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## RESTATED BYLAWS

of the

# LAKESHORE COMMUNITY ASSOCIATION

a California nonprofit, mutual-benefit corporation

June 1999

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# RESTATED BYLAWS

of the

## LAKESHORE COMMUNITY

## ASSOCIATION

a California nonprofit, mutual-benefit corporation

These Restated Bylaws ("Bylaws") hereby revoke all previous bylaws as well as all amendments thereto and substitutes in their place these Bylaws.

### ARTICLE 1

#### ADMINISTRATION

1.1 Name. The name of this corporation is the Lakeshore Community Association ("Association"), a California nonprofit, mutual-benefit corporation.

1.2 Location. The Association shall have a principal office as close to the Community as practicable as the Board may determine or as the affairs of the Association may require from time to time.

1.3 Definitions. All terms used in these Restated Bylaws ("Bylaws") shall, unless stated otherwise, be defined as set forth in the Restated Declaration of Covenants, Conditions and Restrictions ("CC&Rs"). In addition, all of the terms and provisions of the CC&Rs are hereby incorporated by this reference.

### ARTICLE 2

#### MEMBERSHIP RIGHTS

2.1 Membership. Except as otherwise provided in the CC&Rs, each Lot owner in the Association shall be a Member. Members shall be subject to the terms and provisions of the Articles of Incorporation, the CC&Rs, these Bylaws, the Rules and Regulations, and the Architectural Standards.

2.2 Proof of Membership. No Person may exercise the rights of membership until he or she has supplied the Association with a recorded deed or a title insurance policy showing the Person owns a Lot in the Community.

2.3 Termination of Membership. Membership in the Association shall automatically terminate when such Member no longer holds an interest in a Lot.

2.4 Voting Rights. In all matters submitted for a vote of the Members, including the election of Directors, Members in good standing shall be entitled to vote on such issues.



2.5 Suspension of Rights. Membership rights and privileges, including voting rights, may be suspended as provided for in the CC&Rs.

### ARTICLE 3 MEETINGS OF MEMBERS

3.1 Place of Membership Meetings. Annual and Special Meetings of the Membership shall be held at a suitable location near the Community.

3.2 Annual Meetings. There shall be at least one meeting of the Members in each calendar year for the purpose of electing Directors and conducting any other legitimate business of the Association. The Board shall fix the date and hour for holding such meetings; provided, however, that each annual meeting shall be held in the same month as the preceding annual meeting if it is reasonably practicable to do so but in no event more than thirteen (13) months from the date of the preceding annual meeting.

3.3 Special Meetings. Special meetings of the Members may be called by any of the following:

- a. *Board.* Any three members of the Board.
- b. *Members.* Members in good standing constituting at least twenty percent (20%) of the voting power of the Association. If a special meeting is called by Members of the Association, the request shall be submitted to the Board in writing, specifying the nature of the business to be transacted. The Director or officer receiving the request shall promptly deliver the request to the remaining members of the Board.

3.4 Scheduling of Special Meeting. The person or persons calling a special meeting of the membership may request a date, time and location for holding the meeting. The Board shall set the date, time and location of the meeting as requested by the person or persons calling the meeting if such date, time and location is reasonable and the date is not less than ten (10) days nor more than thirty (30) days following the receipt of the request. If the persons calling the meeting fail to request a particular date, time and location, the Board shall set a reasonable date, time, and location not less than ten (10) days nor more than thirty (30) days following the receipt of the request.

3.5 Notice of Members' Meetings. Notice of all meetings of the Members shall be given by the Board.

- a. *Notice Period.* All notices of meetings of Members, both special and annual, shall be sent or otherwise given in accordance with this Section not less than ten (10) days nor more than forty-five (45) days before the date of the meeting.

- b. *Notice Contents.* The notice shall specify the place, date, and hour of the meeting and (i) in the case of a special meeting, the nature of the business to be transacted as specified by those persons calling the meeting, (and that no other business may be transacted except as specified in the notice), or (ii) in the case of the annual meeting, those matters which the Board intends to present for action by the Members.
- c. *Manner of Giving Notice.* Notice of any meeting of Members, both annual and special, shall be given either personally or by first-class mail, facsimile, or other written communication, charges prepaid, addressed to each Member either at the address of that Member appearing on the books of the Association or the address given by the Member to the Association for the purpose of notice. If no address appears on the Association's books and no other address has been given, notice shall be deemed to have been given if either (i) notice is sent to that Member by personal delivery, first-class mail, or by facsimile to the Association's principal office, or (ii) notice is published at least once in a newspaper of general circulation in said County where the principal office of the Association is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by other means of written or electronic communication.
- d. *Declaration of Mailing Notice.* A declaration of the mailing or other means of giving any notice of any Members' meeting may be executed by the Secretary, President, or any other party giving the notice, and, if so executed, shall be filed and maintained in the minute book of the Association.
- e. *Failure to Give Notice.* If the Board fails to give notice, the persons calling the special meeting may give notice consistent with these Bylaws.

3.6 Chairman of Meeting. The President of the Board or, in his or her absence, the Vice-President or any other person designated by the Board, shall call the Membership meeting to order and shall preside as chairman of the meeting unless a majority of the Members attending the meeting in person or by proxy select another person to chair the meeting. The Secretary of the Association shall act as Secretary. However, in the absence of the Secretary the presiding officer may appoint any person to act as Secretary.

3.7 Quorum. A majority of the voting power of the Association (excluding those Members whose voting rights have been suspended), represented in person or by proxy, shall constitute a quorum at all meetings of Members. If a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting, entitled to vote, and voting on any matter shall be the act of the Members unless the vote of a greater number is required by the CC&Rs or these Bylaws.

3.8 Lack of Quorum. If at any annual meeting of the Association a quorum is not present, a majority of the Members present and entitled to vote may adjourn the meeting in

accordance with the provisions of this Article. At the subsequent meeting the presence of Members otherwise entitled to vote who represent at least thirty-three percent (33%) of the voting power of the Association (excluding those Members whose voting rights have been suspended) shall constitute a quorum.

3.9 Loss of Quorum. The Members present at a duly called 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.

3.10 Adjourned Meetings. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned from time-to-time by the vote of the majority of the Members represented at the meeting, either in person or by proxy; provided, however, an adjournment for lack of a quorum shall be to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called. In the absence of a quorum, no business may be transacted except to adjourn the meeting to another date and time. The Board President (or the remaining Directors in the President's absence or failure to act) will set the date for the subsequent meeting and shall cause written notice of the date, time and place of such meeting to be given to the Members at least four (4) days in advance of the meeting.

3.11 Voting Rights. Each Member shall be entitled to one (1) vote per Lot on all matters presented to the Members for a vote.

- a. *No Cumulative Voting.* Members are allowed one (1) vote for each position on the Board of Directors. Members shall not be allowed to use cumulative voting.
- b. *Co-Owners.* Where there is more than one record owner of a Lot ("Co-Owners"), any or all such Co-Owners shall be Members and may attend any meeting of the Association, but only one Co-Owner shall be entitled to exercise the vote to which the Lot is entitled. Fractional votes shall not be allowed.
- c. *Presumption of Consent.* Where no voting Co-Owner is designated or if such designation has been revoked, the vote for such Lot shall be exercised as the majority of the Co-Owners of the Lot mutually agree. Unless the Board receives a written objection in advance from a Co-Owner, it shall be conclusively presumed that the corresponding voting Co-Owner is acting with the consent of his or her Co-Owners.
- d. *Voting Rights Suspended.* The voting rights of a Member may be suspended if the Member is more than thirty days delinquent in paying any Assessment, provided however, the Board gives the Member notice of the pending suspension and an opportunity to present evidence to the Board as to why the Member's voting rights should not be suspended. Once suspended, a Member's voting privileges shall remain suspended until such time as the delinquency, including any accumulated penalties, interest and costs of collection, has been paid in full.

3.12 Approval By Majority of Quorum. Except as provided elsewhere in these Bylaws or in the CC&Rs, when a quorum is present, the affirmative vote of a majority of the Members represented in person or by proxy shall be required to pass any measure.

3.13 Action by Written Consent of Members. Other than the election of Directors, any action which may be taken at any annual or special meeting of Members may be taken without a meeting if the Association distributes a written ballot to every Member entitled to vote on the matter. 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.

- a. *Valid Approval.* Approval by written ballot pursuant to this Section shall be valid only when (i) the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and (ii) the number of votes cast by ballot 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.
- b. *Transmittal of Ballots.* Ballots shall be delivered personally or by mail or other means of written communication addressed to a Member at the address of such Member appearing in the books of the Association or given by the Member to the Association for purpose of notice; or, if no such address appears or is given, at the place where the principal of the Association is located or by publication at least once in a newspaper of general circulation in the County in which the principal office is located. A declaration of transmittal in accordance with the provisions of this subsection, executed by the Secretary or Assistant Secretary, shall be prima facie evidence of the effective transmittal of ballots.
- c. *Extension of Time.* If, by the time specified by the Board for return of the ballots, the Board has received completed Ballots from less than a majority of the voting power so that a quorum has not been achieved, the Board may, in good faith and in the exercise of its discretion, extend the balloting period for a time not to exceed thirty (30) additional days. Whenever the Board elects to extend the balloting period under this subsection each Member shall be promptly notified.

3.14 Proxies. Every person entitled to vote shall have the right to do so either in person or by written proxy filed with the Association on or before the date of the meeting.

- a. *Revocability.* A validly executed proxy shall continue in full force and effect unless revoked by (i) the Member by a writing delivered to the Association stating that the proxy is revoked before the vote cast pursuant to that proxy, (ii) by a subsequent proxy executed by such Member or (iii) by personal attendance and voting at the meeting by such Member. Every proxy shall be revocable and shall automatically cease after completion of the meeting for which the proxy was filed.

Notwithstanding the foregoing, proxies which are for quorum purposes only may be valid for up to three (3) years.

- b. *Form of Solicited Proxies.* Proxies must bear an original or faxed signature of the Member giving the proxy. Proxies which do not designate a proxy holder shall be presumed to designate the Board of Directors and may be voted by the Board.

#### ARTICLE 4 MEETINGS OF THE BOARD

4.1 Place of Meetings. All meetings of the Board shall be held at a location near the Community as designated by the Board or at such other place convenient to the Board.

4.2 Organization Meeting. Within thirty (30) days following each annual meeting of the Members, the Board shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business.

4.3 Regular Meetings. Meetings of the Board of Directors shall be held at least once per month although the Board may, at its discretion, waive a monthly meeting.

4.4 Executive Sessions. The Board may, upon the vote of a majority of the Board's quorum, meet, or adjourn a Board meeting and reconvene, in executive session exclusive of all Members who are not Directors to discuss and vote upon (i) personnel matters, (ii) vendor contracts, (iii) litigation in which the Association is involved, (iv) hearings held pursuant to the CC&Rs for the purpose of imposing monetary penalties, suspending voting privileges or suspending membership privileges of Members who have violated provisions of the Articles of Incorporation, the CC&Rs, these Bylaws, the Rules and Regulations, or the Architectural Standards and (v) other similar matters requiring confidentiality. The nature of all business to be considered in executive session shall be announced in open session and shall be generally noted in the minutes of the open session meeting. If no open session meeting was held in conjunction with the executive session meeting, the nature of all business considered in executive session shall be announced in the following open session meeting and shall be generally noted in the minutes of that meeting.

4.5 Minutes of Meetings. The minutes of any Board meeting other than an executive session shall be available to Members within thirty (30) days of the meeting and shall be distributed to any Member upon request and upon reimbursement of the Association's cost in making that distribution.

4.6 Special Meetings. Special meetings of the Board may be called by the President or by any two (2) Directors. Such meetings may be held upon four (4) days notice. In the event of an emergency, the Board may meet with less notice but must post such notice to the membership and must note in the minutes of the meeting the reason why more notice could not be given.

4.7 Notice of Meetings. Members shall be given notice of the time and place of Board meetings at least four (4) calendar days prior to the meeting. Notice may be given by posting the notice in a prominent place or places within the Common Area, by mail or delivery of the notice to each Residence, or by newsletter or similar means of communication. An emergency meeting of the Board may be called if there are circumstances that could not have been reasonably foreseen which require immediate attention by the Board. In such instances, the Board shall give notice as may be reasonable and practical.

4.8 Attendance by Members at Board Meetings. Regular and special (non-executive session) meetings of the Board shall be open to all Members. However, no Member who is not an officer or Director may participate in any deliberation or discussion unless expressly authorized by a majority of a quorum of the Board. Even though Members may not participate in deliberations or discussions of the Board, a reasonable amount of time must be set aside at the beginning or at the conclusion of the Board's meeting to permit Members the opportunity to address the Board. Attendance by Members and time for addressing the Board shall only apply to non-executive sessions of the Board.

4.9 Waiver of Notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by that Director of the time and place thereof. If all of the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

4.10 Teleconference. Members of the Board may participate in a meeting through use of a conference telephone or similar communications equipment, so long as all Directors participating in such meeting can hear one another. Participation in a meeting pursuant to this subdivision constitutes presence in person at such meeting. Any Board action must be noted in the minutes.

4.11 Quorum For Board Meetings. A majority of the number of Directors as fixed by the Articles of Incorporation or these Bylaws shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision made or done 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.

4.12 Adjournment of Board Meetings. A majority of a quorum of the Directors may adjourn any Board Meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the Directors present at any Board meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

4.13 Action by Written Consent in Lieu of Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall state that the action was taken by unanimous written consent of the Board without a meeting, and that these Bylaws authorized the

Directors to so act. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors. For the purposes of this Section only, "all Directors" shall not include any "interested Directors" as defined in California Corporations Code §5233 as made applicable pursuant to §7238.

## ARTICLE 5 DIRECTORS

5.1 Powers. The business and affairs of the Association shall be controlled by the Board of Directors. In addition to the powers and duties set forth in the Association's Governing Documents, the Board shall have the power to perform any and all other acts that a nonprofit, mutual benefit corporation is empowered to do in the administration of the Association's affairs.

5.2 Number of Directors. The Board shall consist of five (5) Directors.

5.3 Qualification of Directors. Each Director shall be a Member of the Association. In the event a corporation or other impersonal entity is a Member of the Association, it may designate one person to stand for election to the Board on its behalf. No person may be a candidate for the Board, or, once elected, shall automatically cease to be a Director if that person:

- a. *Delinquent.* Is delinquent by more than sixty (60) days in the payment of any Assessment levied by the Association;
- b. *Litigation.* Is engaged as an opponent in litigation with the Association;
- c. *Non-Member.* Ceases to be a Member of the Association; or
- d. *Co-Owner.* Is a Co-Owner of a Lot and another Co-Owner is already on the Board (only one Co-Owner may serve on the Board at any one time).

5.4 Failure to Attend Meetings. If any Director should miss three (3) regular meetings of the Board within any twelve (12) month period, a quorum of the remaining Directors may declare the seat vacant and appoint a replacement Director.

5.5 Term of Office. The term of office served by Directors shall be one (1) year.

5.6 Nominations and Election. Only those Members who meet the qualifications described in this Article and who have given written notice to the Board of Directors at least thirty (30) days prior to the annual meeting of their intent to serve on the Board may be candidates for election to the Board of Directors. No Member who is qualified and gives at least thirty (30) days written notice of his or her intent to be a candidate may be excluded from campaigning for the Board. Candidates for the Board of Directors may not be nominated from the floor on the night of the Annual Meeting nor may there be "write-in" candidates. Those persons receiving the largest number of votes shall be elected to fill the vacant seats. If the

number of persons elected to the Board is less than the number of vacancies, the Board may appoint Members to the unfilled vacancies.

5.7 Inspectors of Election. The Board may appoint either one or three Inspector(s) of Election to: (i) make rules for voting procedures; (ii) determine the existence of a quorum for the transaction of business; (iii) supervise the voting; (iv) determine the authenticity and effect of proxies; (v) receive votes and ballots; (vi) hear and determine all challenges and questions arising in connection with the right to vote; (vii) count and tabulate all votes; (viii) determine the result of the election and (ix) do such acts as may be proper to conduct the vote with fairness.

5.8 Candidate Mailings. The Association must, on request of any qualified candidate for election to the Board and the payment of reasonable mailing costs, mail materials prepared by the candidate to all Association Members. The materials must be related to the candidate's election campaign (and not for commercial purposes) and either delivered or mailed within ten (10) days after the request has been made and payment of the mailing costs has been received. If the Association wishes to avoid the obligation to undertake such a mailing on behalf of candidates, the Association may, within five (5) business days after receipt of a request, permit the candidate either to inspect and copy the membership list or to obtain a copy of the list from the Secretary or Manager. If the Association chooses to provide the candidate with a copy of the membership list, a reasonable charge may be imposed to recover the Association's reasonable costs. All statements made in candidate mailings are made by the candidates only and cannot be attributable to the Association, its officers, Directors, employees or agents and any mailings to the Membership shall not be deemed a "publication" by the Association, its officers, Directors, employees or agents for the purposes of any alleged defamatory remarks which may be made by a candidate. As provided for in Section 7525 of the Corporations Code, neither the Association, nor its agents, officers, Directors, or employees shall be liable for any damages to any person on account of any material which is supplied by a candidate and the candidate shall indemnify and hold harmless the Association from all demands, costs, including reasonable legal fees and expenses, claims, damages and causes of action arising out of such material.

5.9 Resignation. Any Director may resign at any time by giving written notice to the President or Secretary of the Board or by giving verbal notice at any regular or special meeting of the Board. Such resignation shall take effect on the date of receipt of the notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective. Such resignation may be withdrawn upon approval of a majority of the members of the Board of Directors.

5.10 Removal by the Board. The Board may declare vacant the offices of a Director who has been (i) declared of unsound mind by a final order of court, or (ii) convicted of a felony during his or her term of office, or (iii) at any point during his or her term fails to meet the qualifications of a Director as provided for in this Article.

5.11 Removal by Membership. At any special meeting of the Members, notice of which has been properly given as provided in these Bylaws, the entire Board or any individual Director may be removed from office if a majority of a quorum of the voting power of the



Association votes in favor of removal. In the event that any or all Directors are so-removed, new Directors shall be elected at the same meeting.

5.12 Vacancies. A vacancy or vacancies on the Board shall be deemed to exist in case of the death, resignation or removal of any Director, or in the case of a declaration of the Board of a vacancy by reason of a Director having been declared of unsound mind by an order of court, convicted of a felony or otherwise disqualified under the provisions of this Article. Vacancies on the Board created other than by removal may be filled by a vote of a majority of the remaining Directors, though less than a quorum, and each Director so elected shall hold office until the end of his predecessor's term. In the event the remaining Directors are evenly divided and cannot agree on the appointment of a Director to fill the vacancy, a special election shall be noticed by the Board within thirty (30) days for the election of a Director by the Membership. Vacancies on the Board created by removal by the Membership may only be filled by a vote of Members.

5.13 No Compensation of Directors. No Director or officer shall receive compensation for any service he or she may render to the Association solely because of his or her standing as a Director or officer. However, Directors and officers may be reimbursed for actual expenses incurred in the performance of their duties.

5.14 Conflicts of Interest. The Association shall not enter into any contract with any party in which any officer or Director of the Association, the Manager, management company, or any employee of the Association has a direct or indirect economic interest in the contract without (i) full disclosure of the interest to the Board, (ii) full disclosure of the interest to the Membership in the meeting minutes of the Board where a public discussion occurred, and (iii) recusal from the deliberations and voting by the interested party.

## ARTICLE 6 OFFICERS

6.1 Officers. The officers shall be President, 1<sup>st</sup> Vice-President, 2<sup>nd</sup> Vice-President, Secretary and Treasurer, each of whom shall be elected by the Board, hold office at the pleasure of the Board, and who shall be Members of the Board. The President may not hold more than one office; however, any two of the remaining offices may be held by a single Director.

6.2 Selection of Officers. The officers of the Association shall be chosen annually by the Board and each shall hold office until he or she shall resign or shall be removed or otherwise be disqualified to serve, or until his or her successor shall be elected and qualified.

6.3 Removal and Resignation. Any officer may be removed with cause by the vote of a majority of all Directors then in office at any regular or special meeting of the Board at which a quorum is present. Any officer may resign at any time by giving written notice to the Board or to the President or to the Secretary of the Association or by giving verbal notice at any regular or special meeting of the Board. Any such resignation shall take effect as of the date of the 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. Such resignation may be withdrawn upon approval of a majority of the members of the Board of Directors.

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

6.5 President. The President shall be the principal executive officer of the Association and shall, subject to the control of the Board, supervise, direct and control all of the business and affairs of the Association. The President shall preside 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 other powers and duties as may be prescribed by the Board or these Bylaws. The President shall act as spokesperson (or liaison) between the Manager and the Board of Directors unless the Board directs otherwise.

6.6 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 the powers of, and be subject to all the restrictions upon, the office of 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 or these Bylaws.

6.7 Secretary. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board may order, of all meetings of Directors and Members; with the time and place of the meeting, whether regular, special or executive, the names of those present or represented at the meeting. The Secretary shall keep, or cause to be kept, a membership register showing: (i) the names and addresses of all Directors and officers of the Board; (ii) the names of all Members of the Association and their addresses; and (iii) the property to which each membership relates. The Secretary shall have such other powers and perform such other duties as may be prescribed by the Board or by these Bylaws.

6.8 Treasurer. The Treasurer shall keep, or cause to be kept, accounts of the monies, properties and business transactions of the Association. The Treasurer shall cause to be deposited all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall cause to be disbursed the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of the Association's transactions and the financial condition of the Association which shall be made a part of the minutes of the meeting, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

6.9 Assistant Treasurer and Assistant Secretary. The Board may appoint one or more Assistant Treasurers and/or Assistant Secretaries who need not be Members of the Association to assist the officers in their duties.

ARTICLE 7  
ARCHITECTURAL COMMITTEE

7.1 Appointment of Architectural Committee. The Board of Directors shall appoint an Architectural Committee Chairperson who shall, in turn, appoint not less than two (2) other persons to the Architectural Committee.

7.2 Powers of Architectural Committee. In addition to any other powers given in the CC&Rs, the Architectural Committee shall have the authority to: (i) approve, reject, modify, give conditional approvals, and give limited approvals of any repairs, improvements, alterations, or landscaping done in the Community, (ii) adopt Board-approved Architectural Standards for the Community; (iii) charge Board-approved fees, and (iv) perform such other tasks as may be necessary to carry out its duties.

7.3 Term of Office. Architectural Committee members shall serve one-year terms to run concurrently with the term of the Architectural Committee Chairperson.

7.4 Compensation. Members of the Architectural Committee shall not be entitled to compensation for their services. However, Architectural Committee members shall be entitled to reimbursement for reasonable expenses incurred in the performance of their duties.

7.5 Architectural Committee Consultant. As approved by the Board of Directors, the Architectural Committee may retain the services of one or more consultants to assist it in its duties. Such consultants may include, but not be limited to, architectural, engineering, landscape, and design consultants. Compensation for the consultant's services shall be fixed by the Board of Directors.

7.6 Architectural Committee Secretary. The Board of Directors may authorize a paid secretary (non-Committee member) to assist the Committee in keeping records.

7.7 Meetings. The Architectural Committee shall meet from time to time as necessary to perform its duties and record minutes and make them available to the Board. The vote or written consent of a majority of the Architectural Committee's members shall constitute an act by the Architectural Committee.

7.8 Record Keeping. The Architectural Committee shall prepare and retain a written record of all submissions made for its approval together with all of its actions in response to the submission.

7.9 Vacancies. Vacancies on the Architectural Committee, however caused, shall be filled by the Architectural Committee Chairperson. Any person appointed to fill a vacancy shall serve for the remainder of the unexpired term. Members who have resigned, been removed or whose terms have expired may be reappointed.

7.10 Removal of Architectural Committee Members. Architectural Committee members may be removed by the Architectural Committee Chairperson. The Architectural Committee Chairperson may only be removed by the Board.

7.11 Resignation. Architectural Committee members may resign at any time by giving oral or written notice to Chairperson of the Architectural Committee.

7.12 Conflicts of Interest. No Architectural Committee member may participate in the decision making process of any architectural submittal made by that member or members of his or her family. Further, no Architectural Committee member may participate in the decision making process if it results in a direct monetary benefit to that member or the member's family or company.

7.13 Appeals. The Board of Directors shall have the authority to hear all appeals regarding architectural matters and render a final decision. In the event of a disagreement between the Architectural Committee and an applicant, the applicant may appeal to the Board of Directors who shall have the authority to make the final decision.

## ARTICLE 8 OPERATING COMMITTEES

8.1 Establishment of Committees. The Board of Directors shall establish such standing and temporary operating and advising committees as it deems appropriate and necessary to assist in the management and administration of the affairs of the Association, and to meet the needs of Members. The Board shall specify in writing the scope of responsibility of each such committee, may limit the number of members of any committee, may limit the term of the committee, and may appoint committee chairpersons.

8.2 Committee Responsibilities. In addition to any other responsibilities assigned to committees by the CC&Rs, the committees shall assist the Board of Directors by (i) preparing and recommending operational plans for the Association, (ii) evaluating and recommending the selection of vendors to serve the Association, (iii) drafting and recommending rules and standards which elaborate on the Articles, the CC&Rs, and these Bylaws, (iv) hearing and resolving member complaints subject to appeal to the Board of Directors, (v) monitoring elections and counting ballots, and (vi) performing such other tasks as the Board deems proper to maintain the effective and efficient management and administration of the Association.

8.3 Term of Office. Committees shall exist at the discretion of the Board of Directors. Committee chairpersons may be appointed by the Board, and if not appointed they shall be elected by members of such committee, for a term of no more than one (1) year.

8.4 Compensation. Committee members shall not be compensated for their services. However, if authorized by the Board, Committee members may be reimbursed for reasonable expenses incurred in the performance of their duties.

8.5 Meetings. Committees shall meet from time to time as required to perform their duties. Each committee shall decide how it shall conduct its business unless given specific direction by the Board.

8.6 Record Keeping. Committees shall prepare and retain written records of all actions taken.

8.7 Vacancies. Committee members may be asked to serve by the Board, or volunteer their services. No committee shall have less than three (3) members.

8.8 Removal of Committee Members. Other than the Architectural Committee, all other Committee members may be removed by a majority vote of the Board of Directors.

8.9 Conflict of Interest. No Committee member may participate in any affair of the Committee if it involves a member of his or her own family, or in which the Committee member has a financial interest.

## ARTICLE 9 INSPECTION OF RECORDS

9.1 Maintenance of Records. The Secretary or such other officer of the Association as may from time to time be designated by the Board, shall keep or cause to be kept a membership register setting forth all names, mailing addresses and telephone numbers of the Members, minutes of the meetings of the Board, minutes of meetings of the Membership, and financial records and books of account of the Association, including a chronological listing of all receipts and expenditures of funds, as well as a separate account for each Assessment levied or charged against each Lot or Member, the dates when so assessed and when the same is due, the amounts paid thereon, and the balance, if any, of any Assessment remaining unpaid.

9.2 Membership List. Membership lists may be copied if the Board makes a determination the requesting party's purpose for obtaining a copy is consistent with the person's interests as a Member or first mortgagee. In the alternative, so as to protect the membership's privacy and security interests the Board can choose not to allow copying of the membership list and, instead, make mailings to the membership on behalf of the requesting party in which case, (i) the requesting party must submit to the Board his or her proposed mailing for a determination by the Board that the mailing is consistent with the person's interests as a Member or first mortgagee and not for personal gain, (ii) once the Board has made a determination the mailing is consistent with the person's interest as a Member or first mortgagee, the requesting person must submit the mailing in stamped and sealed envelopes ready for mailing, (iii) at which point the Association shall attach mailing labels and place the envelopes in the mail within 48 hours of receipt of the envelopes. The Association is specifically relieved of any responsibility or liability for screening such mailing for defamatory content. The Board shall only be responsible for making a good faith determination that the communication to the membership is consistent with the requesting party's interests as a Member or first Mortgagee.

9.3 Other Records. Members and the holders of first mortgages, or their agents, shall have a limited right to inspect the Association's records provided the request is in writing and states the purpose of the request which must be reasonably related to the person's interest as a Member or first mortgagee. In addition, the request must specify with particularity the documents to be inspected and must be submitted to the Board at least five (5) business days in advance of a regularly scheduled meeting of the Board. If the Board determines the request is consistent with the person's interest as a Member or first mortgagee, such person shall be permitted to inspect the following records:

- a. *Financial Books & Records.* Annual and monthly financial statements of the Association.
- b. *Board Minutes.* Minutes of non-executive sessions of the Board. Minutes of executive session meetings as well as minutes of administrative hearings pertaining to the imposition of fines, late fees or other punitive disposition of other members shall not be made available for inspection or copying.
- c. *Records Not Subject to Inspection.* The following records are not subject to inspection or copying:
  - i. Personnel Records.
  - ii. Working Papers. Papers related to the decision making process of the Board, its agents and officers i.e. papers, memos, letters exchanged by and/or among the Board, its agents and/or officers as well as working papers, notes, tapes, etc used in the preparation of minutes and/or financial statements and preliminary data, information or investigations which have not been formally approved by the Board, such as contractor bid prospects.
  - iii. Litigation Files.
- d. *Additional Records Not Subject to Inspection.* The Board may deny the inspection or copying of records in the following circumstances:
  - i. Statutory Violation. Where disclosure would violate a constitutional or statutory provision or applicable public policy.
  - ii. Harm. Where disclosure would result in harm to the Association or any of its members which would outweigh the right to access.
  - iii. Privacy. Where disclosure would result in an invasion of personal privacy or breach of a confidence.
  - iv. Privileged Information. Where information is privileged.

- v. Private Gain. Documents and papers which would result in an individual benefit or private gain to the requesting person.

9.4 Indemnity. Persons who copy records shall hold harmless, indemnify and defend the Association and its officers, Directors, Committee members, employees and agents against all claims for damage or loss related to or arising out of such person's misuse of Association records.

9.5 Rules For Inspection of Records. The Board shall establish reasonable rules regarding the time, place and manner for the inspection of Association records. Such rules shall be contained in the Association's Rules and Regulations.

9.6 Director's Right to Inspect. Directors shall have the right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association, provided, however, the Board may limit the right of any Director to review ballots and proxies pertaining to an election in which the Director or a spouse or Co-Owner was a candidate.

## ARTICLE 10 DISCLOSURES

10.1 Notice of Enforcement Rights. The Board shall annually distribute to each Member a schedule of penalties for violation of the Association's Governing Documents, i.e., monetary penalties, suspension of privileges, injunctive relief, etc.

10.2 Minutes. The Board shall annually notify Members of the Members' right to receive minutes and how and where those minutes may be obtained.

10.3 Board Meetings. The Board shall give Members not less than four (4) days notice of all Board meetings. For emergency meetings, the Board shall give as much notice as possible. Notice may be by first-class mail, personal delivery, or posting in a public place.

10.4 Budget. The Board shall annually distribute to all Members an operating Budget 45-60 days prior to the beginning of the fiscal year.

10.5 Reserves. The Board shall annually distribute to all Members (i) a summary of the association's reserves, (ii) whether special assessments will be needed for repairs or to replenish reserves, and (iii) a statement of the procedures used for the calculation of the reserves.

10.6 Financial Statement. The Board shall annually distribute to the Members a review of the Association's financial statement within 120 days of the close of the fiscal year.

10.7 Assessment Collection Policies. The Board shall annually distribute to the Members during the sixty (60) day period prior to the beginning of the fiscal year the

Association's policies and practices in enforcing lien rights or other legal remedies for enforcing delinquencies (i.e., late charges, interest, suspension of privileges, etc.).

10.8 Insurance. The Board shall annually distribute to the Members with the Budget a summary of the Association's insurance which includes: (i) the name of the insurer, (ii) the type of insurance, (iii) policy limits, (iv) the amount of the deductibles (v) a statement that the summary is not a substitute for complete policy terms and conditions, (vi) a statement that Members may review the policies, (vii) a statement that the policies may not cover personal property, improvements, personal injuries or other losses of Members, (viii) a statement that even if a particular loss is covered, the Members may be responsible for the deductible, and (ix) a statement that Members should consult their own insurance agent to determine their need for additional coverage. The Board must also notify Members if any policies have been canceled and not immediately replaced.

10.9 Reserve Transfers for Litigation. The Board shall notify members in its next available mailing of any transfers from Reserves to pay for litigation.

## ARTICLE 11 MISCELLANEOUS

11.1 Fiscal Year. The fiscal year of the Association shall be July 1 to June 30, unless and until a different fiscal year is adopted by the Board.

11.2 Singular Includes Plural. Wherever the context of these Bylaws requires same, the singular shall include the plural and the masculine shall include both feminine and the neuter.

11.3 Conflicts. In the case of any conflict, the CC&Rs shall prevail over the Bylaws, the Rules and Regulations and the Architectural Standards; and the Bylaws shall prevail over the Rules and Regulations and the Architectural Standards.

11.4 Amendments. These Bylaws may be modified, amended or replaced with new Bylaws by the vote or written consent of a majority of the voting power of the Membership.

WE HEREBY CERTIFY this \_\_\_\_ day of \_\_\_\_\_, 1999 that these Restated Bylaws have been duly approved and adopted by the Members of the Association.

President: \_\_\_\_\_

Secretary: \_\_\_\_\_

### CC&R COMMITTEE

Robert Holloway  
Jan Holloway  
Walter Benson  
Marilou Izmirian

Lucy Troxell  
Martha K. Cross  
Arden O'Rourke  
Bud Fish

William Kneebie  
Ann Nelson  
Janet Todd





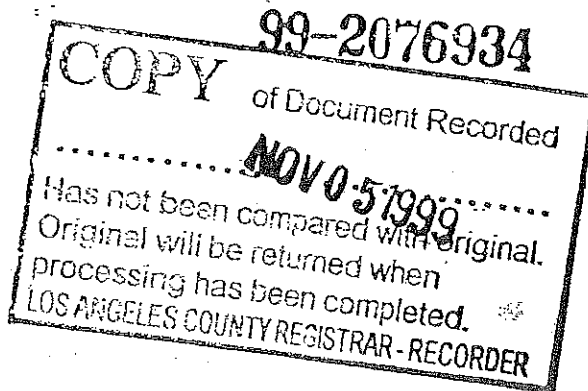
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TITLE(S)

CERTIFICATION OF RESTATED DECLARATION OF COVENANTS,  
CONDITIONS, AND RESTRICTIONS

FOR

LAKESHORE COMMUNITY ASSOCIATION