

improvement agreements and bonds, and post deposits securing the performance of any such conditions and obligations;

(e) to deliver any public reports or property reports, or amendments thereto, obtain receipts and offer and administer rescission rights required by law;

(f) to prepare, execute, acknowledge and file for approval any registration or application for any permit, approval, exemption, ruling or entitlement, which registration or application is required or permitted pursuant to any applicable law or regulation in effect as of the date of the Recording of this Declaration, and as hereafter enacted or amended by any applicable Governing Authority, and, in connection therewith, to (1) perform all conditions, undertake any obligations and execute all agreements and documentation required or permitted by such Governing Authority and by any such laws and regulations, (2) appear before any such Governing Authority, (3) execute and deliver any improvement agreements and bonds, and post deposits securing the performance of any such conditions and obligations and (4) do all other things now or thereafter permitted or required by any such Governing Authority and any such laws and regulations;

(g) to prepare, execute, acknowledge and Record any deeds, waivers, releases, reconveyances or other documentation which may be permitted or required to clear title to any constructed or unconstructed Lots in the Project;

(h) to prepare, execute, acknowledge and Record all documents and maps necessary to allow Declarant to exercise its rights under this Article; and

(i) to do any and all things necessary or desirable under the circumstances to effect and accomplish development of the Project.

Each Owner hereby acknowledges and agrees that this irrevocable Power of Attorney is retained for the benefit of Declarant, and not Owners, and created by an Owner's acceptance of a deed to a Lot and as part of the consideration for the purchase and sale of a Lot. Based on the foregoing, each Owner further acknowledges and agrees that this irrevocable Power of Attorney is "coupled with an interest" and, pursuant to Section 2356 of the California Civil Code, may not be terminated by (i) the Owner's revocation of such Power of Attorney, (ii) Owner's death or (iii) Owner's incapacity to contract. The acceptance or creation of any Mortgage or other encumbrance whether or not voluntary, created in good faith, or given for value, shall be deemed to be accepted or created subject to each of the terms and conditions of the Power of Attorney described in this Section.

ARTICLE XVIII DESIGNATION OF ADDITIONAL PHASES AND ANNEXATION OF ADDITIONAL PROPERTY

The Additional Phases shall be added to the Properties and additional real property may be annexed and made subject to this Declaration by any of the following methods:

18.1. Additions by Declarant. Declarant shall at any time and from time to time add the Additional Phases to the Properties and bring such added territory within the general plan of

the Properties without the approval of the Association, the Board or Owners, so long as Declarant, Properties Owner or their successors or assigns owns the Additional Phases. All Additional Phases shall ultimately be added to the Properties.

18.2. **Other Additions.** Additional real property may be annexed to the Properties and brought within the general plan of this Declaration on the approval by vote or written consent of Owners entitled to exercise no less than two-thirds (2/3) of the Association's voting power.

18.3. **Rights and Obligations – Added Territory.** Subject to the provisions of Section 18.4, when a Notice of Addition containing the provisions required by this Section is Recorded, all provisions in this Declaration will apply to the real property described in the Notice of Addition (the "**Added Territory**") in the same manner as if the real property were originally covered by this Declaration. Thereafter, the rights, powers and responsibilities of the parties to this Declaration with respect to the Added Territory will be the same as with respect to the property originally covered by this Declaration, and the rights, powers and responsibilities of the Owners, lessees and occupants of Lots in the Added Territory, as well as in the property originally subject to this Declaration, will be the same as if the Added Territory were originally covered by this Declaration. After the first day of the month following the first Close of Escrow in the Added Territory, the Owners of Lots located in the Added Territory shall share in the payment of Assessments to the Association to meet Common Expenses of the entire Properties. Voting rights attributable to the Lots in the Added Territory may not be exercised until Annual Assessments have commenced on such Lots.

18.4. **Notice of Designation or Notice of Addition.** The additions authorized under Sections 18.1 or 18.2 must be made by Recording a Notice of Designation or a Notice of Addition, respectively. The Notice of Designation for any addition under Section 18.1 must be signed by Declarant. The Notice of Addition for any addition under Section 18.2 must be signed by at least two (2) officers of the Association to certify that the Owner approval required under Section 18.2 was obtained. After Recordation of the Notice of Designation or Notice of Addition, as applicable, (each, a "**Notice**") and the first Close of Escrow in the real property described in the Notice of Designation ("**Designated Phase**") or in the Added Territory covered by such Notice, the Designated Phase or Added Territory will constitute a part of the Properties, become subject to this Declaration and encompassed within the general plan of covenants, conditions, restrictions, reservation of easements and equitable servitudes contained in this Declaration, and become subject to the Association's functions, powers and jurisdiction; and the Owners of Lots in the Designated Phase or Added Territory will automatically acquire Membership. In no event, may such Notice revoke, modify or add to the covenants, conditions, restrictions, reservation of easements, or equitable servitudes established by this Declaration as the same pertain to the real property originally covered by this Declaration. Concurrently with the first Close of Escrow for the sale of a Lot in any Phase included the Properties in accordance herewith, Declarant shall pay to the Association an appropriate amount (as determined by BRE) for reserves for replacement or deferred maintenance of the Common Area in such Phase required by or arising out of the use and occupancy of the Residences in such Phase under a rental program conducted by Declarant if such rental program was in effect for at least one (1) year before such first Close of Escrow.

18.5. **Deannexation and Amendment.** Declarant may amend a Notice or delete all or a portion of a Phase from coverage of this Declaration and the Association's jurisdiction so long as Declarant or Properties Owner is the owner of all of such Phase and (a) an amending instrument or a Notice of Deletion of Territory, as applicable, is Recorded in the same manner as the Notice was Recorded, (b) Declarant has not exercised any Association vote with respect to any portion of such Phase, (c) Assessments have not yet commenced with respect to any portion of such Phase, (d) Close of Escrow has not occurred for the sale of any Lot in such Phase, (e) the Association has not made any expenditures or incurred any obligations with respect to any portion of such Phase, (f) the amending instrument or Notice of Deletion of Territory is submitted to and approved by the VA or FHA, as applicable and (g) the amending instrument or Notice of Deletion of Territory is submitted to and approved by the County Planning Director.

ARTICLE XIX REQUIREMENTS OF THE COUNTY OF RIVERSIDE

Notwithstanding any provision in this Declaration to the contrary, the following provisions shall apply:

19.1. **Common Area Maintenance.** The Association shall manage and continuously maintain the Common Area, defined in Section 1.1.16, and shall not sell or transfer the Common Area or any part thereof, absent the prior written consent of the Planning Department of the County of Riverside or the County's successor-in-interest.

19.2. **Dedication to Water District.** On the Recorded tract map for Tract No. 30966, Declarant intends to dedicate to the Coachella Valley Water District ("**Water District**") fee title to Lots 205 and 206, and Declarant expects that the Water District shall sign the tract map to accept such dedication. However, the Association shall be responsible for the maintenance of Lots 205 and 206 until the Water District accepts the dedication.

19.3. **Assessments and Liens.** The Association shall have the right to assess the Owners of each individual Lot for the reasonable cost of maintaining such Common Area and shall have the right to lien the property of any such owner who defaults in the payment of a maintenance assessment. An assessment lien, once created, shall be prior to all other liens recorded subsequent to the notice of assessment or other document creating the assessment lien.

19.4. **Amendment or Termination of Declaration.** This Declaration shall not be terminated, "substantially" amended or property deannexed therefrom absent the prior written consent of the Planning Director of the County of Riverside or the County's successor-in-interest. A proposed amendment shall be considered "substantial" if it affects the extent, usage or maintenance of the Common Area established pursuant to the Declaration.

19.5. **Inconsistencies.** In the event of any conflict between this Declaration and the Articles of Incorporation, the Bylaws or the Association's Rules and Regulations, if any, this Declaration shall control.

This Declaration is dated for identification purposes March 14, 2016.

[SIGNATURES ON FOLLOWING PAGE]

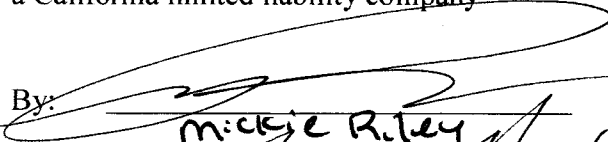


**[SIGNATURE PAGE TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS FOR
DOMANI]**

THE RILINGTON GROUP, LLC,
a California limited liability company

By: _____

Its: _____


Michelle Riley
Managing Member

By: _____

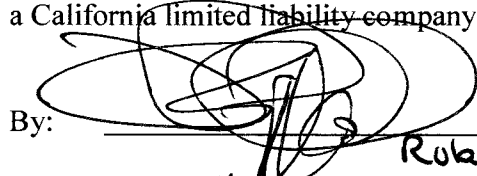
Its: _____

“Declarant”

ENCORE HOMES, LLC,
a California limited liability company

By: _____

Its: _____


Robert L. Pappin
Manager

By: _____

Its: _____

“Properties Owner”

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF)
Riverside)

On March 14, 2016, before me, Beatrice Moore, a Notary Public, personally appeared Robert L. Pippin, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

BM
Notary Public



(SEAL)



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

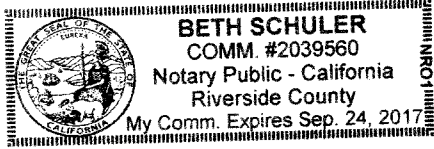
STATE OF CALIFORNIA)
)
COUNTY OF)
Riverside

On March 14, 2016, before me, Beth Schuler, a Notary Public, personally appeared Mickie Rabe, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Beth Schuler
Notary Public



(SEAL)

EXHIBIT "A"

ARTICLES OF INCORPORATION OF THE ASSOCIATION

FILED 
 Secretary of State
 State of California

ARTICLES OF INCORPORATION

OF

JUN 16 2015

DOMANI HOMEOWNERS ASSOCIATIONICC 

ONE: The name of this corporation ("*Corporation*" herein) is DOMANI HOMEOWNERS ASSOCIATION.

TWO: This Corporation is a nonprofit Mutual Benefit Corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this Corporation is to engage in any lawful act or activity, other than credit union business, for which a corporation may be organized under such law.

THREE: The name and address in the state of California of the Corporation's initial agent for service of process is Mickey Riley, 78-115 Calle Estado, Suite 205, La Quinta, California 92253.

FOUR: a. The initial street address of the Corporation is: 78-115 Calle Estado, Suite 205, La Quinta, California 92253.

b. The initial mailing address of the Corporation is: 78-115 Calle Estado, Suite 205, La Quinta, California 92253.

FIVE: a. The specific purpose of this Corporation is to manage a common interest development known as "Domani" ("*Project*") under the Davis-Stirling Common Interest Development Act. The Project is near the intersection of Adams Street and Fortieth Avenue, Riverside, California 92003-0000.

b. Notwithstanding any of the above statements of purposes and powers, this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purposes of this Corporation.


c. This Corporation is a homeowners association within the meaning of Section 23701t of the California Revenue and Taxation Code and Section 528 of the Internal Revenue Code. The Corporation does not have a corporate office.

d. The classes of Membership and the voting and other rights and privileges of Members shall be as set forth in the Bylaws. So long as there are two classes of Membership, amendment of these Articles of Incorporation shall require the assent (by vote or written consent) of (i) a bare majority of the Board of Directors of the Corporation, and (ii) Members representing a bare majority of the voting power of each class of Members. So long as there is a Class B Membership, any amendment to these Articles of Incorporation shall be submitted to and approved by the Department of Veterans Affairs of the United States of America or Federal Housing Administration of the United States Department of Housing and Urban Development, as applicable, if the Department of Veterans Affairs of the United States of

America or the Federal Housing Administration of the United States Department of Housing and Urban Development is insuring any mortgage or deed of trust secured by the lot of a Member of the Corporation. After conversion of the Class B Membership to Class A Membership, amendment of these Articles of Incorporation shall require the assent (by vote or written consent) of (i) a bare majority of the Board of Directors of the Corporation, (ii) a bare majority of the total voting power of the Members, and (iii) Members representing a bare majority of the voting power of the Members other than the subdivider of the Project.

e. This Corporation has no managing agent.

The undersigned, who is the incorporator of the Corporation, has executed these Articles of Incorporation on JUNE 16, 2015.


Print Name: Robert L. Pippin

"Incorporator"

EXHIBIT "B"

BYLAWS OF THE ASSOCIATION

BYLAWS
OF
DOMANI HOMEOWNERS ASSOCIATION

TABLE OF CONTENTS
FOR BYLAWS
OF
DOMANI HOMEOWNERS ASSOCIATION

<u>DESCRIPTION</u>	<u>PAGE</u>
ARTICLE I PLAN OF OWNERSHIP	1
1.1. Definitions and Interpretation	1
1.2. Name	1
1.3. Application	1
ARTICLE II BOARD OF DIRECTORS	1
2.1. Number	1
2.2. Qualifications for Holding Office	1
2.3. Election.....	1
2.4. Term of Office.....	2
2.5. Vacancies.....	2
2.6. Removal of Directors	2
2.7. Compensation.....	3
2.8. Powers and Duties	3
2.9. Special Powers and Duties	3
2.10. Distribution of Information	5
2.11. Meetings	9
2.12. No Action Without Meeting.....	10
2.13. Quorum and Adjournment.....	10
2.14. Committees.....	11
ARTICLE III OFFICERS	11
3.1. Designation.....	11
3.2. Election of Officers	11
3.3. Removal of Officers	11
3.4. Compensation.....	11
3.5. President	11
3.6. Vice President.....	12
3.7. Secretary	12

<u>DESCRIPTION</u>	<u>PAGE</u>
3.8. Treasurer.....	12
ARTICLE IV OWNERS	12
4.1. Voting Rights	12
4.2. Majority of Quorum	13
4.3. Quorum.....	13
4.4. No Proxies.....	13
4.5. Place of Meetings of Owners	13
4.6. Annual Meetings of Owners.....	13
4.7. Special Meetings of Owners.....	13
4.8. Notice	13
4.9. Record Dates	14
4.10. Adjourned Meetings.....	14
4.11. Order of Business	14
4.12. Action Without Meeting.....	15
4.13. Consent of Absentees	15
4.14. Minutes, Presumption of Notice.....	15
4.15. Inspector of Election	15
ARTICLE V AMENDMENTS	16
ARTICLE VI MISCELLANEOUS	16
6.1. Checks, Drafts and Documents	16
6.2. Conflicts	17
6.3. Execution of Documents	17
6.4. Availability of Association Documents	17
6.5. Fiscal Year.....	18
ARTICLE VII NOTICE AND HEARING PROCEDURE	18
7.1. Initial Complaint.....	18
7.2. Scheduling Hearings.....	18
7.3. Conduct of Hearing	18
7.4. Imposition of Sanctions.....	18
7.5. Limits on Remedies.....	19

BYLAWS
OF
DOMANI HOMEOWNERS ASSOCIATION

ARTICLE I
PLAN OF OWNERSHIP

1.1. **Definitions and Interpretation.** Unless otherwise provided in these Bylaws, the capitalized terms used in these Bylaws have the same meanings as in the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Domani ("**Declaration**"). These Bylaws shall be interpreted in accordance with Section 1.2 of the Declaration.

1.2. **Name.** The name of the corporation is Domani Homeowners Association. The principal office of the Association shall be located in the County.

1.3. **Application.** These Bylaws apply to the planned residential development project known as Domani, located in the County. All Persons who use the facilities of the Properties in any manner are subject to the regulations in these Bylaws and in the Declaration. Use of any Lot in the Properties signifies acceptance and ratification of these Bylaws.

ARTICLE II
BOARD OF DIRECTORS

2.1. **Number.** The property, business and affairs of the Association shall be governed and managed by a Board of Directors composed of three (3) persons, each of whom, except for those appointed and serving as first Directors, must be either an Owner, agent of an Owner, or an agent of Declarant until Declarant no longer owns a Lot or any of the Annexable Territory. The authorized number of Directors may be changed by a duly adopted amendment to these Bylaws.

2.2. **Qualifications for Holding Office.** Each Director, except for those initially appointed by Declarant to serve as interim Directors until the first annual meeting, must either be an Owner who meets the qualifications set forth in the Declaration or, as long as Declarant owns any portion of the Properties, an agent of Declarant.

2.3. **Election.**

2.3.1 **General Procedure.** At the first annual meeting of the Owners, Declarant may, in its discretion, elect a majority of the members of the Board. At each annual meeting thereafter, the Owners shall elect new Directors to fill vacancies on the Board. If an annual meeting is not held, or all positions on the Board are not filled at the annual meeting, Board members may be elected at a special meeting of the Owners.

2.3.2 **Voting.** Voting shall be by secret written ballot. An Owner may cumulate his votes for any candidate for the Board in any election in which more than two (2) Directors are to be elected if (a) the candidate's name has been placed in nomination before the voting, and (b) an Owner has given notice at the meeting before the voting of such Owner's intent to cumulate votes. If an Owner cumulates his votes, such Owner may cast a number of votes equal to the Owner's share of the voting power multiplied by the number of Directors to be elected.

2.3.3 **Special Election Requirement.** So long as either (a) Declarant is entitled to exercise a Class B vote, or (b) Declarant is entitled to exercise a majority of the Association's voting power, not less than twenty percent (20%) of the members of the Board must be elected solely by the votes of Owners other than Declarant. Notwithstanding anything to the contrary in these Bylaws, Declarant is entitled to solely elect a majority of the members of the Board of Directors at the first annual meeting of the Members of the Association.

2.4. **Term of Office.** Each Director shall hold office until the earlier to occur of (a) the end of the Director's term of office after a successor has been elected, or (b) his death, resignation, removal or judicial adjudication of mental incompetence. At the first annual meeting, the term of office of the three (3) Directors shall be two (2) years. The term of office of each Director elected to fill a vacancy created by expiration of a Director's term of office shall be two (2) years. The term of office of each Director elected or appointed to the Board for any other reason shall be the balance of the unserved term. Any person serving as a Director may be reelected. There is no limit on the number of terms which a Director may serve.

2.5. **Vacancies.** A vacancy on the Board is deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any Director or if the Owners fail to elect the full number of authorized Directors at any meeting at which a Directors election is to take place. Vacancies on the Board caused by any reason other than the removal of a Director may be filled by either (a) vote of a majority of the remaining Directors, even though they may constitute less than a quorum, or (b) by vote of the Owners at a meeting; provided, however, that any such vacancy as to a Board office that was held by an agent of Declarant shall be filled by a Director appointed by Declarant. Any vacancy caused by the removal of a Director (other than a Director who is an agent of Declarant) must be filled by a vote of the Owners. Any vacancy caused by the removal of a Director who is an agent of Declarant shall be filled by a Director appointed by Declarant. A Director may resign at any time by giving notice to the President, the Secretary or the Board. Any Director who ceases to be an Owner, agent of an Owner or an agent of Declarant is deemed to have resigned from the Board, and any Director who ceases to satisfy the qualifications for election to and service on the Board as set forth in the Declaration is deemed to have resigned from the Board.

2.6. **Removal of Directors.** At any meeting of the Owners, any individual Director or the entire Board may be removed before the expiration of their terms of office with or without cause as follows: (a) for so long as fewer than fifty (50) Lots are included in the Properties, by the vote of Owners representing a majority of the Association's total voting power (including votes attributable to Declarant), and (b) once fifty (50) or more Lots are included in the Properties, by the vote of Owners representing a majority of a quorum of Owners. However, if the entire Board is not removed as a group pursuant to a single vote, no individual Director may

be removed if the number of votes cast against removal would be sufficient to elect such Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the Director's most recent election were then being elected. Any Director whose removal has been proposed by the Owners must be given an opportunity to be heard at the meeting. If any Directors are removed, new Directors may be elected at the same meeting. However, any Director elected to office solely by the votes of Owners other than Declarant pursuant to Section 2.3.3 may be removed only by the vote of at least a simple majority of the Association's voting power represented by Owners other than Declarant. Any Director elected to office solely by votes of Declarant may only be removed by Declarant.

2.7. **Compensation.** Directors may not receive any compensation for their services as Directors unless such compensation is first approved by Owners representing at least a majority of the Association's voting power. However, (a) nothing in these Bylaws precludes any Director from serving the Association in some other capacity and receiving compensation therefor, and (b) any Director may be reimbursed for actual expenses incurred in performance of Association duties, and (c) no officer, employee or director of Declarant or any affiliate of Declarant may receive any compensation for service as a Director of the Association.

2.8. **Powers and Duties.** The Board has the powers and duties necessary to administer the Association's affairs. All the Association's powers shall be exercised by the Board except those powers specifically reserved to the Owners.

2.9. **Special Powers and Duties.** Without limiting the scope of the Board's general powers and duties, the Board is granted the following powers and duties:

2.9.1 **Officers, Agents and Employees.** The power and duty to select, appoint and remove all Association officers, agents and employees, to prescribe such powers and duties for them as may be consistent with law and with the Restrictions, to fix their compensation, to require from them such security for faithful service as the Board considers advisable, and to contract to provide them with such indemnification as the Board determines is appropriate.

2.9.2 **Contracts.** The power to enter into contracts. This includes contracts (a) for maintenance, landscaping, and common utilities services, (b) materials, supplies and other Common Expenses relating to the Lots, (c) employing personnel necessary to manage the Properties, including legal and accounting services, and (d) paying for Improvements on the Common Property. The Board may not enter into any contract with a third person wherein the third person will furnish goods or services for the Common Property or the Association with a term in excess of one (1) year, without the vote or written consent of Owners representing at least a majority of the Association's voting power, except for the following:

(a) a contract with a public utility company for a term that does not exceed the shortest term for which the public utility company will contract at the regulated rate if the rates charged for the materials or services are regulated by the California Public Utilities Commission;

(b) prepaid casualty or liability insurance policies of not more than three (3) years' duration provided that the policies permit short-term cancellation by the Association;

(c) agreements for television services and equipment, satellite dish services and equipment, communication services and equipment, and comparable technology, services and equipment with terms not in excess of five (5) years, provided that Declarant does not have a direct or indirect ownership interest in the supplier of such services or equipment equal to or greater than ten percent (10%);

(d) agreements for sale, lease or installation of burglar alarm and fire alarm equipment and related services with terms not in excess of five (5) years, provided that Declarant does not have a direct or indirect ownership interest in the supplier of such services or equipment equal to or greater than ten percent (10%);

(e) a contract accepted by the BRE;

(f) a contract for a term not to exceed three (3) years that is terminable by the Association after no longer than one (1) year without cause or penalty or other obligation on ninety (90) days written notice of termination to the other party;

(g) a management contract with a term not to exceed three (3) years, the terms of which have been approved by the VA or FHA.

2.9.3 Enforcement. The power to enforce the Restrictions and any agreements entered into by the Association and to impose sanctions against Owners for violating the Restrictions.

2.9.4 Principal Office, Place of Meetings, Seal. The power but not the duty to move the Association's principal office to any location selected by the Board; to designate any place in the County for holding any meetings of Owners consistent with the provisions of Section 4.5; and to adopt and use a corporate seal and to alter the form of such seal.

2.9.5 Assessments. The power and duty to fix and levy Assessments and identify the due date for payment of Assessments. The Board may incur Common Expenses. The Association's funds shall be held in trust for the Owners.

2.9.6 Insurance. The power and duty to contract and pay for insurance in accordance with the Declaration, covering and protecting against such damages or injuries as the Board considers advisable (which coverage may include medical expenses of persons injured on the Common Property). The Board shall review, not less frequently than annually, all insurance policies and bonds obtained by the Board on the Association's behalf.

2.9.7 Delegation. The power, but not the duty, to delegate its powers according to law.

2.9.8 Bylaws. The power and duty to adopt these Bylaws.

2.9.9 **Records.** The power and duty to keep a complete record of Association acts and corporate affairs.

2.9.10 **Sale of Property.** The power but not the duty to sell property of the Association. Approval from Owners representing at least a majority of the Association's voting power must be obtained before property of the Association having an aggregate fair market value greater than five percent (5%) of the Association's budgeted gross expenses for the Fiscal Year is sold in a single Fiscal Year.

2.9.11 **Manager.** The power to engage a professional Manager for the Association at a compensation established by the Board to perform such duties and services as the Board authorizes.

2.9.12 **Agreements with Declarant.** The power, but not the duty, to negotiate and enter into agreements with Declarant.

2.9.13 **Adoption of Election Rules.** The power and duty to adopt election rules in accordance with Section 5105 of the California Civil Code.

2.10. **Distribution of Information.** The Board shall distribute the following financial information to all Owners (and any Mortgagee, insurer and guarantor of a first Mortgage on request), regardless of the number of Owners or the amount of assets of the Association:

2.10.1 **Annual Budget Report.** An annual budget report (as defined in California Civil Code Section 4076), consisting of at least the following information, must be distributed thirty (30) to ninety (90) days before the end of the Fiscal Year:

(a) A pro forma operating budget, showing the estimated revenue and Common Expenses computed on an accrual basis.

(b) A summary of the Association's reserves prepared pursuant to Section 5565 of the California Civil Code, which summary shall be based on the most recent review or study conducted pursuant to California Civil Code Section 5550, based only on assets held in cash or cash equivalents, printed in bold type and include all of the following::

(i) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component of the Common Property for which the Association is responsible.

(ii) As of the end of the Fiscal Year for which the study is prepared:

(A) The current estimate of the amount of cash reserves necessary to restore or maintain the major components of the Common Property for which the Association is responsible ("*Estimated Reserves*").

(B) The current amount of accumulated cash reserves actually set aside to restore or maintain the major components of the Common Property for which the Association is responsible ("*Actual Reserves*").

(iii) The percentage that the Actual Reserves is of the Estimated Reserves.

(iv) The current deficiency in reserve funding, expressed on a per unit basis and calculated in accordance with Section 5565 of the California Civil Code.

(c) A summary of the reserve funding plan adopted by the Board, as specified in paragraph (5) of Section 5550(b) of the California Civil Code. The summary shall include notice to the Owners that the full reserve study plan is available upon request, and the Association shall provide the full reserve plan to any Owner upon request.

(d) A statement as to whether the Board has determined to defer or not to undertake repairs or replacement of any major component of the Common Property with a remaining life of thirty (30) years or less for which the Association is responsible, including a justification for the deferral or decision not to undertake the repairs or replacement.

(e) A statement as to whether the Board, consistent with the reserve funding plan adopted pursuant to California Civil Code Section 5560, has determined or anticipates that the levy of one or more Capital Improvement or Reconstruction Assessments will be required to repair, replace, or restore any major component of the Common Property for which the Association is responsible or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date and duration of the Assessment.

(f) A statement as to the mechanism or mechanisms by which the Board will fund reserves to repair or replace major components, including Assessments, borrowing, use of other assets, deferral of selected replacement or repairs, or alternative mechanisms.

(g) A general statement setting forth the procedures used by the Board in calculating and establishing reserves to defray the future repair, replacement of or additions to those major components of the Common Property which the Association is obligated to maintain. The report shall include, but need not be limited to, reserve calculations, made using the formula described in California Civil Code Section 5570(b)(4), and may not assume a rate of return on cash reserves greater than as permitted by California Civil Code Section 5500(b)(7).

(h) A statement as to whether the Association has any outstanding loans with an original term of more than one (1) year. If so, the statement shall also set out the name of the payee, interest rate, amount outstanding, annual payment and when the loan is scheduled to retire.

(i) A summary of the Association's insurance policies as set forth in Section 2.10.3.

The Board may distribute a summary of the annual budget report instead of the annual budget report itself, so long as the Board complies with the provisions of Section 5320 of the California Civil Code.

2.10.2 Financial Report. A report consisting of the following must 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 California Corporations Code.
- (e) For any Fiscal Year in which the Association's gross income exceeds \$75,000, a copy of a review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.
- (f) A statement of the place where the names and addresses of the current Owners are located.

If the report referred to in Section 2.10.2 is not prepared by an independent accountant, it must be accompanied by the certificate of an authorized Association officer stating that the statement was prepared from the Association's books and records without independent audit or review.

2.10.3 Insurance Information. The Board shall distribute, as part of the annual budget report, a summary of the Association's property, general liability, earthquake, flood and fidelity insurance policies, if any. For each policy, the summary shall include the name of the insurer, the type of insurance, the policy limit and the amount of the deductible, if any.

- (a) The Association shall, as soon as reasonably practical, provide individual notice to the Owners pursuant to Section 4040 of the California Civil Code if any of the policies described above have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible, for any of those policies. If the Association receives any notice of nonrenewal of a policy described above, the Association shall immediately notify the Owners if replacement coverage will not be in effect by the date the existing coverage will lapse.
- (b) To the extent that any of the information required to be disclosed is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it to all Owners.
- (c) The summary distributed above shall contain, in at least 10-point boldface type, the following statement:

“This summary of the Association’s policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association member may, upon request and provision of reasonable notice, review the Association’s insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Association maintains the policies of insurance specified in this summary, the Association’s policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage..”

2.10.4 Annual Policy Statement. In addition to financial statements, the Board shall distribute within thirty (30) to ninety (90) days prior to the end of the Fiscal Year an annual policy statement which provides the Owners with information about the Association’s policies pursuant to Section 5310 of the California Civil Code.

2.10.5 Accounts. On at least a quarterly basis, the Board shall: (a) cause to be completed and review a current reconciliation of the Association’s operating and reserve accounts, (b) review the current Fiscal Year’s actual reserve revenues and expenses compared to the Budget for the then current Fiscal Year, (c) review the income and expense statement for the Association’s operating and reserve accounts, (d) review the most current account statements prepared by the financial institutions where the Association keeps its operating and reserve accounts, and (e) fulfill any additional duties established by Civil Code Section 5500. The signatures of either (i) two (2) Directors, or (ii) one (1) Director and one (1) Association officer (who is not also a Director) are required for the withdrawal of money from the Association’s reserve accounts. As used in this Subsection, the term **“reserve accounts”** means Budgeted funds that the Board has designated for use to defray the future repair and replacement of, or additions to, those major components of the Common Property which the Association is obligated to maintain.

2.10.6 Reserve Study. The Board shall cause a study of the reserve account requirements of the Properties to be conducted in accordance with Section 5550 of the California Civil Code. As used in this Subsection, **“reserve account requirements”** means the estimated funds which the Board has determined are required to be available at a specified point in time to repair, replace or restore those major components of the Common Property which the Association is obligated to maintain. Concurrently with the distribution of the Budget, the Association shall distribute to the Owners the information required pursuant to California Civil Code Section 5570(a).

2.11. Meetings.

2.11.1 **Organization Meeting.** The first regular ("**organization**") meeting of a newly elected Board must be held within ten (10) days of election of the Board, at such place as is fixed and announced by the Directors at the meeting at which such Directors were elected, to organize, elect officers and transact other business. Notice of the time and place of the organization meeting shall be given to each Director and the Owners in accordance with Section 2.11.7.

2.11.2 **Regular Meetings.** Regular meetings may be held at such time and place in the Properties as is determined by a resolution adopted by a majority of a quorum of the Directors; however, regular meetings must be held no less frequently than quarterly. Notice of the time and place of regular meetings of the Board shall be given to each Director and the Owners in accordance with Section 2.11.7.

2.11.3 **Special Meetings.** Special meetings may be called by the President or by any two (2) Directors. Notice of the time and place of special meetings of the Board shall be given to each Director and the Owners in accordance with Section 2.11.7.

2.11.4 **Executive Sessions.** The Board may convene in executive session to (a) discuss and vote upon personnel matters, litigation, matters relating to the formation of contracts with third parties, or Owner discipline or (b) meet with an Owner, upon the Owner's request, regarding the Owner's payment of Assessments, as specified in California Civil Code Sections 5660 and 5665. The nature of business to be considered in executive session must first be announced in an open session and must be generally noted in the minutes of the Board in accordance with California Civil Code Section 4935. In any matter relating to the discipline of an Owner, the Board shall meet in executive session if requested by that Owner. The Owner may attend the executive session.

2.11.5 **Other Meetings.** Any congregation of a majority of the members of the Board at the same time and place to hear, discuss, or deliberate on any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session, shall constitute a meeting of the Board. In addition, a teleconference where a sufficient number of Directors to establish a quorum of the Board, in different locations, are connected by electronic means, through audio or video, or both, shall constitute a meeting of the Board. A teleconference meeting shall be conducted in a manner that protects the rights of Owners and otherwise complies with the requirements of California Civil Code Sections 4900 *et seq.* Except for a meeting which will be held solely in executive session, the notice of the teleconference meeting shall identify at least one physical location so that Owners may attend, and at least one Director or a person designated by the Board shall be present at that location. Participation by Directors in a teleconference meeting constitutes presence at that meeting as long as all Directors participating are able to hear one another, as well as Owners speaking on matters before the Board.

2.11.6 **Open Meetings; Open Forum.** All Owners shall have the right to attend any regular, special or other meeting of the Board, except an executive session. As specified in California Civil Code Section 4090(b), an Owner shall be entitled to attend a teleconference

meeting or the portion of a teleconference meeting which is open to Owners, and that meeting or portion of the meeting shall be audible to the Owners in a location specified in the notice of the meeting described in Section 2.11.7 below. Owners who are not Directors may not participate in any deliberation or discussion at a Board meeting unless authorized by a vote of a majority of a quorum of the Board. However, at each Board meeting, except for executive sessions, the Board must set aside time for Owners to speak, subject to reasonable limits imposed by the Board.

2.11.7 Notice to Owners. Except for an emergency meeting held pursuant to California Civil Code Section 4923 ("*emergency meeting*") or a meeting which will be held solely in executive session, Owners shall be given notice of the time and place of a meeting at least four (4) days before the meeting. Except for an emergency meeting, Owners shall be given notice of the time and place of a meeting which will be held solely in executive session at least two (2) days prior to the meeting. 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 impractical to provide notice to the Owners, then an emergency meeting of the Board may be called by the President or any two (2) other members of the Board without providing notice to the Owners pursuant to California Civil Code Section 4923. Notice of a Board meeting shall be given by general delivery pursuant to Section 4045 of the California Civil Code. The notice shall contain the agenda for the meeting. Except as described in California Civil Code Section 4930, the Board may not discuss or take action on any item at a nonemergency meeting unless the item was placed on the agenda included in the notice that was distributed pursuant to this Section.

2.11.8 Waiver of Notice. Before or at any meeting of the Board, any Director may, in writing, waive personal notice of such meeting. Attendance by a Director at any Board meeting waives the requirement of personal notice. If all Directors are present at a Board meeting, no notice to Directors is required and any business may be transacted at such meeting provided the requirements of California Civil Code Sections 4900 *et seq.* are satisfied. The transactions of any Board meeting, however called and noticed or wherever held, are valid as though had at a meeting duly held after regular call and notice, if (a) a quorum is present, (b) notice to the Owners of such meeting was posted as provided in Section 2.11.7, (c) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding such meeting, or an approval of the Minutes thereof and (d) the meeting otherwise complies with the requirements of California Civil Code Sections 4900 *et seq.* The Secretary shall file all such waivers, consents and approvals with the Association's records or make them a part of the Minutes of the meeting.

2.12. No Action Without Meeting. Pursuant to California Civil Code Section 4910, the Board shall not take action on any item of business outside of a meeting. Notwithstanding Section 7211 of the California Corporations Code, the Board shall not conduct a meeting via a series of electronic transmissions, including, but not limited to, electronic mail, except as a method of conducting an emergency meeting if all Directors, individually or collectively, consent in writing to that action, and if the written consent or consents are filed with the minutes of the meeting. These written consents may be transmitted electronically.

2.13. Quorum and Adjournment. Except as otherwise expressly provided in these Bylaws, at all meetings of the Board, a majority of the Directors constitutes a quorum for the

transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present are the acts of the Board. At any meeting of the Board when less than a quorum present, the majority of those present may adjourn the meeting to another time. At any such reconvened meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice if a quorum is present.

2.14. **Committees.** The Board may by resolution establish such committees as it desires, and may establish the purposes and powers of each such committee created. The resolution establishing the committee must (a) provide for the appointment of its members and a chairman, (b) state the purposes of the committee, and (c) provide for reports, termination and other administrative matters as the Board considers appropriate.

ARTICLE III OFFICERS

3.1. **Designation.** The Association's principal officers are a President, a Vice President, a Secretary, and a Treasurer, all elected by the Board. The Board may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as it determines to be necessary. Officers other than the President need not be Directors. Any person may hold more than one office.

3.2. **Election of Officers.** The Board shall annually elect the Association's officers at the new Board's organization meeting. Each officer shall hold his office at the pleasure of the Board, until he resigns or is removed, is otherwise disqualified to serve or a successor is elected and qualified to serve.

3.3. **Removal of Officers.** On an affirmative vote of a majority of the entire Board, any officer may be removed, either with or without cause, and a successor elected at any meeting of the Board. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary. Any such resignation is effective on the date of receipt of such notice or at any later time specified therein. Unless specified in the notice, acceptance of the resignation by the Board is not necessary to make it effective.

3.4. **Compensation.** No officer may receive any compensation for services performed in the conduct of the Association's business unless such compensation is approved by the vote or written consent of Owners representing at least a majority of the Association's voting power; however (a) nothing in these Bylaws precludes any officer from serving the Association in some other capacity and receiving compensation therefor, and (b) any officer may be reimbursed for actual expenses incurred in the performance of Association duties. Appointment of any officer does not create contractual rights of compensation for services performed by such officer. No officer, employee or director of Declarant or any affiliate of Declarant may receive any compensation for service as an officer of the Association.

3.5. **President.** The President is the chief executive officer of the Association and shall (a) preside at all Association and Board meetings, (b) have the general powers and duties which are usually vested in the office of the President of a corporation, including but not limited to the power to appoint committees from among the Owners as the President decides is

appropriate to assist in the conduct of the Association's affairs, and (c) subject to the control of the Board, have general supervision, direction and control of the Association's business. The President is ex officio a member of all standing committees and has such other powers and duties as may be prescribed by the Board or these Bylaws.

3.6. **Vice President.** The Vice President shall take the President's place and perform the President's duties whenever the President is absent, disabled, fails or refuses to act. If neither the President nor the Vice President is available to perform the President's duties, the Board shall appoint another member of the Board to do so on an interim basis. The Vice President has such other powers and duties as may be prescribed by the Board or these Bylaws.

3.7. **Secretary.** The Secretary shall (a) keep the Minutes of all meetings of the Board and of the Association at the Association's principal office or at such other place as the Board may order, (b) keep the Association's seal in safe custody, (c) have charge of such books and papers as the Board may direct, (d) in general, perform the duties incident to the office of Secretary, (e) give, or cause to be given, notices of meetings of the Owners and of the Board required by these Bylaws or by law to be given, (f) keep a record book of Owners, listing the names, mailing addresses and telephone numbers of Owners, as furnished to the Association ("**Membership Register**"), and (g) record in the Membership Register the termination or transfer of ownership by any Owner, together with the date of the transfer. The Secretary has such other powers and duties as may be prescribed by the Board or these Bylaws.

3.8. **Treasurer.** The Treasurer is the Association's chief financial officer and is responsible for Association funds. The Treasurer shall (a) keep, or cause to be kept, full and accurate accounts and tax and business records of the Association, including accounts of all assets, liabilities, receipts and disbursements, (b) be responsible for the deposit of all funds in the name of the Association in such depositories as the Board designates, (c) disburse the Association's funds as ordered by the Board, and (d) render to the President and Directors, on request, an account of all transactions as Treasurer and of the Association's financial condition. The Treasurer has such other powers and duties as may be prescribed by the Board or these Bylaws.

ARTICLE IV OWNERS

4.1. **Voting Rights.** The Association has two (2) classes of voting Membership, as described in the Declaration; provided, however, that Declarant has the authority to appoint a majority of the members of the Board of Directors at the first annual meeting of the Members of the Association. Except as provided in Section 2.3.3, any provision of the Bylaws which requires the vote or written consent of a specified percentage of the Association's voting power before action may be undertaken (i.e., other than actions requiring merely the vote or written consent of a majority of a quorum) requires the approval of such specified percentage of (a) each class of Membership so long as a Class B Membership exists, and (b) both the Association's total voting power and the Association's voting power represented by Owners other than Declarant.

4.2. **Majority of Quorum.** Unless otherwise provided in the Restrictions, any action which may be taken by the Association may be taken by a majority of a quorum of the Owners.

4.3. **Quorum.** Except as otherwise provided in these Bylaws, the presence in person or by written ballot pursuant to Article 4 of Chapter 6 of the Davis-Stirling Common Interest Development Act of at least twenty-five percent (25%) of the Association's voting power constitutes a quorum of the Membership. Owners present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, despite the withdrawal of enough Owners to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of a quorum. If a meeting is actually attended, in person or by written ballot pursuant to Article 4 of Chapter 6 of the Davis-Stirling Common Interest Development Act, by Owners having less than one-third (1/3) of the Association's voting power, then no matter may be voted on except matters which were generally described in the notice of the meeting. No action by the Owners on any matter is effective if the votes cast in favor are fewer than the minimum number of votes required by the Restrictions to approve the action.

4.4. **No Proxies.** As authorized by California Corporations Code Section 7613(a), proxies may not be used in connection with voting on any matter with respect to which Owners are entitled to vote.

4.5. **Place of Meetings of Owners.** Meetings of the Owners shall be held on the Properties, or such other suitable place as proximate thereto as practical and convenient to the Owners, as designated by the Board.

4.6. **Annual Meetings of Owners.** The first annual meeting of Owners shall be held within forty-five (45) days after Close of Escrow for the sale of fifty-one percent (51%) of the Lots in Phase 1 but in no event later than six (6) months after the Close of Escrow for the sale of the first Lot in Phase 1. Thereafter, the annual meetings shall be held on or about the anniversary date of the first annual meeting. Each first Mortgagee may designate a representative to attend all annual meetings.

4.7. **Special Meetings of Owners.** The Board shall call a special meeting of the Owners (a) as directed by resolution of a majority of a quorum of the Board, (b) by request of the President of the Association, or (c) on receipt of a petition signed by Owners representing at least five percent (5%) of the Association's total voting power. The Secretary shall give notice of any special meeting within twenty (20) days after adoption of such resolution or receipt of such request or petition. The notice must state the date, time and place of the special meeting and the general nature of the business to be transacted. The special meeting must be held not less than thirty-five (35) nor more than ninety (90) days after adoption of such resolution or receipt of such request or petition. No business may be transacted at a special meeting except as stated in the notice. Each first Mortgagee may designate a representative to attend all special meetings.

4.8. **Notice.** The Secretary shall send to each Owner of record, and to each first Mortgagee who has filed a written request for notice with the Secretary, a notice of each annual or special meeting. The notice must be sent by first-class mail, at least ten (10) but not more than ninety (90) days before the meeting. The notice must state the purpose for the meeting as

well as the day, hour and place where it is to be held. The notice may establish time limits for speakers and nominating procedures for the meeting. The notice must specify those matters the Board intends to present for action by the Owners, but, except as otherwise provided by law, any proper matter may be presented for action at the meeting. The notice of any meeting at which Directors are to be elected must include the names of all nominees when the notice is given to the Owners. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, forty-eight (48) hours after the notice has been deposited in a regular depository of the United States mail. Such notice must be posted in a conspicuous place on the Common Property and is deemed served on an Owner on posting if no address for such Owner has been then furnished to the Secretary.

Notwithstanding any other provision of these Bylaws, approval by the Owners of any of the following proposals, other than by unanimous approval of those Owners entitled to vote, is not valid unless the general nature of the proposal was stated in the notice or in any written waiver of the notice: (a) removing a Director without cause; (b) filling vacancies on the Board; (c) approving a contract or transaction between the Association and one or more Directors, or between the Association and any entity in which a Director has a material financial interest; (d) amendment of the Articles; or (e) electing to wind up and dissolve the Association.

4.9. **Record Dates.** The Board may fix a date in the future as a record date for determining which Owners are entitled to notice of any meeting of Owners. The record date so fixed must be not less than ten (10) nor more than ninety (90) days before the date of the meeting. If the Board does not fix a record date for notice to Owners, the record date for notice is the close of business on the business day preceding the day on which notice is given. In addition, the Board may fix a date in the future as a record date for determining the Owners entitled to vote at any meeting of Owners. The record date so fixed must be not less than ten (10) nor more than ninety (90) days before the date of the meeting. If the Board does not fix a record date for determining Owners entitled to vote, Owners on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

4.10. **Adjourned Meetings.** If a quorum is not present at the time and place established for a meeting, a majority of the Owners who are present, either in person or by written ballot pursuant to Article 4 of Chapter 6 of the Davis-Stirling Common Interest Development Act, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the original meeting date, at which meeting the quorum requirement is the presence in person or by written ballot pursuant to Article 4 of Chapter 6 of the Davis-Stirling Common Interest Development Act of Owners holding at least twenty-five percent (25%) of the Association's voting power. Such an adjourned meeting may be held without the notice required by these Bylaws if notice thereof is given by announcement at the meeting at which such adjournment is taken.

4.11. **Order of Business.** Meetings of Owners must be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. The order of business at all meetings of the Owners is as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e)

reports of committees; (f) election of Directors (at annual meetings or special meetings held for such purpose); (g) unfinished business; and (h) new business.

4.12. **Action Without Meeting.** Except for election of Directors, any action not subject to Article 4 of Chapter 6 of the Davis-Stirling Common Interest Development Act which may be taken at a meeting of the Owners may be taken without a meeting by written ballot of the Owners. Ballots must be solicited in the same manner as provided in these Bylaws for giving of notice of meetings to Owners. Such solicitations must specify (a) the number of responses needed to meet the quorum requirements, (b) the percentage of approvals necessary to approve the action, and (c) the time by which ballots must be received to be counted. The form of written ballot must afford an opportunity to specify a choice between approval and disapproval of each matter and must provide that, where the Owner specifies a choice, the vote shall be cast in accordance therewith. Receipt within the time period specified in the solicitation of (i) ballots which equal or exceed the quorum which would be required if the action were taken at a meeting, and (ii) approvals which equal or exceed the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast, constitutes approval by written ballot.

4.13. **Consent of Absentees.** The actions taken at any meeting of Owners, however called and noticed, are valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present either in person or by written ballot pursuant to Article 4 of Chapter 6 of the Davis-Stirling Common Interest Development Act, and (b) either before or after the meeting, each of the Owners not present in person or by written ballot pursuant to Article 4 of Chapter 6 of the Davis-Stirling Common Interest Development Act signs (i) a written waiver of notice, (ii) a consent to the holding of such meeting, or (iii) an approval of the minutes thereof. The Secretary shall file all such waivers, consents or approvals with the corporate records or make them a part of the minutes of the meeting.

4.14. **Minutes, Presumption of Notice.** Minutes or a similar record of the proceedings of meetings of Owners, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters described therein. A recitation in the Minutes executed by the Secretary that proper notice of the meeting was given constitutes prima facie evidence that such notice was given.

4.15. **Inspector of Election.** Prior to any meeting of Owners, the Board shall appoint an inspector of election for that meeting in accordance with California Civil Code Section 5110. There shall be one (1) inspector of election. Any report or certificate of the inspector of election is prima facie evidence of the matters stated therein. An inspector of election does not have to be an Owner. If the Board does not appoint an inspector of election or if an inspector fails to appear at a meeting, the chairman of the meeting of Owners may appoint the inspector of election. If the chairman fails to appoint the inspector of election, then any Owner may request that the inspector of election be appointed. If an Owner makes such a request, then the inspector of election shall be elected by Owners representing a majority of the Owners present. In case of an action to be taken by the Owners by written ballot, the Board shall also appoint an inspector of election to count the ballots in accordance with Section 5110 of the California Civil Code. The results of the election shall be promptly reported to the Board, recorded in the minutes of the

next meeting of the Board and made available for review by Owners. Within fifteen (15) days, the Board shall publicize the results of the election in a communication directed to all Owners.

The inspector of election shall (a) determine the number of Memberships outstanding and the voting power of each, (b) the number of Owners represented at the meeting and the existence of a quorum, (c) receive votes, ballots or consents, (d) hear and determine all challenges and questions in any way arising in connection with the right to vote, (e) count and tabulate all votes or consents, (f) determine when the polls shall close, (g) determine the results of the election, and (h) do such acts as may be proper to conduct the election or vote, with fairness to all Owners in accordance with Section 5110 of the California Civil Code. Without limiting the generality of the foregoing, the inspector of election may appoint and oversee independent third parties to verify signatures and to count and tabulate votes as the inspector deems appropriate. The inspector of election shall perform his/her duties impartially, in good faith, to the best of his/her ability and as expeditiously as is practical.

ARTICLE V AMENDMENTS

These Bylaws may be amended by the vote or written consent of Owners representing at least (a) a majority of the voting power of each class of the Owners, and (b) a majority of the Association's voting power represented by Owners other than Declarant; provided that the specified percentage of each class of Owners necessary to amend a specific provision of these Bylaws may not be less than the percentage of affirmative votes prescribed for action to be taken under that provision. These Bylaws may be amended by a majority of the entire Board, (i) at any time before the Close of Escrow for the sale of the first Lot, or (ii) if the amendment is within the Board's power to adopt without Owner approval pursuant to the California Corporations Code and either (a) the proposed amendment conforms the Bylaws to California law or the requirements of VA, FHA, BRE, FNMA, GNMA or FHLMC, or (b) the proposed amendment corrects a typographical error in the Bylaws. Any amendment to these Bylaws which materially affects matters listed in Article XIII or Section 14.2 of the Declaration must be approved by the Beneficiaries of that percentage of first Mortgages on the Lots which is specified in the affected provision of Article XIII or Section 14.2 of the Declaration, respectively. If an amendment to these Bylaws materially affects matters listed in both Article XII and Section 13.2 of the Declaration, the amendment must be approved pursuant to the requirements of both Article XII and Section 13.2. So long as there exists a Class B Membership, and the VA or FHA has made or is insuring a Mortgage on a Lot in the Properties, the prior approval of VA or FHA (whichever entity has made or is insuring a Mortgage) is required for any amendment to these Bylaws to (1) terminate the Bylaws, (2) dissolve the Association (except pursuant to merger or consolidation), or (3) convey the Common Property. A draft of the proposed amendment must be submitted to VA and FHA for approval before its approval by the Membership.

ARTICLE VI MISCELLANEOUS

6.1. Checks, Drafts and Documents. All checks, drafts, orders for payment of money, notes and other evidences of indebtedness issued in the name of or payable to the Association must be signed or endorsed in the manner and by the person or persons the Board

designates by resolution, subject to the requirements of Section 2.10.5 for withdrawing money from the Association's reserve accounts.

6.2. **Conflicts.** If any of these Bylaws conflict with any laws of the State of California, such conflicting Bylaws shall be void on final court determination to such effect, but all other Bylaws shall remain in full force. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control. In case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

6.3. **Execution of Documents.** The Board may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument in the name and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer, agent, committee member or employee may bind the Association by any contract or pledge its credit or render it liable for any purpose in any amount.

6.4. **Availability of Association Documents.**

6.4.1 **Records To Be Maintained.** The Association shall keep at its principal office (or at such other place in or near the Properties as the Board may prescribe) (a) the Restrictions (b) any documents or items (i) defined under Section 5200 of the California Civil Code as "association records" and "enhanced association records" or (ii) required to be kept pursuant to any other applicable provision of the California Civil Code and the California Corporations Code (collectively, the "**Association Documents**"), each of which shall be made available for inspection and copying by any Owner or the Owner's duly appointed representative for a purpose reasonably related to the Owner's interest as an Owner, all in accordance with applicable provisions of the California Civil Code and California Corporations Code.

6.4.2 **Limits on Availability.** The Board may establish reasonable rules regarding (a) notice to be given to the custodian of the Association Documents by the Owner desiring to make the inspection, (b) hours and days of the week when such an inspection may be made, and (c) payment of the cost of copying any of the Association Documents requested by an Owner; provided that every Director may at any reasonable time inspect all Association Documents and the physical properties owned or controlled by the Association, and make extracts and copies of documents.

6.4.3 **Time of Availability.** The minutes, minutes that are proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board (other than an executive session) must be available to Owners within thirty (30) days of the meeting. The minutes, proposed minutes or summary minutes must be distributed to any Owner on request and on reimbursement of the Association's cost in making that distribution.

6.4.4 **Distribution to Owners.** No later than ten (10) days after the Association receives written request from any Owner, the Association shall provide to that Owner a copy of each of the documents listed in California Civil Code Section 4525 that have been requested by the Owner. Owners must be notified in writing when the budget required in Section 2.10.1 is distributed or at the time of any general mailing to the entire Association Membership of their

right to have copies of the minutes of meetings of the Board and how and where those minutes may be obtained.

6.5. **Fiscal Year.** The Board shall select the Association's Fiscal Year. The Fiscal Year is subject to change as the Board determines.

ARTICLE VII NOTICE AND HEARING PROCEDURE

7.1. **Initial Complaint.** Persons who believe a violation of the Restrictions has occurred may file a complaint with a Person designated by the Board on a form approved by the Board. The Board will commence the enforcement process. In its discretion, the Board may issue one or two violation letters to the Person alleged to have committed the violation ("**respondent**") or set a hearing described in Section 7.2 below. The Board may direct the Manager to assist the Board in any of the steps the Board chooses to take in enforcing the Restrictions except that decisions made at hearings must be made by the Board.

7.2. **Scheduling Hearings.** A hearing before the Board to determine whether a sanction should be imposed may be initiated by the Board after receipt of at least one complaint. To initiate a hearing, the Board must deliver to the respondent a notice which includes the following:

7.2.1 **Complaint.** A written statement setting forth in ordinary and concise language the acts or omissions with which the respondent is charged,

7.2.2 **Basis for Violation.** A reference to the specific provisions of the Restrictions which the respondent is alleged to have violated,

7.2.3 **Hearing Schedule.** The date, time and place of the scheduled hearing,

7.2.4 **Sanctions.** A list of sanctions which may be imposed at the hearing.

The date for the hearing may be no less than fifteen (15) days after the date the notice of hearing is mailed or delivered to the respondent. The respondent is entitled to attend the hearing, submit a statement of defense to the Board in advance of the hearing, or present a statement of defense and supporting witnesses at the hearing. If the respondent does not attend the hearing, the respondent waives these rights.

7.3. **Conduct of Hearing.** The Board shall conduct the hearing in executive session, affording the respondent a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard must be placed in the minutes of the meeting. Such proof is adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the Association officer or Board member who mailed or delivered such notice. The record of the meeting must contain a written statement of the results of the hearing and the sanction, if any, imposed.

7.4. **Imposition of Sanctions.** After affording the respondent an opportunity for a hearing before the Board, the Board may impose any one or more of the following sanctions: (a)

levy a Special Assessment as authorized in the Declaration; (b) suspend or condition the respondent's right to use any recreational facilities the Association owns, operates or maintains commencing on a date in the future selected by the Board; (c) suspend the respondent's voting privileges established under the Declaration; (d) enter upon a Lot to perform maintenance which, according to the Declaration, is the responsibility of the respondent; or (e) record a notice of noncompliance if allowed by law. Any suspension of Membership privileges may not be for a period of more than thirty (30) days for any noncontinuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after the same becomes delinquent) may be imposed for so long as the violation continues. Written notice of any sanctions to be imposed must be delivered to the respondent personally via first class mail within fifteen (15) days following the date of the decision to impose the sanction. No action against the respondent arising from the alleged violation may take effect prior to five (5) days after the hearing.

7.5. **Limits on Remedies.** The Board's failure to enforce the Restrictions does not waive the right to enforce them. The remedies provided by the Restrictions are cumulative and not exclusive. However, any individual Owner must exhaust all available internal Association remedies prescribed by the Restrictions before that Owner may resort to a court of law for relief with respect to any alleged violation of the Restrictions by another Owner.

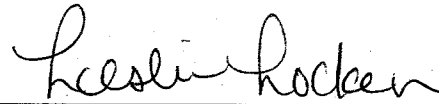
CERTIFICATE OF SECRETARY

I, the undersigned, certify that:

1. I am the duly elected and acting Secretary of DOMANI HOMEOWNERS ASSOCIATION, a California nonprofit corporation ("*Association*"); and

2. The foregoing Bylaws comprising 20 pages including this page constitute the Bylaws of the Association duly adopted by the Board at a meeting of the Board on September 9th, 2015.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Association this 9th day of September, 2015.



LESLIE LOCKEN, Secretary

(SEAL)

EXHIBIT "C"

LEGAL DESCRIPTION OF ADDITIONAL PHASES

All that real property located in the unincorporated territory in the County of Riverside, California, described as follows:

Lots 1 to 2, 8 to 12, 18 to 202 and 209, inclusive, and Lots A to K, inclusive, of Tract No. 30966, as shown on a Subdivision Map, Filed on _____, 201__, in Book _____, Pages ___ to ___, inclusive, of Maps, in the Office of the Riverside County Recorder.

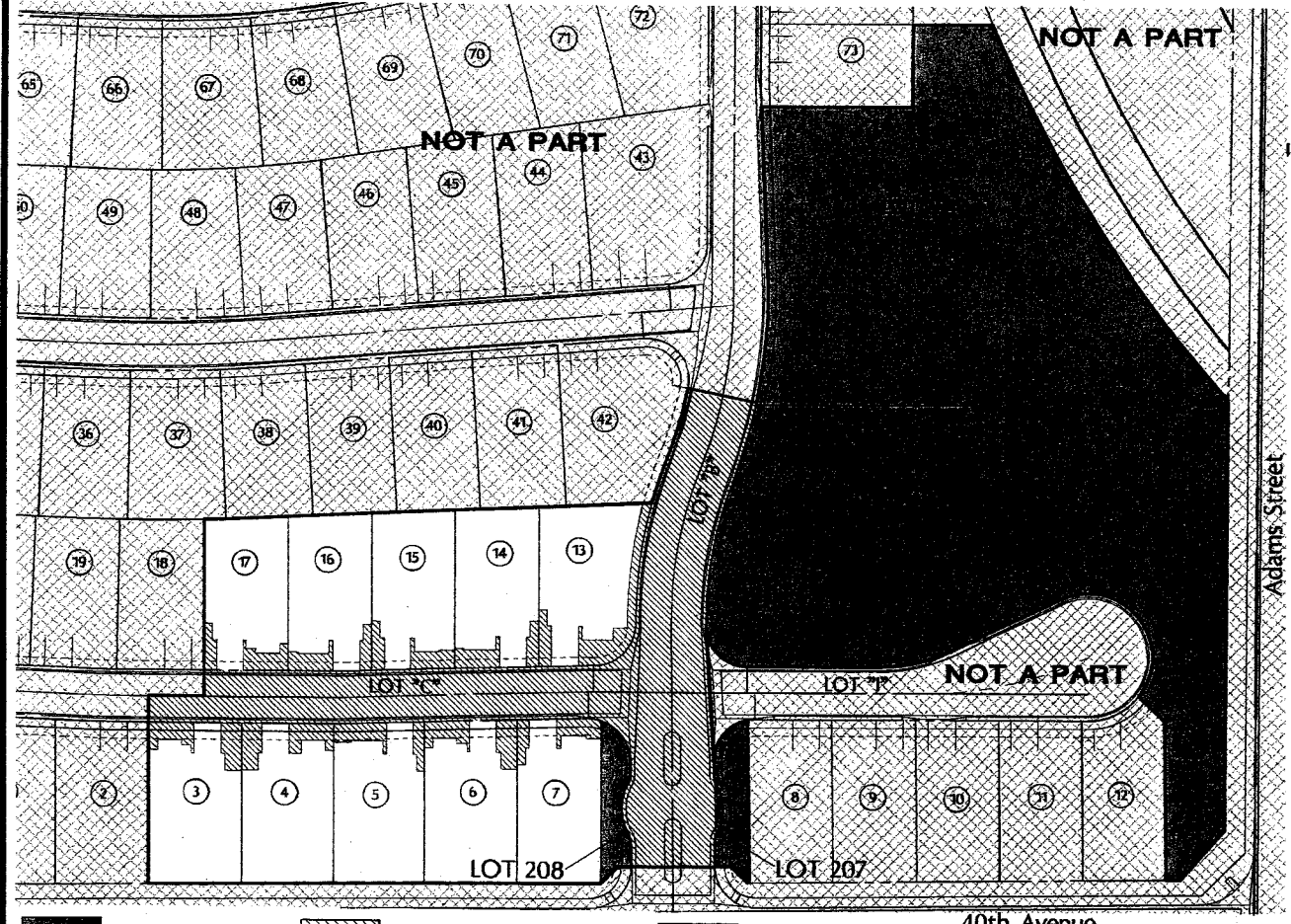
EXHIBIT "D"

**DRAWINGS SHOWING LOCATION OF
ASSOCIATION MAINTENANCE AREAS
INCLUDING PROPERTY WALLS AND FRONT YARDS IN PHASE 1**

SCALE: 1" = 80'

EXHIBIT 'D'

PHASE 1 TRACT MAP No. 30966



 COMMON AREA  ASSOCIATION MAINTENANCE AREA  NOT A PART

40th Avenue

Adams Street