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AMENDED BY-LAWS OF  
DEER RIDGE HOMEOWNERS ASSOCIATION**

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**AMENDED BY-LAWS OF  
DEER RIDGE HOMEOWNERS ASSOCIATION**

**ARTICLE I            NAME AND LOCATION**

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- 1.1 Name and Location. The name of the corporation is Deer Ridge Homeowners Association hereinafter which is referred to as the "Association." The principal office of the corporation shall be located in Contra Costa County, California.

**ARTICLE II DEFINITIONS**

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- 2.1 Articles. "Articles" shall mean the Articles of Incorporation of Deer Ridge Homeowners Association as they may be amended from time to time, and as filed with the Office of the Secretary of State of California.
- 2.2 Association. "Association" shall mean Deer Ridge Homeowners Association its successors and assigns.
- 2.3 Board of Directors. "Board of Directors" or "Board" shall mean the governing body of Deer Ridge Homeowners Association.
- 2.4 By-Laws. "By-Laws" shall mean the By-Laws of the Deer Ridge Homeowners Association as they shall be adopted by the Board of Directors and Members and any duly-adopted Amendments thereof.
- 2.5 Common Area. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners and Residents of the Development.
- 2.6 Declaration. "Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions of Deer Ridge Homeowners Association recorded in the Office of the County

Recorder of Contra Costa County, California, and any Amendments thereof.

- 2.7 Development. "Development" shall mean all the real property described in the Declaration comprising the Deer Ridge Homeowners Association planned development, including such additions thereto as may hereafter be brought within the jurisdiction of the Association.
- 2.8 First Mortgage. "First Mortgage" shall mean a Mortgage which has priority under the recording statutes of the State of California over all other Mortgages encumbering a specific Lot.
- 2.9 First Mortgagee. "First Mortgagee" shall mean the Mortgagee of a First Mortgage.
- 2.10 Governing Documents. "Governing Documents" shall mean the Articles, By-Laws, Declaration and Rules, and the policies and resolutions adopted by the Board and distributed to the Members.
- 2.11 Improvement. "Improvement" shall include, without limitation, the construction, installation, alteration, or remodeling of any buildings, walls, decks, fences, swimming pools, landscaping, landscape structures, roofs, skylights, solar heating equipment, spas, antennas, utility lines or any structure of any kind. In no event shall the term "Improvement" be interpreted to include projects which are restricted to the interior of any Residence and which do not involve the roof or any load bearing wall.
- 2.12 Lot. "Lot" shall mean any plot of land shown upon any recorded subdivision map of the Development upon which a Residence has been constructed, with the exception of the Common Area.
- 2.13 Member. "Member" shall mean each person or entity who is a record owner of a fee or undivided fee interest in any Lot within the Development, except any such person or entity who holds an interest in a Lot merely as security for the performance of an obligation.
- 2.14 Member in Good Standing. "Member in good standing" shall mean a Member of the Association who is current in the payment of all dues, assessments, fines, penalties, and other charges imposed in accordance with the Governing Documents and who is in compliance with all of the provisions of the Governing Documents.

- 2.15 Mortgage. "Mortgage" shall mean a Deed of Trust as well as a Mortgage in the conventional sense.
- 2.16 Mortgagee. "Mortgagee" shall mean a beneficiary under a Deed of Trust as well as under a Mortgage.
- 2.17 Owner. "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Development, including contract sellers, but excluding contract purchasers and excluding those persons having such interest merely as security for the performance of an obligation.
- 2.18 Residence. "Residence" shall mean a residential structure located upon a Lot which is intended for human residential use and occupancy.
- 2.19 Resident. "Resident" shall mean any person who resides on a Lot within the Development whether or not such person is an Owner as defined in Section 2.17 above.
- 2.20 Rules. "Rules" shall mean the rules and regulations governing the use, occupancy, management, administration and operation of the Development or any part thereof as adopted and published by the Board of Directors from time to time.

### **ARTICLE III MEMBERSHIP AND VOTING**

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- 3.1 Membership. Membership in the Association shall include, and shall be limited to, all Owners of record 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 his or her 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, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that such Owner was acting with the authority and consent of the other Owners of that Lot. The vote at any meeting of Members may be by voice vote, or by ballot; provided, however, that all elections of Directors must be by secret ballot.

- 3.3 Delegation of Membership Rights. A Member who has sold his Lot to a contract purchaser under an agreement to purchase shall be entitled to delegate to such contract purchaser his or her rights and privileges of membership in the Association and shall be deemed to have delegated to a contract purchaser who has assumed occupancy of the Member's Residence all rights of use and enjoyment of the Common Area. No such delegation to a non-resident contract purchaser shall be binding, however, unless it shall be set forth in a written instrument which has been delivered to the Board of Directors. Notwithstanding any delegation, 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 the contract purchaser. Any Member who has leased or rented his or her Residence to another person or persons shall in all events be deemed to have delegated to his or her tenants all rights of use and enjoyment of the Common Area. It is the express purpose and intent of the provisions of this Section 3.3 to limit the right of use and enjoyment of the Common Area to residents of the Development and members of their households and their guests.
- 3.4 Record Date. The Board of Directors may fix a time not more than ninety (90) days or less than ten (10) days preceding the date of any Meeting of the Members as a record date for the determination of the Members entitled to notice of and to vote at any such Meeting, and in such case, only those persons or entities identified as Members in the records of the Association on the date so fixed shall be entitled to notice of and to vote at such Meeting. In the event no such record date is fixed by the Board of Directors, the record date for the determination of Members entitled to notice of and to vote at any Meeting shall be the thirtieth (30th) day preceding the date of the Meeting as of 8:00 a.m. on such day.



**ARTICLE IV MEETINGS OF MEMBERS**

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- 4.1 Annual Meeting. The Annual Meeting of the Members shall be held during the month of September of each year, on a date and at a time and place to be designated by the Board of Directors, upon proper written notice to all of the Members.
- 4.2 Special Meetings. Special Meetings of the Members may be called at any time by the President or by the Board of Directors or pursuant to the written request of Members entitled to cast at least five percent (5%) of the total voting power of the Membership.
- 4.3 Notice of Meetings. Written notice of each Meeting of the Members shall be given by or at the direction of the Secretary or other person authorized to call a Meeting, by mailing a copy of such notice, postage prepaid, or by otherwise causing delivery of such notice to be made, at least ten (10) but not more than ninety (90) days before such Meeting, to each Member entitled to vote thereat 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; provided, however, that in the case of a Special Meeting called pursuant to a written request of Members as provided in Section 4.2 , 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 set for such Special Meeting 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. 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. Notwithstanding the foregoing, any proper matter may be presented at the Meeting for action by the Members; provided, however, that the only matters that may be acted upon at any Meeting of Members which is actually attended, in person or by proxy, by less than one third (1/3) of the total voting power of the Association are matters the general nature of which has been set forth in the notice of such Meeting.
- 4.4 Conduct of Meetings. All meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. The Board of Directors shall permit any Member to speak at such meetings of Members, provided a reasonable time

limit applicable to all Members desiring to speak shall be established by the Board prior to the meeting.

- 4.5 Place of Meetings. Annual and Special Meetings shall be held at a location within the Development or at a convenient place located as close as reasonably practicable to the Development.
- 4.6 Quorum. The presence at any Meeting, in person or by proxy, of Members entitled to one-third (1/3) of the votes of all the Members shall constitute a quorum for the transaction of any business, except as otherwise provided in the Governing Documents. If, however, such quorum shall not be present or represented at any Meeting, the Members otherwise entitled to vote thereat shall have power to adjourn the Meeting from time to time, to a date not more than thirty (30) days from the date of the adjourned Meeting, without notice other than announcement at the Meeting, until a quorum shall be present or represented. At the continuation of any meeting so adjourned, the presence in person or by proxy of Members entitled to cast at least one-fourth (1/4) of the votes of all of the Members shall constitute a quorum. However, if any regular Membership meeting, is actually attended in person or by proxy, by less than one-third (1/3) of the total voting power of the Association (but a quorum is present), the only matters upon which action may validly be taken are those matters the general nature of which were described in the notice of the Meeting.
- 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. Every proxy shall be revocable. Any proxy duly executed is not revoked and 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; except that 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 his or her Lot.
- 4.8 Vote of the Members. If a quorum is present, in person or by proxy, the affirmative vote of the majority of the voting power so present and voting on any matter 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 law.
- 4.9 Adjournment. Whether or not a quorum is present, any Meeting of Members may be adjourned from time to time to be reconvened on a later date by the vote of a majority of the Members present in

person or by proxy at such Meeting; provided, however, that in the absence of a quorum, no business other than adjournment may be transacted.

4.10 Action Without A Meeting.

(a) Any action, which may be taken at a Regular or Special Meeting, may be taken without a Meeting of Members, if the Association distributes a written ballot to every Member entitled to vote. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association, which shall be a date not earlier than thirty (30) days after distribution of the written ballot to the Members.

(b) Approval by written ballot shall be valid only when the number of votes cast equals or exceeds the quorum required to be present at a Meeting authorizing the action and the number of approvals equals or exceeds the number of votes that would be required to approve the action at a Meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(c) The ballot solicitation shall identify both the number of responses needed to meet the quorum requirement and the percentage and/or number 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.

**ARTICLE V BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE**

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5.1 Number. The affairs of this Association shall be managed by or under the direction of a board of five (5) Directors, who shall be Members in good standing of the Association.

5.2 Election and Term of Office. At Annual Meetings of the Association, the Members shall, in alternate years, elect three (3) Directors and two (2) Directors, respectively, for terms of two (2) years each. Only persons who are Members in good standing of the Association shall be eligible to be elected to the Board. Each Director shall serve until the expiration of his or her term and thereafter until a successor is elected, or until the earlier death, resignation, or removal of such Director.

5.3 Removal. Any Director may be removed from the Board, with or without cause, by the vote of a majority of a quorum of the total

voting power of the Association. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.

5.4 Compensation. No Director shall receive compensation for any service he or she may render to the Association as a Director. However, any Director may be reimbursed for his or her expenses actually incurred in the performance of his or her duties.

5.5 Vacancies. A vacancy shall exist on the Board of Directors in the event of the 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 his or her term. The Board of Directors shall have the right to declare the office of a Director vacant if the Director is found by a court of competent jurisdiction to be of unsound mind or is convicted of a felony; if within sixty (60) days within notice of election, he or she fails to accept such office, either in writing or by attending a Meeting as a Director; if he or she is absent from three (3) consecutive Board Meetings or if a Director fails 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 of Directors may be filled by a vote of the majority of the remaining Directors, though they are less than a quorum 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 he or she replaces. The Members may elect a Director at any time to fill any vacancy not filled by the Directors. If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board or, if the Board fails to act, the Members may elect a successor to take office when the resignation becomes effective.

## **ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS**

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6.1 Nomination. Nominations for election to the Board of Directors shall be made by a Nominating Committee prior to any Meeting of Members at which one or more Directors are to be elected. Nominations may also be made from the floor during any such meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be

appointed by the Board of Directors prior to each Annual Meeting of the Members to serve from the close of such Annual Meeting until the close of the next Annual Meeting, and such appointment shall be announced at each Annual Meeting. The Nominating Committee shall nominate as many candidates for election to the Board of Directors as it shall in its discretion determine, but not less than the number of positions on the Board that are to be filled at a particular meeting. All nominations shall be made from among Members in good standing.

- 6.2 Election. At each election of Directors, the Members or their proxies may cast, in respect to each position on the Board to be filled, as many votes as they are entitled to cast under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. No cumulative voting shall be permitted.

#### **ARTICLE VII MEETINGS OF DIRECTORS**

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- 7.1 Organizational Meetings. Within thirty (30) days after each Annual Meeting of Members, the Board of Directors shall hold a meeting for the purpose of organization, election of officers, and transaction of other business, as appropriate.
- 7.2 Regular Meetings. Regular Meetings of the Board of Directors shall be held monthly: (1) without notice to Directors or Members, if the Board adopts by resolution a fixed annual schedule for the conduct of Regular Meetings and communicates that schedule to all Directors and Members at least four (4) day prior to the date such resolution first takes effect, or (2) at another day and time as set forth in a proper Notice which conforms to the provisions of Sections 7.4 or 7.5 of these By-Laws. All Directors and Members shall be notified of any resolution of the Board that changes the place, day or hour of such fixed Regular Meetings. Should the date for any Meeting fall upon a legal holiday, then that Meeting shall be held at the same time on the next day, which is not a legal holiday. In the event the Board should determine that the business to be transacted by the Board does not reasonably justify monthly Meetings, then Regular Meetings of the Board shall be held at such intervals as the Board may determine, but not less frequently than every six (6) months.
- 7.3 Special Meetings. Special Meetings of the Board of Directors shall be held when called by the President of the Association or by any two Directors.

- 7.4 Notice to Directors. Except as otherwise provided in Section 7.2 of these By-Laws, notice of each meeting of the Board shall be communicated to the Directors not less than four (4) days prior to a regular meeting, and not less than seventy-two (72) hours prior to a special meeting; provided that shorter notice may be given in the case of a bona fide emergency; and provided further that notice of a meeting need not be given to any Director who signed a waiver of notice or a written consent to holding the meeting, whether before or after the meeting.
- 7.5 Notice to Members. Except as otherwise provided for in Section 7.2 or in the case of emergency meeting as defined by law, at least (4) days written notice of the date, time and place of each meeting of the Board of Directors, whether regular or special, shall be given to all Members by posting it in a prominent place of places within the Common Area, by mailing or delivery to each Lot, by newsletter or by similar means of communication reasonably designed to provide prior actual notice of such Directors' meeting.
- 7.6 Emergency Meetings. In the case of circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board and which of necessity make it impracticable to provide notice to the Members at large as required by this Article VII, an emergency meeting of the Board may be called by the President or by any two Members of the Board. Notice of such an emergency Board of Directors' Meeting need only be communicated to the Directors within such time as is reasonable under the circumstances. Notice of any Meeting of the Board need not be given to any Director who has signed a waiver of notice or a written consent to the holding of the Meeting.
- 7.7 Open Meeting. Except when the Board adjourns to executive session as permitted by law or in the case of a Board meeting necessitated by a *bona fide* emergency, Regular and Special Meetings of the Board of Directors shall be open to all Members of the Association. Association Members who are not Directors may not participate in any deliberation or vote, unless expressly so authorized by the vote of a majority of a quorum of the Board of Directors. However, Association Members shall be permitted to speak at Board of Director meetings, except for those held in executive session and the Board prior to the meeting shall establish a reasonable time limit for all Members desiring to speak.
- 7.8 Executive Session. The Board of Directors may, with the approval of a majority of a quorum of the Directors, adjourn a Meeting and reconvene in executive session to consider: (1) litigation, (2)

personnel matters, (3) matters that relate to the formation of contracts with third-parties, (4) member discipline (5) to confer with legal counsel or (6) to meet with a Member, upon the Member's request, regarding the Member's payment of Assessments. Any matter discussed in executive session shall be generally noted in the minutes immediately following the meeting that is open to the entire Membership. In any matter relating to the discipline of an Association Member, the Board shall meet in executive session, if requested to do so by that Member and that Member shall be entitled to attend the executive session.

- 7.9 Action Taken Without a Meeting. To the fullest extent permitted by law, the Directors shall have the right to take any action without a Meeting, that they could take at a Meeting, by obtaining written approval from all the Directors for such action. Any action so approved shall have the same effect as though taken at a duly called and noticed Meeting of the Directors and such unanimous written approval shall be filed in the official minutes of the Board.
- 7.10 Quorum. A majority of the number of Directors then in office 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.
- 7.11 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 (i) the minutes of that meeting as adopted by the Board (ii) those minutes as proposed for adoption, which shall be marked to indicate draft status or a summary of the minutes, or (iii) a summary of the minutes. The foregoing requirement shall not apply to minutes of any executive session. Copies of the minutes, proposed minutes, or summary of minutes shall be provided to any Member of the Association upon request and upon reimbursement of the Association's costs for providing such copies. Members of the Association shall be notified annually in writing, either at the time the pro forma budget required under section 1365 of the California *Civil Code* is distributed or at the time of any general mailing to the entire membership of the Association, of their right to obtain copies of the minutes of meetings of the Board and how and where those minutes may be obtained.





the date, time, and place of the hearing, the nature of the alleged violation for which a Member may be disciplined, and a statement that the Member has a right to attend and may address the Board at the hearing. The Board of Directors shall meet in executive session if requested by the Member being disciplined. Written notice of the disciplinary action to the affected Member, shall be mailed first-class or personally delivered to the Member within fifteen (15) days following the disciplinary action by the Board. The notice of disciplinary action shall state the nature of the discipline and the reasons for the penalty or suspension. Such monetary penalty or suspension shall be not be effective against a Member unless the Board fulfills the requirements of *Civil Code* Section 1363 (h) or its successor statute. In the case of a continuing violation where a Member fails to cease or remedy a violation after notice from the Board to do so, the Board may deem such continuing violation to constitute two or more separate and distinct violations of the same Governing Document provision and may impose separate and successive sanctions for each such violation; provided, however, that the Board shall not treat any such continuing violation as a separate and distinct violation and impose a separate sanction therefor more than once during any thirty (30) day period. It is the intent and purpose of this provision to authorize and empower the Board in exercise of its discretion to impose a monetary fine or other sanction against a Member for a continuing violation of the same Governing Document provision once during each successive thirty (30) day period, provided that each time the Board decides to impose a sanction, it shall provide the affected Owner with prior notice and an opportunity to be heard by the Board prior to the effective date of any such sanction and comply with the notice requirements stated herein. The Board may limit the scope of such hearing to facts and circumstances occurring subsequent to the previous Board hearing relating to the continuing violation.

8.1.4 Manager. Engage the services of a manager or management company as either an employee or an independent contractor, and such other employees or independent contractors as the Board may deem necessary, and to prescribe their duties;

8.1.5 Other 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;

8.1.6 Entry for Repairs. Enter a Lot, when necessary, in connection with maintenance, repair, or replacement for which the Association is responsible or which it is authorized to perform, provided that the Board shall provide the Lot Owner with twenty-four (24) hours prior notice, except that in the case of an emergency, when notice shall be given as the exigencies of the situation permit;

8.1.7 Property Taxes. Pay all real property taxes and assessments levied upon any property within the Development to the extent not 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, prior to the sale or other disposition of any property to satisfy the payment of such taxes;

8.1.8 Mergers. To the extent permitted by law, participate in mergers and consolidations with other non-profit organizations organized for the same purposes as this Association, provided that any such merger or consolidation shall be approved by the affirmative vote or written consent of at least two-thirds (2/3) of the total voting power of the Association;

8.1.9 Association Property. 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, all subject to any applicable provisions set forth in the Declaration;

8.1.10 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 his or her being a director, officer, employee or agent of the Association or member of any committee appointed by the Board;

8.1.11 Bank Accounts. Open bank accounts, designate signatories upon such bank accounts, and borrow money on

behalf of the Association, subject to any restrictions set forth in the Governing Documents;

**8.1.12 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; and

**8.1.13 Other Powers.** 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.

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

**8.2.1 Records and Minutes.** 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; 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.** Prepare and distribute to the Members annually, not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of each fiscal year, a pro forma operating budget which shall conform to the requirement of *Civil Code* section 1365 or any successor statute;

**8.2.3 Reserve Study.** In accordance with California *Civil Code* section 1365.5(e) or any successor statute, at least once every three (3) years, perform a visual inspection of the Association property and cause a study of the reserve account requirements of the Association to be conducted if the current replacement value of the major components which the Association is obligated to maintain, restore, repair or replace is equal to or greater than one-half of the gross budget of the Association for any fiscal year. This study shall be reviewed annually to consider and implement necessary adjustments to the Board's analysis of the reserve account requirements;

8.2.4 Reserve Funds. Except as provided in California Code section 1365.5 (c) and (d) or any successor statute, 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;

8.2.5 Review Accounts. Review the Association's operating and reserve accounts at least in accordance with the following minimum requirements:

(1) Review at least quarterly, a current reconciliation of the Association's operating accounts;

(2) Review at least quarterly, a current reconciliation of the Association's reserve accounts;

(3) Review at least a quarterly, the current year's actual reserve revenues and expenses compared to the current year's budget;

(4) Review the latest account statements prepared by the financial institutions where the Association keeps its operating and reserve accounts; and

(5) Review at least quarterly, an income and expense statement for the Association's operating and reserve accounts.

As used in this subsection, the term "reserve accounts" means 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;

8.2.6 Review of Annual Financial Statement. For any fiscal year in which the gross income to the Association exceeds Seventy-five Thousand Dollars (\$75,000.00), 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;

**8.2.7 Annual Notification to Members.** Distribute to the Members annually:

**8.2.7.1 Statement of Lien Rights.** A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments as required by *Civil Code* section 1365(d) or successor statute;

**8.2.7.2 Alternative Dispute Resolution Summary.** A summary of the statutory provisions relating to employing alternative dispute resolution procedures in certain matters related to enforcement of the governing documents which specifically references *Civil Code* section 1354 or successor statute, and that includes the language required by 1354(i) or successor statute; the summary shall be provided at the time the budget required by Section 8.2.2 of these By-Laws is distributed or in the manner specified in *Corporations Code* section 5016;

**8.2.7.3 Monetary Penalty Schedule.** A schedule of any monetary penalties that may be assessed for violations of the Governing Documents, provided that the Board shall not be required to distribute additional schedules of monetary penalties unless there are changes from the schedule that was adopted and distributed to the Members;

**8.2.7.4 Insurance Notice.** A notice and statement concerning the insurance carried by the Association as required by Section 8.2.13 of these By-Laws and *Civil Code* section 1363.05(e); and

**8.2.7.5 Members Rights to Minutes.** A statement explaining the Members' right to obtain copies of minutes of meetings of the Board as required by Section 7.10 of these By-Laws and by *Civil Code* section 1363.05(e).

**8.2.7.6 Notice of Assessments and Foreclosure.** A written notice, as required by *Civil Code* section 1365.1 or successor statute, to each member of the Association during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year as follows:

"NOTICE  
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 NONJUDICIAL FORECLOSURE

The failure to pay association assessments may result in the loss of an owner's property without court action, often referred to as nonjudicial foreclosure. When using 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 lien is not paid. Assessments become delinquent 15 days after they are due, unless the governing documents of the association provide for a longer time. (Sections 1366 and 1367.1 of the Civil Code)

In a 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 areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections 1366 and 1367.1 of the Civil Code)

The association must comply with the requirements of Section 1367.1 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. (Section 1367.1 of the Civil Code) 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. Among these documents, the association must send 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. (Section 1367.1 of the Civil Code)

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. (Section 1367.1 of the Civil Code)

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, he or she 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. (Sections 1367.1 and 1367.1 of the Civil Code)

An owner may dispute an assessment debt by giving the board of the association a written explanation, and the board must respond within 15 days if certain conditions are met. An owner may pay assessments that are in dispute in full under protest, and then request alternative dispute resolution. (Sections 1366.3 and 1367.1 of the Civil Code) An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 1367.1 of the Civil Code)

#### MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share 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 exist. (Section 1367.1 of the Civil Code) The board of the directors 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. (Section 1367.1 of the Civil Code)"

8.2.8 Supervision. Supervise all officers, agents and employees of the Association, and see that their duties are properly performed;

8.2.9 Notice of Assessments. As more fully provided in the Declaration, to:

(i) Send written notice to each Owner, in advance of each fiscal year, of the regular assessment levied against his or her Lot for that fiscal year; and

(ii) 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;

8.2.10 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;

8.2.11 Insurance. Procure and maintain adequate casualty, liability and other insurance on property owned by the Association, as follows:

8.2.11.1 Liability Insurance. The Association shall obtain a policy of comprehensive general liability insurance covering all of the Common Area and all land, improvements or spaces owned, leased or used by the Association whether or not they are leased to or used by a third party. The amount of general liability insurance that the Association shall carry shall be not less than the minimum amounts required by California civil Code section 1365.7 and or successor statutes. Coverage shall include, but not by way of limitation, liability for property damage and bodily injury, including deaths arising from the operation, maintenance or use of the Common Area or from liability arising out of litigation related to employment contracts of the Association.

8.2.11.2 Workers' Compensation. The Association shall obtain such workers' compensation insurance as it shall deem desirable and to the extent required under any applicable law.

8.2.11.3 Bonds. The Association shall obtain blanket fidelity bonds for all officers, directors, trustees and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association. If the Association had delegated some or all of the responsibility for the handling of funds to a management agent, a bond shall be obtained for its officers, employees and agents handling or responsible for funds of or administered on behalf of, the Association. The amount of coverage shall be based upon the best business judgment of the Board, but shall not be less than the lesser of: (1) the estimated maximum amount of funds, including reserve funds in the custody of the Association, or the management agent, at any given time during the term of the bond; and (2) an amount equal of the sum of three months assessments on all Lots plus reserve funds. The bonds shall name the Association as an obligee and shall contain a waiver by the issuers of all defenses based upon the exclusive of persons serving without compensation from the definition of "employees" or similar terms or expressions. The bonds shall also provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) day's notice to the Associations, and any Insurance Trustee.



**8.2.11.4 Board Member's and Officer's Liability.** The Association may obtain, at the discretion of the Board, a policy or policies of insurance covering the Association and the Directors and officers of the Association, individually or collectively against claims arising out of or based upon negligent acts, errors, omissions, or alleged breaches of duty of any Director or any officer, while acting in its capacity as such, upon terms and in an amount to be determined by the Board.

**8.2.11.5 Adjustment of Losses.** Each Owner appoint the Board as its attorney-in-fact to negotiate and agree on the value and extent of any loss under a policy of insurance carried by the Association pursuant to any of the provisions of this Section. The Board shall have full right and authority to compromise any claim, or to enforce any claim by legal action or otherwise, or to release and discharge any insurer, by and on behalf of the Owners, and each of them.

**8.2.12 Notification Regarding Insurance Coverage.** Within sixty (60) days preceding the beginning of the Association's fiscal year, prepare and distribute to all of the Association's Members, pursuant to *Civil Code* Section 1365 or comparable statute, a summary of the Association's property, general liability, earthquake, flood and fidelity insurance policies, that includes all of the following information about each policy:

- A. The name of the insurer
- B. The type of insurance.
- C. The policy limits of the insurance, and
- D. The amount of deductibles, if any.

Members shall, as soon as reasonably possible, be notified if any of the Association's insurance 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 of such policies. If the Association receives any notice of nonrenewal of a policy described above, the Association shall immediately notify its Members if replacement coverage will not be in effect by the date the existing coverage will lapse. The summary shall contain the prescribed statement required by *Civil Code* Section 1365 or any superseding statutes.

8.2.13 Enforcement Generally. 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.

## **ARTICLE IX OFFICERS AND THEIR DUTIES**

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- 9.1 Enumeration of Offices. The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Chief Financial Officer, and such other officers as the Board of Directors may, from time to time, by resolution appoint.
- 9.2 Election of Officers. The election of officers shall take place at the first Meeting of the Board of Directors, following each Annual Meeting of the Members.
- 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 he or she shall sooner resign, be removed by the Board, or otherwise be disqualified to serve.
- 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 he/she replaces, subject to the Board's right to remove an officer.
- 9.7 Multiple Offices. The offices of Secretary and Chief Financial Officer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 9.4 of this Article.

9.8 Duties. The duties of the officers shall be as follows:

9.8.1 President. The President shall be the Chief Executive Officer of the Association and shall, subject to control of the Board of Directors, have general supervision, direction, and control of the affairs and 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 of Directors, shall have the general powers and duties of management usually vested in the office of the President of an Association, and shall have such other powers and duties as may be prescribed by the Board of Directors and the By-Laws, subject, however, to any limitations contained in the Declaration.

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

9.8.3 Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may prescribe, a 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 of Directors required by the By-Laws or by law to be given and shall maintain a proper record of the giving thereof, and shall keep the books, records, and documents of the Association and the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws.

9.8.4 Chief Financial Officer. The Chief Financial Officer shall be responsible for the receipt and deposit in appropriate accounts of all monies of the Association and shall cause disbursement of such funds as directed by resolution of the Board of Directors; may sign all checks and promissory notes of the Association; shall keep proper books of account; shall cause an annual review of the Association's books and financial statements to be made by a

public accountant at the completion of any fiscal year for which such review is required by law or as determined by the Board; shall assist the Board in preparation of an annual budget and a statement of income and 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 of Directors.

#### **ARTICLE X COMMITTEES**

- 10.1 **Committees.** The Board shall appoint a Design Review Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors may appoint such other committees as it deems appropriate in carrying out the powers and purposes of the Association.

#### **ARTICLE XI BOOKS, RECORDS AND FUNDS**

- 11.1 **Record Keeping.** The books, records and papers of the Association shall, upon written request and during reasonable hours, be subject to inspection by any Member for any purpose, specified in writing, which is reasonably related to such Member's interest as a Member of the Association. 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.
- 11.2 **Contracts.** The Board of Directors may, by resolution, 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 by any contract or agreement, or to pledge the credit of the Association, or to render the Association liable for any purpose or on any account. No contract with any person or entity to supply or furnish the Association with goods or services shall be for a term in excess of two (2) years, except upon the prior affirmative vote or written consent of a majority of the Members; provided, however, that the foregoing shall not apply to (a) a contract with a public utility company, if the rates charged for the materials or services to be furnished are regulated by the California Public Utilities Commission, the term of which contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; (b) prepaid casualty

and/or liability insurance policies not to exceed three (3) years' duration, which policy or policies shall permit short rate cancellation by the insured; and (c) agreements for television services and equipment or security services or equipment not to exceed five (5) years' duration.

- 11.3 Checks, Drafts and Evidences of Indebtedness. All checks, drafts, or other orders for payment of money, or notes or other evidences of indebtedness issued in the name of, or payable to the Association, shall be signed or endorsed by one or more officers of the Association, and in the manner as specified by the Board of Directors; provided, however, that the signatures of at least two (2) persons who shall be members of the Board of Directors or one (1) member of the Board of Directors and one (1) officer who is not a member of the Board of Directors shall be required for the withdrawal of funds from the Association's reserve account.
- 11.4 Funds and Deposits. Any funds of the Association shall be deposited, from time to time, to the credit of the Association in such banks or other depositories as the Board of Directors shall determine.
- 11.5 Fiscal Year. The fiscal year of the Association shall be as determined by resolution of the Board of Directors.

#### **ARTICLE XII CORPORATE SEAL**

- 12.1 Corporate Seal. The Association may, but shall not be required to, have a seal in circular form, having within its circumference the words "Deer Ridge Homeowners Association." Such seal, if adopted, shall be affixed to all Association documents; provided, however, that failure to affix the seal to any document shall not affect the validity thereof.

#### **ARTICLE XIII AMENDMENTS**

- 13.1 Amendments. These By-Laws may be amended by the affirmative vote or written consent of a majority of all of the Members.

#### **ARTICLE XIV MISCELLANEOUS**

- 14.1 Conflict. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

