

**SECOND AMENDED AND RESTATED BYLAWS
OF
RIVER OAKS HOMEOWNERS ASSOCIATION**

ARTICLE 1. NAME AND LOCATION

- 1.1. The name of the corporation is the River Oaks Homeowners Association ("Association"). The principal office of the Association shall be located in Tehama County, California or at such other place reasonably convenient to the Development as the Board of Directors may from time to time establish. Currently, the principal office of the Association is 350 Gilmore Road #115, Red Bluff, California.

ARTICLE 2. DEFINITIONS

- 2.1. Declaration. "Declaration" means the Second Amended and Restated Declaration of Covenants, Conditions, and Restrictions of the River Oaks Planned Unit Development, A Senior Housing Community for River Oaks, recorded on _____, as Document Number _____, in the Official Records of Tehama County, California, as such Declaration may from time to time be amended.
- 2.2. Other Definitions Incorporated by Reference. The terms defined in the Declaration shall have the same meaning when used herein unless the context clearly indicates a contrary intention.

ARTICLE 3. MEMBERSHIP AND VOTING

- 3.1. Membership. Membership in the Association shall include, and shall be limited to, all Owners of any Lot located within the Development. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Upon becoming the Owner of a Lot, each Owner shall automatically be a Member of the Association and shall remain a Member until such time as their Lot ownership ceases for any reason. Membership in the Association shall 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. Voting. Members shall be entitled to cast one (1) vote for each Lot owned. In the event more than one (1) 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 (1) vote be cast with respect to any Lot. If the joint Owners of a Lot are unable to agree among themselves as to how their vote or votes are to be cast, such vote shall be cast in accordance with the decision of a majority of such Owners. If there is no such majority, the vote for the Lot shall not be cast either in favor of or opposed to the issue or issues which are the subject of the vote, but the membership shall be counted for purposes of determining whether the quorum requirements applicable to the vote or meeting have been met. If any Owner casts a vote representing a certain Lot and no written objection thereto is received by the Secretary prior to the close of voting, 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. The vote at any meeting of the Members may be by voice vote or by ballot as determined by the Board. In any election of Directors where the number of candidates does not exceed the number

of Directors to be elected, the election of Directors may be accomplished in accordance with Section 6.3, unless prohibited by California law.

- 3.3. Adoption of Election Rules. The Board shall adopt rules that govern the Association's election procedures which shall include the minimum requirements specified in Civil Code sections 5100–5125, or comparable successor statute, as it may be amended from time to time.
- 3.4. Electronic Voting Authorization.
- 3.4.1. Subject to the requirements of this Section, the Association may conduct elections by electronic secret ballot, paper secret ballot, or a combination of both methods, for the following matters:
 - 3.4.1.1. Selection of Directors pursuant to Article 6;
 - 3.4.1.2. Removal of Directors pursuant to Civil Code § 5100 et seq.;
 - 3.4.1.3. Amendments to the Governing Documents pursuant to Civil Code § 5100 et seq.;
 - 3.4.1.4. Grants of exclusive use of Common Area pursuant to Civil Code § 4600; and
 - 3.4.1.5. Any other matter requiring a Member vote by secret ballot, except as prohibited in section (3.4.2) below.
 - 3.4.2. Electronic voting shall not be used for votes concerning regular or special assessments, which must be conducted using written secret ballots as required by Civil Code § 5105(i).
 - 3.4.3. Before implementing electronic voting for any election, the Board must amend the Association's election rules in accordance with Civil Code § 5105(h) to include procedures for electronic voting. Such amended rules must:
 - 3.4.3.1. Be adopted at least ninety (90) days before the first election using electronic voting;
 - 3.4.3.2. Allow Members to opt in to or opt out of electronic voting;
 - 3.4.3.3. Permit Members to change their preferred voting method (electronic or paper) no later than ninety (90) days before an election;
 - 3.4.3.4. Prohibit nominations from the floor during membership meetings when electronic voting is used;
 - 3.4.3.5. Ensure both paper and electronic ballots contain identical information; and
 - 3.4.3.6. Maintain a list of Members voting by each method.
 - 3.4.4. The Association's annual policy statement prepared pursuant to Civil Code § 5310 shall inform Members how to opt in to or opt out of electronic voting.
 - 3.4.5. Any request by a Member to opt in to or opt out of electronic voting must be delivered to the Association in writing.
 - 3.4.6. If electronic voting is used, the Association must:
 - 3.4.6.1. Employ independent inspectors of election who authenticate Member identity, maintain ballot integrity and secrecy, and verify electronic device compatibility;
 - 3.4.6.2. Provide Members a method to confirm, at least thirty (30) days before the voting deadline, that their electronic devices are compatible with the online voting system;
 - 3.4.6.3. Ensure the electronic voting system provides for voter identity verification, ballot secrecy, acknowledgment of receipt, and auditable retention of ballots; and
 - 3.4.6.4. Comply with all other requirements of Civil Code §§ 5100-5125.
 - 3.4.7. Nothing in this Section shall require the Association to implement electronic voting. The Board retains discretion to conduct all elections by paper ballot.
- 3.5. Assignment of Membership Rights. A Member who has sold their Lot to a Contract Purchaser shall be entitled to assign to such Contract Purchaser their rights and privileges of membership in the Association and shall be deemed to have assigned to a Contract Purchaser who has assumed

occupancy of the Member's Residence all rights of use and enjoyment of the Common Area. No assignment of any membership rights or privileges to a non-resident Contract Purchaser shall be binding, however, until the Board has been notified thereof in writing. Notwithstanding any assignment, until fee title to the Lot has been transferred of record, a Contract Seller shall remain liable for all assessments, fines, and other charges imposed by the Board and for compliance with the Governing Documents by all Residents of their Lot. Any Member who has leased or rented their Lot to another person or persons shall in all events be deemed to have assigned to their tenants all rights of use and enjoyment of the Common Area. It is the express purpose and intent of the provisions of this Section to limit the right of use and enjoyment of the Common Area to Residents of the Development and their guests.

- 3.6. Record Dates. The record dates for notice of meetings of Members and voting shall be determined as follows:
- 3.6.1. The Board may fix a time not more than ninety (90) days and not less than ten (10) days preceding the date of any meeting of the Members as the record date for determining the Members entitled to notice of any such meeting. In the event no such record date is fixed by the Board, the record date for the determination of Members entitled to notice of any meeting shall be the close of business on the business day preceding the day on which notice is given or, if notice is waived, the close of business on the business day preceding the day on which the meeting is held. Only those persons or entities identified as Members in the records of the Association on the record date shall be entitled to notice of such meeting.
 - 3.6.2. The Board may fix a time not more than sixty (60) days preceding the date of any meeting of the Members as the record date for determining the Members entitled to vote at any such meeting. In the event no such record date is fixed by the Board, the record date for the determination of Members entitled to vote at any meeting shall be the day of the meeting or, in the case of an adjourned meeting, the day of the adjourned meeting. Only Members as of the record date shall be entitled to vote at such meeting.
 - 3.6.3. The Board may fix a time not more than sixty (60) days before the day on which the first written ballot is mailed or solicited as the record date for determining the Members entitled to cast written ballots with respect to any action proposed to be taken without a meeting pursuant to Section 4.12. In the event no such record date is fixed by the Board, the record date for the determination of Members entitled to cast written ballots with respect to any proposed action shall be the day on which the first written ballot is mailed or solicited. Only Members as of the record date shall be entitled to receive written ballots and vote on the proposed action.
 - 3.6.4. Only Members are entitled to receive notice of meetings and only Members are entitled to vote. Members of the Association are limited to Owners as that term is defined in Section 1.24 of the Declaration.

ARTICLE 4. MEETINGS OF MEMBERS

- 4.1. Annual Membership Meeting. The annual meeting of the Members will be held on the first Friday or Saturday in March of each year, or another month, on a date and at a time and place to be designated by the Board, upon proper written notice to all of the Members.
- 4.2. Special Membership Meetings. Special meetings of the Members may be called at any time by the President or by the Board or pursuant to the written request of Members entitled to cast at least five percent (5%) of the Total Voting Power.

4.3. Notice of Membership Meetings.

4.3.1. Written notice of each meeting of the Members shall be given by or at the direction of the Secretary or other person authorized to give notice of a meeting. Written notice shall be mailed by first-class mail, postage prepaid, or otherwise delivered as permitted in Section 20 of the California Corporations Code, at least ten (10) days but not more than ninety (90) days before such meeting, to each Member who, on the record date for notice of the meeting, is entitled to vote at such meeting, except that in the case of a special meeting called pursuant to a written request of Members, notice of such special meeting shall be mailed or otherwise delivered within twenty (20) days after receipt of such written request by the Board, and the date of such special meeting shall be set by the Board and shall be not sooner than thirty-five (35) days nor later than ninety (90) days after the date of the Board's receipt of such written request.

4.3.2. Notice of meetings shall be addressed or otherwise delivered to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Notice of any meeting of Members shall specify the date, hour, and place of the meeting, and the general nature of those matters which the Board intends to present for action by the Members.

4.3.3. With respect to special meetings, only those matters set forth in the notice of the special meeting may be acted upon. With respect to regular meetings, and notwithstanding the foregoing, any proper matter may be presented at the meeting for action by the Members, except that if the meeting is actually attended, in person or by proxy, by less than one-third (1/3) of the Total Voting Power of the Association, the Members may act only on matters the general nature of which has been set forth in the notice of such meeting.

4.4. Conduct of Membership Meetings. All meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure, such as Robert's Rules of Order, or such parliamentary procedures as the Association may adopt. A reasonable time limit for all Members to speak at a meeting of the Members shall be established by the Board.

4.5. Place of Membership Meetings. Annual and special meetings shall be held at a location within the Development, or the Board may designate a convenient place located as close as reasonably practicable to the Development.

4.6. Quorum Requirements. The number of ballots or percentage that must be cast in order to establish a quorum shall be as follows:

4.6.1. Election of Directors. In any Member vote to elect one (1) or more Directors, the number of valid ballots received shall constitute a quorum.

4.6.2. Removal of Directors. In any Member vote to remove one (1) or more Directors, a quorum shall mean thirty-three and one-third percent (33.3%) of the Total Voting Power of the Association.

4.6.3. Assessment Votes. To the extent required by Civil Code section 5605, notwithstanding any other provision in the Governing Documents, for purposes of voting on any Special Assessment or increase in Regular Assessments for which member approval is required under Civil Code section 5605, as amended from time to time, a quorum shall mean more than fifty percent (50%) of the Members, or such other quorum requirement as may be

specified by law.

- 4.6.4. All Other Member Votes. For any other vote or election by the Members, a quorum shall mean thirty-three and one-third percent (33.3%) of the Total Voting Power entitled to vote on the subject of the vote or election. If, however, such quorum shall not be present or represented at any meeting, the Members otherwise entitled to vote at that meeting may not transact any business but may adjourn the meeting from time to time, to be reconvened at a subsequent time, including the same day as the originally scheduled meeting, which is not more than thirty (30) days from the time of the adjourned meeting, without notice other than announcement at the meeting, until a quorum shall be present or represented. The quorum for an adjourned meeting of the Members originally called for any purpose other than to recall a Director or for any assessment increases as described in Section 4.6.2 and Section 4.6.3 of the Declaration shall be twenty-five percent (25%) of the Total Voting Power.
- 4.7. Proxies. At all meetings of the Members, each Member may vote in person or by proxy. All proxies shall be in writing and shall be filed with the Secretary. Any duly-executed proxy continues in full force and effect until an instrument revoking it or a duly-executed proxy bearing a later date is filed with the Secretary of the Association. Notwithstanding the preceding, no proxy shall be valid after the expiration of eleven (11) months from the date of its execution. A proxy shall automatically cease upon conveyance by the Member of their Lot.
- 4.8. Form of Proxy. A proxy covering any of the following matters shall not be valid unless it sets forth the general nature of the matter to be voted on:
- 4.8.1. Removal of any or all Directors pursuant to Corporations Code section 7222;
 - 4.8.2. Filling a vacancy on the Board created by the removal of a Director or to fill a vacancy not filled by the Directors pursuant to Corporations Code section 7224;
 - 4.8.3. Voting on a transaction involving an interested Director pursuant to Corporations Code section 7233;
 - 4.8.4. Amending the Articles or the Bylaws to repeal, restrict, create, or expand proxy rights pursuant to Corporations Code section 7613(f)(1);
 - 4.8.5. Amending the Articles pursuant to Corporations Code section 7812;
 - 4.8.6. Voting on the sale or exchange of all or substantially all of the Association assets pursuant to Corporations Code section 7911(a)(2);
 - 4.8.7. Voting on a merger pursuant to Corporations Code section 8012;
 - 4.8.8. Voting on amendments to principal terms of a merger agreement pursuant to Corporations Code section 8015(a);
 - 4.8.9. Voting to wind up or dissolve the Association as a corporation pursuant to Corporations Code section 8610; or
 - 4.8.10. Voting on a plan of distribution of Association assets in the event of dissolution pursuant to Corporations Code section 8719.
 - 4.8.11. Any form of proxy distributed to ten (10) or more Members shall afford an opportunity on the proxy to specify a choice between approval and disapproval of each matter or group of matters intended, at the time the proxy is distributed, to be acted upon at the meeting for which the proxy is solicited and shall provide, subject to reasonable specified conditions, where a choice is specified, the vote shall be cast in accordance with that choice.
- 4.9. Vote of the Members. If a quorum is present, by secret ballot, in person or by proxy, the affirmative vote of a majority of the voting power so present and voting on any matter (that is, a Simple Majority) shall constitute the act of the Members, unless the approval of a greater number or proportion of Members is required by any provision of the Governing Documents or of the law. The

Members present at a meeting may continue to transact business until adjournment of the meeting notwithstanding the withdrawal of enough Members to leave less than a quorum. Other than adjournment, any other action requiring a vote of the Members must be approved by at least a majority of the voting power required to constitute a quorum, or by such greater number as required by law or by the Governing Documents.

- 4.10. Disclosure of Voting Results. For a period of one (1) year following the conclusion of a meeting or vote by secret ballot of the Members, the Association shall, upon written request from a Member, inform the Member of the result of any particular vote of the Members taken at such meeting or by secret ballot, including the number of memberships voting for, the number of memberships voting against, and the number of memberships abstaining or withheld from voting in a particular vote. If the matter voted on was the election of Directors, the Association shall report the number of memberships cast for each nominee for Director.
- 4.11. Adjournment. Whether or not a quorum is present, any meeting of Members may be adjourned from time to time to be reconvened at a later time, subject to Section 4.6, by the vote of a majority of the Members present in person or by proxy at such meeting; however, in the absence of a quorum, no business other than adjournment may be transacted.
- 4.12. Action Without a Meeting.
 - 4.12.1. Any action which may be taken at a regular or special meeting of the Members, including any action for which voting by secret ballot is not mandated by Civil Code sections 5100–5125 or other applicable law, may be taken without a meeting if the Association distributes a written or electronic ballot to every Member entitled to vote, in the manner permitted by California law. The determination to seek Member approval for Association actions through the use of ballots shall be made by a majority vote of the Board.
 - 4.12.2. Ballots distributed to the Members shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal. The ballots shall provide a reasonable time within which to return the ballot to the Association. The Board shall have the power to extend, at its discretion, the date within which ballots must be returned if sufficient responses to establish a quorum are not received by the original deadline set for their return.
 - 4.12.3. Approval by ballot shall be valid only when the number of votes cast equals or exceeds the quorum that would be required if the action were taken at a meeting, and the number of approvals equals or exceeds the number of votes that would be required to approve the action if it were taken at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.
 - 4.12.4. The ballot solicitation shall identify the number of responses needed to meet the quorum requirement and the percentage of approvals necessary to pass the measure submitted and shall specify the time by which the ballot must be received by the Association in order to be counted.
 - 4.12.5. A ballot, once cast, may not be revoked.
- 4.13. Voting by Secret Ballot. If required by California law (including without limitation Civil Code sections 5100–5125), elections regarding (a) Assessments, (b) selection of Directors, (c) removal of Directors, (d) amendments to the Governing Documents and (e) grants of exclusive use of Common Area property pursuant to Civil Code section 4600 shall be conducted by secret ballot in accordance with the procedures set forth in Civil Code sections 5100–5125 or comparable successor statute.

ARTICLE 5. BOARD OF DIRECTORS; QUALIFICATIONS; TERM OF OFFICE

- 5.1. Number of Directors. The affairs of the Association shall be managed by or under the direction of a Board of Directors, consisting of five (5) Directors.
- 5.2. Qualification and Disqualification of Directors.
- 5.2.1. Only Members shall be eligible to be elected or serve on the Board.
 - 5.2.2. Only one (1) Owner of a particular Lot may serve on the Board at any time.
 - 5.2.3. No two family members (by blood relation or by marriage) shall serve on the Board at the same time.
 - 5.2.4. A person shall be deemed disqualified under the following circumstances upon being offered the opportunity to engage in the Association's internal dispute resolution process:
 - 5.2.4.1. the person is not current in the payment of regular or special Assessment and has yet to enter into a payment plan with the Association or pay under protest, and;
 - 5.2.4.2. the person's past criminal convictions would prevent the Association from purchasing fidelity bond coverage required by Civil Code section 5806 or terminate the Association's existing fidelity bond coverage if elected to serve on the Board.
 - 5.2.5. A Member must be a member of the Association for one full year before being eligible to serve.
 - 5.2.6. The Association shall not disqualify a Member from nomination for or service on the Board based on any of the following:
 - 5.2.6.1. Nonpayment of fines or monetary penalties imposed for violation of the Governing Documents, regardless of whether such fines or penalties are characterized as "assessments" or any other term;
 - 5.2.6.2. Nonpayment of collection charges, late charges, or interest on fines or monetary penalties;
 - 5.2.6.3. Nonpayment of costs levied by a third party in connection with fines or monetary penalties; or
 - 5.2.6.4. Nonpayment of any charge that is not a regular or special assessment levied for the benefit of the Association's operations, maintenance, or reserves.
 - 5.2.6.5. For purposes of this Section and Section 5.2.4, only nonpayment of regular assessments and special assessments (as defined in the Declaration) may serve as grounds for disqualification from Board service, subject to the Member's rights to enter into a payment plan or pay under protest as provided in Section 5.2.4.1.
- 5.3. Election and Term of Office.
- 5.3.1. The Directors shall be elected for a term of two (2) years on staggered term basis. In the first election following the approval of these Bylaws, all Director will be up for election. The three (3) candidates receiving the most votes will have a two (2) year term. The two (2) candidates receiving the fourth and fifth most votes will serve a one (1) year term. In subsequent elections, each Director shall be elected for a full two (2) year term.
 - 5.3.2. A Director shall serve terms of two (2) years each. No Director may serve more than two (2) consecutive terms. After serving two (2) consecutive terms, a Director must step down for at least one 2-year term before being eligible to serve on the board again. Each Director shall serve until the expiration of their term and thereafter until a successor is elected, or until the earlier disqualification, death, resignation, or removal of such Director.
 - 5.3.3. Any tie in the number of votes cast for candidates where more than one (1) Director is to be elected is to be decided by random drawing or other method of chance as determined by the Board.

- 5.4. Removal. Any Director may be removed from the Board, with or without cause, by the vote of a Simple Majority of the Members at a meeting, by secret ballot, as required by California law, or any change in applicable law. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of their term of office.
- 5.4.1. If any Director misses three (3) or more consecutive Board Meetings, or 4 Board Meetings within a 12 month period, which have officially been convened, that Director forfeits their right to remain on the Board and the remaining Board members may declare the position of that Director vacant, by majority vote.
- 5.5. Vacancies. A vacancy shall exist on the Board in the event of the disqualification, death, resignation, or removal of any Director, or if the authorized number of Directors is increased, or if the Members fail to elect the full authorized number of Directors. A reduction in the authorized number of Directors shall not cause removal of a Director prior to the expiration of their term. The Board, by a majority vote of the Directors who meet all of the qualifications for Directors as set forth in Section 5.2, 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.
- 5.6. Filling Vacancies. Any vacancy occurring on the Board, except for a vacancy caused by the removal of a Director by a vote of the Members, may be filled by approval of the Board, or if the number of Directors then in office is less than a quorum, by the vote of a majority of the remaining Directors at a meeting of the Board, or by a sole remaining Director. A Director so chosen shall serve the remainder of the term of office of the Director whom they replace. The Members may elect a Director to fill a vacancy not filled by the Directors, if the Board affirmatively decides not to fill the vacancy. If the Board accepts the resignation of a Director tendered to take effect at a future time, the Board, or if the Board decides not to act, the Members, may elect a successor to take office when the resignation becomes effective.
- 5.7. Compensation. No Director shall receive compensation for any service they may render to the Association as a Director. However, upon approval by the Board, any Director may be reimbursed for their reasonable expenses actually incurred in the performance of their duties.

ARTICLE 6. NOMINATION AND ELECTION OF DIRECTORS

- 6.1. Nomination.
- 6.1.1. The Board may adopt reasonable nomination procedures that comply with California law (including without limitation Civil Code sections 5100–5125 or comparable successor statute) for the nomination of eligible candidates. Such procedures shall include, without limitation, a mechanism for any eligible Member to nominate themselves for election to the Board.
- 6.1.2. Any Member may place their name in nomination for election to the Board by following the procedure(s) set forth for self-nomination in the Association's election procedures.
- 6.1.3. Nominations of candidates for election to the Board may also be made by a Nominating Committee. The Nominating Committee shall consist of a chairman, who shall be a Director, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board not less than ninety (90) days prior to the date secret ballots are distributed to Members, to serve until the conclusion of the Director election. The Nominating Committee, if established, shall submit names of eligible candidates to the

Association's Board, or designated agent, at least thirty (30) days prior to the distribution of the secret ballots.

6.1.4. All nominees shall meet the qualifications set forth in Section 5.2.

6.1.5. The Board shall include the name of each eligible nominee on the secret ballot.

6.2. Election of Directors. If required by California law (including without limitation Civil Code sections 5100–5125), Director elections shall be conducted by secret ballot in accordance with the procedures set forth in Civil Code sections 5100–5125 or comparable successor statute. The quorum for any such election shall be as stated in Section 4.6. The candidates receiving the largest number of votes shall be elected. There shall be no cumulative voting for election of Directors.

6.3. Uncontested Election of Directors. If after the close of nominations, the number of Members nominated for the Board is equal to or less than the number of Directors to be elected, as provided for in Civil Code Section 5103, as amended from time to time, and the number of qualified candidates is not more than the number of vacancies to be elected, as determined by the inspector of elections, the Association acting through the Board may, but is not required to, consider the qualified candidates elected by acclamation.

ARTICLE 7. MEETINGS OF DIRECTORS

7.1. Organizational Board Meetings. Within thirty (30) days after each annual meeting of the Members, the Board shall hold a meeting for the purpose of organization, election of officers, and transaction of other business.

7.2. Regular Board Meetings. Regular meetings of the Board shall be held on the third Monday of each month, at a place within the Development, or at a convenient place located as close as reasonably practicable to the Development. If any meeting falls upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. If rescheduling occurs by necessity, each Director shall be given prior notice of at least forty-eight (48) hours if notice is made personally or by telephone, or of at least four (4) days if notice is made by mail.

7.3. Special Board Meetings. Special meetings of the Board shall be held when called by the President of the Association or by any two (2) Directors, after not less than seventy-two (72) hours notice to each Director in the manner prescribed in Section 7.2 above.

7.4. Emergency Board Meetings. The President or any two (2) Directors may call an emergency meeting of the Board. An "emergency meeting" is defined as a meeting held to address 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 the notice to Members required by Section 7.6.

7.5. Notice to Directors. Except as otherwise provided in Section 7.2, notice of each meeting of the Board shall be communicated to the Directors by first-class mail not less than four (4) days prior to the meeting or by: (a) personal delivery, (b) telephone, including a voice messaging system or other system or technology designed to record and communicate messages, (c) telegraph, (d) facsimile, or (e) electronic mail or other electronic means, not less than forty-eight (48) hours prior to the meeting. In the event of an emergency meeting as provided in Section 7.4, strict adherence to the notice requirements of this Section shall not be required provided that a reasonable effort to

give notice to each Director shall be made taking into consideration the nature and circumstances of the emergency. 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, or an approval of the minutes thereof, whether before or after the meeting, nor must notice be given to any Director who attends a meeting without protesting, prior thereto or at its commencement, the lack of notice to that Director.

- 7.6. Notice to Members. Except for emergency meetings as provided for in Section 7.4, and executive sessions as provided for in Section 7.6.2, at least four (4) days prior written notice of the day, time, and place of each meeting of the Board, whether regular or special, shall be given to all Members by posting it in a prominent place or places within the Common Area and by mail to any Owner who has requested notification of Board meetings by mail at the address requested by the Owner. Notice of Board meetings may also be given by:
- 7.6.1. Mailing or delivery to each Residence, (b) by newsletter, (c) by other means of communication reasonably designed to provide prior actual notice of such meeting, (d) with the consent of the member, by electronic means. The notice shall contain the agenda for the meeting.
- 7.7. Open Meeting. Regular and special meetings of the Board shall be open to all Members of the Association, except when the Board meets in executive session pursuant to Section 7.8. A reasonable time limit for all Members to speak to the Board shall be established by the Board, which may limit Member commentary to a specific portion of the meeting.
- 7.8. Executive Session. The Board may meet in executive session to confer with legal counsel or to discuss and vote upon personnel matters, Member discipline, litigation in which the Association is or may become involved and matters that relate to the formation of contracts between the Association and others. 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 whose participation is, in the judgment of the Board, necessary or appropriate shall be entitled to attend the executive session. The Board shall also, at a Member's request, meet in executive session with such Member to discuss the Member's request to pay unpaid Assessments pursuant to a payment plan. Notwithstanding the preceding, the Board shall not in any way be obligated to accept or agree to any such payment plan.
- 7.9. Telephone Participation. Directors may participate in regular or special Board meetings through the use of conference telephone, electronic video screen communications, or other communications equipment as permitted by law, including, without limitation, Corporations Code section 7211(a)(6) provided that, if notice to the Members of the meeting is required pursuant to Section 7.6, at least one (1) Director or person designated by the Board is physically present at the noticed location of the Board meeting, except during a government-declared emergency when Civil Code Section 5450 permits the Board to conduct the meeting entirely by teleconference without a physical location.
- 7.10. Action without Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors so long as reasonable attempts were made to contact all Directors prior to the action being taken.
- 7.11. Quorum. A majority of the number of Directors then in office, but not less than two (2) 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. Business may continue to be conducted if any action taken is approved by at least a majority of the Directors required to constitute a quorum notwithstanding the withdrawal of enough Directors to leave less than a quorum.

- 7.12. Minutes of Meetings of Directors. Within thirty (30) days after the date of any meeting of the Board, the Board shall make available to the Members either: (a) the minutes of that meeting as adopted by the Board, (b) those minutes as proposed for adoption which shall be marked to indicate draft status, or (c) a summary of the minutes. Any matter discussed in an executive session shall be generally noted in the minutes of the immediately following Board meeting which is open to the entire membership. To protect and preserve the confidential nature of executive sessions, minutes of executive sessions shall not be subject to inspection by the Members or others. Copies of the minutes, proposed minutes, or summary of minutes shall be provided to any Member upon request and upon reimbursement of the Association's costs in providing such copies. The Board may, but shall not be required to, post the minutes of its meetings on an internet site.

ARTICLE 8. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

- 8.1. Powers. In addition to such other powers as may be expressly set forth in the Governing Documents or provided by law, the Board of Directors shall have the power to:

8.1.1. Rulemaking Authority. Adopt, publish, amend, repeal, and enforce Rules and regulations (all of which shall be in writing) governing the administration, management, operation, use and occupancy of the Development, including without limitation the use of the Common Area and facilities, the personal conduct of the Members and their tenants and guests within the Development and any other matter which is within the jurisdiction of the Association. The procedure for the adoption and modification of Rules by the Board with respect to the matters specified in Section 8.1.1.9 shall be as follows:

- 8.1.1.1. The Board shall provide written notice of a proposed new Rule, a change to an existing Rule or the repeal of an existing Rule, concerning matters specified in Section 8.1.1.9 ("Rule Change") and, to the extent applicable, in Civil Code sections 4350, 4355, 4360, and 4365, to the Members at least twenty-eight (28) days before adopting the same. The notice shall include the text of the proposed Rule Change and a description of the purpose and effect of the same. Notice is not required under this Subsection if the Board determines that an immediate Rule Change is necessary to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Association.
- 8.1.1.2. A decision on a proposed Rule Change shall be made at a meeting of the Board, after consideration of any comments made by Members.
- 8.1.1.3. As soon as possible after making a Rule Change, but not more than fifteen (15) days after making the Rule Change, the Board shall deliver notice of the Rule Change to all Members. Members are deemed to have been notified of a Rule Change on delivery of notice of the Rule Change, or on enforcement of the resulting Rule, whichever is sooner. If the Rule Change was an emergency Rule Change made under Section 8.1.1.4, the notice shall include the text of the Rule Change, a description of the purpose and effect of the Rule Change, and the date that the Rule Change expires.
- 8.1.1.4. If the Board determines that an immediate Rule Change is required to address an

imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Association, it may make an emergency Rule Change. In such case, the notice specified in Section 8.1.1.1 shall not be required. An emergency Rule Change is effective for one hundred twenty (120) days, unless the Rule Change provides for a shorter effective period. A Rule Change made pursuant to this Subsection may not be readopted pursuant to this Subsection.

- 8.1.1.5. Notice required by this Section is governed by Section 10.5.
- 8.1.1.6. Members may call for a special meeting of the Members in accordance with Section 4.2 to reverse a Rule Change adopted by the Board, provided that the written request for the same is delivered within thirty (30) days after the Members are notified of the Rule Change.
- 8.1.1.7. The Rule Change adopted by the Board may be reversed by the affirmative vote of at least two-thirds (2/3) of the Total Voting Power. In lieu of calling the meeting described in this Section, the Board may utilize a written ballot in accordance with Section 4.12. As soon as possible after the close of voting, but not more than fifteen (15) days after the close of voting, the Board shall provide notice of the results of the Member vote held pursuant to this Section to every Member. This Section does not apply to an emergency Rule Change made under Section 8.1.1.4.
- 8.1.1.8. A Rule Change reversed by the Members pursuant to Section 8.1.1.7 may not be readopted for a period of one (1) year after the date of the meeting reversing the Rule Change. Nothing in this Section precludes the Board from adopting a different Rule on the same subject as the Rule Change that has been reversed.
- 8.1.1.9. Sections 8.1.1.1–8.1.1.8 shall only apply to a Rule that relates to one or more of the following subjects:
 - 8.1.1.9.1. Use of the Common Area.
 - 8.1.1.9.2. Use of a Lot, including any aesthetic or architectural standards that govern alteration of any improvements to a Lot.
 - 8.1.1.9.3. Member discipline, including any schedule of monetary penalties for violation of the Governing Documents and any procedure for the imposition of penalties.
 - 8.1.1.9.4. Any standards for delinquent Assessment payment plans.
 - 8.1.1.9.5. Any procedures adopted by the Association for resolution of disputes.
 - 8.1.1.9.6. Any procedures for reviewing and approving or disapproving a proposed physical change to a Lot or to the Common Area.
 - 8.1.1.9.7. Procedures for elections.
- 8.1.1.10. The requirements of Sections 8.1.1.1–8.1.1.8 shall not apply to any other actions of the Board, including without limitation the following:
 - 8.1.1.10.1. A decision regarding maintenance of the Common Area.
 - 8.1.1.10.2. A decision on a specific matter that is not intended to apply generally.
 - 8.1.1.10.3. A decision setting the amount of a Regular or Special Assessment.
 - 8.1.1.10.4. A Rule Change that is required by law, if the Board has no discretion as to the substantive effect of the Rule Change.
 - 8.1.1.10.5. Issuance of a document that merely repeats existing law or the Governing Documents.
- 8.1.2. Contracts. Authorize any officer or officers to enter into any contract in the name of, or on behalf of, the 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

- 8.1.3. Determination of Director Qualifications. Determine, after notice to the Member and an opportunity for a hearing by the Board, that a Member is not eligible to serve on or be a candidate for the Board pursuant to Section 5.2.3 and California law.
- 8.1.4. Sanctions; Hearings; Continuing Violations. Impose any or all of the following sanctions, and conduct hearings, as indicated below in compliance with Civil Code sections election rules
- 8.1.5. and 5855, as amended from time to time:
- 8.1.5.1. Establish and impose fines, which shall be Enforcement Assessments as provided in Section 6.8 of the Declaration, for the infraction of any provision of the Governing Documents in accordance with a schedule of fines adopted by the Board and distributed to all Members pursuant to Section 8.2.10, subject to the following limitations:
 - 8.1.5.1.1. Monetary penalties shall not exceed One Hundred Dollars (\$100.00) per violation, except as provided in subsection (8.1.4.1.2) below.
 - 8.1.5.1.2. The Board may impose a monetary penalty exceeding One Hundred Dollars (\$100.00) per violation only if:
 - 8.1.5.1.2.1. The violation may result in an adverse health or safety impact on the common area or another Association member's property; and
 - 8.1.5.1.2.2. The Board adopts a written finding describing the adverse health or safety impact at an open meeting of the Board; and
 - 8.1.5.1.2.3. The written finding is recorded in the minutes of the Board meeting and provided to the Member subject to the penalty.
 - 8.1.5.1.2.4. The Association shall not charge or collect interest or late fees on any monetary penalty imposed under this Section.
 - 8.1.5.1.3. If the Board and the Member are in agreement after a disciplinary hearing, the Board may draft a written resolution signed by both the Board and the Member setting forth the terms of resolution. Such written resolution binds the Association and is judicially enforceable.
 - 8.1.5.1.4. For purposes of this Section, a "monetary penalty" includes any charge labeled as a fine, penalty, assessment for violation, or similar enforcement charge, regardless of terminology used in the Governing Documents.
 - 8.1.5.2. Suspend membership rights and privileges of a Member in accordance with California law, including the right to use the recreational facilities, if any:
 - 8.1.5.2.1. during any period in which such Member shall be in default in the payment of any Assessment, fine or other charge levied by the Association; and (b) for any infraction of the Governing Documents.
 - 8.1.5.3. Except as provided in Section 10.7 of the Declaration and Section 8.1.4.5, before any discipline is imposed upon a Member, the Board shall hold a meeting to consider the matter.
 - 8.1.5.4. At least ten (10) days prior to any Board meeting where the imposition of discipline upon a Member is to be considered, the Board shall provide written notice of the meeting to the Member by either personal delivery or first-class mail. The notice shall contain at least:
 - 8.1.5.4.1. The date, time and place of the meeting;

- 8.1.5.4.2. the nature of the alleged violation for which the Member may be disciplined, and;
- 8.1.5.4.3. a statement that the Member has a right to attend the meeting and may address the Board at the meeting.
- 8.1.5.5. When corrective action is taken in emergency situations as specified in Section 10.7 of the Declaration:
 - 8.1.5.5.1. The Board may act on its own initiative to schedule a hearing.
 - 8.1.5.5.2. If the Board has not scheduled a hearing and the disciplined Member desires a hearing, the Member's written request therefor shall be delivered to the Association no later than ten (10) days following the date when the notice of the Board's disciplinary action is transmitted to the Member. The hearing shall be held within thirty (30) days following the receipt by the Board of the Member's request for a hearing.
 - 8.1.5.5.3. If a hearing is scheduled or requested, any discipline already imposed shall be held in abeyance and shall become effective only if affirmed at the hearing.
 - 8.1.5.5.4. Notification of all hearings shall be made in accordance with Section 8.1.4.4.
- 8.1.5.6. In the case of a continuing violation, the Board may not deem such continuing violation to constitute two (2) or more separate and distinct violations of the same Governing Document provision and may not impose separate and successive sanctions for each such violation unless specifically authorized by California Law.
- 8.1.5.7. If the Board imposes discipline upon a Member, the Board shall provide the Member with written notification of the disciplinary action, by either personal delivery or first-class mail, within fifteen (15) days following the action.
- 8.1.6. Manager. 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. However, the Board shall not enter into any management agreement for the Association which is not terminable by the Association in sixty (60) days or less with or without cause, upon written notice thereof. The term of any such agreement may not exceed one (1) year.
- 8.1.7. Professional Advisors. Consult with, seek the advice of, and reasonably rely on the advice of attorneys, accountants, and other professionals in carrying out its authority and responsibility under the Governing Documents and the law, and to pay for such professional services.
- 8.1.8. Investment of Reserve Funds. Invest Association reserve funds in prudent investments subject to the provisions of Section 8.2.5. In no event may reserve funds be invested in stocks or high-risk investment options.
- 8.1.9. Entry for Repairs. Enter any Lot, when such entry is necessary, in the Board's discretion, in connection with the performance of any maintenance, repair, construction, or replacement, which the Association is responsible for and which it is authorized to perform, including without limitation the authorization provided in Section 8.4 of the Declaration. Although under no obligation to do so, the Board, in its discretion, may enter or may authorize the Association's agents to enter any Lot to effect emergency repairs where such repairs are necessary for safety reasons or to prevent or discontinue damage to the entered Lot, any

other Lot, or the Common Area. Such entry shall be made with as little inconvenience to the Residents as practicable and only upon reasonable advance written notice of not less than twenty-four (24) hours, except in emergency situations.

- 8.1.10. Property Taxes. Pay all real property taxes and Assessments levied, if any, upon any property within the Development owed by the Association. Taxes on easements granted to the Association are separately assessed to the Owners. Such taxes and Assessments may be contested or compromised by the Association provided that any such taxes are paid or that a bond insuring the payment is posted.
- 8.1.11. Mergers. To the extent permitted by law, participate in mergers and consolidations with other nonprofit mutual benefit organizations organized for the same purposes as this Association subject to Section 5.12 of the Declaration.
- 8.1.12. Association Property. Subject to the provisions of the Declaration, including any required approval of Members or Mortgagees, acquire, own, hold, convey, transfer, dedicate, or otherwise dispose of real or personal property consistent with the purposes and powers of the Association and the management, administration, and operation of the Development or the business and affairs of the Association, and grant and convey easements, licenses, and rights of way in, over, upon, or under the Common Area.
- 8.1.13. Indemnification of Agents. 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 their being a Director, officer, employee, or agent of the Association or member of any committee appointed by the Board.
- 8.1.14. Bank Accounts. Open bank accounts and designate signatories upon such bank accounts, subject to any restrictions set forth in the Governing Documents.
- 8.1.15. Borrowing. Borrow money in the name of the Association as provided in Sections 5.10 and 5.11 of the Declaration.
- 8.1.16. Other Powers and Duties. 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.
- 8.1.17. Limitation of Powers. The Association shall not pay compensation to Directors or officers of the Association; provided that, subject to Board approval, Directors and officers may be reimbursed for out-of-pocket expenses, verified in writing, incurred in the discharge of their duties.
- 8.1.18. Repair of Utility Service Interruptions.
 - 8.1.18.1. The Association shall maintain, repair, and replace utility services that provide

gas, heat, water, or electrical service to individual Lots when such utility services originate in or pass through the Common Area, unless:

8.1.18.1.1. The Declaration expressly provides otherwise; or

8.1.18.1.2. The utility service is required to be maintained, repaired, or replaced by a public, private, or other utility service provider.

8.1.18.2. When a service interruption occurs affecting gas, heat, water, or electrical service to any Lot and the interruption originates from the Common Area or utility infrastructure for which the Association is responsible under subsection (a), the Association shall commence necessary repairs within fourteen (14) days of the service interruption.

8.1.18.3. Repairs required under this Section shall extend into individual Lots if necessary to restore utility service, notwithstanding any other provision of the Governing Documents that would otherwise limit the Association's repair obligations to the Common Area only.

8.1.18.4. If the Association's reserve account lacks sufficient funds designated for utility restoration to pay for repairs required under this Section, the Board may, without a vote of the Members:

8.1.18.4.1. Levy an emergency assessment pursuant to the Declaration; and/or

8.1.18.4.2. Borrow funds necessary to complete the repairs.

8.1.18.5. The Association shall include utility lines and infrastructure as line-item components in reserve studies prepared pursuant to Section 8.2.3 and Civil Code § 5550 to facilitate proper financial planning for maintenance and replacement of utility infrastructure.

8.1.18.6. The Association shall develop and maintain written protocols for responding to utility service interruptions, including timelines for initiating repairs and procedures for levying emergency assessments or securing loans when needed.

8.1.18.7. Nothing in this Section shall be construed to require the Association to repair, maintain, or replace utility services or infrastructure that are the responsibility of individual Owners under the Declaration or that are maintained by utility service providers.

8.2. Duties. It shall be the duty of the Board to maintain:

8.2.1. 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, and committees of the Board, and to present a statement thereof to the Members at the annual meeting of the Members.

8.2.2. Pro Forma 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 each fiscal year, a pro forma operating budget which shall include all of the following and shall be accompanied by the form specified in Civil Code section 5570:

8.2.2.1. An estimate of the Association's revenue and expenses for such fiscal year on an accrual basis.

8.2.2.2. A summary of the Association's reserves based upon the most recent review or study conducted pursuant to law, based only on assets held in cash or cash equivalents which summary shall be printed in bold type and shall include all of the following:

8.2.2.2.1. The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component the Association is obligated

- to maintain, restore, repair, or replace;
- 8.2.2.2.2. A current estimate, as of the end of the fiscal year for which the study is prepared, of the amount of cash reserves necessary to maintain, restore, repair, or replace such major components;
- 8.2.2.2.3. The current amount, as of the end of the fiscal year for which the study is prepared, of accumulated cash reserves actually set aside to maintain, restore, repair, or replace such major components;
- 8.2.2.2.4. If applicable, the amount of funds received from either a compensatory damage award or settlement to the Association from any person or entity for injuries to property, real or personal, arising out of any construction or design defects, and the expenditure or disposition of funds, including the amounts expended for the direct and indirect costs of repair of construction or design defects. These amounts shall be reported at the end of the fiscal year for which the study is prepared;
- 8.2.2.2.5. The percentage of the amount of cash reserves necessary per Subparagraph 8.2.2.2.2 that is represented by the amount of cash reserves actually set aside;
- 8.2.2.2.6. The current deficiency, if any, in reserve funding expressed on a per unit basis, calculated in accordance with Civil Code section 5565;
- 8.2.2.2.7. A statement as to all of the following:
- 8.2.2.2.7.1. Whether the Board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of thirty (30) years or less, including a justification for the deferral or decision not to undertake the repairs or replacement;
- 8.2.2.2.7.2. 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 (1) 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;
- 8.2.2.2.7.3. 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 replacement or repairs, or alternative mechanisms; and
- 8.2.2.2.7.4. Whether the Association has any outstanding loans with an original term of more than one (1) year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.
- 8.2.2.2.8. A general statement setting forth the procedures used for the calculation and establishment of reserves to defray the future cost of repair, replacement, or additions to those major components that the Association is obligated to maintain, restore, repair, or replace. The general statement shall include, but need not be limited to, reserve calculations consistent with the disclosures described in Civil Code section 5300 and may not assume a rate of return on cash reserves in excess of two percent (2%) above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.

- 8.2.2.2.9. In lieu of the distribution of the pro forma operating budget, the Board may distribute a summary of such budget (which must be accompanied by the form specified in Civil Code section 5570) to all Members together with a written notice that the budget is available at the office of the Association or at another suitable location within the boundaries of the Development, and that copies will be provided to a Member upon a Member's request and at the expense of the Association. If any Member so requests, the Association shall provide a copy of the pro forma operating budget to such Member by United States mail first-class postage prepaid, and such copy shall be mailed within five (5) days of such request. The written notice that is distributed to each Association Member as set forth herein shall be set forth in at least 10-point bold type on the front page of the summary of the budget.
- 8.2.3. Reserve Study. The Board shall cause to be conducted, at least once every three (3) years, a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is obligated to repair, replace, restore or maintain as part of a study of the reserve account requirements of the Development if the current replacement value of such major components is equal to or greater than one-half (1/2) of the gross budget of the Association for the fiscal year, excluding the Association's reserve account for that year. The Board shall review the reserve study (or cause it to be reviewed) annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The reserve study required by this Section shall include the minimum requirements specified in Civil Code section 5550, 5565, and 5570 or comparable successor statutes.
- 8.2.4. Reserve Funds. The Board 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 which the Association is obligated to maintain, restore, repair, or replace and for which the reserve fund was established. The Board may, however, authorize a temporary transfer of money from a reserve fund to the Association's general operating fund to meet short term cash flow requirements or other expenses, so long as the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed and describing when and how the money will be repaid to the reserve fund, and that any such transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except as otherwise expressly provided by law. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account. Transfers of funds out of the Association's reserve accounts shall not be authorized without prior written approval from the Board unless the amount of the transfer is the lesser of ten thousand dollars (\$10,000.00) or five percent (5%) of estimated income in the annual operating budget.
- 8.2.5. Investment of Reserve Funds. The Board shall manage and invest Association reserve funds 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 most recent reserve fund study obtained by the Board as provided in these Bylaws and by law.

- 8.2.6. Review of Accounts. The Board shall Review the Association's operating and reserve accounts at least in accordance with the following minimum requirements:
- 8.2.6.1. Review, on a monthly basis, a current reconciliation of the Association's operating accounts;
 - 8.2.6.2. Review, on a monthly basis, a current reconciliation of the Association's reserve accounts;
 - 8.2.6.3. Review, on a monthly basis, the current year's actual reserve revenues and expenses compared to the current year's budget;
 - 8.2.6.4. Review, on a monthly basis, the latest account statements prepared by the financial institutions where the Association keeps its operating and reserve accounts;
 - 8.2.6.5. Review, on a monthly basis, an income and expense statement for the Association's operating and reserve accounts; and
 - 8.2.6.6. Review, on a monthly basis, the check registers, monthly general ledger, and delinquent Assessments receivable reports.
 - 8.2.6.7. The review requirements of this Section may be met when every Director, or a subcommittee of the Board consisting of the Treasurer and at least one other Director, reviews the documents and statements described in this Section independent of a Board meeting, so long as the review is ratified at the Board meeting subsequent to the review and that ratification is reflected in the minutes of that Board meeting.
 - 8.2.6.8. As used in this Subsection, the term "reserve accounts" shall mean monies that the Board has identified in its annual budget for use to defray the future costs of repair or replacement of, or additions to, those major components which the Association is obligated to maintain, restore, repair, or replace.

8.2.7. Annual Financial Statements.

- 8.2.7.1. The Board shall cause an annual report to be prepared not later than one hundred twenty (120) days after the close of the Association's fiscal year. Such annual report shall contain in appropriate detail:
 - 8.2.7.1.1. a balance sheet as of the end of the fiscal year,
 - 8.2.7.1.2. an income statement for such fiscal year,
 - 8.2.7.1.3. a statement of changes in financial position for such fiscal year,
 - 8.2.7.1.4. a statement of the place where the names and addresses of the current Members are located, and;
 - 8.2.7.1.5. any information required by Corporations Code section 8322.
- 8.2.7.2. The annual report shall be accompanied by any report of independent accountants, or, if there is no such report, by a certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.
- 8.2.7.3. The latest annual report shall be sent to any Member promptly upon their written request.
- 8.2.7.4. For any fiscal year in which the gross income to the Association exceeds seventy-five thousand dollars (\$75,000.00), the Board shall distribute to all Members of the Association within one hundred twenty (120) days after the close of such fiscal year 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.

8.2.8. Notification Regarding Insurance Coverage. In accordance with Civil Code section 5300, not less than thirty (30) days nor more than ninety (90) days immediately preceding the beginning of the Association's fiscal year, prepare and distribute to all Members a summary of the Association's property, general liability, earthquake and flood and fidelity insurance policies, if any. The summary shall include the name of the insurer, the type of insurance, the policy limits of the insurance, and the amount of deductibles, if any. The Association's disclosure obligations may be satisfied by distributing to the Members a copy of the insurance policy declaration page, so long as that page presents the information specified in the preceding sentence. As soon as reasonably practicable, the Association shall notify the Members by first-class mail if any of the policies described above have lapsed, 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 nonrenewal of a policy described above, the Association shall immediately notify the Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

8.2.8.1. The summary distributed pursuant to this Section shall contain the statement required by Civil Code section 5300(b)(9), the current version of which is set forth on attached Exhibit A. The statement shall be printed in at least 10-point boldface type.

8.2.9. Annual Notifications to Members.

8.2.9.1. When an annual report is prepared pursuant to this Section as required by Civil Code sections 5300 et al., the Association shall deliver one (1) of the following documents to all members, by delivery pursuant to Civil Code section 4040:

8.2.9.1.1. The full report.

8.2.9.1.2. A summary of the report. The summary shall include a general description of the content of the report. Instructions on how to request a complete copy of the report, at no cost to the Member, shall be printed in at least 10-point boldface type on the first page of the summary.

8.2.9.2. Notwithstanding 8.2.9.1, if a Member has requested to receive all reports in full, the Association shall deliver the full report to that Member, rather than a summary of the report.

8.2.10. The annual report shall include all of the following information:

8.2.10.1. 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 5300. This statement shall be distributed not less than thirty (30) days nor more than ninety (90) days immediately preceding the beginning of the Association's fiscal year.

8.2.10.2. A summary:

8.2.10.2.1. Of the statutory provisions relating to employing alternative dispute resolution procedures in certain matters with respect to enforcement of the Governing Documents which specifically references Civil Code sections 5925–5965 and which includes the language required by Civil Code section 5965, and

8.2.10.2.2. describing the Association's internal dispute resolution process as required by Civil Code section 5920.

8.2.10.2.3. The summary shall be provided either at the time the budget required by

Section 8.2.2 is distributed or in the manner specified in Corporations Code section 5016.

- 8.2.10.3. A written notice regarding Assessments and foreclosure required by Civil Code section 5730, the current version of which is set forth on attached Exhibit B. The notice shall be printed in at least 12-point type and shall be distributed within the sixty (60) day period preceding the beginning of the Association's fiscal year.
- 8.2.10.4. A notice and statement concerning the insurance carried by the Association as required by Section 8.2.8 and Civil Code sections 5300 and 5810. This statement shall be distributed no less than thirty (30) days or more than ninety (90) days immediately preceding the beginning of the Association's fiscal year.
- 8.2.10.5. A pro forma operating budget as required by Section 8.2.2 and Civil Code section 5300(b), including the form specified in Civil Code section 5570. The pro forma operating budget shall be distributed not less than thirty (30) days nor more than ninety (90) days prior to the beginning of each fiscal year.
- 8.2.10.6. Statement explaining the Members' right to obtain copies of minutes of meetings of the Board as required by Section 7.11 and by Civil Code section 4950(b). This statement may be distributed together with the pro forma operating budget specified in Section 8.2.2 or at the time of any general mailing to the entire membership.
- 8.2.10.7. A notice of the Members' right to receive the annual report specified in Section 8.2.7.1. This notice may be distributed in any general mailing to the entire membership.
- 8.2.10.8. A notice of the Member's right to mail to the Association written notice of the Member's secondary address. The Member's written notice of their secondary address shall be mailed to the Association in a manner that shall indicate that the Association has received the Member's written notice. The notice to the Members shall be distributed together with the pro forma operating budget specified in Section 8.2.2.
- 8.2.10.9. A summary of the reserve funding plan adopted by the Board, as specified in Civil Code section 5550. 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.
- 8.2.11. Notification to Members Regarding Monetary Penalties. The Board shall adopt a schedule of monetary penalties that may be imposed on Members for violations of the Governing Documents, consistent with the disciplinary provisions of the Governing Documents, including Section 8.1.4. The Association shall distribute the schedule of monetary penalties to each Member as part of the Association's Annual Policy Statement prepared pursuant to Civil Code section 5310 and updated in accordance with Civil Code section 5850, and shall provide the most recently distributed schedule, together with any supplements, to any Member upon written request.
- 8.2.12. Notice of Assessments. Send written notice to each Owner in advance of each fiscal year of the Regular Assessment levied against their Lot for that fiscal year.
- 8.2.13. Notification of Assessment Increases. Provide notice to each Member, by first-class mail, of any increase in the Regular Assessments or Special Assessments not less than thirty (30) nor more than sixty (60) days prior to such increased Regular Assessment or Special Assessment becoming due.
- 8.2.14. Collection of Assessments. Collect Assessments levied by the Association by foreclosing the lien against any property for which Assessments are not paid as required in the

Declaration and/or by bringing an action at law against the Owner personally obligated to pay the same.

- 8.2.15. Certificate of Payment of Assessments. Issue, or cause an appropriate officer to issue, upon demand by any proper person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.
- 8.2.16. Insurance. The Association shall purchase, obtain, and maintain the following types of insurance, if and to the extent they are available:
- 8.2.16.1. Public Liability and Property Damage Insurance. A policy of comprehensive public liability insurance insuring the Association, each of the Directors, officers, committee members, manager, and the Owners and occupants of Lots, against any liability incident to the ownership or use of the Common Areas and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than One Million Dollars (\$1,000,000) covering all claims for death, personal injury, and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for non-owned and hired automobiles, liability for property of others, and any other liability or risk customarily covered with respect to projects similar in construction, location, and use.
- 8.2.16.2. Fire and Casualty Insurance. If necessary, a policy of fire and casualty insurance naming the Association, as the parties insured, and containing the standard extended coverage and replacement cost endorsements and such other or special endorsements as will afford protection and insure, for the insurable, current replacement cost (excluding foundations and excavation, but without deduction for depreciation) as determined annually by the insurance carrier, all Common Areas and the personal property of the Association for or against the following risks:
- 8.2.16.2.1. Loss or damage by fire or other risks covered by the standard extended coverage endorsement.
- 8.2.16.2.2. Loss or damage from theft, vandalism, or malicious mischief.
- 8.2.16.2.3. Such other risks, perils, or coverage as the Board may determine. Such policy or the endorsements made a part thereof shall, if and to the extent available, provide that the insurer issuing the policy agrees to abide by the decision of the Association as to whether or not repair, reconstruct, or restore all or any damaged or destroyed portions of the Common Facilities.
- 8.2.16.3. Director and Officer Liability Insurance. The Association shall obtain and maintain a policy of Directors, officers, and committee members errors and omissions insurance naming the Directors, officers, and committee members as insured parties. The limits of such insurance shall not be less than One Million Dollars (\$1,000,000.00); or, as may be required under California law, including but not limited to Civil Code section 5800.
- 8.2.16.4. Fidelity Insurance. The Association shall maintain fidelity insurance coverage for its Directors, officers, and employees in an amount that it equal to or more than the combined amount of the reserves of the Association and total Assessments for three (3) months. The Association's fidelity insurance shall also include computer fraud and funds transfer fraud. If the Association uses a managing agent or management company, the Association's fidelity insurance coverage shall

additionally include dishonest acts by that person or entity and its employees.

- 8.2.16.5. Additional Insurance. The Association may also purchase such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limitation, demolition insurance, flood insurance, or workers' compensation insurance. The Board may purchase and maintain such insurance on personal property owned by the Association, and any other insurance.
- 8.2.17. Supervision. The Board shall supervise all officers, agents, and employees of the Association, and see that their duties are properly performed.
- 8.2.18. Enforcement of Governing Documents. The Board shall enforce the provisions of the Governing Documents, as more particularly set forth in the Declaration, and perform all acts required of the Board under the Governing Documents or required by law.

8.3. Beneficial Ownership Information Reporting.

- 8.3.1. The Association shall comply with any beneficial ownership information reporting requirements that are, at the time, actually applicable to it under federal law and regulations, if any, and may delegate preparation and filing of any required reports to the Association's manager, legal counsel, or other qualified professional, while retaining ultimate responsibility for compliance.

ARTICLE 9. OFFICERS AND THEIR DUTIES; COMMITTEES

- 9.1. Enumeration of Officers. The officers of the Association shall be a President, and a Vice-President, who shall at all times be members of the Board of Directors, a Secretary, a Treasurer, and such other officers as the Board may, from time to time, by resolution create, including but not limited to Assistant Secretary, Assistant Treasurer, or additional Vice-Presidents.
- 9.2. Election of Officers. The Board shall elect the officers. The election of officers shall take place at the first meeting of the Board following their election.
- 9.3. Term. The officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year, unless they shall sooner resign, be removed by the Board, or otherwise be disqualified to serve. In the event that an officer fails, for any reason set forth in the preceding sentence, to hold office for one (1) year, their successor shall hold office for the remaining term of their predecessor.
- 9.4. Special Appointments. The Board may elect 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 they replace, subject to the

Board's right to remove an officer.

- 9.7. Multiple Offices. Other than the offices of Secretary and Treasurer, who may be the same person, no person shall simultaneously hold more than one (1) of any of the offices, except in the case of special offices created pursuant to Section 9.4.
- 9.8. President. The President shall be the Chief Executive Officer of the Association and shall, subject to control of the Board, 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 and the Bylaws, subject however, to any limitations contained in the Declaration.
- 9.9. Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may prescribe, a current register showing names of Members and their addresses; a book of minutes of all meetings of Directors, Members, and Committees of the Board setting forth the time and place of holding of such meetings; whether regular or special, and if special, how authorized; the notice thereof given; the names of those present at Directors or Committee meetings; the number of memberships and votes present or represented at Members meetings; and all the proceedings thereof. The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board required by the Bylaws or by law to be given and shall maintain a proper record of the giving of such notice, and shall keep the books, records, and documents of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.
- 9.10. Treasurer. The Treasurer shall be responsible for the receipt and deposit in appropriate accounts of all monies of the Association and disbursement of such funds as directed by resolution of the Board; may sign all checks and promissory notes of the Association; shall cause to be kept proper books of account; shall cause an annual review of the Association's books and emergency
- 9.11. Assessments
- 9.12. 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 expenditures to be presented to the Members of the Association as provided by law; and shall have such other powers and perform such other duties as may be prescribed by the Board. The Treasurer's duties may be delegated to a management company by the Board.
- 9.13. Committees of the Board. 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.
- 9.14. Working Committees. The Board may appoint working committees consisting of at least one (1) person who is not a Director. Directors may be members of committees created pursuant to this

Section provided that fewer than a majority of Directors then in office serve on any one (1) such committee. Such committees shall report on their activities to the Board from time to time as directed by the Board and shall operate under the supervision of and at the direction of the Board. No working committee shall have the authority to enter into contracts or otherwise act on behalf of the Association. The Board shall have the right at any time, in its complete discretion, to disband any working committee or remove any member thereof.

- 9.15. Compensation of Committee Members. No committee member shall receive compensation for any service they may render to the Association as a committee member; however, upon approval by the Board, any committee member may be reimbursed for their reasonable expenses actually incurred in the performance of their duties.

ARTICLE 10. ARTICLE 10 BOOKS, RECORDS AND FUNDS

- 10.1. Access to Association Records. Association records shall, to the extent required by California law, be available for inspection by any Member. The Governing Documents shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost. The Board may adopt and publish reasonable rules and regulations establishing procedures relating to a Member's inspection and obtaining copies of Association records.
- 10.2. Checks, Drafts, and Evidences of Indebtedness. All checks, drafts, or other orders for payment of money and all notes or other evidences of indebtedness, issued in the name of the Association shall be signed in any manner specified by the Board; provided, however, that at least two (2) Directors are required for the withdrawal of funds from the Association's reserve account.
- 10.3. Funds and Deposits. Any funds of the Association shall be deposited to the credit of the Association in such banks or other depositories as the Board shall, from time to time, determine.
- 10.4. Fiscal Year. The fiscal year of the Association shall be the calendar year or other timeframe as may be determined by resolution of the Board.
- 10.5. Delivery of Documents to Members.
- 10.5.1. Document Distribution. All notices and documents distributed by the Association to the Members shall be delivered by one (1) or more of the following methods:
- 10.5.1.1. Personal delivery.
- 10.5.1.2. First-class mail, postage prepaid, addressed to a Member at the address last shown on the books of the Association or otherwise provided by the Member. Delivery is deemed to be complete on deposit into the United States mail.
- 10.5.1.3. E-mail, facsimile, or other electronic means, if the Member has agreed to that method of delivery. If a document is delivered by electronic means, delivery is complete at the time of transmission.
- 10.5.1.4. By publication in a periodical that is circulated primarily to Members of the Association.
- 10.5.1.5. If the Association broadcasts television programming for the purpose of distributing information on Association business to its Members, by inclusion in the programming.
- 10.5.1.6. A method of delivery provided in a Recorded provision of the Governing Documents.
- 10.5.1.7. Any other method of delivery, provided that the Member has agreed to that method of delivery.

- 10.5.1.8. Posting the printed document in a prominent location that is accessible to all members, if the location has been designated for the posting of general notices by the Association in the annual policy statement, prepared pursuant to Civil Code section 5310.
- 10.5.2. Delivery with Other Association Materials. A document may be included in or delivered with a billing statement, newsletter, or other document that is delivered by one (1) of the methods provided in Section 10.5.1.
- 10.5.3. Delivery Procedures in Unrecorded Governing Documents. For the purposes of this Section 10.5, an unrecorded provision of the Governing Documents providing for a particular method of delivery does not constitute agreement by a Member to that method of delivery.

ARTICLE 11. ARTICLE 11 AMENDMENTS

- 11.1. Amendment by Members. Except as otherwise expressly provided herein, these Bylaws may be amended by the affirmative vote representing at least a majority of a quorum of the Members of the Association.
- 11.2. Amendment by Board of Directors. In the event that any such laws, statutes, or regulations are amended, revoked, or supplemented in a manner that renders any provision of these Bylaws inconsistent with, or more restrictive than is permitted by, such law, the Board may, by the affirmative vote of a majority of the Directors present at a meeting at which a quorum has been established, amend these Bylaws to the limited extent necessary to conform them to the mandatory requirements of such law, statute, or regulation. The purpose of this provision is to provide the Members with notice of current legal requirements which affect their rights and obligations as they pertain to their Lot and membership within the Association.
- 11.3. Restatements of Bylaws. The Board may, by the affirmative vote of a majority of the Directors present at a meeting at which a quorum has been established, restate these Bylaws when it has been properly amended pursuant to this Article. Any such restatement shall supersede any prior bylaws and amendments in their entirety. Such restatement may also:
 - 11.3.1. Add, delete, or rearrange the text of the Bylaws to maintain consistency with any amendments including, but not limited to, altering the title and numbering of the restatement;
 - 11.3.2. Delete material that is no longer legally effective; and

ARTICLE 12. ARTICLE 12 MISCELLANEOUS

- 12.1. In the case of any conflict between the Articles and these Bylaws, the Article shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. All Code references refer to the corresponding California Code unless otherwise specifically referenced.

CERTIFICATE OF AMENDMENT AND ADOPTION

I hereby certify that:

I am the Secretary of the River Oaks Homeowners Association.

The preceding *Second Amended and Restated Bylaws of River Oaks Homeowners Association*, consisting of _____ pages, were duly approved by the required vote of the Members of the Association.

The preceding Second Amended and Restated Bylaws now constitute the Bylaws of the Association.

Executed: _____, 2026

, Secretary

Exhibit "A"

STATEMENT REGARDING INSURANCE COVERAGE

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.

EXHIBIT "B"
NOTICE REGARDING ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid.

In judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this.

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association.

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection

and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt.

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard.

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments.

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time.

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists.

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist.