

RESTATED AND AMENDED

B Y L A W S

OF

TANGLEWOOD NORTH HOMEOWNERS ASSOCIATION



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ARTICLE I

NAME AND LOCATION

The name of the corporation is Tanglewood North Homeowners Association, hereinafter referred to as the Association. The principal office of the Association shall be located in the County of Orange, California.

ARTICLE II

DEFINITIONS

Section 2.1 *The definitions* contained in the Declaration are incorporated by reference herein.

Section 2.2 *Declaration* shall mean and refer to the Second Restated Declaration of Covenants, Conditions and Restrictions of Tanglewood North Homeowners Association, recorded in the Official Records of the Orange County Recorder's Office as instrument number 2015000631657 on December 15, 2015, and subsequent amendments thereto. Capitalized words such as Members shall have the definition provided in the Declaration

Section 2.3 *Majority of a Quorum* shall mean the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the membership meeting or the number of written ballots cast equals or exceeds the quorum requirement specified in Article III.

Section 2.4 *Voting Power* shall mean those Members who are eligible to vote for the election of Directors or with respect to any other matter, issue, or proposal properly presented to the Members for approval at the time said matter is submitted to the Members.

ARTICLE III

MEETING OF MEMBERS AND VOTING

Section 3.1 Annual Meetings.

Regular annual meetings of the Association shall be held within thirty (30) days of the same day of the same month of each year at a time and place designated by the Board of Directors.

Section 3.2 Special Meetings.

Special meetings of the Members shall be called at any time by a majority of the Board of Directors, or by the president, or upon written request of the Members representing five percent (5%) of the total voting power of the Association.

Section 3.3 Notice and Place of Meetings.

Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary when the meeting has been called pursuant to Section 3.2 above, at least thirty (30) but not more than ninety (90) days before such meeting, or in the case of a meeting called by petition at least thirty-five (35) days before such meeting. Such notice shall specify the place, day and hour of the meeting, along with those matters for action by the Members. Except as otherwise provided by law, any proper matter may be presented at the meeting for action. Except as otherwise provided by law, Members at member meetings may only act on those matters which have been listed in the meeting's notice.

Section 3.4 Quorum Requirements.

Section 3.4.1 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 3.8 of these Bylaws:

(i) Quorum for Election and Recall. In any election or recall of one (1) or more directors, the number of the valid ballots received shall constitute a quorum.

(ii) Quorum for Valid Action on Other Association Matters. In other matters requiring a membership meeting, where permissible, the quorum shall be the number of valid ballots received. If the law, Declaration or other sections in these Bylaws mandate a particular quorum then quorum shall be set at that amount. If quorum must be set mandatorily at a particular amount and a reduction in quorum is permissible for failure to reach quorum at the membership meeting, then the meeting shall be adjourned not less than forty-eight (48) hours, nor more than thirty (30) days and quorum shall be reduced to the extent permissible by law.

Section 3.4.2 Effect of Departure of Members from Meeting.

The Members present in person at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, so long as any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum. If a quorum is never established for the meeting, a majority of those Members who are present in person may vote to adjourn the meeting for lack of a quorum, but no other action may be taken or business transacted.

Section 3.5 Membership and Voting.

Membership shall be held as provided in the Declaration. The Members shall be Owners and shall be entitled to one (1) vote per each Lot. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. The vote of a majority of a quorum present shall decide any question brought before such meeting, unless the question is one upon which, by the express provision of statute or the Declaration, the Articles of Incorporation or these Bylaws, a different vote is required, in which case such express provision shall govern and control.

Section 3.6 Eligibility to Vote

Only Members shall be entitled to vote on any issue or matter presented to the Members for approval.

Section 3.7 Written Ballot

Section 3.7.1 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.

Section 3.7.2 Written Ballots Generally.

Any matter or issue requiring the vote of the Members by written ballot shall be performed by written ballot in compliance with the Davis-Stirling Act.

Section 3.7.3 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.

Section 3.7.4 Balloting Time Requirements.

Written ballots shall be distributed to all eligible Members at least thirty (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. The time fixed for the return of written ballots may be extended only if the Board so notifies the Members in the balloting solicitation materials originally sent to Members and then for no more than two successive periods of thirty (30) days each unless such extensions would violate the law.

Section 3.7.5 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 fifteen (15) days following the close of the balloting process and tabulation of the ballots, unless the law requires a different period which shall be used instead in such a case. 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.

Section 3.7.6 Prohibition of Revocation.

Once exercised, a written ballot may not be revoked.

Section 3.7.7 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.

Section 3.8 Parliamentary Procedure.

Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt.

Section 3.9 Adjourned Meeting.

Section 3.9.1 Adjournment Generally.

Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to another place and/or time (but not for more than forty- five (45) days) by the vote of the majority of Members present at the meeting. Unless there is an absence of a quorum (in which case no business other than adjournment may be transacted), the reconvened meeting may take any action that might have been transacted at the original meeting.

Section 3.9.2 Notice Requirements for Adjourned Meetings.

When a Members' meeting is adjourned to another time or place, notice need not be given of the new meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. Notwithstanding the foregoing, if after adjournment a new record date is fixed for notice or voting, a notice of the rescheduled meeting must be given to each Member who on the record date for notice of the meeting is entitled to vote thereat.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.1 Number.

The affairs of this Association shall be managed by a Board of seven (7) Directors, all of whom must be Members of the Association.

Section 4.2 Term of Office.

The term of office for Directors shall be two (2) years. The term of office for the Directors shall be staggered such that three (3) Directors will be elected in the even numbered years and four (4) Directors elected in the odd numbered years. Unless sooner vacated, each Director shall hold office until the

Director's term expires and a successor is elected.

Section 4.3 Removal; Vacancies.

In the event of death or resignation of a Director, their successor shall be filled by approval of the Board at a duly held meeting or by a sole remaining Director, and shall serve for the unexpired term of their predecessor. The Members may elect a Director at any time to fill any vacancy not filled by the Directors. A vacancy created by removal of a Director can be filled only by election of the Members. Additionally, any Member of the Board of Directors who has been absent without being excused by the Board from three (3) consecutive Board meetings may be removed by the Board by a majority of Board Members present at a Board meeting with quorum.

Section 4.4 Compensation.

No Director shall receive compensation for any service they may render to the Association unless approved by a vote of the membership as provided in Section 5.3 of the CC&Rs. Any Director may be reimbursed for their actual expenses, if reasonable, incurred in the performance of their duties.

Section 4.5 Indemnification of Officers and Directors.

Each Director, officer, and committee member shall be indemnified by the Association and the Members against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon them by judgment or settlement in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of their being or having been a Director, officer, or committee member of the Association, except in cases of fraud, gross negligence or bad faith of the Director, officer, or committee member in the performance of their duties.

Section 4.6 Resignation of Directors.

Except as provided in this paragraph, 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.

Section 4.7 Authority of Board to Remove Directors.

The Board of Directors shall have the power and authority to remove a Director and declare their office vacant if they (i) have been declared of unsound mind by a final order of court; (ii) have been convicted of a felony; (iii) have 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) failed to attend three (3) consecutive regular meetings of the Board of Directors, or (v) failed to meet the qualifications required for a nominee running for the Board.

ARTICLE V
NOMINATION AND ELECTION OF DIRECTORS

Section 5.1 Nomination.

Nomination for election to the Board of Directors shall be made pursuant to reasonable procedures adopted by the Board of Directors from time to time. All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes.

Section 5.2 Election.

The election of the Board shall be conducted at the annual meetings of the Association. At such election the Members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Voting for Directors shall be by secret written ballot.

ARTICLE VI
MEETINGS OF DIRECTORS

Section 6.1 Regular Meetings.

Regular meetings of the Board of Directors shall be held monthly or quarterly at such place and at such hour as may be fixed from time to time by resolution of the Board. Should said 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, excluding Saturday and Sunday. General notice shall be provided pursuant to Civil Code section 4045 and individual notice pursuant to Civil Code section 4040 for Members that have requested it.

Section 6.2 Special Meetings.

Special meetings of the Board of Directors shall be held when called by written notice signed by the president of the Association, or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director individually pursuant to Civil Code section 4040 and by email even if they have not requested a secondary address by email.

Section 6.3 Quorum.

A majority of the Directors then in office shall constitute a quorum for the transaction of business. Every act performed or decision 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. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by a majority of the required quorum for that meeting.

Section 6.4 Executive Session.

The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, matters that relate to the formation of contracts with third parties, litigation in which the Association is or may become involved, or orders of business outlined in Civil Code section 4935. The nature of any and all business to be considered in executive session shall first be announced in open session. Any matter discussed in executive session shall be generally noted in the minutes of the Board of Directors. In any matter relating to the discipline of an Association Member, the Board of Directors shall meet in executive session if requested by that Member, and the Member shall be entitled to attend the executive session.

Section 6.5 Remote Meetings.

Any meeting, regular or special, may be held remotely via conference telephone, video conference, or similar communication equipment, so long as all Directors participating in the meeting can hear one another, and all such Directors shall be deemed to be present in person at such meeting.

Section 6.6 Waiver of Notice.

The transactions of any meeting of the Board of Directors, however called and noticed or

wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present 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. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 6.7 Notice of Adjourned Meeting.

Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting- to the Directors who were not present at the time of adjournment, and shall be posted at a prominent place within the Common Area.

Section 6.8 Action Without Meeting.

The board shall not take action on any item of business outside of a board meeting. Notwithstanding Section 7211 of the Corporations Code, the board shall not conduct a meeting via a series of electronic transmissions, including, but not limited to, electronic mail, except in an emergency Board meeting if all Directors, individually or collectively, consent in writing to that action, and if the written consent or consents are filed with the minutes of the Board meeting. These written consents may be transmitted electronically. Transmission as defined here shall not prohibit meeting electronically through real-time phone or video with audio conferencing as described in the Bylaws.

Section 6.9 Open Meetings.

This section is intended to comply with the requirements of Civil Code Section 4900 entitled "The Common Interest Development Open Meeting Act," and in the event future legislation modifies said Act such that it is in conflict with the provisions herein, then the requirements of said Act shall control.

Section 6.9.1 Notice to Members of Board Meetings.

Members shall be given notice of the time and place of Board meetings as defined herein, except for an emergency meeting, at least four days prior to a general session Board meeting and at least two days before an executive session Board meeting. General notice of the

meeting shall be provided pursuant to Civil Code section 4045 and individual notice to those Members that have requested it will be provided pursuant to Civil Code section 4040.

Section 6.9.2 Emergency Meetings.

An emergency meeting of the Board may be called by the president of the Association, or by any two Members of the governing body other than the president, without providing notice to the Members as set forth herein, if there are circumstances that would not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide notice as required herein.

Section 6.9.3 Meeting.

As used in this article, Board meeting means either any congregation of a majority of the Members of the Board at the same time and place to talk about and take action upon any item of business scheduled to be heard and within the authority of the Board, or a teleconference, where a sufficient number of directors to establish a quorum of the board, in different locations, are connected by electronic means, through audio or video, or both. A teleconference meeting shall be conducted in a manner that protects the rights of Members of the Association and otherwise complies with the requirements of the Davis-Stirling Act. Participation by Directors in a teleconference meeting constitutes presence at that meeting as long as all Directors participating are able to hear one another, as well as Members of the Association speaking on matters before the Board.

ARTICLE VII

POWER AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1 Powers and Duties.

The Board of Directors shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the properties and may do all such acts and things as are not prohibited by the Declaration, Articles of Incorporation, or these Bylaws. The Board shall have the power to adopt, modify, and repeal such reasonable rules and regulations as it deems necessary and appropriate for the governance of the properties or the administration of the affairs of the Association and to impose sanctions for violations thereof, including without limitation, monetary fines and

suspension rights to use recreational facilities. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and be responsible for the following, by way of illustration, but not limitation:

(a) preparation and adoption of an annual budget, in which there shall be established the contribution of each Member to the common expenses;

(b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the assessments. Unless otherwise determined by the Board of Directors, the annual assessment against the proportionate share of the common expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month,

(c) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve and using the proceeds to administer the Association;

(d) opening of bank accounts on behalf of the Association and designating the signatories required;

(e) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The books and vouchers accrediting the entries thereupon shall be available for examination by the Members and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the times and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the Members. All books and records shall be kept in accordance with generally accepted accounting practices;

(f) establishing and maintaining an adequate reserve fund for capital improvements, replacements and repairs;

(g) providing for the operation, care, upkeep, and maintenance of the area of

common responsibility;

(h) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Association, its property and the areas over which the Association is responsible and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(i) making, or contracting for the making of repairs, additions, and improvements to, or alterations of the Common Area in accordance with the other provisions of the Declaration and these Bylaws, after damage or destruction by fire or other casualty;

(j) entering onto any Lot when necessary in connection with maintenance or reconstruction in accordance with the Declaration and these Bylaws;

(k) paying the costs of all services rendered to the Association or its Members;

(l) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(m) enforcing by legal means the provisions of the Declaration, these Bylaws and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Members concerning the Association;

(n) to adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Owners and their guests thereon, and to establish and impose monetary penalties, suspensions of certain Owners' rights as a Member permitted by law, or other appropriate discipline for the infractions thereof or for violations of provisions of governing documents.

Section 7.2 Management Agent.

The Board of Directors shall have the power to employ a professional management agent or agents, at a compensation established by the Board of Directors, to perform such duties and services

as the Board of Directors shall authorize. The Board shall use every effort to secure a management contract that contains a termination clause permitting termination, with or without cause, upon no more than sixty (60) days written notice. No management contract shall have a term in excess of one (1) year.

Section 7.3 Borrowing and Expenditures.

The Board of Directors shall have the power to borrow money and to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for the money borrowed or debts incurred so long as the vote or written consent of a majority of those voting of the Association where a quorum is represented has been obtained.

Section 7.4 Delegation.

The Board of Directors has the power to delegate its authority and powers to committees, officers or employees of the Association or to a manager employed by the Association to the extent permitted by law. The Board may not delegate to any non-board Member the authority to make expenditures for capital additions or improvements chargeable against the reserve funds; to conduct hearings concerning compliance by an Owner or their tenant, lessee, guest or invitee with the Declaration or rules and regulations promulgated by the Board, or to make a decision to levy monetary fines, impose special assessments against individual Lots, temporarily suspend an Owner's rights as a Member of the Association or otherwise impose discipline following any such hearing; to make a decision to levy regular or special assessments; or to make a decision to bring suit, record a claim of lien; or institute foreclosure proceedings for default in payment of assessments. The Board may delegate to a manager any of its other duties, powers or functions. Any such delegation shall be revocable by the Board at any time. Any such manager may be either a person or firm. The Members of the Board, individually or collectively, shall not be liable for any omission or improper exercise by the manager of any such duty, power or function so delegated by written instrument executed by a majority of the Board.

Section 7.5 Procedure for Disciplinary Action.

In addition to the general powers of enforcement as described in the Declaration, the Association may discipline its Members for violation of any of the provisions of the governing documents by suspending the violators' privileges to use the Common Area amenities, disqualify a nominee or Board Member for failure to pay assessments subject to validation rights, by imposing a

reimbursement assessment in the amount of the repair of damage to the Common Area and facilities caused by the Member or the Member's guest or tenant, and/or by imposing monetary penalties as long as the Association substantially complies with the following requirements prior to imposition of discipline:

(A) The Board shall give the Member at least ten (10) days prior notice in writing by personal or individual delivery pursuant to Civil Code section 4040 of the date, time, and place of the meeting, the nature of the alleged violation or damage to Common Area, and a statement that the Member has a right to attend and may address the Board at the meeting.

(B) The Board shall meet in executive session if the Board chooses to do so or the Member given notice requests it.

(C) The Board or committee shall decide whether discipline shall be imposed on the Member including whether or not a proposed fine could be suspended on the condition of no same or similar offenses.

(D) Any action challenging the disciplinary action, including a claim alleging defective notice, must be commenced within one year from the effective date that any disciplinary action was first imposed.

(E) If disqualification for nonpayment of assessments is contemplated, the Association must first provide the opportunity to engage in internal dispute resolution and may not disqualify if the Member has paid under protest all assessments (not fines, interest or other amounts) or is under a payment plan pursuant to Civil Code section 5665.

(F) If the Board imposes discipline on a Member or imposes a monetary charge on the Member for damage to the Common Area and facilities, the Board shall provide the Member a written notification of the decision, by either personal delivery or individual delivery pursuant to Civil Code section 4040, within 15 days following the action.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 8.1 Enumeration of Officers.

The officers of this Association shall be a president and vice-president who shall at all times be Members of the Board of Directors, a secretary, a chief financial officer, and such other officers as the Board may from time to time by resolution create.

Section 8.2 Election of Officers.

The election of officers shall take place at the first Board meeting after each annual meeting of the Members.

Section 8.3 Term.

The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year or until replaced by the Board, unless the officer resigns, is removed or becomes unqualified to serve.

Section 8.4 Special Appointments.

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

Section 8.5 Resignation and Removal.

Any officer may be removed from office (but not from the Board, if they are also a Board Member) by the Board with or without cause. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.6 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 they replace.

Section 8.7 Duties.

The duties of the officers are as follows:

Section 8.7.1 President.

The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall sign all promissory notes. The president shall have the general powers and duties of management usually vested in the office of the President of a California nonprofit mutual benefit corporation, and shall have such powers and duties as may be prescribed by the Board or by these Bylaws.

Section 8.7.2 Vice-President

The vice-president shall act in the place and stead of the president in the event of the president's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

Section 8.7.3 Secretary.

The secretary shall record or cause to be recorded the votes and keep or cause to be kept the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; and shall perform such other duties as required by the Board.

Section 8.7.4 Chief Financial Officer.

The Chief Financial Officer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all promissory notes of the Association; shall keep proper books of account; shall prepare and shall distribute financial statements to each Member as set forth in Article IX, and keep appropriate current records showing the Members of the Association together with the addresses.

Section 8.7.5 Delegation of Duties.

The foregoing duties may be delegated to a manager appointed by the Board.

Section 8.8 Agreements, Contracts, Deeds, Leases, etc.

All agreements, contracts, deeds, leases, promissory notes and other instruments of the Association shall be executed by any two officers of the Board of Directors or by such other person or persons as may be designated by resolution of the Board of Directors.

ARTICLE IX

FINANCIAL STATEMENTS, OPERATING AND RESERVE ACCOUNTS

Section 9.1 Distribution of Financial and Other Statements to Members.

Financial statements and other information shall be distributed by the Association to all of its Members as described below:

Section 9.1.1 Annual Budget Report.

An annual budget report shall be prepared by Association for each fiscal year. A summary of the budget report compliant with Civil Code section 5320 shall be delivered to Members by individual delivery unless the Member has requested a full report which they shall receive upon request. The annual budget report shall include the following information which shall be distributed to Members thirty (30) to ninety (90) days prior to the beginning of the fiscal year:

- (i) A pro forma operating budget, showing the Association's estimated revenue and expenses on an accrual basis;
- (ii) A summary of the Association's reserves based on the most recent review or study conducted pursuant to Civil Code section 5550, which must be printed in bold type and include all of the following:
 - (a) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component of the Properties that the Association is obligated to repair, replace, restore, or maintain (collectively

"Association Capital Projects");

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

(c) The percentage of the estimated amount of necessary cash reserves calculated under subparagraph (b), above, that represents the amount of accumulated cash reserves;

(iii) A statement as to whether the Board of Directors has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component of the Properties for which the Association is responsible, or to provide adequate reserves therefore; and

(iv) A general statement setting forth the procedures used by the Board of Directors in calculating and establishing reserves to defray the future costs of repair, replacement, or additions to those major components of the Properties for which the Association is responsible.

Section 9.1.2 Year-End Report

Within one hundred-twenty (120) days after the close of the fiscal year, a copy of the Association's year-end report consisting of at least the following shall be distributed to Members:

(i) A balance sheet as of the end of the fiscal year;

(ii) An operating (income) statement for the fiscal year;

(iii) A statement of changes in financial position for the fiscal year;

(iv) A statement advising Members of the place where the names and addresses of the current Members are located; and

(v) Any information required to be reported under Corporations Code section 8322 requiring the disclosure of certain transactions in excess of \$50,000 per year between the Association and any Director or Officer of the Association and indemnifications and advances to Officers or Directors in excess of \$10,000 per year.

A review of the financial statement of the Association shall be prepared in accordance with generally accepted accounting principles by a licensee of the State Board of Accountancy for any fiscal year in which the gross income of the Association exceeds \$75,000. If the annual report is not prepared by such a licensee, it shall be accompanied by the certificate of an authorized Officer of the Association that the statement was prepared without an audit from the books and records of the Association.

Section 9.1.3 Annual Statement Regarding Delinquency/Foreclosure Policy.

In addition to financial statements, the Board of Directors shall annually distribute thirty (30) to ninety (90) days prior to the beginning of the fiscal year, a statement describing the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Regular and Special Assessments.

Section 9.1.4 Right of Members to Copies of Minutes of Board Meetings.

Members of the Association 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 Association of their right to have copies of the minutes of the meetings of the Board of Directors and how and where those minutes may be obtained.

Section 9.1.5 Summary of Provisions of IDR and ADR .

The Association shall annually provide its Members a summary of the provisions of the Davis-Stirling Act addressing rights regarding internal dispute resolution and alternative dispute resolution for enforcement of the governing documents.

Section 9.1.6 Insurance Disclosure Requirements.

The Association shall prepare and distribute at least annually to all its Members a summary of the information required pursuant to Civil Code Section 5300(b)(9) as to its general liability policy, its earthquake and flood insurance policies, if issued, and liability coverage for Directors and officers of the Association.

Section 9.2 Review of Operating and Reserve Accounts.

The Board of Directors of the Association shall do all of the following:

- (A) Review a current reconciliation of the Association's operating accounts on at least a quarterly basis.
- (B) Review a current reconciliation of the Association's reserve accounts on at least a quarterly basis.
- (C) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget.
- (D) Review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts.
- (E) Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.
- (F) Review the reserve study annually and consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.

Section 9.3 Signatories of Reserve Accounts.

The signatures of at least two (2) persons, who shall be Members of the Association's Board of Directors shall be required for the withdrawal of monies from the Association's reserve accounts.

ARTICLE X

COMMITTEES

The Board may appoint committees as deemed appropriate in carrying out its purpose. No committee, regardless of Board resolution, may: (a) take any final action on matters which, under the Nonprofit Corporation Law of California, also require Members' approval; (b) fill vacancies on the Board of Directors or in any committee; (c) amend or repeal Bylaws or adopt new Bylaws; (d) amend or repeal any resolution of the Board of Directors; (e) appoint any other committees of the Board of Directors or the Members of those committees; (f) approve any transaction to which the Association is a party and in which one (1) or more Directors have a material financial interest.

ARTICLE XI

BOOKS AND RECORDS

Section 11.1 Inspection by Members.

The Association shall make available Association records detailed under Civil Code section 5200 for the time periods and within the timeframes provided in Civil Code section 5210 for inspection and copying by a Member of the Association, or the Member's designated representative appointed in writing. This right of inspection shall be subject to costs detailed in Civil Code section 5205, redaction needed pursuant to Civil Code section 5215, Members that opted out of sharing certain information pursuant to Civil Code section 5220 and privacy rights for Members under Civil Code section 5216.

Section 11.2 Rules for Inspection.

The Board shall establish reasonable rules with respect to where written notice shall be given of the inspection request, the hours and days when inspection is available, and the costs involved if the Board desires to impose caps permitted by law to have the Association bear the costs of copying.

Section 11.3 Availability of Minutes to Members.

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

Section 11.4 Inspection by Directors.

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association when acting in the best interest of the corporation. The right of inspection by a Director includes the right to make extracts and copies of documents, at the expense of the Association.

ARTICLE XII AMENDMENTS

Section 12.1 Procedure.

These Bylaws may be amended only by the affirmative vote of Members representing a majority of a quorum of the Association except where the law provides mandatory requirement(s) that either conflict or supplement the Articles above. Where the law provides mandatory requirement(s) that either conflict or supplement the Articles above, the Board may amend these Bylaws to include those legal provisions by Board vote. Where a Member vote is necessary, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

Section 12.2 Conflict Between Documents.

In the case of any conflict between the Articles of Incorporation and the Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In case any of these Bylaws conflict with the provisions of the California Common Interest Subdivision Act the Mutual Benefit Nonprofit Corporations Code, or any other mandatory applicable statute the provisions of said statute(s) shall control.

CERTIFICATION OF SECRETARY

The undersigned, Secretary of Tanglewood North Homeowners Association, a California nonprofit corporation, does hereby certify that the quorum and voting power requirements were met to amend the Bylaws and that the above and foregoing Bylaws were duly adopted by the Board of Directors and Members of the Corporation on August 19, 2024 of 2024 and that they now constitute the Bylaws of said Corporation.

August 20, 2024 Rose Bucklew
Date Secretary

Tanglewood North Homeowners Association

Rose Bucklew
[PRINT NAME]