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AMENDED BYLAWS OF
ROUND HILL ESTATES NORTH
PROPERTY OWNERS ASSOCIATION, INC.**

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**AMENDED BYLAWS OF
ROUND HILL ESTATES NORTH
PROPERTY OWNERS ASSOCIATION, INC.**

ARTICLE 1 NAME AND LOCATION

The name of the corporation is ROUND HILL ESTATES NORTH PROPERTY OWNERS ASSOCIATION, INC., a nonprofit mutual benefit corporation, which is hereinafter referred to as the "Association." The principal office of the Association shall be located in Contra Costa County, California or at such other place reasonably convenient to the Development as the Board of Directors may from time to time establish.

ARTICLE 2 DEFINITIONS

- 2.1 Absolute Majority. "Absolute Majority" shall mean a majority of the Total Voting Power of the Association.

- 2.2 Articles. "Articles" shall mean the Articles of Incorporation of Round Hill Estates North Property Owners Association, Inc., as they may be amended from time to time, and as filed with the Office of the Secretary of State of California.

- 2.3 Association. "Association" shall mean Round Hill Estates North Property Owners Association, Inc., a nonprofit mutual benefit corporation, its successors and assigns.

- 2.4 Board of Directors. "Board of Directors" or "Board" shall mean the governing body of the Association.

- 2.5 Bylaws. "Bylaws" shall mean the Bylaws of the Association and any duly-adopted amendments thereof.

- 2.6 Common Area. "Common Area" shall mean all real property and improvements thereon owned by the Association for the common use and

enjoyment of the Owners and Residents of the Development. Common Area is more particularly described in Exhibit C to the Declaration.

- 2.7 Contract Purchaser/Contract Seller. "Contract Purchaser" and "Contract Seller" shall mean the purchaser and the seller, respectively, under an installment land contract in which title to the property is transferred after the final installment payment is made.
- 2.8 Declaration. "Declaration" shall mean the Amended Declaration of Covenants, Conditions and Restrictions Round Hill Estates North Subdivision 4915, recorded in the Office of the County Recorder of Contra Costa County, California, and any amendments thereof.
- 2.9 Development. "Development" shall mean all the real property described in the Declaration comprising the Round Hill Estates North planned development, including such additions thereto as may hereafter be brought within the jurisdiction of the Association. There are 154 Lots, as defined, in the Development.
- 2.10 Governing Documents. "Governing Documents" shall mean the Articles, Bylaws, Declaration, and Rules, and the policies and resolutions duly adopted by the Board and distributed to the Members.
- 2.11 Lot. "Lot" shall mean any plot of land shown upon the Subdivision Map of the Development, with the exception of the Common Area. As such, the term "Lot" shall mean any parcel of real property within the Development described on the Subdivision Map as a numbered lot and upon which a Residence has been or will be constructed, but shall not mean those portions of Common Area also described on the Subdivision Map as numbered lots. Lots as defined herein are more particularly described in Exhibit D to the Declaration.
- 2.12 Member. "Member" shall mean an Owner.
- 2.13 Member in Good Standing. "Member in Good Standing" shall mean a Member of the Association who is current in the payment of all assessments, fines, penalties, and other charges imposed in accordance with the Governing Documents and who is in substantial compliance with all of the provisions of the Governing Documents. A Member is a Member in Good Standing until or unless the Board of Directors determines otherwise as provided in Subsection 8.1.3 of these Bylaws.
- 2.14 Owner. "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the

Development, or a Contract Purchaser in possession of a Lot, but excluding those having such interest merely as security for the performance of an obligation.

- 2.15 Residence. "Residence" shall mean a residential structure located upon a Lot which is designed for human residential use and occupancy.
- 2.16 Resident. "Resident" shall mean any person who resides on a Lot within the Development whether or not such person is an Owner.
- 2.17 Rules. "Rules" shall mean the rules and regulations governing the use, occupancy, management, administration, and operation of the Development or any part thereof as adopted and published by the Board of Directors from time to time.
- 2.18 Simple Majority. "Simple Majority" shall mean a majority of the votes represented and voting at a meeting at which a quorum is present or cast by written ballot in conformity with California *Corporations Code* section 7513 in which the number of votes cast equals or exceeds the number required to establish a quorum.
- 2.19 Subdivision Map. "Subdivision Map" shall mean that certain Map of Subdivision 4915 recorded on April 24, 1980 in Book 237 of Maps at page 17 et seq., Contra Costa County Records.
- 2.20 Total Voting Power. "Total Voting Power" shall mean the total number of votes of all Members entitled to vote at a particular time, calculated on the basis of one (1) vote for each Lot, excluding any Lots as to which an Owner is not then a Member in Good Standing.

ARTICLE 3 MEMBERSHIP AND VOTING

- 3.1 Membership. Membership in the Association shall include, and shall be limited to, all Owners of any Lot located within the Development. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Upon becoming the Owner of a Lot, each Owner shall automatically be a Member of the Association and shall remain a Member until such time as his or her Lot ownership ceases for any reason. Membership in the Association shall not be transferred, encumbered, pledged, alienated, or hypothecated in any way, except upon the transfer or encumbrance of the Lot to which it is appurtenant and then only to the transferee or mortgagee, as the case may be, of such Lot. Any attempt to make a prohibited transfer is void. Upon any transfer of title to a Lot

including a transfer upon the death of an Owner, Membership in the Association shall pass automatically to the transferee.

- 3.2 Voting. Members in Good Standing shall be entitled to cast one (1) vote for each Lot owned. In the event more than one (1) person owns a given Lot, the vote for such Lot shall be exercised as the Owners among themselves shall determine, but in no event shall more than one (1) vote be cast with respect to any Lot. If the joint Owners of a Lot are unable to agree among themselves as to how their vote or votes are to be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that such Owner was acting with the authority and consent of the other Owners of that Lot. The vote at any meeting of Members may be by voice vote or by ballot.
- 3.3 Delegation of Membership Rights. A Member who has sold his Lot to a Contract Purchaser shall be entitled to delegate to such Contract Purchaser his or her rights and privileges of membership in the Association and shall be deemed to have delegated to a Contract Purchaser who has assumed occupancy of the Member's Residence all rights of use and enjoyment of the Common Area. No delegation of any membership rights or privileges to a non-resident Contract Purchaser shall be binding, however, until the Board of Directors has been notified thereof in writing. Notwithstanding any delegation, until fee title to the Lot has been transferred of record, a Contract Seller shall remain liable for all assessments, fines, and other charges imposed by the Board and for compliance with the Governing Documents by all Residents of his or her Lot. Any Member who has leased or rented his or her Residence to another person or persons shall in all events be deemed to have delegated to his or her tenants all rights of use and enjoyment of the Common Area.
- 3.4 Record Date. The Board of Directors may fix a time not more than ninety (90) days and not less than ten (10) days preceding the date of any meeting of the Members as a record date for determining the Members entitled to notice of and to vote at any such meeting. If the Board sets a record date, only those persons or entities identified as Members in the records of the Association on the date so fixed shall be entitled to notice of such meeting and only Members in Good Standing as of the record date shall be entitled to vote at such meeting. In the event no such record date is fixed by the Board of Directors, the record date for the determination of Members entitled to notice of and to vote at any meeting shall be the thirtieth (30th) day preceding the date of the meeting as of 8:00 a.m. on such day.

ARTICLE 4 MEETINGS OF MEMBERS

- 4.1 Annual Meeting. The Annual Meeting of the Members shall be held during the month of October of each year, on a date and at a time and place to be designated by the Board of Directors, upon proper written notice to all of the Members.
- 4.2 Special Meetings. Special Meetings of the Members may be called at any time by the President or by the Board of Directors or pursuant to the written request of Members entitled to cast at least five percent (5%) of the Total Voting Power of the Membership.
- 4.3 Notice of Meetings. Written notice of each meeting of the Members shall be given by or at the direction of the Secretary or other person authorized to call a meeting. Written notice shall be mailed by first class, postage prepaid, or otherwise delivered to each Member at least ten (10) but not more than ninety (90) days before such meeting, except that in the case of a special meeting called pursuant to a written request of Members, notice of such special meeting shall be mailed or otherwise delivered within twenty (20) days after receipt of such written request by the Board, and the date of such special meeting shall be set by the Board and shall be not sooner than thirty-five (35) days nor later than ninety (90) days after the date of the Board's receipt of such written request. Notice of meetings shall be addressed or otherwise delivered to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Notice of any meeting of Members shall specify the date, hour, and place of the meeting, and the general nature of those matters which the Board intends to present for action by the Members. Notwithstanding the foregoing, any proper matter may be presented at the meeting for action by the Members, except that if the meeting is actually attended, in person or by proxy, by less than one-third (1/3) of the Total Voting Power of the Association, the Members can act only on matters the general nature of which has been set forth in the notice of such meeting.
- 4.4 Conduct of Meetings. All meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. A reasonable time limit for all Members to speak at a meeting of the Members shall be established by the Board of Directors.

- 4.5 Place of Meetings. Annual and special meetings shall be held at a convenient place located as close as reasonably practicable to the Development, as determined by the Board.
- 4.6 Quorum. The presence at any meeting, in person or by proxy, of Members in Good Standing entitled to cast at least forty percent (40%) of the Total Voting Power shall constitute a quorum for the transaction of any business, except as otherwise provided in the Governing Documents. If, however, such quorum shall not be present or represented at any meeting, the Members otherwise entitled to vote at that meeting shall have power to adjourn the meeting from time to time, to be reconvened at a time not more than forty five (45) days from the date of the adjourned meeting, without notice other than announcement at the meeting, until a quorum shall be present or represented. At the continuation of any meeting so adjourned, the presence in person or by proxy of Members entitled to cast at least twenty-five percent (25%) of the votes of the Total Voting Power shall constitute a quorum; provided, however, that at any continued meeting conducted without further notice to the Members, no matter may be acted upon that was not generally set forth in the original meeting notice.
- 4.7 Proxies. At all meetings of the Members, each Member in Good Standing may vote in person or by proxy. All proxies shall be in writing and shall be filed with the Secretary. Every proxy shall be revocable, and no proxy shall be valid after the expiration of eleven (11) months from the date of its execution.
- 4.8 Form of Proxy. A proxy covering any of the following matters shall not be valid unless it sets forth the general nature of the matter to be voted on:
- (a) removal of any or all directors pursuant to California *Corporations Code* section 7222;
 - (b) filling a vacancy on the Board created by the removal of a director or to fill a vacancy not filled by the directors pursuant to California *Corporations Code* section 7224;
 - (c) voting on a transaction involving an interested director pursuant to California *Corporations Code* section 7233;
 - (d) amending the Articles of Incorporation or the Bylaws to repeal, restrict, create, or expand proxy rights pursuant to California *Corporations Code* section 7613(f)(1);

- (e) amending the Articles of Incorporation pursuant to California *Corporations Code* section 7812;
- (f) voting on the sale or exchange of all or substantially all of the Association assets pursuant to California *Corporations Code* section 7911(a)(2);
- (g) voting on a merger pursuant to California *Corporations Code* section 8012;
- (h) voting on amendments to principal terms of a merger agreement pursuant to California *Corporations Code* section 8015(a);
- (i) voting to wind up or dissolve the Association as a corporation pursuant to California *Corporations Code* section 8610;
- (j) voting on a plan of distribution of Association assets in the event of dissolution pursuant to California *Corporations Code* section 8719.

Any form of proxy distributed to 10 or more Members shall afford an opportunity on the proxy to specify a choice between approval and disapproval of each matter or group of matters intended, at the time the proxy is distributed, to be acted upon at the meeting for which the proxy is solicited and shall provide, subject to reasonable specified conditions, that where a choice is specified the vote shall be cast in accordance with that choice.

- 4.9 Vote of the Members. If a quorum is present, in person or by proxy, the affirmative vote of a majority of the voting power so present and voting on any matter (that is, a Simple Majority) shall constitute the act of the Members, unless the approval of a greater number or proportion of Members is required by any provision of the Governing Documents or of law. Members shall be entitled to the results of Membership votes conducted at Membership meetings as set forth in Subsection 8.2.14 of these Amended Bylaws.
- 4.10 Adjournment. Whether or not a quorum is present, any meeting of Members may be adjourned from time to time to be reconvened at a later time by the vote of a majority of the Members present in person or by proxy at such meeting. In the absence of a quorum, no business other than adjournment may be transacted.

4.11 Action Without A Meeting.

4.11.1 In General. Any action which may be taken at a regular or special meeting, may be taken without a meeting of Members, if the Association distributes a written ballot to every Member entitled to vote. A "written ballot" for purposes of this Section 4.11 does not include a ballot distributed to Members at a meeting for purposes of conducting a vote of the Members at such meeting.

4.11.2 Written Ballots for Member Actions Other Than Director Elections. In the case of any written ballot distributed to vote on matters other than the election of Directors, such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association. Approval by written ballot shall be valid only when the number of votes cast equals or exceeds the quorum that would be required if the action were taken at a meeting, and the number of approvals equals or exceeds the number of votes that would be required to approve the action if it were taken at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. The ballot solicitation shall identify both the number of responses needed to meet the quorum requirement and the percentage and/or number of approvals necessary to pass the measure submitted and shall specify the time by which the ballot must be received by the Association in order to be counted.

4.11.3 Elections of Directors. In the case of any written ballot distributed to vote on the election of Directors, the notice of election, ballot solicitation or written ballot shall list the names of all persons known by the Board to be candidates for election to the Board. Such notice, written solicitation or written ballot shall also identify the time by which the ballot must be received in order to be counted.

ARTICLE 5 BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

5.1 Number of Directors. The affairs of this Association shall be managed by or under the direction of a board of seven (7) Directors.

- 5.2 Qualification and Disqualification of Directors. Only persons who are Members in Good Standing of the Association shall be eligible to be elected to or serve on the Board. Only one (1) Owner of a particular Lot may serve on the Board at any time; provided, however, that co-Owners of more than one (1) Lot may serve simultaneously on the Board. A person shall be deemed disqualified under the following circumstances: (i) the person is found by a court of competent jurisdiction to be of unsound mind or has been convicted of a felony; (ii) the person fails within sixty (60) days after receiving notice of election to accept such office, either in writing or by attending a meeting of the Board of Directors as a Director; (iii) the person has unexcused absences from three (3) consecutive regular meetings of the Board; or (iv) the person ceases to be an Owner or ceases to be a Member in Good Standing.
- 5.3 Election and Term of Office. Election of Directors shall be conducted annually by written ballot without a meeting, pursuant to these Bylaws and California *Corporations Code* section 7513. In October, 2003, the Members shall elect two (2) Directors for terms of one (1) year each, to fill the seats of the Directors whose terms are then expiring. Each year thereafter, the Members shall elect seven (7) Directors for terms of one (1) year each. Each Director shall serve until the expiration of his or her term, and thereafter until a successor is elected and seated, or until the earlier disqualification, death, resignation, or removal of such Director. Newly elected Directors shall be seated immediately following the annual meeting of the Members.
- 5.4 Removal. Any Director may be removed from the Board, with or without cause, by the vote of a Simple Majority of the Members at a meeting or by written ballot. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.
- 5.5 Vacancies. A vacancy shall exist on the Board of Directors in the event of the disqualification, death, resignation, or removal of any Director, or if the authorized number of Directors is increased, or if the Members fail to elect the full authorized number of Directors. The Board of Directors, by a majority vote of the Directors who meet all of the qualifications for Directors as set forth in Section 5.2, above, may declare vacant the office of any Director who fails or ceases to meet any required qualification that was in effect at the beginning of that Director's current term of office.
- 5.6 Filling Vacancies. Any vacancy occurring on the Board of Directors, except a vacancy created by the removal of a Director, may be filled by approval of the Board of Directors, or if the number of Directors then in

office is less than a quorum, by the vote of a majority of the remaining Directors at a meeting of the Board, or by unanimous written consent of the Directors then in office, or by a sole remaining Director. A Director so chosen shall serve the remainder of the term of office of the Director whom he or she replaces. The Members may elect a Director at any time to fill any vacancy not filled by the Directors. If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board or, if the Board fails to act, the Members may elect a successor to take office when the resignation becomes effective.

- 5.7 Compensation. No Director shall receive compensation for any service he or she may render to the Association as a Director. However, upon approval by the Board, any Director may be reimbursed for his or her expenses actually incurred in the performance of his or her duties.

ARTICLE 6 NOMINATION AND ELECTION OF DIRECTORS

- 6.1 Nomination. Nominations of candidates for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a chair, who shall be a member of the Board of Directors, and two (2) or more Members in Good Standing of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual election of Directors to serve from the close of the annual election. Appointment of the Nominating Committee shall be announced at least ninety (90) days before the annual meeting of the Members.

On or before August 15 of each year, the Nominating Committee shall nominate as many candidates for election to the Board of Directors as it shall in its discretion determine, but not less than the number of positions on the Board that are to be filled by the election. All nominations by the Nominating Committee shall be made from among Members in Good Standing. On or before August 15, the Nominating Committee shall inform any person who has notified the Committee of that person's interest in being a candidate, if that person is not nominated by the Nominating Committee.

In lieu of nomination by the Nominating Committee and subject to the qualifications specified in Section 5.2, any Member in Good Standing may place his or her name in nomination for election to the Board by submitting a petition therefor to the chairperson of the Nominating Committee no later than 5:00 p.m., September 1, which petition must be signed and dated by Members in Good Standing representing at least ten

percent (10%) of the Lots in the Development, in support of the Member's candidacy.

Candidates statements, not to exceed 500 words, must be received by the chairperson of the Nominating Committee not later than 5:00 p.m., September 1. The names of all qualified persons known by the Board, as of 5:00 p.m., September 1, to be candidates for election to the Board shall be set forth in the notice of the election. The notice of election, official ballot, and candidate statements shall be mailed no later than September 10 to all Members entitled to vote in the election.

- 6.2 Election. At each election of Directors, the Members in Good Standing may cast, in respect to each position on the Board to be filled, one vote for each Lot owned. Cumulative voting is not permitted. The persons receiving the largest number of votes shall be elected. In case of a tie for any position, the tie shall be broken by lot (*i.e.*, by the candidates drawing straws).
- 6.3 Election by Acclamation. If, as of 5:00 p.m., September 1, the number of persons nominated pursuant to Section 6.1 is not more than the number of Directors to be elected, then the persons nominated and qualified to be elected shall be declared elected, and written notice of the election shall be given to the Members.

ARTICLE 7 MEETINGS OF DIRECTORS

- 7.1 Organizational Meetings. Within thirty (30) days after each annual meeting of Members, the Board of Directors shall hold a meeting for the purpose of organization, election of officers, and transaction of other business, as appropriate.
- 7.2 Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice to the Directors, at a convenient place located as close as reasonably practicable to the Development and on a day and at a time as fixed from time to time by resolution of the Board or, upon proper notice which conforms to the provisions of Section 7.4 of these Bylaws, at another place, day, and time as set forth in such notice. Should the date for any meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. In the event the Board should determine that the business to be transacted by the Board does not reasonably justify monthly meetings, then regular meetings of the Board shall be held at such intervals as the Board may determine, but not less frequently than quarterly.

- 7.3 Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association or by any two (2) Directors.
- 7.4 Notice to Directors. Except as otherwise provided in Section 7.2 of these Bylaws, notice of each meeting of the Board shall be communicated to the Directors not less than four (4) days prior to a regular meeting, and not less than seventy-two (72) hours prior to a special meeting; provided that shorter notice may be given in the case of a bona fide emergency; and provided further that notice of a meeting need not be given to any Director who signed a waiver of notice or a written consent to holding the meeting, whether before or after the meeting.
- 7.5 Notice to Members. Except for bona fide emergency meetings and executive sessions, as defined by law, at least four (4) days prior written notice of the day, time, and place of each meeting of the Board of Directors, whether regular or special, shall be given to all Members by posting it in a prominent place or places within the Common Area, by mailing or delivery to each Residence, by newsletter or by other means of communication reasonably designed to provide prior actual notice of such meeting.
- 7.6 Open Meeting. Regular and special meetings of the Board of Directors shall be open to all Members of the Association, except when the Board meets in executive session. A reasonable time limit for all Members to speak to the Board shall be established by the Board.
- 7.7 Executive Session. The Board of Directors may meet in executive session to confer with legal counsel or to discuss and vote upon personnel matters, Member discipline, litigation in which the Association is or may become involved, and matters that relate to the formation of contracts between the Association and others. In any matter relating to the discipline of a Member, the Board shall meet in executive session if requested to do so by that Member, and that Member and any other person(s) whose participation is, in the judgment of the Board, necessary or appropriate, shall be entitled to attend the executive session.
- 7.8 Telephone Participation. Provided that at least one (1) Director is physically present at the noticed location of the Board meeting, Directors may participate in regular or special Board meetings through the use of conference telephone, electronic video screen communications, or other communications equipment to the extent permitted by law, including, without limitation, California *Corporations Code* section 7211 and California *Civil Code* section 1363.05.

- 7.9 Quorum. A majority of the number of Directors then in office shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board.
- 7.10 Minutes of Meetings of Directors. Within thirty (30) days after the date of any meeting of the Board, the Board shall make available to the Members either (i) the minutes of that meeting as adopted by the Board, (ii) those minutes as proposed for adoption which shall be marked to indicate draft status, or (iii) a summary of the minutes. Any matter discussed in an executive session shall be generally noted in the minutes of the Board. Thereafter, copies of the minutes, proposed minutes, or summary of minutes shall be provided to any Member of the Association upon request and upon reimbursement of the Association's costs in providing such copies.

Members of the Association shall be notified annually in writing either at the time that the pro forma budget required under California *Civil Code* section 1365 is distributed or at the time of any other general mailing to the entire membership of the Association of their right to obtain copies of the minutes of meetings of the Board and how and where those minutes may be obtained.

ARTICLE 8 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

- 8.1 Powers. In addition to such other powers as may be expressly set forth in the Governing Documents or provided by law, the Board of Directors shall have the power to:
- 8.1.1 Rules and Regulations. Adopt, publish, amend, repeal, and enforce rules and regulations governing the administration, management, operation, use, and occupancy of the Development, including the use of the Common Area and facilities, the personal conduct of the Members and their tenants and guests within the Development, and any other matter which is within the jurisdiction of the Association;
- 8.1.2 Contracts. Authorize any officer or officers to enter into any contract in the name of, or on behalf of, the Association. Unless expressly authorized by resolution of the Board, no officer shall have any power or authority to bind the Association or to render the Association liable for any purpose or on any account. The Board may not contract with any person or entity to supply or

furnish the Association with goods or services for a term in excess of one (1) year unless the contract provides that it may be terminated by the Association, without cause, upon ninety (90) days' notice to that person or entity; provided, however, that the foregoing shall not apply to prepaid casualty and/or liability insurance policies not to exceed three (3) years' duration, which policy or policies shall permit short rate cancellation by the insured. Any other contracts in excess of one (1) year without a 90-day termination provision shall require the prior affirmative vote or written consent of an Absolute Majority of the Members;

8.1.3 Determination of Good Standing. Determine, after notice to the Member and an opportunity for a hearing by the Board, that a Member is not a Member in Good Standing during any period in which the Member is delinquent in the payment of any assessment, fine, or other charge levied by the Board or is not in substantial compliance with all provisions of the Governing Documents; however, a Member shall not be denied any privileges of membership except upon an explicit finding by the Board of Directors, after notice and an opportunity for a hearing, that a Member is not a Member in Good Standing for specified reasons. A Member found by the Board to be not a Member in Good Standing shall be deemed to continue in that status until the Board shall make a determination, either upon the Board's own initiative or upon the request of the Member, that such Member is, once again, a Member in Good Standing of the Association;

8.1.4 Sanctions; Hearings; Continuing Violations. Establish and impose monetary penalties (fines) for the infraction of any provision of the Governing Documents, in accordance with the schedule of monetary penalties adopted by the Board and distributed to all Members as provided in Subsection 8.2.9, and suspend the voting and other membership rights and privileges of a Member during any period in which such Member shall be delinquent in the payment of any assessment, fine, or other charge levied by the Association and/or for any infraction of the Governing Documents.

When the Board is to meet to consider or impose discipline upon a Member, the Board shall notify the Member in writing, by either personal delivery or first-class mail, at least ten (10) days prior to the meeting. The notification shall contain, at a minimum, the date, time, and place of the meeting, the nature of the alleged

violation for which a member may be disciplined, and a statement that the member has a right to attend and may address the Board at the meeting. The Board shall meet in executive session if requested by the Member being disciplined. If the Board imposes discipline on a member, the Board shall provide the member a written notification of the disciplinary action, by either personal delivery or first-class mail, within fifteen (15) days following the action. A disciplinary action shall not be effective against a Member unless the Board has fulfilled the foregoing requirements.

In the case of a continuing violation, such as an uncorrected architectural violation, where a Member fails to cease or remedy a violation after notice from the Board to do so, the Board may deem such continuing violation to constitute two (2) or more separate and distinct violations of the same Governing Document provision and may impose separate and successive sanctions for each such violation; however, the Board shall not treat any such continuing violation as a separate and distinct violation and impose a separate sanction therefor more than once during any thirty (30) day period. It is the intent and purpose of this provision to authorize and empower the Board in the exercise of its discretion to impose a monetary fine or other sanction against a Member for a continuing violation of the same Governing Document provision once during each successive thirty (30) day period, provided that each time the Board decides to impose a sanction, it shall comply with all requirements set forth in this Subsection 8.1.4 in each instance. The Board may limit the scope of any meeting conducted for a continuing violation to facts and circumstances occurring subsequent to the previous Board meeting relating to the subject continuing violation;

- 8.1.5 Manager. Engage the services of a manager or management company as either an employee or an independent contractor, and engage such other employees or independent contractors as the Board may deem necessary, and to prescribe their duties;
- 8.1.6 Professional Advisors. Consult with, seek the advice of, and reasonably rely on the advice of attorneys, accountants, and other professionals in carrying out its authority and responsibility under the Governing Documents and the law, and to pay for such professional services;

- 8.1.7 Investment of Reserve Funds. Invest Association reserve funds in prudent investments subject to the provisions of Subsection 8.2.5 of these Bylaws;
- 8.1.8 Entry for Repairs. Enter a Lot, when necessary, in connection with maintenance, repair, or replacement for which the Association is responsible or which it is authorized to perform, provided that the Board shall provide the Lot Owner with reasonable prior notice, except that in the case of a bona fide emergency, notice shall be given as the exigencies of the situation reasonably permit;
- 8.1.9 Property Taxes. Pay all real property taxes and assessments levied upon any property within the Development to the extent not separately assessed to the Owners. Provided that any such taxes are paid or that a bond insuring the payment is posted, such taxes and assessments may be contested or compromised by the Association prior to the sale or other disposition of any property to satisfy the payment of such taxes;
- 8.1.10 Mergers. To the extent permitted by law, participate in mergers and consolidations with other nonprofit organizations organized for the same purposes as this Association, provided that any such merger or consolidation shall be approved by the affirmative vote or written consent of at least two-thirds (2/3) of the Total Voting Power of the Association;
- 8.1.11 Association Property. Subject to the provisions of Section(s) 5.10 and 5.11 in the Declaration, including any required approval of Members, acquire, own, hold, convey, transfer, dedicate, or otherwise dispose of real or personal property consistent with the purposes and powers of the Association and the management, administration, and operation of the Development or the business and affairs of the Association, and grant and convey easements, licenses, and rights of way in, over, upon, or under the Common Area;
- 8.1.12 Indemnification of Agents. Indemnify and hold harmless, to the maximum extent permitted by California law, each person who is or at any time was a director, officer, employee, or agent of the Association or member of any committee appointed by the Board from and against any and all claims, liabilities, expenses, judgments, fines, settlements, and other amounts, as those terms are defined by California law, actually and reasonably incurred by

any such person, and to which any such person shall become subject by reason of his or her being a director, officer, employee, or agent of the Association or member of any committee appointed by the Board;

8.1.13 Bank Accounts, Borrowing. Open bank accounts, designate signatories upon such bank accounts, and borrow money on behalf of the Association, subject to any restrictions set forth in the Governing Documents;

8.1.14 Other Powers and Duties. Exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the Members by other provisions of the Governing Documents, and undertake any action on behalf of the Association as the Board shall deem necessary or proper in furtherance of the purposes and powers of the Association and/or the interests of the Association and its Members; and

8.1.15 Limitation of Powers. The powers of the Board shall be subject to the limitation set forth in the Governing Documents, including Section 5.10 of the Declaration concerning sale of Association property and Section 5.11 of the Declaration concerning dedication of Association property.

8.2 Duties. It shall be the duty of the Board of Directors to:

8.2.1 Records and Minutes. Cause to be kept a complete record of all its acts and the corporate affairs, including an accurate and current record of the Members setting forth their names and addresses, adequate and correct books and records of account, and minutes of the proceedings of the Members, the Board, and committees of the Board, and to present a statement thereof to the Members at the annual meeting of the Members;

8.2.2 Pro Forma Budget. Prepare and distribute to the Members annually, not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of each fiscal year, a pro forma operating budget which shall include all of the following:

(a) An estimate of the Association's revenue and expenses for such fiscal year on an accrual basis;

- (b) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to law, which summary shall be printed in bold type and shall include all of the following:
- (1) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component the Association is obligated to maintain, restore, repair, or replace;
 - (2) A current estimate, as of the end of the fiscal year for which the study is prepared, of the amount of cash reserves necessary to maintain, restore, repair, or replace such major components;
 - (3) The current amount, as of the end of the fiscal year for which the study is prepared, of accumulated cash reserves actually set aside to maintain, restore, repair, or replace such major components;
 - (4) The percentage of the amount of cash reserves necessary [per Subparagraph (2)] that is represented by the amount of cash reserves actually set aside [per Subparagraph (3)];
- (c) A statement as to whether the Board of Directors has determined or anticipates that the levy of one (1) or more special assessments will be required to restore, repair, or replace any of the major components or to provide adequate reserves therefor; and
- (d) A general statement setting forth the procedures used for the calculation and establishment of reserves to defray the future cost of repair, replacement, or additions to those major components that the Association is obligated to maintain, restore, repair, or replace.

In lieu of the distribution of the pro forma operating budget, the Board may distribute a summary of such budget to all Members together with a written notice that the budget is available at the office of the Association or at another suitable location within the boundaries of the Development and that copies will be provided to a Member upon a Member's request and at the expense of the Association. If any Member so requests, the Association shall

provide a copy of the pro forma operating budget to such Member by United States mail first-class postage prepaid, and such copy shall be mailed within five (5) days of such request. The written notice that is distributed to each Association Member as set forth herein shall be set forth in at least 10-point bold type on the front page of the summary of the budget;

8.2.3 Reserve Study. At least once every three (3) years, cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is obligated to repair, replace, restore or maintain as part of a study of the reserve account requirements of the Development if the current replacement value of such major components is equal to or greater than one-half of the gross budget of the Association for the fiscal year, excluding the Association's reserve account for that year. The Board shall review the reserve study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The reserve study required by this section shall include the minimum requirements specified in California *Civil Code* section 1365.5 or comparable successor statute;

8.2.4 Reserve Funds. Not expend funds designated as reserve funds for any purpose other than the maintenance, restoration, repair, or replacement of, or litigation involving the maintenance, restoration, repair, or replacement of, major components which the Association is obligated to maintain, restore, repair, or replace and for which the reserve fund was established; provided, however, that the Board may authorize a temporary transfer of money from a reserve fund to the Association's general operating fund to meet short term cash flow requirements or other expenses, provided the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed and describing when and how the money will be repaid to the reserve fund, and provided, further, that any such transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except as otherwise expressly provided by law. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account;

8.2.5 Investment of Reserve Funds. Manage and invest Association reserve funds in a prudent manner designed to achieve the

primary objective of preserving principal while realizing a reasonable return and to assure the availability of funds as they are needed based upon the most recent reserve fund study obtained by the Board as provided in these Bylaws and by law;

8.2.6 Review of Accounts. Review the Association's operating and reserve accounts in accordance with the following minimum requirements:

- (a) Review a current reconciliation of the Association's operating accounts on at least a quarterly basis;
- (b) Review a current reconciliation of the Association's reserve accounts on at least a quarterly basis;
- (c) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget;
- (d) Review the latest account statements prepared by the financial institutions where the Association keeps its operating and reserve accounts; and
- (e) Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

As used in this subsection, the term "reserve accounts" shall mean monies that the Board has identified in its annual budget for use to defray the future costs of repair or replacement of, or additions to, those major components which the Association is obligated to maintain, restore, repair, or replace.

8.2.7 Review of Annual Financial Statement. For any fiscal year in which the gross income to the Association exceeds Seventy-five Thousand Dollars (\$75,000.00), distribute to all Members of the Association within one hundred twenty (120) days after the close of such fiscal year audited financial statements of the Association prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy;

8.2.8 Notification Regarding Insurance Coverage. In accordance with California *Civil Code* section 1365, within sixty (60) days

preceding the beginning of the Association's fiscal year, prepare and distribute to all Members a summary of the Association's property, general liability, and earthquake and flood insurance policies, if any. The summary shall include the name of the insurer, the type of insurance, the policy limits of the insurance, and the amount of deductibles, if any. The Association's disclosure obligations may be satisfied by distributing to the Members a copy of the insurance policy declaration page, so long as that page presents the information specified in the preceding sentence. As soon as reasonably practicable, the Association shall notify the Members by first-class mail if any of the policies described above have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible for any of those policies. If the Association receives any notice of nonrenewal of a policy described above, the Association shall immediately notify the Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

The summary distributed pursuant to this Subsection 8.2.8 shall contain, in at least 10-point boldface type, the following statement:

This summary of the Association's policies of insurance provides only certain information, as required by Civil Code Section 1365(e), and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association Member may, upon request and provision of reasonable notice, review the Association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Association maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association Members should consult with their individual insurance broker or agent for appropriate additional coverage.

8.2.9 Annual Notifications to Members. Distribute to the Members annually:

- (a) statement describing the Association's policies and practices in enforcing lien rights and other legal remedies for default in payment of assessments as required by California *Civil Code* section 1365(d);
- (b) a summary of the statutory provisions relating to employing alternative dispute resolution procedures in certain matters related to enforcement of the governing documents which specifically references California *Civil Code* section 1354 and which includes the language required by section 1354(i); the summary shall be provided either at the time the budget required by Subsection 8.2.2 of these Bylaws is distributed or in the manner specified in California *Corporations Code* section 5016;
- (c) a copy of the procedures applicable to imposition of a fine or other monetary penalty, suspension of a Member's rights and privileges, or other sanctions, pursuant to California *Civil Code* section 1363(g);
- (d) a notice and statement concerning the insurance carried by the Association as required by Subsection 8.2.8 of these Bylaws and California *Civil Code* section 1365(e); and
- (e) a statement explaining the Members' right to obtain copies of minutes of meetings of the Board as required by Section 7.9 of these Bylaws and by California *Civil Code* section 1363.05(e);

8.2.10 Supervision. Supervise all officers, agents, and employees of the Association, and see that their duties are properly performed;

8.2.11 Notice of Assessments. As more fully provided in the Declaration, (i) send written notice to each Owner in advance of each fiscal year of the regular assessment levied against his or her Lot for that fiscal year; and (ii) collect assessments levied by the Association by foreclosing the lien against any property for which assessments are not paid as required in the Declaration

and/or by bringing an action at law against the Owner personally obligated to pay the same;

- 8.2.12 Certificate of Payment of Assessments. Issue, or cause an appropriate officer to issue, upon demand by any proper person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- 8.2.13 Insurance. Procure and maintain adequate casualty, liability and other insurance on property owned by the Association, and other appropriate insurance, as more particularly set forth in the Declaration;
- 8.2.14 Results of Membership Vote. For a period of sixty (60) days following the conclusion of an annual or special meeting of Members and upon written request from a Member, forthwith inform the Member of the result of any particular vote of the Members at the meeting, including the number of votes cast for, the number of vote cast against, and the number of abstentions or votes withheld. If the Member's request pertains to the election of Directors, the Association shall report the number of votes cast by mailed written ballot for each nominee for Director; and
- 8.2.15 Enforcement of Governing Documents. Enforce the provisions of the Governing Documents, as more particularly set forth in the Declaration, and perform all acts required of the Board under the Governing Documents or required by law.

ARTICLE 9 OFFICERS AND THEIR DUTIES

- 9.1 Enumeration of Offices. The officers of this Association shall be a President and Vice-President, a Secretary, and a Treasurer (who shall be defined as the Chief Financial Officer), who shall at all times be members of the Board of Directors, and such other officers as the Board of Directors may, from time to time, by resolution appoint.
- 9.2 Election of Officers. The election of officers shall take place at the organizational meeting of the Board of Directors following each annual meeting of the Members.

- 9.3 Term. The officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year, unless he or she shall sooner resign, be removed by the Board, or otherwise be disqualified to serve.
- 9.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.
- 9.5 Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- 9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces, subject to the Board's right to remove an officer.
- 9.7 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 9.4 of this Article.
- 9.8 President. The President shall be the chief executive officer of the Association and shall, subject to control of the Board of Directors, have general supervision, direction, and control of the affairs and the other officers and the employees and agents of the Association. The President shall preside at all meetings of the Members and at all meetings of the Board of Directors, shall have the general powers and duties of management usually vested in the office of the President of an Association, and shall have such other powers and duties as may be prescribed by the Board of Directors and the Bylaws, subject, however, to any limitations contained in the Declaration.
- 9.9 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 of the powers of, and be subject to all of 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.

- 9.10 Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may prescribe, a book of minutes of all meetings of Directors, Members, and committees of the Board setting forth the time and place of holding of such meetings; whether regular or special, and if special, how authorized; the notice thereof given; the names of those present at Directors or committee meetings; the number of memberships and votes present or represented at Members meetings; and all the proceedings thereof. The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board of Directors required by the Bylaws or by law to be given and shall maintain a proper record of the giving of such notice, and shall keep the books, records, and documents 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 the Bylaws.
- 9.11 Treasurer. The Treasurer shall be responsible for the receipt and deposit in appropriate accounts of all monies of the Association and shall cause disbursement of such funds as directed by resolution of the Board of Directors; may sign all checks and promissory notes of the Association; shall keep proper books of account; shall cause an annual review of the Association's books and financial statements to be made by a public accountant at the completion of any fiscal year for which such review is required by law or as determined by the Board; shall assist the Board in preparation of an annual budget and a statement of income and expenditures to be presented to the Members of the Association as provided by law; and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

ARTICLE 10 COMMITTEES

The Board shall appoint an Architectural Review Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. The Board may appoint such other committees as it deems appropriate in carrying out the powers and purposes of the Association. The duration and purposes of any committee appointed by the Board shall be set by the Board, and the committee shall itself determine its own procedures, subject to review by the Board. Any "committees of the Board" (that is, a committee consisting only of Directors, as referred to in California *Corporations Code* section 7212) shall consist of at least two (2) Directors and shall have such powers and duties as the Board shall determine, subject to the limitations of section 7212.

ARTICLE 11 BOOKS, RECORDS AND FUNDS

- 11.1 Record Keeping. The accounting books and records of the Association and the minute books of proceedings of the Members, the Board, and committees of the Board shall, upon written request and during reasonable hours, be subject to inspection by any Member for any purpose, specified in writing, which is reasonably related to such Member's interest as a Member of the Association. The Governing Documents shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost. The Board may adopt and publish reasonable rules and regulations establishing procedures relating to a Member's inspection and obtaining copies of Association records.
- 11.2 Checks, Drafts, and Evidences of Indebtedness. All checks, drafts, or other orders for payment of money, or notes or other evidences of indebtedness issued in the name of, or payable to, the Association shall be signed or endorsed by two (2) Directors of the Association and in the manner as specified by the Board.
- 11.3 Funds and Deposits. Any funds of the Association shall be deposited to the credit of the Association in such banks or other depositories as the Board of Directors shall, from time to time, determine.
- 11.4 Fiscal Year. The fiscal year of the Association shall be as determined by resolution of the Board of Directors.

ARTICLE 12 AMENDMENTS

These Bylaws may be amended by the affirmative vote or written consent of an Absolute Majority of the Members.

ARTICLE 13 MISCELLANEOUS

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

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**CERTIFICATE OF AMENDMENT OF
BYLAWS OF
ROUND HILL ESTATES NORTH PROPERTY OWNERS ASSOCIATION, INC.**

I, the undersigned, hereby certify that:

I am the Secretary of ROUND HILL ESTATES NORTH PROPERTY OWNERS ASSOCIATION, INC.

The foregoing Amended Bylaws of ROUND HILL ESTATES NORTH PROPERTY OWNERS ASSOCIATION, INC. were duly approved by the Board of Directors on the 24th day of September, 2002.

The foregoing Amended Bylaws of ROUND HILL ESTATES NORTH PROPERTY OWNERS ASSOCIATION, INC. were duly approved by the requisite vote or written consent of the Members of the Association on the 28th day of January, 2003.

Executed this 31 day of March, 2003.



Steve Lange, Secretary