

**Second Restated Bylaws
Of
EVERGREEN COMMONS ASSOCIATION**

*Adopted by majority membership vote
Feb. 25, 2010*

**Second Restated Bylaws
Of
EVERGREEN COMMONS ASSOCIATION**

Table of Contents

ARTICLE 1.	Recitals and Definitions	1
Section 1.	<u>Name of Association.</u>	1
Section 2.	<u>Association Is Nonprofit.</u>	1
Section 3.	<u>Specific Purpose.</u>	1
Section 4.	<u>Definitions.</u>	1
ARTICLE 2.	Location of Principal Office	3
ARTICLE 3.	Membership	3
Section 1.	<u>Members of the Association.</u>	3
Section 2.	<u>Term of Membership.</u>	3
Section 3.	<u>Voting Rights for Multiple Owners of a Single Lot.</u>	4
Section 4.	<u>Furnishing Evidence of New Membership</u>	4
ARTICLE 4.	Membership Voting	4
Section 1.	<u>Single Class of Membership.</u>	4
Section 2.	<u>Member Voting Rights.</u>	4
Section 3.	<u>Eligibility to Vote.</u>	4
Section 4.	<u>Voting by Secret Ballot.</u>	5
Section 5.	<u>Other Methods of Voting.</u>	6
Section 6.	<u>Initiation of Membership Vote.</u>	6
ARTICLE 5.	Membership Meetings.....	7
Section 1.	<u>Place of Meeting.</u>	7
Section 2.	<u>Annual Meeting.</u>	7
Section 3.	<u>Special Meetings.</u>	7
Section 4.	<u>Notice of Meetings.</u>	8
ARTICLE 6.	Membership Rights	8
Section 1.	<u>Use and Enjoyment of Common Areas by Members.</u>	8
Section 2.	<u>Tenants.</u>	8
Section 3.	<u>Invitees and Guests.</u>	8
Section 4.	<u>Association Rules and Regulations.</u>	9
ARTICLE 7.	Board of Directors.....	9
Section 1.	<u>General Association Powers.</u>	9
Section 2.	<u>Number and Qualification of Directors.</u>	9
Section 3.	<u>Term of Office.</u>	9
Section 4.	<u>Nomination of Directors.</u>	9
Section 5.	<u>Election of Directors.</u>	10
Section 6.	<u>Vacancies on Board of Directors.</u>	10
ARTICLE 8.	Board Meetings	11
Section 1.	<u>Place of Meetings.</u>	11
Section 2.	<u>Annual Organizational Meeting of the Directors.</u>	11
Section 3.	<u>Call for Board Meetings.</u>	12
Section 4.	<u>Notice of Board Meetings.</u>	12
Section 5.	<u>Attendance by Members at Board Meetings.</u>	13
Section 6.	<u>Quorum Requirements.</u>	13
Section 7.	<u>Waiver of Notice.</u>	14

Section 8.	<u>Adjournment</u>	14
Section 9.	<u>Action Without a Meeting</u>	14
Section 10.	<u>Compensation</u>	14
ARTICLE 9.	Duties and Authority of the Board.....	14
Section 1.	<u>Specific Authority</u>	14
Section 2.	<u>Limitations on Powers</u>	16
ARTICLE 10.	Committees.....	16
Section 1.	<u>Committees Generally</u>	16
Section 2.	<u>Committee Authority</u>	17
Section 3.	<u>Types of Committees</u>	17
Section 4.	<u>Meetings and Actions of Committees</u>	18
Section 5.	<u>Documents Review Committee</u>	18
Section 6.	<u>Finance Committee</u>	18
ARTICLE 11.	Officers.....	19
Section 1.	<u>Officers</u>	19
Section 2.	<u>Election of Officers</u>	19
Section 3.	<u>Subordinate Officers</u>	19
Section 4.	<u>Officer Terms</u>	19
Section 5.	<u>Removal of Officers</u>	19
Section 7.	<u>Vacancies</u>	19
Section 8.	<u>President</u>	19
Section 9.	<u>Vice President</u>	20
Section 10.	<u>Secretary</u>	20
Section 11.	<u>Chief Financial Officer</u>	20
ARTICLE 12.	Board Obligations and Association Finances.....	20
Section 1.	<u>Assessments as Income</u>	20
Section 2.	<u>Checks</u>	20
Section 3.	<u>Operating Account</u>	21
Section 4.	<u>Other Accounts</u>	21
Section 5.	<u>Budgets and Financial Statements</u>	21
Section 6.	<u>Summary Budget</u>	23
Section 7.	<u>Required Reserve Studies</u>	23
ARTICLE 13.	Miscellaneous.....	23
Section 1.	<u>Inspection of Books and Records</u>	23
Section 2.	<u>Property Manager</u>	24
Section 3.	<u>Robert's Rules of Order</u>	24
Section 4.	<u>Amendment or Repeal of Bylaws</u>	24
Section 5.	<u>Notice Requirements</u>	24
Section 6.	<u>Indemnification</u>	25
Section 7.	<u>Construction and Definitions</u>	25

Second Restated Bylaws

EVERGREEN COMMONS ASSOCIATION

ARTICLE 1. Recitals and Definitions

Section 1. Name of Association. The name of this corporation is Evergreen Commons Association and shall be referred to herein as the "Association."

Section 2. Association Is Nonprofit. The Association has been formed pursuant to the California Nonprofit Mutual Benefit Corporation Law (Corporate Code, 97110 et seq.) as a nonprofit mutual benefit corporation, and as such, all notations herein to specific sections of law, code, etc. shall be construed to be that appropriate section of and governed by, California law.

Section 3. Specific Purpose. The specific and primary purposes of this Association shall be: (a) to own, repair, maintain and manage the Common Area and Common Facilities within that certain real estate common interest development, as defined in Civil Code Section 1351(a), and located in the County of Sacramento, State of California, and commonly referred to as Evergreen Commons; (b) to enforce the terms and conditions of the First Restated Declaration of Covenants, Conditions and Restrictions for Evergreen Commons which was Recorded on July 30, 1993, in Book 93-0730 page 781 of the Official Records of Sacramento County, California ("CC&R") and; (c) to ensure compliance with the Association's Rules and Regulations and other Governing Documents as adopted by the Board of Directors; and (d) to otherwise enhance and promote the use and enjoyment of the Common Areas and Common Facilities by the Owners in common.

Section 4. Definitions. The terms defined in the CC&R shall have the same meaning when used herein unless the context clearly indicates a contrary intention. For ease of use, the following definitions are provided here:

- (a) Amendment(s). Alteration of an existing document
- (b) Assessment. Any Regular, Special or Special Individual Assessment made or assessed by the Association upon an Owner and his or her Lot in accordance with the provisions of CC&R Article IV.
- (c) Association. Evergreen Commons Association ("ECA,"), a California nonprofit mutual benefit corporation created for the purpose of managing the common interest development known as Evergreen Commons, and for the governance of which, these Bylaws have been established.
- (d) Association Website. www.evergreencommonshoa.org
- (e) Board of Directors/ Board. The governing body of Evergreen Commons Association.
- (f) CC&R. Declaration of Covenants, Conditions and Restrictions; the legal document attached to the title of each Lot within the Evergreen Commons and the primary governing document of the Association.

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

- (g) Common Area. All real property owned by the Association for the common use and enjoyment of the Owners, commonly known as “Lot A.” Unless the context clearly indicates otherwise, any reference herein is intended to include any Common Facilities located within or on the Common Area.
- (h) Common Facilities. The three (3) swimming pools and apron areas, pool storage and pump houses, pool furniture, park area, parking lot, and the trees hedges, plantings, lawns, shrubs, landscaping, fences, utilities, berms, pipes, lines, lighting fixtures, buildings, structures and other facilities constructed or installed, or to be installed or to be constructed, or currently located within, the Common Area and owned by the Association. The Common Facilities do not include any fence separating an Owner’s Lot from any portion of the Common Area.
- (i) Director. An individual Owner serving on the Board of Directors of Evergreen Commons Association.
- (j) Good Standing. A Member must be current in the payment of all Assessments levied against the Member’s Lot(s) or be current in a Board-approved Assessment payment plan, and not be subject to any suspensions of voting privileges as a result of any disciplinary proceeding conducted in accordance with CC&R Article VIII, Section 6.
- (k) Governing Documents. A collective term referring to (in order of succession) the Declaration of Covenants, Conditions & Restrictions (CC&R), the Articles of Incorporation, these Bylaws, and the Operating Rules adopted by the Board.
- (l) Household. All individuals who reside at a specific residence on a regular and ongoing basis.
- (m) Majority. A number or percentage equaling more than half of a total pool of votes (fifty percent (50%) + 1 vote).
- (n) Majority of a Quorum. The minimum number of votes that must be legally cast for a question/candidate in order for that question/candidate to be elected; This minimum number requirement for Member action is specified by these Bylaws or by Statute. For example, at the full Voting Power of the Association (115 Lots) the Majority (50%+1) of a Quorum (33.3% or 39 lots) is 20 votes. See “Voting Power of the Association” for further definition.
- (o) Member. Any individual(s) or entity who holds a membership in the Association by virtue of their ownership of a Lot within the Association; except where the context otherwise requires, the term “Member” shall include all individuals within a Household.
- (p) Membership Meeting(s). Assemblies open to all Members
- (q) Membership Quorum Requirements. The number of Members in Good Standing as of the Record Date required to be present or to cast ballots in order to make decisions legally. This number is different depending on the decision to be made and is governed by CC&R, these Bylaws and by Statute. Specifically, to amend the CC&R – 51 percent (51%); for other matters – 33 1/3 percent (33.33%).
- (r) Official Record Keeper. The Director who is designated by the Board as the individual responsible for retaining and maintaining the information to determine which Members are in Good Standing; Usually the secretary.
- (s) Operating Rules. Those rules and regulations that can be established and/or changed by a vote of the Board of Directors; part of the Governing Documents.

**Evergreen Commons Association
Second Restated Bylaws - ADOPTED**

- (t) Owner. Any individual(s), firm, corporation or other entity, which owns a fee simple interest in any Lot(s), or in which title to any Lot(s) is vested, as shown by the Official Records of the Office of the County Recorder.
- (u) Properties. All parcels of real property (Common Area and Lots), together with all buildings, structures, utilities, Common Facilities, and other improvements located thereon and all appurtenances thereto.
- (v) Quorum. That minimum number of Members or Directors that must be present at a meeting or whose ballot has been legally voted in order for any action by the assembly to be legal; i.e. a quorum for a membership meeting is 33 1/3 percent (33.33 %) of the Lots legally represented; the quorum for a Board of Directors meeting is five (5) Directors.
- (w) Record Date. Date fixed by the Board to determine the Members who are entitled to vote. Such date may not be more than sixty (60) days before the day on which the first ballot is sent out. If no other Record Date is set by the Board, Members in Good Standing as of the date the first ballot is mailed or solicited shall be entitled to vote.
- (x) Record Owner. Any individual(s), firm, corporation or other entity in which title to a Lot is vested as shown by the Official Records of the Office of the County Recorder.
- (y) Residence/Lot. Any parcel of real property designated by a number on the Subdivision Map excluding the Common Area. When appropriate, the term "Lot" shall also include the residence and other improvements constructed or to be constructed on a Lot.
- (z) Secret Ballots. A voting method in which Members' choices are confidential. The Secret Ballot procedure shall be as defined in Association Election Rules and Civil Code Section 1363.03(b).
- (aa) Voting Power of the Association. That full number of the Members in Good Standing who are eligible to vote at the time of the Record Date as set by the Board of Directors. For example, if all Lots are in Good Standing, the full Voting Power would be 115 Lots.
- (bb) Written Ballots. All ballots other than Secret Ballots.

ARTICLE 2. Location of Principal Office

The principal office of the Association will be located at 4427 Park Green Court, Sacramento, CA 95821, within the Common Area and/or at such other place within the County as the Board may from time to time designate by resolution.

ARTICLE 3. Membership

Section 1. Members of the Association. Every Owner of a Lot within the Properties is a Member of the Association. Membership in the Association is appurtenant to, and may not be separated from, ownership of any Lot.

Section 2. Term of Membership. Each Owner shall remain a Member until he or she no longer qualifies as such under Section 1 above. Upon the sale, conveyance or other transfer of an Owner's interest in a Lot, the Owner's membership interest appurtenant to the Lot shall automatically transfer to the Lot's new Owner(s).

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

Section 3. Voting Rights for Multiple Owners of a Single Lot. Ownership of a Lot shall give rise to a single membership vote in the Association and in no case shall any Lot be permitted to cast more than one (1) vote per issue or open Director seat. Accordingly, if more than one individual owns an interest in a Lot, all of said individuals shall be deemed to be a single Member for voting purposes, although all such Owners shall have equal rights as Members to use and enjoy the Common Areas and Common Facilities. The vote for a Lot in which more than one (1) individual owns an interest shall be cast as a whole as a majority of the Owners of such Lot agree (in the absence of which agreement no vote shall be cast for such Lot on the particular matter upon which they cannot agree). Any one (1) of the multiple Owners shall be entitled to vote the membership provided that they are in Good Standing as of the record date for the election, unless the secretary of the Association is notified in writing signed by all of the Owners that a single Owner designated by his or her co-Owners as having the sole right to vote the membership on their behalf. Such notification shall be in writing and shall be deemed effective until revoked in writing signed by all Owners and submitted to the secretary of the Association. If more than one (1) vote is cast from a single Lot, then those votes shall not be counted toward determining the result of the election, but one (1) vote shall be considered as having been cast for purposes of determining whether the Quorum requirements applicable to the vote or meeting have been met.

Section 4. Furnishing Evidence of New Membership. A new Owner shall not be entitled to exercise the rights of a Member until such individual has advised the secretary in writing that he or she is qualified to be a Member under Section 1, and has provided the secretary with evidence of such qualification in the form of a certified copy of a recorded grant deed or a currently effective policy of title insurance. Exercise of membership rights shall be further subject to the rules regarding record dates for notice, voting and actions by members and eligibility for voting set forth in the Association's Governing Documents.

ARTICLE 4. Membership Voting

Section 1. Single Class of Membership. The Association shall have one class of voting membership.

Section 2. Member Voting Rights. On each matter submitted to a vote of the Members, and held pursuant to the provisions of these Bylaws, each Member shall be entitled to cast one (1) vote for each Lot owned by such Member. Single memberships in which two (2) or more individuals have an indivisible interest shall be voted as provided in Article 3, Section 3 of these Bylaws.

- (a) Voting by Proxy. Voting by proxy is not permitted.
- (b) Cumulative Voting. Cumulative voting is prohibited.
- (c) Prohibition of Revocation. Once exercised, a vote may not be revoked.

Section 3. Eligibility to Vote. Only Members in Good Standing shall be entitled to vote. In order to be in Good Standing, a Member must be current in the payment of all Assessments levied against the Member's Lot(s) or be current in a Board-approved Assessment payment plan, and not be subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with CC&R Article XIII, Section 6 and the due process

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

requirements therein. A Member's Good Standing shall be determined as of the Record Date established in accordance with this Article, Section 4(b). The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of the nonpayment of Assessments, although a delinquent Member shall be entitled to request such a hearing in accordance with the CC&R.

Section 4. Voting by Secret Ballot. The Association shall establish Election Rules for the selection and use of one (1) or three (3) election inspector(s) to conduct Secret Ballot voting for all items legally requiring such a voting method. The election inspector(s) shall gather and tabulate the Secret Ballots and report results to the Association. The Association shall retain secret ballots for twelve (12) months following the vote.

(a) Matters that must be determined by Secret Ballot. Elections regarding any of the following matters must be conducted by Secret Ballot, pursuant to Civil Code Section 1363.03(b), and as described herein:

- (i) Assessments legally requiring a vote of the Members as provided in Civil Code Section 1366(b);
- (ii) Election and removal of Board Directors;
- (iii) Amendments to the Governing Documents; and/or
- (iv) The grant of exclusive use of Common Area to an Owner pursuant to Civil Code Section 1363.07.

For all other matters upon which the Members may vote, Secret Ballot voting may be used, but is not required.

(b) Secret Ballot Record Date. The Board may fix, in advance, a date as the Record Date for determining the Members entitled to cast Secret Ballots. Such Record date shall not be more than sixty (60) days before the day on which the first Secret Ballot is mailed or solicited. If no other Record Date is set, Members in Good Standing on the day the first Secret Ballot is mailed or solicited are entitled to cast Secret Ballots.

(c) Notice for Secret Ballot. Notice of voting by Secret Ballot shall be provided in writing to all Members in Good Standing as of the Record Date.

(d) Content of Secret Ballot. Secret Ballots distributed to Members for voting on any issue other than the election of Directors shall set forth the proposed action and provide the opportunity to specify approval or disapproval. The Secret Ballot must specify the number of responses needed to meet the Quorum requirement and the date by which the Secret Ballot must be received by the election inspector(s) in order to be counted.

(e) Distribution of Secret Ballot. Secret Ballots shall be distributed to all Members in Good Standing at least thirty (30) days prior to the final date the Secret Ballots must be received in order to be counted. All Secret shall state on the face or in an accompanying notice, the date by which the Secret Ballot must be returned in order to be counted. If so stated on the Secret Ballot, the election inspector(s) may reserve the right to extend the time to return secret ballots, if such an extension is necessary in order to obtain a Membership Quorum.

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

- (f) Secret Ballot Quorum Requirements. The following Quorum requirements must be satisfied for valid action by Secret Ballot:
 - (i) Quorum for votes on Assessment increases and on amendments to the CC&R shall be a Majority of the Members.
 - (ii) Quorum for action on all other matters shall be thirty-three, one-third percent (33.33%) of the Members in Good Standing as of the Record Date.
- (g) Requirements for Valid Action by Secret Ballot. Membership approval by Secret Ballot shall be valid if the number of Secret Ballots cast within the established return period equals or exceeds the Quorum and the affirmative votes is at least a Majority of a Quorum. In the case of Director elections, the candidates receiving the highest number of votes, within the bounds established in Article 7, Section 5 herein, up to the number of Director seats to be filled, shall be deemed elected to those seats.
- (h) Notification of Secret Balloting Results. Upon tabulation of the Secret Ballots, the Board shall notify the Members of the outcome of the vote within fifteen (15) days following the close of balloting and ballot tabulation. If the number of Secret Ballots cast with respect to any matter is insufficient to satisfy Quorum requirements, the Board shall so notify the Members. If the election inspector has extended the time to return Secret Ballots, the Board shall so notify the Members.

Section 5. Other Methods of Voting

- (a) Voice Vote at a Membership Meeting. For meeting procedural changes and other matters that do not require Secret Ballots, voice voting is acceptable. For valid action by voice vote there must be a Quorum present of Members in Good Standing as of the Record Date, and affirmative votes must be a Majority of those present, but no less than a Majority of a Quorum.
- (b) Voting by Written Ballot. In addition to voting by voice at a meeting or by Secret Ballot, Members' votes may be solicited by written ballot at a membership meeting with respect to any issues other than those required to be voted on by Secret Ballot. For valid action by written ballot, a Quorum of Members in Good Standing must have been established at the meeting and affirmative votes must be a Majority of those present, but no less than a Majority of a Quorum.

Section 6. Initiation of Membership Vote. The determination to seek Member approval for Association action may be made by one of the following ways:

- (a) Board. By Majority vote of the Board
- (b) Members. By a signed petition representing at least five percent (5%) of the Members and delivered to the president, vice president or secretary of the Association.
 - (i) If the petition calls for a membership vote on an issue requiring a Secret Ballot, the officer in receipt of the petition shall cause notice to be promptly given that a membership voting period and meeting, for the purpose of witnessing the tabulation of Secret Ballots, shall occur. The notice shall specify the date, time

**Evergreen Commons Association
Second Restated Bylaws - ADOPTED**

and place of the membership meeting (end of voting). The date of the meeting shall not be less than thirty-five (35) days nor more than ninety (90) days following the receipt of the petition. Secret Ballots must be provided to all Members in Good Standing in accordance with the Election Rules and these Bylaws as they pertain to Secret Ballot voting.

- (ii) If the action proposed in the petition can be taken by voice vote or written ballot at a membership meeting, the officer in receipt of the petition shall cause notice to be promptly given that a membership meeting will be held to act on the proposal stated in the petition. The date of the meeting shall be not less than thirty-five (35) days nor more than ninety (90) days following the receipt of the petition.
- (iii) If notice, as prompted by a Members' petition, is not given by the Board within twenty (20) days after the Board's receipt of the petition, the petitioners may give the notice.

ARTICLE 5. Membership Meetings

Section 1. Place of Meeting. Meetings of the Members shall be held at the offices of the Association within the Properties or at such other reasonable place within the County and at such time as may be designated by the Board in the notice of the meeting.

Section 2. Annual Meeting. There shall be an annual meeting of the Members in February of each year. The date, time and location of the meeting shall be established by the Board and set forth in the notice of meeting sent to the Members in accordance with Section 4.

Section 3. Special Meetings.

- (a) Persons Entitled to Call Special Meetings. A Majority of the Board, the president or five percent (5%) or more of the Members may call special membership meetings at any time to consider any lawful business of the Association. Such meetings may be informational and/or for voting purposes.
- (b) Procedures for Calling Special Meetings Requested by Members. If a special meeting is called by Members other than the Board of Directors or the president, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by first-class, certified or registered mail or by electronic or other written transmission to the president, vice president, or the secretary of the Association. The officer receiving the request shall cause notice to be promptly given to the Members that a meeting will be held, and the date, time and purpose for such meeting. The date of the meeting shall be not less than 35 days nor more than 90 days following the receipt of the request. If notice of the meeting is not given within the twenty (20) days after receipt of the request, the Members requesting the meeting may give the notice.

Nothing contained in this section shall be construed as limiting, fixing, or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board of Directors or the president.

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

Section 4. Notice of Meetings.

- (a) Requirement that Notice be Given. Notice of all regular and special meetings of the Members shall be given in writing to all Members.
- (b) Time Requirements for Notice. The notice of membership meetings shall be given not less than ten (10) days nor more than ninety (90) days before the date of the meeting.
- (c) Minimum Requirements Regarding Content of Notice. The notice of any membership meeting shall specify the place, date, and time of the meeting and:
 - (i) in the case of a special meeting, the general nature of the business to be transacted including whether there is to be Member voting; no other business may be transacted; or
 - (ii) in the case of a regular meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the Members.

ARTICLE 6. Membership Rights

Subject to the provisions hereof and the provisions of the other Governing Documents, the Members shall have the following rights:

Section 1. Use and Enjoyment of Common Areas by Members. Each Member and the members of his or her Household who also reside in the Member's Residence shall be entitled to the use and enjoyment of all Common Areas and Common Facilities within the Properties.

Section 2. Tenants.

- (a) Delegation of Rights to Tenants. Each Member shall have the right to assign his or her rights as a Member (other than voting rights) to a tenant residing within the Member's Residence. Such assignment shall only be effective so long as said tenant is residing in said Residence and is in compliance with the Governing Documents as the same may exist from time to time. At all times the Owner shall remain responsible for compliance by Owner's tenant with the provisions of the Governing Documents. Without limiting the foregoing, reference is specifically made to CC&R Article II, Section 3 for additional rental and/or lease restrictions.
- (b) Requirement of Notice to Association. Assignment of an Owner's right to use the Common Facilities to a tenant shall not be effective until such time as the Owner has furnished to the secretary an executed copy of the Association's 'Consent to Tenant' Form, which sets forth the name of the assignee and the members of his or her Household who will be entitled to the use of the Common Areas and Common Facilities within the Properties by virtue of said assignment. Upon receipt of the Consent to Tenant Form from the Owner, the secretary shall deliver to the tenant a copy of CC&R Article II (which concerns the rights and obligations of Owners and tenants.)

Section 3. Invitees and Guests. The invitees and guests of a Member shall have the right to use and enjoy the Common Areas and Common Facilities within the Properties, so long as the guest or invitee is in the company and supervision of the host Member. Any such guest or invitee shall

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

be subject to the same obligations imposed on the Owner to observe the rules, restrictions and regulations of the Association as set forth in the Governing Documents.

Section 4. Association Rules and Regulations. The right of any individual to use and enjoy the Common Areas and Common Facilities shall at all times be subject to the rules, limitations and restrictions set forth in the Governing Documents as promulgated by the Board. The Board shall have the right to impose upon any Member monetary penalties or to temporarily suspend the use and enjoyment of any Common Area or Common Facility provided, however that any such suspension shall only be imposed after such Member has been afforded the notice and hearing rights more particularly described in CC&R. Monetary penalties or suspension of use may be imposed for the failure of a Member to pay any Assessments when due under CC&R, or to comply with any other rule or regulation imposed upon such Member, his or her tenants or guests, pursuant to the Governing Documents.

ARTICLE 7. Board of Directors

Section 1. General Association Powers. Subject to the provisions of the Nonprofit Mutual Benefit Corporation Law, the Davis-Stirling Common Interest Development Act (Civil Code, Section 1350 et seq.) and any limitations contained in any of the Governing Documents relating to action required to be approved by the Members, the business and affairs of the Association shall be vested in and exercised by, the Association's Board of Directors. Subject to the limitations expressed in Article 10, Section 1, and only following the approval of at least a Majority of the membership, the Board may delegate the management of the activities of the Association to any individual or individuals, management company or committee. Notwithstanding any such delegation, the activities and affairs of the Association shall continue to be managed and all Association powers shall continue to be exercised under the ultimate direction of the Board. Such membership approval shall also be required for any decision to terminate professional management and return to self-management.

Section 2. Number and Qualification of Directors. The Board of Directors shall consist of nine (9) individuals who shall be Owners of Lots whose memberships are in Good Standing with all Assessments current, and are qualified to serve. An Owner is "qualified to serve" if it has been twenty-four (24) consecutive months since any of the following: (a) expiration of the Owner's second term as Director; (b) Owner's resignation from the Board of Directors; or (c) Owner was removed as a Director. Only one Owner per Lot shall be eligible to serve on the Board at any time.

Section 3. Term of Office. The Directors of this Association shall serve for a term of three years with three Directors elected each year. No Director shall serve more than two (2) consecutive three (3) year terms. Each Director, including a Director elected to fill a vacancy or elected at a special meeting of Members, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

Section 4. Nomination of Directors. Nomination for election to the Board shall be in accordance with the Election Rules of the Association and shall be made by a Nominating Committee consisting of a chairperson, who shall be a Director, and two (2) or more Members. Each Member of the Nominating Committee shall be appointed by the Board to serve for a period of one (1) year, and vacancies thereon shall be filled by the Board. At least sixty (60) days prior to

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

the date set for commencement of annual voting the Nominating Committee shall notify all Members in writing that the Members may nominate candidates to the Board (“**Nominating Notice**”). Members may nominate themselves or other Members, provided that any candidate-Member is in Good Standing with the Association and is current in the payment of his or her Assessments. Nominations to the Board may only be submitted in writing to the Nominating Committee and no nominations shall be accepted that do not conform to the requirements of this Section. Members must respond in writing to the Nominating Committee at least forty-five (45) days in advance of the election date (nomination deadline.) The Nominating Committee shall prepare a list of candidate names for placement on the Secret Ballot. All qualified nominees put forward by the membership at large shall be placed on the ballot regardless of Director positions to be filled. If there are more nominees put forward by the membership at large than seats to be filled on the Board, those nominees shall be all of the nominees. If fewer than the number of seats available are put forward by the membership at large, then the Nominating Committee shall select that number of nominees equal to the difference between the total nominees put forward by the membership and the number of Director positions to be filled.

Section 5. Election of Directors. Election to the Board shall be by Secret Ballot, processing and vote tabulation to be conducted by Election Inspector(s) as provided in Article 4, Section 4. Candidates shall be those people nominated pursuant to Article 7, Section 4. Candidates may campaign for open positions thirty (30) to forty-five (45) days prior to the election. In order to be elected, a candidate must receive, at minimum, a Majority of a Quorum in votes. The candidates receiving the highest number of votes shall be deemed elected as Directors up to the number of available seats. In the event of a tie vote between those candidates who receive the lowest number of votes necessary to qualify the candidate for election to an available seat, the tie shall be broken by lottery. In the event a final available seat is not filled by a candidate receiving the minimum required votes, the Board, at its first regular meeting, shall appoint an interim Director to serve until the next scheduled election. Candidates declared by the Election Inspector to have been elected shall take office immediately following their election.

Section 6. Vacancies on Board of Directors.

- (a) Vacancies, Generally. A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following: (i) the death, resignation or removal of a Director pursuant to subparagraphs (c) and (d) hereof; (ii) an increase of the authorized number of Directors; or (iii) the failure of the Members, during any voting at which any Director(s) are to be elected, to elect the necessary number of Directors.
- (b) Resignation of Directors. Except as provided in this subparagraph, any Director may resign, which resignation shall be effective on giving written notice to the president, the secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a Director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.
- (c) Authority of Board to Remove Directors. The Board of Directors shall have the power and authority to remove a Director and declare his or her seat vacant if he or she: (i) has been declared of unsound mind by a final order of court; (ii) has been convicted of a felony; or (iii) fails to attend three (3) consecutive regular meetings of the Board of

**Evergreen Commons Association
Second Restated Bylaws - ADOPTED**

Directors which have been duly noticed in accordance with California Law; or (iv) been found by a final order or judgment of any court to have breached any duty under Nonprofit Corporation Law Sections 5230 through 5236 (relating to standards and conduct of Directors.)

- (d) Authority of Members to Remove Directors. Except as otherwise provided in subparagraph (c) hereof, a Director may only be removed from office prior to expiration of his or her term by the affirmative vote of a Majority of a Quorum of the Members by Secret Ballot.
- (e) Removal by Court Action. The County Superior Court may, in response to a suit filed by any Director or the lesser of 20 Members or at least five percent (5%) of the Members, remove any Director determined to be guilty of fraudulent or dishonest acts or gross abuse of authority or discretion with reference to the Association. The Association shall be made a party to any such action.
- (f) Filling of Vacancies. Vacancies on the Board of Directors shall be filled by a majority vote of the remaining Directors though less than a Quorum or by a sole remaining Director unless the vacancy is created through removal of a Director by action of the Members, in which case the vacancy shall be filled by a vote of the Members. Furthermore, the Members may elect a Director or Directors at any time by an election conducted by Secret Ballot in order to fill any vacancy or vacancies not filled by the Directors.
- (g) Reduction in Number of Directors. No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

ARTICLE 8. Board Meetings

Section 1. Place of Meetings. Regular and special meetings of the Board of Directors may be held at any place within the Properties that has been designated from time to time by resolution of the Board and stated in the notice of the meeting. For the purposes of the Common Interest Development Open Meeting Act and this Article, the term “meeting” includes any congregation of a Majority of the Directors 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 for those matters that may be discussed in executive session. Notwithstanding the above provisions of this Section, a regular or special meeting of the Board may be held at any place consented to in writing by all the Board Directors, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting.

Section 2. Annual Organizational Meeting of the Directors. Prior to the first board meeting following the annual meeting of Members, the Board of Directors shall meet in executive session for the purpose of personnel organization and the election of officers. The Board shall hold thereafter a joint meeting, prior to its first regular Board meeting, of out-going and newly elected Directors for the purpose of transferring documents and information.

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

Section 3. Call for Board Meetings.

- (a) Regular Meetings. Regular meetings of the Board shall be held at such time as shall from time to time be decided by the Board of Directors and communicated to the Board Directors and the Members. Ordinarily, regular meetings shall be conducted at least monthly; provided, however, that regular meetings can be held as infrequently as every six (6) months if the Board's business does not justify more frequent meetings. If the Board has not fixed the time and location for regular meetings, notice shall be communicated to the Board Directors and the Members at least four (4) days prior to the meeting; provided, however, that notice need not be given to any Board Director who has signed a written waiver of notice or consent to holding the meeting as more particularly provided in Section 7 hereof.
- (b) Special Meetings. Special meetings of the Board of Directors may be called for any purpose at any time by the president or any two Directors. This includes convening in an executive session of the Board and/or special emergency Board meetings called under circumstances that could not have been reasonably foreseen and which require immediate attention and possible action by the Board.
- (c) Executive Sessions. The Board, on the affirmative vote of a Majority of Directors, shall be entitled to convene in executive session at any time for the purposes of discussing:
 - (i) litigation in which the Association is or may become a party;
 - (ii) personnel matters;
 - (iii) contract negotiations; or
 - (iv) Member disciplinary /penalty proceedings where the accused Member requests that the hearing be conducted in executive session.

Nothing provided herein shall be construed to obligate the Board to first call an open meeting before convening in executive session; however if the Board is in an open meeting, by the affirmative vote of those Directors present, provided a Quorum has been established, the Board may adjourn the open meeting for the purposes of reconvening in executive session. Prior to adjourning to, or meeting in, an executive session, the topic(s) to be discussed in such session shall be announced, in general terms, to the Members and subsequent to the executive session, matters discussed while in executive session shall be generally noted in the minutes of the next open Board meeting, taking into consideration the need to maintain confidentiality.

Section 4. Notice of Board Meetings.

- (a) Notices Generally. For the purposes of this Section, Notice may be given by posting the notice/agenda in a prominent place within the Common Area and on the Association Website; by mail; by delivery of the notice to each Lot within the Properties; by newsletter; or by similar means of communication. All such directly provided notices shall be given or sent to the Member's physical address or personal electronic address as shown on the records of the Association.

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

- (b) Notice of Regular Meetings. Notice of regular meetings of the Board of Directors shall state the time, place and agenda of the meeting and shall be given to Directors and Members at least four (4) days prior to the meeting.
- (c) Notice of Special Meetings. Notice of special meetings of the Board shall state the time, place and agenda of the meeting and shall be noticed at least four(4) days prior to the meeting as provided in Section 4(a), or for a Director, notice may also be given by telephone communication or standard messaging equipment, directly to the Director. Notwithstanding the foregoing, notice of a meeting need not be given to any Director who has signed a written waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, as more particularly provided in this Article's Section 7.
- (d) Notice of Special Emergency Meetings. Notice for a special emergency meeting of the Board called under circumstances that could not have been reasonably foreseen and which requires immediate attention and possible action by the Board, and which of necessity make it impractical to provide the standard four (4) day notice as required by this Section and by the Common Interest Development Open Meeting Act, shall be given to each Director as soon as possible and by the most expedient of the methods listed in Section 4(a). Notice of a special emergency meeting of the Board shall also be posted on the Association Website and in the Common Area as soon as possible to achieve maximum notice to Members.
- (e) Notice of executive session. Prior to adjourning to, or meeting in, executive session, the topic(s) to be discussed in such session shall be announced in general terms to the Members, either at the open meeting immediately preceding the executive session, or by posting a notice as described above.

Section 5. Attendance by Members at Board Meetings.

- (a) Meetings Generally Open to Members. With the exception of executive sessions of the Board (see Section 3(c) above) all meetings of the Board shall be open to any Members of the Association.
- (b) Rights of Members to Speak at Meetings. The Board of Directors shall permit any Member to speak at any meeting of the Members or of the Board of Directors, except for Board meetings that are held in executive session pursuant to Section 3(c) above. Following Robert's Rules of Order, any Member wishing to speak must first be recognized by the chairperson of the meeting. Reasonable time limitations may be imposed by the Board or the chairperson of the meeting on presentations or statements by Members and, in the case of Board Meetings, the agenda for the meeting may designate a specific time for Member statements and comments.

Section 6. Quorum Requirements. A majority of the authorized number of Directors shall constitute a Quorum for the transaction of business, except to adjourn as provided in Section 8 of this Article. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a Quorum is present shall be regarded as the act of the Board of Directors, subject to the provisions of the Nonprofit Mutual Benefit Corporation Law, especially

**Evergreen Commons Association
Second Restated Bylaws - ADOPTED**

those provisions relating to: (i) approval of contracts or transactions in which a Director has a direct or indirect material financial interest; (ii) appointment of committees; and (iii) indemnification of Directors. A meeting at which a Quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors below a Quorum, if any action taken is approved by at least a majority of the required Quorum for that meeting, or such greater number as is required by these Bylaws, the Articles of Incorporation or by law.

Section 7. Waiver of Notice. The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if: (a) a quorum is present; and (b) either before or after the meeting, each of the Directors not present, individually or collectively, signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the Association records or made a part of the minutes of the meeting and shall have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting shall also be deemed to have been waived by any Director who attends the meeting without protesting the lack of proper notice either before or at the inception of the meeting.

Section 8. Adjournment. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, Standard Board meeting notice requirements apply. Notice of adjournment need not be given if the meeting is to be adjourned for twenty-four (24) hours or less.

Section 9. Action Without a Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all Directors 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 an unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Section 10. Compensation. Directors, officers and members of committees shall not be entitled to compensation for their services as such except when approved by the majority of the Voting Power of the Association, although they may be reimbursed for such actual expenses as may be determined by resolution of the Board of Directors to be just and reasonable. Expenses for which reimbursement is sought shall be supported by a proper receipt or invoice.

ARTICLE 9. Duties and Authority of the Board

Section 1. Specific Authority. Without prejudice to the general authority of the Board of Directors set forth in Article 7, Section 1, the Directors shall have the authority to:

- (a) Generally. Exercise all authority vested in the Board under the Governing Documents and under the laws of the State of California.
- (b) Officers, etc. Appoint and remove all officers, employees and/or agents of the Association (subject to any contractual commitments which may exist and in accordance with Article 7, Section 1 herein); prescribe any authority and duties for such individuals that are consistent with law and the Governing Documents; and fix their compensation.

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

- (c) Agents. Appoint such agents and employ such other employees, including attorneys and accountants, as it sees fit to assist in the operation of the Association, and to fix their duties and to establish their compensation.
- (d) Operating Rules. Adopt and establish, subject to the provisions of the CC&R and Civil Code Sections 1357.100 – 1357.150, Operating Rules governing the use of the Common Areas and the Common Facilities within the Properties, and the personal conduct of the Members and their guests thereon, and take such steps as it deems necessary for the enforcement of such rules and regulations. Operating Rules adopted by the Board may contain reasonable variations and distinctions as between Owners and tenants.
- (e) Compliance. Ensure compliance with all applicable provisions of the Governing Documents including all Board-adopted Operating Rules relating to the control, management, and use of the Lots, Common Areas and Common Facilities within the Properties. The Board shall take such steps as it deems necessary to facilitate compliance including the imposition of monetary penalties as more particularly set forth in CC&R Article VIII, Section 6.
- (f) Insurance. Contract for and pay premiums for fire, casualty, liability and other insurance and bonds (including indemnity bonds) which may be required from time to time by the Association.
- (g) Vendors. Contract and pay for maintenance, landscaping, utilities, materials, supplies, labor and services that may be required from time to time in relation to the Properties.
- (h) Taxes, etc. Pay all taxes, special assessments and other assessments and charges which are or would become a lien on any portion of the Common Areas.
- (i) Construction. Contract and pay for construction or reconstruction of any portion or portions of the Properties which have been damaged or destroyed and which are to be rebuilt.
- (j) Delegation. Delegate its duties and authority hereunder to the officers of the Association or to committees established by the Board, subject to the limitations expressed in Article 10, Section 1 hereof.
- (k) Assessments. Levy and collect Assessments from the Members of the Association in accordance with the CC&R, and establish and collect reasonable use charges for any or all of the Common Facilities as the Board may deem necessary or desirable from time to time for the purpose of equitably allocating among the users the cost of maintenance and operation thereof.
- (l) Performance. Perform all acts required of the Board under the CC&R.
- (m) Fiscal Responsibility. Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles (GAAP), and in keeping with Civil Code Section 1365.5 or its successor statute, and at no less than annual intervals, prepare an

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

annual financial report, a copy of which shall be delivered to each Member as provided in Article 12, Section 5 hereof.

- (n) Committees. Appoint standing or ad hoc committees of the Board, and prescribe rules under which these committees are to act, all as more particularly described in Article 10 hereof.
- (o) Vacancies. Fill vacancies on the Board of Directors or in any committee, except for a vacancy created by the removal of a Board Director by action of the Members.
- (p) Banking. Open bank and credit accounts on behalf of the Association and designate the signatories to such accounts.
- (q) Legal Action. Bring and defend actions on behalf of the Members in common or the Association to protect the interests of the Members or the Association, as such, so long as the action is pertinent to the operations of the Association, and assess the Members for the cost of such litigation.
- (r) Entry. Enter Lots as necessary, subject to the notice requirements of the CC&R, in connection with construction, maintenance or emergency repairs for the benefit of the Common Areas, Common Facilities or the Members in common.

Section 2. Limitations on Powers. Without the vote or written assent of a majority of the Voting Power of the Association, the Board of Directors shall not take any of the following actions:

- (a) Incur Expenses. Incur aggregate expenditures for capital improvements to the Common Areas in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; provided, however, that this limitation shall not apply to the expenditure of any funds accumulated in a reserve fund for capital replacement or new capital improvements so long as the expenditure is for the purpose for which the fund was established.
- (b) Sale of Assets. Sell during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that year; provided, however, that this limitation shall not apply to the sale or other disposition of Lots acquired by the Association in foreclosure proceedings.
- (c) Compensation. Pay compensation to Board Directors or officers of the Association; provided that Directors and officers can be reimbursed for reasonable out-of-pocket expenses, verified in writing, incurred in the discharge of their duties.
- (d) Vacancy. Fill any vacancy on the Board of Directors created by the removal of a Director by action of the Members.

ARTICLE 10. Committees

Section 1. Committees Generally. In addition to the Nominating Committee appointed and constituted pursuant to Article 7, Section 4 of these Bylaws and the Architectural Committee

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

appointed and constituted pursuant to the CCR, the Board may, by resolution adopted by a majority of the Directors then in office, designate one or more committees, each consisting of two or more Members (who may also be Directors), to serve at the pleasure of the Board. The Board may appoint both regular and alternate members to any committee. For the purposes of noticing meetings and sharing information among committee members, an alternate committee member shall be treated the same as a regular committee member. There are two types of committees the Board may designate: Delegated authority and advisory committees.

Section 2. Committee Authority. Any committee shall have all the jurisdiction, responsibilities and authority granted it by the Board in its establishing resolution or as modified from time to time by Board action, except that no committee, regardless of Board resolution, may:

- (a) Action. Take any final action on any matter which, under the Nonprofit Corporations Law and/or the Davis-Stirling Act, also requires approval of the Members.
- (b) Vacancies. Fill vacancies on the Board of Directors or on any committee which has been delegated the authority of the Board. (i.e. Architectural Committee)
- (c) Amend Bylaws. Amend or repeal Bylaws or adopt new Bylaws.
- (d) Amend Resolutions. Amend or repeal any resolution of the Board of Directors.
- (e) Appoint. Appoint any other committees of the Board of Directors or designate the members of those committees.
- (f) Party Transactions. Approve any transaction: (i) which is between the Association and one or more Directors who have a material financial interest in the transaction; or (ii) between the Association and any individual/entity in which one or more of its Directors have a material financial interest.

Section 3. Types of Committees.

- (a). Delegated Authority: Committees of this type include the Architectural Committee, the Nominating Committee, and any other committee so established by the Board, via its establishing or modifying resolution, in which the Board's authority to govern or act on a particular matter or matters has been delegated to the committee, with or without appeal of the committee's decisions to the Board itself. Any committee consisting of a majority of Directors shall be deemed a delegated authority committee for the purpose of this Article. Delegated authority committees may either be standing (ongoing with members appointed annually by the Board) or ad hoc (as needed with specific time period or purpose).
- (b). Advisory: A committee of this type has a solely advisory capacity to the Board and has no authority to act on any matters except its own deliberations. The Board may designate one or more committees of this type to investigate issues, study policies and develop recommendations to the Board for later action. Advisory committees may either be standing (ongoing with members appointed annually by the Board) or ad hoc (as needed with specific time period or purpose).

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

Section 4. Meetings and Actions of Committees.

- (a) Delegated Authority Committees: Delegated Authority Committees shall hold regular and/or special meetings in accordance with the Common Interest Development Open Meeting Act as may from time to time be amended (CA Civil Code §1363.05) and in accordance with Article 8 “Board Meetings” of these Bylaws, including the provisions of noticing meetings, providing agendas, taking of minutes and Member comments, except that the time for regular and/or special meetings of these committees may be determined either by resolution of the Board or by resolution of the committee.
- (b) Advisory Committees: Advisory committees may hold regular or special meetings as determined by either resolution of the Board or by resolution of the committee. Unless otherwise directed by the Board in its authorizing or modifying resolution(s), an Advisory committee shall not be required to have meetings open to Members or maintain minutes of its actions, except however the committee must report to the Board on its activities at no less than each regular Board meeting that takes place while the committee stands, and such report shall be recorded in the official minutes of the Association. This provision is not to be construed so as to preclude a committee meeting from being open to Members or the committee from keeping its own minutes should it be authorized by resolution of the committee.
- (c) Rules. The Board of Directors may adopt additional rules, not inconsistent with the provisions of these Bylaws, for the governance of any committee.

Section 5. Documents Review Committee. In order to maintain its Governing Documents and compliance with the various applicable laws pertaining to the Association, the Board shall maintain a standing advisory committee (as defined in Section 3(b)) entitled “Documents Review Committee,” which shall consist of a chairperson, who shall be a Board Director, and four other members, who shall be Members in Good Standing and may be Board Directors. Each member of the Documents Review Committee shall be appointed by the Board no later than April 1, of each year to serve until the following March 1, and vacancies thereon shall be filled by the Board of Directors. The Board may appoint alternate members to this committee. The role of the Documents Review Committee is to review the various Governing Documents of the Association, research changes to applicable laws and common practice and recommend to the Board changes (if any) to the Association’s Governing Documents on an as needed basis. The Board may choose to accept or reject the committee’s recommendations. Any changes to the Governing Documents shall be submitted to the Members for approval as required by the applicable document (i.e. Bylaws, CC&R).

Section 6. Finance Committee. In order to assist the Board in its fiscal responsibilities to the Association, the Board shall maintain a standing advisory committee (as defined in Section 3(b)) entitled “Finance Committee,” which shall consist of a chairperson, who shall be the treasurer, and no less than two (2) but no more than four (4) (at the treasurer’s option) other members who shall be Members in Good Standing and may be Board Directors. Each member of the Finance Committee shall be appointed by the Board no later than April 1, of each year to serve until the following March 31st, and vacancies thereon shall be filled by the Board. The Board may appoint alternate members to this committee. The role of the Finance Committee is to regularly review the accounting practices of the Association, to assist the treasurer in the performance of

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

his/her duties, to research and review the reserve for replacement schedule and assist in the conduct of the study of reserve account requirements as required by law and further described in Article 12.

ARTICLE 11. Officers

Section 1. Officers. The officers of the Association shall be a president, a vice president, a secretary and a chief financial officer. The Association may also have, at the discretion of the Board, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 following. Any person may hold two or more offices, except that neither the secretary nor the chief financial officer may serve concurrently as president.

Section 2. Election of Officers. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Sections 3 and 5 following, shall be chosen annually by majority vote of the Board at its organizational meeting of Directors in accordance with Article 8, Section 2 hereof.

Section 3. Subordinate Officers. The Board may appoint, and may empower the president to appoint, 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 are provided in the Bylaws and as the Board may from time to time determine.

Section 4. Officer Terms. Each officer shall serve a one (1) year term to begin upon election at the Board's organizational meeting and each shall hold his or her office until that term expires upon the election of a qualified successor at the following year's organizational meeting, he or she shall resign or is removed or otherwise disqualified to serve. No officer may serve more than two (2) consecutive one (1) year terms in the same office, but may hold the office again after no less than a one (1) year hiatus.

Section 5. Removal of Officers. Any officer may be removed, either with or without cause, by the Board at any regular or special meeting.

Section 6. Resignation of Officers. Any officer may resign at any time by giving written notice to the Board or to the president or to the secretary. Any such resignation shall take effect at the date of the 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. Any resignation is without prejudice to the rights, if any, of the Association under any contract to which the officer is a party.

Section 7. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 8. President. The president shall be elected by the Board from among the Directors. He or she 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 affairs and officers of the Association. He or she shall preside at all meetings of the Board, and shall have the general

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

power and duties of management usually vested in the office of president of a corporation, together with such other powers and duties as may be prescribed by the Board or the Bylaws.

Section 9. Vice President. The vice president shall be elected by the Board from among the Directors. In the absence or disability of the president, the vice president shall perform all the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

Section 10. Secretary. The secretary shall be elected by the Board from among the Directors. Unless the Board designates a different officer, the secretary shall be the official record keeper of the Association. The secretary shall keep or cause to be kept at the principle office or such other place as the Board may order, a book of minutes of all meetings of Directors and Members, with the time and place of holding same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the number of Members present at Members' meetings, and the proceedings thereof. The secretary shall keep, or cause to be kept, appropriate current records showing the Members of the Association, together with their addresses. He or she shall give, or cause to be given, notice/agenda of all meetings of the Board required by the Bylaws or by law to be given, and he or she shall keep the documents and correspondence of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws.

Section 11. Chief Financial Officer. The chief financial officer shall be elected by the Board from among the Directors. The chief financial officer, who shall be known as the treasurer, shall keep and/or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and other matters customarily included in financial reports. The books and records shall be open to inspection by any Director or Member in accordance with Article 13, Section 1 herein. The treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He or she shall disburse the funds of the Association as may be ordered by the Board, shall render to the president and Directors whenever they request it, an accounting of all of his or her transactions as treasurer and of the financial condition of the Association, and shall have such other powers and such other duties as may be prescribed by the Board or the Bylaws. If required by the Board, the treasurer shall give the Association a bond in the amount and with the surety or sureness specified by the Board for faithful performance of the duties other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from office.

ARTICLE 12. Board Obligations and Association Finances

Section 1. Assessments as Income. The Association receives its income primarily from Assessments as described in CC&R Article 4.

Section 2. Checks. All checks or demands for money and notes of the Association shall be signed by the president and treasurer, or by such other officer or officers or such other individual or individuals as the Board of Directors may from time to time designate. Notwithstanding the

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

foregoing, any withdrawal of previously authorized funds from Association reserve accounts shall require the signature of two (2) Directors in accordance with Civil Code Section 1365.5(c)(2).

Section 3. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all Regular and Special Assessments as fixed and determined for all Members. Disbursements from such account shall be for the general need of the operation including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the Properties.

Section 4. Other Accounts. All Association books of account shall be managed in accordance with Generally Accepted Accounting Principles (GAAP.)

(a) Reserve Accounts. Reserve accounts shall be managed in accordance with Civil Code Section 1365.5 or its successor statute(s).

(b) Maintaining Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes, including reserve accounts for replacement of capital improvements as more particularly set forth in CC&R Article IV.

Section 5. Budgets and Financial Statements. The following financial statements and related information for the Association shall be regularly prepared and copies thereof shall be distributed to each Member of the Association. To the extent one document provides the information required in more than one of the listed subparagraphs, any such requirements listed below may be satisfied by reviewing a single combined document.

(a) Budget. A pro forma operating budget meeting the requirements of this subparagraph (a) shall be distributed to Members no earlier than Sept. 30, and not later than November 30, each year. The budget shall include at least the following information:

(i) The Association's estimated revenue and expenses on an accrual basis;

(ii) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to Section 7, below, and Civil Code section 1365.5, which shall be printed in bold type and include all of the following:

(A) The current estimated replacement cost, estimated remaining life and estimated useful life of each major component of the Properties which the Association is obligated to repair, replace, restore or maintain (collectively "Association Capital Projects");

(B) As of the end of the fiscal year for which the reserve study is prepared, the current estimate of the amount of cash reserves necessary for Association Capital Projects and the current amount of accumulated cash reserves actually set aside for Association Capital Projects;

(C) The percentage that the amount of accumulated cash reserves is of the estimated amount of necessary cash reserves calculated under subparagraph (B), above.

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

- (iii) A statement as to whether the Board of Directors 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 there for; and
 - (iv) A general statement setting forth the procedures used by the Board of Directors in calculating and establishing reserves to defray the future costs of repair, replacement or additions to major components of the Properties which the Association is obligated to maintain.
- (b) Year-End Report. By April 30, of each year, a copy of the Association's year-end report shall be distributed to Members. The year-end report shall be prepared in accordance with generally accepted accounting principles by a licensee of the State Board of Accountancy for any fiscal year in which the gross income of the Association exceeds \$75,000. If the annual report is not prepared by such a licensee, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared without an audit from the books and records of the Association. The year-end report shall consist of at least the following:
- (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) A statement advising Members of the place where the names and addresses of the current Members are located; and
 - (v) Any information required to be reported under Nonprofit Corporations Law, Section 8322 requiring the disclosure of certain transactions in excess of \$50,000 per year between the Association and any Director or officer of the Association and indemnifications and advances to officers or Directors in excess of \$10,000 per year.
- (c) Annual Statement Regarding Delinquency/Foreclosure Policy.
- (i) In addition to financial statements, the Board of Directors shall annually distribute, between October 2, and December 1, of each year, a statement describing the Association's policies and practices in enforcing remedies against Members for defaults in the payment of Regular and Special Assessments including the recording and foreclosing of liens against Members' Lots.
 - (ii) The Board may, but shall not be obligated to, distribute a list by Lot number and Owner name of all delinquent accounts. Such list shall be for information purposes only, and the Board shall have no liability whatsoever for the accuracy of the information presented in the list.
- (d) Review of Accounts. On no less than a quarterly basis, the Board of Directors shall:
- (i) Review a current reconciliation of the Association's operating accounts;
 - (ii) Review a current reconciliation of the Association's reserve accounts;
 - (iii) Review the current year's actual reserve revenues and expenses compared to the current year's budget;

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

- (iv) Review the Association's latest account statements prepared by the financial institution(s) with whom the operating and reserve accounts are lodged;
- (v) Review the Association's income and expense statement for the operating and reserve accounts.

Section 6. Summary Budget. In lieu of distributing the complete pro forma operating budget as specified above, the Board of Directors may elect to distribute a summary of the budget to the Members (within the time limits provided above), together with a notice that the complete budget is available on the Association Website and from the Association's secretary and that copies will be furnished, upon request, to any Member at the Association's expense. This notice shall be presented on the front page of the budget summary in at least 10-point bold type. If a Member requests a copy of the complete budget, the Association shall mail the material, via first class mail, within five days.

Section 7. Required Reserve Studies. At least once every three years, the Board shall cause a study of the reserve account requirements of the Properties 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 also review any reserve study required hereunder on an annual basis and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of the Board's review. The reserve study required hereunder shall include the minimum requirements specified in Civil Code section 1365.5 or comparable successor statute.

ARTICLE 13. Miscellaneous

Section 1. Inspection of Books and Records.

- (a) Member Inspection Rights. All accounting books and records, minutes of Members' meetings, meetings of the Board and delegated authority committees of the Board, Association documents and correspondence (except as provided herein,) and the membership list of the Association shall be subject to the inspection of any Member or his or her duly appointed representative at the offices of the Association for any purpose reasonably related to the Member's interest as such. In no event, shall a Member's inspection rights extend to the Association's confidential correspondence, Executive Session minutes and/or documents otherwise protected by law, these Bylaws or attorney-client privilege. Member's rights of inspection hereunder shall be exercisable on ten (10) days' prior written demand on the Association, which demand shall state the purpose for which the inspection rights are requested. Inspection rights with respect to the membership list shall be subject to the Association's right to offer a reasonable alternative to inspection within 10 days after receiving the Member's written demand (as set forth in Nonprofit Corporations Law, Section 8330).
- (b) Notice Regarding Right to Minutes. Members shall be notified in writing of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained. Members shall receive this notice at the time that the pro

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

forma budget required by Article 12 herein, is distributed or at the time of any general mailing to the entire membership.

- (c) Director Inspection Rights. Every Director shall have an absolute right at any reasonable time to inspect all books, records, documents, correspondence and minutes of the Association and the physical properties owned by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.
- (d) Adoption of Reasonable Inspection Rules. The Board of Directors may establish reasonable rules with respect to: (i) notice of inspection; (ii) hours and days of the week when inspection may be made; and (iii) payment of the cost of reproducing copies of documents requested by the Member.

Section 2. Property Manager. With the approval of a majority of the membership, the Board may, from time to time, employ the services of a manager to manage the affairs of the Association and, to the extent not inconsistent with the laws of the State of California, and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the manager any of its day-to-day management and maintenance duties and powers under these Bylaws and the CC&R, provided that the manager shall at all times remain subject to the general control of the Board.

Section 3. Robert's Rules of Order. In the event of a question or dispute concerning the procedural aspects of any meetings that cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to Robert's Rules of Order.

Section 4. Amendment or Repeal of Bylaws. Except as otherwise expressly provided herein, these Bylaws may only be amended or repealed, and new Bylaws adopted, by the affirmative vote by Secret Ballot of a Majority of a Quorum (33 1/3 %) of the Members in Good Standing as of the Record Date for the election. Any amendment to these Bylaws shall become effective immediately upon approval by the Members. The secretary of the Association shall certify adoption of any duly approved amendment to the Bylaws and a copy of said certificate and the amendment shall be included in the Association's corporate records.

Section 5. Notice Requirements. Any notice or other document permitted or required to be delivered as provided herein may be delivered either personally or by U.S. mail, email or via posting on the Association Website.

- (i) If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after it has been deposited, , postage prepaid, addressed as follows:
- (ii) If to the Association or the Board of Directors - at the principal office of the Association as designated from time to time by written notice to the Members;
- (iii) If to a Director, at the address given by such Director to the secretary for the purpose of service of such notice; or
- (iv) If to a Member, at the address from time to time given by such Member to the secretary for the purpose of service of such notice or, if no such address has been so given, to the address of any Lot within the Properties owned by such Member.

Evergreen Commons Association
Second Restated Bylaws - ADOPTED

Section 6. Indemnification.

- (a) Indemnification by Association. To the fullest extent permitted by law, the Association shall indemnify its Directors and officers, including individuals formerly occupying any such positions, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in that section and including an action by or in the right of the Association, by reason of the fact that such person is or was a Director or officer. The term "Expenses," as used in this section, shall have the same meaning as in Nonprofit Corporations Law Section 7237(a).
- (b) Approval of indemnity by Association. On written request to the Board by any individual seeking indemnification hereunder, the Board shall promptly determine in accordance with Nonprofit Corporation Law Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if it has, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of directors who are not parties to the proceeding, the Board shall promptly call a meeting of Members. At that meeting, the Members shall determine under Nonprofit Corporations Law Section 7237(e) whether the applicable standard of conduct set forth in Section 7237(b) or section 7237(c) has been met and, if it has, the Members present at the meeting shall authorize indemnification.
- (c) Advancement of Expenses. To the fullest extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a Director or officer seeking indemnification under paragraphs (a) and (b) of this Section in defending any proceeding covered by those sections shall be advanced by the Association before final disposition of the proceeding, on receipt by the Association of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the individual is entitled to be indemnified by the Association for those expenses.
- (d) Insurance. The Association shall have the power to purchase and maintain insurance on behalf of its Directors and officers against other liability asserted against or incurred by any Director or officer in such capacity or arising out of the Director's or officer's status as such.

Section 7. Construction and Definitions. Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, and singular number includes the plural and the plural number includes the singular. All captions and titles used in these Bylaws are intended solely for the reader's convenience of reference and shall not affect the interpretation or application of any of the terms or provisions contained herein.

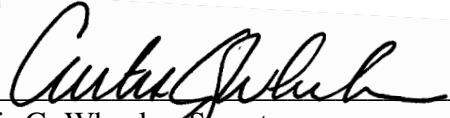
**Evergreen Commons Association
Second Restated Bylaws - ADOPTED**

CERTIFICATE OF SECRETARY

KNOW ALL BY THESE PRESENTS:

The undersigned, Secretary of the corporation known as Evergreen Commons Association (the Association), hereby certifies that the above and foregoing Second Restated Bylaws, consisting of 26 pages, were duly adopted by written secret ballot of the Members of the Association on February 25, 2010, and that they now constitute the Bylaws of the Association.

EVERGREEN COMMONS ASSOCIATION,
a California non-profit corporation.

By  _____
Curtis G. Wheeler, Secretary