

**AMENDED AND RESTATED  
BYLAWS OF VILLA SANTA CRUZ  
COOPERATIVE INC.**

Adopted on November 22, 2021

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COOPERATIVE INC.

TABLE OF CONTENTS

	Page
ARTICLE I            DEFINITIONS .....	3
ARTICLE II           DESCRIPTION OF PARK AND CREATION OF RIGHTS .....	6
ARTICLE III           MEMBERSHIP, ADMINISTRATION AND VOTING RIGHTS .....	8
ARTICLE IV           MEETINGS OF SHAREHOLDERS .....	11
ARTICLE V            BOARD OF DIRECTORS: ELECTION, TERM AND POWERS .....	13
ARTICLE VI           MEETINGS OF BOARD OF DIRECTORS .....	20
ARTICLE VII           OFFICERS AND THEIR TASKS .....	24
ARTICLE VIII          COMMITTEES .....	25
ARTICLE IX           ASSESSMENTS .....	26
ARTICLE X            INSURANCE; DAMAGE OR DESTRUCTION, CONDEMNATION .....	33
ARTICLE XI           FISCAL REVIEW, REPORTS AND OTHER MATTERS .....	36
ARTICLE XII           INDEMNIFICATION.....	40
ARTICLE XIII          BREACH AND DEFAULT .....	42
ARTICLE XIV          AMENDMENTS AND GENERAL PROVISIONS .....	49

AMENDED AND RESTATED BYLAWS  
OF VILLA SANTA CRUZ  
COOPERATIVE INC.

These Amended and Restated Bylaws are adopted on November 22, 2021 by the Villa Santa Cruz Cooperative, Inc., a California Nonprofit Mutual Benefit Corporation (hereinafter referred to as the "Cooperative"), with reference to the following facts:

- A. The Cooperative is the owner of certain real property located at 2435 Felt Street in the County of Santa Cruz, State of California, more particularly described in Exhibit "A" attached hereto.
- B. The Cooperative operates a 121-space mobilehome Park together with certain customary appurtenances.
- C. The Cooperative is organized as a stock cooperative under the Davis-Stirling Common Interest Development Act (Civil Code Section 4000 *et seq*), under which the Cooperative holds title to the Park and all or substantially all of the Shareholders of the Cooperative have an exclusive right to occupy a portion of the Park through the issuance of a Share and the right to occupy a Space under an Occupancy Agreement, in accordance with the terms and conditions of the Act and the Governing Documents.
- D. The Park is intended and operated for occupancy by persons age fifty-five (55) years of age or older pursuant to Civil Code Section 799.5.
- E. These Bylaws address the affairs of the Cooperative and describe the rights and obligations of the Shareholders and Residents of the Cooperative.
- F. To the extent of any conflict between the Governing Documents and the law, the law shall prevail (Civil Code Section 4205).

ARTICLE I  
DEFINITIONS

"Accounts" means the Operating Account(s) and the Reserve Account(s) of the Cooperative, which are held in banking or financial institutions as determined by the Board of Directors (Board). The Operating Account(s) shall be used for payment of the expenses of the operation of the Cooperative, including the payment of utilities and property taxes. The Reserve Account(s) shall be for the funds the Cooperative has set aside to defray the future repair or replacement of, or additions to, those major components which the Cooperative is obligated to maintain pursuant to Civil Code Section 4177.

"Act" means the Davis-Stirling Common Interest Development Act (Civil Code Section 4000 *et seq.*), as may be amended from time to time.

"Age Qualified" means 55 years of age or older.

"Articles" means the Amended and Restated Articles of Incorporation of the Cooperative filed with the California Secretary of State on March 29, 2010.

"Assessments" means Regular Assessments, Reserve Assessments, Special Assessments, Special Individual Assessments, and Property Tax Assessments as defined in Section Article IX of these Bylaws.

"Board" or "Board of Directors" means the governing body of the Cooperative.

"Bylaws" means these Amended and Restated Bylaws of the Cooperative, as may be amended from time to time.

"Common Areas" mean all property owned by the Cooperative for the common use and enjoyment of the Shareholders and Residents except the Separate Interests owned by each Shareholder. Common Areas do not include the Spaces, the Homes owned by Shareholders, the driveways, the improvements, the installations, the trees and the landscaping located within and serving the Spaces occupied by Shareholders and Residents.

"Common Expenses" means and includes, without limitation: (a) all expenses or charges incurred by or on behalf of the Cooperative for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Common Area, Common Facilities, and any portions of the Project that the Cooperative is obligated to maintain; (b) all expenses or charges reasonably incurred to procure insurance for the protection of the Cooperative and its Board of Directors and insurance required to be obtained by the Cooperative (c) any amounts reasonably necessary for reserves for maintenance, repair, and replacement of the Common Area and Common Facilities and any portions of the Project that the Cooperative is obligated to maintain, and for nonpayment of any Assessments; and (d) the use of such funds to defray the costs and expenses incurred by the Cooperative in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents and the Act.

"Common Facilities" means the clubhouse; the pool; the recreational vehicle area; the greenbelt; the shuffle Board court; the common garden or landscaped areas; the retaining walls which are over 30"; the fire hydrants; the electric street lights; the roadways; and the transformers; the fencing along Felt Street, around the recreational vehicle area, along the railroad tracks and along the west end of the Park; all of which are located within or serving the Park. Common Facilities include Utilities up to and including the meters, but not the portion of Utilities which are located between the meters and the Homes.

"County" means the County of Santa Cruz, California, the County in which the Park is located.

"Cooperative" means the Villa Santa Cruz Cooperative, Inc., a California nonprofit mutual benefit corporation.

"Declaration" means that certain Amended and Restated Declaration of Villa Santa Cruz Cooperative, Inc. recorded on March 11, 2010 as Instrument No. 2010-0009760, Santa Cruz County Records.

"Director" means a member of the Board of Directors of the Cooperative.

"Governing Documents" means the Articles, the Declaration, and the Bylaws, as may be adopted or amended by approval of the Shareholders; and the Occupancy Agreement and any Rules or polices as may be adopted or amended by approval of the Board (Civil Code Section 4150).

"Home" means and includes both manufactured and modular homes located on a Space.

"Law" or "Laws" means all federal, state and local laws, regulations and ordinances.

"Maintain" or "Maintenance" includes construction, replacement, installation, maintenance, repair or restoration.

"Member" or "Shareholder" is an owner of a Separate Interest (Civil Code Section 4160). Each member shall: (a) be an Age Qualified Person who owns a Home in the Park, (b) hold a Share issued by the Cooperative, and (c) enter into a current Occupancy Agreement with the Cooperative.

"Non-Shareholder Occupancy Agreement" means an agreement between the Cooperative and a Non-Shareholder Resident relating to the non-shareholder's right to occupy a Space with a Shareholder.

"Non-Shareholder Resident" is a caregiver, a care-receiver, roommate or a companion, residing with a Shareholder in the Park. A caregiver or care-receiver must be 18 years of age or older pursuant to Civil Code Section 799.9. A roommate or companion must be Age Qualified.

"Occupancy Agreement" means the agreement, the form of which is approved by the Board, between each Shareholder and the Cooperative relating to each Shareholder's right to occupy a Space.

"Park" refers to the property described in Exhibit "A"

"Person" means a natural person, and if applicable, a corporation, a partnership, a trust, or other legal entity.

"Resident" is someone who lives in the Park and who uses a Home in the Park as his/her domicile. A Resident includes an Age Qualified Shareholder, an Age Qualified Tenant, or a Non-Shareholder Resident. A domicile means a person's permanent place of abode in which the person intends to remain indefinitely or to which the person intends to return. Factors for the Cooperative to consider when determining if a person is a Resident in the Park include: (i) amount of time the person spends living in the Park; (ii) where the Resident's spouse resides; (iii) the address on his/her driver's license, (iv) where he/she is registered to vote.

"Rules" means the rules and regulations adopted from time to time by the Board pursuant to the Governing Documents and the Act.

"Separate Interest" means a Home and the Space on which the Home is located (Civil Code Section 4184(a)(4)).

"Share" means the share of stock, evidenced by a stock certificate, issued to a Shareholder of the Cooperative by the Cooperative which, together with an Occupancy Agreement between a Shareholder and the Cooperative, reflect a Shareholder's ownership interest in the Cooperative.

"Shareholder" means an Age Qualified member of the Cooperative who has a valid ownership interest in the Cooperative as evidenced by a Share issued by the Cooperative and a current Occupancy Agreement approved by the Board.

"Space" means any area numbered 1 through 103 and 105 through 122, inclusive, as shown on the diagram attached hereto as Exhibit "B".

A "Tenant" is an Age Qualified person who occupies a Separate Interest under a lease with a Shareholder/Landlord approved by the Board pursuant to the terms and conditions of the Cooperative's Rules.

"Utilities" includes all public and private utilities and related systems, including but not limited to, cables, facilities, main and lateral pipelines, utility boxes, and meters which provide sanitary sewer, water, drainage, electricity, fire suppression, gas, cable television, telephone or data communication or other utility services to the Park.

## ARTICLE II DESCRIPTION OF PARK AND CREATION OF RIGHTS

2.1. **Ownership of Property.** The Cooperative owns that certain real property located in the County of Santa Cruz, State of California, which is more particularly described in Exhibit A, attached hereto and incorporated herein (the "Park"). The Park is owned, managed and operated by the Cooperative as a 121-space resident-owned mobile home park together with certain customary appurtenances.

2.2. **Nondiscrimination.** The Park and the Cooperative are open to Residents without regard to sex, race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, sexual orientation, age, gender, gender identity, gender expression, or source of income (Civil Code Section 51, 51.2; Government Code Section 12955).

2.3. **55+ Housing.** The Park is intended and operated for occupancy by persons age fifty-five (55) years of age or older pursuant to Civil Code Section 799.5.

2.4. **Stock Cooperative.** The Cooperative holds title to the Park and all or substantially all of the Shareholders have an exclusive right to occupy individual spaces within the Park through an Occupancy Agreement in accordance with the Governing Documents of the Cooperative.

2.5. **Governing Authority.** The Cooperative and its Shareholders and Residents are subject to the Act and the terms and conditions of the Governing Documents.

2.6. **Organization.** The Cooperative shall operate under the name of Villa Santa Cruz Cooperative, Inc., which is organized as a nonprofit mutual benefit corporation under the laws of the State of California. Meetings of the Cooperative and its Board shall be subject to the open meeting laws, commonly known as the Common Interest Development Open Meeting Act (Civil Code Section 4900-4955).

2.7. **General Powers and Duties.** The duties and powers of the Cooperative are those set forth in the Governing Documents, together with the general and implied powers of a nonprofit mutual benefit corporation, generally to do any and all things that a nonprofit mutual benefit corporation organized under the laws of the State of California may lawfully do which are necessary or proper in operating the Park for the peace, health, comfort, safety and general welfare of its Shareholders and Residents, subject to the limitations upon the exercise of such powers as are expressly set forth under applicable Laws and in the Governing Documents. The Cooperative shall have the powers granted to a Cooperative under the Act and the powers granted to a nonprofit mutual benefit corporation under California Corporations Code Section 7140 et seq. The Cooperative shall further have the right to maintain or construct improvements in the Common Areas and Common Facilities. The Cooperative may employ personnel necessary for the effective operation and maintenance of the Park and the Common Areas and Common Facilities, including the employment of legal, management and accounting services.

2.8. **Shareholder's Responsibility.** Each Shareholder shall be solely responsible for the installation, construction, maintenance, repair and replacement of his/her Home, the driveway, the improvements, the installations, the trees and the landscaping located within and serving his/her Separate Interest, the portion of Utilities which are located between the meters and the Home, and the payment of all taxes, costs and expenses relating to or arising from his/her Separate Interest, subject to the provisions of the Governing Documents and the Act.

2.9. **Rights of Entry and Use (Civil Code Section 799.2.5).**

A. Except as provided in subparagraph 2.8(B) (below), the Board shall have no right of entry to a Home without the prior written consent of the Shareholder. The consent may be revoked in writing by the Shareholder at any time. The Board shall have a right of entry upon the land upon which a Home is situated for the inspection, installation or maintenance of Utilities, for maintenance of the Space in accordance with the Rules of the Cooperative when the Shareholder fails to so maintain the Space, and protection of the Park at any reasonable time, but not in a manner or at a time that would interfere with the Shareholder's quiet enjoyment.

B. The Board or its designee may enter a Home without the prior written consent of the Shareholder in case of an emergency or when the Shareholder has abandoned the Home. As used herein, an emergency means the imminent risk of danger or injury to persons or damage to property.

2.10. Partition Prohibited. No Shareholder shall bring any action for partition of the Park or any portion thereof, it being agreed that this restriction is necessary in order to preserve the rights of the Shareholders with respect to the operation and management of the Park.

ARTICLE III  
MEMBERSHIP, ADMINISTRATION  
AND VOTING RIGHTS

3.1. Every member of the Cooperative is the owner of a Separate Interest (Civil Code 4160). The Cooperative shall have the responsibility of owning, managing and maintaining the Common Area and Common Facilities and discharging the other duties and responsibilities described in the Governing Documents. Each member and Resident shall comply with all applicable Laws, the Governing Documents and the policies, decisions and resolutions of the Board, as lawfully adopted or amended from time to time. Failure to comply with applicable Laws, the Governing Documents and the policies, decisions and resolutions of the Board, shall be grounds for an action (i) to recover sums due, (ii) for damages, (iii) for injunctive relief, or (iv) to enforce such provisions, decisions or resolutions or (v) any remedy in law or equity. All agreements and determinations lawfully made by the Cooperative in accordance with the voting percentages established in the Governing Documents, shall be deemed to be binding on all members, their successors and assigns.

3.2. Single Class of Membership. The Cooperative shall have one class of membership. The rights, duties, obligations and privileges of the members shall be as set forth in the Governing Documents.

3.3. Voting Rights of Memberships. Each member of the Cooperative shall be entitled to one vote for each Separate Interest owned by said member. When more than one Person holds an interest in a Separate Interest, all such Persons shall be members, although in no event shall more than one vote be cast with respect to any Separate Interest. The Cooperative does not have the right to cast a vote for a Space, if any, owned by the Cooperative. The Owners of a Separate Interest must decide how their vote will be cast. Votes may not be divided into fractions.

3.4. Assessments. Members of the Cooperative shall be obligated to pay the Assessments imposed by these Bylaws. Any Assessments levied by the Cooperative on its members or on a Separate Interest shall be levied in accordance with and pursuant to the provisions of these Bylaws.

3.5. Membership. Each member shall hold no more than one (1) Share in the Cooperative. Upon issuance of a Share by the Cooperative and execution of an Occupancy Agreement in a form approved by the Board, a person shall become a member of the Cooperative, and shall remain a member thereof until such time as such ownership ceases for any reason, at which time such person's membership in the Cooperative shall cease. Members of the Cooperative shall have voting privileges relating to the governance of the Cooperative in accordance with the Election Rules of the Cooperative.



3.6. Residents. Residents who are not members are not entitled to voting privileges, but shall abide by the applicable terms and conditions of the Governing Documents.

3.7. Senior Housing Park.

A. Pursuant to Civil Code Sections 799.5, 799.9, Public Law 104-76, 42 USC 3607(b) and (c) and 24 Code of Regulations Section 100.300 *et seq*, the Park is to be operated for occupancy by persons who are fifty-five (55) years of age or older. Except as authorized by law or as set forth herein, each and every individual residing in the Park must be fifty-five (55) years of age or older.

B. In accordance with applicable regulations, the Board is entitled to conduct reliable and verifiable surveys at least every two years to verify the Cooperative's status as an age fifty-five or older Park. Any of the following documents are considered reliable documentation of the age of the occupants of the housing facility or community: (1) driver's license; (2) birth certificate; (3) passport; (4) immigration card; (5) military identification; (6) any other state, local, national, or international official documents containing a birth date of comparable reliability; or (7) a certification in a lease, application, affidavit, or other document signed by any Shareholder. The Cooperative shall consider any one of the forms of verification identified above as adequate for verification of age, provided that it contains specific information about current age or date of birth.

C. A summary of occupancy surveys shall be available for inspection by members upon reasonable notice.

D. The Cooperative is committed to preserving its legal status as a fifty-five (55) and older Park, but acknowledges that exceptions need to be made as required by law and in appropriate, limited circumstances.

1. A Shareholder may share his/her Home with any person 18 years of age or older if that person is providing live-in health care, live-in supportive care, or supervision to the homeowner ("Caregiver"). That person shall have no rights of tenancy in, and shall comply with all applicable Laws and the Governing Documents of the Park (Civil Code Section 799.9(a)).

2. A Shareholder may share his/her Home with any person 18 years of age or older if this person is a parent, sibling, child, or grandchild of the senior homeowner and requires live-in health care, live-in supportive care, or supervision ("Care-Receiver"). Unless otherwise agreed upon, the management shall not be required to manage, supervise, or provide for this person's care during his/her stay in the Park. That person shall have no rights of tenancy in, and shall comply with all applicable Laws and the Governing Documents (Civil Code Section 799.9(b)).

E. Each Shareholder shall submit information to the Board to establish that Residents occupying the Shareholder's Separate Interest are either Age Qualified or eligible to reside in the Park under applicable law. To preserve a Shareholder's rights to privacy, the Board is not entitled to review medical records or obtain detailed information relating to the diagnosis or

condition of Shareholders, unless the Shareholder voluntarily provides such information or authorizes his/her physician to provide such information. The Board shall treat medical information that it receives as confidential.

F. Caregivers and Care Receivers shall abide by applicable provisions of the Governing Documents.

3.8. Rentals. The Board has adopted Rental Rules and Regulations, which may be amended from time to time. To minimize disruption, to preserve the close-knit nature of the Cooperative, to preserve the value of the Park, and to enhance a sense of security and safety for the benefit of Residents, the Park is to be used and occupied, to the greatest extent allowed by law, in accordance with the terms and conditions of the Rental Rules and Regulations.

3.9. Transfer of Membership.

A. Membership in the Cooperative shall not be transferred, encumbered, pledged or alienated in any way without the approval of the Board. In the case of a sale or transfer of a Separate Interest owned by a Shareholder, membership passes only upon all of the following 1) approval of the new Age Qualified member by the Board; 2) issuance of a Share to the new member by the Board and 3) the approval of Occupancy Agreement fully executed by the transferee and the authorized representative of the Board. Any attempt to make a prohibited transfer is void. If a Shareholder fails or refuses to transfer the Share registered in such Shareholder's name to the purchaser upon transfer thereto, the Board shall have the right (but not the obligation) to record the transfer upon the books of the Cooperative.

B. The Cooperative may impose a reasonable transfer fee upon the sale or transfer of title to a Share, provided said transfer fee to be consistent with the provisions of Civil Code Sections 5600(b) and 4530 or any successor statutes thereto.

C. Upon the death of a Shareholder and during the administration of his/her estate, the voting rights of the deceased Shareholder shall be determined according to the Cooperative's Election Rules. The rights of the deceased Shareholder to participate in the affairs of the Cooperative are suspended, except as otherwise required by applicable Laws, but the rights of any surviving Shareholder shall not be suspended. Age Qualified heirs of the Shareholder's estate may become Shareholders as provided in this Section. A person who is not a Shareholder, but is an heir or successor, may exercise the rights of a Shareholder only upon satisfying the eligibility requirements and being approved as a Shareholder as provided in the Governing Documents, except as otherwise required by applicable Laws.

D. Age Qualified heirs or successors who desire to reside in the Park shall apply to the Board for membership in the Cooperative. The heir or successor must meet the requirements for residency in the Park. The Board must approve or disapprove the application within thirty (30) days of receiving a completed application for membership. If the application is approved, the heir or successor must, within thirty (30) days of such approval: (1) notify the legal representative of the estate of his/her or their intention to exercise the election to reside in the Park; (2) tender to the Cooperative any amounts owed by the deceased Shareholder to the

Cooperative; (3) execute the appropriate documents including an Occupancy Agreement; and (4) agree to be bound by the terms and conditions of the Governing Documents.

E. A person holding a General Power of Attorney may have certain powers granted by a Shareholder which may be exercised by the agent during the life of the Shareholder. The General Power of Attorney expires upon the Shareholder's death.

F. If a Shareholder intends to sell or transfer his/her Separate Interest (referred to herein as a "Seller"), the Shareholder shall provide the prospective owner with copies of the documents listed in Civil Code Section 4525. Pursuant to Civil Code Section 4530, upon written request, the Cooperative shall, within 10 days of the mailing or delivery of the request, provide the Seller with a copy of all requested documents. The documents required to be made available may be maintained in electronic form, and may be posted on the Cooperative's Internet Web site. The Cooperative may collect a reasonable fee from the Seller based upon the Cooperative's actual cost for the procurement, preparation, reproduction, and delivery of the documents requested pursuant to this Section. An additional fee shall not be charged for the electronic delivery in lieu of a hard copy delivery of the documents requested. The Cooperative may contract with its property manager to facilitate compliance with this Section on behalf of the Cooperative, and the Seller shall pay the fee charged by the property manager (Civil Code Section 4525-4530).

#### ARTICLE IV MEETINGS OF SHAREHOLDERS

4.1. Annual Meeting. The annual meeting of Shareholders shall be held on the third Tuesday in March of each year at 7:00 p.m. in the Park's clubhouse, or at such other date, time and place within the County of Santa Cruz as selected by the Board. Any change in meeting time and place must be designated by written notice of the Board in compliance with the Act and Corporations Code Section 7511. Alternate meeting dates may not be more than sixty (60) days before nor after the third Tuesday in March.

4.2. Special Meetings. As provided for in Corporations Code Section 7510(e) special meetings may be called for any lawful purpose by the following:

A. Directors. By the Board or the president.

B. Petition. By petition of the Shareholders signed by at least 5% of the Shareholders.

C. Setting the Date. The date of the special meeting is set by the Board and may not be less than 35 nor more than 90 days from receipt of request (Corporations Code Section 7511(c)). The Board has 20 days from receipt of the petition to set the date and give notice of the meeting. If the Board does not do so, the persons calling the meeting may set the date and give notice. (Corporations Code Section 7511(c)).

D. Agenda. Each notice of a meeting shall include an agenda (Civil Code Section 4920). The business at the meeting is limited to noticed items only; no other business may be transacted. (Corporations Code Section 7511(a)).

4.3. Waiver of Notice. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at the meeting, except when the person objects if the objection is expressly made at the meeting. (Corporations Code Section 7511(e)).

4.4. Parliamentary Procedure; Members' Right to Speak. Membership meetings must be conducted in accordance with a recognized system of parliamentary procedure or any parliamentary procedures the Board may adopt. The Board shall permit any member to speak at any meeting of the membership of the Cooperative. A reasonable time limit for all members to speak at a meeting of the Cooperative shall be established by the Board (Civil Code Section 5000).

4.5. Voting.

A. Voting without a Meeting. The process for membership voting is set forth in the Cooperative's Election Rules. Voting on issues may be done entirely through the mail without a meeting of the membership. If balloting is done without a meeting, a special ballot form must be used. A Board or membership meeting is still required for purposes of publicly opening and counting the ballots.

B. Contents of Notice. If action is proposed to be taken at any 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 states the general nature of the proposal(s):

1. Removing a Director without cause.
2. Filling vacancies on the Board of Directors under those circumstances if a vote of the members is required pursuant to the Act.
3. Amending the Articles of Incorporation, these Bylaws or the Declaration in any manner requiring approval of the members.
4. Approving a contract or transaction between the Cooperative and one or more of its Directors, or between the Cooperative and any corporation, firm or Cooperative in which one or more of its Directors has a material financial interest.
5. Approving a plan of distribution of assets, other than cash, in liquidation.
6. Approving any change in the Cooperative's Assessments in a manner requiring membership approval under the Act.
7. Voting upon any election to voluntarily wind up and dissolve the corporation.

C. Affidavit of Notice. An affidavit of the mailing or other means of giving any notice of any members' meeting may be executed by the Secretary or Assistant Secretary of the

Cooperative, and if so executed, shall be filed and maintained in the Cooperative's minute book. Such affidavit shall constitute prima facie evidence of the giving of notice.

#### 4.6. Quorum Requirements.

A. At least Twenty Five percent (25%) of the members, represented in person or by ballot, shall constitute a quorum for the transaction of business at an annual or special meeting of the members, except as otherwise provided herein.

B. A quorum is not required for the election of Directors.

C. The members present 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, if any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.

4.7. Adjourned Meeting. In the absence of a quorum, any meeting of the members may be adjourned to a later date by the vote of a majority of the votes represented either in person, but no other business may be transacted (Corporations Code Section 7512(d)). If the failure to hold an annual meeting is due to a lack of quorum, the Board or any member can file a petition with the court to lower the quorum requirement to the number of ballots cast (Corporations Code Section 7515).

4.8. Assembly for Political Purposes. Pursuant to Civil Code Section 4515, members shall have the ability to exercise their rights under law to peacefully assemble and freely communicate with one another and with others with respect to common interest development living or for social, political, or educational purposes.

### ARTICLE V BOARD OF DIRECTORS: ELECTION, TERM AND POWERS

#### 5.1. Board of Directors.

A. A. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, the Act and any limitations in the Governing Documents relating to action requiring the approval by the members, the business and affairs of the Cooperative shall be vested in and exercised by, the Cooperative's Board of Directors consisting of five (5), seven (7), or nine (9) Directors as determined by resolution of the Board. Each Director shall hold office for three (3) years (subject to staggered terms as set forth herein), or until his/her earlier resignation or removal, and until his/her successor is duly elected and qualified. For a seven (7) person Board, the terms of the Directors shall be staggered so that the terms of two of the Directors expire each year for two consecutive years, and the terms of three of the Directors expire the following year, and continuing. For a five (5) or nine (9) person Board, the staggering schedule shall be as determined by resolution of the Board. Directors may be elected to an unlimited number of successive terms. A majority of Directors shall constitute a quorum for the transaction of business of the Board, except to adjourn as provided by law.

B. The Board shall be elected by the Shareholders. Directors may be elected to an unlimited number of successive terms. The qualifications of Directors shall be as set forth in the Election Rules. Each Director shall perform his/her or her duties as a Director, including the duties as a member of any committee of the Board on which the Director serves, in good faith, in a manner such Director believes to be in the best interests of the Cooperative, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

5.2. Vacancies. A vacancy or vacancies on the Board of Directors shall be deemed to exist on the occurrence of any of the following: (1) the death or resignation of any Director or the removal of a Director; or (2) 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.

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

5.4. Filling Vacancies (Corporations Code Section 7224).

A. Unless otherwise provided in the Articles or Bylaws and except for a vacancy created by the removal of a Director, vacancies on the board may be filled by approval of the Board or, if the number of Directors then in office is less than a quorum, by

1. The unanimous written consent of the directors then in office,
2. The affirmative vote of a majority of the Directors then in office at a meeting held pursuant to notice or waivers of notice complying with Corporations Code Section 7211, or
3. A sole remaining director.

B. The Members may elect a Director at any time to fill any vacancy not filled by the Directors.

5.5. Removal of Directors.

A. A superior court has the authority to remove any Director in response to the Director's "fraudulent or dishonest acts or gross abuse of authority or discretion with reference to the corporation" (Corporations Code Section 7223). In addition, where a Director has been declared to be of "unsound mind by a final order of court," or has been convicted of a felony, the Board has the authority to declare the Director's seat vacant (Corporations Code Section 7221(a)).

B. A Director may be removed by the majority vote of the remaining Directors then in office where the Director to be removed “fails or ceases to meet any required qualification that was in effect at the beginning of the Director’s current term of office” (Corporations Code Section 7221(b)).

C. The members of the Cooperative have the authority to remove any or all Directors with or without cause (Corporations Code Section 7222(a)). The removal must be approved by the members by secret ballot by the affirmative vote of a majority of the votes represented and voting by secret ballot at which a quorum is present (which affirmative votes also constitute a majority of the required quorum) (Corporations Code 5034). A vacancy created by the removal of a Director by the members can be filled only by election of the members (Corporations Code Section 7224(a)). Recalls may not be started against a Director if: (a) the Director has not held office during the current term for more than 90 days, (b) a recall election has been determined in the Director’s favor within the last six months, or (c) the Director’s term ends within six months or less. (Authority: Elections Code Section 11007).

5.6. Reduction in Authorized 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.

5.7. No Director Liability. Directors and Officers are not personally liable for damages caused by contracts they make on behalf of the Cooperative, nor is any Director or Officer liable for acts performed as a Director in good faith as provided by applicable law. To the fullest extent authorized by law, the Cooperative shall defend, indemnify and hold harmless Directors and Officers of the Cooperative from any loss, cost, damage, injury or expense arising out of or in any way related to claims against a Director or Directors for which exoneration is provided herein. The indemnity provided for in this Section includes, without limitation, costs of defense such as court costs and attorney fees.

5.8. Limitations on Powers. The Board of Directors shall not take any of the following actions:

A. Pay compensation to members of the Board of Directors for services performed in the conduct of the Cooperative's business; provided that Directors can be reimbursed for reasonable travel and other expenses, verified in writing, incurred in the discharge of their duties.

B. Borrow money or grant a security interest on behalf of the Cooperative in a sum in excess of twenty percent (20%) of the budgeted gross receipts for the current fiscal year without the approval by a majority of a quorum of members. For the purposes of this Section, “quorum” means more than fifty percent (at least 50 % +1) of the members.

## 5.9. Operating Rules.

A. Operating Rules. All members are subject to the Operating Rules adopted by the Board pursuant to Civil Code Section 4340 *et seq.*

B. Rule Making Authority. The Board may, from time to time and subject to the provisions of these Bylaws, propose, enact, and amend Rules of general application to the Owners. The Rules may concern, but need not be limited to (i) matters pertaining to the maintenance, repair, management, and use of the Common Area and Common Facilities by Owners, their tenants, guests, and invitees, or any other person(s) who have rights of use and enjoyment of such Common Area and Common Facilities; (ii) architectural control and the rules of the Board or Architectural Review Committee; (iii) the conduct of disciplinary proceedings; (iv) regulation of parking, pet ownership, signs, and other matters subject to regulation; (v) collection and disposal of refuse; (vi) minimum standards for the maintenance of landscaping or other Improvements on any Space; (vii) collection of delinquent Assessments or the enforcement of the Governing Documents; and (viii) any other subject or matter within the jurisdiction of the Cooperative as provided in the Governing Documents or by law. Notwithstanding the foregoing grant of authority, the Rules shall not be inconsistent with or materially alter any provision of the Bylaws pertaining to the rights and privileges of the members.

### C. Notice and Approval of Rule Change by Board (Civil Code Section 4360).

1. The Board shall provide general notice pursuant to Section 4045 of a proposed rule change at least 28 days before making the rule change. The notice shall include the text of the proposed rule change and a description of the purpose and effect of the proposed rule change. Notice is not required under this subdivision if the Board determines that an immediate rule change is necessary to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Cooperative.

2. A decision on a proposed rule change shall be made at a Board meeting, after consideration of any comments made by members of the Cooperative.

3. As soon as possible after making a rule change, but not more than 15 days after making the rule change, the Board shall deliver general notice pursuant to Section 4045 of the rule change. If the rule change was an emergency rule change made under Section 5.9(D) below, the notice shall include the text of the rule change, a description of the purpose and effect of the rule change, and the date that the rule change expires.

D. Emergency Rules. If the Board determines that an immediate rule change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Cooperative, it may make an emergency rule change, and no notice is required. An emergency rule change is effective for 120 days, unless the rule change provides for a shorter effective period. A rule change made under this subdivision may not be readopted under this subdivision.



5.10. Annual Notice of Disciplinary Policy. If the Cooperative adopts or has adopted a policy imposing any monetary penalty, including any fee, on any member for a violation of the governing documents, including any monetary penalty relating to the activities of a guest or tenant of the member, the Board must adopt and distribute to each member, in the annual policy statement describing the Cooperative's discipline policy, if any, including any schedule of penalties for violations of the governing documents (Civil Code Section 5310(a)(8)). The schedule of penalties must be in accordance with authorization for member discipline contained in the Governing Documents (Civil Code Section 5850(a)). Any new or revised monetary penalty that is adopted after complying with subdivision Civil Code Section 5850(a) may be included in a supplement that is delivered to the members individually, pursuant to Section 4040 (Civil Code Section 5850(b)).

5.11. Set Assessments. The Board shall establish a budget and levy Assessments in an amount that the Board deems necessary for the proper operation and maintenance of the Common Areas and Common Facilities, and for the payment of Common Expenses of the Cooperative.

5.12. Approve Applications. The Board shall review and consider all applications of Shareholders and Residents, including Tenants, Caregivers, Care Receivers. No person is authorized to reside in the Park without the prior approval of the Board. The Board is authorized to require that all Shareholders provide sufficient information to enable the Board or its property manager to conduct a screening and background check of all such applicants. Such screening and background check shall be paid for by the member-applicant.

5.13. Incur Indebtedness. The Board may borrow money and execute promissory notes and security instruments, and encumber the Park in the Cooperative's name.

5.14. General Powers. The Board may exercise any of the powers of a Mutual Benefit Corporation set forth in Corporations Code Section 7140, subject to compliance with the Act, including but not limited to: manage the Park; enforce the Governing Documents; prepare and adopt budgets; levy and collect Assessments; pay expenses incurred by the Cooperative; select vendors and enter into contracts; maintain the Common Areas and Common Facilities; disburse reserve monies; negotiate and enter into contracts; adopt and enforce Rules; call Shareholder meetings; appoint inspectors of election; appoint and remove Officers; appoint Directors to fill vacancies; appoint and dissolve committees; initiate and defend against litigation; contract for the services of a person to manage the operations of the Park; contract for legal and accounting services; procure services and equipment for the maintenance, repair, reconstruction, alteration and landscaping of the Park; obtain furnishings, equipment and supplies; pay all property taxes and assessments levied against the Park, equipment or facilities; perform all other tasks as may be required by the Governing Documents, the Act and any applicable law.

5.15. Specific Powers and Duties. Without prejudice to the general powers of the Board of Directors set forth in this Article, the Directors shall have the power to:

A. Exercise all powers vested in the Board under the Articles of Incorporation, these Bylaws, the Covenants, Conditions and Restrictions, and under the laws of the State of California.

B. Appoint and remove all officers of the Cooperative, the Cooperative Manager of the Cooperative, if any, and any Cooperative employees, prescribe any powers and duties for such Persons that are consistent with law, and the Governing Documents.

C. Appoint such agents, employees and consultants, including attorneys and accountants, as it sees fit to assist in the operation of the Cooperative, and to fix their duties and to establish their compensation.

D. Subject to the provisions of these Bylaws, to adopt, establish and distribute upon adoption, Rules and regulations governing the use of the Common Area, the Common Facilities, and the personal conduct of the members and their invitees thereon, and to take such steps as it deems necessary for the enforcement of the Rules, including the imposition of monetary penalties and/or the suspension of voting rights and the right to use any Common Facilities; provided Individual Notice and an opportunity for a hearing are furnished as more particularly set forth in the Covenants, Conditions and Restrictions. Rules adopted by the Board may contain reasonable variations and distinctions as between members and Tenants.

E. Enforce all applicable provisions of these Bylaws, the Covenants, Conditions and Restrictions and all other regulations relating to the control, management, and use of the Common Area, the Common Facilities and the Separate Interests within the Park.

F. Contract and pay premiums for fire, casualty, liability and other insurance and bonds (including indemnity bonds) which may be required from time to time in relation to the Park.

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 Park. Pay all taxes, Special Assessments and other Assessments and charges which are or would become a lien on any portion of the Common Area or Common Facilities, and complete and file all tax-related reports and returns.

H. Contract for and pay for construction or reconstruction of any portion or portions of the Park which have been damaged or destroyed and which are to be rebuilt.

I. Establish and levy Assessments on the members of the Cooperative and to collect the same, in accordance with the Governing Documents, and to establish and collect reasonable use charges for any or all of the Common Areas and Common Facilities as the Board may deem necessary or desirable from time to time for the purpose of equitably allocating among the members the cost of Maintenance and operation thereof.

J. Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the Cooperative in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals prepare an annual financial report as required by the Act.

K. Fill vacancies on the Board of Directors or in any committee.

L. Open bank accounts and borrow money on behalf of the Cooperative and to designate the signatories to Cooperative bank accounts.

M. Bring and defend actions by or against one or more members of the Cooperative to protect the interests of the members or the Cooperative, as such, so long as the action is pertinent to the operation of the Cooperative, and to assess the members for the cost of such litigation.

N. Maintain and otherwise manage: (1) all easements and real property and all facilities, improvements and landscaping thereon in which the Cooperative holds an interest, subject to the terms of any instrument transferring such interest to the Cooperative, (2) all personal property in which the Cooperative holds an interest, subject to the terms of any instrument transferring such interest to the Cooperative, and (3) all property, real or personal, which the Cooperative is obligated to maintain.

O. The Board shall have the duty to conduct the business of the Cooperative in such manner that the Cooperative can qualify and be considered an organization exempt from federal and state income taxes pursuant to Internal Revenue Code Section 528 and California Revenue and Taxation Code Section 23701t, as amended. The Board shall cause to be timely filed any annual election for tax-exempt status as may be required under federal or state law, and shall undertake to cause the Cooperative to comply with the statutes, rules and regulations which have been or shall be adopted by federal and state agencies pertaining to such exemption.

5.16. Conflict of Interest. Corporations Code Sections 7233 and 7234 relating to conflicts of interest apply to any contract or other transaction authorized, approved or ratified by the Board or a committee of the Board. A Director or a member of a committee shall not vote on any of the following matters:

A. Discipline of the Director or committee member.

B. An Assessment against the Director or committee member for damage to the Common Area or Common Facilities.

C. A request, by the Director or committee member, for a payment plan for overdue Assessments.

D. A decision whether to foreclose on a lien on the separate interest of the Director or committee member.

E. Review of a proposed physical change to the separate interest of the Director or committee member.

F. A grant of exclusive use Common Area to the Director or committee member.

G. Act in violation of any provision of law or the Governing Documents that govern a decision in which a Director may have an interest.

ARTICLE VI  
MEETINGS OF BOARD OF DIRECTORS

6.1. Place of Meetings. Regular meetings of the Board of Directors may be held at any place within the County that has been designated from time to time by resolution of the Board. In the absence of such designation, regular meetings shall be held within the Park. Special meetings of the Board shall be held at any place within the County that has been designated in the notice of the meeting or, if not stated in the notice, at the principal office of the Cooperative. Notwithstanding the above provisions of this Section, a regular or special meeting of the Board may be held at any place consented to in writing by all the Board members, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting.

6.2. Meetings of Directors. Following the election of Directors, the Board of Directors shall hold a meeting for the purpose of organization, election of officers, and the transaction of other business. Reasonable notice of this meeting shall be given to the members. Meetings shall be conducted at least quarterly if there is business to conduct.

6.3. Meetings of the Board (Corporations Code Section 7211).

A. Meetings of the Board may be called by the President or the Vice President or the Secretary or any two Directors.

B. Except as provided below, the Cooperative shall give notice of the time and place of a Board meeting at least four days before the meeting.

C. If a Board meeting is an emergency meeting held pursuant to Civil Code Section 4923, the Cooperative is not required to give notice of the time and place of the meeting.

D. If a nonemergency Board meeting is held solely in executive session, the Cooperative shall give notice of the time and place of the meeting at least two days prior to the meeting.

E. Notice of a Board meeting shall be given by general delivery pursuant to Section 4045.

F. Notice of a Board meeting shall contain the agenda for the meeting.

G. Notice of a meeting need not be given to a Director who provided a waiver of notice or consent to holding the meeting or an approval of the minutes thereof in writing, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to that Director. These waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

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

I. A majority of the number of Directors authorized in the Bylaws constitutes a quorum of the Board for the transaction of business.

J. Each Director shall have one vote on each matter presented to the Board for action. No Director may vote by proxy.

#### 6.4. Agenda.

A. Limitation on Discussion or Taking Action Unless Item on Agenda. Pursuant to Civil Code Section 4900 et seq., except as described in Section 6.4 (B) to (D) below, the Board of Directors may not discuss or take action on any item at a nonemergency meeting unless the item was placed on the agenda included in the notice that was posted or distributed pursuant to this Section of the Bylaws. This section does not prohibit a member who is not a member of the Board from speaking on issues not on the agenda.

B. Authorized Communications. Notwithstanding subsection 6.4(A), a member of the Board of Directors, a Manager, or other agent of the Board of Directors, may do any of the following: (1) briefly respond to statements made or questions posed by a person speaking at a meeting; or (2) ask a question for clarification, make a brief announcement, or make a brief report on his/her own activities, whether in response to questions posed by a member of the Cooperative or based upon his/her own initiative.

C. Authorized Actions. Notwithstanding subsection 6.4(A), the Board of Directors or a member of the Board of Directors, subject to rules or procedures of the Board of Directors, may do any of the following: (1) provide a reference to, or provide other resources for factual information to, its managing agent or other agents or staff; (2) request its managing agent or other agents or staff to report back to the Board of Directors at a subsequent meeting concerning any matter, or take action to direct its managing agent or other agents or staff to place a matter of business on a future agenda; or (3) direct its managing agent or other agents or staff to perform administrative tasks that are necessary to carry out this subsection.

#### D. Procedures to Take Action in Emergency Situations (Civil Code Section 4930(d)).

1. Notwithstanding subsection 6.4(A), the Board of Directors may take action on any item of business not appearing on the agenda posted and distributed pursuant to Section 6.4 under any of the following conditions:

(a) Upon a determination made by a majority of the Board of Directors present at the meeting that an emergency situation exists. An emergency situation exists if there are circumstances that could not have been reasonably foreseen by the Board, that require immediate attention and possible action by the Board, and that, of necessity, make it impracticable to provide notice.

(b) Upon a determination made by the Board by a vote of two-thirds (2/3) of the Board members present at the meeting, or, if less than two-thirds (2/3) of total membership

of the Board is present at the meeting, by a unanimous vote of the Board members present, that there is a need to take immediate action, and that the need for action came to the attention of the Board after the agenda was posted and distributed pursuant to Section 6.3.

(c) The item appeared on an agenda that was posted or distributed pursuant to Section 6.4 for a prior meeting of the Board of Directors that occurred not more than thirty (30) calendar days before the date that action is taken on the item and, at the prior meeting, action on the item was continued to the meeting at which the action is taken.

2. Before discussing any item pursuant to this Section, the Board of Directors shall openly identify the item to the members in attendance at the meeting.

#### 6.5. Open and Teleconference Meetings.

A. Open Meetings; Exceptions. With the exception of executive sessions of the Board (see subsection (C), below) and emergency meetings of the Board as defined in Civil Code Section 4923, all meetings of the Board shall be open to members of the Cooperative provided that non-Director members may only participate in deliberations or discussions of the Board when expressly authorized by a vote of a majority of a quorum of the Board. However, the Board shall permit any member of the Cooperative to speak at any meeting of the Board during the “Open Forum,” except for meetings of the Board held in executive session. A reasonable time limit for all members of the Cooperative to speak to the Board shall be established by the Board. The Manager may, at the Board’s discretion, attend regular and special meetings.

As used in this Section, “meeting” includes: (1) any congregation of a quorum of the members of the Board at the same time and place to hear, discuss, or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session; and (2) a teleconference in which a quorum of the members of the Board, in different locations, are connected by electronic means, through audio or video or both.

B. Teleconference Meetings. A member of the Cooperative shall be entitled to attend a teleconference meeting or the portion of a teleconference meeting that is open to members, and that meeting or portion of the meeting shall be audible to the members in a location specified in the notice of the meeting. A teleconference meeting shall be conducted in a manner that protects the rights of members of the Cooperative and otherwise complies with the requirements of the Davis-Stirling Act. Except for a meeting that will be held solely in executive session, the notice of the teleconference meeting shall identify at least one physical location so that members of the Cooperative may attend and at least one member of the Board of Directors shall be present at that location. Participation by Board members in a teleconference meeting constitutes presence at that meeting as long as all Board members participating in the meeting are able to hear one another and members of the Cooperative speaking on matters before the Board.

C. Executive Session. The Board may adjourn a meeting and reconvene in executive session pursuant to Civil Code Section 4935 to discuss and vote upon litigation, matters that relate to the formation of contracts with third parties, member discipline (at the request of the member), personnel matters, or to meet with a member regarding the member’s payment of

Assessments, or whether to foreclose a lien. The nature of any and all business to be discussed in executive session shall first be announced in open session. Nothing provided herein shall be construed to obligate the Board to first call an open meeting before meeting in executive session with respect to the matters described above. Any matters discussed in executive session shall be generally noted in the minutes of the immediately following meeting that is open to the entire membership.

D. Prohibition on Taking Action Outside of Meeting; Approvals by E-Mail. The Board of Directors shall not take action on any item of business outside of a meeting. The Board of Directors shall not conduct a meeting via a series of electronic transmissions, including, but not limited to, electronic mail except as provided in this subsection D. Electronic transmissions may be used to conduct an emergency meeting if all members of the Board, individually or collectively, consent in writing to that action, and if the written consent or consents are filed with the minutes of the meeting of the Board. Written consent to conduct an emergency meeting may be transmitted electronically. As used in this subsection D, “item of business” means any action within the authority of the Board, except those actions that the Board has validly delegated to any other person or persons, managing agent, officer of the Cooperative, or committee of the Board comprising less than a majority of the Directors.

6.6. Quorum Requirements. A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn as provided below. Every act done or decision made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, subject to the provisions of the California Non-Profit Corporation law, especially those provisions relating to (1) approval of contracts or transactions in which a Director has a direct or indirect material financial interest and (2) indemnification of Directors. A meeting at which a quorum of Directors is initially present may continue to transact business, notwithstanding the withdrawal of Directors below a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting.

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

6.8. Conduct of Meetings. Regular and special meetings of the Board are subject to the Common Interest Development Open Meeting Act (Civil Code Section 4900 *et seq.*). Regular and special meetings of the Board shall be open to all members of the Cooperative, except when the Board adjourns to executive session as described below. Each member shall have the right to speak at any Board Meeting subject to any reasonable time limit established by the Board and in

accordance with procedures adopted by the Board; provided, however, that Cooperative members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. The Board may, with the approval of a majority of a quorum of the members of the Board, adjourn a meeting and reconvene in executive session to discuss and vote on personnel matters, matters that relate to the formation of contracts with third parties, litigation in which the Cooperative is or may become involved, and orders of business of a similar or otherwise sensitive nature. The nature of any and all business to be considered in executive session shall first be announced in open session and any matter discussed in executive session shall be noted generally in the minutes of the immediately following meeting of the Board that is open to the entire membership.

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

6.10. Compensation. Directors, officers, and members of committees shall not be entitled to compensation for their services as such, although they may be reimbursed for such actual expenses as may be determined by resolution of the Board of Directors to be just and reasonable.

6.11. 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 an executive session, shall be available to members within thirty (30) days of the meeting. Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting open to the entire membership. The minutes, proposed minutes, or summary minutes shall be distributed to any member of the Cooperative upon request and upon reimbursement of the Cooperative's costs in making that distribution. members of the Cooperative shall be notified in writing at the time that the Annual Policy Statement is distributed pursuant to Civil Code Section 5310, or at the time of any general mailing to the entire membership of the Cooperative, of their right to have copies of the minutes of meetings of the Board of Directors, and how and where those minutes may be obtained.

## ARTICLE VII OFFICERS AND THEIR TASKS

7.1. Officers. The Board must appoint its Officers within seven days after the annual meeting of Shareholders. The Officers are the President, Vice-President, Secretary and Treasurer, who shall at all times be members of the Board. The Board may appoint a Comptroller or other Officers to serve at the pleasure of the Board. The Board may appoint, and may empower the President to appoint, such other officers as the affairs of the Cooperative may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws and as the Board may from time to time determine. Officers serve one-year terms. Officers who are not Directors shall not be entitled to vote as members of the Board.



7.2. Resignation and Removal. An Officer may be removed from office with or without cause by majority vote of the Board. Any Officer may resign at any time by giving written notice to the Board, the President or the Secretary. Resignations take effect upon receipt of the notice or at such later time as may be specified therein. The resignation need not be accepted to take effect. Unless the resigning Officer also resigns as a Director, he/she continues as a Director.

7.3. Vacancies. A vacancy in any office shall be filled by a vote of the Board.

7.4. Multiple Offices. Directors shall not hold more than one office, except in the case of subordinate officer positions created pursuant to this Article.

7.5. Duties. The duties of the Officers, are as follows:

A. President. The President is the Chief Executive Officer of the Cooperative and, subject to Board approval, supervises and oversees the affairs of the Cooperative. The President has the power of management usually vested in the office of President of a corporation, together with such other powers as may be prescribed by the Board or these Bylaws. The President is responsible for assuring that the Cooperative's Governing Documents and decisions made by the Board and Shareholders are carried out. The President also presides at Board and Shareholder meetings and executes written instruments on behalf of the Cooperative.

B. Vice-President. The Vice-President acts in the place of the President when the President is absent, disabled or refuses to act when action is required. When acting for the President, the Vice-President has the powers and constraints of the President. The Vice-President exercises such other tasks as may be required by the Board or these Bylaws.

C. Secretary. The Secretary records the votes and ensures the accuracy of minutes kept for meetings of the Board and Shareholders. The Secretary directs service of meeting notices and is the custodian of Cooperative records of Shareholders, including a Shareholder roster, resolutions, books of account, correspondence and similar records.

D. Treasurer. The Treasurer maintains, or causes to be kept and maintained, records of the Cooperative's accounts, properties and business transactions including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and other matters customarily included in financial statements. The Treasurer is responsible for receipt and deposit in bank accounts of all Cooperative funds. The Treasurer must prepare or supervise preparation of an annual balance sheet and operating statement for the Cooperative and distribute copies to each Shareholder. The Treasurer also performs such other tasks the Board or these Bylaws may require.

## ARTICLE VIII COMMITTEES

8.1. Appointment of Committees. The Board may appoint standing or ad hoc committees from the Shareholders to assist the Board in its work. The President of the Board may be an ex officio member of all committees. No committee may take final action on any matter unless expressly

authorized by resolution of the Board. All committees serve at the pleasure of the Board. A committee may consist of one or more Shareholders of the Cooperative. In the absence of the appointment of such committees, the Board may perform the functions of such committees. All committees report either to the Board or to another committee designated by the Board and are subject to the Cooperative's Governing Documents.

8.2. Other Committees. The Board may appoint and direct the following committees: Finance/Budget Committee, Membership Committee, Nominating Committee and Architectural Control Committee.

8.3. Limitations on Committees. The purpose of all committees shall be to assist the Board of Directors in performing such duties as may be assigned by the Board from time to time.

## ARTICLE IX ASSESSMENTS

9.1. Assessments Generally.

A. Each Shareholder, covenants and agrees to pay to the Cooperative the Regular Assessments, Special Assessments and Special Individual Assessments hereinafter provided for and to allow the Cooperative to enforce any collections proceedings by any other means authorized by law.

B. Property Taxes. Each Shareholder is responsible for paying all present and future taxes, levies, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto, and all real property or personal property taxes or assessments imposed on the Shareholder and/or the Shareholder's Separate Interest. Due to Proposition 13, property taxes owed by each Shareholder are not equal. The Cooperative may estimate taxes owed by each Shareholder.

C. Unallocated Taxes. In the event that any taxes are assessed against the Common Area, the Common Facilities, or the personal or real property of the Cooperative, rather than being assessed to the Spaces, such taxes shall be included as a Regular Assessment and, if necessary, a Special Assessment may be levied against the Spaces in an amount equal to such taxes to be paid in installments as determined by the Board.

D. Each installment payment of any Regular Assessment and each lump sum or installment payment of any Special Assessment or Special Individual Assessment, together with any interest charge provided for in Section (e) hereof, late charges, and reasonable costs of collection, as assessed in accordance with Civil Code Section 5650, attributable thereto or incurred in the collection thereof, shall be a separate debt of the member against whom the same has been assessed at the time the Assessment or other sums are levied. Furthermore, each Regular Assessment and certain Special Assessments are hereby declared and agreed to be a lien upon and against the share so assessed.

E. Each Shareholder shall be personally liable only for Assessments attributable to the Space which become due and payable after the date of purchase by such member; provided that any unpaid Assessment of a previous member shall remain the debt of such previous member and a lien upon the Share by reason of such unpaid Assessment, except as otherwise provided in these Bylaws.

F. If any installment payment of a Regular Assessment or lump sum or installment payment of any Special Assessment or Special Individual Assessment assessed to any member is not paid within fifteen (15) days after the same becomes due, such payment shall be delinquent and the amount thereof shall be subject to a late charge not exceeding ten percent (10%) of the delinquent Assessment or Ten Dollars (\$10.00) whichever is greater, pursuant to Civil Code, Section 5650(b) or such larger sum as may hereafter be allowed by such statute or any successor statute thereto.

G. Interest on Regular and Special Assessments together with reasonable costs of collection and late charges shall accrue at an annual percentage rate of twelve percent (12%) per annum commencing thirty (30) days after the Assessment becomes due, or at such higher interest rate as may hereafter be permitted by Civil Code Section 5650(b) or any successor statute thereto.

H. No member may attempt to exempt the member from liability or charge for the member's share of any Regular, Special or Special Individual Assessment rightfully made and assessed against the member and the member's Share by waiving or relinquishing, or offering to waive or relinquish, the member's right to use and enjoy all or any portion of the Common Area or Common Facilities or by the abandonment or nonuse of the Space.

## 9.2. Regular Assessments.

A. Estimate. Not less than thirty (30) nor more than ninety (90) days prior to the beginning of each fiscal year of the Cooperative, the Board shall estimate the anticipated Common Expenses (including prudent contributions to the capital reserve fund for repair and replacement of Common Facilities) for the next succeeding fiscal year. In preparing its annual estimates of Common Expenses, the Board shall include an adequate reserve fund for Maintenance, repair and replacement of those Improvements which the Cooperative is obligated to maintain and that must be replaced on a periodic basis, and the Assessments therefor shall be payable in regular installments rather than by Special Assessments. The total expenses thus estimated shall be allocated among all the Spaces within the Park in the manner described in this Section 9.2 as the Regular Assessment for such Share. Notwithstanding any other provision in these Bylaws to the contrary, the Board may not impose a Regular Assessment for any fiscal year more than twenty percent (20%) above the Regular Assessment for the Cooperative's preceding fiscal year without the approval of Owners, constituting a quorum, casting the majority of the votes at a meeting or election of the Cooperative conducted through a secret ballot process in accordance with Civil Code Section 5100. For purposes of this Section, the term "quorum" means more than fifty percent (at least 50% +1) of the members.

B. Emergency Situations. The foregoing restrictions on Assessment increases do not apply to increases necessary for emergency situations. For purposes of this Section 9.2 an emergency situation is any one of the following:

1. An extraordinary expense required by an order of the court.
2. An extraordinary expense necessary to maintain the Common Area, the Common Facilities or any part of the Park that the Cooperative is responsible to maintain when a threat to personal safety on the Park is discovered.
3. An extraordinary expense necessary to maintain the Common Area, the Common Facilities or any part of the Park that the Cooperative is responsible to maintain that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget required under the Annual Budget Report, provided that before the imposition or collection of any Assessment under this subsection, the Board must pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and shall distribute the resolution to the members with the notice of Assessment. (Civil Code Section 5610).

C. Allocation of Regular Assessments Among the Owners. The total estimated Common Expenses shall be divided equally among, assessed against and charged to all Shares within the Park.

D. Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each member shall be set forth and recorded upon an Assessment roll which shall be maintained and available with the records of the Cooperative and shall be open for inspection by the Board at all reasonable times. The Assessment roll shall show for each Share the name and address of the owner of record thereof, all Assessments, whether Regular or Special, levied against each member and the member's Share, and the amount of such Assessments which have been paid or remain unpaid. A certificate executed and acknowledged by the Secretary, Treasurer or designated management representative of the Cooperative stating the indebtedness secured by any lien created hereunder upon any such Share shall be conclusive upon the Cooperative and the member of such Share as to the amount of such indebtedness as of the date of such certificate, in favor of all Persons who rely thereon in good faith.

E. Mailing. The Board of Directors shall serve each member by Individual Notice a statement of the amount of the Regular Assessment assessed against the member's Share for the next succeeding fiscal year after determination thereof. The Cooperative shall provide Individual Notice to the Owners of any increase in the Regular Assessments of the Cooperative, not less than thirty (30) nor more than sixty (60) days prior to the increased Assessment becoming due.

F. Failure to Make Estimate. If, for any fiscal year, the Board of Directors shall fail to make an estimate of the Common Expenses, the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to this Article IX for that year, shall be assessed against each member and the member's Share on account of the then current

fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Cooperative.

G. Installment Payment. The Regular Assessment made against each member shall be due and payable in advance to the Cooperative in equal monthly installments on the first day of each month or on such other date or dates as may be established from time to time by the Board. Monthly installments of Regular Assessments shall be delinquent if not paid by the fifteenth (15th) day of the month. In the event of default of the payment of any installment of the Regular Assessment, in addition to the remedies set forth in these Bylaws, the Board may, in its discretion, accelerate and declare immediately due and payable any remaining installment payments of the Regular Assessment levied for the fiscal year.

H. Surplus Funds. If, as of the end of any fiscal year, there is an excess of membership income over membership expenses as defined in Internal Revenue Code Section 277 for the year ended, such excess shall be applied against the subsequent tax year's member Assessments as provided in Internal Revenue Service Revenue Ruling 70-604, unless some other lawful disposition of such excess income is determined by the vote of the members.

### 9.3. Special Assessments.

A. Special Assessments. The Board, at any time, may levy a Special Assessment in order to raise funds for unexpected operating or other costs, insufficient operating or reserve funds, or such purposes as the Board in its discretion considers appropriate. Special Assessments hereunder may be imposed upon Board action alone except in those instances where membership approval is required pursuant to these Bylaws.

B. Capital Improvements. The Cooperative may also levy Special Assessments for Capital Improvements to the Common Area or Common Facilities unrelated to Maintenance or repairs for damage or normal wear and tear to or destruction of the Common Facilities.

C. Assessment Increases Requiring Membership Approval. As more particularly provided in Civil Code Section 5605(b), no Special Assessment described in Subsections (A) or (B) hereof shall be made by the Board of Directors whereby the Special Assessments in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Cooperative for that fiscal year without the approval of Owners, constituting a quorum, casting the majority of the votes at a meeting or election of the Cooperative conducted through a secret ballot process in accordance with Civil Code Section 5100. For purposes of this Section, the term "quorum" means more than fifty percent (at least 50% +1) of the members.

D. Emergency Assessments. The provisions of this subsection do not limit Assessment increases for emergency situations.

E. Allocation and Payment of Special Assessments. When levied by the Board or approved by the members as provided above a Special Assessment shall be allocated among the members as provided in Section 9.2(C) of these Bylaws. Special Assessments for the purposes described in Section 9.3(A) shall thereafter be due as a separate debt of the member and a lien

against the member's Share, which debt shall be payable to the Cooperative in lump sum, or monthly installments, which installments may not extend beyond the remainder of the then current fiscal year, as the Board shall determine. Special Assessments for purposes described in Section 9.3 (B) shall thereafter be due as a separate debt and payable in full to the Cooperative. The Cooperative shall provide Individual Notice by first-class mail to the Owners of any Special Assessments described in 9.3(A) or (B) not less than thirty (30) nor more than sixty (60) days prior to the Special Assessment becoming due.

#### 9.4. Special Individual Assessments.

A. Special Individual Assessments. In addition to the Special Assessments provided for in Section 9.3 hereof, the Cooperative may also impose Special Individual Assessments against a member in any of the circumstances described in subparagraphs (1) through (3) below. A lien on a Share maybe imposed only for Special Individual Assessments described in Section (A)(1) of this Section 9.4 (Damage to Common Area or Common Facilities) (Civil Code Section 5725).

1. Damage to Common Area or Common Facilities. In the event the Cooperative incurs costs in the repair of damage to the Common Area or Common Facilities, for which a Resident or his/her invitees were responsible, the Cooperative may impose a Special Individual Assessment against the member for such costs. Such costs shall be assessed and charged solely to and against such member and the Member's Share as a Special Individual Assessment. Nothing in this subsection shall require the Board to make a claim on any insurance carrier issuing a policy relating to the Common Area or Common Facilities in the event of any such damage or destruction.

2. Act Increasing Insurance Premiums. In the event any act or omission of any member, any member of the member's Household, or any of the member's Tenants, Guests or agents shall in any way cause or be responsible for any increase in the premiums for any insurance purchased or obtained by the Cooperative, the amount of such increase may, in the discretion of the Board, be assessed and charged solely to and against such member as a Special Individual Assessment but without right to impose a lien against the Share.

3. Expenses Incurred in Gaining Member Compliance. In the event that the Cooperative incurs any costs or expenses, including reasonable title company, accounting, legal fees, or fees or costs of experts or consultants, to accomplish (i) any Maintenance, repair or replacement, under the Governing Documents, (ii) to prevent the continued maintenance of a nuisance or (iii) otherwise bring the member and/or the member's Space into compliance with the provisions of the Governing Documents, the amount incurred by the Cooperative or any monetary penalties and interest thereon duly imposed hereunder shall be assessed and charged solely to and against such member and the member's Share as a Special Individual Assessment, but without right to impose a lien against the Share; provided that Special Individual Assessments of the kind described in this subparagraph (A)(3) may only be imposed after the member has been afforded notice and the opportunity for a meeting with the Board, and has been given a reasonable opportunity to comply voluntarily with applicable Laws or the Cooperative's Governing Documents before the Assessment is imposed.

B. Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against a member for any reason described, and subject to the conditions imposed in subparagraph (A) of this Section 9.4, such Special Individual Assessments shall be entered on the Cooperative Assessment roll, notice thereof shall be mailed to the affected member and the Special Individual Assessment shall thereafter be due as a separate debt of the member.

C. Special Individual Assessments imposed pursuant to Section 9.4(A)(1) may become a lien against the member's Share.

1. Special Individual Assessments imposed pursuant to Section 9.4(A)(2) or (3) hereof may not be characterized nor treated as an Assessment which may become a lien against the member's Share. However, this Section shall not apply to charges imposed against a member consisting of reasonable late payment penalties for delinquent Assessments and/or charges to reimburse the Cooperative for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent Assessments.

2. Special Individual Assessments imposed pursuant to either Section 9.4(A)(1) or 9.4(A)(3) shall be payable in full to the Cooperative within thirty (30) days after the mailing of notice of the Assessment. Special Individual Assessments imposed pursuant to Section 9.4(A)(2) shall be payable in full to the Cooperative at least ten (10) days in advance of the date or dates for the payment of the increased insurance premium giving rise to the Assessment.

9.5. Purpose and Reasonableness of Assessments. Each Assessment, whether it be a Regular, Special or Special Individual Assessment, made in accordance with the provisions of these Bylaws, is hereby declared and agreed (a) to be for use exclusively to promote the benefit of the residents of the Park by the Owners and their families, invitees, licensees, Guests and employees, or for the repair, maintenance, replacement and protection of the Common Area or Common Facilities within the Park and other portions of the Park that the Cooperative is obligated to Maintain under the Bylaws, (b) to be a reasonable Assessment, and (c) to constitute a separate, distinct and personal obligation of the member of the Share against which the Assessment is made and shall bind the Shareholder's heirs, successors and assigns; provided that the personal obligation for delinquent Assessments shall not pass to the member's successors in title unless expressly assumed by them.

9.6. Exemptions from Assessments. The following property subject to these Bylaws, unless devoted to use as a residential dwelling, shall be exempt from the Assessments and the lien thereof provided herein:

- A. Any portion of the Park dedicated and accepted by a local public authority.
- B. The Common Area and Common Facilities.

## 9.7. Maintenance of Assessment Funds.

A. Deposit; Bank Account. All sums received or collected by the Cooperative from Assessments, whether Regular or Special, together with any interest charge thereon, shall be promptly deposited in a checking and/or savings account in an insured depository selected by the Board of Directors. In addition, the Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees. The Board and such officers or agents of the Cooperative as the Board shall designate shall have exclusive control of said account(s) and shall be responsible to the Owners for the Maintenance at all times of accurate records thereof. The withdrawal of funds from Cooperative accounts shall be subject to the minimum signature requirements imposed by Civil Code Section 5510(a).

To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. Any interest received on such deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Cooperative as provided in subparagraph (B) below, or may be allocated exclusively to reserve funds. However, reserve funds shall be segregated and placed in a separately designated bank account, together with all interest generated therefrom.

B. Separate Accounts; Commingling of Funds. Except as provided below, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Cooperative for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board's approved general operating budget if the Board determines that it is prudent and in the best interest of the Cooperative and its members to make such adjustments. If the proceeds of any Special Assessment exceed the requirement of which such Assessment was levied, such surplus, in the Board's discretion, may be (1) returned proportionately to the contributors thereof; (2) reallocated among the Cooperative's reserve accounts if any such account is underfunded, in the Board's opinion; or (3) credited proportionately on account of the member's future Regular Assessment obligations.

For purposes of accounting, the Cooperative shall keep a separate account of all funds received by it in payment of each Assessment, and of all disbursements made therefrom. Receipts and disbursements of Special Assessments made pursuant to Section 9.3(A) shall be combined with the receipts and disbursements of the Regular Assessments. All reserve funds and the interest thereon shall be deposited in separately designated accounts.

9.8. Statement of Defaults. Within ten (10) days of the mailing or delivery of a written request by any member, the Board shall provide the member with a written statement containing the following information: (a) whether to the knowledge of the Cooperative, the member or the member's Share is in violation of any of the provisions of the Governing Documents; (b) the amount of Regular and Special Assessments, including installment payments, paid by the member during the fiscal year the request is received; and (c) the amount of any Assessments levied against the member's Share that are unpaid as of the date of the statement, including any late charges,



interest, or costs of collection that as of the date of the statement are or may be made a lien against the member's Share as provided by the Governing Documents.

9.9. Transfer of Space by Sale. If a Space is transferred, any unpaid Assessments shall be paid as a condition to approval of the transfer. The grantor shall remain liable to the Cooperative for all unpaid Assessments against the Space through and including the date of the transfer. The grantee shall be entitled to a statement from the Cooperative, dated as of the date of transfer, setting forth the amount of the unpaid Assessments against the Space to be transferred.

9.10. Lien. A lien on a Share may be imposed by a court and may be enforced in any manner permitted by law. The lien will be recorded in the official records of the Cooperative. Nothing in these Bylaws shall preclude the Cooperative from bringing an action directly against a Shareholder for breach of the personal obligation to pay Assessments.

9.11. Suspension of Privileges. The Board may temporarily suspend the right of a Shareholder or Resident to use Common Areas or Common Facilities if the Shareholder is in default in payment of any Assessment, after notice and hearing, as provided in the Governing Documents and the Act.

9.12. Unallocated Taxes. In the event that any taxes are assessed against the Common Areas or Common Facilities, the personal property of the Cooperative, rather than against the Separate Interests, those taxes shall be included in the Assessments made under the provisions of these Bylaws and, if necessary, a Special Assessment may be levied against the Separate Interests in an amount equal to those taxes. If required by the Board, such Taxes shall be paid in periodic installments based on estimates as determined by the Board.

9.13. A Shareholder may request the Cooperative to consider a payment plan to satisfy a delinquent assessment. The Cooperative must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code). The Board must meet with a member who makes a proper written request for a meeting to discuss a payment plan when the member has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the Cooperative, if they exist. (Civil Code Section 5665).

## ARTICLE X INSURANCE; DAMAGE OR DESTRUCTION; CONDEMNATION

10.1. Insurance. The Cooperative shall obtain and maintain as specified below:

A. Types of Insurance. The Cooperative shall obtain and maintain the following insurance:

1. A master hazard policy insuring all improvements, equipment, and fixtures in the Common Areas and Common Facilities with policy limits of either: (a) full replacement value of the covered improvements or (b) no less than 80 percent of replacement cost of the covered improvements, excluding foundations and footings in either instance;

2. To the extent such insurance is reasonably obtainable, the Cooperative shall obtain and maintain commercial general liability insurance insuring the Cooperative, the Board of Directors, employees, volunteers working at the direction of the Board, and the Cooperative Manager against any liability incident to the ownership, Maintenance and repair of the Common Areas, Common Facilities and any other Cooperative owned or maintained real or personal property, and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than Two Million Dollars (\$2,000,000) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against liability or risk customarily covered with respect to projects similar to the Park in construction, location, and use.

3. Workers' compensation insurance to: the extent required by law (or such greater amount as the Board deems necessary). The Cooperative shall obtain a Certificate of Insurance naming it as an additional insured in regard to workers' compensation claims from any independent contractor who performs any service for the Cooperative, if the receipt of such a certificate is practicable;

4. The Board may obtain fidelity bonds or insurance covering officers, directors, and employees that have access to any Cooperative funds;

5. Flood insurance if the Park is located in an area designated by an appropriate governmental agency as a special flood hazard area, in the discretion of the Board;

6. To the extent insurance is available, the Cooperative shall purchase and maintain insurance in an amount not less than Two Million Dollars (\$2,000,000) on behalf of any manager, Director, Officer, member of a Committee of the Cooperative or Inspector of Elections (collectively the "agents") against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status, regardless of whether the Cooperative would have the power to indemnify the agent against such liability under applicable law; and

7. Such other insurance as the Board in its discretion considers necessary, or advisable.

B. Deductibles. The Board shall adopt a policy regarding payment of deductibles on any insurance coverage. Unless the Board determines otherwise, the Cooperative shall pay deductibles required under any insurance claims from Cooperative funds, unless insufficient funds are available to the Cooperative from the Cooperative's accounts or from funds borrowed by the Cooperative in accordance with these Bylaws, in which event the Cooperative shall levy a Special Assessment, in accordance with the provisions of these Bylaws, with respect to the amount of any such deductible that exceeds funds available to the Cooperative from Cooperative funds or from borrowing.

C. Representation for Claims. Each Shareholder appoints the Cooperative or any insurance trustee designated by the Cooperative to act on behalf of the Shareholders in

connection with all insurance matters arising from any insurance policy maintained by the Cooperative, including without limitation, representing the Shareholders in any proceeding, negotiation, settlement, or agreement.

10.2. Review of Policies. The Board shall periodically (and not less than once every three (3) years) review all insurance policies maintained by the Cooperative to determine the adequacy of the coverage. Upon the advice of the Cooperative's insurance broker, the Board shall have the power to increase the insurance coverage, without amendment of these Bylaws.

10.3. Shareholder Insurance. Each Shareholder shall maintain fire and casualty insurance covering the Home and all improvements on his/her Space, and shall maintain general liability insurance; all with minimum limits of insurance established in the Rules of the Cooperative. Each Shareholder shall be liable for, and shall indemnify, defend, protect and hold the Cooperative and the Board, its officers, employees, agents, successors and assigns and the other Shareholders harmless from and against, any and all claims, damages, judgments, suits, causes of action, losses, liabilities and expenses, including attorneys' fees and court costs, arising or resulting from any negligent act or omission of the indemnifying Shareholder or any of his/her agents, employees, contractors, subtenants, assignees, licensees, or invitees or any default by the indemnifying Shareholder of any obligations on such Shareholder's part to be performed under the terms of the Governing Documents.

10.4. Limitation on Liability. The Cooperative, and its Directors and Officers, shall have no liability to any Shareholder if, after a good faith effort, it is unable to obtain the insurance required hereunder, because the insurance is no longer available or, if available, can be obtained only at a cost that the Board in its sole discretion determines is unreasonable under the circumstances, or the Shareholders fail to approve any Assessment increase needed to fund the insurance premiums. In such event, the Board immediately shall notify each Shareholder that the insurance will not be obtained or renewed.

10.5. Damage or Destruction. If fire or other casualty damage extends to any improvement located in the Common Areas or Common Facilities, the Cooperative shall proceed with the filing and adjustment of all claims arising under the Cooperative's insurance proceeds. The Board may rebuild said improvements in its reasonable discretion. If the Cooperative determines to rebuild, bids from at least two reputable contractors shall be obtained. The Cooperative shall have the authority to enter into a written contract with said contractor specifying in detail the restoration work to be done and the cost thereof for such reconstruction work and the insurance proceeds held by the Cooperative shall be disbursed to said contractor according to the terms of the agreement. If the determination is made not to rebuild, any insurance proceeds received by the Cooperative on account of the destruction of the improvements in the Common Areas or Common Facilities shall be, in the discretion of the Board, either applied to the Cooperative's reserve accounts or distributed as determined by the Board.

10.6. Damage to a Space. If damage ensues to any Space or to improvements located on any Space, the Shareholder of the Space shall be responsible for all necessary repairs and replacements. If a Shareholder fails to promptly repair the damage or remove any visible debris from the Space, the Cooperative may order the Shareholder to remove any visible debris from

the Space. If the Shareholder fails to abide by any debris removal order issued by the Cooperative, then the Cooperative may (but shall not be required to) remove the visible debris from the Space and charge the cost thereof to the Shareholder of the Space, following appropriate notice and hearing requirements.

10.7. Condemnation of Common Areas or Common Facilities. The Cooperative shall represent the Shareholders in any condemnation proceedings or in negotiations, settlements, and agreements with the condemning authority for acquisition of the Common Areas, the Common Facilities or any part thereof. In the event of a taking or acquisition of part or all of the Common Areas or Common Facilities by a condemning authority, the award or proceeds of settlement shall be payable to the Cooperative, or to any trustee appointed by the Cooperative. The Board may, in its discretion, either apply the award toward the Cooperative's reserve funds, to satisfy debt, or distribute the award (or so much of the award as the Board determines appropriate) to the Shareholders on an equal basis for each Space owned if the Shareholder shall vacate his/her Separate Interest as a result of the taking.

## ARTICLE XI FISCAL REVIEW, REPORTS AND OTHER MATTERS

11.1. Fiscal Review. The Board shall review the following financial records on a monthly basis. (Civil Code Section 5500). This includes:

- A. a current reconciliation of the operating accounts,
- B. a current reconciliation of the reserve accounts,
- C. the current year's actual operating revenues and expenses compared to the current year's budget,
- D. the latest bank statements for operating and reserve accounts,
- E. an income and expense statement for the Cooperative's operating and reserve accounts, and
- F. the check register, monthly general ledger, and delinquent assessment receivable reports.
- G. Civil Code Section 5501 allows the review requirements to be met when every member of the board reviews the monthly documents and statements (described above) independent of a board meeting and then ratifies the review at a subsequent board meeting, or a subcommittee of the board consisting of the treasurer and at least one other board member reviews the records and ratifies the review at a subsequent board meeting. The ratification must be reflected in the minutes of the board's meeting.

## 11.2. Contact Information; Annual Budget Report; Annual Policy Statement.

A. Contact Information. The Board shall notify members of their obligation to provide the Cooperative with their contact information at least 30 days before distributing the Annual Policy Statement, below (Civil Code Section 4041).

B. Notice Regarding Secondary Addresses. The Cooperative shall notify Owners by General Notice of their right to submit secondary addresses to the Cooperative, at the time the Cooperative issues the Annual Policy Statement pursuant to Civil Code Section 5310. The member may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Cooperative shall only be required to send notices to the indicated secondary address from the point the Cooperative receives the request. If a secondary address is provided, the Cooperative shall send any and all correspondence and legal notices required pursuant to this Article to both the primary and the secondary address.

C. Annual Budget Report. The Board shall distribute or cause to be distributed the Annual Budget Report 30 to 90 days prior to the start of the fiscal year (Civil Code Section 5300).

D. Annual Policy Statement. The Board shall distribute or cause to be distributed the Annual Policy Statement 30 to 90 days prior to the start of the fiscal year (Civil Code Section 5310).

E. Delivery of Annual Budget Report and Annual Policy Statement. When an Annual Budget Report or Annual Policy Statement is prepared pursuant to this Article, the Cooperative shall deliver one of the following documents to all members, by individual delivery pursuant to Civil Code Section 4040:

1. The full report.

2. A summary of the report. The summary shall include a general description of the content of the report. Instructions on how to request a complete copy of the report at no cost to the member shall be printed in at least 10-point boldface type on the first page of the summary. However, if a member has requested to receive all reports in full, the Cooperative shall deliver the full report to that member, rather than a summary of the report.

## 11.3. Operating and Reserve Accounts.

A. Board Approval for Fund Transfers. The Board is required to provide written authorization for large transfers of funds. Transfers of greater than ten thousand dollars (\$10,000) or 5 percent of the Cooperative's total combined reserve and operating account deposits, whichever is lower, shall not be authorized from the account without prior written approval from the Board (Civil Code Section 5380(b)(6)) (Civil Code Section 5502).

B. Operating Account. Except as provided in subparagraph C, below, all checks or demands for money and notes on the Cooperative's operating account shall be signed by the President and Treasurer, or by such other officer(s) or such other Person(s) as the Board of Directors may from time to time designate.

C. Withdrawal From Reserves. The signatures of at least two (2) Persons, who shall be members of the Board, shall be required for the withdrawal of monies from the Cooperative's reserve accounts.

D. Limitation on Reserve Expenditures. The Board of Directors shall not expend funds designated as reserve funds for any purpose other than the Maintenance of major components which the Cooperative is obligated to Maintain and for which the reserve fund was established. However, the Board may authorize the temporary transfer of money from a reserve fund to the Cooperative's general operating fund to meet short-term cash-flow requirements or other expenses, if the Board has provided notice of the intent to consider the transfer in a notice of meeting, which shall be provided as specified in Civil Code Section 4925. The notice shall include the reasons the transfer is needed, some of the options for repayment, and whether a Special Assessment may be considered. If the Board authorizes the transfer, the Board shall issue a written finding, provided the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the reserve fund. The transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except that the Board may, after giving the same notice required for considering a transfer, and, upon making a finding supported by documentation that a temporary delay would be in the best interests of the Cooperative, temporarily delay the restoration. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limits required by this Section. The Board may, at its discretion, extend the date the payment of the Special Assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid Special Assessment.

When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Cooperative shall notify the members of the Cooperative by General Notice of that decision in the next available mailing to all members of the availability of an accounting of those expenses. The Cooperative shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by members of the Cooperative at the Cooperative's office.

E. Reserve Study Requirements. At least once every three years the Board of Directors shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Cooperative is obligated to repair, replace, restore or Maintain as part of a study of the reserve account requirements if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the Cooperative which excludes the Cooperative's reserve account for that period. The Board shall review this study annually and shall consider and implement

necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The study required by this Section shall at a minimum include:

1. Identification of the major components which the Cooperative is obligated to maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years.

2. Identification of the probable remaining useful life of the components identified in Section A above, as of the date of the study.

3. An estimate of the cost of maintenance of each major component identified in Section A, above.

4. An estimate of the total annual contribution necessary to defray the cost to maintain the components identified in Section A, above, during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.

5. A reserve funding plan that indicates how the Cooperative plans to fund the contribution identified in subsection D above, to meet the Cooperative's obligation for the Repair and Replacement of all major components with an expected remaining life of thirty (30) years or less, not including those components that the Board has determined will not be replaced or repaired. The plan shall include a schedule of the date and amount of any change in Regular or Special Assessments that would be needed to sufficiently fund the reserve funding plan. The disclosures required by this Section shall be summarized on the form included in Civil Code Section 5570(a). The plan shall be adopted by the Board of Directors at an open meeting before the membership of the Cooperative as described in Section 8.05 hereof. If the Board of Directors determines that an Assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the Board that is consistent with the procedure described in Civil Code Sections 5605 and 5610.

6. As used in this Section, "reserve accounts" means both (1) monies that the Board of Directors has identified for use to defray the future maintenance of, or additions to, those major components which the Cooperative is obligated to maintain; and (2) the funds received and not yet expended or disposed from either a compensatory damage award or settlement to the Cooperative from any Person or entity for injuries to property, real or personal, arising from any construction or design defects. These funds shall be separately itemized from funds described in Section (1) above. The term "reserve account requirements" means the estimated funds which the Board of Directors has determined are required to be available at a specified point in time to repair, replace, or restore those major components which the Cooperative is obligated to maintain.

11.4. Finance Committee. The Board may appoint a Finance Committee to conduct a detailed review and reconciliation on behalf of the Board of the balance sheet and income and expense statement with the statements from the financial institutions with which the Cooperative has accounts.

ARTICLE XII  
INDEMNIFICATION

12.01. Indemnification Right and Power.

A. The Cooperative shall indemnify any agent of the Cooperative who was a party to any proceeding by reason of the fact that the Person is or was an agent of the Cooperative against expenses actually and reasonably incurred in any proceeding to the extent that the agent was successful on the merits in defense of the proceeding or in defense of any claim, issue, or matter therein. Expenses shall include any attorney's fees and any other expenses of establishing a right to indemnification.

B. The Cooperative may indemnify any agent of the Cooperative who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such Person is or was an agent of the Cooperative, against expenses actually and reasonably incurred in connection with such proceeding provided the approval requirements described in Section 12.2 of these Bylaws have been satisfied.

C. For purposes of Sections 12.1-12.5 of these Bylaws, the term "agent" means any present or former Director, officer, employee, or other agent of the Cooperative (including an appointed Inspector of Elections), the term "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, and the term "expenses" includes judgments, fines, or settlements occurring in any proceeding other than a proceeding brought by or on behalf of the Cooperative.

12.2. Indemnification Approval. Unless indemnification is required as provided in Section 12.1 of these Bylaws, indemnification shall be made only if authorized in the specific case on a determination that indemnification is proper in the circumstances because the agent satisfied the appropriate standard of care described in Section 12.3 of these Bylaws. The determination must be made by one of the following methods:

A. A majority vote of a quorum of the Board consisting of Directors who are not parties to the proceeding.

B. The affirmative vote of a majority of the Voting Power of the members entitled to vote at a duly held members' meeting in which a quorum was present, or the approval by written ballot under the secret ballot procedures described in these Bylaws, provided that if the agent to be indemnified is a member, the agent shall not be entitled to vote.

C. The court in which such proceeding is or was pending on application made by the Cooperative or the agent or the attorney or other Person rendering services in connection with the defense, whether or not the application is opposed by the Cooperative.

D. Notwithstanding the foregoing, any indemnification in any proceeding brought by or on behalf of the Cooperative shall be subject to the restrictions contained in California Corporation Code Section 7237(c).



12.3. Standard of Care. In any proceeding brought by or on behalf of the Cooperative, the applicable standard of care shall require that the agent acted in good faith, in a manner the agent believed to be in the best interests of the Cooperative and with the care, including reasonable inquiry, that an ordinarily prudent Person in like position would use under similar circumstances. In all other proceedings, the agent must have acted in good faith, in a manner the agent believed to be in the best interests of the Cooperative and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

12.4. Advancement of Expenses. On approval by the Board, expenses incurred in defending any proceeding may be advanced by the Cooperative prior to the final disposition of the proceeding, provided the Cooperative receives an undertaking by or on behalf of the agent that the advances will be repaid unless it is ultimately determined that the agent was entitled to indemnification as required or authorized by these Bylaws.

12.5. Insurance. The Cooperative shall have the power to purchase and maintain insurance on behalf of its agents against any liability asserted against or incurred by any agent in such capacity or arising out of the agent's status as such, whether or not the Cooperative would have the power to indemnify the agent against such liability under Sections 13.01-13.04 of these Bylaws.

12.6. Officer and Director Liability. Unless and until Section 5800 of the Civil Code is amended to provide otherwise, any Person who suffers injury, including, but not limited to, bodily injury, emotional distress, wrongful death, or property damage or loss as a result of the tortious act or omission of a volunteer officer or volunteer Director of the Cooperative shall not recover damages from a volunteer officer or volunteer Director if all of the following criteria are met:

A. The act or omission was performed within the scope of the officer's or Director's Cooperative duties.

B. The act or omission was performed in good faith.

C. The act or omission was not willful, wanton, or grossly negligent.

D. The Cooperative maintained and had in effect at the time the act or omission occurred and at the time a claim is made one or more policies of insurance which shall include coverage for (1) general liability of the Cooperative and (2) individual liability of officers and Directors of the Cooperative for wrongful acts or omissions in that capacity; provided, that both types of coverage are in the minimum amount of Five Hundred Thousand Dollars (\$500,000). However, in no event shall the Cooperative maintain lower limits of insurance than are provided in these Bylaws.

E. The payment of actual expenses incurred by a Director or officer in the execution of the duties of that position does not affect the Director's or officer's status as a volunteer within the meaning of this Section.

F. Nothing in this Section shall be construed to limit the liability of the Cooperative for its negligent act or omission or for any negligent act or omission of an officer or Director of the Cooperative.

### ARTICLE XIII BREACH AND DEFAULT

#### 13.1. Remedy at Law Inadequate.

A. Except for the non-payment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the Governing Documents is inadequate. Accordingly, failure of any member, invitee, occupant or user of any Space to comply with applicable Laws or any provision of the Governing Documents, or a decision or resolution of the Board of Directors, may be enjoined by appropriate legal proceedings instituted by any member, the Cooperative, its officers or Board of Directors, or by their respective successors in interest.

B. After notice and hearing, the Cooperative may pursue any remedies available to the Cooperative under law or equity for a Shareholder's default or failure to comply with applicable Laws or the Governing Documents, including but not limited to (i) termination of Shareholder's rights; (ii) repossession of such defaulting Shareholder's Share through lawful proceedings; (iii) cancellation of the Occupancy Agreement through lawful proceedings; (iv) imposing a lien on the defaulting Shareholder's Share and (v) obtaining a court order to remove the Home and improvements of the defaulting Shareholder. In connection with such proceedings, a defaulting Shareholder shall pay all Assessments, fines and penalties which are imposed, reimburse the Cooperative for costs associated with bringing the Space into compliance with the Governing Documents and pay legal and other expenses incurred by the Cooperative in connection with the default and the resale of such Share. In the event a court or arbitrator order that a defaulting Shareholder's rights are terminated, the Shareholder shall deliver to the Cooperative its Share within ten (10) days of demand by the Board for cancellation. If the defaulting Shareholder fails to deliver its share to the Cooperative, such Share shall be deemed to be cancelled.

C. Notwithstanding anything to the contrary herein, the Cooperative shall comply with applicable Laws which limit its ability to require the removal of a Home from the Park in the event of its sale to a third party (Civil Code Section 799.3).

13.2. Nuisance. Without limiting the generality of the foregoing, the result of every act or omission whereby any covenant contained in the Governing Documents is violated, in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

13.3. Costs and Attorneys' Fees. In any action brought because of any alleged breach or default of any member or other party hereto under these Bylaws, the Court may award to any party to such action such attorneys' fees and other costs as it may deem just and reasonable. In addition, in the event that the Cooperative incurs any legal fees and/or costs incurred as a result of any act or omission of a member or the member's invitee, the Cooperative shall be entitled to recover

such fees and/or costs from the member as a Special Individual Assessment under Article IX of these Bylaws.

13.4. Cumulative Remedies. The respective rights and remedies provided by these Bylaws shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any member or others to perform or observe any provision of the Governing Documents.

13.5. Failure Not a Waiver. The failure of any member, the Board of Directors or the Cooperative or its officers or agents to enforce any of the Governing Documents shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon the Cooperative or the Board, or any of its officers or agents.

13.6. Suspension, Fines and Enforcement.

A. Complaint. Upon an allegation by the Board of a violation of a provision of the Governing Documents, except with respect to nonpayment of Assessments as provided in Article IX, the Board shall serve a complaint by Individual Notice, on the member who is alleged to have violated, or whose household member(s), guest(s), invitee(s) or agent(s) are alleged to have violated, any such provision. The complaint shall contain the following information:

1. A brief description of the alleged violation and, in the event the correction of the alleged violation requires actions, such as the maintenance of improvements, and the date by which such violation is to be corrected.

2. The disciplinary and/or corrective action and/or penalties, such as the levying of a Special Individual Assessment, which are contemplated by the Board, and the suspension of privileges that may be imposed.

B. Notice of Right to a Hearing. At the time the complaint is served, the Board shall serve the member with notice, by Individual Notice, of the member's right to request a hearing before the Board and to present evidence concerning the alleged violation.

C. If the member does not request a hearing in writing within fifteen (15) days of the service of the notice, the member's right to a hearing shall be deemed waived. If the member makes a timely request for a hearing, the Board shall set a date for a hearing before the Board and shall serve notice of the date, time and place of the hearing to the member and to any witnesses designated by the Board or the member who are to be present for the purpose of presenting any relevant evidence. The notice of the hearing also shall include a statement that the member has a right to attend and may address the Board at the meeting. Such hearing shall be held not less than ten (10) days nor more than sixty (60) days from the date of said written notice to the member. Such hearing shall be conducted according to such reasonable Rules and procedures as the Board shall adopt which shall provide the member with the right to present oral and written evidence and to confront and cross-examine any Person offering at such hearing evidence.

D. Decision of Board. The Board shall deliver its decision and the reasons therefor to the member within fifteen (15) days after the hearing, by either personal delivery or first-class mail. The disciplinary and/or corrective action and/or penalties determined by the Board shall become effective five (5) days after delivery of the decision and the reasons therefor to the member.

E. Corrective Work. If a violation requiring corrective work continues to exist after the expiration of the time limitation established by the Board for the completion of such corrective work, the Board shall have the right, but not the obligation, to enter upon such member's Space as necessary to accomplish such corrective work. Unless member and the Board otherwise agree, such entry upon the member's Lot to perform the corrective work shall take place only during daylight hours on any day, Monday through Friday, excluding holidays.

F. Reimbursement. If the Cooperative pays for all or any portion of any corrective work required to correct a violation, such amount shall be reimbursed by member. Notwithstanding the foregoing, as provided in these Bylaws, notice and an opportunity to be heard must be given before any item of construction can be altered or demolished.

G. Exceptions. The provisions of this Section shall not apply to the imposition of late charges or interest for the late payment of any Assessment nor to the recordation of a lien or foreclosure of a lien in the case of delinquent Assessments. Further, nothing in this Section shall limit the power of the Board to take immediate action that may be necessary to alleviate an emergency situation.

#### H. Annual Notice of Disciplinary Policy (Civil Code Section 5850).

1. The board shall adopt and distribute to each member, in the annual policy statement prepared pursuant to Civil Code Section 5310, a schedule of the monetary penalties that may be assessed for those violations, which shall be in accordance with authorization for member discipline contained in the Governing Documents.

2. Any new or revised monetary penalty that is adopted after complying with Section 13.6(H)(1)) of these Bylaws may be included in a supplement that is delivered to the members individually, pursuant to Civil Code Section 4040.

3. A monetary penalty for a violation of the Governing Documents shall not exceed the monetary penalty stated in the schedule of monetary penalties or supplement that is in effect at the time of the violation.

4. The Cooperative shall provide a copy of the most recently distributed schedule of monetary penalties, along with any applicable supplements to that schedule, to any member upon request.

I. Except as otherwise provided by law, an order of the court, or an order pursuant to a final and binding arbitration decision, the Cooperative may not deny a member or Resident physical access to his/her Separate Interest.

13.7. Violation of Law. Any violation of any applicable Laws pertaining to the ownership, occupation or use of any property within the Park is hereby declared to be a violation of these Bylaws and subject to any or all of the enforcement procedures set forth herein.

13.8. Internal Dispute Resolution (Civil Code Section 5900 – 5920).

A. This Section applies to a dispute between the Cooperative and a member involving their rights, duties, or liabilities under this act, under the Nonprofit Mutual Benefit Corporation Law (Part 3, commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code), or under the Governing Documents

B. This article supplements, and does not replace, Article 3 (commencing with Civil Code Section 5925), relating to alternative dispute resolution as a prerequisite to an enforcement action.

C. Pursuant to Civil Code Section, 5905, the Cooperative may adopt a procedure for resolving a dispute within the scope of this Section, which procedure shall include all of the following:

1. The procedure may be invoked by either party to the dispute. A request invoking the procedure shall be in writing.

2. The procedure shall provide for prompt deadlines. The procedure shall state the maximum time for the Cooperative to act on a request invoking the procedure.

3. If the procedure is invoked by a member, the Cooperative shall participate in the procedure.

4. If the procedure is invoked by the Cooperative, the member may elect not to participate in the procedure. If the member participates but the dispute is resolved other than by agreement of the member, the member shall have a right of appeal to the board.

5. A written resolution, signed by both parties, of a dispute pursuant to the procedure that is not in conflict with the law or the governing documents binds the Cooperative and is judicially enforceable. A written agreement, signed by both parties, reached pursuant to the procedure that is not in conflict with the law or the governing documents binds the parties and is judicially enforceable.

6. The procedure shall provide a means by which the member and the Cooperative may explain their positions. The member and Cooperative may be assisted by an attorney or another person in explaining their positions at their own cost.

7. A member of the Cooperative shall not be charged a fee to participate in the process.

D. Pursuant to Civil Code Section 5910.1, the Cooperative may not file a civil action regarding a dispute in which the member has requested dispute resolution unless the Cooperative has complied with Section 5910 by engaging in good faith in the internal dispute resolution procedures after a member invokes those procedures.

E. Pursuant to Civil Code Section 5915, if the Cooperative does not adopt a fair, reasonable, and expeditious dispute resolution procedure, either party to a dispute within the scope of this article may invoke the following procedure:

1. The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.

2. A member of the Cooperative may refuse a request to meet and confer. The Cooperative shall not refuse a request to meet and confer.

3. The board shall designate a director to meet and confer.

4. The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. The parties may be assisted by an attorney or another person at their own cost when conferring.

5. A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the Cooperative.

F. A written agreement reached under this section binds the parties and is judicially enforceable if it is signed by both parties and both of the following conditions are satisfied:

1. The agreement is not in conflict with law or the governing documents of the common interest development or Cooperative.

2. The agreement is either consistent with the authority granted by the board to its designee or the agreement is ratified by the board.

G. A member shall not be charged a fee to participate in the process.

H. Pursuant to Civil Code Section 5920, the annual policy statement prepared pursuant to Section 5310 shall include a description of the internal dispute resolution process provided pursuant to this article.

### 13.9. Alternative Dispute Resolution (Civil Code Section 5925 – 5965).

A. As used in this article:

1. “Alternative dispute resolution” means mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision-making process. The

form of alternative dispute resolution chosen pursuant to this article may be binding or nonbinding, with the voluntary consent of the parties.

2. “Enforcement action” means a civil action or proceeding, other than a cross-complaint, for any of the following purposes:

(a) Enforcement of the Act.

(b) Enforcement of the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code).

(c) Enforcement of the governing documents.

B. The Cooperative or a member may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to this article.

C. This Section applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in Sections 116.220 and 116.221 of the Code of Civil Procedure.

D. This Section does not apply to a small claims action.

E. Except as otherwise provided by law, this section does not apply to an assessment dispute.

F. Any party to a dispute may initiate the process required by Section 5930 by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution shall include all of the following:

1. A brief description of the dispute between the parties.

2. A request for alternative dispute resolution.

3. A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.

4. If the party on whom the request is served is the Member, a copy of this article must be included in the Request for Resolution.

G. Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.

H. A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

I. If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within 90 days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.

J. Chapter 2 (commencing with Section 1115) of Division 9 of the Evidence Code applies to any form of alternative dispute resolution initiated by a Request for Resolution under this article, other than arbitration.

K. The costs of the alternative dispute resolution shall be borne by the parties.

L. If a Request for Resolution is served before the end of the applicable time limitation for commencing an enforcement action, the time limitation is tolled during the following periods:

1. The period provided in Section 5935 for response to a Request for Resolution.
2. If the Request for Resolution is accepted, the period provided by Section 5940 for completion of alternative dispute resolution, including any extension of time stipulated to by the parties pursuant to Section 5940.

M. At the time of commencement of an enforcement action, the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions are satisfied:

1. Alternative dispute resolution has been completed in compliance with this article.
2. One of the other parties to the dispute did not accept the terms offered for alternative dispute resolution.
3. Preliminary or temporary injunctive relief is necessary.

Failure to file a certificate pursuant to subdivision (a) is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result in substantial prejudice to one of the parties.

N. After an enforcement action is commenced, on written stipulation of the parties, the matter may be referred to alternative dispute resolution. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the Government Code. The costs of the alternative dispute resolution shall be borne by the parties.



O. In an enforcement action in which attorney's fees and costs may be awarded, the court, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.

P. The Cooperative shall annually provide its members a summary of the provisions of this article that specifically references this article. The summary shall include the following language:

“Failure of a member of the Cooperative to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of the member's right to sue the Cooperative or another member of the Cooperative regarding enforcement of the governing documents or the applicable law.”

The summary shall be included in the annual policy statement prepared pursuant to Section 5310.

#### ARTICLE XIV AMENDMENTS AND GENERAL PROVISIONS

14.1. Bylaw Amendments. These Bylaws may be amended by the vote or written assent of a majority of the members of the Cooperative. Votes shall be taken by secret ballot.

14.2. Conforming Amendments. Amendments to conform the Governing Documents to comply with statutes enacted after the amended document was adopted require only the approval of a simple majority of the Board. Such conforming amendments do not require ratification by the Shareholders. Conforming amendments are effective fifteen (15) calendar days after notice of the amendment and the exact language of the amendment has been given to the Shareholders in the manner required herein.

14.3. Profiting from the Cooperative. Directors shall serve without compensation. No Shareholder, Director or Officer may receive money or its value from the Cooperative except under a contract to provide goods and services to the Cooperative.

14.4. Occupancy Limits. Due to limited parking and other shared facilities, Homes may have a maximum of three (3) occupants unless otherwise required by law.

14.5. Enforcement. The Cooperative, or any Shareholder, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of the Governing Documents and in that action shall be entitled to recover reasonable attorney's fees as are ordered by the Court. The Cooperative has the right to record a Notice of Violation against the Space of a Shareholder who is not in compliance with the provisions of the Governing Documents. Failure by the Cooperative or by any Shareholder to enforce any covenant or restriction contained in the Governing Documents shall in no event be deemed a waiver of the right to do so thereafter.

14.6. Invalidity of Any Provision. Should any provision or portion of these Bylaws be declared invalid or in conflict with any law of the jurisdiction where this Park is situated, the validity of all other provisions and portions shall remain unaffected and in full force and effect.

14.7. Number; Gender. The singular and plural number and masculine, feminine, and neuter gender shall each include the other when the context requires.

IN WITNESS WHEREOF, the Members of the Cooperative have adopted these Bylaws as of the date set forth above.

Villa Santa Cruz Cooperative, Inc.

Signed version on file

By: Rory Walsh, Secretary

DECLARATION

I, Dee Dee Riccabona, am the President of the Villa Santa Cruz Cooperative, Inc. I hereby certify that the approval of the Amended and Restated Bylaws was accomplished by secret ballot (Civil Code Section 5100(a)) and in accordance with the Cooperative's written election rules. (Civil Code Section 5105(a)), and the approval of the percentage of Shareholders required by the Bylaws to amend the Bylaws has been given.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Villa Santa Cruz Cooperative, Inc.

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By: Dee Dee Riccabona, President

Dated:

Exhibit "A"

The Property is situated in the unincorporated area of the County of Santa Cruz, State of California, and is described as follows:

Lot 26, and those portions of Lots 24 and 25, as said Lots are shown on that certain map entitled, "Map of the Corcoran Tract" filed for record October 19, 1911 in [Book 19 of Maps at Page 9](#), Records of the County of Santa Cruz, which portions are more particularly described as follows:

Beginning at a point on the centerline of Felt Street (formerly Reed Street as shown on said map) from which the corner common to said Lots 24 and 25 bears along said centerline South 76° 02' East, 91.32 feet distant; and running thence

- (1) North 16° 56' East 718.89 feet to a point on the Northerly line of said Lot 24, from which the Northeasterly corner of said Lot 24 bears South 78° 48' East 91.61 feet distant; thence along the Northerly lines of said Lots
- (2) South 78° 48' East 316.12 feet to the Northwesterly corner of said Lot 26; thence along the line common to said Lots 25 and 26
- (3) South 16° 56' West 733.92 feet to the Southwesterly corner of said Lot 26 on the centerline of said street; thence along said centerline being also the Southerly line of said Lot 25
- (4) North 76° 02' West 15.92 feet to the Southwesterly corner of the tract of land described in the deed from Bank of America National Trust and Savings Association to Robert F. Bundy, dated January 22, 1971, recorded January 29, 1971 in [Book 2069](#) Official Records of the County of Santa Cruz, at Page 53; thence along the Westerly line of said tract
- (5) North 18° 56' East 150.00 feet to an angle point; thence
- (6) North 78° 02' West 75.00 feet to an angle point on the Easterly line of the parcel of land described in the deed from Lynette Cosseboom to John A. Dutro, et ux, dated September 4, 1969, recorded March 17, 1970 in [Book 2007](#) Official Records at Page 514; thence along said Easterly line of said parcel
- (7) South 16° 56' West 150.00 feet to a point on the centerline of said street; thence along said centerline
- (8) North 76° 02' West 224.103 feet to the point of beginning.

APN: 028-021-07

Exhibit B

