

# **Solano Verde Ranches**

Homeowner's Association

**By- Laws**

BYLAWS  
OF  
SOLANO VERDE RANCH HOMEOWNERS ASSOCIATION, INC.

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BYLAWS  
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ARTICLE I

PLAN OF OWNERSHIP

Section I-1. Name: The name of the corporation is SOLANO VERDE RANCH HOMEOWNERS ASSOCIATION, INC., a California non-profit, mutual benefit corporation, hereinafter referred to as the "Association". The principal office of the corporation shall be located in Ventura County, California.

Section I-2. Property Ownership: The "Project" is located on land in the County of Ventura, State of California, described as follows:

Lots 1 through 37 of Parcel Map 3361 in the County of Ventura, State of California, as per Map filed in Book 33 of 'Parcel Maps, at Page 1 through 12, inclusive, in the office of the County Recorder of Ventura County, California. Section I-3. Bylaws Applicability: The provisions of these Bylaws are applicable to the Project and to the Association. (The term "Project" as used herein shall include the land and all structures and improvements thereon.)

Section I-4. Personal Application: All present or future owners, residents, invitees, tenants, future tenants, or their employees, or any other persons are subject to the regulations set forth in these Bylaws and to the recorded or to be recorded

Declaration of Covenants, Conditions and Restrictions applicable to the property or any portion thereof, and as the same may be amended from time to time as therein provided (the "Declaration" herein).

The mere acquisition or rental of any of the lots of the Project or the mere act of occupancy of any of the lots will signify that these Bylaws and the provisions of the Declaration are accepted, ratified, and will be complied with.

Section I-5. Definitions: The following terms, if any as used in these Bylaws, shall have the same meaning as are applied to such terms in the Declaration: "Project", "Lot", "Owner", "Association", "Member", "Board of Directors", "common area," "mortgage", "organizational meeting", and "unit".

## ARTICLE II

### MEMBERSHIP VOTING, MAJORITY OF OWNERS,

#### QUORUM., PROXIES

Section II-1. Membership and Voting: Membership and voting shall be as provided in the Declaration, Section 4.

Section II-2. Quorum: Except as otherwise provided in these Bylaws, the presence in person or by proxy of members holding fifty-one percent (51%) or more of the votes in accordance with the voting rights provided in the Declaration shall constitute a quorum. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of a quorum. Any action of the Association expressly required by these Bylaws or the Declaration to have membership approval, shall require the vote or written assent of said percentage of each class of membership so long as there are two classes out-standing.

Section II-3. Proxies: Votes-may be cast in person or by-proxy. Proxies must be in writing, signed by the owner and filed with the Secretary before the appointed time for the convening of each meeting. Proxies may expressly state a duration for effectiveness for up to three (3) years, but otherwise shall automatically become invalid after-eleven (11) months. Every proxy shall be revocable and shall automatically become invalid upon the conveyance of the lot to another owner, or upon the death or declared insanity of the member.'

Section II-4. Cumulative Voting: Every owner entitled to vote at any election for Directors of the Association may accumulate his votes and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which each member is entitled only if the procedural prerequisites set forth in Section 7615(b) of the California Corporations Code are first followed. Cumulative voting is required for all elections in which more than two (2) Directors are to be elected. Except that in all elections in which the Developer is entitled to vote, and in which the owners other than the Developer do not have a sufficient percentage of the voting power of the Association to elect at least one (1) Director through, the cumulating of all of their votes, there shall be designated one (1) directorship for which the Developer shall be ineligible to vote.

### ARTICLE III

#### ADMINISTRATION

Section III-1. Association Responsibilities: The lot owners will constitute the Association of Owners which will have the

responsibility through its Board of Directors or directly, if membership vote is required, of administering the Project, approving the annual budget, establishing and collecting assessments, and arranging for the management of the Project pursuant to an agreement, containing provisions relating to the duties, obligations, removal, and compensation of a management agent.

Section III-2. Place of Meetings: Meetings of the Association shall be held within the Project or as close thereto as practicable at such other suitable place in Ventura County, California, convenient to the members as may be designated by the Board of Directors.

Section III-3. Annual Meetings: The organizational meeting of the Association (which shall constitute the first annual meeting of the members) shall be held within forty-five (45) days after the closing of the sale of the lot which represents the 51st percentile interest authorized for sale under the Final Subdivision Public Report for the Project, or six (6) months after the closing of the sale of -the first lot, whichever first occurs, at which time a new Board of Directors shall be elected. Prior to the first meeting, the initial Board of Directors named by the Developer of the Project shall manage or cause to be' managed the affairs of the Association. Each subsequent regular annual meeting of the members shall be held within thirty (30) days of the annual anniversary of the first annual meeting of the members. Should any annual meeting day fall upon a legal holiday, then said annual meeting of members shall be held at the same time and place on the next day thereafter ensuing which is not a legal holiday. At such meetings there shall be elected by

ballot of the members a Board of Directors in accordance with the requirement of Section IV-6, Article IV of these Bylaws. Members may also transact such other business of the Association as may properly come before them.

Section III-4. Special Meetings: Special meetings of the members may be called at any time by the President or by a majority of a quorum of the Board of Directors, or upon written re-quest of the members representing not less than five percent (5%) of the total voting power of the Association. The notice of any special meeting shall state the time and place of such meeting. and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths (4/5) of the members present, either in person or by proxy. In the event that there are no Directors or Officers existing in the corporation, any four (4) members may call and notice a special meeting to elects Directors.

Section III-5. Notice of Meetings: It shall be the duty of the Secretary to mail a notice of each annual or special meeting stating the time and place where it is to be held and the purpose, if relating to a special meeting, to each owner of record at least ten (10) days, but not more than ninety (90) days, prior to such meeting, addressed to the member's address last appearing on the books of the Association, or supplied by such member for the purpose of notice. If no address is supplied, notice shall be deemed to have been given if mailed to the address of the Lot owned by such member, or published at least once in a newspaper of general circulation in the county of said principal office. The mailing of a notice in the manner provided in this Section

shall be considered notice served. In the case of the organizational meeting, notice may be given by the Developer.

Section III-6. Waiver of Notice: The presence of all members, in person or by proxy, at any meeting shall render the same a valid meeting, unless any member shall, at the opening of such meeting, object to the holding of same for non-compliance with the provisions of Section III-5 hereof. Any meeting so held, without objection, shall, notwithstanding the fact that no notice of meeting was given or that the notice given was improper, be valid for all purposes, and at such meeting any general business may be transacted and any action may be taken; provided, however, that where a member has pledged his vote by mortgage, deed of trust, or agreement of sale, only the presence of the ledge shall be counted in determining whether notice is waived with regard to business dealing with such matters upon which the member's vote is so pledged.

The transactions of any meeting of members, however called and noticed, shall be valid as though had at a meeting duly held after regular call and notice, if a quorum be present, in either person or by proxy, and if either before or after the meeting, each member entitled to vote, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the Association's records or made a part of the minutes of the meeting.

Section III-7. Adjourned Meetings: If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn

the meeting but may not transact any other business, to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called. The quorum requirement for the subsequent meeting shall not be less than twenty-five percent (25%) of the total voting power of the Association, notwithstanding the provisions of Article II, Section II-2. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to members in the manner prescribed for regular meetings. In the event the quorum requirement becomes twenty-five percent (25%) of the voting power of the membership, then the only matters that may be voted upon at any meeting actually attended in person or by proxy by one-third (1/3) or less of the voting power, are matters of the general nature of which was given in the notice of meeting.

Section III-8. Order of Business: The order of business of all meetings of the owners of lots shall be as follows: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) reading of Minutes of preceding meeting; (d) reports of Officers; (e) report of committees; (f) election of Directors (organizational and annual meetings only); (g) unfinished business; and (h) new business. All meetings of. The members shall be governed by Roberts' Rules of Order, except where such rules are inconsistent with the Declaration, the Articles of Incorporation, or these Bylaws.

Section III-9. Action Without-Meeting: Any action-which maybe taken by the vote of members at a regular or special meeting, except the election of governing body members where cumulative voting is a requirement, may under the provisions of Section 7513 of the California Corporations Code be taken without a meeting if authorized by a writing signed by a majority of the members who would be entitled to vote at a meeting for such purposes, and filed with the Secretary.

In order to conduct business pursuant to Section 7513 of the Corporations Code, the following must be complied with: (1) The ballot must be distributed to every member entitled to vote in accordance with the procedure prescribed at Section III-5 herein for the giving of notice of meetings.

(2) The ballot must specify a reasonable time within which, the ballot is to be returned and only those ballots returned within that time period will be-counted for either quorum or voting purposes.

(3) Within the established time period there must be a return of that number of affirmatively voted ballots which would be enough to pass the proposed measure at a normal meeting.

(4) The ballot must include:

(a) A statement of the proposed action of measure;

(b) A place for the member to indicate approval or disapproval of the proposed measure;

(c) A statement of the number (not percentage) of responses needed to satisfy the quorum requirement;

(d) A statement of the percentage (not number) of responses needed to pass the proposal;

(e) An indication of the date and time before, which the ballots must be returned in order to be counted.

The ballots actually returned may not be revoked. Section III-10. Organization: The President, or in his absence, the Vice-President, shall call the meeting of members to order and shall act as Chairman of the meeting. In the absence of the President and Vice-President, the members shall appoint a Chairman for such meeting. The Secretary of the Association shall act as Secretary of all meetings of members; but in the absence of the Secretary at any meeting of members, the presiding officer may appoint any person to act as Secretary thereat.

Section III-11. Inspectors of Election: Prior to any meeting of members the Board may, if it so elects, appoint inspectors of election to act at such meeting or any adjournments thereof. If inspectors of election be not so appointed, the Chairman of any such meeting may, and upon request of any member or his proxy shall, make such appointment at the meeting. The number of inspectors shall be either one, three, or five.

#### ARTICLE IV

##### BOARD OF DIRECTORS

Section IV-1. Number and Qualifications: The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, all of whom must be lot owners in the Project except that agents of the Developer may be Directors, if elected, so long as the Developer owns lots in the Project.

Section IV-2. Powers and Duties: The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and

things as are not by Law or by these Bylaws directed to be exercised and done by the members. The powers of the Board of Directors shall include but not be limited to the following:

IV-2(a) Enforce the provisions of the Declaration, Bylaws, or other agreement.

IV-2(b) Enforce applicable provisions of the Declaration and these Bylaws and the Articles of Incorporation of the Association and establish, modify from time to time, and enforce uniform rules and regulations pertaining to the maintenance and use of the lots and the common area, including but not limited to, signs, refuse collection and disposal, maintenance standards, parking, traffic control, view obstruction, noise, animal maintenance and control, and architectural restrictions. The Association may exercise all rights in law and equity, hire legal counsel, and levy fines for any violation by an owner, his guest, tenant, agent, or children, not. to exceed One Hundred Fifty Dollars (\$150.00) per violation. Any, action by the Association to levy fines shall be taken after notice and hearing by the Board of Directors in accordance with the procedures set forth under Section IV-2(c) of this Article. A copy of such rules and regulations as adopted, amended or repealed shall be mailed or otherwise delivered to each owner. In the event of any conflict between such rules and regulations on the one hand and these Bylaws, the Declaration or Articles, on the other," the latter shall prevail.

IV-2(c) Temporarily suspend the voting rights of a member during any period in which such member shall be in default in payment of any assessment levied by the Association. Such

rights may also be suspended after-notice and hearing for a period not to exceed sixty (60) days for any infraction of its published rules and regulations after hearing by the Board of Directors of the Association. The procedures for notice and hearing, satisfying the minimum requirements of Section 7341 of the Corporations Code, shall be as follows with respect to the accused member before a decision to impose discipline is reached:

IV-2(c)(1) Written notice shall be delivered either personally or by mail to the accused member at least fifteen (15) days prior to the imposition of discipline. Said notice shall include all facts upon which the allegation of a violation is based.

IV-2(c)(2) The accused member shall be provided an opportunity to be heard, orally or in writing, not less than five (5) days before the effective date of the disciplinary action by the Board of Directors.

IV-2(c)(3) The notice-required hereby may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first class or registered mail sent to the last address of the member shown on the Association's records. No such suspension shall affect the rights of such member to access to his lot.

IV-2(d) Contract for materials and/or services for the common area or for the Association, with the terms of any service contract limited to one (1) year, unless a longer term is approved by a majority of the voting power of each class of members of the Association. Any such contract entered into prior to the organizational meeting shall terminate within thirty (30) days thereafter.

IV-2(e) 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.

IV-2(f) Employ a manager, independent contractor, or other such employees as they deem necessary and to prescribe their duties.

IV-2(g) Pay all real and personal property taxes and other charges assessed against the common area, unless said assessments are included in the assessments to the lots.

IV-2(h) Delegate its duties.

IV-2(i) Enter onto any lot when necessary in connection with the maintenance or construction for which the Association is responsible or in the event of emergencies;

IV-2(j) Own, maintain, improve, construct, reconstruct (in the event of deterioration or destruction) and manage all of the common area and improvements, lighting, and landscaping thereon, and all property acquired by the Association, and to pay all the costs thereof.

IV-2 (k) Prosecute or defend, in the name of the Association, any action affecting or relating to the common area owned by the Association, and any action in which all or substantially all of the owners have an interest.

IV-2(1) To cause to be prepared the following financial statements, budgets and reports to be prepared and distributed to all Members:

(1) A statement of the Association's policies and practices in enforcing its remedies against members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against member' Lots.

(2) A proforma operating statement (budget) for each fiscal year not less than forty-five (45) days and not more than sixty (60) days before the beginning of the fiscal year, prepared as follows:

(a) Estimated revenue and expenses on an accrual basis.

(b) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies.

(c) An itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement or additions to major components of the common areas and facilities fo which the Association is responsible.

(d) A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common areas and facilities for which the Association is responsible.

(3) A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of the close of escrow for the first sale of a lot in Solano Verde and an operating statement for the period from the date of such first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the numbers of the Lots and the name or names of the Owners assessed.

(4) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

(a) A balance sheet as of the end of the fiscal year.

(b) An operating (income) statement for the fiscal year.

(c) A statement of changes in financial position for the fiscal year.

(d) Any information required to be reported under Section 8322 of the Corporations Code. If the annual report is not prepared by a Certified Public Accountant, the annual report shall be prepared by the Chief Financial Officer of the Association who shall certify that the statements were prepared without audit from the books and records of the Association.

IV-2(m) The Board of Directors of the Association shall not take any of the following actions except with a vote or written assent of a majority of the total voting power of the Association as well as the vote or written assent of a majority of the total voting power of members other than the Declarant, or of each class of members if there be more than one:

IV-2(m) (1) Entering into a contract with a third person wherein the third person will furnish goods and services for the Project for a term longer than one (1) year.

IV-2(m) (2) Paying compensation to members of the Board of Directors or to officers of the Association for services performed in the conduct of the Association's business provided, however, that the Board of Directors may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

IV-2(m) (3) Incurring aggregate expenditures of capital improvements of the common area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for the fiscal year.

IV-2(m) (4) Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for the fiscal year.

IV-2(m) (5) Filling of a vacancy on the governing body created by the removal of a governing body member.

Section IV-3. Personal Liability: No member of the board, or of any committee of the Association, or any officer of the Association, or any manager or Developer, or any agent of Developer, shall be personally liable to any owner or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on the account of any act, omission, error or negligence of any such person or entity if such person or entity has, on the basis of such information as may be possessed by him or it, acted in good faith without willful or intentional misconduct.

Section IV-4. Duties: It shall be the duty of the Board of Directors to:

IV-4(a) Records: cause to be kept a complete record of all its acts, affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

IV-4(b) Supervise: supervise all officers, agents and employees of this Association, and see that their duties are properly performed;

IV-4(c) As more fully provided in the Declaration to:

IV-4(c)(1) Fix Assessments: fix the amount of the assessment against each lot; at least thirty (30) days in advance of each annual assessment.

IV-4(c)(2) Levy Special Assessments: Levy special assessments for the purpose of defraying the common expenses of the Association for a given fiscal year.

IV-4(c)(3) Notice of Assessment: send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment: and

IV-4(c)(4) Foreclose: foreclose the lien against any property for which assessments are not paid in thirty (30) days after due date or bring an action at law against the owner personally obligated to pay the same.

IV-4(d) Certificate of Payment: furnish, or cause an appropriate officer to furnish, upon demand by any person, a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot. is binding upon the Association as of the date of its issuance:

IV-4(e) Liability Insurance: procure and maintain liability and hazard insurance on property owned by the Association.

IV-4(f) Bond: cause all Officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

IV-4(g) Maintenance: cause the common area to be maintained in a first-class condition of repair and maintenance, satisfactory to the Association.

Section IV-5. Management Agent: The Board of Directors may employ for the Association an independent professional management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize including but not limited to the duties listed in Section IV-4 of this Article and Section v-8, Article V of these By-Laws

Section IV-6 Election:

IV-6(a) Term of Office: At the organizational (first annual) meeting, the members shall elect three (3) Directors for a term of two (2) year<sup>3</sup>, and two (2) Directors for a term of one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of two (2) years. If any annual meeting is not held or the Directors are not elected thereat, the Directors may be elected at any special meeting of members held for that purpose. The Directors shall hold office until their successors have been elected and hold their first meeting.

IV-6(b) Nomination: Nomination for election to the Board of Directors shall be made by a nominating committee which may consist of members and non-members. Nominations may also be made from the floor at an annual meeting. 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 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.

IV-6(c) Election: Election to the Board of Directors shall be by secret written ballot. At such election, 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. At the first annual meeting, the three (3) persons

receiving the largest number of votes shall be elected to two (2) year terms and the two (2) persons receiving the next largest number of votes shall be elected to one (1) year terms. At subsequent elections, the persons receiving the largest number of votes shall be elected. From the first election of the Board and so long thereafter as a majority of the voting power resides in the developer or so long as there are two (2) outstanding classes of membership, not less than twenty percent (20%) of the incumbents on the Board shall be elected solely by the votes of owners other than the Developer.

Section IV-7. Vacancies: Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association or at a special meeting called for that purpose. The members may at any time elect Directors to fill any vacancy not filled by the Directors, and may elect the additional Directors at the meeting at which an amendment of these Bylaws is voted, authorizing an increase in the number of Directors.

If any Director tenders his resignation to the Board, the Board shall have the power to elect a successor to" take office at such time as the resignation shall become effective. No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

Section IV-8. Removal of Directors: At any regular or special meeting of owners duly called, any one (1) or more of the Directors may be removed with or without cause by a majority of the members and a successor may then and there be elected to fill the vacancy thus created (by cumulative voting as provided in Article II, Section II-4). Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. Provided, however, unless the entire Board is removed from office by the vote of members of the Association, no individual Director shall be removed prior to the expiration of his term of office if the votes cast against removal would be sufficient to elect the Director if voted cumulatively at an election which the same total number of votes were cast and the entire number of Board members authorized at the time of the most recent election of the Director were then being elected. Thus, if the total votes cast against: removal exceeds the quotient arrived by dividing the total votes cast by the total authorized number of Directors plus one, any such Director elected to office solely by the votes of members other than Developer may be removed from office prior to the expiration of his term only upon the vote of a simple majority of the total voting power of members or the Association as well as the vote of at least a simple majority of the voting power of members other than the Developer, or of each class of members if there be more than one.

Section IV-9. Organization Meeting: The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected. Notice of such meeting is hereby dispensed with.

Section IV-10. Regular Meetings: Regular meetings of the Board of Directors may be held monthly, but in no event shall the Board fail to hold at least one regular meeting every four (4) months, at a time and place within the Project as shall be determined by the Directors from time to time. Notice of the time and place for regular meetings of the Board of Directors shall be posted at a prominent place or places within the common area and shall be communicated to each Director in person or by mail, telephone or telegraph not less than four (4) days prior to the time of the meeting, provided, however, that notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting. Should said meeting fall upon a legal holiday, that meeting shall be held at the same time on the next day which is not a legal holiday.

Section IV-11. Special Meetings: Special meetings of the Board for any purpose shall be called at any time by the President, or by any two (2) Directors other than the President. Written notice of the time and place of special meetings and the nature of any special business to be considered shall be posted in the manner prescribed for notice of regular meetings and shall be sent to all Directors by first class mail not less than four (4) days prior to the scheduled time of the meeting, or such notice shall be delivered personally or by telegraph or telephone not less than forty-eight (48) hours prior to the scheduled time of the meeting? provided, however, notice of the meeting need not be given to any Director who has signed a waiver of notice or a written consent to the holding of the meeting. Regular and

special meetings of the Board of Directors shall be open to all members of the Association provided, however, that Association members who are not on the Board of Directors may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board of Directors. The Board of Directors may, with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. Only members of the Board shall be entitled to attend executive sessions. The nature of any and all business to be considered in executive session shall be announced in open session.

Section IV-12. Waiver of Notice: Before or at any special meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board no notice shall be required and any business may be transacted at such meeting.

Section IV-13. Board of Directors Quorum; At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the

meeting from time to time. Notice of any adjournment of any Director's meeting either regular or special, to another time and place, shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of adjournment. At any rescheduled meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section IV-14. Action 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. If the Board of Directors resolves by unanimous written consent to take action, an explanation of the action taken shall be delivered, either personally or by mail, to each member of the Association within three (3) days after the written consents of all governing body members have been obtained.

Section IV-15. Place of Board Meetings: All meetings of the Board, whether organizational, regular, or special, shall be held within the Project.

ARTICLE V

OFFICERS AND THEIR DUTIES

Section V-1. Enumeration of Officers: The Officers of this Association shall be a President, who shall at all times be a member of the Board of Directors, a Vice-President, a Secretary, and a Chief Financial Officer, and such other Officers as the Board may from time to time by resolution create.

Section V-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 V-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 shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section V-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 V-5. Resignation and Removal; Any Officer may be removed from office with or without cause by a majority of the Directors at the time in office. 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 resignations shall not be necessary to make it effective.

Section V-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 replaces.

Section V-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 V-4 of this Article.

Section V-8. Duties: The duties of the officers are as follows:

V-8 (a) President: The President shall be the Chief Executive Officer of the Association, and subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the members and at all meetings of the Board. He shall be ex-officio a member of all standing committees, and shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board or by these Bylaws. The President shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes of the Association.

V-8(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 powers of and be subject to all 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 for him by the Board or by these Bylaws.

V-8(c) 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 holding whether regular or special and if special how authorized, the notice thereof given, the names of those present at the Directors' meetings, the number of memberships present or represented at members' meetings and the proceedings thereof.

The Secretary shall give, or cause to be given, notice of all the meetings of the members and of the Board required by these Bylaws or by law to be given, and he shall keep other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

V-8(d) Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account shall at all times be open to inspection by any Director.

The Chief Financial Officer shall sign all checks and promissory notes of the Association and shall deposit all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He shall disburse the funds of the Association as may be ordered

by the Board, shall render to the President and Directors, when-ever they request it, an account of all of his transactions as Chief Financial Officer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Section V-9. Non-Liability of Officers and Directors: No officer or Director of the Association shall be liable for acts or defaults of any other officer or member or for any loss sustained by the Association, or any member thereof, unless the same has resulted from his own willful and wanton misconduct or negligence. Every officer, Director and member of the Association shall be indemnified by the Association against all reasonable costs, expenses, and liabilities (including attorney fees and court costs) actually and necessarily incurred by or imposed upon him in connection with any claim, action, suit, proceedings, investigation, or inquiry of whatever nature, in which he may be involved as a part or otherwise by reason of his having been an officer or Director or member of the Association, whether or not he continues to be such officer, Director or member of the Association, at the time of the incurring or imposition of such costs, expenses, or liabilities, except in relation to matters as to which he is liable for willful misconduct or negligence toward the Association in the performance of his duties. The foregoing right of indemnification shall be in addition to and not in limitation of all rights, and shall inure to the benefit of the legal representatives of such person.

Section V-10. Fidelity Bonds: All officers and employees of the Association handling or responsible for any funds received or

by the Board, shall render to the President and Directors, when-ever they request it, an account of all of his transactions as Chief Financial Officer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Section V-9. Non-Liability of Officers and Directors: No officer or Director of the Association shall be liable for acts or defaults of any other officer or member or for any loss sustained by the Association, or any member thereof, unless the same has resulted from his own willful and wanton misconduct or negligence. Every officer, Director and member of the Association shall be indemnified by the Association against all reasonable costs, expenses, and liabilities (including attorney fees and court costs) actually and necessarily incurred by or imposed upon him in connection with any claim, action, suit, proceedings, investigation, or inquiry of whatever nature, in which he may be involved as a part or otherwise by reason of his having been an officer or Director or member of the Association, whether or not he continues to be such officer, Director or member of the Association, at the time of the incurring or imposition of such costs, expenses, or liabilities, except in relation to matters as to which he is liable for willful misconduct or negligence toward the Association in the performance of his duties. The foregoing right of indemnification shall be in addition to and not in limitation of all rights, and shall inure to the benefit of the legal representatives of such person.

Section V-10. Fidelity Bonds: All officers and employees of the Association handling or responsible for any funds received or

VII-2(2) Hours and days of the week when such an inspection may be made.

VII-2(3) Payment of the cost of reproducing copies of documents requested by a member.

Section VII-3 Directors' Inspection. Any director 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 director includes the right to make extracts and copies of documents.

#### ARTICLE VIII

##### 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 the assessment is not paid within thirty (30) days after the due date, the defaulting owner shall pay a late charge and the assessment shall bear interest from the date of delinquency as more particularly set forth 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 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 nonuse of the common area or abandonment of his lot.

ARTICLE IX

AMENDMENTS

Section IX-1 Vote Required. These Bylaws may be amended, at a regular or special meeting of the members, by a vote or written assent of a majority of a quorum of members present in person or by proxy, representing each class of membership so long as a two (2) class voting structure remains in effect. If the two (2) class voting structure is not in effect, these Bylaws may be amended by at least a bare majority of a quorum, but no more than a bare majority of the voting power of the Association and at least a bare majority of the votes of members other than the Developer. Notwithstanding the above, the percentage of a quorum or of the voting power of the Association or of members other than the Developer necessary to amend a specific clause or provision in the Bylaws shall not be less than the prescribed percentage of affirmative votes: required for action to be taken under that clause.

Section IX-2 Conflicts. 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 X

SEVERABILITY

In the case any of these Bylaws conflict with any provisions of the laws of the State of California, such conflicting Bylaws shall be null and void upon final court determination to such effect, but all other Bylaws shall remain in full force and effect.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of SOLANO VERDE RANCH HOMEOWNERS ASSOCIATION, INC., a California nonprofit mutual benefit corporation, and

2. The foregoing Bylaws comprising thirty (30) pages, including this page, constitute the Bylaws of the Corporation duly, adopted at the meeting of the Board of Directors thereof duly held on 10<sup>th</sup>, JULY 1982.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 10th day of July, 1987.

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Secretary