

BYLAWS OF CARNELIAN WOODS

TABLE OF CONTENTS

ARTICLE	TITLE	SECTION	TITLE	PAGE
I	NAME AND LOCATION	-	-	1
II	DEFINITIONS	1	Association	1
		2	Properties	1
		3	Common Area	1
		4	Lot	1
		5	Owner	1
		6	Declaration	1
		7	Member	1
III	MEETING OF MEMBERS	1	ANNUAL MEETINGS	2
		2	SPECIAL MEETINGS	2
		3	NOTICE OF MEETINGS	2
		4	QUORUM	2
		5	PROXIES	2
		6	FORM OF PROXY	2
		7	Record of Date	3
		8	Action Without Meeting	3
IV	BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE	1	NUMBER	4
		2	TERM OF OFFICE	4
		3	REMOVAL	4
		4	COMPENSATION	4
		5	ACTION TAKEN WITHOUT MEETING	
V	NOMINATION AND ELECTION OF DIRECTORS	1	NOMINATION AND SOLICITATION OF VOTES	4
		2	ELECTION	5
		3	VOTE TABULATION	5
VI	MEETINGS OF DIRECTORS	1	REGULAR MEETINGS	5
		2	SPECIAL MEETINGS	5
		3	QUORUM	6
		4	ACCESS TO MEETINGS. Executive Sessions	6
		5	Emergency Meetings	6
		6	Actions Without Meeting	6
VII	POWERS AND DUTIES OF THE BOARD OF DIRECTORS	1	POWERS	6
		2	DUTIES	7
		3	Indemnification of Board Members and Officers	10
VIII	OFFICERS AND THEIR DUTIES	1	ENUMERATION OF OFFICERS	10
		2	ELECTION OF OFFICERS	10
		3	TERM	10
		4	SPECIAL APPOINTMENTS	10
		5	RESIGNATION AND REMOVAL	10
		6	VACANCIES	10
		7	MULTIPLE OFFICES	10
		8	DUTIES - PRESIDENT	10
	8	DUTIES - VICE-PRESIDENT	11	
	8	DUTIES - SECRETARY	11	

		8	DUTIES - TREASURER	11
IX	COMMITTEES	-	-	11
X	BOOKS AND RECORDS	1	Access to Records by Members	12
		2	Minutes	12
		3	Budgets	12
		4	Notice	12
		5	Inspections	12
		6	Board Inspections	12
XI	ASSESSMENTS	1	ASSESSMENTS	12
		2	ANNUAL ASSESSEMENT PAYMENTS	13
		3	COLLECTION POLICY	13
XII	CORPORATE SEAL	-	-	13
XIII	AMENDMENTS	1	-	14
		2	-	14
XIV	MISCELLANEOUS	1	-	14
		2	INTERPRETATION	14
		3	Savings Clause	14
XV	FIRE EXTINGUISHER AND SMOKE DETECTOR	-	-	14
XVI	APPROVAL OF THE AMENDED BYLAWS	-	-	15

BYLAWS  
OF  
CARNELIAN WOODS

ARTICLE I  
NAME AND LOCATION

The Name of the Corporation is CARNELIAN WOODS, hereinafter referred to as the "Association." The principal office of the Corporation shall be located at the Carnelian Woods Lodge, Carnelian Bay, California, but meetings of members and Directors may be held at such places within the State of California, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to CARNELIAN WOODS, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the County Recorder, Placer County, State of California.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1. ANNUAL MEETINGS. Regular annual meetings of the members shall be held no later than (90) ninety days after close of fiscal year.

Section 2. SPECIAL MEETINGS. Special meetings of the members may be called at any time by the President, the Chairman of the Board, or by the Board of Directors, or upon written request of the members who are entitled to vote one-third (1/3) of all of the votes.

Section 3. NOTICE OF MEETINGS. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meetings, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days, but not more than sixty (60) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member of the Association for the purpose of notice. Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. QUORUM. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-third (1/3) of the total membership votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. PROXIES. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary at or before the meeting, or, if the Secretary is not present at the meeting, with the President or presiding officer of the meeting. Every proxy shall be revocable and shall automatically cease upon (a) conveyance by the member of his or her Lot; (b) by a Member's death or adjudication of declared incapacity; (c) the personal attendance of such Member executing the proxy at such meeting; or (d) upon any stated expiration in the proxy, in all cases not to exceed three years, provided that if no longer period is so specified, the proxy shall automatically expire eleven months from the date of execution of the proxy. The names and/or unit numbers of Members attending by proxy shall be announced at the commencement of the meeting.

Section 6. FORM OF PROXY. No proxy of one member or unit number may be combined in an instrument with a proxy for any other unit. In any voting by written ballot, each unit or member shall be voted on a separate ballot form. Any form of proxy or written ballot distributed to members shall afford an opportunity on the proxy or form of written ballot to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time the written ballot or proxy is distributed, to be acted upon at the meeting for which the proxy is solicited or by such written ballot, and shall provide, subject to reasonable specified conditions, that where the person solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance therewith.

In any election of directors, any form of proxy or written ballot in which the directors to be voted upon are named therein as candidates and which is marked by a member "withhold", or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld, shall not be voted either for or against the election of a director. Any revocable proxy covering any of the following matters that require a vote of the members is not valid as to those matters unless it sets forth the general nature of the matter to be voted upon: (a) Removing a director without cause, pursuant to Article IV, Section 3 of these Bylaws; (b) entering into or approving a contract or transaction between the Association and one or more of the directors, or an entity in which a director is interested, when the material facts of such contract or transaction are fully disclosed pursuant to Corporations Code § 7233; (c) Amending the Articles and Bylaws to repeal, restrict, create or expand proxy rights; (d) Amending the Articles after approval of the Board in accordance with Corporations Code § 7812; (e) disposing of assets other than in the regular course of corporate activities pursuant to Corporations Code § 7911; (f) electing to dissolve the Association by approval of member or by approval of the Board and members pursuant to Corporations Code § 8610.

Section 7. Record Date. The Board shall fix, in advance, a record date or dates for the purposes of determining the Members entitled to notice of and to vote at any meeting of or action taken by the Members. The record date for notice of a meeting shall not be more than 60 nor less than 15 days before the date of meeting or action. The record date for voting shall be not more than 60 days before the date of the meeting or action, or before the date on which the first written ballot is mailed or solicited.

Section 8. Action Without Meeting. Any action that may be taken at a meeting of members, except for the election of directors, may be taken without a meeting provided that the following ballot requirements are satisfied:

(a) The Association shall distribute a written ballot to every member entitled to vote on the matter. The ballot shall be solicited in the same manner as provided for the giving of notices for meetings of members. The ballots shall comply with Corporations Code § 7514.

(b) The ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, provide a reasonable time within which to return the ballot, indicate the number of responses needed to meet the quorum requirement, and state the percentage of approval necessary to pass the measure submitted.

(c) The proposed action shall be considered approved if the number of votes cast by ballot within the specified time period equals or exceeds the quorum requirement for a meeting of members authorizing such action; and the number of approvals equals or exceeds the number of votes needed for approval at a meeting considering the action.

(d) No ballot is revocable.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. NUMBER. The affairs of this Association shall be managed by a Board of nine (9) directors who must be members of the Association.

Section 2. TERM OF OFFICE. Directors' terms shall be for a period of 3 years. Elections shall be held each year for the 3 Directors whose term expire, and for any vacancies not previously filled by the Board. Notwithstanding the foregoing, if no election of directors is held or certified, the existing Board of Directors shall serve until the next election provided in these bylaws is held and certified.

Section 3. REMOVAL. Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. Any director may be removed by majority vote of the Board, not including such director, for cause, which shall mean: the failure of such director to attend three consecutive regular meetings of the Board without excuse; such director is adjudged incompetent or incapacitated; conviction of a felony; the willful misappropriation, destruction or loss of the Association's property in the conduct of such director's duties; or such director is delinquent in any assessment or dues of the Association for more than 90 days. In the event of death, resignation or removal of a Director, his or her successor may be selected by the remaining members of the Board and shall serve the unexpired term of his or her predecessor.

Section 4. COMPENSATION. No Director shall receive compensation for any service he or she may render to the Association in this capacity of a Director or any other capacity. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties as authorized in advance by the Board of Directors.

Section 5. ACTION TAKEN WITHOUT MEETING. The Directors shall have the right to take any action, in the absence of a meeting, which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. NOMINATION AND SOLICITATION OF VOTES. Nominations for election to the Board of Directors shall be made by a Nominating Committee. The nominations from the Nominating Committee shall be included with the Notice of the Annual Meeting of members. Those nominated by the Nominating Committee shall file with the Board a written consent to serve. Nominations may also be made from the floor at the annual meeting. Nominations for the Board must come from members of the Association, and all nominees must be members of the Association. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) members of the association. The Nominating Committee shall be appointed by the Board of Directors at each annual meeting by 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 make as many nominations for election to the Board of Directors as it shall in its

discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members only.

Section 2. ELECTION. If the number of nominees exceeds the number of vacancies, election to the Board of Directors shall be by secret written ballot. For purposes of these Bylaws, a secret ballot shall mean that the election Inspectors shall not, except in a question of irregularity or validity of a ballot, disclose directly or indirectly to any person the vote of any member. Each ballot shall nonetheless identify the unit number of the member casting the ballot, for validation of the ballot by the inspectors. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

Cumulative voting is permitted. No member shall be entitled to cumulate votes for a candidate or candidates unless the candidate's name or candidates' names have been placed in nomination prior to the voting and a member has given notice at the meeting prior to the voting of the member's intention to cumulate votes. If any one member has given this notice, all members may cumulate their votes for candidates in nomination.

Section 3. VOTE TABULATION. Election votes shall be tabulated by three Association members, in good standing, as appointed by the Board at the Annual Meeting. Such members shall be deemed inspectors of the election within the meaning of Corporations Code § 7614. Proxies used in voting shall be represented properly with the unit, member, and proxy holder identified. Each proxy shall be represented separately and shall not be combined on the same document with others of the proxy holder.

## ARTICLE VI

### MEETINGS OF DIRECTORS

Section 1. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held no less frequently than bimonthly without notice to the directors, except that notice of the meeting shall be posted in a conspicuous place in the Common Area at least four (4) days before such meeting, along with the minutes of the previous regular meeting, at such place and hour as may be fixed from time to time by resolution of the Board. Should said 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. The Board is required to meet as frequently as necessary to ensure that time limits provided in the Declaration for consideration, approval or disapproval of architectural change requests are met.

Electronic participation in regular, special or urgent Board meetings may be allowed when necessary to conduct board related business, and when appropriate communications capabilities are available to all directors. Such meetings shall comply with Corporations Code § 307 or any successor statute.

Section 2. SPECIAL MEETINGS. Special Meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) nor more than fifteen (15) days notice to each Director. The notice must state the nature of any business or any action to be considered at such meeting, and only such business or such action shall be conducted. The notice shall also be published in a conspicuous place in the Common area.

Section 3. QUORUM. A majority of the number of Directors 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.

Section 4. ACCESS TO MEETINGS. Executive Sessions. Any member of the Association may attend meetings of the Board of Directors of the Association, except when the Board adjourns to executive session to consider litigation, matters relating to the formation of contracts with third parties, member discipline, or personnel matters. The Board of Directors of the Association shall meet in executive session, if requested by a member who may be subject to a fine, penalty, or other form of discipline, and the member shall be entitled to attend the executive session. Any matter discussed in executive session shall be generally noted in the minutes of the board of directors. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the board of directors of an association, other than an executive session, shall be available to members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any member of the association upon request and upon reimbursement of the association's costs for making that distribution. Members of the association shall be notified in writing at the time that the pro forma budget required in Corporations Code Section 1365 is distributed, or at the time of any general mailing to the entire membership of the association, of their right to have copies of the minutes of meetings of the board of directors, and how and where those minutes may be obtained. The association of directors of the association shall permit any member of the association to speak at any meeting of the association or the board of directors, except for meetings of the board held in executive session. The board of directors shall establish a reasonable time limit for all members of the association to speak to the board of directors or before a meeting of the association.

Section 5. Emergency Meetings. An emergency meeting of the board may be called by the president of the association, or by any two members of the governing body other than the president, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the board, and which of necessity make it impracticable to provide notice as required by this section. Electronic attendance at such meeting shall be permitted upon request of any director.

Section 6. Actions Without Meeting. The Board may take actions without a meeting if all of the directors consent in writing to the action to be taken. If the Board resolves by unanimous written consent to take such action, an explanation of the action taken shall be posted in a conspicuous place in the Common Area within three days of the after all of the written consents of the directors have been obtained.

## ARTICLE VII

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. POWERS. The Board of Directors shall have power to:



(a) Adopt and publish rules and regulations not in conflict with the CC&Rs, Articles and Bylaws governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof.

(b) Suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days for infraction of published rules and regulations. The procedures for such discipline of a member shall be set forth in the articles or bylaws, or copies of such provisions are sent annually to all the members as required by the Articles or Bylaws; shall provide the giving of at least 15 days' prior notice of the expulsion, suspension or termination and the reasons therefor; and provide an opportunity for the member to be heard in opposition or mitigation, orally or in writing, not less than five days before the effective date of the expulsion, suspension or termination by the full board.

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declarations.

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings, of the Board of Directors.

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

(f) Exercise any and all other lawful powers reasonably required to enforce all of the terms, conditions, and covenants set forth in the Declaration applicable to the Properties described herein.

(g) Approve or disapprove all architectural change requests of members. All such requests to be acted upon at a meeting of the Board of Directors after complete plans and specifications have been submitted by members to the Architectural Control Committee for consideration and recommendation to the Board.

(h) Enter into or to authorize its agents and employees to enter into a unit to protect such unit and/or the common area from damage or destruction.

(i) Delegate to such committees of directors, or of members, or of members and directors, specific functions, tasks and responsibilities for the management, planning, maintenance and preservation of the development, which committee members, whether or not directors or officers, shall be agents of the Board within the scope of such committee assignment.

(j) Appoint or dismiss officers and employees, and to set policies in regard to their compensation and conduct.

(k) Exercise any other power and authority granted to the boards of common interest developments or corporations under the law now or hereafter existing.

Section 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 corporate affairs and to present a statement thereof to the members at an annual meeting

of the members, or at any special meeting when such statement is requested in writing by one third (1/3) the of members.

- (b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.
- (c) As more fully provided in the Declaration, to:
  - (1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period in accordance with Civil Code § 1366(c), as that statute may be from time to time amended, or any successor statute.
  - (2) Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period in accordance with Civil Code § 1366(c), as that statute may be from time to time amended, or any successor statute.
  - 3) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.
- (d) Issue, or to cause an appropriate officer to issue, upon demand by any 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 these certificates. If a certificate states an assessment has been paid, such certificates shall be conclusive evidence of such payment.
- (e) Procure and maintain adequate liability and hazard insurance on property owned by the Association.
- (f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.
- (g) Cause the Common Area to be maintained.
- (h) Insure that the provisions of the Declaration of Covenants, Conditions and Restrictions applicable to the properties described herein are being fully performed as described therein.
- (i) Review a current reconciliation of the association's operating accounts on at least a quarterly basis.
- (j) Review a current reconciliation of the association's reserve accounts on at least a quarterly basis.
- (k) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget.
- (l) Review, at least quarterly, the latest account statements prepared by the financial institutions where the association has its operating and reserve accounts.
- (m) Review an income and expense statement for the association's operating and reserve accounts on at least a quarterly basis.

(n) Require that the signatures of at least two persons, one of whom shall be a member of the association's board of directors, shall be required for the withdrawal of moneys from the association's reserve accounts. The board of directors shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established.

However, the board may authorize the temporary transfer of money from a reserve fund to the 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. The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the board may, upon making a finding supported by documentation that a temporary delay would be in the best interests of the common interest development, temporarily delay the restoration. The board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this section. This special assessment is subject to the limitation imposed by Civil Code Section 1366. The board may, at its discretion, extend the date the payment on the special assessment is due. Any extension shall not prevent the board from pursuing any legal remedy to enforce the collection of an unpaid special assessment.

(o) When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the association shall notify the members of the association of that decision in the next available mailing to all members pursuant to Section 5016 of the Corporations Code, and of the availability of an accounting of those expenses. Unless the governing documents impose more stringent standards, the association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by members of the association at the association's office.

(p) At least once every three years, the board of directors shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the common interest development if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the association which excludes the association's reserve account for that period. The board shall review this study annually and shall consider and implement necessary adjustments to the board's analysis of the reserve account requirements as a result of that review. The study required by this subdivision shall at a minimum include:

- (1) Identification of the major components which the association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than 30 years.
- (2) Identification of the probable remaining useful life of the components identified in paragraph (1) as of the date of the study.

- (3) An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in paragraph (1) during and at the end of their useful life.
- (4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in paragraph (1) during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.

Section 3. Indemnification of Board Members and Officers. Subject to and notwithstanding the provisions of Civil Code § 1365.7 and 1355.9, as now existing or hereafter amended, or any successor statutes, the Association shall save, defend, indemnify and hold harmless, any director, officer, or Board Committee member of the Association from any and all claims, demands, liabilities, suits, or causes of action, of whatsoever character, whether valid or invalid, which are asserted against any such director, officer, or Board Committee member individually for any alleged acts or omissions committed, or alleged to have been committed in the course and scope of his or her duties with the Association. The Association shall maintain Directors & Officers Liability insurance at all times, in addition to any other insurances.

#### ARTICLE VIII

##### OFFICERS AND THEIR DUTIES

Section 1. ENUMERATION OF OFFICES. The Officers of this Association shall be a President, and a Vice President, a Secretary, and a Treasurer who shall at all times be members of the Board of Directors, and such other officers as the Board may from time to time by resolution create.

Section 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.

Section 3. TERM. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless they shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 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.

Section 5. RESIGNATION AND REMOVAL. Any officer may be removed from office with, or without, cause by the Board. Any officer may resign at any time 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.

Section 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 that is replaced.

Section 7. MULTIPLE OFFICES. The offices of Secretary and Treasurer 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 4 of this Article.

Section 8. DUTIES. The duties of the officers are as follows:

PRESIDENT

The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all promissory notes and in the absence of the Treasurer co-sign checks requiring the Treasurer's signature.

VICE-PRESIDENT

The Vice-President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.

SECRETARY

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board. At the end of a Secretary's term, the Secretary shall forward all secretarial records for permanent storage to a location designated by the Board of Directors.

*Change the budget*  
TREASURER

*10*  
The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall cause the signature of all checks and promissory notes of the Association. The Treasurer and the Assistant Treasurer, annually appointed by the Board, shall be the two signatures on all accounts except petty cash. In the Treasurer's absence, the President shall be the other signature of disbursements. The Project Manager, as authorized by the Board shall be the only required signature of the petty cash account whose amount is fixed by the Board. The Treasurer shall keep proper books of account; cause an annual audit or review of the Association books to be made by a Certified Public Accountant at the completion of each fiscal year; and prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose. For purposes of Article VIII of the

CC&Rs, the Board and the Committee shall have the sole authority to determine when a request, including submission of all plans and specifications, for architectural approval is complete. Committee members, whether or not directors or officers, shall be agents of the Board within the scope of such committee assignments.

## ARTICLE X

### BOOKS AND RECORDS

Section 1. Access to Records by Members. The Board shall enforce a policy of records access such that the membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the members, of the board, and of committees of the board of the Association, shall be made available for inspection and copying by any member of the Association, or by his or her duly-appointed representative, at any reasonable time and for a purpose reasonably related to his or her interest as a member, at the office of the Association or at such other place within the subdivision as the Board shall prescribe.

Section 2. Minutes. In the case of the minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the governing body, other than an executive session, shall be available to members within 30 days of the meeting and shall be distributed to only members upon request and payment of reproduction costs.

Section 3. Budgets. At the time the pro forma operating budget is distributed or at the time of any general mailing, members of the Association shall be notified in writing of their right to have copies of the minutes of meetings of the governing body and as to how and where those minutes may be obtained and the cost of obtaining such copies.

Section 4. Notice. Any member shall submit a Notice to the Board, in care of the project manager, for an inspection of any of the foregoing records.

Section 5. Inspections. Inspections shall be on any weekday, holidays excluded, during the regular business hours of the Project Manager.

Section 6. Board Inspections. Every member of the Board shall have the absolute 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. The right of inspection by a member of the Board includes the right to make extracts and copies of documents.

## ARTICLE XI

### ASSESSMENTS

Section 1. ASSESSMENTS. As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments, which are secured by a continuing lien upon the property against which the assessment is made. Any assessments, which are not paid when due, shall be delinquent if not paid within thirty days after the due date. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest commencing from thirty (30) days after the due date, or such other date as hereafter permitted by law, at the rate specified in the Declaration. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his or her Lot.

Section 2. ANNUAL ASSESSMENT PAYMENTS. Annual assessments are billed quarterly and are due the first day of each quarter. Unpaid dues shall become delinquent on the thirtieth day after the beginning of such quarter. Special assessments are billed in accordance with the terms authorized by the Homeowners. Interest, as established by the Association, shall commence on any account thirty (30) days after the due date or such other date as hereafter permitted by law and accumulate on all delinquent balances.

Section 3. COLLECTION POLICY. The Board of Directors is authorized to take the following actions when accumulated homeowner dues and other assessments, fees and interest are in arrears. When any such accounts become ninety (90) days past due and are in the amount of one quarter assessment or greater, the Board will:

- (a) Authorize the Carnelian Woods Treasurer to notify the Homeowner whose assessments are in arrears, of official actions to be taken by the Board and give proper notice of such actions.
- (b) Authorize the Association to file a lien and commence foreclosure proceedings for the full amount due at the time of filing, including interest and "current dues".
- (c) Consider any account that is equal to or more than one quarters due to become liable to remedial measures as authorized by the Declaration, including:
  - (1) Placement of a lien upon the property.
  - (2) Proceeding with foreclosure.
  - (3) Revocation of voting rights and revocation of recreation privileges for the property owner and property owner's guests.
  - (4) Notification to the project manager and known rental agent of the status of said property.
  - (5) Notification to the project manager to cease any interior repairs to said property except for those of any emergency nature.

- (d) Notwithstanding the foregoing, the Board may from time to time amend or add to the foregoing collection policy.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having on its circumference the words: the name of the Corporation, the State of incorporation and "Corporate Seal."

ARTICLE XIII

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, or by action taken without a meeting, by a vote of a majority of a quorum of members present in person or by proxy. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause or provision.

Section 2. 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.

ARTICLE XIV

MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall be October 1st to September 30th of each year.

Section 2. INTERPRETATION. The provisions of these Bylaws shall be interpreted objectively and reasonably. No rule of construction shall be applied to construe these Bylaws against the Association as a "drafting parties" and any ambiguities or mistakes shall be resolved for a reasonable interpretation in light of the purposes of the specific provision, and the overall intent of the Bylaws, Articles and CC&Rs.

Section 3. Savings Clause. In the event that a provision of these bylaws is found to conflict with existing law, or found to be invalid as written or applied, it shall be construed in a reasonable manner to conform to the requirements of the law so as to cure any such alleged invalidity. These Bylaws shall be construed to conform to any laws hereafter amended, repealed, enacted or expanded.

ARTICLE XV

FIRE EXTINGUISHER AND SMOKE DETECTOR



It is a requirement that a fire extinguisher and smoke detectors be installed in each townhouse as required by all applicable laws, codes and ordinances now or hereafter existing. The Project Manager is authorized to install the devices in any townhouse, which has not been so equipped, at the expense of the owner. In addition, the Project Manager shall annually conduct an inspection of these devices and ensure they are in proper working order.

ARTICLE XVI

APPROVAL OF THE AMENDED BYLAWS

These Carnelian Woods Bylaws were amended as inclusive to the content above and so approved by a majority of the quorum of members of the association in attendance, or represented by proxy, at the Annual Carnelian Woods Association meeting held at the Carnelian Woods recreation lodge on September 20, 2003.

THIS IS TO CERTIFY:

That I am the duly elected, qualified and acting Secretary of CARNELIAN WOODS, a California non-profit corporation, and that the above and foregoing Bylaws was proposed by the Board of Directors and submitted to the members at their regular Annual Meeting held on September 20, 2003, and was ratified by a vote of members entitled to exercise the majority of the voting power of said corporation,

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

\_\_\_\_\_  
Secretary