

**AMENDED BYLAWS**  
**OF**  
**SYCAMORE HOMES ASSOCIATION**

**I. NAME AND LOCATION**

The name of the corporation is SYCAMORE HOMES ASSOCIATION, hereinafter which is referred to as the "Association." The principal office of the corporation shall be located in Contra Costa County, California.

**II. DEFINITIONS**

- 2.1 Articles. "Articles" shall mean the Articles of Incorporation of SYCAMORE HOMES ASSOCIATION, as they may be amended from time to time, and as filed with the Office of the Secretary of State of California.
- 2.2 Association. "Association" shall mean SYCAMORE HOMES ASSOCIATION, its successors and assigns.
- 2.3 Board of Directors. "Board of Directors" or "Board" shall mean the governing body of SYCAMORE HOMES ASSOCIATION.
- 2.4 Bylaws. "Bylaws" shall mean the Bylaws of the ASSOCIATION as they shall be adopted by the Board of Directors and Members and any duly-adopted Amendments thereof.
- 2.5 Common Area. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners and Residents of the Development and all improvements thereon.
- 2.6 Declaration. "Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions of SYCAMORE HOMES ASSOCIATION, recorded in the Office of the County Recorder of Contra Costa County, California, and any Amendments thereof.
- 2.7 Development. "Development" shall mean all the real property described in the Declaration comprising the Sycamore Homes Association including such additions thereto as may hereafter be brought within the jurisdiction of the Association.

- 2.8 Governing Documents. "Governing Documents" shall mean the Articles, Bylaws, Declaration and Rules.
- 2.9 Lot. A Lot shall mean any plot of land shown in the subdivision maps which are described in Exhibit AB to the Amended Declaration of Covenants, Conditions and Restrictions of Sycamore Homes Association which is not Common Area and upon which no condominiums are constructed.
- 2.10 Member. "Member" shall mean each person or entity who is a record owner of a fee or undivided fee interest in any Residence within the Development, except any such person or entity who holds an interest in a Residence merely as security for the performance of an obligation. Contract purchasers with CAL VET or VA contracts shall also be Members.
- 2.11 Member in Good Standing. "Member in Good Standing" shall mean a Member of the Association who is current in the payment of all dues, assessments, fines, penalties, and other charges imposed in accordance with the Governing Documents and who is in compliance with all of the provisions of the Governing Documents. Penalties for a "Member Not in Good Standing" shall include revocation of use of common facilities, loss of voting rights in the Association, and loss of the right to hold office in the Association, as determined by the Board.
- 2.12 Owner. "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Residence within the Development, including contract sellers, but excluding contract purchasers (except contract purchasers with CAL VET or VA loans are Owners) and excluding those persons having such interest merely as security for the performance of an obligation.
- 2.13 Proxy. "Proxy" shall mean a written authorization conforming to the requirements of California law and the Governing Documents which permits another to be present on behalf of an absent Member at Association meetings and to cast said Member's vote at an election of Directors or on other matters to be determined by the Members of the Association.
- 2.14 Residence. "Residence" shall mean a single dwelling within a structure erected upon a Lot intended for human residential use and occupancy or a condominium unit. For purposes of the Governing Documents. A Residence will also include any Lot upon which no dwelling currently exists and which is not Common Area.
- 2.15 Resident. "Resident" shall mean any person who resides on a Lot or in a condominium unit within the Development whether or not such person is an Owner as defined in Section 2.12 above.

- 2.16 Rules. "Rules" shall mean the rules, regulations, policies and resolutions governing the use, occupancy, management, administration and operation of the Development or any part thereof as adopted and published by the Board of Directors from time to time.
- 2.17 Total Voting Power of the Association. "Total Voting Power of the Association" shall mean the total number of votes which could be cast for determination of a single issue, assuming all votes are cast and there is no cumulative voting. As of the date of this declaration, there are a total of 649 Residences within the Development, and the Total Voting Power of the Association is therefore 649 votes. "Voting Power" shall mean the total number of votes represented in person or by Proxy at a meeting of Members, assuming there is no cumulative voting.

### **III. MEMBERSHIP AND VOTING**

- 3.1 Membership. Membership in the Association shall include, and shall be limited to, all Owners of record of any Residence within the Development and contract purchasers with CAL VET or VA contracts. Membership shall be appurtenant to and may not be separated from ownership of a Residence. Upon becoming the Owner of a Residence, each Owner shall automatically be a Member of the Association and shall remain a Member until such time as his or her Residence ownership ceases for any reason. Membership in the Association shall not be transferred, encumbered, pledged, alienated or hypothecated in any way, except upon the transfer or encumbrance of the Residence to which it is appurtenant and then only to the transferee or mortgagee, as the case may be, of such Residence. Any attempt to make a prohibited transfer is void. Upon any transfer of title to a Residence including a transfer upon the death of an Owner, Membership in the Association shall pass automatically to the transferee.
- 3.2 Voting. Members in Good Standing shall be entitled to cast one (1) vote for each Residence owned. In the event more than one (1) person owns a given Residence, the vote for such Residences shall be exercised as the Owners among themselves shall determine, but in no event shall more than one (1) vote be cast with respect to any Residence. If the joint Owners of a Residence are unable to agree among themselves as to how their vote or votes are to be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Residence, it will thereafter be conclusively presumed for all purposes that such Owner was acting with the authority and consent of the other Owners of that Residence. The vote at any meeting of Members may be by voice vote, or by ballot; provided, however, that all elections of Directors must be by ballot if a demand therefore is made by a Member at any election before the voting commences.

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

#### **IV. MEETINGS OF MEMBERS**

- 4.1 Annual Meetings. The annual meeting of the Members shall be held during the third week of February of each year, on a date and at a time and place to be designated by the Board of Directors, upon proper written notice to all of the Members.
- 4.2 Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors or pursuant to the written request of Members entitled to cast at least five percent (5%) of the Total Voting Power of the Association.
- 4.3 Notice of Meetings. Written notice of each meeting of the Members shall be given by or at the direction of the Secretary or other person authorized to call a meeting, by mailing a copy of such notice, postage prepaid, or by otherwise causing delivery of such notice to be made, at least ten (10) but not more than ninety (90) days before such meeting, to each Member entitled to vote thereat addressed or otherwise

delivered to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice; provided, however, that in the case of a special meeting called pursuant to a written request of Members as provided in Section 4.2, notice of such special meeting shall be mailed or otherwise delivered within twenty (20) days after receipt of such written request by the Board, and the date set for such special meeting shall be not sooner than thirty-five (35) days nor later than ninety (90) days after the date of the Board's receipt of such written request. Notice of any meeting of Members shall specify the date, hour and place of the meeting, and the general nature of those matters which the Board intends to present for action by the Members. Notwithstanding the foregoing, any proper matter may be presented at the meeting for action by the Members except that the only matters that may be acted upon at a special meeting of Members or at any meeting of Members which is actually attended, in person or by Proxy, by less than one-third (1/3) of the Total Voting Power of the Association (but a quorum is present) are matters the general nature of which has been set forth in the notice of such meeting.

- 4.4 Conduct of Meetings. All meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt.
- 4.5 Place of Meetings. Annual and special meetings shall be held at a location within the Development, provided that the Board may designate, by resolution, a convenient place located as close as reasonably practicable to the Development.
- 4.6 Quorum. The presence at any meeting, in person or by Proxy, of Members in Good Standing representing at least 20 percent (20%) of the Total Voting Power of the Association shall constitute a quorum for the transaction of any business, except as otherwise provided in the Governing Documents.
- 4.7 Proxies. At all meetings of the Members, each Member in Good Standing may vote in person or by Proxy. All proxies shall be in writing and shall be filed with the Secretary. Every Proxy shall be revocable. Any Proxy duly executed is not revoked and continues in full force and effect until an instrument revoking it or a duly-executed Proxy bearing a later date is filed with the Secretary of the Association; except that no Proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless the person executing it specified therein the length of time for which such Proxy is to continue in force, which in no case shall exceed three (3) years from the date of its execution; and provided further that a Proxy shall automatically cease upon conveyance by the Member of his or her Residence.
- 4.8 Vote of the Members. If a quorum (see Section 4.6 of these Bylaws) is present, in person or by Proxy, the affirmative vote of sixty-six and two thirds percent (66

2/3%) of the Voting Power so present and voting on any matter shall constitute the act of the Members, unless the approval of a different number or proportion of Members is required by any provision of the Governing Documents or by law.

4.9 Adjournment. Whether or not a quorum is present, any meeting of Members may be adjourned from time to time to be reconvened on a later date by the vote of a majority of the Voting Power present in person or by Proxy at such meeting; provided, however, that in the absence of a quorum, no business other than adjournment may be transacted. When a meeting is adjourned for any reason, it shall be rescheduled for a time not more than forty-five (45) days from the date of the original meeting. Notice of the new time and place for the adjourned meeting need not be given to all Members if the time and place thereof are announced at the meeting at which the adjournment is taken. The reconvened meeting may take any action that might have been transacted at the original meeting.

4.10 Action Without A Meeting.

- (a) Any action, other than the election of Directors, which may be taken at a annual or special meeting, may be taken without a meeting of Members, if the Association distributes a written ballot to every Member entitled to vote, provided, however, that within sixty (60) days prior to distribution of a ballot, there shall be at least one meeting of the Members held pursuant to this Article and notice given to the Members to discuss the proposed action to be acted upon. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association, which shall be a date not earlier than thirty (30) days nor more than sixty (60) days after distribution of the written ballot to the Members.
- (b) Approval by written ballot shall be valid only when the number of votes cast equals or exceeds the quorum required to be present at a meeting authorizing the act and the number of approvals equals or exceeds the number of votes that would be required to approve the action at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.
- (c) The ballot solicitation shall identify both the percentage and number of responses needed to meet the quorum requirement and the percentage and/or number of votes necessary to pass the measure submitted and shall specify the time by which the ballot must be received by the Association in order to be counted.

## V. BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

- 5.1 Number. The affairs of this Association shall be managed by or under the direction of a board of seven (7) Directors, who shall be Members in good standing of the Association. The number of Directors specified in these Amended Bylaws may be amended by an amendment which has been duly adopted by the Members of the Association in accordance with the provisions of Article XII of these Amended Bylaws.
- 5.2 Election and Term of Office. At annual meetings of the Members, the Members shall, in alternate years, elect three (3) Directors and four (4) Directors, respectively, for terms of two (2) years each. At all elections of Directors, cumulative voting shall be permitted, subject to the procedural prerequisites set forth in Section 7615(b) of the California Corporations Code. Only persons who are Members in Good Standing of the Association shall be eligible to be elected to the Board. Each Director shall serve until the expiration of his or her term and thereafter until a successor is elected, or until the earlier death, resignation, or removal of such Director. A director may not serve more than two consecutive terms unless there are fewer candidates for Board positions than Board positions open. A term served by a Director to fill a vacancy on the Board shall not count as a term served.
- 5.3 Removal. Any Director may be removed from the Board, with or without cause, by the vote of a majority of the votes represented and voting at a duly held meeting of the Members at which a quorum is present (which affirmative votes also constitute a majority of the required quorum) or written ballot in conformity with Section 4.10 of these Bylaws. Provided, however, in accordance with California Corporations Code Section 7222(b)(1) that unless the entire Board is removed, no Director may be removed prior to expiration of his or her term when the number of votes cast against removal, or the number of members not consenting by written ballot to such removal, would be sufficient to elect such Director, if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written ballot, all Memberships entitled to vote were voted), and the entire number of Directors authorized at the time of the affected Director's most recent election were then being elected. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.
- 5.4 Compensation. No Director shall receive compensation for any service he or she may render to the Association as a Director. However, upon approval by the Board, any Director may be reimbursed for his or her expenses actually incurred in the performance of his or her duties.
- 5.5 Vacancies. A vacancy shall exist on the Board of Directors in the event of the death, resignation, or removal of any Director, or if the authorized number of Directors is increased, or if the Members fail to elect the full authorized number of Directors.

The Board of Directors shall have the right to declare the office of a Director vacant if the Director is found by a court of competent jurisdiction to be of unsound mind or is convicted of a felony; if within sixty (60) days of notice of election, he or she fails to accept such office, either in writing or by attending a meeting as a Director; or if he or she is absent from three (3) consecutive Board meetings.

- 5.6 Filling Vacancies. Any vacancy occurring on the Board of Directors may be filled by a vote of the majority of the remaining Directors, though they are less than a quorum of the Board, or by a sole remaining Director. A Director so chosen shall serve the remainder of the term of office of the Director whom he or she replaces. The Members may elect a Director at any time to fill any vacancy not filled by the Directors. If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board or, if the Board fails to act, the Members may elect a successor to take office when the resignation becomes effective.

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

- 6.1 Nomination. Nominations for election to the Board of Directors shall be made by a nominating committee prior to any meeting of Members at which one or more Directors are to be elected. Nominations may also be made from the floor during any such meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The nominating committee shall be appointed by the Board of Directors prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The nominating committee shall nominate as many candidates for election to the Board of Directors as have applied, but not less than the number of positions on the Board that are to be filled at a particular meeting. All nominations shall be made from among Members in Good Standing.
- 6.2 Election. At each election of Directors, the Members or their proxies may cast, in respect to each position on the Board to be filled, as many votes as they are entitled to cast under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting shall be permitted.

## **VII. MEETINGS OF DIRECTORS**

- 7.1 Organizational Meetings. Within thirty (30) days after each annual meeting of Members, the Board of Directors shall hold a meeting for the purpose of organization, election of officers, and transaction of other business, as appropriate.
- 7.2 Regular Meetings. Regular meetings of the Board of Directors shall be held monthly, at a place within the Development and on a day and at a time as fixed from

time to time by resolution of the Board and published in the previous month's *Sycamore Leaf* or at another day and time as set forth in a proper notice which conforms to the provisions of Section 7.4 of these Bylaws. Should the date for any meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. In the event the Board should determine that the business to be transacted by the Board does not reasonably justify monthly meetings, then regular meetings of the Board shall be held at such intervals as the Board may determine, but not less frequently than quarterly.

- 7.3 Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association or by any two Directors.
- 7.4 Notice. Written notice of the time and place of each special meeting of the Board of Directors, setting forth any special business to be considered, shall be posted at a prominent place or places within the Common Area or shall be disseminated to all Members in a manner reasonably designed to provide prior actual notice of such meeting. Except as otherwise provided in these Bylaws, notice of a Directors meeting shall be communicated by first class mail to Directors not less than four (4) days prior to the meeting, or forty-eight (48) hours prior to the meeting if delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means. Shorter notice may be given in the case of a bona fide emergency. Notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding the meeting.
- 7.5 Open Meeting. Regular and special meetings of the Board of Directors shall be open to all Members of the Association and any Member may speak at any Board meeting, except for meetings of the Board held in executive session. The Board shall establish reasonable time limits for any Member who wishes to speak. The Board of Directors may, by vote of a majority of the Directors present (minimum of a quorum), adjourn a meeting and reconvene in executive session to confer with legal counsel or to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and matters that relate to the formation of contracts with third-parties. The nature of any and all business to be considered in executive session shall first be announced in open session. In any matter relating to the discipline of a Member, the Board shall meet in executive session if requested to do so by that Member, and that Member shall be entitled to attend the executive session. Any matter discussed in an executive session shall be generally noted in the minutes of the Board of Directors.
- 7.6 Action Taken Without a Meeting. The Directors shall have the right to take any action without a meeting, which they could take at a meeting, by obtaining the written approval of all the Directors of such action. Any action so approved shall

have the same effect as though taken at a duly-called and noticed meeting of the Directors. Any action taken by a majority of the Directors shall be as valid as though taken at a meeting duly held after regular call and notice if, either before or after the action, each Director signs a written waiver of notice, approval of minutes of a meeting, or consent to the action so taken. All such waivers, approvals and consents shall be filed with the official records and minutes of the proceedings of the Board.

- 7.7 Quorum. A majority of the number of Directors then in office shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board.
- 7.8 Minutes of Meetings of Directors. Within thirty (30) days after the date of any meeting of the Board, the Board shall make available to the Members either the minutes of that meeting as adopted by the Board, the minutes proposed for adoption which shall be marked to indicate draft status or a summary of the minutes; provided, however, that the foregoing requirement shall not apply to minutes of any executive session which shall not be kept. Copies of the minutes, proposed minutes, or summary of minutes shall be provided to any Member upon request and upon reimbursement of the of the Association's costs in providing such copies. Members shall be notified annually in writing either at the time that the pro forma budget required under section 1365 of the California *Civil Code* is distributed or at the time of any general mailing to the entire Membership of the Association of their right to obtain copies of the minutes of meetings of the Board and how and where those minutes may be obtained.

## **VIII. POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

- 8.1 Powers. In addition to such other powers as may be expressly set forth in the Governing Documents or provided by law, the Board of Directors shall have the power to:
- (a) adopt, publish, amend, repeal and enforce rules, policies, resolutions and regulations governing the administration, management, operation, use and occupancy of the Development in conformance with the Declaration, including the use of the Common Area and facilities and any other matter which is within the jurisdiction of the Association;

- (b) determine, after notice and an opportunity for a hearing by the Board, that a Member is not a Member in Good Standing during any period in which the Member is in default in the payment of any assessment, fine or other charge levied by the Board or is in violation of any provision of the Governing Documents; provided, however, that a Member shall not be denied any privileges of membership on the basis of such Member's lack of good standing except upon an explicit finding by the Board of Directors, after prior notice and an opportunity for a hearing by the Board, that a Member is not a Member in Good Standing for specified reasons; and provided, further, that a Member found by the Board to be not in good standing shall continue to be deemed a Member not in good standing until the Board shall make a determination, either upon the Board's own initiative or upon the request of the Member, that such Member is, once again, a Member in Good Standing of the Association;
- (c) establish and impose monetary penalties (fines) for the infraction of any provision of the Governing Documents; suspend the voting or other membership rights and privileges of a Member, including the right to use the recreational facilities during any period in which such Member shall be in default in the payment of any assessment, fine or other charge levied by the Association, and/or for any infraction of the Governing Documents; provided, however, that such monetary penalty or suspension shall be effective only after notice and an opportunity to be heard, as set forth in Section 13.2 of these Bylaws. In the case of a continuing violation where a Member fails to cease or remedy a violation after notice from the Board to do so, the Board may deem such continuing violation to constitute a separate and distinct violation of the same Governing Document provision once during each successive thirty (30) day period, provided that each time the Board decides to impose a sanction, it shall provide the affected Owner with prior notice and an opportunity to be heard by the Board prior to the effective date of any such sanction. The Board may limit the scope of such hearing to facts and circumstances occurring subsequent to the previous Board hearing relating to the subject continuing violation;
- (d) employ the services of manager or management company as either an employee or an independent contractor, and such other employees or independent contractors as the Board may deem necessary, and to prescribe their duties;
- (e) consult with, seek the advice of, and reasonably rely on the advice of attorneys, accountants, and other professionals in carrying out its authority and responsibility under the Governing Documents and the law, and to pay for such professional services;

- (f) pay all real property taxes and assessments levied upon any property within the Development to the extent not separately assessed to the Owners. Such taxes and assessments may be contested or compromised by the Association, provided that any such taxes are paid or that a bond insuring the payment is posted, prior to the sale or other disposition of any property to satisfy the payment of such taxes;
- (g) to the extent permitted by law, participate in mergers and consolidations with other non-profit organizations organized for the same purposes as this Association, provided that any such merger or consolidation shall be approved by the Members by the affirmative vote of sixty-six and two thirds percent (66 2/3%) of the Total Voting Power of the Association representing and voting at a duly held meeting or by written ballot pursuant to Section 4.10 of these Bylaws;
- (h) acquire, own, hold, convey, transfer, dedicate or otherwise dispose of real or personal property consistent with the purposes and powers of the Association and the management, administration and operation of the Development or the business and affairs of the Association, and grant and convey easements, licenses, and rights of way in, over, upon or under the Common Area, all subject to any applicable provisions set forth in the Declaration;
- (i) indemnify and hold harmless, to the maximum extent permitted by California law, each person who is or at any time was a director, officer, employee or agent of the Association or member of any committee appointed by the Board from and against any and all claims, liabilities, expenses, judgments, fines, settlements, and other amounts, as those terms are defined by California law, incurred by such person, by reason of his or her being a director, officer, employee or agent of the Association or member of any committee appointed by the Board so long as such person acted in good faith and in a manner he or she reasonably believed to be in the best interests of the Association;
- (j) open bank accounts, designate signatories upon such bank accounts, and borrow money on behalf of the Association, subject to any restrictions set forth in the Governing Documents; and
- (k) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of the Governing Documents, and undertake any action on behalf of the Association as the Board shall deem necessary or proper in furtherance of the purposes and powers of the Association and/or the interests of the Association and its Members.

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

- (a) cause to be kept a complete record of all its acts and the corporate affairs, including an accurate and current record of the Members setting forth their names and addresses, adequate and correct books and records of account, and minutes of the proceedings of the Members, the Board and committees of the Board, and to present a statement thereof to the Members at the annual meeting of the Members;
- (b) prepare and distribute to the Members annually, not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of each fiscal year, a pro forma operating budget which shall include all of the following:
  - (1) an estimate of the Association's revenue and expenses for such fiscal year on an accrual basis;
  - (2) a summary of the Association's reserves based upon the most recent review or study conducted pursuant to law, which summary shall be printed in bold type and shall include all of the following:
    - A. the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component the Association is obligated to maintain, restore, repair or replace.
    - B. as of the end of the fiscal year for which the study is prepared:
      - (i) a current estimate of the amount of cash reserves necessary to maintain, restore, repair or replace such major components; and
      - (ii) the current amount of accumulated cash reserves actually set aside to maintain, restore, repair or replace such major components.
    - C. the percentage of the amount of cash reserves necessary (per Subparagraph B[i]) that is represented by the amount of cash reserves actually set aside (per Subparagraph B[ii]);
  - (3) a statement as to whether the Board of Directors has determined or anticipates that the levy of one or more special assessments will be

required to restore, repair or replace any of the major components or to provide adequate reserves therefore; and

- (4) a general statement setting forth the procedures used for the calculation and establishment of reserves to defray the future cost of repair, replacement or additions to those major components that the Association is obligated to maintain, restore, repair or replace.

In lieu of the distribution of the pro forma operating budget, the Board may distribute a summary of such budget to all Members together with a written notice that the budget is available at the office of the Association or at another suitable location within the boundaries of the Development and that copies will be provided to a Member upon a Member's request and at the expense of the Association. If any Member so requests, the Association shall provide a copy of the pro forma operating budget to such Member by United States mail first-class postage prepaid, and such copy shall be placed in the mail within five (5) days of such request. The written notice that is distributed to each Member as set forth herein shall be set forth in at least 10-point bold type on the front page of the summary of the budget;

- (c) at least once every three (3) years, cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is obligated to repair, replace, restore or maintain as part of a study of the reserve account requirements of the Association if the current replacement value of the major components which the Association is obligated to repair, replace, restore or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year, excluding the Association's reserve account for that year; and review such study annually and consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review;
- (d) not expend funds designated as reserve funds for any purpose other than the maintenance, restoration, repair or replacement of, or litigation involving the maintenance, restoration, repair or replacement of, major components which the Association is obligated to maintain, restore, repair or replace, and for which the reserve fund was established; provided, however, that the Board may authorize a temporary transfer of money from a reserve fund to the Association's general operating fund to meet short term cash flow requirements or other expenses; 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; and provided, further, that any such transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except as otherwise expressly provided by law;

- (e) review the Association's operating and reserve accounts at least in accordance with the following minimum requirements:
  - (1) review a current reconciliation of the Association's operating accounts on at least a quarterly basis;
  - (2) review a current reconciliation of the Association's reserve accounts on at least a quarterly basis;
  - (3) review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget;
  - (4) review the latest account statements prepared by the financial institutions where the Association keeps its operating and reserve accounts; and
  - (5) review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.  
As used in this subsection, the term "reserve accounts" shall mean monies that the Board has identified in its annual budget for use to defray the future costs of repair or replacement of, or additions to, those major components which the Association is obligated to maintain, restore, repair or replace.
- (f) for any fiscal year in which the gross income to the Association exceeds Seventy-five Thousand Dollars (\$75,000.00), distribute to all Members of the Association within one hundred twenty (120) days after the close of such fiscal year a review of the financial statements of the Association prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy;
- (g) during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year distribute to the Members the following:
  - (1) a copy of the notice and hearing procedures applicable to imposition of a fine or other monetary penalty, suspension of a Member's rights and privileges, or other sanction and a copy of the Association's schedule of fines;

- (2) a summary of the Association's property, general liability, earthquake and flood insurance policies which includes the following information for each policy of insurance:
  - (i) the name of the insurer
  - (ii) the type of insurance
  - (iii) the policy limits of the insurance
  - (iv) the amount of deductibles, if any
- (h) notify the Members of the Association as soon as reasonably practical by first-class mail if there is any change or lapse in the insurance coverage identified in the most recent insurance summary provided to them;
- (i) supervise all officers, agents and employees of the Association, and see that their duties are properly performed;
- (j) as more fully provided in the Declaration:
  - (1) send written notice to each Owner in advance of each fiscal year of the regular assessment levied against his or her Residence for that fiscal year and at least thirty (30) days but not more than sixty (60) days prior to an increased assessment becoming due, notice such Owner in writing; and
  - (2) collect assessments levied by the Association by recording a lien against any property for which assessments are not paid and, at the discretion of the Board, instituting foreclosure proceedings as required in the Declaration or by bringing an action at law against the Owner personally obligated to pay the same;
- (k) issue, or cause an appropriate officer to issue, upon demand by any proper person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (l) procure and maintain adequate casualty, liability and other insurance on property owned by the Association, as follows:

- (1) fire and extended coverage insurance on all improvements owned by the Association and from time to time located upon or within any Common Area or other property owned by the Association, the amount of such insurance to be not less than ninety percent (90%) of the aggregate full insurable value, meaning actual replacement value of such improvements as from time to time determined by the Association; and
- (2) bodily injury liability insurance with limits of not less than \$200,000.00 per person, and \$1,000,000.00 per occurrence insuring against any and all liability with respect to the Association or any portion thereof, or arising out of the maintenance of use of the Common Area; and
- (3) property damage liability insurance with a limit of not less than \$100,000.00 per occurrence;
- (4) general liability insurance with policy limits of at least \$1,000,000, and no less than amounts established by California Law covering the Association and individual directors of the Association for negligent acts or omissions by the directors of the Association while acting in that capacity;
- (5) fidelity bonds covering the manager and other employees where such coverage is deemed appropriate;
- (6) worker's compensation coverage;
- (7) any other insurance that the Board deems necessary or desirable.

The policy or policies of insurance referred to in subparagraphs (2) and (3) above shall name as insureds the Association, the Board, the committees, and their representatives, and employees, and the Members with respect to any liability arising out of the maintenance and use of Common Areas. Such policy or policies shall protect each of the insureds as if each were separately insured under separate policies; provided, however, that such policy or policies shall not require the insurers to pay any amount in excess of the maximum limits stated herein. Each and every policy of insurance obtained by the Association, whether or not required to be obtained pursuant to the provisions of this document shall expressly waive any and all rights of subrogation against the representatives and employees of the Association and all owners and tenants thereof.

- (m) Adopt and distribute to each Member, by personal delivery or first-class mail, a schedule of the monetary penalties that may be assessed against any Member for violations of the Governing Documents or Rules, including any monetary penalty that may be imposed on a Member relating to the activities of a guest or invitee of a Member.
- (n) Enforce the provisions of the Governing Documents, as more particularly set forth in the Declaration, and perform all acts required of the Board under the Governing Documents or by law.

## **IX. OFFICERS AND THEIR DUTIES**

- 9.1 Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be directors, a secretary, and a chief financial officer, and such other officers as the Board of Directors may, from time to time, by resolution appoint.
- 9.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.
- 9.3 Term. The officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year, unless he or she shall sooner resign, be removed by the Board, or otherwise be disqualified to serve.
- 9.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.
- 9.5 Resignation and Removal. Any officer may be removed from office, with or without cause by a majority of the Directors at any regular or special meeting of the Board of Directors. An officer removed will be notified by the Board, in writing, not less than ten (10) days following such a vote for removal. Any officer may resign at any time by giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- 9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he/she replaces, subject to the Board's right to remove an officer.
- 9.7 Multiple Offices. The offices of secretary and chief financial officer may be held by the same person. No person shall simultaneously hold more than one of any of the

other offices, except in the case of special offices created pursuant to Section 9.4 of this Article.

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

- (a) President. The president shall be the chief executive officer of the Association and shall, subject to control of the Board of Directors, have general supervision, direction, and control of the affairs and other officers and the employees and agents of the Association. The president shall preside at all meetings of the Members and at all meetings of the Board of Directors, shall have the general powers and duties of management usually vested in the office of the president of a corporation and shall have such other powers and duties as may be prescribed by the Board of Directors and the Bylaws, subject, however, to any limitations contained in the Declaration.
- (b) Vice-President. In the absence or disability of the president, the vice-president shall perform all the duties of the president, and when so acting, shall have all of the powers of, and be subject to all of the restrictions upon, the president. The vice-president shall have such other powers and perform such other duties as, from time to time, may be prescribed by the Board of Directors.

- (c) Secretary. The secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may prescribe, a book of minutes of all meetings of Directors, Members and committees of the Board setting forth the time and place of holding of such meetings; whether regular or special, and if special, how authorized; the notice thereof given; the names of those present at Directors or committee meetings; the number of memberships and votes present or represented at Members meetings; and all the proceedings thereof. The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board of Directors required by the Bylaws or by law to be given and shall maintain a proper record of the giving thereof, and shall keep the books, records, and documents of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.
- (d) Chief Financial Officer. The chief financial officer shall be responsible for the receipt and deposit in appropriate accounts of all monies of the Association and shall cause disbursement of such funds as directed by resolution of the Board of Directors; may sign all checks and promissory notes of the Association; shall keep proper books of account; shall cause an annual review of the Association's books and financial statements to be made by a public accountant at the completion of any fiscal year for which such review is required by law or as determined by the Board; shall assist the Board in preparation of an annual budget and a statement of income and expenditures to be presented to the Members as provided by law; and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

## X. COMMITTEES

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

## XI. BOOKS, RECORDS AND FUNDS

- 11.1 Record Keeping. The books, records and papers of the Association shall, upon written request and during reasonable hours, be subject to inspection by any Member for any purpose, specified in writing, which is reasonably related to such Member's interest as a Member of the Association. The Governing Documents shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost. The Board may adopt and

publish reasonable rules and regulations establishing procedures relating to a Member's inspection and obtaining copies of Association records.

- 11.2 Contracts. The Board of Directors may, by resolution, authorize any officer or officers to enter into any contract in the name of, or on behalf of, the Association. Unless expressly authorized by resolution of the Board, no officer shall have any power or authority to bind the Association by any contract or agreement, or to pledge the credit of the Association, or to render the Association liable for any purpose or on any account. No contract with any person or entity to supply or furnish the Association with goods or services shall be for a term in excess of one (1) year, except upon the prior affirmative vote or written consent of a majority of the Members; provided, however, that the foregoing shall not apply to (a) a contract with a public utility company, if the rates charged for the materials or services to be furnished are regulated by the California Public Utilities Commission, the term of which contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; (b) prepaid casualty and/or liability insurance policies not to exceed three (3) years duration, which policy or policies shall permit short rate cancellation by the insured; (c) lease agreements for laundry fixtures and equipment not to exceed five (5) years duration; and (d) agreements for cable television services and equipment not to exceed five (5) years duration.
- 11.3 Checks, Drafts and Evidences of Indebtedness. All checks, drafts, or other orders for payment of money, or notes or other evidences of indebtedness issued in the name of, or payable to the Association, shall be signed or endorsed by one or more officers of the Association, and in the manner as specified by the Board of Directors; provided, however, that the signatures of at least two (2) persons who shall be Directors or one (1) Director and one (1) officer who is not a member of the Board of Directors shall be required for the withdrawal of funds from the Association's reserve account.
- 11.4 Funds and Deposits. Any funds of the Association shall be deposited, from time to time, to the credit of the Association in such banks or other depositories as the Board of Directors shall determine.
- 11.5 Fiscal Year. The fiscal year of the Association shall be as determined by resolution of the Board of Directors.

## **XII. AMENDMENTS**

- 12.1 Amendments. These Bylaws may be amended by the affirmative vote or written consent of a majority of the Total Voting Power of the Association. Any amendment of the Bylaws shall be signed and acknowledged by the duly authorized officer(s) of the Association.

12.2 Procedure.

Amendments to these Bylaws may be submitted for a vote of the Members by either of the following methods (all proposed amendments must be in writing):

- (a) By a resolution of the Board approved by a majority of Directors attending a duly noticed meeting of the Board at which a quorum is present, authorizing a vote of the Members on the proposed amendment(s). Prior to the election on the proposed amendment(s) the following procedure shall be followed:
  - (1) The proposed amendment shall be reviewed by the Association's legal counsel as to its legality and conformity to prevailing California law(s) and modified, if necessary, to conform to prevailing California laws(s); and
  - (2) A Special Meeting of the Members (see Section 4.2 of these Bylaws) shall be called for the purpose of discussing the proposed amendment(s) and answering questions from the Members concerning the amendment(s). If any changes are made as a result of this meeting or by legal counsel for the Association, the Board shall have a second vote on the proposed amendments before submittal to the Members for a vote.

A meeting of the Members or written ballot shall be conducted for the purpose of voting on the proposed amendment(s) no sooner than thirty-five (35) nor later than ninety (90) days after passage of the Board resolution authorizing submittal of the proposed Amendment(s) to the Members for a vote.

- (b) By a petition signed by Owners in Good Standing representing at least 20% of the Total Voting Power of the Association. Prior to submitting proposed amendments to the Members for a vote under this subsection, the following procedure shall be followed:
  - (1) A petition signed by Members representing at least 5% of the Total Voting Power of the Association requesting a Special Meeting of Members pursuant to Section 4.2 of these Bylaws to discuss proposed amendments must be delivered to the Association;
  - (2) The proposed amendment shall be reviewed by the Association's legal counsel as to its legality and conformity to prevailing California law(s) and modified, if necessary, to conform to prevailing California laws(s);

- (3) Following the Special Meeting of Members and review by the Association's counsel, a petition with the final version of the amendment(s) attached shall be delivered to the Association. The petition shall be signed by Members in Good Standing representing at least 20% percent of the Total Voting Power of the Association and shall request submittal of the attached amendment(s) to the Members for a vote.

A meeting of the Members or written ballot shall be conducted for the purpose of voting on the proposed amendment(s) no sooner than thirty-five (35) nor later than ninety (90) days after delivery of the 20% petition required above.

### **XIII. MISCELLANEOUS**

- 13.1 Conflict. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.
- 13.2 Disciplinary Actions against Members. Prior to assessing any fine or depriving a Member of his or her right to use Common Area facilities or taking other disciplinary action against a Member for violation of the Governing Documents, the Board must comply with the following requirements:
- (a) The Board must give the Member thirty (30) days prior notice of the discipline to be imposed and the reason(s) for the imposition of the discipline. The notice may be given by any means reasonably calculated to give actual notice. If the notice is given by mail, it must be sent by first class or registered mail to the current residence address of the Member as shown by the Association's records.
  - (b) The Member must be given an opportunity to be heard, orally or in writing, by the Board at least fifteen (15) days before the effective date of the imposition of the discipline. The Board meeting at which the Member may appear and be heard shall be no sooner than ten (10) days after the mailing of the notice required in subsection a. The Member shall be notified of the Board's action within fifteen (15) days of the Board meeting.
  - (c) Any monetary sanction imposed upon a Member must be pursuant to a written schedule of sanctions for various infractions of the Governing Documents which was adopted by the Board and distributed to all Owners before the infraction which is the basis for the monetary sanction.

- (d) When the Board is meeting to discuss disciplinary action against a Member, it must meet in executive session if requested by the Member. The Member, and invitees, if any, is entitled to attend any such executive session of the Board.

### **CERTIFICATE OF SECRETARY**

The undersigned Secretary of SYCAMORE HOMES ASSOCIATION, a nonprofit mutual benefit corporation, does hereby certify that the foregoing Amended Bylaws of Sycamore Homes Association, consisting of twenty-five pages, were approved by the Board and duly adopted by written ballot of the Members of said Association on March 12, 2001, and that they now constitute said Bylaws of the corporation.

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Lowell Crow  
Secretary, Sycamore Homes Association