President to appoint, such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws and as the Board may from time to time determine.

11.4. Removal of Officers. Any Officer may be removed by the Board with or without cause, at any regular or special meeting.

11.5. Resignation of Officers. Any Officer may resign at any time by giving written notice to the Board, or to the President, or to the Secretary. Any such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

11.6. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

11.7. President. The President shall be elected by the Board from among the directors. He or she shall be the Chief Executive Officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the affairs and officers of the Association. He or she shall preside at all meetings of the Board, and shall have the general power and duties of management usually vested in the office of President of a corporation, together with such other powers and duties as may be prescribed by the Board or the Bylaws.

11.8. Vice President. The Vice President shall be elected by the Board from among the Directors. 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. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

11.9. Secretary. The Secretary shall keep or cause to be kept at the principal office or such other place as the Board may order, a book of minutes of all meetings of directors and Members, with the time and place of holding same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of Members present in person or by proxy at Members' meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, appropriate current records showing the Members of the Association, together with their addresses. He or she shall give, or cause to be given, notice of all meetings of the Board required by the Bylaws or by law, and he or she shall keep the seal of the Association in safe custody. The Secretary shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws.

11.10. Treasurer. The Treasurer shall be the chief financial officer who shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the Property and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books and records shall at all reasonable times be open to inspection by any director or Member. The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws. If required by the Board, the Treasurer shall give the Association a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the Association of all its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from office. The Treasurer shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws.

ARTICLE XII

MEMBER ASSESSMENT OBLIGATIONS AND ASSOCIATION FINANCES

12.1. Description of Assessments to Which Owners are Subject. Owners of Lots within the Property are subject to assessments, charges and fees as described in Article IV of the Declaration.

12.2. Checks. All checks or demands for money and notes of the Association shall be signed by the Treasurer, or by such other officer or officers or such other person or persons as the Board of Directors may from time to time designate. Notwithstanding the foregoing, the signatures of at least two persons, who shall be members of the Board of Directors, or one officer (who is not a member of the Board) and a member of the Board, shall be required for the withdrawal of moneys from the Association's reserve accounts.

12.3. 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 and Special Assessments as fixed and determined for all Members. Disbursements from such account shall be for the general need of the operation including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the Property.

12.4. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes, including reserve accounts for replacement of capital improvements. All Association books of account shall be maintained in accordance with generally accepted accounting principles.

12.5. Annual Budget Report. Pursuant to Civil Code Section 5300, the Association shall distribute an Annual Budget Report 30 to 90 days before the end of its fiscal year.

(a) The Annual Budget Report shall include all of the following information:

(i) A pro forma operating budget, showing the estimated revenue and expenses on an accrual basis.

(ii) A summary of the Association's reserves, prepared pursuant to Civil Code Section 5565.

(iii) A summary of the reserve funding plan adopted by the Board, as specified in Civil Code Section 5550(b)(5). The summary shall include notice to Members that the full reserve study plan is available upon request, and the Association shall provide the full reserve plan to any Member upon request.

(iv) A statement as to whether the Board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.

(v) A statement as to whether the Board, consistent with the reserve funding plan adopted pursuant to Civil Code Section 5560, has determined or anticipates that the levy of one or more Special Assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the assessment.

(vi) A statement as to the mechanism or mechanisms by which the Board will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacements or repairs, or alternative mechanisms.

(vii) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the association is obligated to maintain. The statement shall include, but need not be limited to, reserve calculations made using the formula described in paragraph (4) of subdivision (b) of Civil Code Section 5570, and may not assume a rate of return on cash reserves in excess of 2 percent above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.

(viii) A statement as to whether the Association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.

(ix) A summary of the Association's property, general liability, earthquake, flood, and fidelity insurance policies. For each policy, the summary shall include the name of the insurer, the type of insurance, the policy limit, and the amount of the deductible, if any. To the extent that any of the required information is specified in the insurance policy declaration page, the association may meet its obligation to disclose that information by making copies of that page and distributing it with the annual budget report. The summary distributed pursuant to this paragraph shall contain, in at least 10-point boldface type, the following statement:

“This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.”

(b) The Annual Budget Report shall be made available to the Members pursuant to Civil Code Section 5320.

(c) The summary of the Association's reserves disclosed pursuant to Subsection 12.5(a)(ii) shall not be admissible in evidence to show improper financial management of an Association, provided that other relevant and competent evidence of the financial condition of the Association is not made inadmissible by this provision.

(d) The Assessment and Reserve Funding Disclosure Summary form, prepared pursuant to Civil Code Section 5570, shall accompany each Annual Budget Report or summary of the Annual Budget Report that is delivered pursuant to this Section 12.5.

(e) Year End Report. Within 120 days after the close of the fiscal year, a copy of the Association's year end report consisting of at least the following shall be distributed to the Members:

- (i) A balance sheet as of the end of the fiscal year;
- (ii) An operating (income) statement for the fiscal year;
- (iii) A statement of changes in financial position for the fiscal year;

(iv) A statement advising Members of the place where the names and addresses of the current Members are located; and

(v) Any information required to be reported under Corporations Code Section 8322 requiring the disclosure of certain transactions in excess of \$50,000 per year between the Association and any director or officer of the Association and indemnifications and advances to officers or directors in excess of \$10,000 per year.

(f) A review of the financial statement of the Association shall be prepared in accordance with generally accepted accounting principles by a licensee of the State Board of Accountancy for any fiscal year in which the gross income of the Association exceeds \$75,000. If the annual report is not prepared by such a licensee, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared without an audit from the books and records of the Association.

(g) Review of Accounts. On no less than a quarterly basis, the Board of Directors shall:

(i) Review a current reconciliation of the Association's operating accounts;

(ii) Review a current reconciliation of the Association's reserve accounts;

(iii) Review the current year's actual reserve revenues and expenses compared to the current year's budget;

(iv) Review the Association's latest account statements prepared by the financial institution(s) with whom the operating and reserve accounts are lodged; and

(v) Review the Association's income and expense statement for the operating and reserve accounts.

(h) To the extent one document provides the information required in more than one of the above listed items, any such requirements listed above may be satisfied by reviewing the same document.

ARTICLE XIII

INSPECTION OF BOOKS AND RECORDS

13.1. Member Inspection Rights.

(a) Scope of Member's Inspection Rights. All accounting books and records, minutes of proceedings of the Members, the Board and committees of the Board, and the membership list of the Association, shall at all times, during reasonable business hours, be subject to the inspection of any Member in accordance with the requirements and restrictions set forth in Civil Code Sections 5200 - 5230. The Member who desires to inspect those documents must submit a written request for inspection to the Association and that request must state a reason for the requested inspection that is reasonably related to the Member's interest in the Association. The

accounting books and records and the minutes of proceedings of an Association, and any information contained in those records, may not be used or sold for a commercial purpose or used for any other purpose that is not reasonably related to a Member's interest as a Member. Any inspection by a Member that is permitted by this subparagraph (a) may be conducted by the Member personally or by his or her duly appointed representative. If a Member designates another person to inspect and/or copy Association records that are open to Member inspection, that designation must be in writing.

The following additional rules and restrictions shall apply to Member inspection demands:

(i) If the Association reasonably believes that the membership information will be used for a purpose other than the purpose stated by the requesting Member(s), the requesting Member(s) may be denied access to the list.

(ii) If the Association agrees to make copies of requested information that is within the Members' rights of inspection, the Association is entitled to bill the requesting Member(s) for the actual costs incurred by the Association for copying and mailing the requested documents. The Association must inform the Member(s) of the amount of the copying and mailing costs before sending the requested documents. Requesting parties have the option of receiving specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that does not allow the records to be altered.

13.2. Director Inspection Rights. Every director shall have an absolute right at any reasonable time to inspect all books, records, documents, and minutes of the Association and the physical properties owned by the Association. The right of inspection by a director includes the right to make extracts and copies of documents. All directors should consider their fiduciary obligations to act in good faith and in a manner they believe to be in the best interests of the Association in deciding how to use or disseminate information obtained through exercise of their inspection rights.

ARTICLE XIV

MISCELLANEOUS

14.1. Community Manager. The Board may, from time to time, employ the services of a community manager to manage the affairs of the Association and, to the extent not inconsistent with the laws of the State of California, and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the community manager any of its day to day management and maintenance duties and powers under these Bylaws and the Declaration, provided that the community manager shall at all times remain subject to the general control of the Board.

14.2. Amendment or Repeal of Bylaws by Members. These Bylaws may be amended or repealed, and new Bylaws adopted, only by the affirmative vote or assent by secret ballot of a majority of the Voting Power. If any provision of these Bylaws requires the vote of a larger proportion or all of the Members, such provisions may not be altered, amended or repealed except by such greater vote, unless otherwise specifically provided in these Bylaws. Any amendment to these Bylaws shall become effective immediately upon approval by the Members. The Secretary of the

Association shall certify adoption of any duly approved amendment to the Bylaws and a copy of the certificate and the amendment shall be included in the Association's corporate records.

14.3. Indemnification.

(a) Indemnification of Association. Each Owner shall be liable to the Association for any damage to the Common Areas caused by the negligence or willful misconduct of the Owner or his or her family, guests, invitees or lessees, to the extent that the damage shall not be covered by insurance. Each Owner shall indemnify, hold harmless, and pay any costs of defense of each other Owner from claims for personal injury or property damage occurring within any Lot owned by the indemnitor, provided that this protection shall not extend to any indemnities whose 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.

(b) 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 that Section and including an action by or in the right of the Association, by reason of the fact that such person is or was a director or officer or other person described by that Section. "Expenses," as used in this Section, shall have the same meaning as in Corporations Code Section 7237(a).

(c) 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 present at the meeting in person or by proxy shall authorize indemnification.

(d) 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 paragraphs (b) and (c) of this Section 14.3 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.

(e) Insurance. The Association shall have the power to purchase and maintain insurance on behalf of its directors, officers, employees and 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.

14.4. Fidelity Bonds. The Board of Directors shall require that all directors, officers, agents and employees of the Association handling or responsible for Association funds furnish adequate fidelity bonds. The premiums on such bonds may be paid by the Association.

14.5. Construction and Definitions. Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, and singular number includes the plural and the plural number includes the singular. All captions and titles used in these Bylaws are intended solely for the reader's convenience of reference and shall not affect the interpretation or application of any of the terms or provisions contained herein.

CERTIFICATE OF OFFICERS

The undersigned, President and Secretary of the corporation known as MONTAGE AT MISSION HILLS, INC., do hereby certify that the above and foregoing Amended and Restated Bylaws, consisting of 22 pages, were duly approved by the affirmative vote of at least a majority of the voting power of the Association, on the ____ day of _____, 2017, and that they now constitute said Bylaws.

Date: _____, 2017

President

Date: _____, 2017

Secretary