

**BYLAWS  
OF  
BRIDLEVALE HOMEOWNERS ASSOCIATION**

**1/17/92**

## TABLE OF CONTENTS

	<u>PAGE</u>
ARTICLE I NAME AND LOCATION .....	1
ARTICLE II DEFINITIONS .....	1
Section 1 Association .....	1
Section 2 Board .....	1
Section 3 Common Area .....	1
Section 4 Common Maintenance Area .....	1
Section 5 Declarant .....	1
Section 6 Declaration .....	1
Section 7 Lot .....	2
Section 8 Member .....	2
Section 9 Mortgage .....	2
Section 10 Mortgagee .....	2
Section 11 Owner .....	2
Section 12 Phase .....	2
Section 13 Properties .....	2
ARTICLE III MEETINGS OF MEMBERS AND MEMBERSHIP RIGHTS .....	2
Section 1 Annual Meetings .....	2
Section 2 Special Meetings .....	2
Section 3 Notice of Meetings .....	3
Section 4 Quorum .....	3
Section 5 Proxies .....	3
Section 6 Presumption of Notice .....	4
Section 7 Consent of Absentees .....	4
Section 8 Action Without Meeting .....	4
Section 9 Membership Rights .....	4
Section 10 Parliamentary Procedures .....	5
ARTICLE IV SELECTION AND TERM OF OFFICE OF DIRECTORS .....	5
Section 1 Number .....	5
Section 2 Term of Office .....	5
Section 3 Removal .....	5
Section 4 Compensation .....	5
Section 5 Indemnity .....	6
ARTICLE V NOMINATION AND ELECTION OF DIRECTORS .....	6
Section 1 Nomination .....	6
Section 2 Election .....	6

	<u>PAGE</u>
<b>ARTICLE VI</b>	<b>MEETINGS OF DIRECTORS</b> . . . . . 7
Section 1	Regular Meetings . . . . . 7
Section 2	Special Meetings . . . . . 7
Section 3	Quorum . . . . . 7
Section 4	Attendance . . . . . 7
Section 5	Waiver of Notice . . . . . 8
Section 6	Notice of Adjournment . . . . . 8
Section 7	Board Minutes To Be Available To Members . . . . . 8
Section 8	Action Without Meeting . . . . . 8
<b>ARTICLE VII</b>	<b>POWERS AND DUTIES OF THE BOARD OF DIRECTORS</b> . . . . . 9
Section 1	Powers . . . . . 9
Section 2	Duties . . . . . 9
<b>ARTICLE VIII</b>	<b>OFFICERS AND THEIR DUTIES</b> . . . . . 12
Section 1	Enumeration of Officers . . . . . 12
Section 2	Election of Officers . . . . . 12
Section 3	Term . . . . . 12
Section 4	Special Appointments . . . . . 12
Section 5	Resignation and Removal . . . . . 12
Section 6	Vacancies . . . . . 13
Section 7	Multiple Offices . . . . . 13
Section 8	Duties . . . . . 13
Section 9	Signing Checks, Etc. . . . . 14
Section 10	Compensation . . . . . 14
<b>ARTICLE IX</b>	<b>COMMITTEES</b> . . . . . 14
<b>ARTICLE X</b>	<b>BOOKS AND RECORDS</b> . . . . . 15
<b>ARTICLE XI</b>	<b>ASSESSMENTS</b> . . . . . 15
<b>ARTICLE XII</b>	<b>CORPORATE SEAL</b> . . . . . 16
<b>ARTICLE XIII</b>	<b>AMENDMENTS</b> . . . . . 16
<b>ARTICLE XIV</b>	<b>MISCELLANEOUS</b> . . . . . 17
<b>ARTICLE XV</b>	<b>OPERATING AND RESERVE ACCOUNTS</b> . . . . . 19
Section 1	Definitions . . . . . 19
Section 2	Reviews . . . . . 19
Section 3	Signatures on Checks . . . . . 20
Section 4	Limitation on Expenditure of Reserve Funds . . . . . 20
Section 5	Reserve Study . . . . . 20

	<u>PAGE</u>
ARTICLE XVI NOTICE TO LENDERS .....	21
ARTICLE XVII ANNEXATION .....	21

**BYLAWS**  
**OF**  
**BRIDLEVALE HOMEOWNERS ASSOCIATION**

**ARTICLE I**

**NAME AND LOCATION**

The name of the corporation is BRIDLEVALE HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located in the County of Riverside, California.

**ARTICLE II**

**DEFINITIONS**

**Section 1.** "Association" shall mean and refer to BRIDLEVALE HOMEOWNERS ASSOCIATION, a California Nonprofit Mutual Benefit corporation, its successors and assigns.

**Section 2.** "Board" shall mean and refer to the Board of Directors of the Association.

**Section 3.** "Common Area" shall mean all real property (including improvements thereon) owned by the Association for the common use and enjoyment of the Owners.

**Section 4.** "Common Maintenance Area" shall mean and refer to those portions, if any, of Lots upon which easements for maintenance are conveyed to the Association.

**Section 5.** "Declarant" shall mean and refer to THE PRESLEY COMPANIES, a California corporation, its successors and assigns, if the rights of Declarant under these Bylaws and the Declaration shall have been assigned to and assumed by such successors and assigns. Such assignment of rights need not include all of the original Declarant's rights.

**Section 6.** "Declaration" shall mean and refer to that certain Declaration of Restrictions applicable to the Properties recorded in the Office of the Recorder of the County of Riverside, California which requires Owners to be Members of the Association.

**Section 7.** "Lot" shall mean and refer to any plot of land which is or has been made subject to the Declaration or another Declaration of Restrictions which requires the Lot Owner to be a Member of the Association and shown upon any recorded subdivision map of the Properties.

**Section 8.** "Member" shall mean and refer to those persons entitled to membership in the Association as provided in the Declaration.

**Section 9.** "Mortgage" shall mean and refer to a deed of trust as well as a mortgage encumbering a Lot.

**Section 10.** "Mortgagee" shall mean and refer to the beneficiary of a deed of trust as well as the mortgagee of a mortgage encumbering a Lot.

**Section 11.** "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract purchasers who have a possessory interest pursuant to their contract to purchase, and excluding contract sellers having such interest merely as security for the performance of an obligation.

**Section 12.** "Phase" shall mean and refer to those portions of the Properties which are covered by a separate final subdivision public report issued by the California Department of Real Estate.

**Section 13.** "Properties" shall mean and refer to that certain real property described as such in the Declaration.

### **ARTICLE III**

#### **MEETINGS OF MEMBERS AND MEMBERSHIP RIGHTS**

**Section 1. Annual Meetings.** The first annual meeting of Members shall be held within six (6) months after the close of escrow for the sale of the first Lot by Declarant, or within forty-five (45) days after close of escrow for the sale by Declarant of fifty-one percent (51%) of the Lots in Phase 1, whichever shall first occur. Subsequent regular annual meetings of the Members shall be held on the date determined by the Board provided that such annual meeting is held during the period commencing on annual anniversary of the first annual meeting and ending four weeks thereafter. Such meeting shall be held at the time determined by the Board. Annual meetings of Members shall be held within the Properties or at such other location in the County of Riverside, California, in reasonable proximity to the Properties, as may be designated in the notice of meeting.

**Section 2. Special Meetings.** Special meetings of Members, for any purpose or purposes whatsoever, may be called at any time by the president or by a majority of a quorum of the Board, or by the written request of five percent (5%) or more of the voting power of the Members.

**Section 3. Notice of Meetings.** Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting by mailing a copy of such notice by first class, certified or registered mail, postage prepaid, at least ten (10) but not more than ninety (90) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice, and to the holder of a first Mortgage encumbering any Lot who has requested in writing such notice. Such notice shall specify the place, day and hour of the meeting and those matters which the Board at the time of the mailing of the notice intends to present for action by the Members; however, except as otherwise provided by law, any proper matter may be presented at the meeting for action. The holder of a first Mortgage encumbering any Lot shall be entitled to designate a representative who shall have the right to attend all meetings of Members.

**Section 4. Quorum.** The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, a majority of the total voting power of Members shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration (including the Article entitled "COVENANT FOR MAINTENANCE ASSESSMENTS TO ASSOCIATION", or these Bylaws. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment notwithstanding the withdrawal of enough voting power to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented or, unless otherwise provided by law, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be at least twenty-five percent (25%) of the total voting power of Members; provided further, that in the event the quorum requirement becomes twenty-five percent (25%) of the voting power of the membership, then the only matters that may be voted upon at any meeting actually attended in person or by proxy by one-third (1/3) or less of the voting power are matters notice of the general nature of which was given in the notice of meeting. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

**Section 5. Proxies.** Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution. The transfer of title to any Lot shall void any outstanding proxy pertaining to the voting rights of the membership appurtenant to that Lot. Any such form of proxy or written ballot shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except that a candidate for election to the Board need not be named in a proxy or written

ballot. The proxy or written ballot shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it will be valid.

**Section 6. Presumption of Notice.** A recitation in the minutes of any membership meeting that notice of such meeting had been properly given shall be prima facie evidence that such notice was so given.

**Section 7. Consent of Absentees.** The transactions of any meeting of Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the Members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

**Section 8. Action Without Meeting.** Any action, which under the provisions of the California Corporations Code may be taken at a meeting of the Members, except the election of directors where cumulative voting is a requirement, may be taken without a meeting if done in compliance with the provisions of Section 7513 of the California Corporations Code.

**Section 9. Membership Rights.** No Member shall have the right without the prior approval of the Board to exercise any of the powers or to perform any of the acts by these Bylaws delegated to the Board as in Article VII of these Bylaws more fully provided. Unless otherwise provided in the Declaration and subject to the rules and regulations adopted by the Board, each Member, his immediate family, guests and tenants shall have the right to use and enjoy the Common Area. The membership rights and privileges, together with the voting rights of any Member, may be suspended by the Board for any period of time during which the assessment on his Lot remains unpaid, and for a period not to exceed thirty (30) days for any infraction of the Association's published rules and regulations after reasonable written notice and an opportunity for a hearing before the Board. Should the Board believe grounds may exist for any such suspension, the Board shall give to the Member believed to be in violation at least fifteen (15) days' prior written notice of the intended suspension and the reasons therefor. The Member shall be given an opportunity to be heard before the Board either orally or in writing not less than five (5) days before the effective date of suspension. The notice required hereby may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first class or registered mail sent to the last address of the Member shown on the Association's records. Anything herein stated to the contrary notwithstanding, the Board shall not have the power to suspend any Member's rights of access or utilities to his Lot and no Member may be expelled from the Association. Monetary penalties may be adopted by the Association provided the adoption of such penalties is approved by seventy-five percent (75%) of the voting power of Members of the Association, excluding Declarant. The remedies of the Association set forth herein are not exclusive remedies.



**Section 10. Parliamentary Procedures.** Meetings of the Members shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt.

## **ARTICLE IV**

### **SELECTION AND TERM OF OFFICE OF DIRECTORS**

**Section 1. Number.** Initially the affairs of this Association shall be managed by a Board of three (3) directors, until the first annual meeting of Members, at which time the Board will expand to five directors. The directors need not be Members of the Association. Declarant shall have the right to appoint and replace the directors until the first annual meeting of Members. The terms of the directors so appointed by Declarant shall expire upon election of their replacements at the first annual meeting.

**Section 2. Term of Office.** At the first annual meeting, the Members shall elect three (3) directors for a term of two (2) years and two directors for a term of one (1) year. Thereafter, directors shall be elected at each annual meeting of Members to fill the vacancies of those directors whose term then expires for a term of two years, but if any such annual meeting is not held, or the directors are not elected thereat, the directors may be elected at any special meeting of Members held for that purpose. All directors shall hold office until their successors are elected.

**Section 3. Removal.** The entire Board may be removed from the Board, with or without cause, by a majority vote of the Members. Subject to Section 2 of Article V, unless the entire Board is so removed, an individual director shall not be removed if the number of votes against the resolution for his removal or not consenting in writing to his removal would be sufficient to elect the 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 most recent election of directors were then being elected. Any director elected to office solely by the votes of Members other than Declarant, as provided in Section 2 of Article V below, may be removed from office prior to the expiration of his term only upon the vote of a simple majority of the voting power of Members other than Declarant. In the event of death or resignation of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

**Section 4. Compensation.** No director shall receive compensation for any services he may render to the Association except upon the vote or written consent of a majority of the voting power of each class of Members of the Association, or after conversion of the Class B membership to Class A membership, except upon the vote or written assent of (i) fifty-one percent (51%) of the total voting power of Members of the Association and (ii) at least fifty-one percent (51%) of the total voting power of Members of the Association other than Declarant. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

**Section 5. Indemnity.** The Association shall indemnify any present or former director or officer of the Association to the fullest extent authorized under California Corporations Code 57237, or any successor statute, and may advance to any such person funds to pay expenses that may be incurred in defending any action or proceeding on receipt of an undertaking by or on behalf of such person to repay such amount unless it is ultimately determined that such person was entitled to be indemnified under this provision.

## **ARTICLE V**

### **NOMINATION AND ELECTION OF DIRECTORS**

**Section 1. Nomination.** Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two (2) or more Members. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not fewer than the number of vacancies that are to be filled. Such nominations may be made from among the Members or nonmembers. Anything herein to the contrary notwithstanding, the first election of the Board shall receive nominations only from the floor at the first annual meeting. Each nominee shall be given a reasonable opportunity to communicate to the Members the nominee's qualifications and the reasons for the nominee's candidacy. Each nominee shall be given a reasonable opportunity to solicit votes and the Members shall be given a reasonable opportunity to choose among the nominees.

**Section 2. Election.** Election to the Board shall be by secret written ballot. Any Member shall have the right to cumulate his votes (subject only to the procedural requirements of Corporations Code Section 7615(b)) and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he is entitled, or to distribute his votes on the same principle among as many candidates as he shall think fit. As required by Corporations Code Section 7615(b), any Member wishing to cumulate his votes shall have given notice of such intent at the meeting prior to the voting. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. Any director elected to office solely by the votes of Members other than Declarant as provided below may be removed from office prior to the expiration of his term only upon the vote of a simple majority of the voting powers of Members other than Declarant. Anything contained herein to the contrary notwithstanding, at the first election of directors by Members and thereafter for so long as a majority of the voting power of Members is held by Declarant, or so long as there are two (2) outstanding classes of membership, not fewer than twenty percent (20%) of the directors (but in no event less than one director) shall be elected solely by the votes of Members other than Declarant.

## **ARTICLE VI**

### **MEETINGS OF DIRECTORS**

**Section 1. Regular Meetings.** Regular meetings of the Board shall be held monthly unless the Board determines by its resolution to hold less frequent meetings. Regular Board meetings shall be held at least quarterly. Board meeting shall be held at such place and hour within the Properties as may be fixed from time to time by resolution of the Board. However, Board meetings may be held outside the Properties if the Board determines that a larger meeting room is required, in which case the meeting room selected shall be as close as possible to the Properties. Notice of all such regular meetings of the Board shall be posted at a prominent place within the Properties and communicated to the directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of the meeting.

**Section 2. Special Meetings.** Special meetings of the Board shall be held when called by the president of the Association, or by any two (2) directors, other than the president, after the notice is given to each director as stated below.

Written notice of the time and place of special meetings and the nature of any special business to be considered shall be delivered personally to the directors or sent to each director by letter mailed first class, certified or registered mail or by telegram, charges prepaid, addressed to him at his address as it is shown upon the records of the Association or, if it is not so shown on such records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company in the place in which the principal office of the Association is located at least four (4) days prior to the time of the holding of the meeting. In case such notice is delivered personally, it shall be so delivered at least seventy-two (72) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as above provided shall be due, legal and personal notice to such director. Written notice of all special meetings shall also be posted in a manner prescribed for notice of regular meetings not less than seventy-two (72) hours prior to the scheduled time of the meeting. Notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of the meeting.

**Section 3. Quorum.** A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

**Section 4. Attendance.** Regular and special meetings of the Board shall be open to all Members; provided however, Members who are not Board members may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. The Board may with the vote of a majority of its

members present at a meeting in which a quorum has been established adjourn to executive session in which Members may be excluded, to consider litigation, matters that relate to the formation of contracts with third parties, or personnel matters. The nature of any and all business to be considered in executive session shall first be announced in open session. Any matter discussed in executive session shall be generally noted in the minutes of the Board. In any matter relating to the discipline of a Member, the Board shall meet in executive session if requested by that Member, and the Member shall be entitled to attend the executive session.

**Section 5. Waiver of Notice.** The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had at a meeting to be held after regular call and notice if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Nothing contained herein shall remove the obligation to post the notice of all directors' meetings on the Common Area.

**Section 6. Notice of Adjournment.** Notice of any adjournment of any directors' meeting, either regular or special, to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

**Section 7. Board Minutes To Be Available To Members.** The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board, other than an executive session, shall be available to Members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member upon request and upon reimbursement of the Association's costs in making that distribution.

Members shall be notified in writing at the time that the Association's pro forma budget is distributed or at the time of any general mailing to the entire membership of the Association of their right to have copies of the minutes of meetings of the Board and how and where those minutes may be obtained.

**Section 8. Action Without Meeting.** Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. An explanation of the action to be taken or actually taken by the Board shall be given to the Members of the Association within three (3) days after all written consents have been obtained. Said explanation shall be given in the same manner as provided in Section 1 of this Article for the giving of notice of regular meetings of the Board. Failure to give such notice shall not render the action to be taken or actually taken invalid.

## **ARTICLE VII**

### **POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

#### **Section 1. Powers.** The Board shall have the power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and Common Maintenance Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of any recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association;

(c) exercise for the Association all powers, duties and authorities vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration; provided, however, that the Board shall not have the power to borrow money for the Association during any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, nor to sell property of the Association during any fiscal year having an aggregate fair market value in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the vote or written assent of a majority of the voting power of each class of Members. After conversion of the Class B membership in the Association to Class A membership, the action herein requiring membership approval shall require the vote or written consent of (i) at least fifty-one percent (51%) of the voting power of Members of the Association, and (ii) at least fifty-one percent (51%) of the voting power of Members of the Association other than Declarant; and

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

#### **Section 2. Duties.** It shall be the duty of the Board to:

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

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

**(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and**

**(3) if the Board deems it appropriate to do so, foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date and/or to bring an action at law against the Owner personally obligated to pay the same or otherwise take steps to collect such assessments;**

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

**(e) procure and maintain adequate fire, casualty, liability and hazard insurance and fidelity bonds as required by the Declaration, and otherwise adequately insure property owned by the Association;**

**(f) cause the Common Area and Common Maintenance Area to be maintained as required by the Declaration;**

**(g) pay all charges for water and electricity metered or charged to the Common Area or Common Maintenance Area;**

**(h) provide and pay for appropriate lighting for the Common Area;**

**(i) disburse casualty insurance proceeds for reconstruction and repair of the insured improvements;**

**(j) landscape, care for, maintain and water all planted areas owned by the Association and all areas for which the Association has maintenance responsibility, including the Common Maintenance Area;**

**(k) restore or replace any or all of the buildings, structures or improvements on the Common Area and Common Maintenance Area at any time and from time to time as the Board may determine desirable or necessary, and to make capital expenditures for and on behalf of the Association; provided, however, that so long as there is more than one (1) class of Members of the Association, capital expenditures may not be made in the aggregate during any fiscal year of the Association in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the vote or written assent of a majority of the voting power of each class of Members of the Association. After conversion of the Class B membership in the Association to Class A membership, capital expenditures may not be made in the aggregate during any fiscal year of the Association in excess of five percent (5%) of the budgeted gross expenses of the Association for that**

fiscal year without the vote or written assent of (i) fifty-one percent (51%) of the total voting power of Members of the Association, and (ii) at least fifty-one percent (51%) of the total voting power of Members of the Association other than Declarant;

(l) enforce the provisions of the Declaration and to enforce each and every one of the provisions of these Bylaws or any other agreement to which the Association is a party;

(m) contract and pay for maintenance, gardening, utilities, materials and supplies, and services relating to the Common Area and Common Maintenance Area, including legal and accounting services; provided, however, that the term of any service or management contract shall be limited to a duration of one year, and shall provide that the Association may terminate such contract for cause upon thirty (30) days written notice thereof with the following exceptions:

(i) a contract with a public utility company for materials or services the rates for which are regulated by the Public Utilities Commission may exceed a term of one year so long as it does not exceed the shortest term for which the public utility will contract at the regulated rate;

(ii) a contract for prepaid casualty and/or liability insurance policies may be for a term of not to exceed three (3) years provided that the policy permits short rate cancellation by the Association;

(iii) lease agreements for laundry room fixtures and equipment of not to exceed five (5) years' duration, provided that the lessor under the agreement is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more;

(iv) agreements for cable television services and equipment or satellite dish television services and equipment of not to exceed five (5) years' duration, provided that the supplier is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more; and

(v) agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five (5) years' duration, provided that the supplier or suppliers are not entities in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more;

provided, however, that any agreement for professional management or any other contract providing for services by Declarant must provide for termination by either party without cause or payment of a termination fee upon ninety (90) days or fewer written notice.



Anything herein stated to the contrary notwithstanding, the Members shall have the right to authorize a longer term of contract by the vote or approval of a majority of the voting power of each class of Members of the Association, or after conversion of the Class B membership to Class A membership, by the vote or approval of (i) fifty-one percent (51%) of the total voting power of Members of the Association and (ii) at least fifty-one percent of the total voting power of Members of the Association other than Declarant;

(n) pay any taxes and special assessments which are or could become a lien on the Common Area;

(o) prepare budgets and financial statements for the Association as provided in the Bylaws;

(p) initiate and execute disciplinary proceedings against Members for violations of the provisions of the Articles of Incorporation and Bylaws of the Association, the Declaration and the rules and regulations adopted by the Board; and

(q) delegate any of its powers hereunder to others, including committees, officers and employees;

(r) comply with those requirements imposed on the Association by the Declaration.

## **ARTICLE VIII**

### **OFFICERS AND THEIR DUTIES**

**Section 1. Enumeration of Officers.** The officers of this Association shall be a president and vice president, who shall at all times be members of the Board, a secretary and a chief financial officer, and such other officers as the Board may from time to time by resolution create.

**Section 2. Election of Officers.** The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

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

**Section 4. Special Appointments.** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

**Section 5. Resignation and Removal.** Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date



of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 6. Vacancies.** A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

**Section 7. Multiple Offices.** The offices of secretary and chief financial officer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

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

**President**

(a) The president shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the Members and at all meetings of the Board. He shall be ex-officio a member of all standing committees, including the executive committee, if any, and shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board or by the Bylaws.

**Vice President**

(b) The vice president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board. The vice president shall have such other duties as from time to time may be prescribed by form him by the Board or by the Bylaws.

**Secretary**

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members together with their addresses; and shall perform such other duties as required by the Board.

**Chief Financial Officer**

(d) The chief financial officer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by

resolution of the Board; keep proper books of account; at the request of the Board or as may otherwise be required by these Bylaws, cause an annual review of the Association's books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures as required by these Bylaws.

The Board may designate a professional property management company to make deposits in a trust account established by such company; provided, however, a separate trust account shall be established for the Association so that the Association's deposits will not be commingled with non-Association funds; provided, further, pursuant to the Article below entitled "OPERATING AND RESERVE ACCOUNTS", a separate account(s) shall be established in the name of the Association for the deposit of reserves and the Association shall require its property manager, if one is designated, to deposit reserves in such separate account on at least a monthly basis. The Association shall maintain a fidelity bond in an appropriate amount naming the Association as obligee and insuring against loss by reason of the acts of the management agent and its employees. The fidelity bond shall be in an amount equal to not less than three (3) months' aggregate regular assessments (including reserves) by the Association against all Lots then subject to assessment.

**Section 9. Signing Checks, Etc.** All checks, notes, leases and deeds of trust of the Association shall be signed by at least two persons who hold offices of this Association, and one such person must be the president or the vice president. The Board may designate a professional property management company to pay the Association's operating expenses from a trust account established pursuant to the Subsection above entitled "Chief Financial Officer".

**Section 10. Compensation.** No officer of the Association shall receive compensation for his services performed in the conduct of the business of the Association except upon the vote or written consent of a majority of the voting power of each class of Members of the Association, or after conversion of the Class B membership to Class A membership, except upon the vote or written assent of (i) fifty-one percent (51%) of the total voting power of Members of the Association and (ii) at least fifty-one percent (51%) of the total voting power of Members of the Association other than Declarant. However, any officer may be reimbursed for his actual expenses incurred in the performance of his duties.

## **ARTICLE IX**

### **COMMITTEES**

The Board shall appoint an Architectural Review Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board shall appoint other committees as deemed appropriate in carrying out its purpose.

## **ARTICLE X**

### **BOOKS AND RECORDS**

The books, minutes of meetings of Members and of the Board and committees, records, membership register (including mailing addresses and telephone numbers), and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member or by his duly appointed representative, and by the holder of any first Mortgage encumbering a Lot. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost. The Board shall establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- (b) Hours and days of the week when such an inspection may be made; and
- (c) Payment of the costs of reproducing copies of documents requested by a Member.

Every director of the Association shall have the absolute right at any reasonable time to inspect all books, records, documents and Common Area and Common Maintenance Area of the Association and all physical property owned or controlled by the Association. The right of inspection by a director shall include the right at his expense to make extracts and copies of documents.

## **ARTICLE XI**

### **ASSESSMENTS**

As more fully provided in the Declaration, each Owner of a Lot is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid within fifteen (15) days after their due date shall be deemed delinquent and the Association shall have the right to impose late charges not exceeding the maximum amount allowed by California law. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same and in addition thereto or in lieu thereof foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

## **ARTICLE XII**

### **CORPORATE SEAL**

The Association shall have a seal in circular form having within its circumference the words: BRIDLEVALE HOMEOWNERS ASSOCIATION, a California corporation.

## **ARTICLE XIII**

### **AMENDMENTS**

**Section 1.** During the period of time prior to conversion of the Class B membership in the Association to Class A membership, new Bylaws may be adopted or these Bylaws may be amended or repealed by the vote of the Members entitled to exercise a majority or more of the voting power of each class of Members of the Association or by the written assent of such Members. After conversion of the Class B membership to Class A membership, these Bylaws may be amended or repealed by the vote of (i) Members entitled to exercise a majority of the voting power of the Association, and (ii) at least a majority of the voting power of Members of the Association other than Declarant. Anything herein stated to the contrary notwithstanding, no material amendment to the Bylaws shall be made without the prior written approval of Mortgagees holding fifty-one percent (51%) of the first Mortgages encumbering Lots. "Material amendment" shall mean, for purposes of this Article XIII, any amendments to provisions of these Bylaws governing any of the following subjects.

- (a) The fundamental purpose for which the project was created (such as a change from residential use to a different use).
- (b) Assessments, assessment liens and subordination thereof.
- (c) The reserve for repair and replacement of the Common Area.
- (d) Property maintenance obligations.
- (e) Casualty and liability insurance.
- (f) Reconstruction in the event of damage or destruction.
- (g) Rights to use the Common Area.
- (h) Annexation.
- (i) Voting.

(j) Any provision which, by its terms, is specifically for the benefit of first Mortgagees, or specifically confers rights on first Mortgagees.

Any First Mortgagee shall be deemed to have approved an amendment to these Bylaws if such First Mortgagee fails to submit a written response to any written proposal for an amendment within thirty (30) days after such First Mortgagee receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

So long as there remains a Class B membership in the Association, any amendment to these Bylaws shall require the prior approval of the VA.

**Section 2.** The percentage of voting power necessary to amend a specific clause or provision of these Bylaws shall not be less than any percentage of affirmative votes prescribed for action to be taken under that clause.

**Section 3.** In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

#### **ARTICLE XIV**

#### **MISCELLANEOUS**

**Section 1.** The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association. However, the fiscal year of the Association is subject to change from time to time as the Board shall determine.

**Section 2.** The Board shall cause:

(a) a financial statement (including a balance sheet and income and expense statement) of the affairs of the Association to be made as of the last day of the month closest in time to the date six (6) months following close of escrow for the sale of the first Lot by Declarant to an Owner. Said financial statement shall reflect the financial condition of the Association as of said date and shall summarize the financial transactions in which the Association was involved during the period between the close of the first sale and the date of the financial statement. The financial statement shall include a schedule of assessments received or receivable itemized by Lot and shall include the name of the person or entity assessed. A copy of said financial statement shall be distributed personally or by mail to each of the Members of the Association and, upon written request, to all first Mortgagees, within sixty (60) days after the date of such financial statement.

(b) an annual report consisting of the following to be distributed within one hundred twenty (120) days after close of the Association's fiscal year:

- (i) a balance sheet as of the end of the fiscal year;
- (ii) an operating (income) statement for the fiscal year;
- (iii) a statement of changes in financial position for the fiscal year;

(iv) any information required to be reported under Section 8322 of the California Corporations Code;

(v) for any fiscal year in which the gross income to the Association exceeds \$75,000.00, 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.

(c) the annual report referred to in Subsection (b) above shall be prepared by an independent accountant.

(d) a statement of the Association's policies and practices in enforcing its remedies against Members for default in the payment of annual and special assessments, including the recording and foreclosing of liens against Member's interest in the Properties, to be distributed to Members within sixty (60) days prior to the beginning of each fiscal year.

**Section 3.** The Board shall cause a pro forma operating statement (budget) for the Association to be prepared for the second and each succeeding fiscal year of the Association, a copy of which shall be distributed personally or by mail to each of the Members not fewer than forty-five (45) days nor more than sixty (60) days prior to the beginning of the fiscal year to which the budget relates. The budget shall include the following information:

(a) The estimated revenue and expenses of the Association on an accrual basis for the next fiscal year.

(b) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to the Section of these Bylaws entitled "Reserve Study", which shall 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 in the Common Area or Common Maintenance Area;

(2) As of the end of the fiscal year for which the study is prepared:

(i) The current estimate of the amount of the cash reserves actually set aside to repair, replace or maintain the major components of the Common Area and the Common Maintenance Area; and

(ii) The current amount of the accumulated cash reserves actually set aside to repair, replace, restore or maintain the major components of the Common Area and the Common Maintenance Area.

(3) The percentage of the amount determined pursuant to (ii) above of the amount determined pursuant to (i) above;

(c) A statement as to whether the Board has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor.

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

In lieu of distributing the budget, the Board may at its election distribute a summary of the budget along with a written notice (in at least 10 point bold type on the front page of the summary) that the budget is available at the business office of the Association or at another suitable location within the boundaries of the Project, and that copies will be provided upon request and at the expense of the Association. If any Member requests a copy of the budget to be mailed to the Member, the Association shall provide the copy to the Member by first-class United States mail at the expense of the Association and delivered within five (5) days.

## **ARTICLE XV**

### **OPERATING AND RESERVE ACCOUNTS**

#### **Section 1. Definitions.** As used in this Article:

(a) "Reserve accounts" means moneys that the Board has identified for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain.

(b) "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 which the Association is obligated to maintain.

#### **Section 2. Reviews.** The Board shall do the following:

(a) Review a current reconciliation of the Association's operating accounts on at least a quarterly basis.

(b) Review a current reconciliation of the Association's reserve accounts on at least a quarterly basis.

(c) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget.

(d) Review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts.

(e) Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

**Section 3. Signatures on Checks.** The signatures of at least (i) two directors or (ii) one officer who is not a director and the signature of a director shall be required for the withdrawal of moneys from the Association's reserve accounts. "Reserve accounts" means moneys that the Board has identified from its annual budget for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain.

**Section 4. Limitation on Expenditure of Reserve Funds.** The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement or maintenance of, or litigation involving the repair, replacement or maintenance of, major components which the Association is obligated to repair, restore, replace or maintain and for which the reserve fund was established. However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash flow requirements or other expenses. The transferred funds shall be restored to the reserve fund within three years of the date of the initial transfer, except the Board may, upon making a finding supported by documentation that a delay would be in the best interests of the project, delay the restoration until the time which the Board reasonably determines to be necessary. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this Section. This special assessment is not subject to the limitation imposed by the Section in the Declaration entitled "Maximum Annual and Special Assessments".

**Section 5. Reserve Study.** At least once every three years the Board shall cause a study of the reserve account requirements of the project to be conducted if the current replacement value of the major components which the Association is obligated to repair, replace, restore, or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.



The study required by this Section shall at a minimum include:

- (a) Identification of the major components which the Association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than 30 years.
- (b) Identification of the probable remaining useful life of the components identified in paragraph (a) as of the date of the study.
- (c) An estimate of the cost of repair, replacement, restoration, or maintenance of each major component identified in paragraph (a) during and at the end of its useful life.
- (d) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain each major component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

#### **ARTICLE XVI**

#### **NOTICE TO LENDERS**

The Association shall give those notices to lenders required by the Article of the Declaration entitled "RIGHTS OF LENDERS".

#### **ARTICLE XVII**

#### **ANNEXATION**

The Association shall, with respect to Lots, Common Area and Common Maintenance Area which are within Phases which have become annexed to the Properties pursuant to the Article in the Declaration entitled "ANNEXATION":

- (a) Accept the Lot Owners within annexed Phases as Members;
- (b) Accept title to the Common Area in the annexed Phases;
- (c) Accept the Common Maintenance Areas in the annexed Phases.

I, the undersigned, do hereby certify:

1. That I am the incorporator of BRIDLEVALE HOMEOWNERS ASSOCIATION, a California nonprofit mutual benefit corporation; and

2. That the foregoing Bylaws, comprising twenty-one (21) pages, constitute the Bylaws of said corporation duly adopted by Written Consent of Incorporator dated March 4, 1992.

IN WITNESS WHEREOF, I hereunto subscribe my name and affix the seal of said corporation this 4th day of March, 1992.

  
A. John Hecht, Incorporator