

**RESTATED BY-LAWS OF NORTHRIDGE GARDENS HOMEOWNERS ASSOCIATION,  
a California Corporation**

These Restated By-Laws of NORTHRIDGE GARDENS HOMEOWNERS ASSOCIATION are made this 17<sup>th</sup> day of November, 2000, by the undersigned with reference to the following facts:

A. It is believed that By-Laws were adopted on or about November 3, 1993, however, the Board has been unable to locate a signed or dated copy of the Bylaws.

B. An Amendment to the Bylaws was adopted on November 10, 1993.

C. The undersigned have confirmed and placed in the records of NORTHRIDGE GARDENS HOMEOWNERS ASSOCIATION the signatures representing the necessary voting power of the Owners of the Condominiums covered by said By-Laws reflecting their confirmation and approval to make the restated By-Laws which follow.

D. The undersigned desire to restate and by these Restated By-Laws do, in fact, restate said By-Laws.

**ARTICLE I  
PRINCIPAL OFFICE**

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

**ARTICLE II  
MEMBERSHIP**

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

2.2 Term of Membership. Each Owner who is a Member shall remain a Member until the sale, conveyance or other transfer of an Owner's interest in a Condominium.

2.3 Multiple Ownership of Condominiums. Ownership of a Condominium shall give rise to a single membership vote in the Association. Accordingly, if more than one person owns a Condominium, all of these persons shall be deemed to be one Member for voting purposes, although all such Owners shall have equal rights as Members to use and enjoy the Common Areas and Common Facilities. If the multiple Owners of a Condominium attempt to vote the membership attributable to said Condominium in an inconsistent fashion, the Secretary or election inspectors may refuse to count any ballot pertaining to the Condominium.

2.4 Furnishing Evidence of Membership. If there is a question as to whether a person is entitled to exercise the rights of a Member, the Secretary may require evidence of such qualification in the form of a copy of a recorded grant deed.

ARTICLE III  
MEMBERSHIP VOTING

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

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

3.3 Manner of Casting Votes.

(a) Ballots and Proxies.

(1) Voting by Written Ballot. In addition to voting in person or by proxy at a meeting, Members' votes may be solicited by written ballot without a meeting with respect to any issue, other than the election of directors.

(2) Proxy Voting. Members otherwise eligible to vote at a meeting may do so in person or by the use of a proxy which complies with the requirements set forth in this Section. Proxies may be used for the purpose of establishing a quorum at a membership meeting.

(3) Proxies.

(a) Any Member entitled to vote may do so either in person or by one or more agents authorized by a written proxy signed by the Member and filed with the Secretary of the Association. Proxy forms shall be dated to assist in verifying their validity.

(b) Revocation of Proxies. Every proxy continues in full force and effect until revoked by the issuing Member. Any proxy issued hereunder shall be revocable by the person executing such proxy at any time prior to the vote for which the proxy is to be used, by (i) delivery to the Secretary of a written notice of revocation, (ii) a subsequent proxy executed by the Member executing the prior proxy and presented to the meeting, or (iii) as to any meeting, by attendance at such meeting and voting in person

by the Member executing the proxy.

(c) Validity of Proxies With Respect to Certain Material Transactions. Any proxy given with respect to any of the matters described in this Section shall be valid only if the proxy form sets forth a general description of the nature of the matter to be voted on. The matters subject to this requirement are:

(i) Removal of directors without cause;

(ii) Filling of vacancies on the Board;

(iii) Approval of contracts or transactions between the Association and one or more of its directors, or between the Association and a corporation, firm or association in which one or more of its directors has a material financial interest;

(iv) Amendment of the Articles of Incorporation, these Bylaws, or the Declaration;

(v) Action to change any Association assessments in a manner requiring membership approval under the Declaration;

(vi) Sale, lease, exchange, transfer or other disposition of all or substantially all of the Association's assets otherwise than in the regular course of the Association's activities;

(vii) Merger of the Association or an amendment to an agreement of merger; and

(viii) Voluntary dissolution of the Association.

(d) Limited Proxies.

All proxies shall be limited for use at a specified meeting, including the adjournment to another date. Proxies distributed in connection with the election of directors shall set forth the names of all individuals who are candidates for election to the Board of Directors at the time the proxy is issued. The proxy form shall allow the Member to express his or her voting preference. If the proxy is marked by a Member "withhold" or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld, the proxy holder shall not vote the proxy either for or against the election of a director. If any proxy issued in connection with the election of directors is marked so as to direct the proxy holder to vote the proxy for a specified candidate or candidates, the proxy holder shall vote in accordance with the direction of the proxy issuer.

(e) Proxy Rules for Memberships Held by More Than One Person. Where two or more persons constitute a Member, any proxy with respect to the vote of such Member shall be signed by all such persons. All such persons may attend meetings, but no vote of such Member shall be cast without the unanimous consent of all persons present at such meeting constituting each Member.

(f) Completion of Proxy Form. In order to be voted at the meeting, the proxy must be signed by the issuing Member and returned to the Secretary at the Association's principal office, as directed on the meeting notice, prior to commencement of the meeting. If the Member fails to indicate a voting preference on any designated matter, or, if some matter not addressed in the proxy is properly brought to a vote of the Members at the meeting, the person designated to vote shall have no authority to vote the proxy with respect to such matter unless the issuing Member has clearly indicated, in writing on the proxy, that the Member desires the proxy to be voted in the proxy holder's discretion.

(g) Content of Proxy Forms. The Association shall prepare proxy forms for use by Members in accordance with this Section.

(5) Written Ballots.

(a) Written Ballots Generally. Any matter or issue requiring the vote of the Members, other than the election of directors, may be submitted for vote by written ballot without the necessity of calling a meeting of the Members, so long as the requirements for action by written ballot set forth in this Section are met.

(b) Once the determination is made to seek Member approval by written ballot, the Board shall establish a record date and distribute a written ballot to every Member entitled to vote on the matter.

(c) Content of Written Ballots. Any written ballot distributed to the Members to vote on any issue other than the election of directors shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal, the number of a quorum and the percentage of responses needed for affirmative votes needed to approve the action.

(d) Balloting Time Requirements. All written ballots shall provide a reasonable time within which to return the written ballot to the Association. The time fixed for the return of written ballots may be extended at the discretion of the Board.

(e) Requirements for Valid Member Action by Written Ballot. Membership approval by written ballot shall be valid only if (A) the number of votes cast by ballot within the time

established for return of the ballots equals or exceeds the quorum that would have been required to be present at a membership meeting if such a meeting had been convened to vote on the proposal; and (B) the number of affirmative votes equals or exceeds the number of affirmative votes that would have been required to approve the action at such a meeting.

3.4 Cumulative Voting. Each Member entitled to vote at any election of directors where two or more positions are to be filled shall have the right to cumulate his or her votes by giving one candidate a number of votes equal to the number of directors to be elected, multiplied by the number of votes to which the Member is entitled, or by distributing his or her votes on the same principle among as many candidates as he or she desires. No Member shall be entitled to cumulate votes unless (i) the candidate's name or candidates' names have been placed in nomination before the voting, and (ii) a Member has given notice at the meeting, and before the voting, of the Member's intention to cumulate the Member's votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination.

3.5 Majority Vote Required. If a quorum is present, the affirmative vote of the majority of the voting power of Members represented at the meeting, entitled to vote and voting on any matter, shall be the act of the Members, unless the vote of a greater or lesser number is required by the California Nonprofit Mutual Benefit Corporation Law, the Davis Stirling Act, or by the Governing Documents. In the case of director elections, the candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected to the vacant director positions.

#### ARTICLE IV MEMBERSHIP MEETINGS

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

4.2 Annual Meeting. There shall be an annual meeting of the Members in February of each year. The date, time, and location of the meeting shall be established by the Board and set forth in the notice of meeting sent to the Members.

4.3 Special Meetings.

(a) Persons Entitled To Call Special Meetings. A majority of the Board, the President or 5 percent or more of the Members may call special meetings of the Members at any time to consider any lawful business of the Association.

(b) Procedures for Calling Special Meetings Requested by Members. If a special meeting is called by Members other than the Board of Directors or President, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, any Vice President, or the Secretary of the Association. The officer receiving the request shall cause notice to be given to the Members entitled to vote that a meeting will be held, and the date, time, and purpose for such meeting, which date shall be not less than 35 nor more than 90 days following the receipt of the request. If notice of the meeting is not given within 20 days after receipt of the request, the persons requesting the meeting may give the notice.

#### 4.4 Notice of Members' Meetings.

(a) Requirement That Notice Be Given. Notice of all regular and special meetings of the Members shall be sent in writing by first-class mail, postage prepaid or personally delivered in writing to each Member who is eligible to vote at the meeting. Notice shall be deemed given when deposited in the mail or personally delivered.

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

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

(d) Specification of Certain Significant Actions. If any action is proposed to be taken at any membership meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice or consent states the general nature of the proposal(s):

(i) Removing a director without cause;

(ii) Filling vacancies on the Board of Directors

under those circumstances where a vote of the Members is required pursuant to these Bylaws;

(iii) Amending any Articles of Incorporation of this Association, these Bylaws or the Declaration in any manner requiring approval of the Members;

(iv) Approving a contract or transaction between the Association and one or more of its directors, or between the Association and any corporation, firm, or association in which one or more of its directors has a material financial interest;

(v) Approving any change in the Association's assessments in a manner requiring membership approval under the Declaration; or

(vi) Voting upon any election to voluntarily terminate and dissolve the Association.

#### 4.5 Quorum Requirements.

(a) Quorum Requirements Generally. The following quorum requirements must be satisfied in order to take valid action at any meeting of the Members or by written ballot in accordance with these Bylaws:

(i) Quorum. In the case of any membership meeting or written ballot called or conducted for any purpose, the quorum requirement for valid action on the proposal shall be a majority of the Members.

(ii) Reduction in Quorum Percentage for Action on Other Matters. If the minimum quorum percentage specified above is not satisfied, the meeting may be adjourned to another time and/or place not more than 30 days after the initial meeting date and at the reconvened meeting the quorum percentage shall be reduced to 25 percent of the voting power of the Members.

(b) Members Represented by Proxy. Members present at a membership meeting in person or by proxy shall be counted toward satisfaction of the quorum requirements specified herein.

(c) Effect of Departure of Members From Meeting. The Members present in person or by proxy at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, so long as any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

#### 4.6 Adjourned Meeting.

(a) Adjournment Generally. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to another place and/or time (but not for more than 45 days) by the vote of the majority of Members present at the meeting either in person or by proxy. Unless there is an absence of a quorum (in which case no business other than adjournment may be transacted), the reconvened meeting may take any action that might have been transacted at the original meeting.

(b) Notice Requirements for Adjourned Meetings. When a Members' meeting is adjourned to another time or place, notice need not be given of the new meeting if the time and place are announced at the meeting at which the adjournment is taken.

#### 4.7 Record Dates for Member Notice; Voting and Giving Consents.

(a) Record Dates Established by the Board of Directors. For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting, or exercise any rights in respect to any other lawful action, the Board of Directors may fix, in advance, a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the California Nonprofit Mutual Benefit Corporation Law. The record date established by the Board pursuant to this section shall be no more than 60 nor less than 10 days before the date of the meeting.

(b) Failure of Board to Fix a Record Date. If the Board, for any reason, fails to establish a record date, the record date for determining those Members entitled to vote at a meeting of Members shall be the day of the meeting, or in the case of an adjourned meeting, the day of the adjourned meeting. In the case of a written ballot, the record date is the day the ballot is mailed or solicited.

### ARTICLE V BOARD OF DIRECTORS

5.1 General Association Powers. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, the Davis-Stirling Common Interest Development Act (Civil Code sections 1350-1373) and any limitations in any of the Governing Documents relating to action required to be approved by the Members, the business and affairs of the Association shall be vested in and exercised by the Association's Board of Directors. Subject to the limitations expressed in Article VII, Section 7.2, the Board may



delegate the management of the activities of the Association to any person or persons, management company, or committee, provided that notwithstanding any such delegation the activities and affairs of the Association shall continue to be managed and all Association powers shall continue to be exercised under the ultimate direction of the Board.

5.2 Number and Qualification of Directors. The Board of Directors shall consist of five (5) persons who shall be Owners of Condominiums within the Property and whose memberships are in good standing with all Assessments current and are not subject to any suspension of membership rights for violation of the governing documents. Only one Owner per Condominium shall be eligible to serve on the Board at any time.

5.3 Term of Office. All directors shall be elected concurrently at the annual meeting of Members. All directors shall hold office for one year or until their successors are elected.

5.4 Nomination of Directors. Individuals can become candidates for election to the Board of Directors in any of the following ways:

(a) Petition Procedure. A Member can become a candidate for election to the Board by filing with the Secretary a petition in support of his or her candidacy. Candidate petitions must be filed with the Secretary no later than 30 calendar days and no earlier than 50 calendar days prior to the annual election.

(b) Nominations From the Floor. Any Member present in person or by proxy at a meeting to elect directors may place names in nomination.

5.5 Determination of Election Results and Succession to Office. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected as directors and shall take office following the election of officers.

5.6 Vacancies on Board of Directors.

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

(b) Resignation of Directors. Except as provided in this paragraph, any director may resign, and such resignation shall be effective on giving written notice to the President, the Secretary,

or the Board of Directors, unless the notice specifies a later time for the resignation to become effective.

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

(d) Removal of Directors by Members. Except as set forth in Section 5.6(c), only the Members may remove directors from the Board. The number of votes required to remove Board Members shall be as set forth in Corporations Code Section 7222.

(e) Filling Vacancies. Vacancies on the Board of Directors shall be filled by a majority vote of the remaining directors though less than a quorum, or by a sole remaining director unless the vacancy is created through removal of a director, in which case the vacancy shall be filled by the affirmative vote of a majority of the Members represented in person or by proxy at a duly held meeting of the Members (at which a quorum is present). The Members may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors by an election at a duly held meeting of the Members or written ballot and shall require the approval of a majority of the voting power.

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

## ARTICLE VI BOARD MEETINGS

6.1 Place of Meetings. Regular and special meetings of the Board of Directors may be held at any place within the Property or such other place that has been designated from time to time by resolution of the Board and stated in the notice of the meeting.

6.2 Annual Meeting of Directors. Either immediately following each annual meeting of Members or at another time within two weeks of the annual meeting as may be established by the newly-elected Board, the Board of Directors shall hold a regular meeting for the purposes of organization, election of officers, and the transaction of other business. If the meeting is not held

immediately following the annual meeting, notice shall be given to the members of the date, time, and place of the meeting.

6.3 Other Regular Meetings. Other regular meetings of the Board shall be held at such time as shall from time to time be fixed by the Board of Directors and communicated to the Board Members and Members. Ordinarily, regular meetings shall be conducted at least monthly.

Notice of the time and place of regular meetings shall be posted in a prominent place within the Common Area and shall be communicated to the Board Members.

#### 6.4 Special Meetings of the Board.

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

#### (b) Notice of Special Meetings.

(i) Manner and Time of Giving. Notice of the time and place of special meetings of the Board shall be given to each Director at least four (4) days' in advance of the meeting by one of the following methods: (A) by personal delivery of written notice; (B) by first-class mail, postage prepaid, or by posting on the bulletin board by the mail boxes. All such notices shall be given or sent to the Director's address as shown on the records of the Association.

(ii) Notice Contents. The notice shall state the time, place, and purpose of the meeting.

#### 6.5 Attendance by Members.

(a) Meetings Generally Open to Members. With the exception of executive sessions of the Board (see subparagraph (b), below), any member of the Association may attend meetings of the Board of Directors, provided, however, that nondirector Members may speak at any Board meeting subject to a reasonable limit of time established by the Board.

(b) Executive Sessions. The Board, on the affirmative vote of a majority of the directors present at a meeting at which a quorum is present, shall be entitled to adjourn at any time for purposes of reconvening in executive session to discuss (i) litigation in which the Association is or may become a party; (ii) matters relating to the formation of contracts with third parties; (iii) Member discipline; or (iv) personnel matters. The Board must meet in executive session if requested by a Member who may be subject to a fine, penalty, or other form of discipline and the Member who is the subject of the disciplinary proceeding shall be

entitled to attend the executive session. Any matter discussed in executive session shall be generally noted in the minutes of the Board meeting, other than executive session minutes, taking into consideration the need to maintain confidentiality.

(c) Board Meeting Minutes. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of Directors, other than minutes of an executive session, shall be available to the Members within 30 days following the meeting. The minutes, proposed minutes, or summary of the minutes shall be distributed to any Member on request and on reimbursement of the Association's costs of making that distribution. Members shall be notified in writing at the time that the pro forma budget is distributed, or at the time of any general mailing to the entire membership, of the Members' right to have copies of the minutes of any Board meeting, other than Executive Session Minutes, and how and where those minutes may be obtained.

(d) Members' Right to Notice of Meetings. Members shall be given notice of the time and place of Board meetings, except for "emergency meetings," at least four days before the date of the meeting. This notice may be given by posting the notice in a prominent place or places within the Common Area, by mail or delivery of the notice to each Member, or by newsletter or similar means of communication.

6.6 Quorum Requirements. A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of enough Directors to constitute less than a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting, or such greater number as is required by these Bylaws, by the Articles, or by law.

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

6.8 Compensation. Directors, Officers, and Members of Committees shall not be entitled to compensation for their services, although they may be reimbursed for such actual expenses as may be determined by resolution of the Board of Directors to be just and reasonable.

ARTICLE VII  
DUTIES AND POWERS OF THE BOARD

7.1 Specific Powers. Without prejudice to the general powers of the Board of Directors set forth in Article V, Section 5.1, of the Declaration, the Directors shall have the power to:

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

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

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

(d) Adopt and establish Rules and Regulations subject to the provisions of the Declaration, governing the use of the Common Areas, the Common Facilities and roads within the Properties, and the personal conduct of the Members and their guests thereon, and take such steps as it deems necessary for the enforcement of such Rules and Regulations, including the imposition of monetary penalties and/or the suspension of voting rights and the right to use any Common Areas or Common Facilities; provided notice and a hearing are given.

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

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

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

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

(i) Contract for and pay for construction or

reconstruction of any portion or portions of the Properties that have been damaged or destroyed and that are to be rebuilt by the Association.

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

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

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

(m) Prepare budgets, financial reports and maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles.

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

(o) Appoint such other committees as it deems necessary from time to time in connection with the affairs of the Association.

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

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

(r) Bring and defend actions on behalf of more than one Member or the Association to protect the interests of the Members or the Association, as such, as long as the action is pertinent to the operations of the Association, and assess the Members for the cost of such litigation.

(s) Enter Condominiums as necessary, subject to the notice requirements of the Declaration, in connection with construction, maintenance, or emergency repairs for the benefit of the Common Areas, Common Facilities or the Owners in common.

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

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

(b) Incur aggregate expenditures for capital improvements to the Common Areas in any fiscal year in excess of 5 percent of the budgeted gross expenses of the Association for that fiscal year, provided, however, that this limitation shall not apply to the expenditure of any funds accumulated in a reserve fund for capital replacement or new capital improvements so long as the expenditure is for the purpose for which the fund was established.

(c) Sell during any fiscal year property of the Association having an aggregate fair market value greater than 5 percent of the budgeted gross expenses of the Association for that year; provided, however, that this limitation shall not apply to the sale or other disposition of Condominiums acquired by the Association in foreclosure proceedings.

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

(e) Any action to impose a special assessment or to increase the regular assessment under circumstances requiring Member approval.

(f) Any action to amend these Bylaws, any Articles of Incorporation or the Declaration.

### 7.3 Notice and Hearing Procedures

(a) Actions prior to initiation of formal special resolution process. Any agent of the ASSOCIATION, including a property manager, has the authority to informally request, orally or in writing, that the Owner bring himself/herself into compliance with the Governing Documents or contact the ASSOCIATION regarding the reason for non-compliance;

(b) Written Complaint. If the actions described above prove unsuccessful, the Special Resolutions Process shall be initiated upon the filing of a written complaint by any officer or member of the BOARD or by the property manager. The complaint shall constitute a written statement of all allegations of non-compliance;

(c) Service of Complaint. Upon the filing of the complaint, the BOARD or management company representative shall serve a copy of the complaint on the Owner by any of the following means: (1) personal delivery or (2) by registered or certified mail, return receipt requested, and addressed to Respondent, at the address appearing on the books of the ASSOCIATION. Service by mailing shall be deemed delivered and effective two (2) days after such mailing in a regular depository of the United States mail. The complaint shall be accompanied with a postcard or other written form entitled "Notice of Defense" which, when signed by the Respondent, or on behalf of the Respondent, will constitute a Notice of Defense hereunder. No order adversely affecting the rights of the Respondent shall be made in any case, unless the Respondent shall have been served as provided herein.

(d) Notice of Hearing. Along with service of the complaint, the BOARD or property manager shall serve a notice of hearing, as provided herein, on all parties at least fifteen (15) days prior to the hearing. The notice to the Respondent shall be substantially in the following form but may include other information:

"You are hereby notified that a hearing will be held in executive session before the BOARD at \_\_\_\_\_ on the \_ day of \_\_\_\_\_, 20 \_\_, at the hour of \_\_\_\_\_, upon the charges made in the complaint served upon you. You may but need not be present at the hearing, may but need not be represented by counsel, may present any relevant evidence and you will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to compel the attendance of witnesses and the production of books, documents or other items by applying to the BOARD."

If any of the parties can, within twenty-four hours, show good cause as to why they cannot attend the hearing on the set date and indicate times and dates on which they would be available, the BOARD may reset the time and date of hearing and promptly deliver notice of the new hearing date.

(e) Notice of Defense. Service of the complaint and notice of hearing shall be accompanied by a Notice of Defense. The Notice of Defense shall state that the Owner may:

- (1) Attend a hearing before the BOARD as



hereinafter provided;

(2) Object to a complaint upon the ground that it does not state the acts or omissions upon which the BOARD may proceed;

(3) Object to the form of the complaint on the ground that it is so indefinite or uncertain that the Owner cannot identify the violating behavior or prepare his defense; or

(4) Admit to the complaint in whole or in part. In such event, the BOARD may make a determination as to whether it will waive hearing and simply suspend the Owner's voting and/or recreational use rights, or it will conduct a hearing.

Any objections to the form or substance of the complaint must be received by the BOARD within ten (10) days of its receipt. The BOARD shall make its determination and notify all parties within ten (10) days of receipt of an objection. If the complaint is insufficient, the complaining party shall have seven (7) days within which to amend the complaint to make it sufficient. The same procedure as set forth above shall be followed with respect to any amended or supplemental complaint. If it is determined by the BOARD that the complaint is still insufficient, then the matter shall be dismissed by the BOARD.

(f) Amended or Supplemental Complaint Before Submission. At any time prior to the hearing date, the BOARD may file or permit the filing of an amended or supplemental complaint. All parties shall be notified thereof in the manner herein provided. If the amended or supplemental complaint presents new charges, the BOARD shall afford the Owner a reasonable opportunity to prepare his defense thereto.

(g) Discovery. Upon written request to the other party, made prior to the hearing, either party is entitled to inspect and make a copy of any statements, writings and investigative reports relevant to the subject matter of the hearing. Nothing in this Section, however, shall authorize the inspection or copying of any writing or thing which is privileged from disclosure by law or otherwise made confidential or protected as the attorney's work product. Any party claiming his request of discovery has not been complied with shall submit a written petition to compel discovery with the BOARD. The BOARD shall make a determination and issue a written order setting forth the matters or parts thereof which the petitioner is entitled to discover.

(h) Constraints on the BOARD. It shall be incumbent upon each member of the BOARD to make a determination as to whether he or she is able to function in a disinterested and objective manner

in consideration of the case before the BOARD. Any member incapable of objective consideration of the case shall disclose such to the BOARD and remove himself/herself from the proceedings, and have it so recorded in the minutes.

In any event, the Owner may challenge any member of the BOARD for cause, where a fair and impartial hearing cannot be afforded at any time prior to the taking of evidence and testimony at the hearing. In the event of such a challenge, the BOARD shall need to determine the sufficiency of the challenge. If a majority of the BOARD sustains the challenge, the challenged BOARD member may remain at the hearing but shall not cast a vote. All decisions of the BOARD in this regard shall be final.

(i) Hearing.

(1) Whenever the BOARD has commenced to hear the matter and a member of the BOARD is forced to withdraw prior to a final determination, the remaining members shall continue to hear the case.

(2) Each party shall have these rights: to call and examine witnesses; to introduce exhibits; to cross-examine opposing witnesses; and to rebut the evidence against him. Even if the Owner does not testify in his own behalf he may be called and examined as if under cross-examination.

(3) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Generally, any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence shall not be sufficient in itself to support a finding.

(4) The allegedly defaulting party need not be in attendance at the hearing but the accusing party must appear at the hearing for purposes of examination. The hearing shall be conducted in executive session.

(5) At the beginning of the hearing a member of the BOARD shall explain the rules and procedures by which the hearing is to be conducted. Generally, each principal is entitled to make an opening statement, starting with the complainant. Then each party is entitled to produce evidence, witnesses, and testimony and to cross-examine the

witnesses and opposing party. Then each party is entitled to make a closing statement. Any party may waive the right to exercise any part of this process, and the BOARD is entitled to exercise its discretion as to the specific manner in which the hearing will be conducted.

(6) A separate hearing need not be held in the event of repeat violations in which it has been conclusively determined by the BOARD that a violation has occurred.

(j) Decision. After all testimony and documentary evidence has been presented to the BOARD, the BOARD shall vote upon the matter, with a majority of the entire BOARD controlling. The BOARD shall make its determination only in accordance with this resolution. The decision must be made within ten (10) days. The BOARD will prepare written findings of fact. A copy of the findings and recommendations of the BOARD, including majority and minority opinions, if any, shall be served by the BOARD on each party in the matter and his attorney, if any, by personal delivery or first-class mail. Since the BOARD is conducting the hearing, the decision of the BOARD is final and conclusive and there is no right of appeal. A summary of the decision, excluding names of persons involved and addressing only the issue and the Board decision as regards the issue, shall be included in the Minute Book. The suspension of voting rights shall become effective ten (10) days after it is served upon the Respondent, unless otherwise ordered in writing by the BOARD.

(k) Liability for Charges. A Member whose rights are suspended shall be liable for any charges incurred, services or benefits actually rendered, dues, assessments or fees incurred before the suspension of rights.

## ARTICLE VIII OFFICERS

8.1 Officers. The Officers of the Association shall be a President, a Vice President, a Secretary and a Chief Financial Officer or Treasurer. The Association may also have, at the discretion of the Board, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed. One person may hold two or more offices, except that neither the Secretary nor the Treasurer may serve concurrently as President.

8.2 Election of Officers. Except as otherwise provided herein, the Officers of the Association shall be chosen annually by majority vote of the Board at its first regular meeting following the annual meeting of the Members or the election of Directors, and each shall hold his or her office until he or she shall resign or

shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified.

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

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

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

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

8.7 Vice President. The Vice President shall be elected by the Board from among the Directors. In the absence or disability of the President, the Vice President shall perform all the duties of the President and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

8.8 Secretary. The Secretary shall be elected by the Board. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of Directors and Members. The Secretary shall keep, or cause to be kept, appropriate current records showing the Members of the Association, together with their addresses. He or she shall give, or cause to be given, notice of all meetings of the Board required by the Bylaws or by law, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws.

8.9 Chief Financial Officer or Treasurer. The Chief Financial Officer shall be elected by the Board from among the Directors. The Chief Financial Officer, who shall be known as the Treasurer, shall keep and maintain, or cause to be kept and maintained, adequate and

correct accounts of the properties and business transactions of the Association; including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositaries as may be designated by the Board. He or she shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of all of his or her transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws. If required by the Board, the Treasurer shall give the Association a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his or her office and for restoration to the Association of all its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from office.

#### ARTICLE IX ASSOCIATION FINANCES

9.1 Checks. All checks or demands for money and notes of the Association shall be signed by the President and Treasurer, or by such other Officer or Officers or such other person or persons as the Board of Directors may from time to time designate. Notwithstanding the foregoing, any withdrawal of funds from Association reserve accounts shall require the signature of two Directors or an Officer (who is not also a Director) and a Director.

9.2 Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all Regular and Special Assessments as fixed and determined for all Members. Disbursements from such account shall be for the general need of the operation including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the Property.

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

9.4 Budgets and Financial Statements. The following financial statements and related information for the Association shall be regularly prepared and copies thereof shall be distributed to each Member of the Association:

(a) Budget. A pro forma operating budget for each fiscal year shall be distributed to Members not less than 45 days nor more than 60 days prior to the beginning of the fiscal year;

In lieu of distributing the complete pro forma operating budget as specified above, the Board of Directors may elect to distribute a summary of the budget to the Members (within the time limits provided above), together with a notice that the complete budget is available at the Association's principal office and that copies will be furnished, upon request, to any Member at the Association's expense. If a Member requests a copy of the complete budget, the Association shall mail the material, via first-class mail, within five days. The notice required hereunder shall be presented on the front page of the summary of the budget in at least 10-point bold type.

(b) Year-End Report. Within 120 days after the close of the fiscal year, a copy of the Association's year-end report shall be distributed to Members.

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

(c) Annual Statement Regarding Delinquency/Foreclosure Policy. In addition to financial statements, the Board of Directors shall annually distribute within 60 days prior to the beginning of the fiscal year, a statement describing the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Regular and Special Assessments including the recording and foreclosing of liens against Members' Lots;

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

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

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

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

(iv) Review the Association's latest account statements prepared by the financial institution(s) with whom the

operating and reserve accounts are lodged; and

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

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

9.5 Required Reserve Studies. At least once every three years, the Board must have a study of the reserve account requirements of the Association conducted if the current replacement value of the major components that the Association is obligated to repair, replace, restore, or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year. The Board shall also review any reserve study required under this section on an annual basis 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 under this section shall include the minimum requirements of Civil Code §1365.5 or comparable superseding statute.

9.6 Notification to Members of Insurance Coverage Maintained by Association.

(a) Scope of Required Summary Disclosures. In accordance with Civil Code Section 1365 and at the times specified in subparagraph (c) below, the Association shall prepare and distribute to its Members a summary of the general liability and property insurance maintained by the Association. In addition, if the Association also maintains a policy of earthquake or flood insurance, a summary of that insurance shall also be provided to the Members. As to all types of insurance coverage, the disclosure shall include the name of the insurer, the type of coverage, the policy limits of the insurance and the amount of deductibles, if any.

The summary shall contain the following statement in at least 10-point bold type:

This summary of the association's policies of insurance provides only certain information, as required by subdivision(e) of Section 1365 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property, or real

property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.

(b) Use of Policy Declaration Page to Comply With Summary Disclosure Requirements. The Association's disclosure obligations may be satisfied by distributing to the Members a copy of the policy declaration page, if that page presents the information specified above.

(c) Times When Insurance Summaries Must Be Provided. The summary information required by this section shall be provided to each Member of the Association at the following times:

(i) With the first newsletter, annual budget or financial disclosure, or other general mailing to all Members by the Association next following the adoption of these Bylaws;

(ii) As soon as reasonably practical by first-class mail next following any lapse or cancellation of the policies which are not immediately renewed, restored or replaced or if there is a significant change in any of the Association's policies, such as a reduction in coverage or an increase in the deductible.

(iii) Each year, within sixty days preceding the beginning of the Association's fiscal year.

(iv) If the Association receives any notice of nonrenewal of a policy, the Association shall immediately notify its Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

(d) Manner of Delivery of Insurance Summaries and Cancellation Notices. Any insurance summary or summaries delivered pursuant to Section 9.6(c), (ii) or (iii) shall be mailed by prepaid first-class mail or personally delivered to each Member. All mailings shall be to the Members at their respective addresses as shown in the books and records of the Association.

#### ARTICLE X OTHER REQUIRED DISCLOSURES TO MEMBERS

As required by law, the following reports and/or disclosures, in addition to those set forth in Article IX above, shall be made or provided to the Members in compliance with the deadlines set forth below.

10.1 Alternative Dispute Resolution (ADR) Disclosure. On an annual basis, the Board shall provide each Member a summary of the



provisions of Civil Code section 1354, which includes the language required by Civil Code section 1354(i). The summary shall be provided to the Members as part of the budget materials sent to the Members.

10.2 Disclosure of Schedule of Fines or Other Monetary Penalties. If the Association adopts a schedule of fines for commonly recurring infractions of the Governing Documents or any other policy imposing a monetary penalty or a fee on any Member for violation of any Governing Document or the Association Rules, including any monetary penalty relating to the activities of a tenant, guest or invitee of a Member, the Board shall distribute the schedule or policy to the Members by either personal delivery or by first-class mail. This distribution obligation shall arise whenever such a schedule or policy is adopted or subsequently amended.

## ARTICLE XI MISCELLANEOUS

### 11.1 Inspection of Books and Records.

(a) Member Inspection Rights. All accounting books and records, minutes of proceedings of the Members, the Board and committees of the Board and the membership list of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Member or his or her duly appointed representative at the offices of the Association for any purpose reasonably related to the Member's interest as such. Member's rights of inspection shall be exercisable on ten days' written demand on the Association, which demand shall state the purpose for which the inspection rights are requested. In the case of the demands to inspect the Association's membership list, a Member's inspection rights shall be subject to the Association's right to offer a reasonable alternative to inspection within ten days after receiving the Member's written demand.

(b) Director Inspection Rights. Every Director shall have an absolute right at any reasonable time to inspect all books, records, documents, and minutes of the Association, except for Members' Ballots, and the physical properties owned by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

(c) Adoption of Reasonable Inspection Rules. The Board of Directors may establish reasonable rules with respect to (i) notice of inspection, (ii) hours and days of the week when inspection may be made, and (iii) payment of the cost of reproducing copies of documents requested by the Member.

### 11.2 Parliamentary Procedure. Meetings of the Members shall

be conducted in accordance with a recognized system of parliamentary procedure or any parliamentary procedures the Association may adopt.

11.3 Amendment or Repeal of Bylaws by Members. Except as otherwise expressly provided herein, these Bylaws may be amended or repealed, and new Bylaws adopted, only by the affirmative vote or assent by written ballot of a majority of the voting power of the Members of the Association.

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

11.5 Fiscal Year. Unless otherwise determined by the Board pursuant to a resolution, the fiscal year of the Association shall be a calendar year.

IN WITNESS WHEREOF, these Restated By-Laws have been adopted as provided above effective this 17 day of November 2000.

NORTHRIDGE GARDENS HOMEOWNERS  
ASSOCIATION,  
A California Corporation

By: Marina Fraigun  
Marina Fraigun, President

By: Janice Reinschreiber  
Janice Reinschreiber, Secretary

CERTIFICATE

I, the undersigned, the duly elected and acting Secretary of NORTHBRIDGE GARDENS HOMEOWNERS ASSOCIATION do hereby certify that the foregoing Restated By-Laws were adopted on October 16, 2000, and that the same does now constitute the Restated By-Laws of the Association.

This Certificate is executed under penalty of perjury on November 17, 2000, in Northridge, California.

Janice Reinschreiber  
Janice Reinschreiber, SECRETARY