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AMENDED BYLAWS OF  
CARRIAGE HILLS RESIDENTS' ASSOCIATION**

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# CARRIAGE HILLS RESIDENTS' ASSOCIATION

## ARTICLE 1 NAME AND LOCATION

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The name of the corporation is CARRIAGE HILLS RESIDENTS' ASSOCIATION, which is hereinafter referred to as the "Association." The principal office of the Association shall be located in Contra Costa County, California or at such other place reasonably convenient to the Development as the Board of Directors may from time to time establish.

## ARTICLE 2 DEFINITIONS

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Any capitalized terms that are not defined below shall have the meaning set forth in Article 1 of the Declaration ("Definitions").

- 2.1 Additional Charges. "Additional Charges" shall mean all costs, fees, charges, and expenditures including, but not limited to, interest, late charges, attorneys' fees, recording and filing fees, and all other costs actually incurred by the Association in collecting and/or enforcing payment of Assessments.
- 2.2 Articles. "Articles" shall mean the Articles of Incorporation of Carriage Hills Residents' Association, as they may be amended from time to time, and as filed with the Office of the Secretary of State of California.
- 2.3 Assessments. "Assessments," "Annual Assessments," "Special Assessments," "Reimbursement Assessments," and "Enforcement Assessments" shall have the meanings defined for those terms in the Declaration.
- 2.4 Association. "Association" shall mean Carriage Hills Residents' Association, a California nonprofit mutual benefit corporation, its successors and assigns.
- 2.5 Board of Directors. "Board of Directors" or "Board" shall mean the governing body of the Association.
- 2.6 Bylaws. "Bylaws" shall mean the Amended Bylaws of the Association as they shall be duly adopted by the Board of Directors and the Members and any duly-adopted amendments thereof.

- 2.7 Civil Code. "*Civil Code*" shall mean the California *Civil Code* as amended from time to time.
- 2.8 Committee of the Board. "Committee of the Board" shall mean a committee consisting only of directors as described in *Corporations Code* section 7212.
- 2.9 Common Area. "Common Area" shall mean all real property owned by the Association.
- 2.10 Contract Purchaser/Contract Seller. "Contract Purchaser" and "Contract Seller" shall mean the purchaser and the seller, respectively, under an installment land contract in which title to the property is transferred after the final installment payment is made.
- 2.11 Corporations Code. "*Corporations Code*" shall mean the California *Corporations Code* as amended from time to time.
- 2.12 Declaration. "Declaration" shall mean the Amended and Restated Declaration of Covenants, Conditions and Restrictions of Carriage Hills Residents' Association, recorded in the Office of the County Recorder of contra Costa County, California, and any duly recorded amendments thereof.
- 2.13 Development. "Development" shall mean all the real property described in the Declaration as comprising the Carriage Hills Residents' Association planned development and any additional real property as may hereafter be brought within the jurisdiction of the Association.
- 2.14 Governing Documents. "Governing Documents" shall mean the Articles, Bylaws, Declaration, and Rules.
- 2.15 Lot. "Lot" shall mean the Lots numbered 1 through 236 and 238 through 249, inclusive, and Parcel D of Subdivision 6320 and the Lots numbered 1 through 191, inclusive, of Subdivision 6485, as shown on the Subdivision Maps. There are 440 Lots in the Development.
- 2.16 Member. "Member" shall mean an Owner.
- 2.17 Member in Good Standing. "Member in Good Standing" shall mean a Member of the Association who is current in the payment of all Assessments and Additional Charges imposed in accordance with the Governing Documents and who is in compliance with all of the provisions of the Governing Documents. A Member shall be deemed to be in Good Standing unless, after notice and an opportunity for hearing, pursuant to Article 13 of the Declaration ("Enforcement; Notice; Hearings"), the Board



not be transferred, encumbered, pledged, alienated, or hypothecated in any way, except upon the transfer or encumbrance of the Lot to which it is appurtenant and then only to the transferee or Mortgagee, as the case may be, of such Lot. Any attempt to make a prohibited transfer is void. Upon any transfer of title to a Lot, including a transfer upon the death of an Owner, Membership in the Association shall pass automatically to the transferee.

- 3.2 Notice of Transfer of Title. Upon transfer of title to a Lot, the transferee shall be responsible for notifying the Association of such transfer. The notification shall set forth the address of the Lot, the names of the transferee and the transferor, and the date of sale or other transfer. Prior to receipt of such notification, any and all communications required or permitted to be given by the Association or the Board to the Lot Owner shall be deemed to be duly made and given to the transferee if duly and timely made and given to the person shown as the Owner of the Lot and at the address in the Association's records.
- 3.3 Voting Rights; Joint Owners. Only Members in Good Standing shall be entitled to vote on any issue or matter presented to the Members for approval or Membership vote. Members in Good Standing shall be entitled to cast one vote for each Lot owned. In the event more than one person owns a given Lot, the vote for such Lot shall be exercised as the Owners among themselves shall determine, but in no event shall more than one vote be cast with respect to any Lot. If the joint Owners are unable to agree among themselves as to how their vote or votes are to be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that such Owner was acting with the authority and consent of the other Owners of that Lot.
- 3.4 Record Date for Voting. Consistent with *Corporations Code* section 7611(b), the Board may fix a date not more than sixty (60) days before the date of any mailing or delivery of ballots as the record date for determining Members entitled to vote and only Members in Good Standing as shown in the records of the Association as of the record date for voting shall be entitled to vote in such vote or election. If no record date for voting is set by the Board, Members in Good Standing on the day of the mailing or delivery of ballots shall be entitled to vote in such vote or election.

#### **ARTICLE 4                    VOTING BY MEMBERS**

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- 4.1 Voting by Members. All membership votes, including any vote pursuant to a written request of Members as described in *Corporations Code* section 7510(e), shall be by "secret ballot" pursuant to *Civil Code* section 1363.03;

provided, however, that in the case of a membership vote on any matter not specified in Civil Code section 1363.03(b), the deadline for returning a secret ballot may be a reasonable time that may be less than thirty (30) days. Voting by the method described in *Corporations Code* section 7513 shall not be permitted.

- 4.2 Proxies Are Prohibited. Use of proxies in connection with membership votes or membership meetings is expressly prohibited.
- 4.3 Voting and Election Rules. The Board shall adopt Rules governing membership voting and elections of Directors in conformity with *Civil Code* section 1363.03.
- 4.4 Quorum. The number of ballots that must be cast in order to establish a quorum in any election of one or more Directors shall be twenty-five percent (25%) of the Total Voting Power. The number of ballots that must be cast in order to establish a quorum for any vote or election by the Members other than an election of one or more Directors shall be fifty percent (50%) of the Total Voting Power, except as otherwise provided in the Governing Documents or by law. There shall be no quorum requirement for Member attendance at any meeting of the Members held for the purpose of tabulating ballots pursuant to *Civil Code* section 1363.03 and no voting by the Members other than the tabulation of ballots by the inspector(s) of election shall be conducted at any such meeting.
- 4.5 Special Quorum Requirement for Assessment Votes. To the extent required by *Civil Code* section 1366, notwithstanding any other provision in the Governing Documents, for purposes of voting on a Special Assessment or an increase in the Annual Assessment that by law must be approved by the Members, a quorum shall mean more than fifty percent (50%) of the Members, or such other quorum requirement as may be specified by law.
- 4.6 Results of Membership Votes. To the extent required by *Civil Code* section 1363.03(g), the Board shall within 15 days of an election publicize the tabulated results to all the Members. To the extent required by *Corporations Code* section 8325, for a period of sixty (60) days following the conclusion of any Membership vote (or, if applicable, an annual, regular, or special meeting of Members), a Member shall, upon written request, be informed forthwith of the result of any particular vote of the Members, including the number of memberships voting for, the number of memberships voting against, and the number of memberships abstaining or withheld from voting. If the matter voted on was the election of directors, the Association shall report the number of votes cast for each nominee for director.



a Nominating Committee the Board shall perform the functions of a Nominating Committee. All nominations shall be made from among persons who satisfy the qualifications set forth in Section 5.3 (“Qualification of Directors”).

- 5.4.2 By Self Nomination. Any Member who satisfies the qualifications set forth in Section 5.3 (“Qualification of Directors”) may place his or her name in nomination for election to the Board by giving written notice to the President or Secretary of the Association. Notice of self nomination must be received prior to the deadline for nominations.
- 5.5 Deadline for Nominations. The deadline for nominations shall be set by the Board and shall be not less than thirty-five (35) and not more than forty-five (45) days prior to the date of the mailing or delivery of ballots for any election of Directors.
- 5.6 Publication of Deadline for Nominations. The date and time of the deadline for nominations shall be published at least thirty (30) days in advance of the deadline in an Association newsletter, or if there is no such newsletter, notice shall be given in one or more of the following manners: (i) by posting a notice in one or more prominent places within the Development, (ii) by mailing or delivering a notice to each Lot, or (iii) by other means reasonably designed to provide actual notice to the Members.
- 5.7 Election by Acclamation. If, as of the published deadline for nominations, the number of people nominated is not more than the number of Directors to be elected, then the persons nominated and qualified to be elected shall be declared elected and written notice of the election shall be given to the Members.
- 5.8 Notice of Known Candidate Names. The names of all persons known by the Board to be qualified candidates for election to the Board as of the published deadline for nominations shall be set forth on the ballot for election of Directors.
- 5.9 Voting for Directors; No Cumulative Voting. In all elections of Directors, all Members entitled to vote may cast, in respect to each position on the Board to be filled, one vote for each Lot owned. The persons receiving the largest number of votes shall be elected. Cumulative voting (i.e., giving more than one vote to any candidate) shall not be permitted.
- 5.10 Tied Votes. In the case of a tied vote for one or more positions on the Board, the candidates shall draw lots to determine the winner or winners

- 5.11 Election and Term of Office. In the annual election of Directors, the Members shall, in alternate years, elect two (2) Directors and three (3) Directors, respectively, for terms of two (2) years each. Each Director shall serve until the expiration of his or her term and thereafter until a successor is elected, or until the earlier disqualification, death, resignation, or removal of such Director.
- 5.12 Removal of Directors by the Members. Consistent with *Corporations Code* section 7222, any Director may be removed from the Board, with or without cause, by the vote of a Simple Majority of the Members. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.
- 5.13 Vacancies, Resignation, Disqualification of Directors. A vacancy shall exist on the Board (i) in the event of the death, resignation, or removal (by the Members) of any Director, (ii) in the event of a declaration of a vacancy by the Board as provided below in this Section 5.13, (iii) if the authorized number of Directors is increased, or (iv) if the Members fail to elect the full authorized number of Directors. Any director may resign by giving written notice to the Board. The resignation shall be effective on the date specified in the notice. Unless otherwise provided in the notice, the acceptance of a resignation shall not be necessary to make it effective. As provided in *Corporations Code* section 7221(b), the Board of Directors, by a majority vote of the Directors who meet all of the qualifications for Directors as set forth in Section 5.3 ("Qualification of Directors"), 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. In addition, the Board, by vote of a majority of a quorum, may declare vacant the office of any Director who: (i) fails within sixty (60) days after receiving notice of election to accept office, either in writing or by attending a meeting of the Board as a Director, or (ii) is absent from three (3) consecutive meetings of the Board.
- 5.14 Filling Vacancies. Any vacancy occurring on the Board of Directors, except a vacancy created by the removal of a Director by the Members, may be filled (i) by approval of the Board of Directors; or (ii) if the number of Directors then in office is less than a quorum, by the vote of a majority of the Directors then in office at a meeting of the Board, or by unanimous written consent of the Directors then in office, or by a sole remaining Director. The Members may elect a Director at any time to fill any vacancy not filled by the Directors. If the Board accepts the resignation of a Director tendered to take effect at a future time, the Board, including the resigning Director, may choose or, if the Board fails to act, the Members may elect, a successor to take office when the resignation becomes effective. A Director chosen in accordance with this Section 5.14 to fill a



- 6.4 Notice to Directors. Regular meetings of the Board may be held, without further notice to the Board, at a place within or reasonably convenient to the Development and on a day and time fixed by resolution by the Board. If not fixed by resolution of the Board, notice of each meeting of the Board shall be communicated to the Directors not less than four (4) days prior to a regular meeting, and not less than seventy-two (72) hours prior to a special meeting; provided that shorter notice may be given in the case of a bona fide emergency; and provided further that notice of a meeting need not be given to any Director who signed a waiver of notice or a written consent to holding the meeting, whether before or after the meeting.
- 6.5 Notice to Members; Agenda. To the extent required pursuant to *Civil Code* section 1363.05(f), except for bona fide emergency meetings and executive sessions as defined by law, at least four (4) days prior written notice of the day, time, and place of each meeting of the Board of Directors, whether regular or special, shall be given to all Members. The notice shall contain the agenda for the meeting, subject to the provisions of *Civil Code* section 1363.05(i). Notice to the Members may be given in any of the following ways: (i) by posting it in a prominent place or places within the Common Area, and by mail to any Member who has requested notification of Board meetings by mail, (ii) by mailing or delivery to each Lot, (iii) by newsletter, or (iv) by other means of communication reasonably designed to provide actual prior notice of such meeting.
- 6.6 Open Meeting. To the extent required pursuant to *Civil Code* section 1363.05(b), regular and special meetings of the Board of Directors shall be open to all Members of the Association, except when the Board meets in executive session. A reasonable time limit for all Members to speak to the Board shall be established by the Board; however, the right to speak to the Board shall not entitle any Member to participate in the Board's deliberations on any matters unless requested to do so by the Board.
- 6.7 Executive Session. To the fullest extent permitted by law, including *Civil Code* section 1363.05(b), the Board may meet in executive session to confer with legal counsel or to discuss and/or vote upon personnel matters, Member discipline, litigation in which the Association is or may become involved, matters that relate to the formation of contracts between the Association and others, and for the purpose of meeting with a Member, upon such Member's request, regarding the Member's payment of Assessments. In any matter relating to the discipline of a Member, the Board shall meet in executive session if requested to do so by that Member, and that Member and any other person(s) whose participation is, in the judgment of the Board, necessary or appropriate, shall be entitled to attend the executive session; *provided, however*, that (i) to the extent required by *Civil Code* section 1367.1 (c)(2) a decision by the Board to record a lien for delinquent Assessments shall be made at an open

meeting of the Board, and (ii) to the extent required by *Civil Code* section 1367.4(c)(2) a vote of the Board to initiate foreclosure of a lien for delinquent Assessment shall be taken in executive session but shall be recorded in the minutes of the next following open meeting of the Board.

- 6.8 Remote Participation. To the extent permitted by law, including without limitation *Civil Code* section 1363.05 and *Corporations Code* section 7211, Directors may participate in regular or special Board meetings through the use of conference telephone, electronic video screen communications, or other communications equipment or technologies. *Corporations Code* section 7211 includes, among other things, the requirements that (i) each Board member participating in the meeting can communicate with all of the other Board members concurrently, and (ii) that each Board member is provided the means of participating in all matters before the Board, including but not limited to the capacity to propose, or to interpose an objection to, a specific action to be taken by the Association.
- 6.9 Quorum. A majority of the number of Directors authorized in Section 5.1 ("Number of Directors") shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by a majority of the required quorum for that meeting.
- 6.10 Board Action Without a Meeting. As provided in *Corporations Code* section 7211(b), any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action. Such written consents shall be filed with the minutes of the proceedings of the Board.
- 6.11 Minutes of Meetings of Directors. To the extent required by *Civil Code* section 1363.05(d), within thirty (30) days after the date of any meeting of the Board, the Board shall make available to the Members either (i) the minutes of that meeting as adopted by the Board, (ii) if the minutes have not yet been adopted by the Board, the minutes as proposed for adoption which shall be marked to indicate draft status, or (iii) a summary of the minutes. To the extent required by *Civil Code* section 1363.05(c), the nature of any matter discussed in an executive session shall be generally noted in the minutes of the Board and minutes of executive sessions shall not otherwise be required. Copies of the minutes, proposed minutes, or summary of minutes shall be provided to any Member of the Association upon request and upon reimbursement of the Association's costs in providing such copies.

## ARTICLE 7 DUTIES OF THE BOARD OF DIRECTORS

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The Board shall be ultimately responsible for the management and conduct of the affairs of the Association. Without limiting the generality of the foregoing, the specific duties of the Board shall include the following:

- 7.1 Supervision. The Board shall supervise all officers, agents, and employees of the Association, if any, and see that their duties are properly performed.
- 7.2 Records and Minutes. The Board shall cause to be kept a complete record of all its acts and the corporate affairs, including an accurate and current record of the Members setting forth their names and addresses, adequate and correct books and records of account, and minutes of the proceedings of the Members, the Board, committees of the Board, and any other committee appointed by the Board having decision-making authority.
- 7.3 Maintain Insurance. The Board shall procure and maintain adequate casualty, liability and other insurance on property owned by the Association, and other appropriate insurance, as the Board shall determine consistent with the provisions of Article 10 of the Declaration ("Insurance").
- 7.4 Enforcement of Governing Documents. The Board shall enforce the Governing Documents on its own initiative or upon receipt of written complaint from an Owner or a Resident, in accordance with the procedures set forth in Article 13 of the Declaration ("Enforcement; Notice; Hearings").
- 7.5 Annual Pro Forma Operating Budget. The Board shall prepare and distribute to the Members annually, not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the Association's fiscal year or such other time as may be provided by statute, a "pro forma operating budget" which shall conform to the requirements of *Civil Code* section 1365 and 1365.2.5 or successor statute.
- 7.6 Annual Notification Regarding Insurance Coverage. In accordance with *Civil Code* section 1365(e), not less than 30 days and not more than 90 days prior to the beginning of the Association's fiscal year or such other time as may be provided by statute, the Board shall prepare and distribute to all Members a summary of the Association's property, general liability, earthquake, flood and fidelity insurance policies, if any.

- 7.7 Notice of Certain Changes in Insurance. In accordance with *Civil Code* section 1365(f)(2), as soon as reasonably practicable, the Association shall notify the Members by first-class mail if any of the policies described in Section 7.6 (“Annual Notification Regarding Insurance Coverage”) have lapsed or been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible for any of those policies. If the Association receives any notice of non-renewal of a policy described in Section 7.6, the Association shall immediately notify the Members by first class mail if replacement coverage will not be in effect by the date the existing coverage will lapse.
- 7.8 Other Annual Notifications to Members. Annually, not less than 30 days and not more than 90 days prior to the beginning of the Association’s fiscal year (or such other time as may be provided by statute as in Section 7.8.6 and Section 7.8.7, below), the Board shall distribute to the Members all of the following:
- 7.8.1 Notice Regarding Delinquent Assessment Policy. A statement describing the Association’s policies and practices in enforcing lien rights and other legal remedies for default in payment of Assessments as required by *Civil Code* section 1365(e); and statutory notice of Members’ rights and responsibilities concerning assessment collection as required by *Civil Code* section 1365.1;
- 7.8.2 Secondary Address for Certain Notices. A notice of an Owner’s right to submit to the Association a secondary address for notices to the Owner required pursuant to *Civil Code* section 1367.1 (concerning enforcement of delinquent Assessments);
- 7.8.3 Notice Regarding Dispute Resolution. A summary of the statutory provisions relating to employing alternative dispute resolution procedures in certain matters related to enforcement of the governing documents which specifically references *Civil Code* sections 1369.590(a) and includes a summary of the Association’s internal dispute resolution process as required by *Civil Code* section 1363.850. The summary of the Association’s internal dispute resolution procedure may consist of a copy of Section 13.9 of the Declaration (“Investigation of Complaints”) through Section 13.16 of the Declaration (“Internal Dispute Resolution”). Alternatively, this summary may be distributed as part of a newsletter or other communication regularly sent to all Members as described in *Corporations Code* section 5016;

- 7.8.4 Notice of Required Architectural Approval. A notice of the requirement for Association approval of physical changes to property, as required by *Civil Code* section 1378(c) describing the types of changes that require Association approval and including a copy of the procedure for review and approval or disapproval which may consist of a copy of Article 7 of the Declaration (“Architectural Approval”) and a copy of the Architectural Rules, if any;
- 7.8.5 Notice Regarding Board Meeting Minutes. A statement explaining the Members' right to obtain copies of minutes of meetings of the Board as required by *Civil Code* section 1363.05(e);
- 7.8.6 Schedule of Monetary Penalties. A copy of the schedule of monetary penalties adopted by the Board, which shall be distributed when adopted and upon any changes thereto adopted by the Board in accordance with *Civil Code* section 1363(g); and
- 7.8.7 Statutory Notice Regarding Liens and Foreclosure. The statement required by *Civil Code* section 1365.1 printed in at least 12-point type, which shall be distributed during the 60-day period immediately preceding the beginning of the Association's fiscal year.
- 7.9 Notice of Assessments; Collection of Assessments. The Board shall send written notice to each Owner in advance of each fiscal year of the Regular Assessment and any Special Assessment levied against his or her Lot for that fiscal year and shall diligently pursue the collection of all Assessments.
- 7.10 Items Specified in Civil Code section 1368(a). To the extent required by *Civil Code* section 1368(a)(4), the Board shall provide or cause to be provided to a requesting Owner, within ten (10) days of a written request, the items specified in Civil Code section 1368(a), or any of them.
- 7.11 Review of Annual Financial Statement. To the extent required pursuant to *Civil Code* section 1365(c), for any fiscal year in which the gross income to the Association exceeds Seventy-five Thousand Dollars (\$75,000.00), the Board shall obtain a review of the financial statements of the Association prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy and shall distribute it to all Members of the Association within one hundred twenty (120) days after the close of such fiscal year; provided, however, that if audited financial statements are required pursuant to Section 12.10 of the

Declaration ("Audited Financial Statements"), audited financial statements shall be obtained.

- 7.12 Quarterly Review of Accounts. The Board shall review the Association's operating and reserve accounts at least in accordance with the minimum requirements set forth in *Civil Code* section 1365.5(a)
- 7.13 Biennial Notice to Secretary of State. The Board shall file with the Secretary of State the biennial statement of names of officers and of agent for service of process required pursuant to *Corporations Code* section 8210 and the statement required by *Civil Code* section 1363.6.
- 7.14 Three-Year Reserve Study and Annual Review. In accordance with *Civil Code* section 1365.5(e), at least once every three (3) years, the Board shall cause a study of the reserve account requirements of the Development to be conducted, which study shall include the minimum requirements specified in *Civil Code* section 1365.5(e) or successor statute. The Board shall review the reserve study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.
- 7.15 Prudent Management of Reserve Funds. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account and, to the extent restricted by *Civil Code* section 1365.5(c), shall not expend funds designated as reserve funds for any purpose other than the maintenance, restoration, repair, or replacement of, or litigation involving the maintenance, restoration, repair, or replacement of, major components for which the Association is responsible and for which the reserve fund was established; provided, however, that the Board may authorize a temporary transfer of money from a reserve fund to the Association's general operating fund for the purposes and subject to the procedural requirements specified in *Civil Code* sections 1365.5(c)(2) and 1365.5(d).

## **ARTICLE 8                    POWERS OF THE BOARD OF DIRECTORS**

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The Board of Directors shall have such powers as may be provided by law or expressly set forth in the Governing Documents. Without limiting the generality of the foregoing, the Board shall have the powers specified in this Article 8, subject to any limitations or conditions as may be set forth in the Articles, the Bylaws, or the Declaration.

- 8.1 Make Contracts. The Board shall have the power to authorize any officer or officers to enter into any contract in the name of, or on behalf of, the Association. No contract with any person or entity to supply or furnish the

Association with goods or services shall be for a term in excess of one year except upon the prior affirmative vote of a Simple Majority of the Members; provided, however, that the foregoing shall not apply to: (i) a contract with a public utility company, if the rates charged for the materials or services to be furnished are regulated by the California Public Utilities Commission, the term of which contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; (ii) prepaid casualty and/or liability insurance policies not to exceed three (3) years duration, which policy or policies shall permit short rate cancellation by the insured; and (iii) agreements for cable television, satellite, or similar service and equipment not to exceed five (5) years duration.

- 8.2 Consult Professional Advisors. The Board shall have the power to consult with, seek the advice of, and reasonably rely on the advice of attorneys, accountants, and other professionals in carrying out the Board's authority and responsibility under the Governing Documents and the law, and to pay for such professional services.
- 8.3 Hire a Manager and Others. The Board shall have the power to engage the services of a manager or management company as either an employee or an independent contractor, and engage such other employees or independent contractors as the Board may deem necessary, and to prescribe their duties. Management contracts are subject to the restrictions provided in Section 12.7 of the Declaration ("Management Contracts, Professional Management").
- 8.4 Adopt and Enforce Rules. Subject to applicable law, including *Civil Code* section 1357.100 *et seq.*, (regarding procedures for adopting or changing certain rules), the Board shall have the power to adopt, publish, amend, repeal, and enforce Rules.
- 8.5 Collect Assessments by Foreclosure and/or Legal Action. As addressed in the Declaration, the Board shall have the power to collect Assessments levied by the Association by foreclosing the lien against any property for which Assessments are not paid as required by the Declaration and/or by bringing an action at law against the Owner personally obligated to pay the same.
- 8.6 Impose Sanctions. Upon an explicit finding and for reasons specified by the Board following a hearing conducted in accordance with Article 13 of the Declaration ("Enforcement; Notice; Hearings"), the Board shall have the power to impose sanctions on a Member who is in default in the payment of any Assessment or other charge levied by the Board or is found to be in violation of any provision of the Governing Documents. Sanctions may include loss of good standing, suspension of other rights,

and/or monetary penalties (fines), as described in Section 13.8 of the Declaration (“Imposing Sanctions”).

- 8.7 Enter Lot for Repairs. The Board or its agent shall have the power to enter a Lot when necessary, pursuant to Section 9.4 of the Declaration (“Authority for Entry of Lot”).
- 8.8 Pay Property Taxes. The Board shall have the power to pay all real property taxes and assessments levied upon any property within the Development to the extent not separately assessed to the Owners. Provided that any such taxes are paid or that a bond insuring the payment is posted, such taxes and assessments may be contested or compromised by the Association prior to the sale or other disposition of any property to satisfy the payment of such taxes.
- 8.9 Deal with Association Property; Certain Limitations. The Board shall have the power to acquire and deal with real and personal property of the Association, subject to any applicable limitations set forth in the Governing Documents, including Section 3.5 of the Declaration (“New Capital Improvements”) and Section 12.14 of the Declaration (“Other Actions Requiring Mortgagee Consent”).
- 8.10 Open Bank Accounts, Borrow. The Board shall have the power to open bank accounts, designate signatories upon such bank accounts (subject to the requirements of Section 10.4 (“Checks, Drafts, and Evidences of Indebtedness”) concerning withdrawal of reserve account funds) , and borrow money on behalf of the Association, subject to any applicable provisions of the Declaration including Section 3.5 of the Declaration (“New Capital Improvements”) and Section 12.14 of the Declaration (“Other Actions Requiring Mortgagee Consent”).
- 8.11 Pledge Assessments as Security. The Board shall have the power to assign or pledge Assessments of the Association as security for a loan, provided that such assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law to the extent required by *Civil Code* section 1367.1(g) and provided further that approval of the Members shall be required if such assignment or pledge is in conjunction with an increase in the Annual Assessment or the imposition of a Special Assessment that by law requires approval of the Members, and such Member approval shall be the same as the Member approval required for such increase in the Annual Assessment or imposition of a Special Assessment.
- 8.12 Invest Reserve Funds. The Board shall have the power to manage and invest Association reserve funds in prudent investments, provided it does so in a prudent manner designed to achieve the primary objective of

preserving principal while realizing a reasonable return and to assure the availability of funds as they are needed based upon the Board's most recent review of the reserve fund study obtained by the Board as required in Section 7.14 ("Three-Year Reserve Study and Annual Review") and applicable law.

- 8.13 Indemnify Agents. To the extent provided in *Corporations Code* section 7237, the Board on behalf of the Association shall have the power to and shall indemnify and hold harmless, to the maximum extent permitted by California law, each person who is or at any time was a director, officer, employee, or agent of the Association, or member of any committee appointed by the Board from and against any and all claims, liabilities, expenses, judgments, fines, settlements, and other amounts, as those terms are defined by California law, actually and reasonably incurred by any such person, and to which any such person shall become subject by reason of his or her being a director, officer, employee, or agent of the Association, or member of any committee appointed by the Board.
- 8.14 Mergers. To the extent permitted by law, the Association shall have the power to participate in mergers and consolidations with other nonprofit organizations organized for the same purposes as this Association, provided that any such merger or consolidation shall be approved by the affirmative vote of a majority of the Total Voting Power of the Association.
- 8.15 Appointment of Committees. The Board may appoint such committees as it deems appropriate in carrying out the powers and purposes of the Association except that the Board may not delegate its authority to hold hearings or impose sanctions. Any "Committee of the Board" (that is, a committee consisting only of Directors, as referred to in *Corporations Code* section 7212) shall consist of at least two (2) Directors and shall have such powers and duties as the Board shall determine, subject to the limitations of *Corporations Code* section 7212.
- 8.16 Other Powers and Duties. The Board shall have the power to exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the Members by other provisions of the Governing Documents, and undertake any action on behalf of the Association as the Board shall deem necessary or proper in furtherance of the purposes and powers of the Association and/or the interests of the Association and its Members.

## **ARTICLE 9            OFFICERS AND THEIR DUTIES**

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- 9.1 Enumeration of Offices. The officers of this Association shall be a President, a Vice-President, a Secretary, and a Chief Financial Officer,

who shall at all times be members of the Board of Directors, and such other officers as the Board may, from time to time, by resolution appoint.

- 9.2 Appointment of Officers. The appointment of officers shall take place at the first meeting of the Board following each annual election of Directors.
- 9.3 Term. The officers of this Association shall be appointed annually by the Board, and each shall hold office for one year, unless he or she shall sooner resign, be removed by the Board, or otherwise be disqualified to serve.
- 9.4 Special Appointments. The Board may 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 the Board may, from time to time, determine.
- 9.5 Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. 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, the acceptance of such resignation shall not be necessary to make it effective.
- 9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces, subject to the Board's right to remove an officer.
- 9.7 Multiple Offices. One person may hold two (2) or more offices except that neither the Secretary or any assistant secretary nor the Chief Financial Officer or any assistant treasurer may serve concurrently as President. This provision is intended to prohibit a single individual from having apparent authority to bind the Association by virtue of holding both offices, pursuant to *Corporations Code* section 7214.
- 9.8 Authority to Bind Association. Unless expressly authorized by resolution of the Board, no officer shall have any power or authority to bind the Association or to render the Association liable for any purpose or on any account.
- 9.9 No Compensation of Officers. No Officer shall receive compensation for any service he or she may render to the Association as an Officer. However, upon approval by the Board, any Officer may be reimbursed for his or her expenses actually incurred in the performance of his or her duties.

- 9.10 President. The President shall be the chief executive officer of the Association and shall, subject to control of the Board of Directors, have general supervision, direction, and control of the affairs and the other officers and the employees and agents of the Association. The President shall preside at all meetings of the Members and at all meetings of the Board, shall have the general powers and duties of management usually vested in the office of the President of an Association, and shall have such other powers and duties as may be prescribed by the Board of Directors and the Bylaws, subject, however, to any limitations contained in the Declaration.
- 9.11 Vice-President. In the absence or disability of the President, the Vice-President shall perform all the duties of the President, and when so acting, shall have all of the powers of, and be subject to all of the restrictions upon, the President including the restriction on holding multiple offices as set forth in Section 9.7. The Vice-President shall have such other powers and perform such other duties as, from time to time, may be prescribed by the Board of Directors. In the absence or disability of both the President and the Vice-President, or if there is not a Vice President in office, the Board shall designate another Director to preside at a meeting of the Board or of the Members.
- 9.12 Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may prescribe, a record of minutes of all meetings of Directors and Committees of the Board, all meetings of any other committee appointed by the Board that has decision-making authority, and all meetings and votes of Members. The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board of Directors required by the Bylaws or by law to be given and shall maintain a proper record of the giving of such notice; shall keep or cause to be kept in safe custody the books, records, and documents of the Association; and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.
- 9.13 Chief Financial Officer. The Chief Financial Officer shall be responsible for oversight of the receipt and deposit in appropriate accounts of all monies of the Association and shall cause disbursement of such funds as directed by resolution of the Board of Directors; may sign all checks and promissory notes of the Association; shall keep or cause to be kept proper books of account; shall cause an annual review (or, if required by Section 12.10 of the Declaration ("Audited Financial Statements"), an audit) of the Association's books and financial statements to be made by a public accountant at the completion of any fiscal year for which such review is required by law or as determined by the Board; shall assist the Board in preparation of an annual budget and a statement of income and





in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

- 12.2 Amendments to Referenced Statutes; Time for Performance. References in the Bylaws to particular statutes, including sections of the *Civil Code* or the *Corporations Code*, shall be deemed to include any successor statute and any amendments to existing or successor statutes. Whenever these Bylaws state a time for the performance of any act by the Association which by law (as it may exist from time to time) must be performed at or within a specified time, the time for the performance of such act shall be deemed to be the widest timeframe permitted under then-applicable law.

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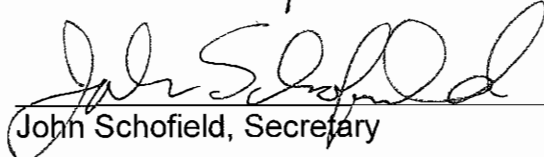
CERTIFICATE OF AMENDMENT OF  
BYLAWS OF  
CARRIAGE HILLS RESIDENTS' ASSOCIATION

I, the undersigned, hereby certify that:

I am the Secretary of Carriage Hills Residents' Association.

The foregoing Amended Bylaws of Carriage Hills Residents' Association were duly approved by the requisite vote of the Members of the Association on the 15th day of February, 2011.

Executed this 22 day of August, 2011.

  
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John Schofield, Secretary