

# BYLAWS OF GLENWOOD ASSN. INC.

## ARTICLE 1. NAME AND PURPOSE OF CORPORATION AND GLOSSARY OF TERMS

1.1. Name, Purpose and Principal Office. The name of this Corporation is GLENWOOD ASSN. INC. and shall be referred to herein as the "Association." The specific and primary purposes of this Association are set forth within the Association's Articles of Incorporation. The principal office of the Association shall be the office of the management agent for the Association.

1.2. Glossary of Terms. Unless the context requires otherwise or a term is specifically defined herein, terms used in these Bylaws shall be given the same definition as contained within "Article I - Definitions" of the Declaration of Covenants, Conditions and Restrictions recorded on September 25, 1989, as instrument number 89-512673 in the Official Records of Orange County, as amended and supplemented from time to time (the "Declaration").

1.3. Construction. Unless the context requires otherwise, 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.

## ARTICLE 2. MEMBERS AND TRANSFERS OF MEMBERSHIPS

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

2.2. Number of Memberships. There shall be sixty-eight (68) memberships, all being of one class with equal rights and obligations, issued one membership for each Lot.

2.3. Transfers of Memberships. A membership shall be issued as a part of the ownership of each Lot and cannot be divorced therefrom, so that at all times the Owner of said Lot shall by virtue of such ownership be a Member of this Association; and all benefits and obligations of said membership shall inure to the benefit of and bind said Owner and said Lot, whether the Owner became such voluntarily, involuntarily, by operation of law or otherwise, and shall do all things necessary or convenient to cause said Lot to stand in the name of the Owner in the records of the Association forthwith upon any change in the ownership of said Lot.

## ARTICLE 3. ASSESSMENTS

3.1. Budget. The Association shall, in accordance with Civil Code Section 1365, or any comparable successor statute, prepare and distribute to each Member a pro forma operating budget not less than 45 days nor more than 60 days prior to the beginning of each fiscal year.

3.2. Payments. All Members are obligated to pay, in accordance with the provisions of the Davis-Stirling Common Interest Development Act (commencing with Section 1350 of the Civil Code), all Assessments duly imposed by the Association.

3.3. Delinquencies. All delinquent Assessments shall be enforced, collected, or foreclosed in the manner provided for within the Davis-Stirling Common Interest Development Act (commencing with Section 1350 of the Civil Code).

## ARTICLE 4. MEETINGS OF MEMBERS

4.1. Place of Meetings. All meetings of Members shall be held at the Glenwood clubhouse, 631 Glenwood Drive, Fullerton.

4.2. Annual Meetings. The annual meetings of Members shall be held in September of each year. The date and time of the meeting shall be established by the Board and set forth in the notice of meeting sent to the Members.

4.3. Special Meetings. Special meetings of Members, for any lawful purpose whatsoever, may be called at any time by the President or by the Board of Directors.

Written notice of such special meeting shall be sent to each homeowner by mail or other means of written communication in accordance with Corporations Code Section 7511. All such notices shall be sent not less than ten (10) days before such special meeting, and shall specify the day and the hour of such special meeting, and shall also state the nature of the business to be undertaken.

4.4. Adjourned Meetings and Notice Thereof. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to a specified time and place by a vote of a majority of those present in person or represented by proxy thereat.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days, it is not necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat other than by announcements at the meeting at which the adjournment is taken.

4.5. Manner of Casting Votes.

A. Voting at Membership Meetings. Voting at any membership meeting may be by voice or by ballot, provided that the voting in any election of Directors shall be conducted by secret ballot.

B. Voting by Written Ballot. Members' votes may be solicited by written ballot with respect to any issue requiring membership approval under the Governing Documents or by law, except for the election of Directors. Written ballot voting shall be conducted in accordance with Section 4.7 below.

C. Proxy Voting. Members otherwise eligible to vote at a meeting may do so in person or by proxy issued as provided in Section 4.6 below.

D. Cumulative Voting. Cumulative voting shall be used in the election of Directors. Each Lot entitled to vote may give one or more candidates for Director a number of votes equal to the number of Directors to be elected.

4.6. Proxies.

A. Proxies Generally. Any Member entitled to vote or execute consent or consents may do so either in person or by one or more agents authorized by a written proxy signed by the Member or his duly authorized agent. Any proxy shall be for a term not to exceed eleven (11) months from the date of issuance, unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three years from the date of execution. Proxy forms shall be dated to assist in verifying their validity.

B. Effectiveness of Proxies. Every proxy continues in full force and effect until revoked by the issuing Member prior to the vote pursuant thereto subject to the maximum term of a proxy set forth in subparagraph A above. Any proxy issued hereunder shall be revocable by the person executing such proxy at any time prior to the vote pursuant thereto, by (i) delivery to the management company of a written notice of revocation, (ii) a subsequent proxy executed by the Member executing the prior proxy and presented to the meeting, or (iii) as to any meeting, by attendance at such meeting and voting in person by the Member executing the proxy. The dates shown on the forms of proxy presumptively determine the order of execution, regardless of the postmarks shown on the envelopes in which they are mailed. A proxy shall be deemed revoked when the management company shall receive actual notice of the death or judicially declared incompetence of the Member issuing the proxy, or upon termination of such Member's status as an Owner of a Lot.

C. Validity of Proxies With Respect to Certain Material Transactions. Any proxy given with respect to any of the matters described in this subparagraph C shall be valid only if the proxy form sets forth a general description of the nature of the matter to be voted on. The matters subject to this requirement are:

- (i) Removal of Directors without cause;
- (ii) Filling of vacancies on the Board;
- (iii) Approval of contracts or transactions between the Association and one or more of its Directors, or between the Association and a corporation, firm or association in which one or more of its Directors has a material financial interest;
- (iv) Amendment of the Articles of Incorporation, these Bylaws, or the Declaration;
- (v) Action to change any Association assessments in a manner requiring membership approval under the Declaration;
- (vi) Sale, lease, exchange, transfer or other disposition of all or substantially all of the Association's assets otherwise than in the regular course of the Association's activities;
- (vii) Merger of the Association or an amendment to an agreement of merger; and
- (viii) Voluntary dissolution of the Association.

D. Limited Proxies.

(i) If the form of proxy lists one or more matters to be acted upon and the issuer of the proxy has specified a choice with respect to any such matter (including a preference in voting for candidates for election to the Board), the proxy holder shall be obligated to cast the vote represented by the proxy in accordance with the issuer's designated preference.

(ii) In accordance with subparagraph D(i), above, proxies distributed in connection with the election of Directors shall set forth the names of all individuals who are candidates for election to the Board of Directors at the time the proxy is issued. The proxy form shall contain boxes or lines where the issuing Member can express his or her voting preference. If a proxy is marked by a Member "withhold" or otherwise marked in a manner indicating that the authority to vote for a listed candidate is withheld, the proxy holder shall not vote the proxy either for or against that candidate. If any proxy is marked so as to direct the proxy holder to vote the proxy for a specified candidate or candidates, the proxy holder shall vote in accordance with the direction of the proxy issuer.

(iii) As respects the election of Directors, the proxy form shall allow for the Member's granting of discretionary powers, including but not limited to authority to vote for candidates nominated from the floor.

E. Restriction or Elimination of Proxy Rights; Limitation on Authority. No amendment of the Bylaws repealing, restricting, or expanding proxy rights may be adopted without approval of the Members under Article 8, Section 8.1 of these Bylaws.

F. Proxy Rules for Memberships Held by More Than One Person. Where two or more persons constitute a Member, any proxy with respect to the vote of such Member shall be signed by all such persons. All such persons may attend meetings, but no vote of such Member shall be cast without the unanimous consent of all persons present at such meeting constituting each Member.

G. No Proxy Voting in Connection With Written Ballots. Proxy voting shall not be allowed when Members' votes are solicited by written ballot in accordance with Section 4.7 below.

4.7. Action by Written Ballot Without a Meeting.

A. Definition of Written Ballot. A "written ballot" is a ballot that is mailed or otherwise distributed to every Member entitled to vote on the matter and that complies with the requirements of this Section 4.7. The term "written ballot" does not include a ballot distributed to Members at a meeting for purposes of conducting a vote of the Members at such meeting.

B. Written Ballots Generally. Any matter or issue requiring the vote of the Members, other than the election of Directors, may be submitted for vote by written ballot without the necessity of calling a meeting of the Members, so long as the requirements for action by written ballot set forth in this Section 4.7 are met. The determination to seek Member approval for Association actions in this fashion shall be made by a majority vote of the Board.

Once the determination is made to seek Member approval by written ballot, the Board shall distribute a written ballot to every Member entitled to vote on the matter. This distribution shall be made consistent with the time requirements specified in subparagraph D below.

C. Content of Written Ballots. Any written ballot distributed to the Members to vote on any issue other than the election of Directors shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal.

D. Balloting Time Requirements. Written ballots shall be distributed to all eligible Members at least 30 days prior to the final date the written ballots must be received by the Association in order to be counted.

All written ballots shall provide a reasonable time within which to return the written ballot to the Association and shall state on the face of the ballot or in an accompanying notice the date by which the written ballot must be returned in order to be counted.

E. Requirements for Valid Member Action by Written Ballot. Membership approval by written ballot shall be valid only if (i) the number of votes cast by ballot within the time established for return of the ballots equals or exceeds the quorum (as specified below) that would have been required to be present at a membership meeting if such a meeting had been convened to vote on the proposal; and (ii) the number of affirmative votes equals or exceeds the number of affirmative votes that would have been required to approve the action at such a meeting.

F. Solicitation Rules. All solicitations of written ballots shall indicate (i) the number of responses needed to meet the quorum requirement for valid action, (ii) the time by which the written ballot must be received by the Association in order to be counted, and (iii) the percentage of affirmative votes necessary to approve the measure. If the period for the return of written ballots is extended under subparagraph D above, the Board shall be entitled to announce to the Members the aggregate votes for or against the proposal received as of the extension date.

G. Additional Balloting Procedures. If deemed necessary by the Board, the written ballot shall be conducted in accordance with such additional procedures, not inconsistent with the provisions of this Section 4.7, as may be prescribed by a firm of public accountants of good repute who may also be retained to supervise the confidentiality and conduct of the balloting process.

H. Notification of Results of Balloting Process. Upon tabulation of the written ballots, the Board shall notify the Members of the outcome of the vote within 30 days following the close of the balloting process and tabulation of the ballots. If the number of written ballots cast with respect to any matter is insufficient to satisfy the minimum quorum requirements, the Board shall so notify the Members.

I. Prohibition of Revocation. Once exercised, a written ballot may not be revoked.

J. Conduct of Informational Meetings. Use of the written ballot procedures provided herein shall not preclude the Association from also conducting informational meetings of the Members or from scheduling a meeting to coincide with the culmination of the balloting period.

4.8. Quorum Requirements.

A. Quorum Requirements Generally. The following quorum requirements must be satisfied in order to take valid action at any meeting of the Members or by written ballot in accordance with Section 4.7 of these Bylaws:

(i) Quorum for Votes on Assessment Increases. In the case of any membership meeting or written ballot called or conducted for the purpose of voting on assessment increases requiring membership approval, the quorum requirement for valid action on the proposal shall be the percentage specified in Civil Code Section 1366 or comparable superseding statute. That quorum percentage, as of the date of adoption of these Bylaws, equates to thirty-five (35) Lots.

(ii) Quorum for Valid Action on Other Matters. In the case of a membership meeting or written ballot called or conducted for any other purpose, the quorum shall be Members representing thirty-five (35) Lots either in person, by proxy, or by written ballot, as applicable.

B. Members Represented by Proxy. Members present at a membership meeting in person or by proxy shall be counted toward satisfaction of the quorum requirements specified herein.

C. Effect of Departure of Members From Meeting and Lack of Quorum. The Members present in person or by proxy at a duly called or duly held meeting at which a quorum is established may continue to transact business until adjournment (subject to the approval requirements for membership action as provided for within the Declaration, these Bylaws, and California law), notwithstanding the withdrawal of enough Members to leave less than the required quorum. If a quorum is never established for the meeting, a majority of those Members who are present in person or by proxy may vote to adjourn the meeting for lack of a quorum, but no other action may be taken or business transacted.

## ARTICLE 5. DIRECTORS

5.1. Powers. Subject to the limitation of the Articles and the Nonprofit Mutual Benefit Corporation Law of California as to action which shall be authorized or approved by the Members, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by, the Board of Directors.

5.2. Number of Directors. The Board of Directors shall consist of five (5) persons who shall be resident Members whose memberships are in good standing with all Assessments current and are not subject to any suspension of membership rights. Only one (1) representative per Lot shall be eligible to serve on the Board at any time. In the case of a Member not a natural person, the representative shall be a natural person who is an officer, agent, director, partner, or other person designated in writing by the Member to be the Member's representative.

5.3. Term of Office. At the 2004 annual meeting and thereafter, each elected Director, including a Director elected by the Board of Directors to fill a vacancy or elected at a special meeting of members, shall hold office for a term of two (2) years and until a successor Director has been elected and qualified. Any Member who has served four (4) consecutive years as a Director must have a one (1) year service gap to be eligible to be elected again by the membership or elected by the Board of Directors to fill a vacancy.

5.4. Qualifications. To be eligible for nomination and election to the Board, or to designate a representative, a Member must be in good standing with the Association and current in the payment of Assessments and not subject to any suspension of membership rights both at the time his or her name is placed in nomination and as of the election date.

#### 5.5. Nomination of Directors.

A. Nominating Committee. At least 120 days prior to the date of any election of Directors, the President shall appoint a nominating committee to select qualified candidates for election to those positions on the Board of Directors held by Directors whose terms of office are then expiring. The nominating committee shall consist of a chairperson who shall not be a member of the Board of Directors, and two or more Members of the Association who may or may not be Board members, provided that a nominating committee comprised of a majority of Board members is prohibited. The nominating committee shall make its report at least 60 days before the date of the election, and the Secretary shall forward to each Member, with the notice of meeting, a list of the nominees that must also include all qualified volunteers. The Board of Directors may make such rules and procedures consistent with the law and these Bylaws as the Board may deem necessary or advisable with respect to the duties and procedures of the nominating committee.

B. Good Standing Requirement for Candidacy. To volunteer, be nominated by committee, or to be nominated from the floor at a Members' meeting, a Member must be in good standing with the Association, current in the payment of Assessments and not subject to any suspension of membership rights both at the time his or her name is placed on the proxy and secret ballot and as of the election date.

C. Individuals can become candidates for election to the Board of Directors in any of the following ways:

(i) Volunteers. At least 90 days prior to the date of the annual membership meeting to elect Directors, the nominating committee shall send a letter to all Members asking for volunteers to run for election. A date of not less than 30 days after the date of the letter must be specified as the final due date for Members to respond. All qualified volunteers who respond must be listed on the proxy and secret ballot distributed to Members for voting.

(ii) Candidates Selected by Nominating Committee. The nominating committee shall recruit from among the entire membership and shall make as many nominations for election to the Board as it shall, in its discretion, determine appropriate, but not less than the number of vacancies on the Board to be filled.

(iii) Nominations From the Floor. Any Member present in person or by proxy at a meeting to elect Directors may place names in nomination.

#### 5.6. Election of Directors.

A. Directors Elected at Annual Meeting. At each annual meeting the Members present in person or by proxy shall elect persons to those positions on the Board of Directors held by Directors whose terms are then expiring. However, if for any reason an annual meeting is not held or the Directors are not elected at any annual meeting, the Directors may be elected at any special meeting of the Members held for that purpose.

B. Determination of Election Results and Succession to Office. The candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be elected as Directors and shall take office immediately following their election.

#### 5.7. Vacancies on the Board of Directors.

A. Vacancies Generally. A vacancy or vacancies on 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 under subparagraphs C and D below; (ii) an increase of the authorized number of Directors; or (iii) the failure of the Members, at any meeting of Members at which any Director or Directors are to be elected, to elect the number of Directors to be elected at such meeting.

B. Resignation of Directors. Except as provided in this subparagraph B, any Director may resign, and such 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 the Board to Remove Directors. The Board of Directors shall have the power and authority to remove a Director and declare his or her office 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;

(iii) Has been found by a final order or judgment of any court to have breached any duty under Corporations Code Sections 7233-7236 (relating to the standards of conduct of Directors);

(iv) Has failed to meet any qualification requirement which existed at the time the Director was elected; or

(v) Fails to attend three (3) consecutive regular meetings of the Board of Directors that have been duly noticed in accordance with California law.

D. Authority of Members to Remove Directors. Except as otherwise provided in subparagraphs C and E of this Section 5.7, a Director may be removed from office prior to expiration of his or her term only by the affirmative vote of the Members as provided for under Corporations Code Section 7222. Any membership action to recall or remove a Director shall be conducted in accordance with the following procedures:

(i) A petition must be presented to the Association's management agent and must carry the signatures of Members in good standing who represent at least four (4) Lots. Such petition must set forth the reason(s) the petitioners are seeking the Director's removal; the signature and Lot number(s) of each petitioner in his or her own handwriting; the name(s) of the sponsor(s) of the petition; and must fulfill all other requirements of law.

(ii) Within 20 days after receipt of such petition, the Board shall either call a special meeting or announce the procedures for conducting a written ballot of the Members to vote upon the requested recall. Such meeting shall be held not less than 35, nor more than 90 days after the petition is presented. If the recall will be voted upon through a written ballot, and subject to the balloting timing requirements under Article 4, Section 4.7.D of these Bylaws, the return date of the ballot shall be not less than 35, nor more than 90 days after the petition is presented. If the Board fails to set a date for, and give the Members notice of, such meeting or written ballot within 20 days, the Members initiating the petition may call such meeting on their own initiative without Board approval or sanction.

(iii) The Director whose removal is being sought shall have the right to rebut the allegations contained in the petition orally, in writing, or both. If the rebuttal is in writing, it shall be mailed by the Association, or otherwise provided to all Members, together with the recall ballot, at the Association's expense.

(iv) If the quorum requirement for a valid membership action is not satisfied or if the recall vote results in a tie, the removal action will have failed.

E. Removal by Court Action. The County Superior Court may, in response to a suit filed by any Director or Members representing eight (8) Lots, 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 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, in which case the vacancy shall be filled by the affirmative vote of a majority of the Members represented in person or by proxy at a duly held meeting of the Members at which a quorum has been established. The Members may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors by an election at a duly held meeting of the Members.

G. Reduction in the 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.

5.8. Place of Meetings. Regular and special meetings of the Board of Directors may be held at any place within the City of Fullerton that has been designated from time to time by resolution of the Board and stated in the notice of the meeting. In the absence of such designation, regular meetings shall be held at the clubhouse of the Association. Notwithstanding the above provisions of this Section 5.8, a regular or special meeting of the Board may be held at any location within the City of Fullerton consented to in writing by all the Board members, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting.

5.9. Annual Organizational Meeting of the Directors. Immediately following each annual meeting of Members, the Board of Directors shall hold a regular meeting for the purposes of organization, election of officers, and the transaction of other related business. Notice of this meeting shall not be required.

5.10. Regular Meetings of the Board. Regular meetings of the Board shall be held at such time as shall be determined, from time to time, by a resolution adopted by the Board of Directors, provided, however, that such meetings shall be held no less frequently than monthly, and provided that the Board of Directors may elect, at its discretion, not to have a regular monthly meeting in December.

Notice of the date, time and place of regular meetings shall be posted in a prominent place within the Common Area.

5.11. Special Meetings of the Board.

A. Who May Call a Special Meeting. Special meetings of the Board of Directors may be called for any purpose at any time by the President or any two Directors.

B. Notice to Directors of Special Meetings.

(i) Manner of Giving Notice. Notice of the time and place of special meetings of the Board shall be given to each Director by one of the following methods: (a) by personal delivery of written notice; (b) by first-class mail, postage prepaid; or (c) by telephone or facsimile communication, either directly to the Director or to a person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notwithstanding the foregoing, notice of a meeting need not be given to any Director who signed a written waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof.

(ii) Time Requirements. Notices sent by first-class mail shall be deposited in a United States mailbox at least four days before the time set for the meeting. Notices given by personal delivery, telephone, or fax shall be delivered, telephoned, or transmitted at least 48 hours before the time set for the meeting.

(iii) Notice Contents. The notice shall state the time, place, and purpose of the meeting.

C. Notice to the Members of Special Meetings. Members shall be notified of special meetings of the Board of Directors that are not executive sessions pursuant to the notice requirements of Civil Code Section 1363.05, or any comparable successor statute.



5.12. Attendance by the Members; Common Interest Development Open Meeting Act Provisions.

A. Meetings Generally Open to the Members. All Members are entitled to attend all meetings of the Board of Directors except executive sessions. Members are permitted to speak at all Board meetings except executive sessions, but the Board may establish a reasonable time limit for Member speeches. For purposes of the Open Meeting Act, the term "meeting" includes any congregation of a majority of the members of the Board at the same time and place to hear, discuss, or deliberate on any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session.

B. Executive Sessions. The Board, on the affirmative vote of a majority of the Directors present at a meeting at which a quorum has been established, shall be entitled to adjourn at any time for purposes of reconvening in executive session to discuss

- (i) Litigation in which the Association is or may become a party;
- (ii) Matters relating to the formation of contracts with third parties;
- (iii) Member discipline; or
- (iv) Personnel matters.

The Board must meet in executive session if requested by a Member who may be subject to a fine, penalty, or other form of discipline, and the Member who is the subject of the disciplinary proceeding shall be entitled to attend the executive session. Any matter discussed in executive session shall be generally noted in the minutes of the Board meeting, taking into consideration the need to maintain confidentiality.

C. Board Meeting Minutes. 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 of Directors, other than minutes of an executive session, shall be available to the Members within thirty (30) days following the meeting. The Secretary shall post or cause to be posted on the Association's bulletin board the minutes of any meeting of the Board of Directors other than minutes of an executive session, within ten (10) days following the Board's approval thereof. The minutes, proposed minutes, or summary of the minutes shall be distributed to any Member on request and on reimbursement of the Association's costs of making that distribution. Members shall be notified in writing at the time that the pro forma budget is distributed, or at the time of any general mailing to the entire membership, of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

D. Members' Right to the Notice of Meetings. Unless the time and place of a meeting is fixed by the Bylaws, or unless the Bylaws provide for a longer period of notice, Members shall be given notice of the time and place of Board meetings (as defined in Section 5.12.A above), except for "emergency meetings," at least four (4) days before the date of the meeting. This notice may be given by posting the notice in a prominent place or places within the Common Area, by mail or delivery of the notice to each Unit within the Properties, or by newsletter or similar means of communication. For purposes of this subparagraph D an "emergency meeting" of the Board means a meeting called by the President or by any two members of the Board under circumstances that could not have been reasonably foreseen that require immediate attention and possible action by the Board and that of necessity make it impracticable to provide prior notice to the Members as required by the Open Meeting Act.

5.13. Quorum Requirements. A majority of the authorized 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 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 California Nonprofit Mutual Benefit Corporation Law, especially

those provisions relating to (a) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, (b) appointment of committees, and (c) 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, by the Articles, or by law.

5.14. Waiver of Notice. Any action taken at 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.

5.15. 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 24 hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the Directors who are not present at the time of the adjournment. Except as provided above, notice of adjournment need not be given.

5.16. 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 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 of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as a unanimous vote of the Board.

If prompt or immediate action of the Board is necessary and there is insufficient time to comply with the notice requirements set forth herein, reasonable efforts shall nevertheless be made to contact all Board members regarding the proposed action in advance thereof, rather than relying on notification after the fact.

5.17. Compensation. Directors, Officers, and Members of Committees shall not be entitled to compensation for their services as such, 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 6. OFFICERS**

6.1. Officers and Delegation of Duties. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer. As provided for within Corporations Code Section 7210, the bookkeeping and recordkeeping duties described within this Article 6 may be delegated to the Association's management agent, provided that all corporate powers shall be exercised under the ultimate direction of the Board of Directors.

6.2. Election. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 6.4 of this Article 6, shall be chosen annually by the Board of Directors, and each shall hold office until resigning or removed or otherwise disqualified to serve, or a successor elected and qualified.

6.3. Removal and Resignation. Any officer may be removed, either with or without cause, by a majority of the Directors at the time in office, at any regular or special meeting of the Board.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President, or to the Secretary of the Association. Any such resignation shall take effect at 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.

6.4. 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 appointment to such office.

6.5. President. The President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors have general supervision, direction and control of the business and officers of the Association. The President shall preside at all meetings of the Members and at all meetings of the Board of Directors. The President shall have the general powers and duties of management usually vested in the office of a president of a Corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or by the Bylaws.

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

6.7. Secretary. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of Directors and Members, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the number of Members present or represented at Members' meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office of the Association, a membership register showing the names of the Members and their addresses.

The Secretary shall post, or cause to be posted, on the clubhouse bulletin board notice of all the meetings of the Members and of the Board of Directors, to the extent such notice is required under these Bylaws, shall keep, or cause to be kept, the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the Bylaws.

6.8. Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus and memberships. The books of account shall at all times be open to inspection by any Director.

The Treasurer shall deposit, or cause to be deposited, all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board of Directors. The Treasurer shall disburse, or cause to be disbursed, the funds of the Association as may be ordered by the Board of Directors, shall render, or cause to be rendered, to the President and Directors, whenever they request it, an account of all transactions as Treasurer and the financial conditions of the Association, and shall have such other duties as may be prescribed by the Board of Directors or by the Bylaws.

## **ARTICLE 7. MISCELLANEOUS**

7.1. Inspection of Corporate Records. The Association shall keep in its files a copy of the Articles of Incorporation and the Bylaws, as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members at all reasonable times. The books of account, and minutes of proceedings of the Association shall be made available for inspection upon the written demand of any Member, pursuant to the procedures set forth within Civil Code Section 1365.2. The Association may bill the requesting Member for its actual, reasonable costs for copying and mailing requested documents. The Association shall inform the Member of the amount of the copying and mailing costs before sending the requested documents, as provided for within Civil Code Section 1365.2(b)(3).

Inspection rights with respect to the membership list shall be subject to the Association's right to offer a reasonable alternative to inspection within ten (10) business days after receiving the Member's written demand (as more particularly set forth in Corporations Code Sections 8330-8338).

Demand for inspection shall be made in writing and delivered to the Association's management company.

7.2. Membership List. At least annually, a membership list including each Member's name and address and, at each Member's option, additional communication information, shall be prepared and distributed to the Members. The list shall include appropriate reference to Corporations Code Section 8338.

7.3. Checks, Drafts, Etc. All checks, drafts, or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, including without limitation all checks and withdrawals from the Association's operating and reserve accounts, shall be signed or endorsed by either two (2) Directors, or one (1) Director and one (1) Officer who is not a member of the Board of Directors, pursuant to the signature requirements of Civil Code Section 1365.5(b), or any successor statute. Notwithstanding any contrary provision within these Bylaws, no Director may delegate his or her signing authority to the Association's management agent or any other person.

7.4. Annual Audit and Report. An independent outside audit of the financial transactions of the Association shall be made annually and a copy thereof mailed to each Member within 90 days after the end of each fiscal year.

7.5. Contracts for Services. The term for contracts for services for the Common Area or for services for the Association shall not exceed one year, unless approved by the affirmative vote of Members representing thirty-five (35) Lots as provided under Article III, Section 11 of the Declaration.

7.6. Committees. In addition to the Nominating Committee appointed pursuant to these Bylaws and the Architectural Committee appointed pursuant to the Declaration, the Board may, by resolution, create one or more committees to serve at the pleasure of the Board. Committees shall have such duties, authority, and responsibilities as may be assigned to them by the Board, except that no Committee shall be authorized, regardless of Board resolution, to act in a manner contrary to Corporations Code Section 7212. A Director may be appointed as a liaison to each committee. The Board of Directors may adopt additional rules, not inconsistent with the provisions of these Bylaws, for the governance of any committee.

## **ARTICLE 8. BYLAWS CHANGE**

8.1. Power of Members. New Bylaws may be adopted, or these Bylaws may be amended or repealed, by Members representing forty-six (46) of the Lots.

\* \* \*

AMENDMENT TO THE BYLAWS OF  
GLENWOOD ASSOCIATION

The undersigned officers of Glenwood Association hereby certify that the Association's Bylaws were duly amended by the members of the Association by way of a written ballot which established a due date of 3/31/04 and that a true and correct copy of the amended Bylaws is attached to this Amendment.

GLENWOOD ASSOCIATION,  
a California nonprofit mutual benefit corporation

Dated: 5/19/04

By: Maelynn Todd  
President

Dated: 5/19/04

By: Martha DeLoe  
Secretary