

BYLAWS
OF
WOLF CREEK MAINTENANCE CORPORATION

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FOR BYLAWS
OF
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BYLAWS
OF
WOLF CREEK MAINTENANCE CORPORATION

ARTICLE 1
GENERAL PLAN

1.1 **NAME.** The name of the corporation is the Wolf Creek Maintenance Corporation. The principal office of the Community Association shall be located in Riverside County, California.

1.2 **DEFINITIONS AND INTERPRETATION.** Unless otherwise provided in these Bylaws, the capitalized terms in these Bylaws have the same meanings as are given to such terms in the Community Declaration. These Bylaws shall be interpreted in accordance with Section 1.2 of the Community Declaration.

1.3 **COMMUNITY ASSOCIATION RESPONSIBILITIES.** In accordance with the Community Declaration, the Community Association is responsible for the following: administering the Community, maintaining the Community Common Property, approving the Budget, establishing and collecting all Assessments authorized under the Community Declaration, providing overall architectural and landscaping control in the Community, and enforcing the Restrictions.

1.4 **APPLICATION.** The provisions of these Bylaws are applicable to the phased master planned community known as Wolf Creek, located in the City of Temecula, Riverside County, California. All Persons occupying a Residence in the Community or using the facilities of the Community in any manner are subject to the Restrictions. By acquiring, renting or occupying any Residence in the Community the Person doing so signifies that the Person agrees to comply with the Restrictions.

1.5 **LIMITS.**

1.5.1 **Organization and Activity.** The Community Association is organized exclusively for purposes within the meaning of Section 501(c)(4) of the Internal Revenue Code ("**IRC**"). The Community Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of the Community Association. The Community Association shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(4) of the IRC or the corresponding provision of any future United States internal revenue law.

1.5.2 **Political Activities.** The Community Association shall not participate in or intervene in (including publishing or distributing statements) any political campaign on behalf of or in opposition to any candidate for political office or any proposed legislation.

1.5.3 **Assets and Property.** The property, assets, profits, and net income of the Community Association are irrevocably dedicated to social welfare purposes. No part of the

earnings of the Community Association shall ever inure to the benefit of any director, trustee, officer, shareholder or member of the Community Association or to the benefit of any private individual.

1.5.4 **Not for Profit.** The Community Association is not organized, and shall not be operated, for pecuniary gain or profit.

1.5.5 **Dissolution.** On the winding up and dissolution of the Community Association, after paying or adequately providing for its debts and obligations, the Community Association's remaining assets shall be distributed to such organizations organized and operated exclusively for social welfare purposes which have established tax-exempt status under Section 501(c)(4) of the IRC or the corresponding provisions of any future United States internal revenue law.

ARTICLE 2 BOARD OF DIRECTORS

2.1 **NUMBER.** Until the first election of Directors, the Community Association's property, business and affairs shall be governed and managed by a Board of Directors composed of three (3) persons. Beginning with the first election of Directors, the property, business and affairs of the Community Association shall be governed and managed by a Board of Directors composed of five (5) persons. The authorized number of Directors may be changed by a duly adopted amendment to the Bylaws.

2.2 QUALIFICATIONS.

2.2.1 **Qualifications for Nomination.** Anyone nominated to serve as a Director must be a person who is one of the following:

(a) An Owner or agent of an Owner of a Lot or Condominium in the Community who is not an officer or director of a Subassociation or the WCLC, or

(b) An agent of Declarant or an agent of a Participating Builder for so long as Declarant or a Participating Builder owns or has a Mortgage interest in either (i) a Lot or Condominium in the Community, or (ii) any portion of the Annexable Area.

2.2.2 **Qualifications for Holding Office.** Directors are encouraged to satisfy the following requirements while they serve in office:

(a) Not be absent from three (3) consecutive meetings of the Board;

(b) Attend at least seventy-five percent (75%) of the Board meetings held each year and attend the entire meeting each time;

(c) Exhibit respect, professionalism and courteous behavior to Owners, committee members, vendors, the Manager and its staff, and any other Persons involved with the Community Association;

(d) Be an Owner in good standing or agent of an Owner in good standing; and

(e) Participate in education programs provided to the Directors by the Community Association.

2.3 TERM OF OFFICE. Each Director shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. The term of office of the three (3) Directors receiving the highest number of votes at the first election shall be three (3) years and the term of office of the two (2) Directors receiving the next highest number of votes at the first election shall be two (2) years. Thereafter, new Directors shall be elected or appointed to fill any vacancies. The term of office of each Director elected to fill a vacancy created by the expiration of the term of office of the respective past Director shall be three (3) years. The term of office of each Director elected or appointed to fill a vacancy created for any other reason shall be the balance of the unserved term of the Director's predecessor. Any Director may be reelected. There is no limit on the number of terms which a Director may serve.

2.4 ELECTIONS.

2.4.1 Nomination Procedure. The Nominating Committee, acting at the Board's direction, will seek volunteers to run for office. The Board may establish nomination procedures and reasonable time frames for receiving nominations in the Rules and Regulations. The date set for close of nominations must be not less than fifty (50) nor more than one hundred twenty (120) days before the date of the Directors election (the "***Election Meeting***"). No nominations for the Board can be made after the date set for the close of nominations. A written slate of candidates ("***Slate of Candidates***") must be prepared and distributed to the Owners based on the nominations that comply with the nomination guidelines established by the Board. If more qualified people are nominated than there are positions to be filled, an election shall be held in accordance with the procedure established in this Section 2.4. If, after the close of nominations, the number of qualified people nominated for the Board is not more than the number of positions to be filled, the Community Association may, without further action, declare those people nominated and qualified to be elected.

2.4.2 Election Meeting. The Board of Directors shall set the date for each Election Meeting. The date for the first Election Meeting must be set within one (1) year after the first Close of Escrow in the Community. Each subsequent Election Meeting must be held within the sixty (60) days preceding the date on which any Director's term of office will expire. Notice of the date of each Election Meeting must be distributed to the Owners no less than ten (10) nor more than ninety (90) days before the date of the Election Meeting. The quorum for Election Meetings is twenty-five percent (25%) of the voting power of the Community Association. The Board may establish additional procedures for holding Election Meetings in the Rules and Regulations.

2.4.3 Record Dates. The Board may fix a date as a record date for determining Owners entitled to notice of each Election Meeting. The record date so fixed must be not more than ninety (90) nor less than ten (10) days before the date of the Election Meeting. If the Board

does not fix a record date, the record date is the close of business on the business day preceding the day on which notice is given. The Board may also fix a date as a record date for determining Owners entitled to vote at the Election Meeting. The record date so fixed must be not more than sixty (60) days before the date of the Election Meeting. If the Board does not fix a record date, the record date is the day on which the Election Meeting is held.

2.4.4 Collection of Proxies. The Board shall deliver forms of proxies to all Owners listing the Slate of Candidates and identifying the applicable person authorized to exercise the proxy. All proxies must be in writing. Every proxy is revocable and automatically ceases after completion of the Election Meeting for which the proxy was provided. Any form of proxy distributed must afford the opportunity to choose among all candidates listed on the Slate of Candidates. The proxy must provide that, when the Owner specifies a choice, the vote shall be cast in accordance with that choice. The proxy must also identify the length of time it will be valid.

2.4.5 Cumulative Voting. Cumulative voting must be used in the election of Directors for any election in which two (2) or more Directors are to be elected. To cumulate votes, Owners 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.

2.4.6 Voting Reports. To verify compliance with the voting requirements of this Section 2.4, the Board may require each person exercising proxy rights to execute a certificate providing the following information: (i) the total number of Class A and/or Class B votes represented by such person; and (ii) the total number of Class A and/or Class B votes which are cast for individual candidates. The Board may establish rules for verifying the certificates and proxy rights in the Rules and Regulations.

2.4.7 Special Election Requirement. So long as either (a) Declarant or any Participating Builder is entitled to exercise a Class B vote, (b) Declarant is entitled to exercise a Class C appointment right, or (c) Declarant and all Participating Builders collectively are entitled to exercise a majority of the Community 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 and the Participating Builders.

2.5 REPLACEMENT MEETINGS. If a vacancy in the Board of Directors exists, a replacement Director may be elected at a "Replacement Meeting." The procedure for calling and holding a Replacement Meeting shall be the same as that for an Election Meeting, subject to the following modifications. The Board shall call a Replacement Meeting (a) as directed by resolution of a majority of a quorum of the Board, (b) by request of the President of the Community Association, or (c) upon receipt of a petition signed by Owners holding at least five percent (5%) of the Community Association's voting power. The Secretary shall give notice of any Replacement Meeting within twenty (20) days after adoption of such resolution or receipt of such request or petition. The notice must state the date, time, place and purpose of the Replacement Meeting. The Replacement 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 the Replacement Meeting except as stated in the notice. The quorum for Replacement Meetings is twenty-five percent (25%) of the voting power

of the Community Association. The Board may establish procedures for identifying a Slate of Candidates and collecting proxies for Replacement Meetings in the Rules and Regulations. The Board may establish record dates for receipt of notice of Replacement Meetings and for voting at Replacement Meetings within time frames comparable to those for Election Meetings.

2.6 VACANCIES. Until termination of the Class C Membership, a vacancy in the office of a Director who was appointed by the Class C member shall be filled only by an appointee of the Class C member. Any vacancies on the Board caused by removal of a Director or by a vote of the Owners must be filled by the Owners in an Election Meeting or a Replacement Meeting. All other vacancies on the Board caused by any other reason may be filled by vote of a majority of the remaining Directors, even though they may constitute less than a quorum. A Director may resign at any time by giving written notice to the President, the Secretary or the Board. Any such resignation is effective on the date of receipt of such notice or at any later time specified in the resignation notice. Unless specified in the notice, acceptance of the resignation by the Board is not necessary to make it effective. If a Director's resignation is effective at a later time, the Board may elect a successor to take office as of the date when the resignation becomes effective. A vacancy or vacancies on the Board shall exist on the occurrence of the following: (a) the death or resignation of any Director; (b) the declaration by resolution of the Board of a vacancy in the office of a Director who has been declared of unsound mind by an order of court, convicted of a felony or found by a final order or judgment of any court to have breached a duty under Article 3 of Chapter 2 of the California Nonprofit Corporation Law; (c) the increase of the authorized number of Directors; (d) the failure at any Election Meeting or Replacement Meeting to elect the number of Directors required to be elected at such meeting; or (e) the occurrence of any other events resulting in a vacancy as provided under the California Nonprofit Corporation Law. Any vacancy not filled by the Directors may be filled at an Election Meeting or Replacement Meeting.

2.7 REMOVAL OF DIRECTORS. Any Director or the entire Board may be removed before the expiration of their terms of office with or without cause as follows: (i) for so long as fewer than fifty (50) Lots or Condominiums are included within the Community, by Owners holding a majority of the Community Association's voting power (including votes attributable to Declarant and the Participating Builders), and (ii) once fifty (50) or more Lots or Condominiums are included within the Community, by a majority of a quorum of the 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 his 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 must be given an opportunity to be heard. Any Director who has been elected to office solely by the votes attributable to Owners other than Declarant or the Participating Builders may be removed from office before the expiration of his term of office only by the votes attributable to Owners holding at least a simple majority of the Community Association's voting power, excluding votes attributable to Declarant and the Participating Builders. Any Director who has been elected to office solely by the votes of the Class C member may be removed from office before the expiration of his term of office only by the votes of the Class C member.

2.8 **GENERAL POWERS AND DUTIES.** The Board has the powers and duties necessary to conduct, manage and control the Community Association's affairs. All of the Community Association's powers, including those enumerated in Article IV of the Community Declaration, shall be exercised by its Board of Directors except those powers (i) reserved in specific provisions of the Articles, these Bylaws, the Community Declaration or any Supplemental Community Declaration, to the Owners, Design Review Committee, or (ii) delegated by the Board pursuant to Section 2.9.7. All powers and duties of the Board shall be exercised in accordance with the standards established in Article IV of the Community Declaration.

2.9 **SPECIAL POWERS AND DUTIES.** Without limiting the scope of the Board's general powers and duties, the Board is also granted the following powers and duties:

2.9.1 **Officers, Agents and Employees.** The power and duty to select, appoint and remove all the Community 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 security for faithful service when the Board deems advisable, and to contract to provide them with such indemnification from the Community Association as the Board determines is appropriate.

2.9.2 **Contracts and Leases.** The power to enter into contracts and leases. This includes the power and duty to contract and pay for maintenance, landscaping, utilities, materials, supplies and services relating to the Community Common Property, to retain Persons necessary to operate the Community, including legal and accounting services, to contract and pay for Improvements on the Community Common Property, and to contract to provide services to areas outside of the Community when the Board determines that the Community Association will be appropriately compensated and providing the services will not unreasonably burden the Community Association. However, the Board may not enter into any contract with a third Person wherein the third Person will furnish goods or services for the Community Common Property or the Community Association without the vote or written consent of Owners representing at least a majority of the Community Association's voting power:

(a) **Terminable Agreements.** Agreements that are terminable by the Community Association without cause, penalty or other obligation upon not more than ninety (90) days written notice,

(b) **Public Utilities.** 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,

(c) **Insurance.** Casualty or liability insurance policies of not more than three (3) years' duration provided that the policies permit short-term cancellation by the Community Association,

(d) **Telecommunication Contracts.** 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%),

(e) **Alarms.** Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and 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%),

(f) **Nonprofit Corporations and Local Governmental Agencies.** Agreements with any nonprofit corporations or Local Governmental Agencies,

(g) **Contingency Agreements.** Agreements in which the Community Association enters into litigation or any alternative dispute resolution procedure when the Community Association's obligation to pay for services is set in whole or in part on a contingency basis only if (i) the agreement is for collection of assessments or other accounts receivable, (ii) the agreement involves evaluation of services, or (iii) the total amount to be paid by the Community Association under the agreement is not in excess of Forty Thousand Dollars (\$40,000.00), and

(h) **DRE Approval.** Agreements approved by the DRE.

2.9.3 **Principal Office, Place of Meetings, Seal.** The power but not the duty to change the Community Association's principal office from one location to another within Riverside County; to designate any place within Riverside County for meetings of Owners; to adopt and use a corporate seal and to alter the form of such seal.

2.9.4 **Assessments.** The power and duty to fix, levy and collect Assessments, as provided in the Community Declaration. Subject to any limits imposed by the Restrictions, the Board may incur expenditures for any permitted purpose and accumulate reserves. The funds collected by the Board from the Owners for reserves, maintenance recurring less frequently than annually, and capital improvements, is at all times held in trust for the Owners. Disbursements from reserve funds may only be made in accordance with the Community Declaration.

2.9.5 **Enforcement.** The power to enforce the Restrictions and any agreements entered into by the Community Association and to impose sanctions against Owners for violations of the Restrictions.

2.9.6 **Insurance.** The power and duty to contract and pay for insurance in accordance with the Community Declaration.

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

2.9.8 **Restrictions.** The power to adopt these Bylaws and amend these Bylaws as authorized in Section 5.1 along with the power to adopt, amend or restate such other Restrictions as authorized in the Community Declaration or any Supplemental Community Declaration.

2.9.9 **Conveyances.** The power but not the duty to grant or quitclaim exclusive or nonexclusive easements, licenses or rights of way in, on, or over the Community Common Property for purposes consistent with the intended use of the Community as a master planned community.

2.9.10 **Records.** The power and duty to keep, or cause to be kept, a complete record of the Community Association acts and corporate affairs.

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

2.9.12 **Agreements with Declarant or Participating Builders.** The power but not the duty to negotiate and enter into subsidy agreements or maintenance agreements with Declarant and Participating Builders approved by the DRE.

2.9.13 **Manager.** The power to engage a Manager for the Community Association at a compensation established by the Board to fulfill such duties and provide such services as the Board authorizes.

2.10 **BOOKS, AUDIT.** The Board shall distribute the following financial information to all Owners (and any Beneficiary, insurer and guarantor of a first Mortgage upon request) regardless of the number of Owners or the amount of assets of the Community Association:

2.10.1 **Budget.** A pro forma operating budget for each Fiscal Year consisting of at least the following information must be distributed not less than forty-five (45) nor more than sixty (60) days before the beginning of the Fiscal Year:

(a) The estimated revenue and Common Expenses computed on an accrual basis.

(b) A summary of the Community Association's reserves based upon the most recent review or study conducted pursuant to Section 1365.5 of the California Civil Code, which must be printed in bold type and include all of the following:

(1) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component of an Improvement on the Community Common Property.

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

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

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

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

(c) A statement as to whether the Board has determined or anticipated 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 Community Common Property for which the Community Association is responsible or to provide adequate reserves therefor.

(d) A general statement setting forth the procedures used by the Board in calculating and establishing reserves to defray the costs of repair and replacement of, or additions to, major components of the Community Common Property and facilities for which the Community Association is responsible.

The Board may distribute a summary of the Budget in lieu of the Budget itself, so long as the Board complies with the provisions of Section 1365(c) 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 Community 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 Owners are located.

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

2.10.3 Insurance Information. The Community Association shall distribute to all of its Owners a summary of the Community Association's property, general liability, and earthquake and flood insurance policies, if any, which shall be distributed within sixty (60) days

preceding the beginning of the Community Association's fiscal year, that includes all of the following about each policy: (i) the name of the insurer, (ii) the type of insurance, (iii) the policy limits of the insurance, and (iv) the amount of deductibles, if any.

(a) The Community Association shall, as soon as reasonably practical, notify the Owners by first-class mail in the manner required by applicable law 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 Community Association receives any notice of nonrenewal of a policy described above, the Community 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 Community 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 statement required by Section 1365 of the California Civil Code.

2.10.4 Enforcement Policies. In addition to financial statements, the Board shall annually distribute within sixty (60) days before the beginning of the Fiscal Year a statement of the Community Association's policies and practices in enforcing its remedies against Owners for defaults in the payment of Assessments, including the recording and foreclosing of liens against Residences.

2.10.5 Assessment and Foreclosure Notice

(a) The Community Association shall distribute the written notice described in subsection (b) to each Owner in the Community Association during the sixty (60) day period immediately preceding the beginning of the Community Association's Fiscal Year. The notice shall be printed in at least 12-point type.

(b) The notice required by this Section shall read as follows:

NOTICE

ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND NONJUDICIAL FORECLOSURE

The failure to pay association assessments may result in the loss of an owner's property without court action, often referred to as nonjudicial foreclosure. When using nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the lien is not paid. Assessments become delinquent 15 days after they are due, unless the governing documents of the association provide for a longer time. (Sections 1366 and 1367.1 of the Civil Code)

In a nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections 1366 and 1367.1 of the Civil Code)

The association must comply with the requirements of Section 1367.1 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 1367.1 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail. Among these documents, the association must send a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 1367.1 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 1367.1 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Sections 1367 and 1367.1 of the Civil Code)

An owner may dispute an assessment debt by giving the board of the association a written explanation, and the board must respond within 15 days if certain conditions are met. An owner may pay assessments that are in dispute in full under protest, and then request alternative dispute resolution. (Sections 1366.3 and 1367.1 of the Civil Code)

An owner is not liable for charges, interest and costs of collection, if it is established that the assessment was paid properly on time. (Section 1367.1 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section 1367.1 of the Civil Code)

The board of the directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 1367.1 of the Civil Code)

2.10.6 Reconciliations. The Board shall do the following on at least a quarterly basis: (a) cause to be completed and review a current reconciliation of the Community 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 Community Association's operating and reserve accounts, and (d) review the most current account statements prepared by the financial institutions where the Community Association maintains its operating and reserve accounts. The signatures of either (a) two (2) Directors, or (b) one (1) Director and one (1) officer (who is not also a Director) are required for withdrawal of money from the Community Association's reserve accounts. As used in this paragraph, the term "reserve accounts" means money that the Board has identified from its Budget for use to defray the expense of future repair and replacement of, or additions to, those major components which the Community Association is obligated to maintain.

2.10.7 **Reserve Study.** The Board shall cause a study of the reserve account requirements and an inspection of the Community to be conducted in accordance with Section 1365.5(e) of the California Civil Code. As used in this paragraph, “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 Community Common Property which the Community Association is obligated to maintain.

2.11 **COMPENSATION.** Directors may not receive any salary or compensation for their services as Directors unless such compensation is first approved by Owners representing at least a majority of the Community Association’s voting power; provided, however, that (i) nothing in these Bylaws precludes any Director from serving the Community Association in some other capacity and receiving compensation therefor, (ii) any Director may be reimbursed for actual expenses incurred in performance of the Community Association duties, and (iii) no officer, employee or director of Declarant, a Participating Builder or any affiliate of Declarant or a Participating Builder may receive any compensation as a Director of the Community Association.

2.12 **MEETINGS.**

2.12.1 **Attendance.** Any meeting of the Board may be held by conference telephone or through use of any other communication equipment, so long as the requirements for attendance at a meeting through the selected method established by the California Corporations Code are met. In these cases, all Directors will be deemed to be present in person at the meeting.

2.12.2 **Organization Meeting of Board.** The first regular meeting of a newly elected Board (“*Organization Meeting*”) must be held within ten (10) days of election of the Board, at such place as is fixed and announced by the Directors when such Directors were elected at the Organization Meeting, the Directors shall organize, elect officers and transact other business. No notice is necessary to the newly elected Directors in order legally to constitute the Organization Meeting provided that (a) a majority of the whole Board is present when the time and place are announced and (b) the meeting is held on the same day and at the same place as the annual meeting of the Owners at which the newly constituted Board was elected.

2.12.3 **Regular Meetings of Board.** Regular meetings may be held at such time and place within the Community as is determined by a resolution adopted by a majority of a quorum of the Directors; provided, however, that such meetings must be held no less frequently than quarterly. Regular meetings of the Board may be held without notice to the Board if the time and place of such meetings are fixed by the Board. Otherwise, notice of regular meetings must be given in the manner required for special meetings of the Board by Section 2.12.4.

2.12.4 **Special Meetings of Board.** Special meetings may be called by the President or by any two (2) Directors upon four (4) days’ notice to Board members by first-class mail or forty-eight (48) hours’ notice to Board members delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, electronic mail, or other electronic means. The notice must state the time, place and purpose of the meeting.

2.12.5 Executive Sessions. The Board may convene in executive session to discuss and vote upon personnel matters, litigation, matters relating to the formation of contracts with third parties, Owner discipline or to meet with an Owner, upon the Owner's request regarding the Owner's payment of Assessments, as specified in Civil Code Sections 1367 or 1367.1. The nature of any 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 immediately following meeting that is open to the entire Membership.

2.12.6 Other Meetings of the Board. Any congregation of a majority of the members of the Board at the same time and place to hear, discuss, or deliberate upon 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. All Owners shall have the right to attend any regular, special or other meeting of the Board to the extent of space available, except an executive session. Owners who are not Directors may not participate in any deliberation or discussion at such meetings unless authorized by a vote of a majority of a quorum of the Board. At each Board meeting, except for executive sessions, the Board must set aside time for Owners to speak, subject to reasonable time limitations imposed by the Board.

2.12.7 Notice to Owners. Owners shall be given notice of the time and place of any meeting of the Board, except emergency meetings defined in this Section, at least four (4) days before the meeting. Notice required by this Section shall be given by posting the notice in a prominent place or places within the Community, and by mail to any Owner who had requested notification of board meetings by mail, at the address requested by the Owner. Notice may also be given by mail or delivery of the notice to each Lot or Condominium in the Community, or by newsletter or other similar means of communication. 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 not practical 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.

2.12.8 Waiver of Notice. Before or at any meeting of the Board, any Director may, in writing, waive personal notice of such meeting and such waiver is equivalent to giving notice to such Director. Attendance by a Director at any Board meeting waives personal notice of the time and place of the meeting. If all the Directors are present at any Board meeting, no notice to Directors is required and any business may be transacted at such meeting. The transactions of any Board meeting, however called and noticed or wherever held, are valid as if they occurred 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 provided if required by Section 2.12.7, and (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 of the meeting. The Secretary shall file all waivers, consents and approvals with the Community Association's records or make them a part of the minutes of the meeting.

2.13 ACTION WITHOUT MEETING. The Board may act without a meeting if all Directors consent in writing to such action. Written consents must be filed with the minutes of the proceedings of the Board. Action by written consent has the same effect as a unanimous vote of the Directors. Within three (3) days after the written consents of all Directors have been

obtained, an explanation of any action taken by unanimous written consent without a meeting must be either (a) posted by the Board in a prominent place or places in the Community Common Property, or (b) communicated to the Owners by another means the Board determines is appropriate.

2.14 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. If at any meeting of the Board there is 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.

2.15 COMMITTEES.

2.15.1 Generally. The Board may, by resolution, designate such advisory and other committees as it desires, and may establish the purposes and powers of each such committee. The resolution designating and establishing the committee must (a) provide for appointment of its members and a chairman, (b) state the purposes of the committee, and (c) provide for reports, termination and other administrative matters the Board deems appropriate. All committees are required to keep minutes of their meetings. Committee meeting minutes shall be maintained at the Community Association's principal office or at such other place as the Board may designate.

2.15.2 Nominating Committee. The Board may form a Nominating Committee to solicit volunteers to serve as Board members or fill other Community Association positions. At the Board's direction, the Nominating Committee will also be responsible for assisting candidates for Community Association offices in becoming familiar with their potential duties and responsibilities. The Nominating Committee may, at the Board's request, assist in preparing and distributing election materials. Any member of the Board and any Owner in the Community may serve on the Nominating Committee. If a Nominating Committee is not formed, the Board shall perform the duties of the Nominating Committee.

ARTICLE 3 OFFICERS

3.1 DESIGNATION. The Community Association's principal officers are a President, a Vice President, a Secretary, and a Chief Financial Officer, all elected by the Board. The Board may appoint an Assistant Financial Officer, 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 except one person cannot be both the Secretary and the Chief Financial Officer. Except for Declarant and Participating Builder representatives, anyone serving as either a Subassociation or a WCLC board member or officer cannot be a Community Association officer.

3.2 ELECTION OF OFFICERS. The Board shall annually elect the Community 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, is removed, is otherwise disqualified to serve, or his successor is elected and qualified to serve.

3.3 REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the Board at a meeting, any officer may be removed, either with or without cause, and his successor elected. 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 the resignation or at any later time specified in the resignation. Unless specified in the resignation, acceptance of the resignation by the Board is not necessary to make it effective.

3.4 COMPENSATION. Officers may not receive any salary or compensation for their services as officers unless such compensation is approved by the vote or written consent of Owners representing at least a majority of the voting power of the Community Association; provided, however, that (i) nothing in these Bylaws precludes any officer from serving the Community Association in some other capacity and receiving compensation therefor, (ii) any officer may be reimbursed for actual expenses incurred in the performance of the Community Association duties, and (iii) no officer, employee or director of Declarant, a Participating Builder or any affiliate of Declarant or Participating Builder may receive any compensation for service as an officer of the Community Association.

3.5 PRESIDENT. The President is the chief executive officer of the Community Association and is responsible for the following:

3.5.1 Meetings. Presiding at all Community Association and Board meetings,

3.5.2 General Powers. Exercising all general powers and duties which are usually vested in the office of the President of a corporation, including the power to appoint committees from among the Owners,

3.5.3 Supervision. Subject to the control of the Board, exercising general supervision, direction and control of the Community Association's business, and

3.5.4 Other Powers. Exercising 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, refuses or is unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as prescribed by the Board or these Bylaws.

3.7 SECRETARY. The Secretary is responsible for the following:

3.7.1 Minutes. Ensuring minutes of all meetings of the Board and the Community Association committee meetings are taken and maintained at the Community Association's principal office or such other place as the Board may direct,

3.7.2 **The Seal.** Keeping the Community Association's seal in safe custody at the Community Association's principal office,

3.7.3 **Other Community Association Documents.** Keeping charge of such books and papers as the Board may direct,

3.7.4 **Notices of Meetings.** Giving, or causing to be given, notices of meetings of the Owners and of the Board,

3.7.5 **Membership Register.** Maintaining or causing to be maintained a record book of Owners, listing the names, mailing addresses, e-mail addresses, and telephone numbers of the Owners as furnished to the Community Association ("**Membership Register**") and recording or causing to be recorded the termination or transfer of ownership by any Owner in the Membership Register, together with the date of the transfer, and

3.7.6 **Miscellaneous.** In general, performing all duties incident to the office of Secretary, and performing such other duties as prescribed by the Board or these Bylaws.

3.8 **CHIEF FINANCIAL OFFICER.** The Chief Financial Officer is responsible for the Community Association funds. The Chief Financial Officer is responsible for the following:

3.8.1 **Books of Account.** Keeping, or causing to be kept, full and accurate accounts, tax records and records of business transactions of the Community Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Community Association,

3.8.2 **Valuables.** Being responsible for the deposit of all money and other valuable effects in the name and to the credit of the Community Association in such depositories as the Board designates,

3.8.3 **Disbursements.** Disbursing the Community Association's funds as ordered by the Board,

3.8.4 **Accounting.** Rendering to the President and Directors, upon request, an account of all transactions and of the Community Association's financial condition, and

3.8.5 **Other Powers.** Exercising such other powers and performing such other duties prescribed by the Board or these Bylaws.

ARTICLE 4 ACTIONS BY COMMUNITY ASSOCIATION OWNERS

4.1 VOTING RIGHTS.

4.1.1 **Generally.** The Community Association has two (2) classes of Membership, and one (1) class of appointment right of Membership, as described in the Community Declaration. Except as provided in Section 2.4.7, any provision of the Bylaws which requires the vote or written consent of a specified percentage of the Community

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 Community Association's total voting power and the Community Association's voting power represented by Owners other than Declarant.

4.1.2 Vote to Initiate Defect Claim. Commencing on the date of the first annual meeting of Owners, as set forth in Section 4.2.5 of the Bylaws, Declarant and any members of the Board appointed by Declarant or elected by a majority of votes cast by Declarant, shall not have the right to vote on any decision of the Community Association or Owners to initiate a construction defect claim pursuant to Title 7 (commencing with Section 895) of the California Civil Code.

4.2 ACTIONS BY ENTIRE MEMBERSHIP AT MEETING. Actions that must be taken by the entire Membership of the Community Association, except for the election of Directors, may be taken at a meeting of the Owners in accordance with the following procedure:

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

4.2.2 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of at least twenty-five percent (25%) of the Community 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 proxy, by Owners having less than one-third (1/3) of the Community 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.

4.2.3 Proxies. Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary in advance of each meeting. Every proxy is revocable and automatically ceases after completion of the meeting for which the proxy was filed. Any form of proxy or written ballot distributed by any Person to the Owners must afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted on. The proxy or written ballot must provide that, when the Owner specifies a choice, the vote shall be cast in accordance with that choice. The proxy must also identify the person authorized to exercise the proxy and the length of time it will be valid. No proxy is valid with respect to a vote on any matter described in Section 7613(g) of the California Corporations Code unless the general nature of the proposal was described in the proxy.

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

4.2.5 Annual Meetings of Owners. The first annual meeting of Owners shall be held no later than one (1) year after the first Close of Escrow for the sale of a Lot or Condominium in Increment 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.

4.2.6 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 Community Association, or (c) on receipt of a petition signed by Owners representing at least five percent (5%) of the Community 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.

4.2.7 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 thirty (30) 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 Community Common Area and is deemed served on an Owner on posting if no address for such Owner has been then furnished 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 Community Association and one or more Directors, or between the Community 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 Community Association.

4.2.8 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 sixty (60) 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 sixty (60) 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.

4.2.9 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 proxy, 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 proxy of Owners holding at least twenty-five percent (25%) of the Community 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.

4.2.10 Order of Business. Meetings of Owners must be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Community 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 inspector of election (at annual meetings or special meetings held for such purpose); (g) election of Directors (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (i) new business.

4.2.11 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 proxy, and (b) either before or after the meeting, each of the Owners not present in person or by proxy 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.

4.2.12 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.

4.3 ACTIONS BY THE ENTIRE MEMBERSHIP WITHOUT MEETING. Actions that must be taken by the entire Membership of the Community Association, except for the election of Directors, may be taken by written ballot in accordance with the following procedure.

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

4.3.2 **Quorum.** Except as otherwise provided in these Bylaws, at least twenty-five percent (25%) of the Community Association's voting power constitutes a quorum of the Membership.

4.3.3 **Record Date.** The Board may fix a date in the future as a record date for determining which Owners are entitled to vote. The record date so fixed must be not more than sixty (60) days before the date of the vote. If the Board does not fix a record date for determining Owners entitled to vote, Owners on the date the written ballot is distributed who are otherwise eligible to vote are entitled to vote.

4.3.4 **Form of Ballot.** Ballots must be delivered personally, by first class mail or by any other written means of communication, including by a system or technology designed to record and communicate messages, facsimile, electronic mail, or other electronic means. Solicitations for ballots 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 recorded in accordance therewith.

4.3.5 **Approval by Ballot.** Receipt within the time period specified in the solicitation of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting, and (ii) a number of approvals which equals or exceeds 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.

4.3.6 **Distribution of Ballots.** For each issue submitted to the Owners for vote by written ballot, the Board will prepare and distribute (i) a statement describing the proposal and potential arguments for and against the proposal, (ii) a form of written ballot, and (iii) any other information required by applicable California law. A single ballot may be used for multiple proposals.

ARTICLE 5 AMENDMENTS TO BYLAWS

5.1 **BOARD APPROVAL.** 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 Condominium, or (ii) if the proposed amendment is required to conform the Bylaws to the requirements of VA, FHA, DRE, FNMA, GNMA or FHLMC and is within the Board's power to adopt without Owner approval pursuant to the California Corporations Code. Any other amendment to these Bylaws requires approval by a majority of the entire Board and any other approvals required by Sections 5.2 and 5.3.

5.2 **OWNER APPROVAL.** Sections 4.2, 4.3 and 5.2 and Article II may not be amended without the approval of Owners obtained pursuant to Section 4.2 or 4.3.

5.3 **DECLARANT APPROVAL.** Sections 3.1, 4.1, 4.2, 4.3 and Articles II and V may not be amended without the written consent of Declarant until the date on which neither Declarant nor Participating Builders owns or has a Mortgage interest in any portion of the Community or the Annexable Area.

ARTICLE 6 MISCELLANEOUS

6.1 **CONFLICTING PROVISIONS.** In case of any conflict between the Articles and these Bylaws, the Articles shall control; and in case of any conflict between the Community Declaration and these Bylaws, the Community Declaration shall control.

6.2 **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 Community 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 these Bylaws for withdrawing money from the Community Association's reserve accounts.

6.3 **EXECUTION OF DOCUMENTS.** The Board may authorize any Person to enter into any contract or execute any instrument in the name and on behalf of the Community Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no Person may bind the Community Association by any contract or engagement or pledge its credit or render it liable for any purpose or in any amount.

6.4 **USE OF TECHNOLOGY.** Where allowed by applicable law, any information the Community Association, its Board of Directors, officers, or other representatives is required to distribute can be distributed by any system or technology designed to record and communicate messages, facsimile, electronic mail, or other electronic means.

6.5 AVAILABILITY OF COMMUNITY ASSOCIATION DOCUMENTS.

6.5.1 **Records To Be Maintained.** The Community Association shall maintain at its principal office (or at such other place within or near the Community as the Board may prescribe) the Restrictions, books of account, minutes of meetings of Owners, the Board and committees, the Membership Register and any other documents required by law to be maintained by the Community Association (collectively, the "*Community 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 in accordance with applicable law.

6.5.2 **Limits on Availability.** The Board may establish reasonable rules regarding (a) notice to be given to the custodian of the Community 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 Community Association Documents requested by an Owner; provided that every Director may at any reasonable time inspect all the Community Association Documents and the physical properties owned or controlled by the Community Association, and make extracts and copies of documents.

6.5.3 **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. No later than ten (10) days after the Community Association receives written request from any Owner, the Community Association shall provide to that Owner a copy of any one or more of the documents listed in California Civil Code Section 1368(a) requested by the Owner for purposes of providing the documents to a prospective purchaser of the Owner's Residence. the Community Association may charge a fee for this service not exceeding the Community Association's reasonable cost to prepare and reproduce the requested documents.

6.5.4 **Distribution to Owners.** The minutes, proposed minutes or summary minutes described in Section 6.5.3 must be distributed to any Owner upon request and upon reimbursement of the Community Association's cost of making the distribution. Owners must be notified in writing when the Budget is distributed or when any general mailing to the entire the Community Association Membership is made of their right to have copies of the minutes of meetings of the Board and how and where those minutes may be obtained.

6.6 **FISCAL YEAR.** The Board shall designate the Community Association's Fiscal Year. The Fiscal Year may be changed by the Board.

ARTICLE 7 NOTICE AND HEARING PROCEDURE

7.1 **INITIAL COMPLAINT.** Persons who believe a violation of the Restrictions has occurred may file a violation complaint in a form authorized by the Board with a Person designated by the Board. The Board will then begin the enforcement process. In its discretion, the Board can 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. 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 itself.

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 violation complaint. To initiate a hearing, the Board must deliver to the respondent a notice which includes all of the following:

7.2.1 **Complaint.** A written statement in ordinary, concise language describing 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, and 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. Before any sanction is effective, proof of notice and the invitation to be heard must be placed in the minutes of a Board meeting. Such proof is adequate if a copy of the notice and a statement of the date and manner of delivery is entered in the Board's minutes by a Community Association officer or Board member who mailed or delivered such notice. The minutes 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 ratify any one or more of the following sanctions imposed by the Board: (a) levy a Special Assessment as authorized in the Community Declaration; (b) suspend or condition the respondent's right to use any recreational facilities the Community Association owns, leases, operates or maintains beginning on a date in the future selected by the Board; (c) suspend the respondent's voting privileges established under the Community Declaration; (d) enter upon a Lot or Condominium or property owned by a Subassociation to remedy the violation of the Restrictions, or (e) record a notice of noncompliance (if not prohibited by law). Any suspension of Membership privileges may not be for a period of more than thirty (30) days for any noncontinuing infraction. For continuing infractions (including nonpayment of any assessment), Membership privileges may be suspended for so long as the violation continues. Written notice of any sanction to be imposed ("**notice of sanction**") must be delivered to the respondent personally, by any system or technology designed to record and communicate messages, facsimile, electronic mail, or other electronic means, via first class mail or certified mail return receipt requested, or any combination of the foregoing. No action against the respondent arising from the alleged violation may take effect before 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 the same thereafter. The remedies provided by the Restrictions are cumulative and not exclusive. However, any individual Owner or Subassociation must exhaust all available internal Community Association remedies prescribed by the Restrictions before that Owner or Subassociation may resort to a court of law for relief with respect to any alleged violation of the Restrictions by another Owner or Subassociation.

CERTIFICATE OF SECRETARY

I, the undersigned, certify that:

1. I am the duly elected and acting Secretary of WOLF CREEK MAINTENANCE CORPORATION, a California nonprofit public benefit corporation ("**Community Association**"); and

2. The Bylaws of the Association were restated in their entirety prior to the first Close of Escrow by the Board of Directors dated January 27, 2004. The foregoing Bylaws comprising 25 pages are the Bylaws of the Community Association.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of Wolf Creek Maintenance Corporation effective this 27th day of January, 2004.



Peter Evans, Secretary

(SEAL)

EXHIBIT D

**DRAWING SHOWING LOCATION OF COMMUNITY
MAINTENANCE AREAS IN PHASE 1**



-  COMMUNITY ASSOCIATION MAINTAINED PROPERTY WALL
-  COMMUNITY ASSOCIATION MAINTAINED LANDSCAPE



**TRACT 29798-2
 COMMUNITY MAINTENANCE AREAS
 IN PHASE 1
 WOLF CREEK**

EXHIBIT "D"

OCTOBER 13, 2004